APG
Groep NV
Annual Report

2013

apg

tomorrow is today

2013

APG Groep NV 2013 Annual Report

'This document can only be used for reference; it is a translation into English of an original Dutch document. In the event of any discrepancy between the two texts, the Dutch text shall prevail.'

APG in a **Network Society**

'Listening is becoming increasingly more important. Listening to what moves others without immediately passing judgment or telling our own opposing story. Listening to the stories of others in order to subsequently align with them. This is how we establish effective connections in our environment, with like-minded people as well as dissenters. This is necessary for organizations to stay in tune with their environment, as well as for our own personal happiness.'

This is how Prof Noelle Aarts, Professor of Strategic Communication at the University of Amsterdam, articulates the importance of communication. For this Annual Report of the APG Group for 2013, she wrote an essay concerning communication in a network society. We find its essence very appealing. Indeed, it is our goal to listen properly to the board members of our principal pension funds, to retired employees and to the participants of these funds and their employers.

Listening and communicating well are essential for our mission to succeed. Indeed, we want to apply our knowledge and expertise in order to maintain a strong pension system in the Netherlands on the basis of collectivism and solidarity. This way we want to contribute to realizing sound and affordable group pensions for current and future generations. Collectivism and solidarity represent a unity that can only acquire meaning by holding on to values such as respect and trust, and by being prepared to listen to one another.

APG will continue to make every effort to give substance to these values.

Dick Sluimers,
Chairman of the APG Group's Executive Board

APG
Profile

INTRODUCTION

APG is a financial services provider in the group pension market. We provide pension administration and communication, asset management and executive consultancy services for pension funds in the following sectors: government & education, construction, housing associations, medical specialists, sheltered workshops, cleaning & window cleaning, construction, and the wholesale trade in flowers and plants. APG manages € 343 billion for the pensions of a total of approximately 4.5 million employees and former employees in these sectors.

APG has branches in Heerlen and Amsterdam, and because we invest a great deal abroad and throughout the world in the financial markets, we also have subsidiaries in New York and Hong Kong. From our Brussels office, we bring the interests of our clients to the attention of EU policymakers.

OUR MISSION AND STRATEGY

APG's motto is '*Tomorrow is today*'. This conveys the message that APG works hard every day to ensure tomorrow's pensions. It also underlines that a good investment strategy and sound pension management today form the basis for a good pension in the future. The motto furthermore constitutes the guideline for APG's corporate social responsibility. Our management approach in part focuses on creating a livable world for current and future generations.

Just as our clients we believe in a strong Dutch pension system based on collectivity and solidarity. It is our mission to support this system with our knowledge and expertise. This way we want to contribute to realizing sound and affordable group pensions for current and future generations. Our goal on the one hand is to responsibly and cost-effectively invest the deposited pension funds with a focus on achieving stable, long-term returns at responsible risks. On the other hand our goal is to strive for the flawless administrative processing of pension rights. This way we enable our clients to achieve a sound and affordable pension for their members.

CORE ACTIVITIES

APG is a pension provider. We provide the following services for pension funds:

- Pension administration and communication
  APG collects contributions, administrates pension rights and makes pension payments to participants. Pension fund management boards can count on APG to operate a reliable and high-quality pension administration.

- Asset management
  APG advises pension funds on pension asset management and implements this on their behalf. A well-balanced investment policy with a long-term perspective and attention for risks and opportunities is essential for our clients in this regard.

- Executive consultancy
  APG provides pension fund management boards with advice in relation to laws and regulations, actuarial matters and asset liability management. This support to pension fund management boards is an important part of APG's services.

In addition, APG's insurance business, Loyalis, provides supplementary products for income security. Employees are increasingly responsible themselves for making supplemental provisions for income in case of early retirement, retirement pension, occupational disability and death. Based on our knowledge of the different pension schemes, we deliver products that tie in with this via Loyalis.

Key Figures

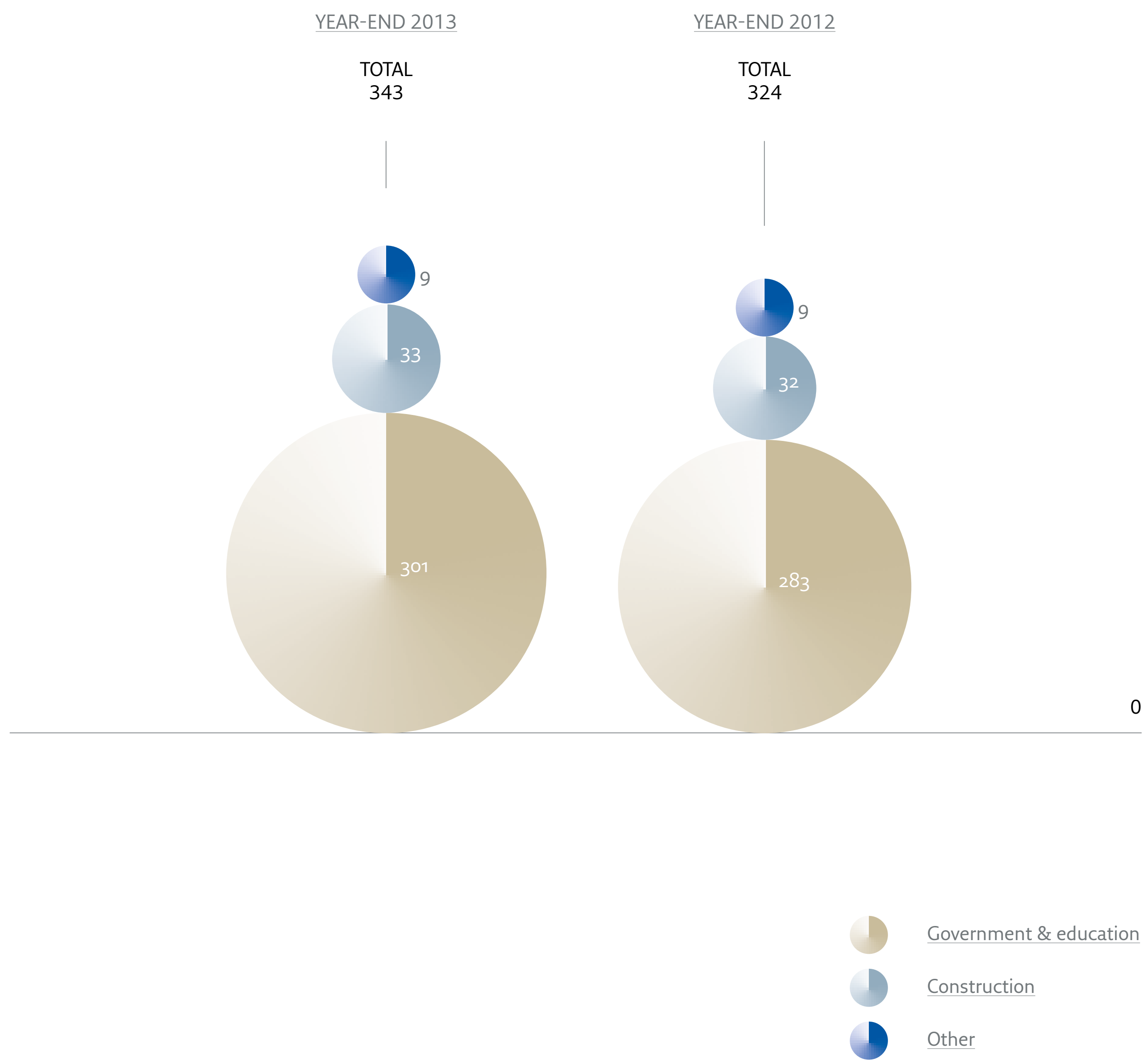
(amounts in millions of euros)

	YEAR-END 2013	YEAR-END 2012
Group equity	1,269	901
Balance sheet total	4,629	5,221
Ratio of equity to the balance sheet total of the administrative business (according to the segmentation overview on page 98)	73%	38%
Investments of the insurance business	2,838	2,864
Liabilities of the insurance business	2,865	3,308
Solvency of the insurance business	354%	284%
Individual employees	3,848	4,117

	2013	2012
Operating income	260	277
• Pension management	399	369
• Asset management	269	359
• Supplementary products	67	56
• Other	995	1,061
	54	348
• Investment results of insurance business	1,049	1,409
Operating result	193	222
Net result	9	32

PENSION MANAGEMENT: PARTICIPANTS IN AFFILIATED FUNDS

ASSET MANAGEMENT: ASSETS UNDER MANAGEMENT IN BILLIONS



	2013	2012	INCREASE/ DECREASE
Number of employees affiliated with clients	29,000	30,000	-3%
Average number of payments for clients per month	1,158,000	1,144,000	+1%

A large part of these assets managed for clients is invested in collective investment schemes (FGR) managed by APG Group. The returns achieved per fund (before deduction of costs) in percentages are specified below.

	PORTFOLIO RETURN 2013 *(percentages)*	BENCHMARK RETURN 2013 *(percentages)*	PORTFOLIO RETURN 2012 *(percentages)*	BENCHMARK RETURN 2012 *(percentages)*
Returns*				
APG Developed Markets Equity Pool	23.0	20.8	16.5	15.4
APG Euro Plus Treasuries Pool	2.2	2.2	10.1	11.0
APG Fixed Income Credits Pool	-0.6	-1.7	10.6	8.3
APG Emerging Markets Equity Pool	-5.7	-6.8	17.5	16.4
APG Index Linked Bonds Pool	-3.9	-3.9	12.0	11.0
APG Strategic Real Estate Pool **	0.8		16.0	7.5
APG Hedge Funds Pool	2.3	-4.1	7.7	-1.3
APG Commodities Pool	-4.5	-5.5	5.7	-1.5
APG Equity Minimum Volatility Pool***	15.1	10.4	6.9	4.9
APG Tactical Real Estate Pool	3.0	2.9	28.0	27.4
APG Emerging Market Debt Pool ****	-11.6	-10.8		
APG Core Treasuries Pool	-1.8	-1.9	6.4	6.0
APG Absolute Return Strategies Pool	-2.4	-2.0	0.7	-0.5
APG Alternative Inflation Pool	-2.5	-2.9	15.1	13.7

* *The sequence is based on the size of the fund*
** *Delayed availability of the benchmark*
*** *Commenced as of 1 April 2012, return for 2012 is return over 9 months*
**** *Commenced as of 1 April 2013, return for 2013 is return over 9 months*

Report of **the Executive Board**

INTRODUCTION

Financial
The APG Group operating result totaled € 193 million in 2013 (2012: € 222 million). The net result was significantly negatively affected by the settlement of an interest rate swap in relation to the recapitalization of the APG Group (€ 47 million) and by restructuring provisions (€ 41 million). As a consequence, the net result after the amortization of goodwill and financial income and expenses amounted to € 9 million (2012: € 32 million). The decrease in operating income was primarily due to the strategic decisions taken by the insurance subsidiary Loyalis in 2013. This was accompanied by a simultaneous drop in the operating expenses of this insurance subsidiary.

Change Processes
In recent years, APG has focused on working more efficiently and smarter, while maintaining quality. In this regard, APG focuses on the company's cost effectiveness. In 2013, this movement towards a more business-like and professional administrative organization showed good results. The organization has significantly changed in a number of respects due to various change and reorganization initiatives focused on reducing the complexity of processes and making them more efficient. This has resulted in an overall cost efficiency of 20 per cent over a period of several years. Because this results in a significant reduction in the number of jobs, the change programs and their consequences for the affected employees are carefully thought through.

Service to Clients
APG is focused on maintaining and strengthening its excellent client relationships. Furthermore, APG is looking for ways to expand the services it provides to its clients. This includes strengthening the integral service provided to clients and facilitating the affiliation of smaller funds with those of our current clients due to the consolidation of the pension market. APG also helps its clients deal with changes in regulations. Finally, in 2013 we made arrangements to ensure that every client has access to a dedicated account management team. This enables APG to implement an integral approach to client needs.

Investing for Tomorrow
Realizing a good rate of return is important for a good pension. We succeeded in this respect in 2013. The assets under management increased by € 19 billion to a total of € 343 billion (31 December 2013).
In addition, in 2013 we increased the involvement of our clients in our asset management by actively devoting attention to sharing knowledge and communication.

Reliable Administration
APG's clients can count on a reliable and high-quality pension administration. Participants can be confident that their pension is well organized. At year-end 2013, APG managed the accrued pensions of 4.5 million employees and former employees in the public and private sectors. The work required for this increased in 2013 due to the measures announced by pension funds designed to improve their funding ratios and due to changes in laws and regulations. APG continues to work on technological improvements so that the administrations become more efficient and can be used for different clients.

Confidence in the Future
2014 promises to be an interesting and challenging year for the pension sector, our clients, and therefore APG as well. We continue to make every effort to further optimize APG's starting position and the service provided to our clients. APG is looking towards the future with confidence. Pensions are an important social theme more than ever before.

TRENDS IN THE FINANCIAL POSITION

Operating Result

APG achieved a group operating result [1] of € 193 million during 2013, compared to € 222 million in 2012. The realized group operating result over 2013 exceeded the projected 2013 group operating result. The contributions of the Asset Management and Pension Management business units to the group operating result were stable and positive. Asset Management accounted for the highest contribution. The trends on the financial markets enabled the insurance subsidiary Loyalis to produce positive results. The contribution of Loyalis to the group operating result declined in comparison to the previous year, primarily due to the adjustment of the risk profile of Loyalis' investment portfolio.

Turnover

The total of the operating income (turnover and investment results) for 2013 amounted to € 1,049 million and is consequently € 360 million lower than the total operating income realized in 2012. The decline primarily consisted of lower investment income and terminating certain Loyalis products. The lower investment income was primarily due to lowering the risk profile of Loyalis' investment portfolio.

Costs

The total of the operating expenses for 2013, excluding goodwill-related amortization, amounted to € 856 million and is consequently € 331 million lower than the total operating expenses for 2012. This decrease is primarily due to a lower allocation to the provision for Loyalis' insurance liabilities due to rising interest rates.

Net result

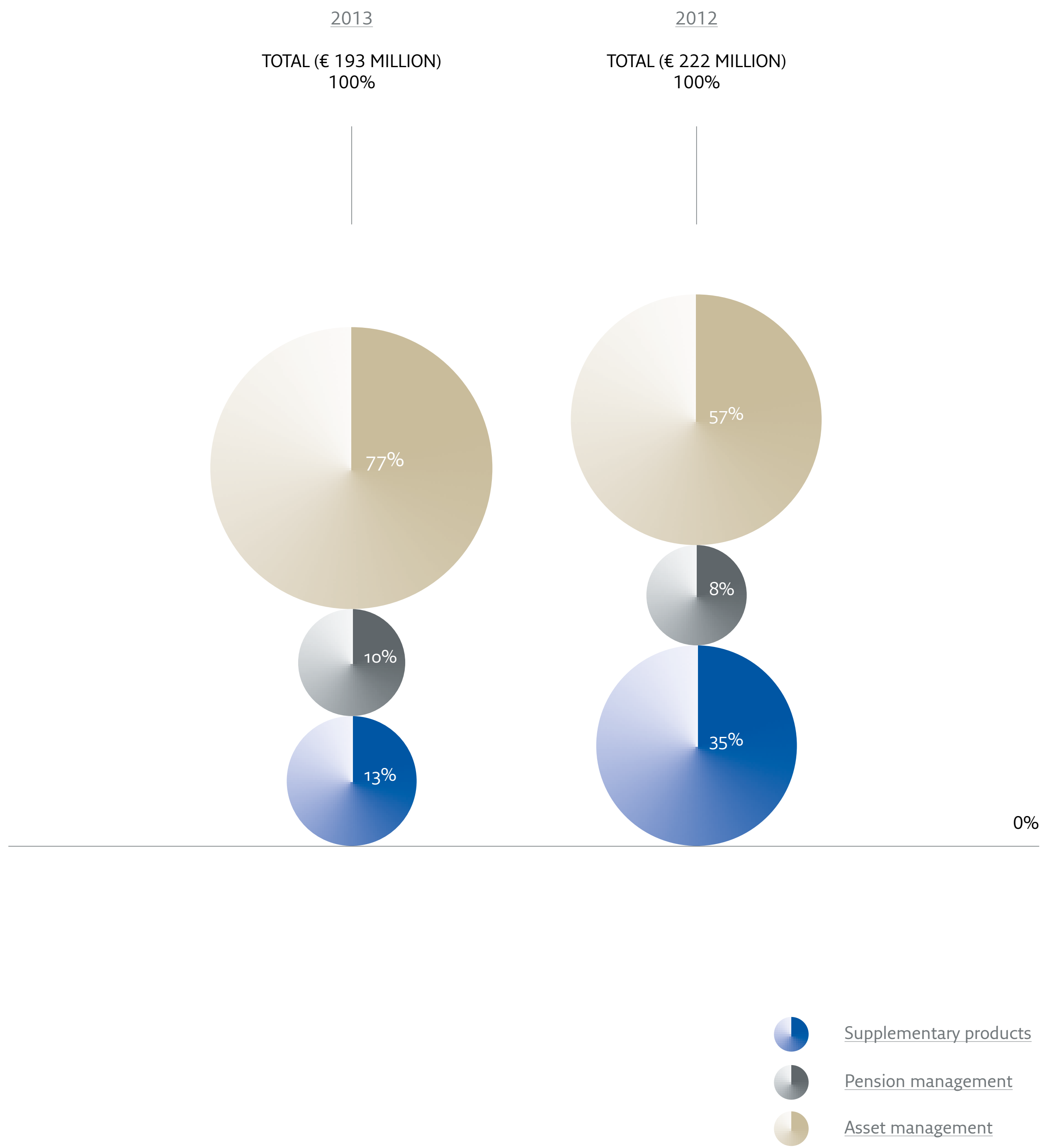
APG achieved a net result of € 9 million during 2013, compared to € 32 million in 2012. The net result, excluding the amortization of goodwill and financial income and expenses, was to a significant degree negatively affected by two items. First, personnel provisions in the amount of € 41 million were made for the restructuring of the APG Group. Second, € 47 million in future interest charges were deducted from the result. This concerned the full settlement of an interest rate swap linked to a loan. This loan was redeemed in connection to the recapitalization of the APG Group.

Net result
(in millions of euros)

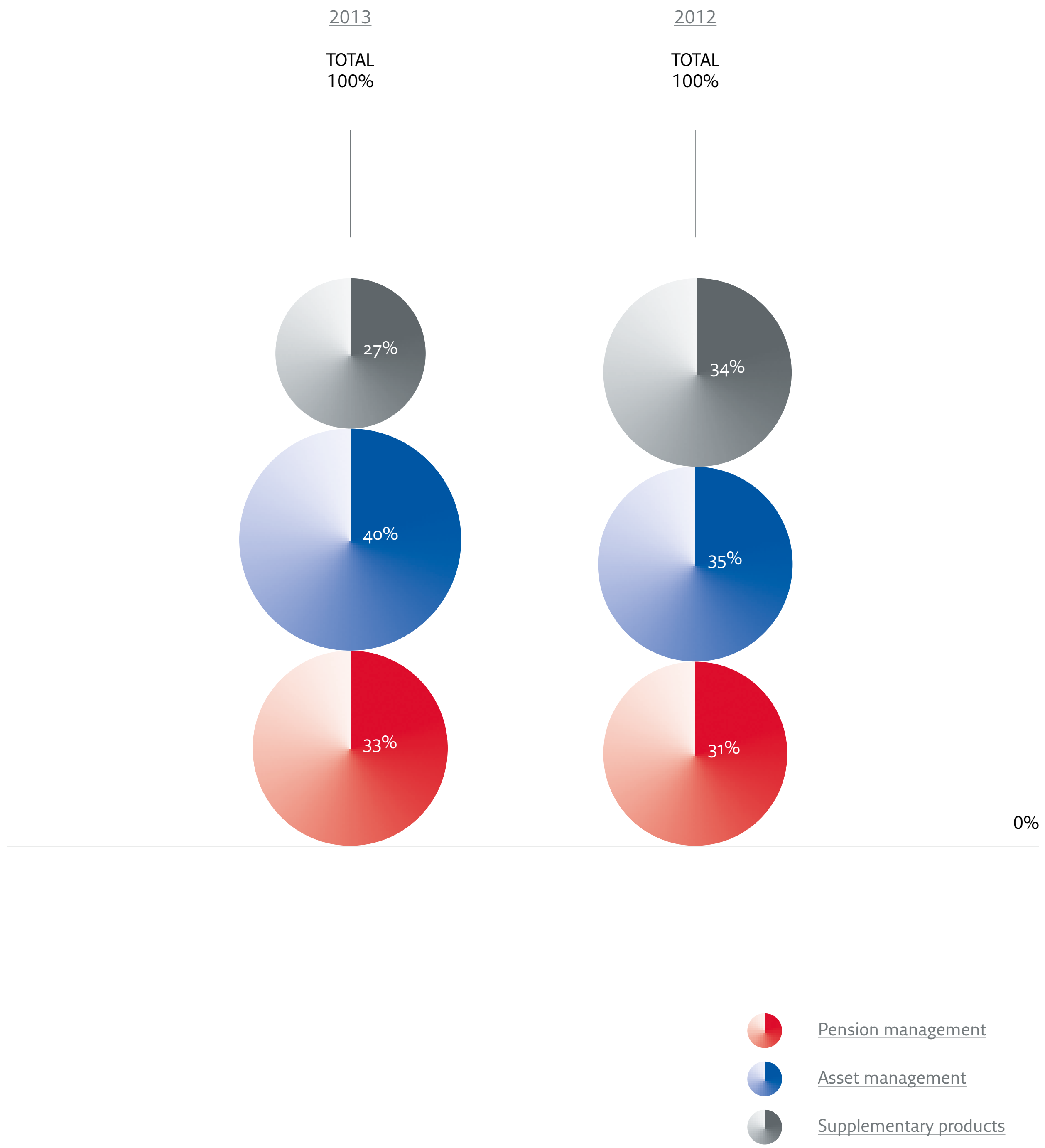
	2013	2012
Total operating income	1,049	1,409
Total operating expenses, excluding goodwill-related amortization	856	1,187
Operating Result	193	222
Restructuring costs	-/- 41	-/- 26
Personnel-related costs	-/- 2	-/- 59
Goodwill-related amortization	-/- 78	-/- 80
Financial income and expenses	-/- 60	-/- 16
Corporate income tax	-/- 4	-/- 9
Result from participation	1	-
Consolidated result	9	32
Minority interest of third parties in the result	-	-
Net result	9	32

[1] The operating result is defined as the balance of operating income and operating expenses adjusted for the amortization of certain categories of intangible assets.

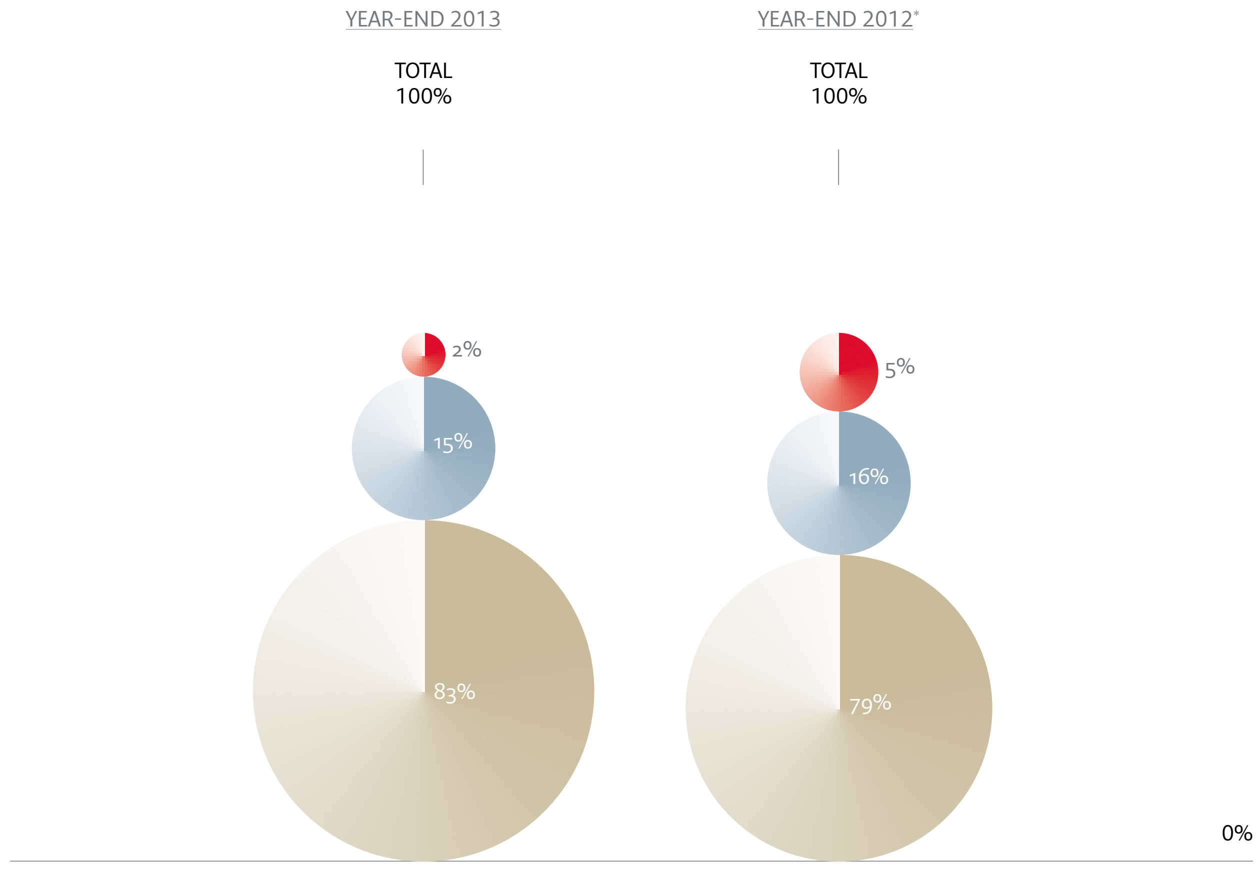
RELATIVE DISTRIBUTION OPERATING RESULT



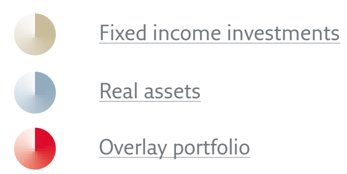
DISTRIBUTION OF TURNOVER



INVESTMENT MIX INSURANCE BUSINESS



** Brought into line with changes in presentation with regard to investments*



OUR MARKETS

Pension management and communication
In 2013 APG, the largest pension provider in the Netherlands, served more than a quarter of all pension participants in the Netherlands (active participants, former participants and pensioners) through its clients. APG has made it its priority to continue to provide optimum service to its existing clients, and to align its operations accordingly.

Asset Management
At year-end 2013, APG had € 343 billion in assets under management for its clients. This makes APG one of the largest pension asset managers in the world. The focus of investing pension funds is on long-term return, responsible risks and low costs.

Executive Consultancy
Many pension funds in the Netherlands have outsourced (parts of) their executive consultancy requirements to external parties. In 2013, APG provided a number of clients with management advice on asset liability management, actuarial and legal issues, laws and regulations, and supervisory matters.

Insurance
In 2013 APG's subsidiary Loyalis was active on the market for supplemental insurance as a niche player. The strategy implemented in a limited number of sectors in 2012, in particular in the government & education sector and in the construction sector, also provided the basis in 2013. Other sectors were explored from this basis in 2013. Adjustments to the risk profile resulted in decisions concerning the product range to be carried. In addition, Loyalis positioned itself more clearly by opting for products that supplement the pension and sectoral regulations applicable to APG's clients. There is a great deal of potential for Loyalis in the sectors served by APG and in which Loyalis is not yet represented. Loyalis is partnering with employers' and employees' organizations in the creation and co-creation of products and services for employees. For example, in 2013 Loyalis became increasingly involved in CLA negotiations in which employers' and employees' organizations formulate new agreements together for the sector, including agreements concerning pension supplements.

OUR ENVIRONMENT

The environment in which APG operates is in constant motion. Pensions have been high on the political agenda over the past few years and are regularly the focus of attention in newspapers. In 2013 there were changes with consequences for our clients and therefore for APG as well.

For example, in 2013 there was debate concerning the retrenchment of tax-deductible pension accrual, the Witteveenkader (Witteveen Framework). The underlying legislation for this was approved by the Dutch House of Representatives at the beginning of 2014. The maximum accrual rate has been reduced to 1.875 per cent and the pensionable salary has been capped at € 100,000. Both measures represent a significant intervention in the pension system.

Final legislation concerning the new Financial Assessment Framework (FTK) failed to materialize in 2013, although draft legislation was submitted to the sector for consultation. This legislation included two possible contract types: a nominal contract and a real contract. Following consultation it was decided to focus on a single contract type. This contract must combine elements from the nominal as well as the real versions. This contract type remains to be worked out in further detail.

Aside from the political dimension, the pension market itself is also changing. For example, the consolidation of especially smaller pension funds continues to persist. The key reason for this is the increased governance and supervision requirements and the desire on the part of pension funds to reduce their administration costs.

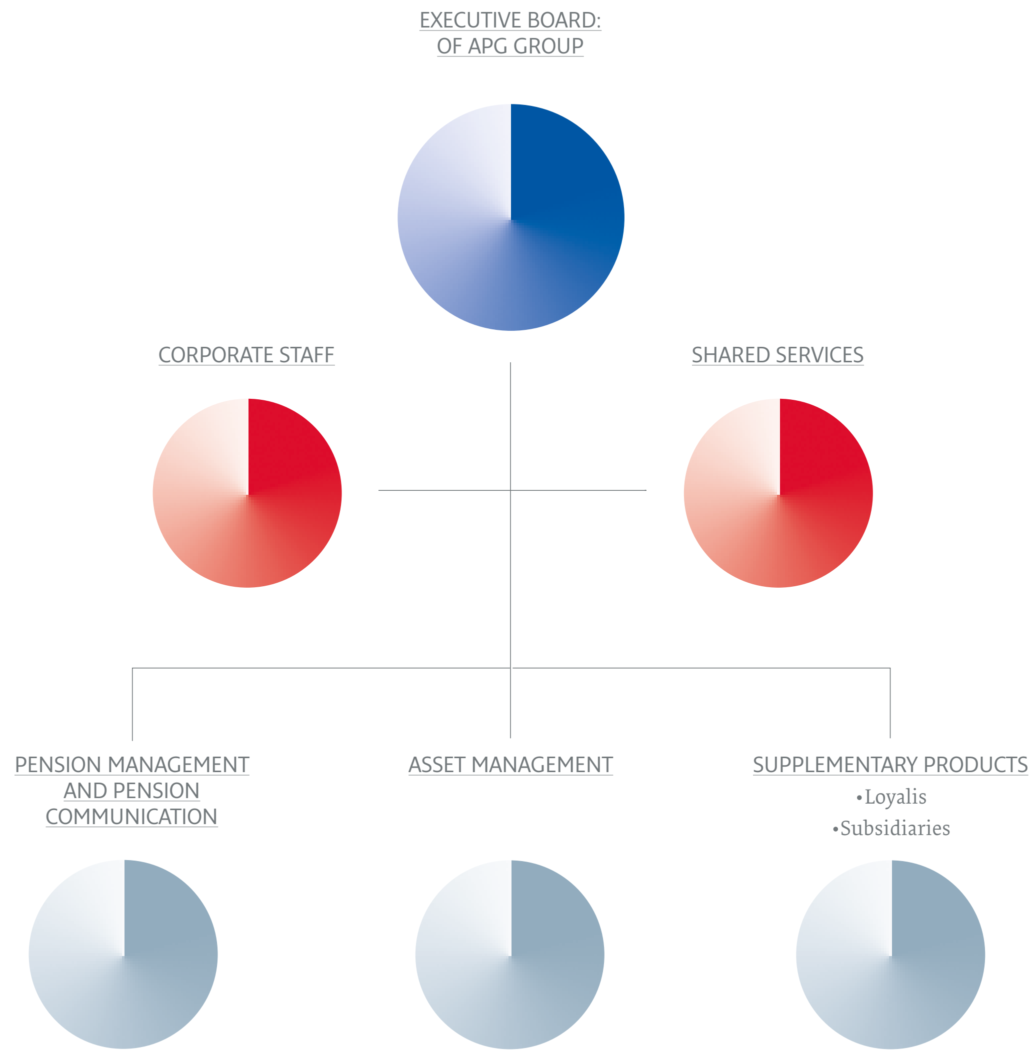
Changes in the global financial markets also have a significant impact on pensions. During the first period of 2013, the interest rate used by pension funds to calculate their liabilities rose. As a result, the average funding ratio of Dutch pension funds rose in the third quarter of 2013. The interest rate once again declined slightly in the last quarter, which exerted pressure on the average funding ratio. However, this was offset by increasing stock prices and returns on the financial markets. On balance, the funding ratio of our principal pension funds increased over 2013.

OUR ORGANIZATION

APG wants to enable its clients to be able to permanently offer its participants a sound and affordable pension. Because the pension sector and client requirements are changing, APG is organizing flexible client service with dedicated client teams. The implementation of these services is focused on reliable quality at low costs, a stable long-term return by Asset Management and supplementary products that seamlessly tie into our clients' regulations. We aim to provide our clients with integral services because we are convinced that we can optimally facilitate them this way. The pension sector is consolidating and we are facilitating the affiliation of smaller funds with those of our current clients. In addition, APG actively anticipates new trends that are relevant to our clients so we can provide our clients with optimal service in the future as well. To achieve this, in 2012 APG initiated the 'Fit for the Future' change program. This program focuses on optimizing service delivery to the clients, processes and APG's starting position for the future. APG's legal structure will continue to evolve in support of these initiatives.

ORGANIZATION OF THE APG GROUP

(year-end 2013)



Optimizing of Service Delivery to Existing Clients

The challenges faced by APG's clients are the same challenges faced by APG. APG is continuously seeking to maintain and reinforce its good relationships with clients. Furthermore, APG is looking for ways to expand the services it provides. This would include strengthening the integral services provided to clients and facilitating the affiliation of smaller funds with those of our current clients. APG also helps its clients deal with changes in regulations. Finally, in 2013 we made arrangements to ensure that every client has access to a dedicated account management team. This enables APG to implement an integral approach to client needs.

Optimizing Processes

In recent years APG has made a great deal of effort to work more efficiently and smarter. Our clients are looking for lower prices, while at a minimum retaining current quality levels. To meet this demand, APG is focusing a great deal of attention on the company's cost effectiveness. A number of strategic change programs were initiated for this purpose in 2012. The first objectives were achieved in 2013: the first new appointments were made, cost reduction goals have been defined and requests for advice have been dealt with by the Works Council or are currently under consideration. These programs will be further rolled out and are expected to bear fruit in 2014 and 2015.

Optimizing APG's starting position for the future

APG is strengthening its existing business, making it more efficient, and in addition is assessing the direction in which the pension market is moving. APG wants to continue to properly serve its existing clients in the future as well. This is why APG is creating a flexible organization and why it is preparing itself for new developments. For example, the participating interest Inadmin was founded in 2013. Inadmin handles the administration of defined contribution schemes for contribution pension institutions, corporate pension funds and insurance companies. Inadmin provides this service on behalf of principal parties.

Legal Structure

In 2013 APG, with due consideration to the provisions of the EU Alternative Investment Fund Managers Directive (AIFMD), prepared for the legal separation of APG Asset Management NV from APG Algemene Pensioen Groep NV. The demerger proposal was filed in November 2013 and the demerger became effective in January 2014. The integration of the pension administration and communication and the ICT organization took further shape in 2013. The legal structure was brought more into line with the organization structure and accountabilities.
In 2013, 21 per cent of the interest in APG-ABN AMRO Pensioeninstelling NV (Pensional) was sold to the joint shareholder ABN AMRO. APG's remaining interest currently amounts to 30 per cent.
The companies Cordares Holding NV and Cordares Fintus BV were dissolved and their activities were transferred to APG Algemene Pensioen Groep NV.

OUR SERVICES

Pension Management and Communication

Reliable, Efficient Administration
APG's clients must be able to count on a reliable and high-quality pension administration. In 2013 APG was able to guarantee its clients that their participants could count on a well-organized pension administration. At year-end 2013, APG managed the accrued pensions of 4.5 million employees and former employees in the public and private sectors. The work required for this increased in 2013 due to the measures announced by pension funds to improve their funding ratios and due to changes in laws and regulations.
At the same time, APG rationalized its administration systems, thereby reducing the complexity of the administration process. For example, in this connection the pension administrations of two clients were transferred to other existing and efficient systems, after which services continued to be provided to the satisfaction of the client. APG continues to work on technological improvements so that the administrations become increasingly more efficient and cheaper and at same time can be used for different clients.

Clear, Simple Communication
Communicating about pensions continues to be essential. APG observed this among its clients as well. Digital communication increased in 2013. Participants had more possibilities via self-servicing, digital archives were expanded and the use of web portals grew. Interaction was given substance through means of member meetings and so-called webinars. At the same time, clients are making it known that they want to communicate as clearly and simply as possible.

Merged into a Single Chain
The full scope of the results of the reorganization initiated by APG in 2012 became evident within the pension administration organization in 2013. As part of the program 'Managed Change', far-reaching changes were implemented in the management, the division of responsibilities and the selection of systems within Pension Management. All the while client service stayed at a high level and client satisfaction remained up to par. In the meantime all activities in the area of pension management have been consolidated into a single chain according to plan. Furthermore, similar activities have been bundled, a central project management coordination unit has been introduced and client services have been further optimized due to the use of specific client teams.

Asset Management

Investment Year
APG achieved a good return for its clients in 2013. The assets under management increased by € 19 billion to a total of € 343 billion (31 December 2013).

Communication and Knowledge
Improving communication and sharing knowledge were given additional attention in 2013. APG organized five knowledge sessions for clients in the area of asset management. Client reporting also received a great deal of attention.
We improved the quality of the reports provided to principal pension funds and made sure they were produced more quickly. The content of the reports was critically reviewed together with client board members. This has improved the legibility of reports and given them a higher information value. In September 2013, APG organized the Synergy-based Future seminar for pension funds that are not an APG client.

In this seminar, pension fund Board Members were informed about the options available for joining another pension fund. Many pension funds are considering this step, but are not familiar with the process. Through means of practical case studies and a timetable developed by APG that describes the affiliation process on a step-by-step basis, member were provided with greater insight.

Responsible Investing
APG pursues a responsible investing policy on behalf of its clients. The goal of this policy is to take the best possible investment decisions on behalf of our clients. APG is a committed long-term investor that wants to acquire in-depth knowledge of its investments.
Over the course of the years APG has developed various tools that provide insight into the sustainability performance and the quality of the management of the investments in the various portfolios. The managers of these portfolios use this information in making their decisions in the buying and selling process. On behalf of its clients, APG maintains intensive contact with the companies it invests in, in order to be optimally informed of the associated opportunities and risks.
The companies with which discussions were held and the subject of these discussions are contained in APG's 2013 Responsible Investment Report.
This report can be accessed digitally at www.apg.nl/verantwoordbeleggen.

Portfolio Transfers
In 2013 APG completed an initiative involving the transfer of the investment portfolios of a number of clients, naturally with their approval, to other asset managers. This involved the portfolios of decentralized government organizations (such as provinces and municipalities) and non-pension funds (such as trade union federations and business sector-related funds). The transfers were the result of a strategic decision on the part of APG Asset Management to focus on the asset management of Dutch pension funds in order to be able to optimally serve these funds.

Internal Private Equity Team and Process Stability
An internal private equity team was created in 2013. The decision to start managing part of the private equity investments internally can reduce costs over time. In addition, attention was devoted to stabilizing processes. In September 2013, APG tested its global business-critical processes to determine if they continued to operate effectively following a failure. The test was completed successfully. APG continues to regularly test its processes.

Executive Consultancy

Expert and Integral
These are turbulent times for pension funds. This is why it is extremely important to provide our clients with expert and integral advice. APG assists pension fund boards in various areas, such as actuarial and legal matters, asset liability management and communication with their participants, linked to actual practice. APG has a specialized team for this purpose with tailor-made expertise.

Timely and Active
In 2013 APG advised its clients concerning the (implementation of the) adjustments to the new fiscal frameworks that were implemented effective 1 January 2014.
APG is maintaining contacts with political representatives in The Hague and Brussels in order to maintain insight into political developments. This enables us to advise our clients properly and on a timely basis. For example, APG played an active role in the advisory process concerning the new Financial Assessment Framework (FTK) expected to be introduced on 1 January 2015. However, a final decision remains to be made, which means that many of the rules are still unknown to clients and APG.

Loyalis

Three Fundamental Options
In 2013 Loyalis implemented the 'Selecting & Persisting' change program. As part of this program, the strategic reorientation was translated into three fundamental options.

1) Products and Systems
Products were simplified and investments were made in systems to enable Loyalis to meet client requirements in smarter and more decisive ways, at reduced cost. In 2013 Loyalis published its product rates and rewrote its occupational disability insurance in plain understandable language. This will also be done for the other products in 2014. Furthermore, in 2013 all new and existing products were subjected to a product review, after which the areas for improvement were actioned.

2) Finance
In 2013 measures were taken to minimize the impact of fluctuations on the financial markets. By adjusting the risk profile of the investment portfolio, the impact of investments on the operating result decreased. The company achieved a good financial result in 2013. Due to the elimination of the life-cycle scheme and the increasing pressure on the insurance market, turnover declined. However, as a result of positive investment results and lower costs, Loyalis achieved a good result. Its solvency position further improved in 2013.

3) Clients
Client service is largely organized in-house so that Loyalis can more specifically focus on the optimal and contemporary use of marketing instruments and distribution channels. The result is that clients in 2014 can select the products and services that they need via the MijnZekerheidGids portal with current insight into costs and insured income or accrued capital. This is consistent with the expanding laws and regulations, client interests and transparency.

Participating interests
A key element in APG's strategy is the optimization of its starting position for the future. Within APG this is primarily organized through participation in four subsidiaries: Inadmin NV, APG-ABN AMRO Pensioeninstelling NV (formerly Pensional), Inotime BV and Inovita BV.

Inadmin handles the administration of defined contribution schemes on behalf of the client for contribution pension institutions, corporate pension funds and insurance companies. Inadmin has the capacity of efficiently administering any type of defined contribution scheme at low cost. Inadmin's first client was APG-ABN AMRO Pensioeninstelling, the joint-venture contribution pension institution used by APG and ABN AMRO to enter the market at the beginning of 2012. APG-ABN AMRO Pensioeninstelling and Inadmin are anticipating a trend on the Dutch pension market, namely the emergence of defined contribution schemes as the preferred pension solution.

CORPORATE GOVERNANCE

Responsibilities
In terms of corporate governance, APG abides by the general standards applicable within the Netherlands in this area, including the Dutch Corporate Governance Code. The Executive Board bears responsibility for the day-to-day management of the APG Group and manages the group. The members of the Executive Board are jointly responsible for all decisions taken by the Board (collective responsibility of the Board). The Executive Board has an internal division of responsibilities, which is documented in the Board's regulations. The corporate governance structure of the APG Group is structured such that material decisions made by the group are escalated to the Executive Board level. For certain material decisions, the Executive Board requires the approval of the Supervisory Board and/or the General Meeting of Shareholders.

Councils
Four councils were created in 2013. These councils each support a member of the Executive Board in discharging his/her responsibilities. Among other things, the aim of these councils is to promote coordination among the various business units and the activities at the group level. They form the basis for the functional dialog between the business units and discuss the overarching policy on a group-wide basis. The councils exchange experience, expertise and information and prepare decisions for the Executive Board. There are four councils: the Human Resources Council, the Finance & Risk Council, the Information Technology Council and the Strategic Clients Council.

Legal Structure
New steps were taken in 2013 to align APG's legal and organizational structures. The last adjustments to the legal structure are to be completed in the first half of 2014. Once complete, APG will have five direct subsidiaries: APG Asset Management NV, APG Rechtenbeheer NV, Loyalis NV, APG Deelnemingen NV and APG Diensten BV.

RESPONSIBLE INVESTMENT

Tomorrow is today
As pension provider, APG has by nature a long-term vision and therefore works on the future with commitment. APG is continually adapting its business practices in order to select those solutions that are most beneficial to people and the environment. By being mindful of the world around us, we aim to make a contribution to ensuring that future generations too can grow up in a livable society.

Sustainable Business Practices

Energy Consumption
APG aims to keep the environmental impact of its operations to a minimum. We use green energy and are continuously on the lookout for opportunities to further lower our energy consumption. An energy efficiency audit was conducted for the building at the Basisweg in Amsterdam. Mine water is used in Heerlen to cool the building and our own data center produces sufficient heat to heat the building. The use of electric cars is encouraged. Charging stations have been installed for this purpose in the parking garages in Heerlen and Amsterdam.

Chain Responsibility
APG asks its suppliers to sign a Code of Conduct. The code outlines specific requirements concerning the environment and corporate social responsibility. These areas for attention are clearly considered in selecting new products and suppliers.

RISK MANAGEMENT

General
APG aims to manage risks that can jeopardize the realization of the company's strategic objectives in a conscious and responsible manner. Identifying, analyzing, controlling and reporting risks contributes to the realization of our goals. Furthermore, this way APG fulfills its obligations to clients and participants and complies with the requirements of supervisory authorities and relevant laws and regulations. Risk management within APG relies on four elements: the risk management framework, the organization of risk management, the risk management process and the internal supervision of risk management.

The Risk Management Framework
APG's risk management framework is based on the Enterprise Risk Management model of the Committee of Sponsoring Organizations of the Treadway Commission (COSO ERM) and forms the framework for structuring the organization of risk management, the risk management process and the internal supervision of risk management. The framework comprises basic principles, objectives and procedures. This framework provides APG with insight into the relevant risks and the control of these risks organization-wide.

The Organization of Risk Management
The organization of risk management is based on the Three Lines of Defense model. This model is characterized by layers of responsibility with regard to risk control.

First Line
Line management forms the first line of defense. The Executive Board is responsible for managing the group-wide risks and establishing the group's frameworks. The management of each business unit is responsible for managing the risks and monitoring the effectiveness of the control measures within its own area of focus.

Second Line
The second line of defense comprises risk management, finance and compliance. At the group level, the staff departments Group Risk & Compliance and Group Finance are responsible for this line of defense, while within the business units these are the departments and officers responsible for finance, risk management and compliance. The group departments manage and monitor the group-wide risk management frameworks and report and provide advice to the APG Group's Executive Board. This concerns the risk management policy, the relevant risk developments within the group, the effectiveness of risk management within the business units and compliance with the risk management policy. The Risk Management functions within the business units are responsible, within the group frameworks, for managing business unit-specific policy, for supervision and for compliance. They advise the management teams of the business units on matters relating to internal control.

Third Line
The internal audit function forms the third line of defense. Group Internal Audit conducts internal audits with regard to important processes and control measures and thus provides additional certainty on the level of risk management and the internal control. Where possible, the external auditor makes use of the activities of Group Internal Audit for assurance assignments.

The Risk Management Process
The objective of the risk management process is to ensure controlled and sound business operations. Risks are regularly identified, analyzed and evaluated by the business units and at the group level through means of risk self-assessments. An assessment is then made to determine if additional measures are required to manage the identified risks. These control measures are monitored during the year.

Internal Supervision of Risk Management
The Executive Board and the management teams of the business units are responsible for controlling, monitoring and internally supervising risk management. They have established risk committees that play a central role in risk management and internal control. The key responsibility of the risk committees is to monitor the integral risk profile on behalf of the Executive Board and the management teams. In addition, they advise the Executive Board and the management teams concerning additional control measures. Based on an internal management structure, the management teams of the business units supervise:

- Compliance with policy and management procedures and processes, and the checks and balances;
- The functioning of the risk management and risk control systems, including the supervision of compliance with the relevant laws and regulations and codes of conduct (this also provides the basis for preparing an internal in-control statement each reporting year and for each component);
- Providing information to clients on compliance and the control of outsourced processes (ISAE 3402);
- Compliance with the recommendations of the internal auditor, the external auditor and supervisory authorities;
- The reports issued by the business units concerning the functioning of their internal control (including implementation of improvement plans) and on the degree of compliance with the relevant laws and regulations.

Types of Risk
APG makes a distinction between five types of risks: strategic risks, operational risks, reporting risks, compliance risks and financial risks.

Strategic Risks
Strategic risks are the risks that can jeopardize the realization of the company's strategy and related objectives. They can manifest in various areas. In the case of APG, this concerns developments that can have a negative impact on confidence in the group pension system, the positive relationships with our clients or on APG's

reputation. An extra risk in this context is the economic pressure on the sectors in which our clients operate. A risk self-assessment devotes specific attention to the identification of such strategic risks and the adoption of the associated control measures.

Operational Risks
Operational risks are risks that arise as a result of the inefficient or insufficiently efficient structuring or execution of processes. If these risks result in irregularities in the processes that are outsourced to APG this could potentially have undesirable consequences for our clients as well. The client views this as an outsourcing risk. In order to provide our clients with additional certainty concerning their outsourcing risk, APG provides clients with an ISAE 3402 certificate accounting for the internal controls applied to the processes outsourced to APG. Our working procedures are highly dependent on information and communication technology (ICT). APG's ICT strategy and ICT policy aim to provide sufficient support for the internal control and execution of business processes and to safeguard continuity. The demands of pension funds, participants and insured parties regarding up-to-date information and the availability of information and the speed at which information is provided are becoming increasingly higher. The degree of reliability of the computerized processing of data is also verified and certified on the basis of ISAE 3402 certificates and other certificates.

Reporting Risks
Reporting risks can result in a material misstatement in the financial reporting. The criteria and methods that are used to demonstrate internal control in support of the ISAE 3402 certificates issued to clients have also been introduced for the financial administration processes and systems that are specific to APG.

Compliance Risks
Compliance risks can result in APG's failure to comply with external or internal laws and regulations, or changes in these laws and regulations, in a timely manner, or not correctly or not completely. As a result, APG may suffer financial losses or a loss of reputation, or it may be subject to legal or regulatory sanctions. The compliance risk is an integral part of the risk management framework. APG promotes compliance with internal rules and external laws and regulations by continually encouraging awareness and by supervising compliance. Examples are the Code of Conduct, the integrity policy, the whistleblower scheme and the incident procedure.

Financial Risks
APG's financial risks comprise, among other things, market risks (for example in relation to interest rates, currency, equities, real estate and corporate bonds), counterparty risks and insurance risks. Within insurance risks we make a distinction, depending on the product, between occupational disability, longevity and mortality risks. The financial risks in connection with offering supplementary products dominate the balance sheet ratios and the result of APG. This particularly applies to the market risks, under which the interest-rate risk is classified. A large part of the investments and the liabilities of the insurance business are sensitive to interest rate changes. The fixed income investments largely absorb the sensitivity of insurance liabilities to interest rates and a swap portfolio created for this purpose largely hedges the remaining interest rate risk. The actual development of the risks is closely monitored on the basis of a risk monitoring system. The balance sheet risk is a measure for the expected volatility of the value of the investments compared to the nominal liabilities. Asset liability management shows these risks in their interrelationship. An investment advisory committee advises the insurance business on this subject. The insurance company has decided to structure the risk framework as much as possible such that it anticipates the regulations as these will apply under Solvency II. The financial risks are further explained in the financial statements.

PERSONNEL AND ORGANIZATION

Dominant Themes and Key Objectives
The transition to a more business-like, professional and successful administrative organization, initiated a few years ago, produced results in 2013. The dominant themes in this respect were increased efficiency and cost reduction. The key elements of the human resource policy include an optimal organization structure, leadership and the use of professional tools for the further training and development of employees.

Reorganization of the APG Group
Various change and reorganization initiatives are expected to produce an overall cost efficiency of approximately 20 per cent in cost efficiency over 2013-2017.
To be able to achieve this optimization strategy, various change programs have been initiated under the banner Fit for the Future. The Controlled Change (Pension Rights Management), Client-Focused, Results-driven (Asset Management), Selecting & Persisting (Loyalis), More with Less (Group Departments) and Fit for Purpose (ICT) change programs already showed results this year. In the first quarter, attention was focused on an analysis of the existing situation, the design of the new organization structure and the change calendar for the coming years. Various organizational changes were subsequently implemented on various fronts. For example, the management team members and the management layers were identified for almost all business units on the basis of the design of the new organization structure. In addition, reorganizations at the employee level were implemented in various business units. Extensive and constructive consultation with the Works Council made an important contribution to this each time. Solid client service is a key focus and has not suffered due to the internal changes.The reorganization has resulted in a significant reduction in the number of jobs, 60 per cent of which is absorbed through expected natural attrition. In 2013, approximately 350 employees left the organization, often by making use of voluntary redundancy arrangements. This has limited the number of forced layoffs. APG is careful in how it deals with the personnel implications of change initiatives. Employees can make use of a Social Plan, as well as other facilities for promoting mobility within and external to APG. The so-called APG Barometer is used to survey employee opinions concerning the change and reorganization initiatives each quarter. The results of these surveys are converted into specific improvement actions by the organization. The Executive Board during two APG on Tour meetings extensively informed employees concerning the findings of the APG Barometer surveys and what will be done with the results.

Managing Change
Good management is a decisive factor in the successful implementation of change and reorganization initiatives.
APG's leadership profile forms the basis for selecting, developing and evaluating leaders and is specifically related to the company's change agenda. In addition to the individual development of managers, programs are being implemented to train management board members and management teams in which the diversity and competencies of the team members make a maximum contribution to the required changes. Potentials for management positions are assisted in developing themselves into fully fledged leaders through means of initiatives such as development assessments, training programs, coaching and peer reviews. This management development approach has resulted in staffing management job openings by internal candidates on multiple occasions.

Employee Development
The speed at which internal and external developments must be anticipated demands a quality impulse, the potential to embrace change and power of execution among employees. Developments challenge employees to reflect on their career over the short and long term. The human resources inflow, transfer and outflow processes, and a range of tools designed to promote the development of employees, produce the drive needed to achieve the required changes. The new human resources cycle with the associated competence management has been implemented and helps make APG more results-oriented. One of the key results of this new cycle is the focus on developing talent.

Resource Planning
Management is provided with support in the form of strategic resource planning for managing organizational change. This provides a basis for APG to take specific action to ensure the continued availability of the necessary knowledge, expertise and capacity in the future. Not only the number and the quality of employees play a role: diversity is key as well. Employees are a good reflection of our clients and society. The aim to staff more management positions with women has been anchored in the regular recruitment process and showed positive results during the year under review.

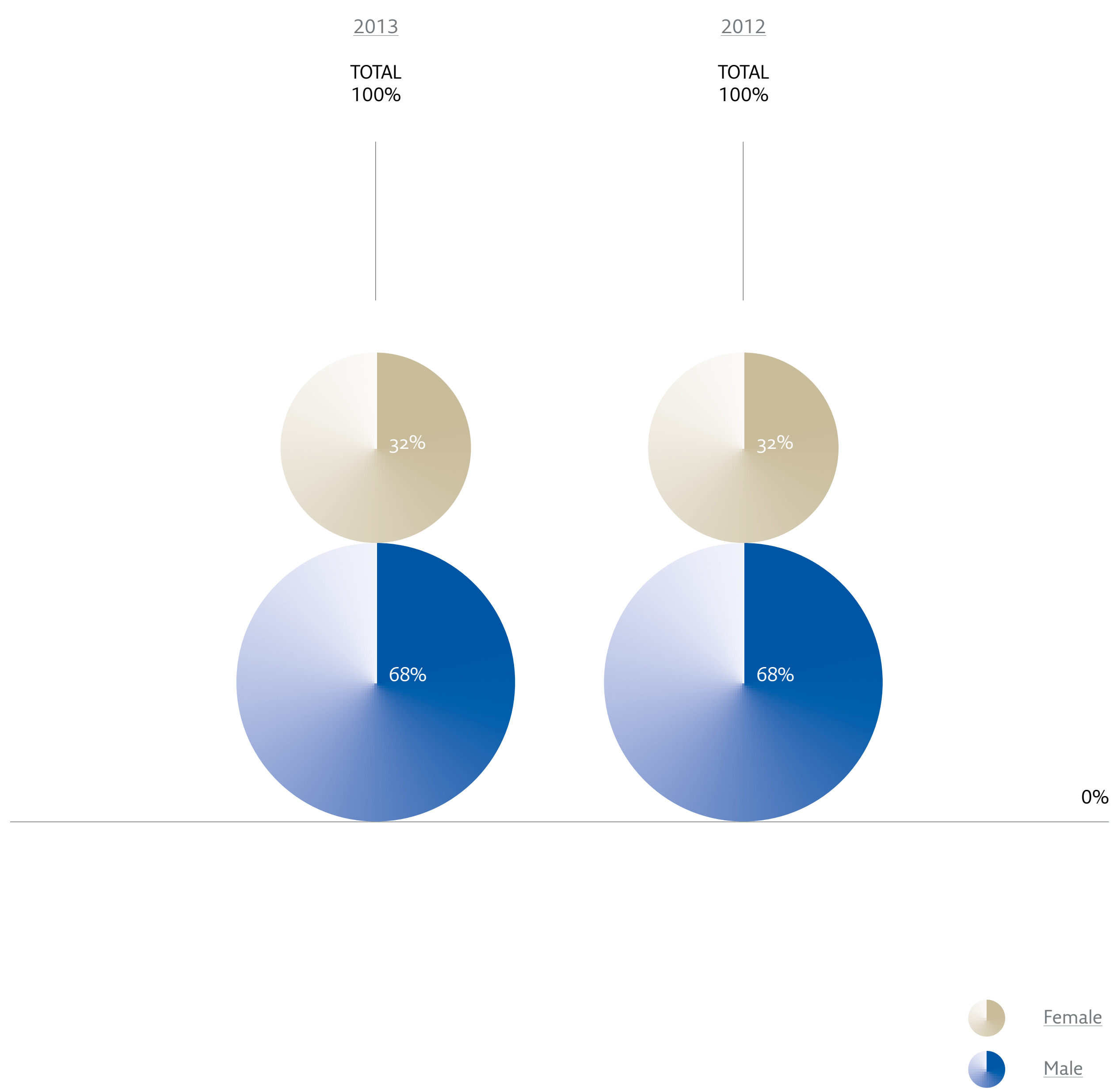
Good Employment Practices
APG's image on the Dutch labor market is good. APG is regularly selected as one of the best employers in the Netherlands. The Recruitment & Career center which is responsible for the inflow and for facilitating focused transfers and outflows, became operational in 2013. Employees are assisted in realizing their career objectives and in reinforcing their employability. To support the reorganization described earlier, two partnering companies have been contracted which, with their extensive network on the labor market, are able to guide employees in their search for a job outside APG. APG's long-term vision ensures that hiring talent continues to be a fundamental value. Aside from this, the focus of labor market communications is on know ledge-sharing and attracting women.

Terms of Employment
APG's terms of employment policy is consistent with the strategy, the risk appetite and the core values of the organization, geared toward the long-term interests of stakeholders and APG's strategy.
The objectives of this policy can be summarized as follows:

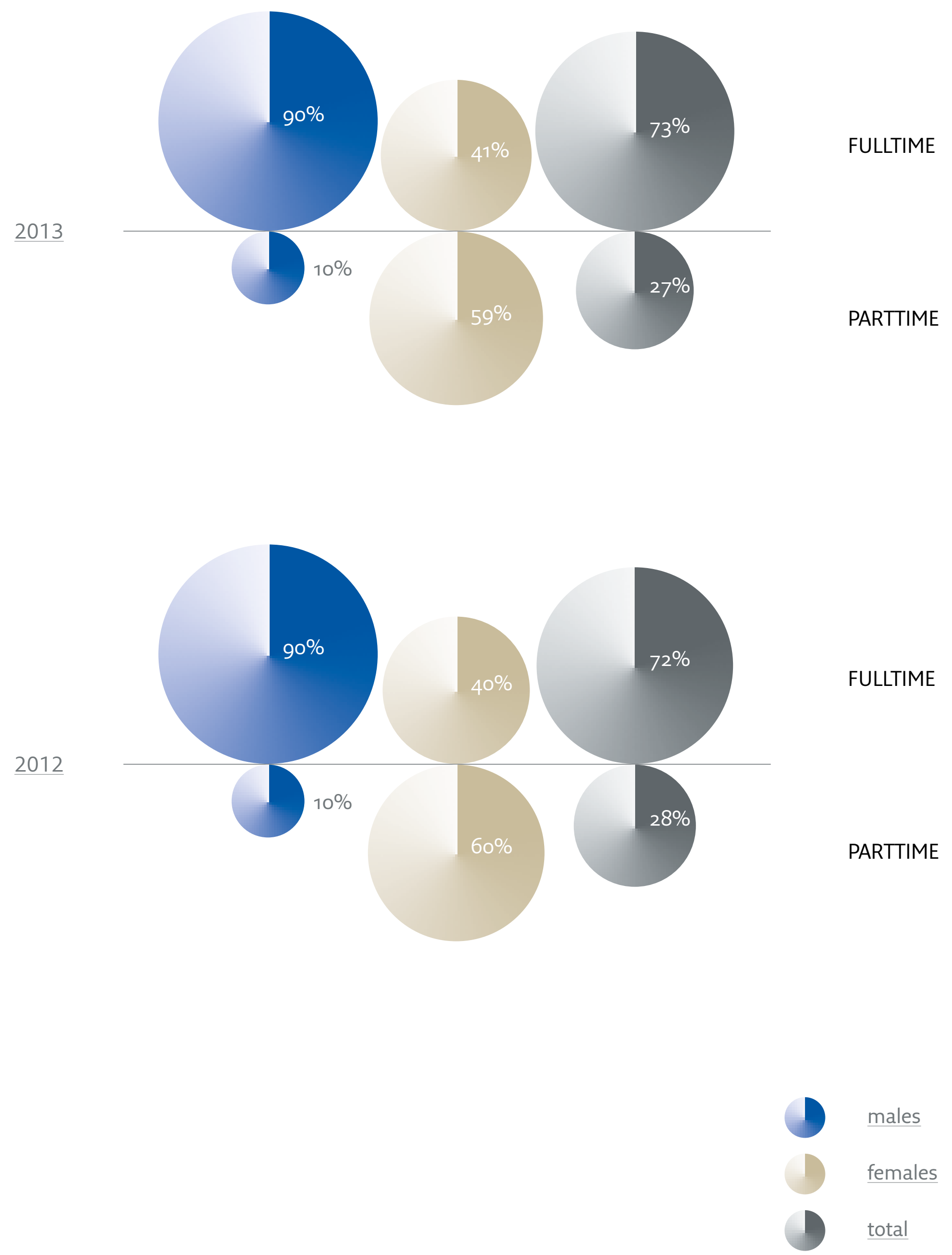
- The remuneration policy enables APG to attract, retain and motivate qualified employees. The policy aims to achieve a level that is appropriate for a pension provider.
- The remuneration policy contributes to sound risk management and is in accordance with APG's risk appetite.

Thanks to the new CLA that went into effect on January 1, 2013, the terms of employment package is up-to-date and is consistent with market and client trends. Where the new CLA is more austere than the previous CLA, transition schemes generally apply, as a result of which employees are compensated for longer periods of time. Employees covered by the CLA can opt for variable remuneration of up to 10 per cent. In addition, the APG Group's new pension scheme was transferred to APG's own company pension fund (PPF APG). APG employees who up until then were ABP participants were given the opportunity of participating in this new fund in 2013. Over 500 employees elected to do so. Furthermore, the terms of employment of employees not covered by the CLA were harmonized.

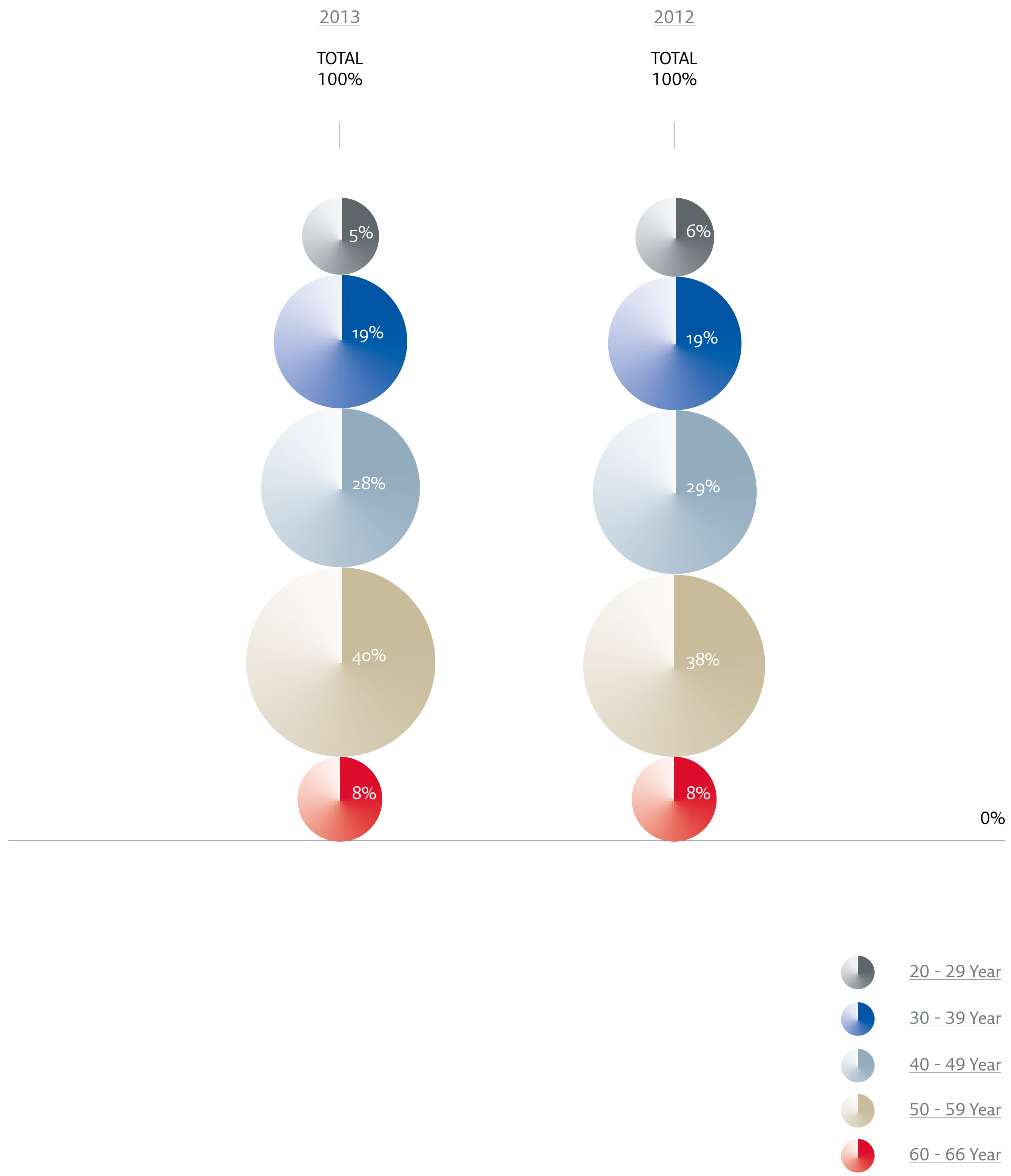
PERCENTAGE OF MALES/FEMALES ACCORDING TO FTES



FULLTIME/ PARTTIME IN %



AGE DISTRIBUTION OF STAFF



Key figures Employees	2013	2012
Numbers of employees at the beginning of the year	4,117	4,187
Joined	115	127
Left	384	197
Numbers of employees at the end of the year	3,848	4,117
of whom employed in:		
• Heerlen*	2,482	2,702
• Amsterdam	1,200	1,230
• New York	112	111
• Hong Kong	28	29
• Other	26	45
Total	3,848	4,117
* Including employees without a fixed working location.		
Sickness absence	2.9%	3.0%

COOPERATION WITH THE WORKS COUNCIL

Advice Concerning the Reorganization

In 2013 the collaboration between the Works Council and the CEO was dominated by the reorganization initiated in 2012. Considerable progress has been made on the reorganization in 2013, with due consideration to the advice issued by the Works Council. Of the sixteen submitted requests for advice, the advice for ten requests was provided subject to conditions. The Works Council checked the choices made in the requests for advice against the perceptions of the affected employees. The findings were translated into recommendations and conditions provided as part of the issued advice. This was preceded by extensive consultation between Works Council working groups and the responsible portfolio owners, which resulted in the issue of preliminary advice by the Works Council working groups. The preliminary advice was submitted to the full Works Council membership for final adoption as presented or in changed form. The collaboration between the CEO and the Works Council was characterized by a constructive attitude on both sides in 2013. Consultations on the reorganization initiatives ultimately produced outcomes that both parties were able to agree on.
The Works Council too is cognizant of the fact that, in spite of the sometimes painful decisions and interventions, it is important for APG to bring the reorganization to a successful conclusion.

Meetings

The requests for advice and consent were discussed at least once in a consultation meeting between the CEO and the Works Council in 2013, as prescribed by law.
In addition, the Works Council's Executive Committee and the CEO met during meetings of the Agenda Committee.
The above-referenced meetings took place on a monthly basis. The consultation meetings held in May and December qualify as meetings in the sense of Article 24 of the Works Councils Act. In these meetings, the CEO, in the presence of representatives of the Supervisory Board, reviewed the past six months and together with the Works Council looked ahead to the future. Finally, the Works Council's Chairman and Secretary and the CEO also informally met twice this year.
The meetings were not only devoted to consultation on the requests for advice and consent, but also to informing the (Executive Committee of the) Works Council at a strategic level on a wide range of issues. Examples of this include governance and the APG organization, the Asset Management transformation program, the new APG job classification system and pension-related trends (the Witteveenkader proposing a reduction in pension accruals). This information was provided to enable the Works Council to carry out its responsibilities on the basis of the right perspective.

Requests for Advice and Consent

Naturally, most requests for advice were related to APG's reorganization. The most important requests for advice were related to the reorganization of the Corporate Departments, Rights Management Levels 2 and 3, Information and Communication technology (ICT) and Marketing, Communication and Distribution (MCD). Other themes were also submitted to the Works Council, such as the demerger of Asset Management, the appointment of a new Chairman of the Board of Loyalis and the appointment of a sixth member to the Supervisory Board. Requests for consent included items such as the appointment of a confidential advisor, a health management update, the absenteeism protocol and the recording of calls in the Amsterdam call center.

Employee Representation Structure within the APG Group

The changes on the legal and organizational level and the expiry of the current Works Council's term of office on April 1, 2014, were reasons for the Executive Board to reflect on the best possible employee representation structure for APG.
The Executive Board attended briefings on the benefits and drawbacks of potential employee representation structures in this respect. Ultimately, the Works Council's preference was to continue with the current employee representation structure within APG (a common works council), because this promotes the proper application of the Works Councils Act in the affected APG companies. The Executive Board also wants to continue with the current employee representation structure.

Representative Composition of the Works Council

The Executive Board considers it important that the elected Works Council members constitute a representative reflection of APG's personnel. Every group - by age, gender and location - should be able to feel itself properly represented by the Works Council. The Works Councils Act also stipulates that the composition of a Works Council must be representative. The Works Council has incorporated this into its regulations. The Executive Board has informed the Works Council that it attaches great importance to a representative composition.

OUTLOOK AND EXPECTED TRENDS

Consequences of Legislation

The initial consequences of the application of the Witteveenkader are expected to become evident in 2014. In addition, greater clarity is expected to emerge concerning the new Financial Assessment Framework. Our clients continue to pursue discussions on this with policy-makers and stakeholders and we will support them in this as required. The results from this can have far-reaching consequences for our clients and for APG.

Competitive Pension Provider Market

The pension provider market is becoming increasingly more competitive and it is up to APG to position itself in this market. Foreign players are also profiling themselves more actively in our market, particularly in the asset management market. Players are expected to increasingly more specifically explore the Dutch market from an administrative perspective as well. The consolidation trend is expected to continue in the market for group pension schemes (particularly company pension funds). The underlying causes for this are the stricter demands placed on management boards and the increasing pressure on administration costs.
Where possible and consistent with the requirements of our clients, APG will further facilitate this trend.

Organizational Changes

The change projects initiated in 2012 and 2013 require decisive management and sometimes it is necessary to bid farewell to valued colleagues. In addition, the ontinued implementation of the chain structure within APG will at times require adjustments to the management of the company. The balance between independent business units and the integral management and service of clients at the group level will be safeguarded by the Executive Board in this regard.

Cost Effectiveness and Innovation

Our clients expect that lower operating costs due to the implementation of change programs will translate into lower administration costs and rates. The current price agreements with our clients are competitive. For that reason, APG's operational result will be under pressure in spite of the significant cost reductions. It is up to APG to withstand these trends, while at the same time keeping service at a high level and anticipating the new trends in the pension world. New methods of working and innovative administrative procedures will be a necessity.

Confidence

2014 promises to be an interesting and challenging year for the pension sector, our clients, and therefore APG as well. We continue to make every effort to further optimize APG's starting position in terms of its operations and the service provided to our clients. APG is looking towards the future with confidence. Pensions more than ever before are an important social theme. Changes are unavoidable in this respect, as well as healthy for the sector and APG. APG continues to strive for innovative ways of serving our clients in this changing environment.

WORD OF THANKS

The Executive Board is grateful for the considerable effort made by and the commitment of the employees, Supervisory Board and shareholders. Above all, we would like to thank our clients for their confidence in us.

Amsterdam, April 1, 2014

The Executive Board

DM Sluimers, Chairman
M Boerekamp
AGZ Kemna
PJWG Kok

Report of **the Supervisory Board**

INTRODUCTION

The Supervisory Board exercises supervision over the Executive Board and monitors the performance of the APG Group. In exercising its responsibilities, the Supervisory Board focuses on the interests of APG and the stakeholders involved in the company. In addition, the Supervisory Board supports and advises the Executive Board.

In 2013 APG completed a number of change and reorganization initiatives focused on reducing the complexity of processes and making them more efficient. The year under review was therefore characterized by a multitude of changes. The dynamics of the pension market, the multitude of change and reorganization processes within the organization and the increased efficiency and cost reduction themes were continuous areas of attention for the Supervisory Board in 2013. Furthermore, the Supervisory Board remains alert to the need for complying with the increasing and continuously changing national and international regulations.

2013 was a year full of commotion for the pension sector. Many participants were faced with a reduction in their nominal pension, there was a great deal of debate about the new Financial Assessment Framework and it remained unclear how government cutbacks were going to affect pension accrual. These themes are expected to once again play a major role in 2014.

FINANCIAL STATEMENTS

This annual report contains the financial statements of APG Groep NV. These financial statements have been signed by the Executive Board and the Supervisory Board. PricewaterhouseCoopers Accountants NV has audited the financial statements and has issued an approving monitoring statement on them.
The Supervisory Board has discussed this annual report with the Executive Board and the external auditor. The Supervisory Board, in accordance with the proposal of the Executive Board, recommends the General Meeting of Shareholders to adopt the financial statements for the 2013 financial year. The discharge of the members of the Executive Board for the policy pursued in 2013 and the discharge of the members of the Supervisory Board for the supervision exercised are separate agenda items for the General Meeting of Shareholders.

APPOINTMENTS

Members of the Supervisory Board are appointed by the General Meeting of Shareholders for a term of four years. After this they may qualify for reappointment. During the General Meeting of Shareholders held on May 15, 2013, five of the nine supervisory board members at the time stepped down, namely Mr. CW van Boetzelaer, Ms. HCJ van den Burg, Ms. CM van Praag, Mr. P Rosenmöller and Mr. KI van Splunder. The Supervisory Board would like to thank them for the expertise and commitment they have demonstrated.

In consultation with the General Meeting of Shareholders, it was decided to reduce the number of members of the Supervisory Board to six. In 2013 the Supervisory Board was strengthened with the arrival of Mr. MJ van Lanschot and Ms. NA Vermeulen. Ms. Vermeulen was nominated by the Supervisory Board, with the Works Council's enhanced right of recommendation, and was appointed by the General Meeting of Shareholders. Mr. Van Lanschot and Ms. Vermeulen both joined the Audit Committee. Mr. ALM Nelissen was reappointed by the meeting for a term of four years on the basis of the nomination submitted by shareholder SFB. The Remuneration Committee made the necessary preparations for the appointment of the two new members to the Supervisory Board. This committee also held intensive discussions concerning the appointment of a CFRO.

This position was filled by Ms. PHM Hofsté from February 1, 2013 to November 1, 2013. Mr. PJWG Kok has filled this position pro tem since November 1, 2013. Mr. AWIM van der Wurff stepped down as a member of the Executive Board of APG effective March 1, 2014. Mr. Van der Wurff will continue to be employed within APG as a special advisor to the Executive Board. The Supervisory Board would like to thank him for his efforts and in-depth commitment over the years.

MEETINGS

The Supervisory Board met six times in 2013. In addition, the Board met a few times via conference call. The Remuneration Committee and the Audit Committee of the Supervisory Board convened eight and seven times respectively. During its meetings the Supervisory Board, among other things, discussed APG's strategy, the general and financial performance of APG, the 2012 Annual Report, the internal business operations, the 2014 Annual Financial Plan, the periodic evaluation of the Executive Board and the composition and the performance of the Executive Board. The Supervisory Board, on the basis of the reference framework of the Dutch Corporate Governance Code and current insights into good governance has formulated a number of areas for action that will be implemented in 2014. In 2013 the Supervisory Board agreed with the appointment of Mr. Gortemaker as external Compliance Officer in support of the Executive Board, the internal Compliance Officer and the Supervisory Board. The structure of the meetings of the Supervisory Board and its committees was once again reviewed. The meeting structure was adjusted to provide sufficient meeting time. In the meetings of the Audit Committee, the 2012 Annual Report and the accompanying report of the external auditor, Pricewaterhouse-Coopers, and the financial performance and risks of APG were (regularly) discussed. The Remuneration Committee paid attention, among other things, to the preparation and implementation of the evaluation process of the members of the Executive Board and the Supervisory Board. The Remuneration Committee also elaborately discussed the governance and the composition and profile of the Supervisory Board, the latter in preparation for the (re)appointment of members of the Supervisory Board. In 2013, on the instructions of the shareholders and at the request of the Supervisory Board, a benchmark analysis was performed concerning the remuneration of the members of the Executive Board in various reference markets. This benchmark analysis did not provide any justification for deviating from the remuneration policy for the members of the Executive Board in the reporting year.

CONTACTS WITH THE EXTERNAL AUDITOR AND GROUP INTERNAL AUDIT

The external auditor Pricewaterhouse-Coopers and the Managing Director of Group Internal Audit were present during all of the meetings of the Audit Committee. The Group Internal Audit's 2013 Audit Plan was discussed and approved. The Supervisory Board met with the external auditor in the absence of the Executive Board. The external auditor also attended the meetings in which the Supervisory Board discussed the Annual Report and the audit reports.

CONTACTS WITH SHAREHOLDERS

The Annual General Meeting of Shareholders was held on May 15, 2013. The 2012 Annual Report and Financial Statements were adopted in this meeting. In addition, the composition of the Supervisory Board, the remuneration policy for the members of the Executive Board, a remuneration study and a compliance action plan were discussed with the shareholders during this meeting. The Strategy Working Group met three times. During these meetings a delegation of shareholders, the Supervisory Board and the Executive Board members discussed the company's strategy, the strategic framework defined by the shareholders and market trends.

CONTACTS WITH THE WORKS COUNCIL

In 2013, members of the Supervisory Board attended several consultation meetings with the Works Council. The 2012 Annual Report, the general course of affairs of the company and the 2014 Financial Annual Plan were part of the subjects discussed during these meetings. The chairmen of the Supervisory Board and the Executive Board met with the Works Council to discuss the candidates for the Supervisory Board.

REMUNERATION

The Supervisory Board formulates a proposal for the remuneration of the members of the Executive Board for the General Meeting of Shareholders, which then approves the remuneration.
The composition of the Supervisory Board meets the criteria of Article 2:158 of the Dutch Civil Code. An overview of the remuneration of the Executive Board and the Supervisory Board is included in the financial statements included in this report. Members of the Supervisory Board do not own any shares in APG Groep NV or in any of its subsidiaries.

WORD OF THANKS

The Supervisory Board is of the opinion that the past year was a very eventful year that demanded a great deal from employees as a result of the instigated reorganization. The Supervisory Board realizes that many employees, who have worked at APG for a long time with a great deal of dedication, have left the company this year and that this was a drastic event for them.

At the same time, the Supervisory Board realizes that a great deal still needs to be done to prepare APG for the future and is confident in the expectation that together we will build a strong and healthy APG. The Supervisory Board would like to thank the Executive Board and all employees for their efforts throughout the year.

Amsterdam, April 1, 2014

The Supervisory Board

LC Brinkman, Chairman
GMML Verhofstadt, Vice-chairman
ALM Nelissen
EL Snoey
MJ van Lanschot
NA Vermeulen

Communication **in a network society**

Essay

Professor Strategic Communication

Noelle Aarts

Communication in a network society

We are living in a network society. What we mean by this is that our society consists of networks that overlap or exclude each other, and constantly change. These networks are not imposed from the top. They form by themselves. To get things done, we constantly connect with other people. This is how schools, churches, hospitals, companies, sports associations, governments, banks, insurance companies - the list is endless - originated. This is also how new cultures, subcultures and talking societies are constantly created. For example on the internet where people connect because of a shared problem, interest or ideal.

NETWORKS AND SOCIAL NEEDS

The network society as such is nothing new. People have been organizing themselves since time immemorial. What is new is the insight that society is chaotic and fluid and that, by forming network connections, we are continuously creating structures that come and go.
There is no central point from which these structures are directed or steered, they emerge by themselves.
We move in networks because we are inherently dependent on each other. To get things done, but especially in order to satisfy our social needs. Just think of our fundamental need to belong. And once we belong, the need to make a difference.
We can only accomplish these things by interacting with others. This is why we are constantly establishing connections. And we do this through communication.

BONDING AND BRIDGING

Sociologist Robert Putnam made a distinction between two types of connections: *bonding and bridging*. *Bonding* refers to connections among people who share common backgrounds, interests or objectives. The connections between people in a district, in a café and our friends, or between people who are a member of the same patient association on the internet. *Bonding* requires little encouragement. *Bonding*-based networks emerge by themselves as it were. We enjoy talking with people we know and who think like we do. Our kind of people (OK-People). They give us a feeling of belonging and that makes us happy. This is confirmed by classical, as well as recent research: to belong is to matter. Furthermore, this way we create a well-organized world in which we agree about what is important and what is not, about who is right and who is not and about what is true and what is not. The philosopher David Hume came to this conclusion eons ago: truth is the result of conversations with friends.

Bridging is about connections between people living in different worlds and who, in other talking societies, arrive at different truths and insights. For example, governments and citizens, doctors and patients, rich and poor people, insurance companies and the insured. Or different stakeholders in complex problems related to climate, the environment or a participatory society.

Bridging often is paired with conflict, a lack of understanding and a lack of being understood, with colliding values and interests, with friction.

Bridging does not come about by itself; even in situations where this is a necessity. For example, to solve problems, achieve goals, or to prevent the creation of a society that consists of groups of people who have turned their backs on each other.

Without *bridging*, *bonding* acquires a different value as well. When we continuously reproduce existing opinions and truths within our own society and are deaf to other voices, *bonding* can degenerate into a univocal and unrealistic picture of reality. Stereotyping and intolerance towards dissenters generally is the result and that brings a lot of misery with it.
I see an important task here for communication professionals: organizing connections between groups of people who tend not to communicate with each other, but who for all kinds of reasons have a need to do so. And sometimes to curb excessive *bonding*. Always looking for the right balance.

BEHAVIOR IS CONTAGIOUS

As we have seen, the network society perspective focuses attention on social networks that shape the opinions and behaviors of people. When we analyze the behavior of people - often for the purpose of changing it - we tend to do so on the basis of the individual's characteristics and behaviors. What do we need to do to get that person to move? Recent research shows that we are far less independent than we would like to think. In most instances our behavior comes about collectively. For example, in 2013 we are all of a sudden seeing a lot of men with beards. That is the current fashion. Fashion in fact is nothing else than our day-to-day, generally unconscious and perhaps even unwished-for copying behavior. This is why hobbies are also subject to fashion, just like television programs, holiday destinations, word use, etc. We imitate and conform the whole day through, because at many points in time it is useful to do so. Because then we belong. Mark Earls wrote a good book about how social networks shape almost every aspect of our lives: De Ultieme Kudde (The Ultimate Herd).

HAPPINESS IS.... ATTENTION FOR THE OTHER

For too long our emphasis has been on communication in the sense of sending, sharing and convincing. The perspectives of social networks and collective behavior shift the focus to what happens among people, to interaction. The listening phenomenon, as in 'giving meaning to interaction', is also becoming increasingly more important professionally. When we take a look at what people do with Twitter and Facebook, we see that people predominantly adopt this media for the purpose of listening - what is happening? - and to connect with others - can I help you? Empathetic listening is becoming increasingly more important. Listening to what moves others without immediately passing judgment or telling our own opposing story. Listening to the stories of others in order to subsequently align with them. This is how we establish effective connections in our environment, with like-minded people as well as dissenters. This is necessary for organizations to stay in tune with their environment, as well as for our own personal happiness.

HAPPINESS IS... DEALING EFFECTIVELY WITH THE CONSTANT DYNAMIC AND NEVER-ENDING TRANSPARENCY

The perspective of the network society invites us to make the world more livable. However, this means that we must invest in learning things that help us in this respect. We can learn from young people who in carefree ways learn by doing and find their way in the network society and have a great deal to offer. We can also learn from organizations that are doing it right and who are doing the right thing. Organizations that are able to cope with the characteristics of the network society that for the time being we are experiencing as uncomfortable. What comes to mind is the lack of controls and predictability or the never-ending transparency, in part as a result of our intensive internet use.

In short, learning how to stay on our feet and at the same time promote human happiness in an environment that is constantly changing. Adam and Eve must have discussed this as well as they wandered through Paradise together. Old wine, but in a new bottle. And that is worth something as well!

NETWORKS AND SOCIAL NEEDS

We move in networks because we are inherently dependent on each other. There is no central point from which these structures are directed or steered, they emerge by themselves.

BONDING

Connections among people who share common backgrounds, interests or objectives. Bonding requires little encouragement. Bonding-based networks emerge by themselves.

BRIDGING

Connections between people living in different worlds and who, in other talking societies, arrive at different truths and insights. Bridging often is paired with conflict, a lack of understanding and a lack of being understood, with colliding values and interests, with friction.

BEHAVIOR IS CONTAGIOUS

Recent research shows that we are far less independent than we would like to think. In most instances our behavior comes about collectively.

HAPPINESS....
ATTENTION FOR THE OTHER

Empathetic listening is becoming increasingly more important. Listening to what moves others without immediately passing judgment or telling our own opposing story.

COLOFON

The dancers:
From left to right:
Karyn Benquet,
Carolina Mancuso,
Joeri Dubbe,
Sarah Murphy &
Georgi Milev

Choreography *Cora Bos-Kroese*
Photography *Joris-Jan Bos*

This annual report contains pictures of dancers. In each photo they depict a fundamental concept from communication in a network society as described bij Noelle Aarts.

Financial Statements
APG Groep NV 2013

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

(before profit appropriation)
in thousands of euros

ASSETS	31-12-2013	31-12-2012
Fixed assets		
Intangible fixed assets (1)	688,625	768,297
Tangible fixed assets (2)	28,483	32,876
Financial fixed assets (3)	87,264	50,906
	804,372	852,079
Investments insurance business (4)	2,838,117	2,863,882
Current assets		
Receivables, prepayments and accrued income (5)	172,629	174,777
Receivables from reinsurance (6)	58,716	74,388
Cash (7)	754,822	1,255,913
	986,167	1,505,078
Total assets	4,628,656	5,221,039

LIABILITIES	31-12-2013	31-12-2012
Group equity (8)		
Equity capital	1,268,666	900,991
	1,268,666	900,991
Provisions		
Insurance liabilities (9)	2,865,227	3,308,129
Deferred taxes (10)	24,213	29,919
Other provisions (11)	124,575	105,491
	3,014,015	3,443,539
Long-term liabilities (12)	23,767	552,745
Current liabilities and accrued liabilities (13)	322,208	323,764
Total liabilities	4,628,656	5,221,039

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR 2013

in thousands of euros

	2013	2012
Net turnover		
Insurance contributions (14)	268,717	358,944
Investment results (15)	53,691	348,370
Income from services to third parties (16)	659,642	646,260
Other operating income (17)	67,393	55,681
Total operating income	1,049,443	1,409,255
Change in provisions for insurance liabilities (18)	-430,337	215,718
Payments (19)	650,437	346,646
Costs of outsourced work and other external costs (20)	102,981	90,465
Personnel costs (21)	449,237	478,292
Amortization and depreciation (22)	91,637	93,594
Special value impairments of current assets (23)	-	1,000
Other operating costs (24)	113,415	126,221
Total operating expenses	977,370	1,351,936
Financial income and expenses (25)	-60,316	-16,301
Result from ordinary activities before taxes	11,757	41,018
Taxes (26)	-4,106	-9,004
Result from participating interests (27)	933	-393
Group result after taxes	8,584	31,621

CONSOLIDATED CASH FLOW STATEMENT FOR 2013

in thousands of euros

	2013	2012
Opening balance of cash (7)	1,255,913	935,946
Opening balance of cash from investments	*396,299*	*265,480*
Opening balance of bank balances in current account and deposits	*859,614*	*670,466*
Cash flow from operating activities		
Contributions received	287,489	358,535
Operating income received	761,017	780,773
Payments made	-642,081	-359,588
Operating expenses paid	-745,857	-708,686
Repayments and sale of investments	470,709	220,558
Change in cash from investments	-346,785	130,819
Benefits and purchase of investments	-11,360	-76,316
Other changes	1,268	4,202
Cash flow from business activities	*-225,600*	*350,297*
Interest received	2,957	6,935
Interest paid	-10,231	-22,188
Corporate income tax paid	-45,841	-11,979
Cash flow from operating activities	-278,715	323,065
Cash flow from investing activities		
Investments in fixed assets	-7,376	-9,979
Cash flow from investing activities	-7,376	-9,979
Cash flow from financing activities		
Dividend paid out	-	-6,467
Amount received in advance and finalization of separation of the administrative organization	-8,000	13,348
Expenditure in connection with financial restructuring	-207,000	-
Cash flow from financing activities	-215,000	6,881
Change in cash	-501,091	319,967
Closing balance of cash (7)	754,822	1,255,913
Closing balance of bank balances in current account and deposits	*705,308*	*859,614*
Closing balance of cash from investments	*49,514*	*396,299*

ACCOUNTING POLICIES

Introduction

Activities
APG Groep NV (APG Group) provides pension management and communication, asset management services as well as executive consultancy for pension funds and supplementary products in the field of income security. APG Group has a broad but also specialist knowledge of pensions and pension schemes. APG Group makes its knowledge available to all of its clients, so that clients can offer a good and affordable pension to their participants.

Group relations
APG Groep NV (with its registered office in Heerlen, the Netherlands) was founded on February 29, 2008.

An organizational and legal restructuring of APG Groep NV took effect from January 1, 2013. The aim of the restructuring is to streamline the organizational and legal responsibilities within the group structure. With effect from January 1, 2013, Inovita BV, Inotime BV and Cordares Vastgoed BV were reallocated in terms of their legal status from APG Algemene Pensioen Groep NV to APG Deelnemingen NV, an entity newly incorporated in 2012. With effect from January 1, 2013, Cordares Diensten BV was reallocated in terms of its legal status from APG Algemene Pensioen Groep NV to APG Groep NV and was renamed APG Diensten BV. With effect from January 1, 2013, the ICT activities of APG Algemene Pensioen Groep NV were transferred to APG Diensten BV. With effect from January 1, 2013, APG Pensioenbeheer BV (which was created in 2012 from the legal merger between Cordares Pensioen BV and Cordares Pensioendiensten BV) was reallocated in terms of its legal status directly under APG Algemene Pensioen Groep NV.

APG Asset Management NV was established on July 31, 2013. Effective January 1, 2014, the asset management activities of APG Algemene Pensioen Groep NV will be transferred here.

The marketing and communication services provided in support of the insurance business were split off from APG Algemene Pensioen Groep NV and transferred to Loyalis NV effective August 1, 2013.

In addition, APG Groep NV sold 21 per cent of its interest in the joint venture APG-ABN AMRO Pensioeninstelling NV (Pensional) to ABN AMRO Bank NV effective July 5, 2013. On November 1, 2013, Pensional was reallocated in terms of its legal status from the APG Groep NV to APG Deelnemingen NV. Pensional is not consolidated.

Cordares Holding NV and Cordares Fintus BV were wound up effective December 30, 2013. These companies ceased their operations as of the date of the restructuring which took effect on January 1, 2013.

At the end of 2013, the APG Group had five wholly owned subsidiaries: APG Algemene Pensioen Groep NV, APG Asset Management NV, Loyalis NV, APG Diensten BV and APG Deelnemingen NV.

APG Group has a number of indirect capital interests. The complete structure is apparent from the list of capital interests. This list has been included as part of the notes to the company financial statements on page 106.

APG Group has two shareholders: Stichting Pensioenfonds ABP (ABP Pension Fund) for 92.16 per cent and Stichting Sociaal Fonds Bouwnijverheid (Stichting SFB) for 7.84 per cent.

General

The financial statements have been prepared on the basis of generally accepted financial reporting policies in the Netherlands and the statutory provisions concerning financial statements contained in Part 9, Book 2 of the Dutch Civil Code. Article 2:402 of the Dutch Civil Code was applied for the format of the company profit and loss account. Consequently, it is sufficient to report the result from participating interests after deduction of taxes on the company profit and loss account as an individual item.

All amounts in the financial statements are shown in thousands of euros, unless stated otherwise.

Comparison with the previous year

Changes in accounting estimates
Following an analysis of the assumptions and the most recent publications concerning mortality tables, a change took place in the mortality tables used for the warranted annuity products. The generation tables published by the Association of Insurers in 2012 are taken as the basic reference. Furthermore, the trend shown in the 2012-2060 tables published by Statistics Netherlands (CBS) is applied to these generation tables. As a result of this change in the mortality tables, the technical provision increased by € 17.5 million. The analysis of the assumptions shows that the mortality rate of occupationally disabled persons is at a significantly higher level in comparison to the mortality rate of insured persons who are not occupationally disabled. The basis used at year-end 2012 (2006 Annuity Table) turned out to be inappropriate.

This has resulted in an adjustment to the mortality rates for occupationally disabled persons in accordance with the 1995-2000 General Population M/F table, with a correction factor of 147 per cent for men and 220 per cent for women. The technical provision fell by € 5.2 million.

Changes in presentation
In terms of the presentation of the investments, the comparative figures were adjusted in terms of their closing balance as at December 31, 2012 (in accordance with the 2013 opening balance in the summaries of changes in the notes to the investments item). In terms of the investments item in the amount of € 2,868 million this results in a technical presentation shift of € 4 million to the balance sheet items accounts receivable, cash and short-term liabilities, which results in a new closing balance of € 2,864 million as at December 31, 2012. The reason for this adjustment is the improved insight acquired by the insurance business in the 2013 reporting year into the net asset value of the investments, whereby the net asset value is technically broken down into the underlying balance sheet items. The change in presentation has no impact on the result or the assets.

For the rest, the accounting policies applied for the financial statements are consistent with those of the previous financial year.

Basis for consolidation
Capital interests in entities in which the APG Group can exercise predominant control of management and financial policy are included in the consolidated financial statements by application of the integral method of consolidation. Intercompany transactions and financial liabilities between consolidated entities are eliminated. The minority interest of third parties is included under group equity. The results and the identifiable assets and liabilities of acquired entities are included in the consolidated financial statements from the date of acquisition. The date of acquisition is the point in time when predominant control can be exercised within the relevant entity. The entities included in the consolidation continue to be consolidated until they are sold.
De-consolidation takes place at the moment that decisive control is transferred. In that case the relevant company is recorded as a financial fixed asset.

A list of consolidated entities is included as part of the notes to the company financial statements. Joint ventures are not consolidated. The accounting principles of group companies are adjusted as necessary to ensure consistency with the applicable accounting principles of the APG Group.

All entities over which the APG Group exercises dominant or joint control, or significant influence are designated as related parties. The entities that can exercise dominant control over the APG Group are also designated as related party. Members of the Executive Board, under the articles of association, as well as other key officers in the management of the APG Group are also related parties.

Estimates
Estimates and assumptions that have an impact on the assets, liabilities, income and expenses reported are used in preparing the financial statements. This is especially the case in determining the technical provisions and in valuing the non-listed investments. It may subsequently be found that the reported value differs from the actual value.

Recognition
Financial instruments are recognized on the balance sheet at the moment the contractual rights or liabilities arise with regard to those instruments. An asset is recognized on the balance sheet when it is likely that the future economic benefits will accrue to the company and the value of the asset can be reliably determined. A liability is recognized on the balance sheet when its settlement will most probably be accompanied by an outflow of funds and the amount of the outflow can be reliably determined.

Financial instruments are no longer recognized on the balance sheet if the transaction results in the transfer to a third party of (virtually) all rights to economic benefits or risks for the position.

Income is recognized in the profit and loss account if an increase in the economic potential related to an increase in an asset or a reduction in a liability has taken place and the size of this can be reliably determined.

Expenses are recognized if a decrease in the economic potential related to a decrease in an asset or an increase in a liability has taken place and the size of this can be reliably determined.

Currency forward contracts concluded to hedge the currency risk on the financing in foreign currency of the foreign subsidiaries are carried at cost price, for which cost price hedge accounting is applied. Cost price hedge accounting is also applied for the interest rate swap on the long-term loan, with the variable interest rate being converted into a fixed rate. This implies that as long as the hedged position is recognized on the balance sheet at cost price, the derivative is also carried at cost price. As long as the hedged item under cost price hedge accounting is not recognized on the balance sheet, the hedge instrument is not revalued. If there is an ineffective component of the hedge transaction, this component is recognized in the profit and loss account.

Foreign currency translation
Items listed in the financial statements in foreign currency are valued at the exchange rate in effect on the balance sheet date. The exchange rate differences that arise upon conversion are reported on the profit and loss account. Monetary assets and liabilities in foreign currency are converted into the functional currency at the exchange rate applicable on the balance sheet date. The exchange rate differences arising from settlement and conversion are credited or debited to the profit and loss account, unless they are subjected to hedge accounting. Non-monetary assets that are carried at acquisition price in a foreign currency are converted at the exchange rate in effect on the transaction date.

Upon consolidation, the balance sheets of group companies prepared in a functional currency other than the euro are converted into euros at the exchange rate in effect on the balance sheet date. Results in foreign currency are converted at the average exchange rate during the year under review. Currency differences concerning the value of group companies included in the consolidation are recognized in the reserve for conversion differences.

Section on risk

This section discusses the quantitative risks and sensitivity analyses for the APG Group. The activities of the administrative business take place at the expense and risk of the clients and hence primarily relate to operational risks. The operational risks of the administrative business are explained as part of the balance sheet items to which they relate. The insurance business mainly runs financial risks connected with the insurance activities and related investment activities.

Solvency II focuses attention on the risks to the insurer and identifies a large number of risks. These risks are quantified on the basis of the losses that could occur once every 200 years (the so-called 99.5 per cent confidence level which is expressed as the Value at Risk). The risks are totaled to an amount that could be lost in such a worst case scenario using correlation matrices.

The following are distinguished as significant financial risks:
- Actuarial and insurance risks (longevity risk, mortality risk and occupational disability risk);
- Market risk, including interest rate risk, equity risk and currency risk;
- Spread and credit risk;
- Liquidity risk.

Actuarial and insurance risks
Actuarial and insurance risks are the risks related to an uncertain future event (for example death or occupational disability) that are transferred from the policyholder to the insurer.
For the life insurance business, the longevity risk is greater than the mortality risk. On balance, an unexpected increase in life expectancy is a risk. In contrast, for term life insurance the mortality risk dominates.

Table 1: insight into the sensitivity of the technical provision to increases/decreases in mortality rates based on the Solvency II criteria in millions of euros (before corporate income tax)

	LIFE		NON-LIFE	
	2013	2012	2013	2012
Balance of provision at end of financial year	2,147	2,585	718	723
Effect on provision of 20% decrease in mortality rates/increase in longevity risk	+38.8	+42.7	+6.1	+6.5
Effect on provision of 15% increase in mortality rates/increase in short-life risk	+10.6	+12.5	n/a	n/a

The longevity risk is only determined for the portfolio with annuities and the short-life risk only for the term life portfolio.

The longevity risk is the probability of a loss due to the fact that insured individuals receiving a regular (temporary or lifelong) payment, receive that payment for a longer period of time than assumed when the provision was made. Under Solvency II, this risk is quantified as the increase in the provision (relative to the Best Estimate) required to be able to absorb 20 per cent of an integral decline in the mortality rates. The longevity risk declined in comparison to 2012. Due to the decline of the annuity portfolio and the increase in the risk-free rate, the best estimate has decreased in absolute terms and the shock is therefore lower as well.

The mortality risk (short-life risk) is the probability of a loss due to the fact that the current amount to be paid on death is higher than the technical provision maintained and the risk contribution received for this purpose. This is the case when the assumed mortality rate on which the technical provision and the risk contribution were based is lower than the actual mortality rate. The decline relative to 2012 is due to the increased interest rate and the increase in life expectancies.

In addition to the mortality/life risk, the disability/rehabilitation risk plays an important role. Low disability likelihood and high rehabilitation likelihood benefit both the client and the insurance business.

The life insurance business does not have any products with the possibility of purchasing additional occupational disability coverage. The non-life provision for the most part consists of an Incurred-but-not-Reported (IBNR) provision. In the past it was assumed that only the IBNR provision for the recent underwriting years (within the waiting period) is subject to a disability risk. This year the IBNR provisions for all underwriting years were included for determining the occupational disability risk. The result is that the calculated shock for the occupational disability risk has increased considerably.

In contrast to 2012, the shock of old underwriting years (dating from prior to the applicable waiting period) was also included this year, as a result of which these underwriting years also form part of the occupational disability risk this year. The result is that the occupational disability risk has also increased. In addition, the IBNR for the most recent underwriting years was estimated to be higher.

Table 2 provides an overview of the contractual or best estimate maturity dates of the key financial liabilities based on the nominal cash flows stemming from the most important portfolios in the life insurance business and the non-life insurance business.

Table 2: duration of the main insurance liabilities and the liabilities by term

	0-3 YEARS	4-6 YEARS	7-9 YEARS	10-12 YEARS	> 12 YEARS	*Duration (in years)* 2013	*Duration (in years)* 2012
Life	273	160	128	116	492	9.2	10.3
Non-life	65	79	136	145	306	9.8	10.4
Total	338	239	264	261	798	9.4	10.3

The decline in the duration is primarily due to the (virtually parallel) increase in the risk-free rate curve by approximately 0.6 percentage point in comparison to the situation at year-end 2012.

Market risk
Market risk is defined as the risk that the value of a financial instrument will fluctuate as the result of changes in market prices, regardless of whether these changes are caused by factors that specifically apply for the individual security or by factors that affect all securities traded on the market. Market risk includes interest rate risk, equity risk and the currency risk.

Interest rate risk
Interest rate risk is defined as the risk that the value of a financial instrument will fluctuate because of changes in the market interest rate. The insurance business has an interest rate risk on the assets side as well as the liabilities side of the balance sheet.

On the assets side of the balance sheet, the insurance business has fixed income investments which vary in line with the interest rate. On the liabilities side, the liabilities are discounted with the risk-free rate: the DNB interest rate term structure excluding the Ultimate Forward Rate (UFR).

The interest rate risk arises due to a difference in the interest rate sensitivity of the investments and the liabilities. This interest rate risk is considered to be undesirable by the insurance business. The interest rate policy is therefore based on a policy of interest rate risk immunization by means of swaps. In case of immunization, the swaps are purchased in such a way that the interest-rate sensitivity of the fixed-income portfolio plus the swaps is virtually identical to the interest rate sensitivity of the liabilities.

Table 3: effect of change in the market interest rate by 1 percentage point on the value of investments and liabilities in millions of euros (before corporate income tax)

	BALANCE 31-12-2013	DECREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2013	INCREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2013	BALANCE 31-12-2012	DECREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2012	INCREASE 1 PERCENTAGE POINT IN MARKET INTEREST RATE 2012
Life						
• investments	2,174	+38.4	-38.4	2,330	+41.5	-41.5
• liabilities	2,147	+100.6	-100.6	2,585	+109.1	-109.1
• interest rate swaps		+63.1	-63.1		+64.8	-64.8
Impact on result		+0.9	-0.9		-2.8	+2.8
Non-life						
• investments	664	+18.4	-18.4	534	+16.8	-16.8
• liabilities	718	+57.3	-57.3	723	+60.3	-60.3
• interest rate swaps		+36.6	-36.6		+41.7	-41.7
Impact on result		-2.3	+2.3		-1.8	+1.8

Equity risk
Equity risk is defined as the risk of a decrease in the value of investments in equities. Since June 2012, the insurance business no longer invests for its own account and risk in listed equities because the accompanying volatility no longer matches the desired risk profile of the insurance business. Listed equity investments are nonetheless still undertaken for clients' account and risk since these can be part of an investment mix selected by the client.

At the end of 2013, the insurance business had a private equity portfolio for its own account and risk of € 64.9 million (2012: € 61.4 million). The impact of a decrease in the private equity price of -54 per cent, the current Solvency II shock (2012: -44 per cent), would result in a decrease in value of € -35 million (2012: € -27 million); more specifically € -19 million (2012: € -17 million) for the life insurance business and € -16 million (2012: € -10 million) for the non-life insurance business.

Currency risk
The currency risk arises due to changes in the level or the volatility of exchange rates. The majority of the currency positions is hedged.

Sensitivity to the foreign currency risk is measured in accordance with the specifications of the Solvency II standard formula. Here, the impact on the result of an exchange rate movement of the unhedged currency relative to the Euro of 25 per cent is calculated. At the end of 2013, the total non-Euro exposure was roughly € 4.2 million (2012: € 9.7 million).

Currency forward contracts concluded by the administrative business to hedge the currency risk on the financing in foreign currency of the foreign subsidiaries are carried at cost price, for which cost price hedge accounting is applied.

Derivative positions
The insurance business makes use of derivatives in order to hedge the interest rate risk, the equity risk and the currency risk.

The table below shows the net asset value of the derivative positions in relation to the outstanding exposure.

Table 4: derivative positions at the end of the financial year (in millions of euros)

	CURRENT VALUE 2013	UNDERLYING VALUE 2013	CURRENT VALUE 2012	UNDERLYING VALUE 2012
Credit default swap	-	-	-	12
Futures	1	-42	1	1
Forwards	2	-134	10	522
Swaps	-6	920	64	1,236
Total	-3		75	

Spread and credit risk
Spread risk is the risk that the level of the credit spreads above the risk-free rate changes. There are various definitions of the risk-free rate: in this context, spreads are specified in relation to the swap curve.
The fixed-income securities portfolio is widely diversified over debtors, titles and regions. The emphasis, however, is on European banks and financial institutions. Almost all of these investments are in investment grade debtors. The market value of the total portfolio is approximately € 2 billion.

With regard to the creditworthiness of the fixed-income securities portfolio according to rating (using the ratings of S&P or Moody's), 78 per cent belong to Class A and higher (2012: 82 per cent).

The fixed-income securities portfolio is primarily invested in Europe. More than 75 per cent of the government portfolio is invested in the government bonds of northern Euro countries. The portfolio does not contain any government loans from Greece or Portugal. The exposure to government loans from Italy, Spain and Ireland has been capped at € 132 million. Our positions in corporate bonds and securitized loans in the US and the UK extend our exposure to economies other than those of the Eurozone.

Credit risk is defined as the risk that a counterparty to a financial instrument will not fulfill its obligation, thus causing the other party to suffer a financial loss. Credit risk, also referred to as debtor risk, is incurred on the principal and the interest. A part of the insurance investments relates to government bonds, while

corporate bonds and complex securities are also held. If a credit risk exceeds the set limit due to the downward adjustment of a rating (credit spread risk), the risk must be brought back within the set limits as soon as this is practically possible.

The accounts receivable from derivative transactions, reinsurance and bank balances in particular are relevant for the insurance business. The counterparty risk for derivatives is minimal due to the daily exchange of collateral. The bank balances are maintained with large Dutch banks and the reinsurance contracts are concluded with solvent reinsurers. The bank balances decreased at year-end 2013 in comparison to 2012. These were relatively high at year-end 2012 in relation to the restructuring of the investment portfolios and in anticipation of the drawdown of life-cycle savings. Balances were reinvested over the course of 2013 and over € 400 million in life-cycle savings was disbursed.

Liquidity risk
Liquidity risk is defined as the risk that a company is unable to procure the financial resources needed to fulfill its obligations related to financial instruments. Liquidity risk can arise, for example, if a financial asset cannot be sold quickly in exchange for virtually its current value.

Accounting Principles for the Valuation of Assets and Liabilities

Fixed assets

Intangible fixed assets (1)
The intangible fixed assets are carried at acquisition price or manufacture cost, net of straight-line amortization. The amortization term is based on the expected economic earn-back period, taking into account any residual value. An assessment is carried out on every balance sheet date to determine whether there is any indication that a fixed asset may be subject to a special value impairment. If there are indications that the recoverable value is lower on a long-term basis than the book value, a special value impairment is recognized and this is explained in the notes.

Upon the acquisition of a company, all identifiable assets and liabilities of the particular company are recognized on the balance sheet at fair value on the acquisition date, unless it concerns a 'common control' transaction (common control transactions involve the purchase or sale of equity in group companies, and these are reported at book value) or the acquisition concerns the acquisition of the shares of (former) minority shareholders. The acquisition price consists of the monetary amount or equivalent that is agreed for the acquisition of the acquired company. Goodwill arising on acquisition is measured on initial recognition as the difference between the purchase price and (its share in) the current value of the identifiable assets and liabilities.

Tangible fixed assets (2)
Tangible fixed assets are carried at acquisition price, net of straight-line depreciation or at lower going-concern value. Depreciation takes place on the basis of the expected useful economic life, taking into account any residual value. An assessment is carried out on every balance sheet date to determine whether there is any indication that a fixed asset may be subject to impairment. If there are indications that the recoverable value is lower on a long-term basis than the book value, an impairment is recognized and this is explained in the notes.

Financial fixed assets (3)
Loans provided are carried at fair value on the initial recognition. After the initial recognition, loans provided are carried at amortized cost price. In the absence of contributions/discounts this is the face value.

Participating interests are valued at net asset value. Participating interests in which APG Group does not have significant influence are included under financial fixed assets and are valued at the acquisition price or lower market value.

Deferred tax assets, including claims arising from loss compensation, are recognized on the balance sheet to the extent it is likely that there will be future fiscal gains against which temporary differences and non-compensated fiscal losses can be set off. The calculation takes into account rates in effect in coming years to the extent that these have already been set. Valuation takes place at face value. Insofar as the deferred tax asset is of a short-term nature, it is included in the balance sheet item receivables, prepayments and accrued income.

An assessment is carried out on every balance sheet date to determine whether there is any indication that a fixed asset may be subject to impairment. If there are indications that the recoverable value of the financial fixed assets is lower on a long-term basis than the book value, an impairment is recognized and this is explained in the notes.

Investments insurance business (4)
The purchase and sale of investments is included on the transaction date, i.e. the date that the company enters into the obligation to purchase or sell the asset. Investments are carried at current value. Transaction costs and changes in value are included in the profit and loss account in the period in which they occur (fair value through profit and loss).

Real assets and related derivative positions are carried at current value or at quoted prices, where available.

Fixed-income securities and related derivative positions are carried at current value, or at market value when available, and adjusted with the current interest to be attributed to it. If no stock market listing is available, the current value is based on third-party estimates, based on the current value of the underlying investments, or calculated by APG itself on the basis of contracted cash flows and the market interest rates that apply for the remaining terms.

Other investments and derivative positions relating to this asset class are carried at current value or at market value where possible.

Derivative positions are attributed to the assets to which they relate. Insofar as they cannot be assigned to fixed-income investments or real assets, they are included in the other investments. These derivative positions are carried at current value. For certain instruments such as over-the-counter derivatives, valuation models are used in which certain assumptions are made, for example with regard to credit risk, correlations and interest rate curves. Other valuation models and assumptions could result in a different estimation of the current value.

Valuation methods
The valuation methods for determining the current value of the insurance business's investments are discussed below.

If there is an active market, the current value of investments is based on the quoted bidding prices.

The value of fixed-income securities for which no quoted bidding prices are available is based on third-party estimates, with this value being based on the most current available and observable market information on the investments. If applicable, for the part of the portfolio for which there is no active market, the current value is determined on the basis of model-based calculations. The valuation takes into account in any event the most current information on the term to maturity, interest rate, price of the underlying asset, volatility and interim money flows. The valuation also takes into account risks for insolvency and illiquidity according to basic, stress and extreme stress scenarios. The model-based calculations use the risk-free rate corresponding to the term of the particular securities.

The value of participating interests in unlisted real estate is based on the net asset value of the external participation fund in which an interest is held, with the value of the participation being based on the current value of the investments.

The value of private equity investments is based on third-party estimates, with this value being based on the fair value of the underlying investments. The management draws up estimates on the basis of this, which are later reviewed against the audited financial statements.

Swaps are valued by third parties very frequently (usually daily, sometimes weekly) using models based on generally accepted principles such as the discounting of the most current expected cash flows to be exchanged with current interest rate curves.

Options are very frequently valued by third parties using models based on generally accepted principles. The valuation takes into account in any event the most current information on the term to maturity, exercise price, price of the underlying asset, volatility and interim money flows.

Current assets

Receivables, prepayments and accrued income (5)
Receivables, prepayments and accrued income are included at fair value on initial recognition. Receivables are subsequently valued at amortized cost price, which usually corresponds to the face value less any provisions deemed necessary for bad debts.

Cash (7)
Cash is valued at face value.

Provisions

Insurance liabilities (9)
The provision for insurance liabilities is made up of the provision for life insurance liabilities and the provision for non-life insurance liabilities.

The provision for life insurance liabilities comprises the provision for periodic benefits already in payment and deferred, the provision for unit-linked insurance with or without guarantees, the provision for end value guarantees, the provision for B insurance policies and the provision for risk insurance.

The provision is valued at the present value of the expected future cash flows.

The mortality rates used for the most important life insurance contracts are based on the generation tables, as published by the Association of Insurers in 2008, applying the trend as this was published by Statistics Netherlands (CBS) in 2010. For the years from 2013 onwards, the trend as also shown in the tables published in December 2012 by Statistics Netherlands (CBS) is applied to the resulting table.

For the unindexed annuities, this table is multiplied by 85 per cent for men and 76 per cent for women; and for indexed annuities by 111 per cent for men and 112 per cent for women.

Annual indexation is taken into account when determining the expected cash flows.

The resulting cash flows are then converted to present value using a current risk-free yield curve; this is based on the DNB interest rate term structure excluding the Ultimate Forward Rate (UFR).

Finally, provisions are increased by supplements for future administrative expenses, with it being presumed that the current level of expenses constitutes a realistic assumption for future costs and expenses, adjusted for inflation.

The mortality tables used for non-life insurance contracts are based on mortality tables published by the Dutch Actuarial Association (1995 – 2000), which on the basis of the analysis of the assumptions are adjusted by a factor of 147 per cent for men and 220 per cent for women. Annual indexation is taken into account when determining the expected cash flows. The resulting cash flows are then converted to present value using a current risk-free yield curve; this is based on the DNB interest rate term structure excluding UFR at year-end 2013.

Finally, provisions are increased by supplements for future administrative expenses, with it being presumed that the current level of expenses constitutes a realistic assumption for future costs and expenses, adjusted for inflation.

The main non-life insurance contracts concern occupational disability insurance policies. The provisions for these non-life insurance policies are based on the estimated amounts of the benefits ultimately payable in respect of all claims arising prior to the balance sheet date, regardless of whether they have already been reported at that date, along with the associated (future) administrative expenses.

Deferred taxes (10)
The provision for deferred taxes includes the deferred tax liabilities resulting from (temporary) differences between commercial and fiscal assets. The calculation takes into account rates in effect in coming years, to the extent that these have already been set. Valuation takes place at face value. Insofar as the deferred tax liability is of a short-term nature, it is included under payables.

Other provisions (11)
General
The other provisions concern liabilities or losses which will most likely have to be settled or taken and of which the size can be reliably estimated. The size of the provision is determined by estimating the amounts necessary to settle the particular liabilities and losses as of the balance sheet date and are carried, insofar as long-term, at the present value of the expected future expenses. The discount rate used is based on the year-end interest rate for investment-grade Dutch corporate bonds, taking into account the remaining term of the provisions.

Personnel-related provisions
Personnel-related provisions, including the restructuring provision, insofar as they are long-term, are valued at the present value of the expected future expenses, taking into account the relevant actuarial assumptions. The discount rate used is based on the year-end interest rate for investment-grade Dutch corporate bonds, taking into account the remaining term of the provisions. Short-term personnel-related provisions are created on the basis of the face value of the expenditures that are expected to be necessary to settle the liabilities and losses.

Other provisions
The other long-term provisions, including the provision for the separation of the administrative organization and the provision for major maintenance, are included at present value. The discount rate used is based on the year-end interest rate for investment-grade Dutch corporate bonds, taking into account the remaining term of the provisions. Short-term provisions are created on the basis of the face value of the expenditures that are expected to be necessary to settle the liabilities and losses. The addition to the provision for major maintenance is determined on the basis of the estimated maintenance amount and the period between recurring major maintenance activities.

Long-term liabilities (12)
The long-term liabilities are initially valued at fair value. After initial recognition, the long-term liabilities are valued at amortized cost price. This value usually corresponds to the face value.

Current liabilities and accrued liabilities (13)
Current liabilities and accrued liabilities are valued at fair value on initial recognition. Current liabilities and accrued liabilities are subsequently valued at amortized cost price. This value usually corresponds to the face value.

Basis of determination of results

General
The items included on the profit and loss account are largely a function of the accounting policies in respect of the investments and the provision for insurance liabilities used in the preparation of the balance sheet. Both realized and unrealized results are accounted for directly in the result.

Income, expenses and payments are attributed to the period to which they relate.

Net turnover

Insurance contributions (14)
The insurance contributions are the earned contributions, single contributions and commissions attributable to the financial year, including the addition to the provision for the indexation of benefits granted on the basis of the policy terms and conditions. The unearned ANW and term life insurance contributions are added to the provision for unearned contributions. Reinsurance concerns the term life portfolio and the Disability Pension Supplement Plan and consists of a percentage of the payments.

Investment results (15)
Net investment income comprises dividend on real assets and interest income from fixed-income securities for the financial year, fair value changes in investments and derivatives, and gains and losses on the sale of investments and derivatives.

Dividend on investments in real assets is treated as a gain on the ex-dividend date. Interest income is recognized in the period to which it relates.

Changes in value relate to the difference between, on the one hand, the book value at the end of the year or the proceeds from sale during the year and, on the other, the book value at the end of the preceding year or the acquisition price during the year.

Income from services to third parties (16)
The fees from third parties for administrative activities for pension and asset management, less any discounts, are attributed to the period to which they relate.

Other operating income (17)
The income from other services provided to third parties is recognized less discounts and taxes levied on turnover. If the fee for a service to be provided can be estimated reliably, the income relating to this service is included proportionate to the degree to which the work has been performed.

Operating expenses

Payments (19)
Payments are attributed to the period to which they relate.

Personnel costs (21)
Wages, salaries and social security contributions are recognized in the profit and loss account based on the terms of employment insofar as they are payable to the employees. The pension schemes are accounted for in accordance with the liabilities method; the pension contributions due for the financial year are recognized in the profit and loss account as an expense.

Amortization and depreciation (22)
Depreciation is accounted for proportionate to the expected economic useful life, according to the straight-line method.

Special value impairments of current assets (23)
An assessment is carried out on every balance sheet date to determine whether there is any indication that a current asset may be subject to a special value impairment. If there are indications that the recoverable value of the current assets is lower than the book value, a special value impairment is recognized and this is explained in the notes.

Financial income and expenses (25)
Financial income and expenses are attributed to the year under review and, where necessary, with due consideration to the effective interest rate of the relevant assets and liabilities.
The interest income is income from current accounts and deposits, insofar as this is not considered part of the investment income.

Taxes (26)
The taxes on the result are calculated on the result before taxes in the profit and loss account with due consideration to the available tax-offsettable losses from previous financial years (insofar as these are not included as part of the deferred tax assets) and tax-exempt profit components, and after adding any non-deductible costs. Temporary differences resulting from differences in commercial and fiscal valuation are expressed in (the development in) the deferred tax liability or asset.

In addition, changes in the deferred tax assets and deferred tax liabilities arising from changes in the applicable tax rates are taken into account.

Leasing
Lease contracts whose economic benefits and disadvantages are not for the account and risk of the company are classified and reported as operational lease. The lease obligations, with due consideration to any reimbursements received from the lessor, are recognized in the profit and loss account over the contractual lease period on a straight-line basis.

Basis of the cash flow statement

The cash flow statement is prepared in accordance with the direct method and provides a specification of movements in the balance sheet item of cash. Cash flows in foreign currency are converted at the average exchange rate.

NOTES TO THE CONSOLIDATED BALANCE SHEET

in thousands of euros

Fixed assets

Intangible fixed assets (1)
The intangible fixed assets include the goodwill calculated upon the acquisition of business activities and capital interests and the value of the client contracts and insurance portfolio identified with this acquisition. This item also includes purchased software.

The movement in these items is as follows:

	GOODWILL	CLIENT CONTRACTS	INSURANCE PORTFOLIO	SOFTWARE	TOTAL 2013	TOTAL 2012
Opening balance	244,296	422,120	91,816	10,065	768,297	847,528
Investments	-	-	-	2,543	2,543	5,459
Amortization	-17,217	-43,383	-17,771	-4,330	-82,701	-83,101
Value impairments	-	-	-	-	-	-1,589
Other changes	486	-	-	-	486	-
Closing balance	227,565	378,737	74,045	8,278	688,625	768,297
Cumulative purchase value	326,575	629,702	177,707	67,504	1,201,488	1,201,810
Cumulative amortization and value impairments	-99,010	-250,965	-103,662	-59,226	-512,863	-433,513
Book value	227,565	378,737	74,045	8,278	688,625	768,297
Amortization rates	5-10%	7-10%	10%	20-25%		

The economic useful life of the intangible fixed assets, with the exception of purchased software, is based on the period over which future economic benefits from underlying contract agreements with a long term are derived.

There are no intangible fixed assets with limited ownership rights and no intangible fixed assets have been furnished as security for debts. Nor are there any liabilities due to the acquisition of intangible fixed assets.

The other movements ensue from a correction to the consolidation arising from the dissolution of Cordares Holding NV.

The special value impairment over 2012 concerns a value impairment of the insurance portfolio of the insurance business due to the strategic reorientation within the insurance business.

Tangible fixed assets (2)
The tangible fixed assets comprise the furnishings and inventory, data-processing equipment and other tangible fixed assets.

The movements in this item are as follows:

	FURNISHINGS AND INVENTORY	DATA PROCESSING EQUIPMENT	OTHER	TOTAL 2013	TOTAL 2012
Opening balance	15,116	13,907	3,853	32,876	34,856
Investments	625	3,927	357	4,909	7,109
Disposals	-13	-157	-1	-171	-107
Amortization	-2,799	-5,695	-424	-8,918	-8,877
Value impairments	-	-18	-	-18	-27
Other changes	-22	-17	-156	-195	-78
Closing balance	12,907	11,947	3,629	28,483	32,876
Cumulative purchase value	26,507	47,277	6,335	80,119	75,607
Cumulative amortization and value impairments	-13,600	-35,330	-2,706	-51,636	-42,731
Book value	12,907	11,947	3,629	28,483	32,876
Depreciation rates	0-20%	20-25%	10%		

No securities have been furnished.

Financial fixed assets (3)
The financial fixed assets include a deferred tax asset resulting from differences between commercial and fiscal valuations, a loan provided, a participation that is not consolidated and other financial fixed assets.

The list of participating interests not included in the consolidation is included in the notes to the company balance sheet.

The movement in these items is as follows:

	DEFERRED TAX ASSETS	PARTICIPATING INTERESTS	OTHER	TOTAL 2013	TOTAL 2012
Opening balance	48,831	1,137	938	50,906	52,073
Investments	-	-	-	-	-
Sales and repayments	-	-526	-117	-643	-
Result from participation	-	-41	-	-41	-393
Changes in value	-	-	-	-	-
Other changes	36,910	-	132	37,042	-774
Closing balance	85,741	570	953	87,264	50,906

The deferred tax assets mainly relate to temporary differences between the commercial and fiscal valuation of the goodwill created as a result of the separation of the administrative organization in 2008, as well as of the investments and insurance liabilities of the insurance business. The movement over 2013 is primarily the result of the tax payments on the investment portfolio by external managers.

The deferred tax asset is offset against the fiscal results in future years. For the refundable differences and offsettable losses that are not recognized, it is not yet probable that future taxable profit will become available that can be used to offset the losses or net out the differences.

The sales related to the participating interests item are related to the partial sale of the capital interest in Pensional.

Investments insurance business (4)

The investments of the insurance business are held both at the business's own expense and at the expense and risk of policy-holders. The real assets included in these investments concern real estate funds, real estate, private equity and related derivative positions and equities (including convertible bonds). The fixed-income securities concern bonds including mortgage-backed securities and mortgage bonds and savings certificates, index bonds, mortgage loans and private loans, and the related derivative positions. The other investments consist of the overlay fund (over-the-counter derivatives) and the 'rendementsrekening' (yield account). Forward exchange contracts, options and interest rate swaps are included in the overlay fund.

Current value hierarchy

Investments are valued at current value. These are categorized based on the following hierarchy.

The majority of the insurance business's investments are valued on the basis of listed market prices (level 1) or observable market data (level 2). Only a small portion of the total assets is included at current value based on estimates (level 3). Where estimates are used, they are based on evidence from independent third parties or internally developed models, where possible calibrated to observable market data. Although such valuations are sensitive to estimates, it is assumed that changes in one or more of the assumptions to reasonably possible alternative assumptions will not significantly change the current value.

Published prices in active markets ('Level 1')

Fair value measured at level 1 only uses listed prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equities, bonds and investment funds listed on active markets.

Measurement method based on (significant) observable market inputs ('Level 2')

Fair value measured at level 2 uses inputs other than listed prices included in level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 involves the following input variables:

- Listed prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than listed prices observable for the asset, in particular market data based on income, yield curves and observable market data (income is based on loss-adjusted cash flows based on customary parameters, such as, for example, volatility, early redemption spreads, loss ratio, credit risks, default rates);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at level 2 are financial instruments measured using discounted cash flow models. The calculation is based on expected income and the observable market swap yield. Additional measurements are performed for real estate and infrastructure investments using observable market data.

Valuation method not based on (significant) observable market inputs ('Level 3')

Fair value measured at level 3 uses inputs for the asset or liability that are not based on observable market data. Unobservable input variables can be used if observable input variables are not available. This way fair value can still be measured at the reporting date in situations in which there is no or almost no active market for the asset or liability. The measurement is then based on the best estimate by management that would normally use the market to measure the value of the financial instrument. Examples include certain private equity investments and private placements.

In summary, the fair value hierarchy can be depicted as follows:

MARKET VALUES	LEVEL 1		LEVEL 2		LEVEL 3		TOTAL	
	2013	2012	2013	2012	2013	2012	2013	2012
Real assets	165,800	212,749	189,330	197,512	64,926	61,427	420,056	471,688
Fixed income	2,351,793	2,248,526	-	-	-	-	2,351,793	2,248,526
Other	69,558	68,821	-3,290	74,847	-	-	66,268	143,668
Total investment portfolio	2,587,151	2,530,096	186,040	272,359	64,926	61,427	2,838,117	2,863,882

Movements in the investments of the insurance business are as follows:

	REAL ASSETS	FIXED INCOME SECURITIES	OTHER INVESTMENTS	TOTAL 2013	TOTAL 2012
At own expense					
Opening balance	258,939	1,816,471	90,611	2,166,021	2,156,274
Reclassifications	-	586	-163	423	-
Opening balance after reclassifications	258,939	1,817,057	90,448	2,166,444	2,156,274
Purchases and sales	-23,217	96,092	-52,272	20,603	-261,018
Change in value	13,075	17,042	-26,575	3,542	270,965
Other changes	-	-	-	-	-200
Closing balance	248,797	1,930,191	11,601	2,190,589	2,166,021
For policyholders' risk with guarantee					
Opening balance	108,440	366,014	-16	474,438	436,850
Reclassifications	-	-228	5	-223	-
Opening balance after reclassifications	108,440	365,786	-11	474,215	436,850
Purchases and sales	-57,719	-8,117	33	-65,803	-15,307
Change in value	19,448	4,296	1,239	24,983	52,895
Closing balance	70,169	361,965	1,261	433,395	474,438
For policyholders' risk without guarantee					
Opening balance	104,308	66,042	53,073	223,423	221,066
Reclassifications	-	-200	-	-200	-
Opening balance after reclassifications	104,308	65,842	53,073	223,223	221,066
Purchases and sales	-23,538	-7,580	-3,357	-34,475	-28,952
Change in value	20,319	1,376	3,690	25,385	31,109
Other changes	-	-	-	-	200
Closing balance	101,089	59,638	53,406	214,133	223,423
Total general	420,055	2,351,794	66,268	2,838,117	2,863,882
Of the closing balance is:					
• Listed	171,258	2,351,794	66,268	2,589,320	2,604,943
• Not listed	248,797	-	-	248,797	258,939

Current assets

Receivables, prepayments and accrued income (5)	31-12-2013	31-12-2012
Accounts receivable	9,973	7,495
Receivables from related parties	109,349	90,106
Amounts not yet invoiced	4,889	5,331
Taxes and national insurance contributions	3,062	3,309
Corporate income tax	27	808
Accounts receivable from investments	8,590	23,686
Receivable insurance contributions	13,226	16,806
Other receivables and accrued income	23,513	27,236
Total	172,629	174,777

The receivables from related parties mainly relate to the services provided to the collective investment schemes. The receivables do not include any items with a remaining term of more than one year. No securities have been furnished and no interest was received on the receivables.

Receivables and other assets from reinsurance (6)	31-12-2013	31-12-2012
Reinsurance portion of provisions	53,774	65,810
Receivables from reinsurance	4,942	8,578
Total	58,716	74,388

This item includes the receivables from reinsurance accruing to the insurance business. The term of the reinsurance portion is virtually identical to that of the respective insurance liabilities.

Cash (7)	31-12-2013	31-12-2012
Bank balances in current account	504,394	234,515
Deposits	200,914	625,099
Cash from investments	49,514	396,299
Closing balance	754,822	1,255,913

A (maximum) amount of € 15.3 million of the cash (2012: € 87.3 million) is not freely available. The cash from investments similarly is not freely available.

No further security has been furnished, nor have any supplementary terms and conditions been entered into. In view of the nature of the deposits (short-term), the interest rate risk is very low. The deposits are with well-known financial institutions and have a maximum term of 3 months. This is why the credit risk is limited.

At year-end 2012, an amount of € 66.9 million had been furnished as security for the fulfillment of the interest obligations in connection with the long-term liabilities.

Group equity (8)	31-12-2013	31-12-2012
Equity capital	1,268,666	900,991
Group equity	1,268,666	900,991

The APG Group's equity capital is part of the group equity and is explained in the notes to the balance sheet in the company financial statements.

Movements in the group equity are as follows:

	2013		2012	
Opening balance		900,991		876,192
Group result after taxes		8,584		31,621
Dividend paid out in cash	-		-6,467	
Effect of recapitalization	360,000		-	
Other changes	-909		-355	
Total direct movements		359,091		-6,822
Closing balance		1,268,666		900,991

The effect of recapitalization concerns the paid-in share premium contribution due to the conversion of long-term loans into equity capital. This is further explained in the notes under long-term liabilities.

The other movements ensue from a change in the reserve for conversion differences and a correction to the consolidation arising from the dissolution of Cordares Holding NV.

Provisions

Provision for insurance liabilities (9)
The insurance liabilities relate to life insurance and non-life insurance. Some of the non-life insurance liabilities are reinsured. The reinsurance portion of the provision for non-life insurance in the amount of € 53.8 million (2012: € 65.8 million) is included under the receivables from reinsurance. The total liability is included under the provision for insurance liabilities.

	31-12-2013	31-12-2012
Provision for life insurance	2,147,110	2,585,129
• *at own expense*	1,086,548	1,229,864
• *for policyholders' risk without guarantee*	210,730	227,597
• *for policyholders' risk with guarantee*	849,832	1,127,668
Provision for non-life insurance	718,117	723,000
Total	2,865,227	3,308,129

Movements in the provision for insurance liabilities are as follows:

	AT OWN EXPENSE	FOR POLICY-HOLDERS' RISK WITHOUT GUARANTEE	FOR POLICY-HOLDERS' RISK WITH GUARANTEE	TOTAL 2013	TOTAL 2012
Opening balance	1,952,864	227,597	1,127,668	3,308,129	3,107,479
Contribution and other allocations	142,062	9,662	102,304	254,028	340,797
Interest added	-53,827	24,713	37,130	8,016	258,536
Profit sharing/indexation	-4,124	-	-	-4,124	-16,715
Release for expenses	-9,445	-2,562	-9,711	-21,718	-19,811
Release for payments	-208,205	-24,639	-392,202	-625,046	-314,470
Other changes (expiry and buyout)	-14,660	-24,041	-15,357	-54,058	-47,687
Closing balance	1,804,665	210,730	849,832	2,865,227	3,308,129

The provision for life insurance liabilities comprises of the provision for regular payments in payment and deferred in the amount of € 942 million (2012: € 1,058 million), the provision for end value guarantees in the amount of € 850 million (2012: € 1,128 million), the provision for B policies in the amount of € 134 million (2012: € 162 million), the provision for unit-linked insurance policies in the amount of € 211 million (2012: € 227 million) and the provision for risk insurance in the amount of € 10 million (2012: € 10 million).

The provision for non-life insurance relates to policies concluded for occupational disability in the amount of € 707 million (2012: € 710 million) and sick pay in the amount of € 11 million (2012: € 13 million).

The provisions for these non-life insurance policies are based on the estimated amounts of the benefits ultimately payable in respect of all claims arising prior to the balance sheet date, regardless of whether or not they have already been reported at that date (Incurred But Not Reported), along with the associated (future) administrative expenses.

Deferred taxes (10)
The provision for deferred taxes chiefly stems from the different fiscal valuation of the intangible fixed assets, being goodwill, client contracts and the insurance portfolio.

Deferred taxes	2013	2012
Opening balance	29,919	69,461
Allocations	-	-
Withdrawals	-	-33,938
Release	-5,706	-5,604
Closing balance	24,213	29,919

The withdrawals in 2012 stem from the uniform alignment of the fiscal amortization period with the commercial amortization period for intangible fixed assets, being the client contract that was created with the separation of the administrative organization in 2008. In terms of the goodwill arising from this separation, the fiscal amortization period has been partly brought in line with the commercial amortization period; the fiscal amortization period has been partly extended relative to the commercial amortization period. The uniform alignment leads to increased fiscal results, as a consequence of which the related deferred taxes (deferred liabilities) change to an (acute) tax liability and, as regards the portion of the goodwill with a different amortization period, into a deferred tax asset.

Other (11)
Movements in other provisions are as follows:

	PERSONNEL-RELATED PROVISIONS	RESTRUC-TURING PROVISION	PROVISION FOR THE UNBUNDLING OF CORDARES NV	OTHER PROVISIONS	TOTAL 2013	TOTAL 2012
Opening balance	80,944	15,669	7,752	1,126	105,491	25,756
Allocations	4,114	37,138	1,016	2,155	44,423	94,437
Withdrawals	-14,393	-8,089	-1,375	-1,001	-24,858	-10,009
Release	-465	-	-	-16	-481	-4,693
Closing balance	70,200	44,718	7,393	2,264	124,575	105,491

€ 7.5 million (2012: € 6.6 million) of the total amount is expected to have a term of more than five years, while € 86.6 million is expected to be settled in 2014 (2012: € 90.1 million).

Personnel-related provisions
This provision was formed for liabilities following from long-term personnel remunerations (long-service awards), liabilities arising from redundancies and (former) employment contracts (incapacity benefits (WAO), occupational disability, unemployment benefit (WW)), a provision for a mortgage facility for ex-employees, as well as a provision in connection with a compensation payment for the loss of support base, insurance-related loss and other charges related to the harmonization of the pension schemes within the APG Group.

The release of the personnel-related provisions includes the release of the provision related to the harmonization of the pension schemes within the APG Group in the amount of € 0.3 million. In 2012 a new APG Group Collective Labor Agreement (CLA) was concluded, incorporating a decision to harmonize the pension schemes within the APG Group. Pursuant to the APG Group CLA as well as the regulations set forth in article 4.6 of the Articles of Association of Stichting Pensioenfonds ABP and in Chapter 6 of the Administration Rules of Stichting Pensioenfonds ABP, APG Group is liable to make a payment as compensation for the loss of support base, insurance-related loss as well as other expenses arising from the settlement. The choice made by the individual employees of APG Group with effect from July 1, 2013, was a key factor in determining the composition and size of the total group that transfered to the Personeelspensioenfonds APG and the size of the compensation payment to be reimbursed. Based on the pattern of choice it is evident that a provision amounting to € 57.2 million is required. This is inclusive of the effect of the € 3.5 million related to the period between mid-2009 to mid-2013 during which new employees were not registered with ABP.

In relation to the estimated scenario that served as the basis for the provision at year-end 2012 in the amount of € 57.5 million, the resulting release is € 0.3 million. The provision is expected to be wound up in 2014.

Restructuring provision
This provision was formed to cover the costs of reorganizations related to the negotiated voluntary departure schemes and redundancy arising from the various stages of the change programs within the group. In 2013, an allocation in the amount of € 37.1 million was made in connection with the negotiated voluntary departure schemes and the change programs of the administrative business and the insurance business. This restructuring provision is formed when a detailed plan of the reorganization is formalized and this has been announced to those affected.

Provision for the unbundling of Cordares NV
This provision includes the unavoidable costs for temporary, partial vacancy of the Basisweg office building, taking into account the likelihood of subletting. Effective from mid-2013, the building was partially sublet with an estimated 3-year term. This development has been incorporated in the determination of the provision at year-end 2013 (2012: estimated sublet nil). In 2011, an amended lease was signed (expiry date December 31, 2020). Following an update of the provision during 2013, an amount of € 1.0 million was allocated from the result (2012: € 6.7 million charge). This provision was formed for the period until the end of 2020.

Other provisions
The other provisions concern a provision for major maintenance and a provision for an onerous contract.

Long-term liabilities (12)	2013	2012
Opening balance	552,745	552,745
Draw downs	-	-
Repayments	-528,978	-
Closing balance	23,767	552,745

In the context of the recapitalization of the group, the long-term loan in the amount of € 500.8 million with the Stichting Pensioenfonds ABP was settled in 2013. Of this amount, € 331.8 million was converted into equity capital through means of a paid-in share premium contribution. The remaining € 169.0 million was redeemed.
In addition, other loans with the Sociaal Fonds Bouwnijverheid totaling € 28.2 million were partially converted into equity capital through means of a paid-in share premium contribution. Of the closing balance, an amount of € 12.8 million relates to financing by related parties (2012: € 542 million). The total amount has a term of more than five years. The interest rates range from 5.25 per cent to 7.25 per cent per annum (2012: 2.11 per cent to 7.25 per cent per annum). No security has been furnished.

In connection with the recapitalization and the settlement of the € 500.8 million loan, the interest rate swap was also settled, in part pursuant to the group's risk policy. The charge arising from this amounts to € 47.4 million and is reported under the financial income and expenses. The interest rate swap had been concluded to hedge the interest rate risk as a result of which the variable interest rate charges (Euribor + 50 basis points) on the long-term loan of € 500.8 million had been replaced by a fixed interest rate of 3.8 per cent. Up until the time of recapitalization, the conditions of the swap match those of the loan, or the hedged position. Based on the effectiveness of the interest rate swap as a hedge instrument, the interest rate swap was valued at cost price with the application of cost price hedge accounting (zero balance sheet value) up until the time of recapitalization.

The market value of this swap at year-end 2012 was negative € 66.8 million. Securities in the amount of € 66.9 million in the form of cash had been provided for the fulfillment of interest rate obligations. At year-end 2012, the securities were reported as short-term money positions at banks as part of the item cash.

Current liabilities and accrued liabilities (13)	31-12-2013	31-12-2012
Contributions received in advance	12,825	11,610
Debts arising from investments	18,197	187
Other amounts received in advance	810	11,433
Accounts payable	13,836	12,328
Holiday pay and days	25,359	24,312
Other personnel-related liabilities	41,773	46,645
Interest charges payable on long-term loans from related parties	-	15,846
Taxes and national insurance contributions	24,694	27,335
Corporate income tax	44,820	45,494
Amounts owed to related parties	96,037	92,472
Invoices still to be received	10,203	4,155
Liabilities in connection with pensions	2,573	2,918
Other liabilities	31,081	29,029
Total	322,208	323,764

At year-end 2013, the taxes and national insurance contributions include the crisis levy due in the amount of € 2.1 million (2012: € 1.4 million) pursuant to the Budget Agreement 2013 Tax Measures (Implementation) Act (Wet uitwerking fiscale maatregelen Begrotingsakkoord 2013).

The current liabilities include items for a total amount of € 7.7 million (2012: € 7.3 million) with a remaining term of longer than one year. No securities have been furnished and no interest has been paid on the current liabilities.

Liabilities and entitlements not shown on the face of the balance sheet

At the balance sheet date, liabilities under current rental contract commitments in the amount of € 178.9 million are outstanding (2012: € 197.4 million), of which € 24.2 million is due within one year (2012: € 19.1 million), € 88.0 million is due between one and five years (2012: € 91.4 million) and € 66.7 million is due after five years (2012: € 86.9 million).

The liabilities under long-term car lease contracts are € 13.1 million (2012: € 14.3 million), of which € 5.3 million is due within one year of the end of the financial year (2012: € 5.4 million) and of which € 7.8 million is due between one and five years (2012: € 8.8 million). There are no liabilities due after five years. € 7.4 million in lease costs are reported for the year under review (2012: € 7.6 million). The lease company determined the lease liability on the basis of the depreciation plus a surcharge for fuel, insurance, maintenance and taxes.

The liabilities under maintenance and other contracts are € 16.9 million (2012: € 25.5 million), of which € 11.1 million (2012: € 13.0 million) is due within one year of the end of the financial year and € 5.8 million (2012: € 12.5 million) is due between one and five years. There are no liabilities due after five years.

At the end of the reporting year, the group had entered into investment obligations in the amount of € 1.3 million (2012: € 0.4 million).

Specifically for the insurance business's investments in private equity and infrastructure, future commitments have been entered into for an amount of in total € 9.4 million (2012: € 11.4 million).

There are a number of fiscal units at the APG Group, specifically for corporate income and turnover tax. Within such a fiscal unit, the companies are jointly and severally responsible for each other's tax debts.

With regard to the performance results from investments made under old mandates at a former subsidiary, a right exists to still receive payments up to and including 2015 (carried interest notes; 2013: € 0.3 million). The amount of the payments to be received is uncertain.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

in thousands of euros

Net turnover

Insurance contributions (14)	2013	2012
Life insurance		
Own expense and risk	145,027	236,057
Policyholders' risk	10,920	12,664
	155,947	248,721
Non-life insurance		
Own expense and risk	112,770	110,223
Policyholders' risk	-	-
	112,770	110,223
Total	268,717	358,944

Investment results (15)	REAL ASSETS	FIXED INCOME INVESTMENTS	OTHER INVESTMENTS	2013	2012
Dividends	14,527	-	-	14,527	26,165
Interest	-	60,564	12,217	72,781	110,372
Changes in value	38,315	-37,850	-33,863	-33,398	218,438
	52,842	22,714	-21,646	53,910	354,975
Result from financial transactions				-219	-6,605
Total				53,691	348,370
At own expense				*3,542*	*270,965*
For policyholders' risk with guarantee				*24,983*	*52,895*
For policyholders' risk without guarantee				*25,385*	*31,116*
Result from financial transactions				*-219*	*-6,605*
Total				53,691	348,370

The result from financial transactions comprises, among other things, costs relating to the purchase and sale of investments as well as currency gains/losses.

Income from services to third parties (16)	2013	2012
Pension management	260,615	277,017
Asset management	399,027	369,243
Total	659,642	646,260

Other operating income (17)
This includes realized income other than the income arising directly from the administration contracts with pension funds and asset management for third parties. This item also includes the commissions and profit sharing received from reinsurers.

Operating expenses

Change in provision for insurance liabilities (18)
For an explanation of this item, see the overview of movements in the provision for insurance liabilities in the notes to the balance sheet (9).

Payments (19)
This includes the payments made to policyholders.
This involves sums to be paid out for life insurance in the amount of € 616.2 million (2012: € 316.7 million) and non-life insurance in the amount of € 44.8 million (2012: € 41.4 million) less reinsured life insurance amounts totaling € 6.5 million (2012: € 6.2 million) and non-life insurance in the amount of € 4.9 million (2012: € 5.2 million).

Costs of outsourced work and other external costs (20)
This item includes, among other things, the costs of hiring external personnel, auditor's costs and consultancy costs.

Personnel costs (21)	2013	2012
Wages and salaries	287,316	286,328
Pension charges	39,246	40,306
Social security charges	29,962	30,681
Other personnel costs	92,713	120,977
Total	449,237	478,292

The change in other personnel costs is mainly attributable to the costs related to the personnel-related provisions made, including the costs arising from the harmonization of the pension scheme in 2012, and the restructuring provision in 2013 (as explained under point 11 other provisions).

Employee pension scheme
The pension scheme for a large number of employees is administered by Stichting Pensioenfonds ABP.
The entitlements are accrued based on average pay and the number of years of service, with conditional indexation.

The pension scheme for the majority of the remaining employees is administered by Stichting Personeelspensioenfonds APG.
The entitlements are accrued based on average pay and the number of years of service, with conditional indexation.
The APG Group has no obligation to make additional contributions in the event of shortfalls at these pension funds other than the payment of future contributions. Based on the foregoing, the company can suffice by reporting the contribution as a cost.

Specific schemes apply for most employees abroad.

Number of employees
The group employed an average of 3,984 people in 2013 (2012: 4,154), divided into the following segments.

	2013	2012
Management board and staffs	258	322
Operating units		
• Administrative business	2,027	1,933
• Insurance business	464	460
Supporting units	1,235	1,439
Total	3,984	4,154

The employees of the administrative business work in the areas of pension management and asset management.

In 2013, an average of 140 employees was employed abroad (2012: 140). These employees all work in the administrative business.

Remuneration of Supervisory Board members and Executive Board members (in euros)
The remuneration of Supervisory Board members and Executive Board members is determined by the General Meeting of Shareholders.

Supervisory Board	FIXED COMPENSATION	COMPENSATION FOR COMMITTEE MEMBERSHIP	EMPLOYER'S CHARGES AND TAXES	TOTAL 2013	TOTAL 2012
LC Brinkman, Chairman	40,000	5,000	9,450	54,450	53,775
GMML Verhofstadt, Vice-Chairman	35,000	5,000	3,100	43,100	42,840
CW van Boetzelaer	11,250	1,875	3,773	16,898	37,485
HCJ van den Burg	11,250	1,875	3,773	16,898	37,489
S van Keulen	7,500	1,250	2,516	11,266	37,485
ALM Nelissen	30,000	5,000	7,350	42,350	41,825
CM van Praag	11,250	1,875	2,756	15,881	37,485
P Rosenmöller	18,125	3,750	4,594	26,469	41,825
KI van Splunder	11,250	1,875	2,756	15,881	37,485
EL Snoeij	30,000	5,000	7,768	42,768	24,453
MJ van Lanschot	18,750	1,597	7,897	28,244	-
NA Vermeulen	4,583	1,527	2,280	8,390	-

Executive Board	DIRECT SALARIES	PERSONNEL COSTS	PENSION COSTS	TOTAL 2013	TOTAL 2012
DM Sluimers	463,679	75,672	99,021	638,372	604,885
AGZ Kemna	516,019	86,268	98,839	701,126	677,505
M Boerekamp	375,120	64,557	78,778	518,455	453,143 [2]
AWIM van der Wurff	394,018	67,320	78,466	539,804	486,170
PHM Hofsté	312,573	55,157	54,779	422,509 [3]	-

In 2013, the second and last tranche of the long-term incentive scheme was settled. The remuneration of the members of the Executive Board consequently solely consists of direct salaries. With effect from April 1, 2013, the fixed salaries were increased in line with existing policy by the agreed 1 per cent increase under the Collective Labor Agreement.

The column Personnel Costs includes the vacation pay, the year-end bonus and the employer contributions.

The movement at the total level in 2013 in comparison to 2012 is primarily due to an increase in pension charges. This is primarily due to the one-time effect arising from the transition from the ABP reference date methodology to the PPF reference date methodology as a result of the harmonization of the pension scheme within the APG Group. In addition, in relation to the transition from ABP to PPF, the affected members invoked the option of making an additional deposit to the PPF to compensate for the lag-related losses arising from the changed contribution methodology.

Furthermore, the effect of his 11 months of service in 2012 is evident for Mr. M Boerekamp.

In addition to the above, during the year under review, an additional one-off pension supplement in the amount of € 15,537 was provided to Mr. M Boerekamp in accordance with the agreement made on hiring. Ms. PHM Hofsté furthermore received a severance payment in the amount of € 330,000 during the year under review. During the year under review, Mr. PJWG Kok occupied the position of CFRO on an interim basis for a number of months. The associated costs amount to € 109,505.

In 2013 it was established that an additional amount of € 8,359 was due to Mr. AWIM van der Wurff for the conversion of the long-term incentive over 2012.

No loans, advances or guarantees have been provided to current or former members of the Executive or Supervisory Board.

In 2014 the so-called crisis levy in the amount of € 300,000 will be remitted over the remuneration paid during 2013 (2012: € 415,000).

Amortization and depreciation (22)	2013	2012
Amortization of intangible fixed assets	82,701	83,101
Amortization due to value impairment	18	1,616
Depreciation of tangible fixed assets	8,918	8,877
Total	91,637	93,594

Special value impairments of current assets (23)
During the year under review there were no special value impairments of current assets. The special value impairments in the amount of € 1 million over 2012 concern a write-down to zero on a previously provided loan.

[2] *From February 1, 2012*
[3] *From February 1, 2013 to November 30, 2013*

Other operating costs (24)

	2013	2012
Accommodation costs	30,905	32,455
Automation costs	50,406	44,391
Other	32,104	49,375
Total	113,415	126,221

The item Other includes, among other things, postage charges, office supplies, telephone charges and other tangible expenses.

Currency differences in the amount of € 2.1 million (2012: € -0.5 million) are included in the item Other.

Financial income and expenses (25)

	2013	2012
Interest income and similar income	1,994	5,813
Interest charges and similar costs	-62,310	-22,114
Total	-60,316	-16,301

The financial income and expenses include a charge of € 47.4 million for the settlement of an interest rate swap. The settlement is related to the recapitalization of the € 500.8 million loan whereby the interest rate swap was also settled.
Of the interest charges and similar costs reported, € 9.1 million (2012: € 19.0 million) relates to relations with related parties.

The item changes in value in financial fixed assets excludes the result of currency hedging; this result is reported in the item to which it relates, specifically the operating expenses. Interest on cash or current account positions is included under the interest received or paid.

Taxes (26)

The taxes on the consolidated profit and loss account can be specified as follows:

	2013	2012
Current period		
• current year	-45,095	-8,543
• adjustments to previous years	-	2,061
Change in deferred taxes		
• temporary differences	40,989	-2,522
Total	-4,106	-9,004
Effective tax burden as per cent	34.9%	22.0%

The change in the deferred tax assets and liabilities during 2013 relative to 2012 is mainly due to differences in the commercial and fiscal valuations of the investments of the insurance business.

The effective tax rate deviates 9.9 percentage points from the applicable tax rate of 25.0 per cent. This is due to different foreign tax rates and differences between the commercial and fiscal result.

Result from participating interests (27)

The result from participating interests for 2013 concerns the share in the result of Pensional (30 per cent) over 2013 in the amount of € -0.2 million, as well as the proceeds from the partial sale of the interest in Pensional in the amount of € 1.1 million.
A purchase option on the remaining 30 per cent has been agreed on with ABN AMRO. The option expires in 2017. Due to the uncertainty concerning the exercise of the option, it is impossible to provide a reliable estimate as a result of which the option remains off-balance.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

The cash flow statement has been prepared in accordance with the direct method. The change in cash from investments as reported under the cash flow from operational activities has been netted out. For the composition of cash, see the notes to the consolidated balance sheet.

Interest on cash or current account positions is included under the interest received or paid. These items are considered as operational activities and are therefore recognized as such.

The investments relate to investments in furnishings and inventory, data-processing equipment and software.

The cash flow from financing activities includes several settlements with Stichting Pensioenfonds ABP, as well as expenses arising from the financial restructuring of the group.

OTHER NOTES

Transactions with related parties
Transactions between related parties take place under market conditions.

In 2013, the long-term loan with Stichting Pensioenfonds ABP in the amount of € 500.8 million and the loans with Sociaal Fonds Bouwnijverheid in the amount of € 28.2 million were settled pursuant to the recapitalization of the APG Group.

Some of the office buildings are leased from Stichting Pensioenfonds ABP under market conditions. The total contract duration is 12 years and 8 months, commencing from January 1, 2008. The costs amounted to € 7.9 million in the year under review (2012: € 7.5 million) and will amount to € 8.1 million for 2014. The future liabilities arising from this contractual relationship are included under the lease obligations entered into as included in the category of liabilities not reported on the balance sheet.

The costs incurred by APG in the context of the separation of the administrative organization for the adaptation of the ICT infrastructure, positioning of the brand name and the reorganization are for the account of Stichting Pensioenfonds ABP insofar as these items do not exceed the advance received in 2008. The amount received relates to costs of multi-year programs. In the year under review, an amount of € 2.6 million (2012: € 0.8 million) was spent on these purposes and € 8.0 million was repaid to Stichting Pensioenfonds ABP.

Stichting Pensioenfonds ABP, APG Groep NV, Loyalis NV and its subsidiaries, APG Algemene Pensioen Groep NV and its subsidiaries APG Pensioenbeheer BV and APG Investment Services NV, APG Asset Management NV, APG Deelnemingen NV and its 100 per cent subsidiaries (except Inotime BV and Inovita BV) and APG Diensten BV together form a fiscal unit for turnover tax. This means that the company is jointly and severally liable for the turnover tax liabilities of the fiscal unit as a whole.

With regards to corporate income tax, APG Groep NV forms a fiscal unit together with APG Deelnemingen NV and its 100 per cent subsidiaries (except Inotime BV and Inovita BV), APG Diensten BV, APG Asset Management NV, APG Algemene Pensioen Groep NV and its subsidiaries APG Pensioenbeheer BV and APG Investment Services NV. This means that these legal entities are jointly and severally liable for each other's tax liabilities. The corporate income tax of the fiscal unit is attributed to each of the companies belonging to the fiscal unit according to each company's share in the total corporate income tax.

Auditor's fees
In 2013, the costs of PricewaterhouseCoopers, reported under 'Cost of outsourced work and other external costs' amounted to € 1.2 million for audit services (2012: € 1.2 million), € 0.4 million for audit-related services (services in connection with ISAE 3402) (2012: € 0.5 million), € 0.4 million for tax advice (2012: € 0.3 million) and € 1.5 million for other services (2012: € 1.7 million).

In 2013 PwC charged an additional € 0.8 million for audit services (2012: € 0.9 million) in the Netherlands for the certification of reporting to clients of APG Group in the context of the services provided by APG Group.

Segmentation overview (in thousands of euros)

Balance sheet	ADMINISTRA-TIVE BUSINESS	SUPPORTING UNITS	INSURANCE BUSINESS	APG GROUP COMPANY	ELIMINATIONS	TOTAL 31-12-2013
Fixed assets	632,072	23,860	74,395	1,295,599	-1,221,554	804,372
Investments	-	-	2,838,117	-	-	2,838,117
Current assets	594,275	44,847	387,889	50,679	-91,523	986,167
Total assets	1,226,347	68,707	3,300,401	1,346,278	-1,313,077	4,628,656
Equity capital	898,790	32,350	290,414	1,268,666	-1,221,554	1,268,666
Insurance liabilities	-	-	2,865,227	-	-	2,865,227
Other provisions	98,483	1,155	29,769	19,381	-	148,788
Long-term liabilities	-	-	-	23,767	-	23,767
Short-term liabilities	229,074	35,202	114,991	34,464	-91,523	322,208
Total liabilities	1,226,347	68,707	3,300,401	1,346,278	-1,313,077	4,628,656

Profit and loss account	ADMINISTRA-TIVE BUSINESS	SUPPORTING UNITS	INSURANCE BUSINESS	APG GROUP COMPANY	ELIMINATIONS	TOTAL 2013
Net turnover	722,658	157,404	349,446	7,420	-187,485	1,049,443
Operating expenses	-651,813	-154,988	-324,685	-33,369	187,485	-977,370
Financial income and expenses	-55,896	12	1,024	-5,456	-	-60,316
Result from ordinary operational activities	14,949	2,428	25,785	-31,405	-	11,757
Taxes	-4,337	-935	-6,772	7,938	-	-4,106
Result from participating interests	-	-25	-	32,051	-31,093	933
Group result after taxes	10,612	1,468	19,013	8,584	-31,093	8,584

The categorization of the segmentation overview is mainly in accordance with the legal structure of APG Group. Segmentation is by administrative business (Rights Management and Asset Management), supporting services and insurance activities.

COMPANY FINANCIAL STATEMENTS

COMPANY BALANCE SHEET AS AT DECEMBER 31, 2013

(before profit appropriation)
in thousands of euros

ASSETS	31-12-2013	31-12-2012
Fixed assets		
Intangible fixed assets (1)	74,045	91,816
Financial fixed assets (2)	1,221,554	809,900
	1,295,599	901,716
Current assets		
Receivables, prepayments and accrued income (3)	8,518	52,271
Cash (4)	42,161	64,540
	50,679	116,811
Total assets	1,346,278	1,018,527

LIABILITIES	31-12-2013	31-12-2012
Equity capital (5)		
Paid-up and called-up share capital	705,297	705,297
Share premium	490,414	130,414
Statutory reserves	38,113	41,679
Other reserves	26,258	-8,020
Result for the financial year	8,584	31,621
	1,268,666	900,991
Provisions (6)	19,381	23,913
Long-term liabilities (7)	23,767	51,991
Current liabilities and accrued liabilities (8)	34,464	41,632
Total liabilities	1,346,278	1,018,527

COMPANY PROFIT AND LOSS ACCOUNT 2013

in thousands of euros

	2013	2012
Result participating interests after taxes	32,051	55,889
Other result after taxes	-23,467	-24,268
Result after taxes	8,584	31,621

ACCOUNTING POLICIES

For an explanation of the accounting policies used, reference is made to the consolidated financial statements.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

in thousands of euros

Fixed assets

Intangible fixed assets (1)
The intangible fixed assets include the insurance portfolio identified with the acquisition of a capital interest.

The movements in this item are as follows:

	2013	2012
Opening balance	91,816	109,586
Investments/disposals	-	-
Amortization	-17,771	-17,770
Value impairments	-	-
Closing balance	74,045	91,816
Cumulative purchase value	177,707	177,707
Cumulative amortization and value impairments	-103,662	-85,891
Book value	74,045	91,816
Amortization rate	10%	10%

Financial fixed assets (2)
The item financial fixed assets concerns participating interests.

The movements in this item are as follows:

	2013	2012
Opening balance	809,900	806,205
Investments	362,196	45
Disposals	-993	-
Result for the financial year	30,951	55,889
Dividend paid out	-8,275	-51,884
Interim dividend paid out	-	-
Other changes	27,775	-355
Closing balance	1,221,554	809,900

The investments are primarily related to the recapitalization of the group and the incorporation of APG Asset Management NV and APG Deelnemingen NV in 2013 and 2012, respectively. The disposals concern the legal reallocation of Pensional to APG Deelnemingen NV on November 1, 2013.

The other changes result from the restructuring of the group and concern the value of the assets and liabilities that were reallocated within the group. In view of the size of foreign participating interests, the currency risk associated with these participating interests is limited.

Current assets

Receivables, prepayments and accrued income (3)	31-12-2013	31-12-2012
Receivables from group companies	8,248	50,575
Other receivables and accrued income	270	1,696
Total	8,518	52,271

The receivables, prepayments and accrued income mainly relate to claims on group companies.

No securities have been furnished and no interest was received on the receivables.

Cash (4)	31-12-2013	31-12-2012
Bank balances in current account	42,161	19,540
Deposits	-	45,000
Closing balance	42,161	64,540

Cash is freely disposable.

Equity capital (5)	31-12-2013	31-12-2012
Paid-up and called-up share capital	705,297	705,297
Share premium	490,414	130,414
Statutory reserves	38,113	41,679
Other reserves	26,258	-8,020
Result for the financial year	8,584	31,621
	1,268,666	900,991

The movements in equity capital are shown in the overview below:

	PAID-UP AND CALLED-UP SHARE CAPITAL	SHARE PREMIUM	STATUTORY RESERVES	OTHER RESERVES	RESULT FOR THE FINANCIAL YEAR
Opening balance	705,297	130,414	41,679	-8,020	31,621
Changes due to profit appropriation	-	-	-	31,621	-31,621
Change in statutory reserves	-	-	-2,587	2,587	-
Dividend paid out	-	-	-	-	-
Result for the financial year	-	-	-	-	8,584
Other changes	-	360,000	-979	70	-
Closing balance	705,297	490,414	38,113	26,258	8,584

Paid-up and called-up share capital
The paid-up and called-up share capital is the capital subscribed upon incorporation of the company consisting of 650,000,000 shares, each with a nominal value of € 1. Furthermore, in 2011, upon the acquisition of the minority interests in APG Algemene Pensioen Groep NV and Loyalis NV 55,297,170 new shares were issued, each with a nominal value of € 1.

Share premium
The share contribution paid upon incorporation, as well as the share contribution paid as a result of capital contributions and the revaluation of a subsidiary at fair value when brought into the company were included as share contribution in previous years. The change in 2013 concerns the conversion of loans from shareholders into equity capital in the context of the recapitalization of the APG Group.

Statutory and other reserves
The statutory and other reserves include direct changes in capital related to the acquisition and reallocation of subsidiaries from previous years in the amount of € 23.2 million (2012: € 23.2 million). The statutory reserve also includes a reserve for participating interests in the amount of € 15.1 million (2012: € 17.6 million) which was formed for the unrealized increases in value of unlisted investments of subsidiaries, as well as a reserve for conversion differences in the amount of negative € 0.7 million (2012: € 0.7 million) related to the foreign participating interests, a reserve for capitalized software at a subsidiary in the amount of € 0.1 million (2012: € 0.2 million) and a reserve for the unrealized change in value related to the former participation in Cordares Holding NV in the amount of € 0.4 million. The changes in the statutory reserve for conversion differences is reported under other changes. The reserve for participating interests was formed at the expense of the other reserves.

Result for the financial year
This includes the result for the year under review.

Provisions (6)	DEFERRED TAXES	PERSONNEL-RELATED PROVISIONS	TOTAL 2013	TOTAL 2012
Opening balance	23,413	500	23,913	28,792
Allocations	-	-	-	500
Withdrawals	-	-	-	-
Release	-4,532	-	-4,532	-5,379
Closing balance	18,881	500	19,381	23,913

This concerns the provision for deferred taxes over the value of the insurance portfolio that is included under intangible fixed assets.

The personnel-related provisions at year-end 2012 relate to a provision in connection with a compensation payment for the loss of support base, insurance-related loss as well as other charges related to the harmonization of the pension schemes within the APG Group. In 2012 a new APG Group Collective Labor Agreement (CLA) was concluded, incorporating a decision to harmonize the pension schemes within the APG Group. Pursuant to the APG Group CLA as well as the regulations set forth in article 4.6 of the Articles of Association of Stichting Pensioenfonds ABP and in Chapter 6 of the Administration Rules of Stichting Pensioenfonds ABP, APG Group is liable to make a payment as compensation for the loss of support base, insurance-related loss as well as other expenses arising from the settlement. The choice made by the individual employees of APG Group with effect from July 1, 2013, was a key factor in determining the composition and size of the total group that transferred to the Personeelspensioenfonds APG and the size of the compensation payment to be reimbursed. Based on the pattern of choice it is evident that a provision amounting to € 0.5 million is required. This is consistent with the estimated scenario used as a basis for determining the year-end 2012 provision. The provision is expected to be wound up in 2014.

Long-term liabilities (7)	2013	2012
Opening balance	51,991	51,991
Benefits	-	-
Repayments	-28,224	-
Closing balance	23,767	51,991

The redemption in 2013 was effected in the context of the recapitalization of the APG Group. Part of the long-term liabilities was converted into equity capital. Of the closing balance, an amount of € 12.8 million relates to financing by Stichting Sociaal Fonds Bouwnijverheid (2012: € 41.0 million).

The total amount of € 23.8 million has a term of more than five years (2012: € 52.0 million). There are no interim repayments. The interest rates of these loans range from 5.25 per cent to 7.25 per cent (2011: 5.40 per cent to 7.25 per cent). No security has been furnished.

Current liabilities and accrued liabilities (8)	31-12-2013	31-12-2012
Accounts payable	54	109
Debts to group companies	31,054	4,837
Taxes and national insurance contributions	137	387
Corporate income tax	1,730	35,377
Other liabilities	1,489	922
Total	34,464	41,632

The amounts owed to group companies include the capital contribution in the amount of € 28.2 million owed to APG Algemene Pensioen Groep NV.

The current liabilities and accrued liabilities do not include any items with a remaining term of more than one year.

Liabilities and entitlements not shown on the face of the balance sheet

Statement of liability
The company has issued a joint and several liability statement (a so-called 403 Undertaking or statement based on Article 2:403 of the Dutch Civil Code) for a consolidated subsidiary. This statement of liability pertains to APG Diensten BV in Amsterdam.

Liability of fiscal entity
There are a number of fiscal units at the APG Group, specifically for corporate income and turnover tax. Within such a fiscal unit, the companies are jointly and severally responsible for each other's tax debts. The taxes are attributed according to each company's share in the total tax.

Remuneration of Executive Board members
For an explanation of the remuneration of Executive Board members, see the consolidated financial statements.

List of capital interests

The following capital interests (100% interests) are included in the consolidation:

NAME	REGISTERED OFFICE
APG Algemene Pensioen Groep NV	Heerlen
• APG Investment Services NV	Amsterdam
• APG Asset Management US Inc	Delaware
• Fairfield Residential I, LLC	Delaware
• Fairfield Residential II, LLC	Delaware
• APG Investments Asia Ltd	Hong Kong
• APG Pensioenbeheer BV	Amsterdam
Loyalis NV	Heerlen
• Loyalis Leven NV	Heerlen
• Loyalis Leven VRF I BV*	Heerlen
• Loyalis Leven VRF II BV*	Heerlen
• Loyalis Schade NV	Heerlen
• Loyalis Schade VRF I BV*	Heerlen
• Loyalis Schade VRF II BV*	Heerlen
• Loyalis Diensten BV	Heerlen
• Loyalis Maatwerkadministraties BV	Heerlen
• Loyalis Kennis en Consult BV	Heerlen
• Loyalis Sparen & Beleggen NV	Heerlen
• Cordares Advies BV	Amsterdam
APG Asset Management NV	Amsterdam
APG Diensten BV	Amsterdam
APG Deelnemingen NV	Heerlen
• In Admin NV	Heerlen
• Cordares Vastgoed BV	Amsterdam
• Cordares Basisweg Beheer V BV	Amsterdam
• Inotime BV	Rotterdam
• Inovita BV	Rotterdam

* Due to the restructuring at Vesteda, since February 1, 2012, Loyalis Leven NV and Loyalis Schade NV have held the participating interests in Vesteda via a dual BV structure. No change is envisaged in a material sense. The principal reasons for the restructuring are greater transparency of the structure and simplification of the process of entry and exit by participants, thereby realizing an improvement in the liquidity of the fund.

Capital interests not included in the consolidation:

NAME	REGISTERED OFFICE
APG – ABN AMRO Pensioeninstelling NV (capital interest 30%, held by APG Deelnemingen NV)	Amsterdam

Supervisory Board

LC Brinkman, *Chairman*
GMML Verhofstadt, *Vice-chairman*
MJ van Lanschot
ALM Nelissen
EL Snoeij
NA Vermeulen

Executive Board

DM Sluimers, *Chairman*
M Boerekamp
AGZ Kemna
PJWG Kok

Amsterdam, April 1, 2014

Other Information

INDEPENDENT AUDITOR'S REPORT

To: the general meeting of APG Groep NV.

Report on the financial statements

We have audited the accompanying financial statements 2013 of APG Groep NV, Heerlen, which comprise the consolidated and company balance sheet as at 31 December 2013, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

The executive board's responsibility

The executive board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the report of the executive board, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive board, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of APG Groep NV as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the executive board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 392 sub 1 at b-h has been annexed. Further we report that the report of the executive board, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Rotterdam, 1 April 2014
PricewaterhouseCoopers Accountants N.V.

Originally signed by
S. Barendregt-Roojers RA

PROFIT APPROPRIATION SCHEME UNDER THE ARTICLES OF ASSOCIATION

The profit appropriation takes place in accordance with article 36 of the Articles of Association. This article stipulates that APG Groep NV can only distribute profit insofar as the equity capital exceeds the paid-up and called-up portion of its capital, increased by the reserves that must be maintained pursuant to law.

PROPOSAL FOR THE APPROPRIATION OF THE RESULT

A proposal will be submitted to the General Meeting of Shareholders that the result for the financial year in the amount of € 8.584 million will be added to the other reserves.

A proposal will be submitted to the General Meeting of Shareholders to distribute an amount of € 34.842 million in dividends.

EVENTS AFTER THE BALANCE SHEET DATE

Organizational and legal restructuring of APG Groep NV

Repositioning of Loyalis Maatwerkadministraties BV

On January 1, 2014, Loyalis Maatwerkadministraties BV was reallocated in terms of its legal status from Loyalis NV to APG Deelnemingen NV. The transaction was effected within the group and was processed at book value. The transaction did not result in a change in group equity.

Legal split of Asset Management activities

In 2012, APG Algemene Pensioen Groep NV applied to the Netherlands Authority for the Financial Markets (AFM) for a Markets in Financial Instruments Directive (MiFID) license to provide investment services.

The criteria for awarding the license include an assessment of the capitalization of APG Algemene Pensioen Groep NV and APG Groep NV.
The recapitalization of the APG Algemene Pensioen Groep NV and APG Groep NV took place in mid-2013 in order to be able to comply with the required minimum qualifying capital in accordance with the definitions in the Dutch Financial Supervision Act.

The Alternative Investment Fund Managers Directive (AIFMD) will go into effect as of the middle of 2014.
Due to the application of the AIFMD, the asset management activities of APG Algemene Pensioen Groep NV must be accommodated in a separate entity.

With effect from January 1, 2014, the asset management activities have been split off from APG Algemene Pensioen Groep NV and transferred to APG Asset Management NV. The assets and liabilities (€ 655 million) will be transferred by right from APG Algemene Pensioen Groep NV to APG Asset Management NV.

In 2014, APG Investment Services NV is expected to merge with APG Asset Management NV.

Organizational and legal restructuring of pension management activities

A legal merger between APG Algemene Pensioen Groep NV and APG Pensioenbeheer BV will take place in 2014.

Change in the Composition of the Executive Board

Effective March 1, 2014, Mr. AWIM van der Wurff relinquished his position on the Board. After in-depth consultation between the Executive Board and the Supervisory Board it was decided to divide his tasks among the Chairman and the other members of the Executive Board. Mr. Van der Wurff will continue to perform some of his activities in the capacity of special advisor to the Executive Board.

PERSONAL DETAILS

Below are the personal details of the members of the Supervisory Board and the Executive Board, specifying their principal and relevant other positions.

MEMBERS OF THE SUPERVISORY BOARD

LC Brinkman,
Chairman
Principal position:
- CDA Party Chairman in the Upper House of the States-General

Ancillary positions:
- President of the supervisory board of the RABO-Vastgoed Group
- President of the supervisory board of Cultuurfonds Triodos Bank
- Member of the supervisory board of Van Nieuwpoort (Sand, Gravel and Concrete) Group
- Member of the Supervisory Board of BMC Policy Advice and Management Consultants for the public sector
- Member of the Supervisory Board of Movares Group (Holland Rail Consult)
- Member of the Supervisory Board of Dasym Emesa Holding

Nationality: Dutch
First appointment:
February 29, 2008
Committee memberships:
Chairman of the Remuneration Committee

GMML Verhofstadt,
Vice-chairman
Principal position:
- Minister of State - Belgium
- Chairman of the ALDE group in the European Parliament

Ancillary positions:
- Chairman of the Executive Board of EIPA
- Member of the Executive Board and the remuneration committee of Exmar
- Member of the Executive Board of Sofina
- Member of the Executive Board of Libero vzw
- Member of the Executive Board of Centrum voor Maatschappelijke Informatie vzw
- Member of the Executive Board of Liberaal Studiecentrum vzw
- Member of the Executive Board of Centrum voor Vorming en Beleid

Nationality: Belgian
First appointment:
April 17, 2008
Committee memberships:
Remuneration Committee

ALM Nelissen
Positions:
- Chairman of the Supervisory Board of TBI Holdings
- Member of the Supervisory Board of Van Nieuwpoort Groep
- Member of the Supervisory Board of Stichting Jeroen Bosch 500
- Board member/treasurer of the Rijks Museum Fonds
- Chairman of the Supervisory Board of Stichting Reinier van Arkel
- Member of the Supervisory Board of Zuid Nederlandse Theater Maatschappij NV
- Board member of Stichting Administratiekantoor voor gewone aandelen A Van Lanschot Bankiers NV
- Member of the Executive Board of Brainport Development
- Member of the Board of the Nederlands Blazers Ensemble

Nationality: Dutch
First appointment:
September 1, 2008
Committee memberships:
chairman of the audit committee

EL Snoeij
Positions:
- Member of the Commissie advies- en verwijspunt Klokkenluiders
- Member of the Supervisory Board of Centraal Orgaan Opvang Asielzoekers (COA)
- Independent chairman of the Stuurgroep langdurige zorg

Nationality: Dutch
First appointment:
April 26, 2012
Committee memberships:
Remuneration Committee

MJ van Lanschot
Positions:
- Chairman Vereniging Particuliere Historische Buitenplaatsen
- Chief Financial Officer TropIQ Health Sciences BV
- Member of the Board of Stichting Christelijk Gymnasium Sorghvliet
- Managing Director Landgoed Zwijnsbergen BV

Nationality: Dutch
First appointment:
May 15, 2013
Committee memberships:
Audit Committee

NA Vermeulen
Principal position: Chairman of the Executive Board of the Sociale Verzekerings Bank
Ancillary positions:
- Member of the Supervisory Board/Audit Committee of AON Groep Nederland
- Member of the Supervisory Board/Audit Committee of Eigen Haard
- Member of the Supervisory Board of Dokterswacht Friesland
- Chairman of the Supervisory Board of Izore

Nationality: Dutch
First appointment:
November 6, 2013
Committee memberships:
Audit Committee

MEMBERS OF THE EXECUTIVE BOARD

DM Sluimers
Principal position: Chairman of the Executive Board
Ancillary positions:
- Member of the IFRS Foundation's Board of Trustees
- Member of the Supervisory Board of Atradius NV
- Member of the Curatorium Rijksacademie voor Financiën en Economie
- Member of the Netspar Advisory Board
- Member of the Supervisory Board of the Erasmus Trust Fund
- Member of the Stichting voor de Economische Politiek (SOeP)

Nationality: Dutch
First appointment:
February 29, 2008

M Boerekamp
Principal position: member of the Executive Board
Ancillary positions:
- Member of SBE International Advisory Board

Nationality: Dutch
First appointment:
February 1, 2012

PJWG Kok
Principal position: member of the Executive Board
Ancillary positions:
- Supervisory Board of Vesteda
- Supervisory Board of the ANWB
- Supervisory Board of Optimix Investment Funds
- Supervisory Board of Airport Real Estate Management
- Member of the Executive Board of the Stichting Toetsing Verzekeraars

Nationality: Dutch
First appointment:
November 1, 2013

AGZ Kemna
Principal position: member of the Executive Board
Ancillary positions:
- chairman of the Supervisory Board of Yellow & Blue
- member of the Board of Duisenberg School of Finance

Nationality: Dutch
First appointment:
November 1, 2009
Second appointment:
November 1, 2013

COMPOSITION OF THE WORKS COUNCIL:

- LHA Adams (secretary)
- PLJ Brouns (chairman)
- HACJ Dabekaussen
- HBJ van Eijsden
- HJJ Erkens
- AH de Heus
- FD Hoekstra
- PMH Hoofs
- SA Jonis
- RMJ Lavalle (deputy secretary)
- JJ Porebski
- AA Pot
- RMM Rekko
- H Rijksen (vice-chairman)
- H Schmidt
- S Schüller
- A Smeets
- CTHM Voss-Martinow
- MMM Widdershoven

COLOFON

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