

Strong improvement in results

- Operational result increases to €349 million
- Non-Life and Pension & Life are main contributors to the improved results
- Basic Health still loss-making in spite of lower allocation of capital for premiums below cost price of €108 million
- Structural reduction in operating expenses of €117 million (5%)
- Solvency ratio increased with 3%-pt to 184%

Willem van Duin, Chairman of Achmea's Executive Board

"As insurer we assist our clients and we are expanding our insurance activities with innovative solutions and services. In 2017 we completed the first year of our new planning period with the motto Delivering Together. We have accomplished major achievements, both in our services to customers and our business operations. This allows us to remain relevant to our customers. The fact that our customers believe we are succeeding in this can be seen from the persistently high scores they continue to award our brands. Our planned cost reduction is ahead of schedule and we are investing heavily in renewing our company.

Achmea's results improved strongly in 2017. The improvement measures at Non-Life, lower loss provision for premiums at Health and the overall reduction in expenses contributed to the improved result. Non-Life and Pension & Life have made a substantial contribution to the result. Our strategic planning period runs until 2020 and foresees an annual structural gross operational result of about €450 million, excluding the contribution from our healthcare activities. The results over 2017 give us the confidence that we will achieve our goals.

Gross written premiums have increased in our Non-Life and Health insurance businesses. The increase at Non-Life is mainly a result of growth in the retail customer portfolio. The number of Zilveren Kruis customers remained relatively stable during this renewal period, and it therefore retains its position as the largest health insurer in the Netherlands.

Our solvency remained strong at 191%. After payments of dividends, coupons on hybrids and share buy-back the Solvency II ratio is 184%, an increase of 3%-pt compared to 2016.

We have made significant investments in the past few years to improve the service to our clients. We are serving customers better online, we have improved the partnership with Rabobank and we provide innovative services such as the Zilveren Kruis Actify health platform. In the pension market we provide an innovative pension solution for employers and pension funds with the Centraal Beheer General Pension Fund (APF). These and other innovations enable us to continue to build a trendsetting company and to be a service provider with daily relevance for our customers.

In order to achieve this, we are at the heart of society thanks to our cooperative identity and we actively tackle the latest problems facing society. Based on the conviction that in our capacity as a cooperative insurer which operates in many areas we can provide value in a broad sense. This applies to both our customers and society in general. This is how we work together to ensure that the Netherlands is a healthier, safer and more future-proof country."

ACHMEA ANNUAL RESULTS 2017 - 22 MARCH 2018

A press conference is scheduled for 11 a.m. CET on this date.

A conference call for analysts is scheduled for 2 p.m. CET

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Group results

KEY FIGURES

(€ MILLION)

RESULTS	2017	2016	Δ
Gross premium revenues	19,350	19,507	-1%
Net premium revenues	19,348	19,428	0%
Gross operating expenses ¹	2,136	2,446	-13%
BREAKDOWN OF RESULTS	2017	2016	
Operational result (excluding Health Netherlands)	477	-123	N.M.
Health Netherlands	-128	-196	N.M.
Operational result ²	349	-319	N.M.
Results before tax	321	-414	N.M.
Net result	216	-379	N.M.
BALANCE SHEET	31.12.2017	31.12.2016	Δ
Total assets	90,946	92,980	-2%
Total equity	9,949	9,782	2%
SOLVENCY II	31.12.2017	31.12.2016	Δ
Solvency ratio (Partial Internal Model)	184%	181%	3%-pt
FTES³	31.12.2017	31.12.2016	Δ
FTEs (internal employees)	14,582	15,715	-7%
FTEs (contractors)	2,848	2,561	11%

*N.M.: percentage not meaningful

OVERALL RESULTS

2017 was a year for Achmea during which the improved fundamentals for almost all segments resulted in an improved operational result. The operational result over 2017 was €349 million (2016: -€319 million).

The higher result is particularly visible in Non-Life, where premiums, claim management and expense measures, along with the absence of claims arising from major calamities in 2017, have led to a significant increase in the result. Our health activities realised a higher result than in 2016, with positive trends in healthcare expenses in the current year and lower expected equalisation contributions from previous years. In 2017 we also needed to use less of our capital reserves for the 2018 health insurance premiums than we did in 2016 for the 2017 health insurance premiums.

The result improved strongly at our service organisation Pension & Life following higher investment results and lower operational expenses as a result of the transition to a service organisation for Pensions in 2016. We achieved further growth in the number of term life insurance policies. In 2017 we were active in implementing our new Retirement Services strategy. We expanded the range of financial products at Centraal Beheer and positioned the company as a financial service provider. The first clients have now also joined the Centraal Beheer General

Pension Fund (APF). The result improved due to lower start-up and investment expenses.

In 2017 we continued to invest further in the operationalisation of our international strategy. Our international growth is on schedule through the use of Achmea's core competencies: property & casualty and health insurance via digital and banking distribution channels.

The Other activities segment is positively contributing to the improvement in our results via a further reduction in our expenses. This reduction is partly incidental, for instance due to the additional reorganisation provision made in 2016.

OPERATIONAL RESULT GENERATED BY THE SEGMENTS (€ MILLION)

	2017	2016
Non-Life Netherlands	166	-185
Pension & Life Netherlands	342	285
Retirement Services Netherlands	12	-18
International Activities	16	25
Other activities	-59	-230
Operational result (excl. Health)	477	-123
Health Netherlands	-128	-196
Operational result	349	-319

Group results

BREAKDOWN OF NET RESULTS	€ MILLION	
	2017	2016
Operational result	349	-319
Impairments to intangible fixed assets		-93
Transaction results from sales	-28	-2
Results before tax	321	-414
Taxes	105	-35
Net result	216	-379

The net result increased to €216 million (2016: -€379 million), mainly due to the improvement in the operational result. The result over 2016 was also affected by a one-off goodwill impairment on our Turkish insurance entity, caused by economic developments. The transaction result in 2017 mainly relates to the book result on the scheduled sale of Friends First.

Gross premium revenues

Gross premium revenues amounted to €19,350 million in 2017 (2016: €19,507 million). We realised a higher income from premiums in Non-Life due to growth in the retail property & casualty insurance portfolio. A higher number of customers and higher premiums in 2017 also led to higher gross premium revenues for our health activities. Gross written premiums for pension & life insurance activities decreased, in line with our expectations, as a result of halting new sales and the non-renewal of existing contracts for group pension schemes.

Operating expenses

Gross operating expenses amounted to €2,136 million in 2017 (2016: €2,446 million). The lower gross operating expenses are mainly due to a decrease in the number of internal employees by over 800 and the resulting lower personnel expenses. We also realised savings via the more efficient use of marketing and further rationalisation within IT. The cost savings are partly due to one-off effects, such as winding down of Staalbankiers activities, the reorganisation provision made in 2016 and the amendment to the pension scheme in a health entity in 2017. When adjusted for these effects, the decrease in expenses amounts to 5%.

At the same time we continue to invest in innovation and digitisation in our company, with the development of innovative concepts and our strategic programmes, including the roll-out of the Retirement Services strategy, the commercial alliance with the Rabobank and international growth.

At the end of 2016, we announced that we expected the number of internal employees in the Netherlands to drop by approximately 2,000 until 2020. The total number of internal employees in the Netherlands was reduced with over 800 to 14,484 in 2017 (2016: 15,293) as a result of continuing efficiency improvements at our company and a different

approach to working. Versatility and flexibility are essential to us in being able to adapt to the increasingly rapid changes and needs of our customers. Our 'agile' concept and working in market-oriented supply chains support this. We are of course also adjusting our offices accordingly, whereby our work will be concentrated in five key locations: Apeldoorn, Leeuwarden, Leiden, Tilburg and Zeist. Internationally, the number of internal employees remained relatively stable at 2,946 in 2017 (2016: 2,983).

Investments

Income from our own risk investment portfolio⁴ amounted to €1,248 million in 2017 (2016: €1,238 million). The higher income is mainly the result of higher realised gains in the equity portfolio, as well as positive revaluations in the real estate portfolio. The residential and office segments in particular noted higher increases in market value in 2017. To a large extent, these positive trends mitigated the decrease in realised gains in indirect fixed income.

The increase in the value of our fixed-income securities and interest-rate derivatives in our Dutch pension and life insurance business, caused by movements in the market interest rate, is not immediately visible in the results. All realised and unrealised investment results on fixed-income securities and interest-rate derivatives are set aside in a Fund for Future Appropriation (FFA). This is part of our technical provisions to cover commitments to our customers with pensions or life insurance policies. As a result of higher market interest rates, the FFA declined by €0.9 billion to €6.9 billion in 2017 (2016: €7.8 billion).

As at year-end 2017, our investment portfolio had a total value of €44.6 billion (2016: €47.4 billion). This decrease is mainly due to a decline in the market value of the fixed income portfolio, caused by the announced sale of our Irish life insurer. As a result, all the investments, mainly comprising fixed income securities, have been reclassified as held for sale and no longer form part of the investment portfolio. The higher interest rates have also caused a decline in the value of our derivatives portfolio. Moreover, in 2017 we reduced our alternative investments by selling the investments in commodities. The market value of the real estate portfolio remains relatively stable as a result of positive revaluations that practically compensate for the sale of properties.

We further improved the composition of our fixed income portfolio in favour of retail mortgages in 2017. This portfolio increased to €7.2 billion (2016: €5.8 billion). Additionally, we sold our positions in covered bonds.

Group results

CAPITAL MANAGEMENT

Total equity

Achmea's equity increased with €167 million to €9,949 million in 2017 (2016: €9,782 million). The positive net result of €216 million and positive revaluations of equities in particular caused an increase in the total equity. In addition, the total equity was affected by dividend payments on preference shares and coupon payments on hybrid capital amounting to a total of €69 million. Finally, the movements in reserve for exchange-rate differences are mainly related to exchange rate developments of the Turkish lira.

TOTAL EQUITY GROWTH

(€ MILLION)

Total equity as at 31.12.2016	9,782
Net result	216
Movements in revaluation reserve	80
Movements in reserve for exchange-rate differences	-41
Revaluation of net obligation of pension rights granted	-19
Dividend and coupon payments to equity instruments	-69
Total equity as at 31.12.2017	9,949

SOLVENCY (SOLVENCY II)

As of year-end 2017, the solvency (SII) ratio stood at 191%. This is before planned dividends, coupons on hybrids and the announced buy-back of Achmea shares. Taking these effects into account, the SII ratio is 184% (31 December 2016: 181%), an increase of 3%-pt. The improved capital position is the result of a combination of an increase in the Eligible Own Funds of €41 million to €8,386 million (2016: €8,345 million) and a decrease in the Solvency Capital Requirement of €68 million to €4,555 million (2016: €4,623 million).

SOLVENCY RATIO

(€ MILLION)

	2017	2016	Δ
Permitted Solvency II equity	8,386	8,345	41
Solvency Capital Requirement	4,555	4,623	-68
Surplus	3,831	3,722	109
Ratio (%)	184%	181%	3%-pt

The increase in total equity is the result of positive technical results in the Non-Life and Pensions & Life insurance business, an increase in value caused by the financial markets, the refinement of cost assumptions and updating of the mortality

experience in the Dutch life insurance business. This is partially compensated by the allocation of capital for health insurance premiums in 2018, planned dividends relating to the positive annual results and the announced buy-back of Achmea shares.

The Solvency Capital Requirement has decreased, due to a decline in the market and life risks. In market risk, the interest rate risk is lower as a result of the capital hedge introduced within the Dutch life insurance business. The capital hedge reduces the volatility in the solvency ratio caused by interest rate developments. The life risk has decreased due to several effects that mainly have an impact on the longevity, expenses and lapse risks. The decrease in the Solvency Capital Requirement is partly compensated by a decrease in the Loss Absorbing Capacity of Deferred Taxes (LACDT).

The Solvency II capital calculation takes into account the proposal for the General Meeting of Shareholders on 17 April 2018 to pay out €123.6 million in dividends on ordinary shares over the 2017 financial year. This proposal is based on a payment of 45% of the net profit excluding the net result of the Health segment and after deduction of payments on other equity instruments. In line with this, a proposal to amend the dividend policy will be presented to the General Meeting of Shareholders, which means that any dividends will also be decided using this method in future.

Financing

In 2017, the Standard & Poor's credit rating (ICR⁵) for Achmea BV remained unchanged at BBB+, while the rating (FSR⁶) for the Dutch insurance entities was confirmed at A. The rating (FSR) for Achmea Reinsurance Company NV and rating (ICR) for Achmea Bank NV remained unchanged at A-. The outlook for all the ratings was adjusted from stable to negative at the start of 2017. In March 2018, Fitch also awarded a rating to Achmea B.V. and its insurance entities. These are A (IDR⁷) and A+ (IFS⁸) respectively with a stable outlook. The rating (IDR) of Achmea Bank NV was confirmed at A with a stable outlook.

The leverage ratio⁹ improved slightly to 25.9% (2016: 26.4%) as a result of the increase in total equity. As a result of the higher operational result, the fixed-charge coverage ratio improved to 3.4x (2016: -0.9x).

Non-Life Netherlands

- Strong result recovery in Non-Life resulting in a combined ratio of 95.5%
- Premium growth due to measures applied to premium levels and higher inflow of new customers
- Sharp drop in expenses as a result of further digitisation

RESULTS

(€ MILLION)

	2017	2016	Δ
Gross premium revenues	3,290	3,191	3%
Operating expenses	818	892	-8%
Operational result	166	-185	N.M.

PROPERTY & CASUALTY KEY FIGURES

	2017	2016	Δ
Claims ratio	70.0%	81.3%	-11.3%-pt
Expense ratio	26.0%	29.1%	-3.1%-pt
Combined ratio	96.0%	110.4%	-14.4%-pt

INCOME PROTECTION KEY FIGURES

	2017	2016	Δ
Claims ratio ¹⁰	72.8%	68.6%	4.2%-pt
Expense ratio	20.5%	22.7%	-2.2%-pt
Combined ratio	93.3%	91.3%	2.0%-pt

*N.M.: percentage not meaningful

GENERAL INFORMATION

Achmea is the market leader in Property & Casualty and occupies the third place in Income Protection. We provide our retail and commercial customers with car insurance, property insurance, household effects insurance, liability insurance, commercial insurance and travel insurance. In addition, we offer various types of sickness insurance and individual and group disability insurances. Our products are sold by brands such as Centraal Beheer, Interpolis, FBTO and InShared, whereby our focus is on a high level of customer satisfaction, innovative services and digitised processes.

Gross premium revenues

Gross premium revenues increased with €99 million to €3,290 million in 2017 (2016: €3,191 million). Gross written premiums from our property & casualty insurance business increased to €2,690 million (2016: €2,601 million) due to the growth of the retail portfolio and improvement measures within both the retail and commercial property & casualty insurance portfolios. Gross written premiums from income protection insurance increased slightly to €600 million (2016: €590 million) because we responded to the larger market for group disability insurance (WIA) caused by new legislation governing temporary employees (BeZaVa¹¹).

Operating expenses

Operating expenses decreased to €818 million in 2017 (2016: €892 million). We achieved a reduction in expenses of €74 million while also growing the portfolio, resulting in a further improvement in the expense ratio of 2.9%-pt to 25.0% (2016: 27.9%). The improvement in the operating expense base is a result of continuing digitisation and optimisation of our processes.

Results

In 2017 the operational result was €166 million (2016: -€185 million). When adjusted for the cost of claims arising from the severe hail calamity in June 2016 (impact: €132 million), the operational result was €219 million higher in 2017. This higher result is partly due to measures applied to premiums, claims management and cost savings. In implementing these measures, we have structurally improved the fundamentals of our property & casualty and income protection activities. The improved fundamentals can also be seen from the combined ratio and claims ratio of total Non-Life which are at 95.5% (2016: 106.9%) and 70.5% respectively (2016: 79.0%).

Non-Life Netherlands

PROPERTY & CASUALTY

The operational result from our Property & Casualty business increased to €119 million in 2017 (2016: -€239 million). When adjusted for the severe hail calamity in June 2016 (impact: €132 million), the operational result from our property & casualty business increased by €226 million in 2017. The improvement in the operational result is mainly due to implemented improvement measures in both the retail customer and commercial Property & Casualty portfolios. For instance, we have adjusted premiums in order to compensate for the effects of extreme weather conditions and growing personal injury claims. We have also invested in measures that contribute to reducing claims.

The trend in the increasing frequency of new personal injury claims continued in 2017. The number of traffic fatalities and injuries increased further over the past year. We actively aim to reduce the risk of accidents via, for instance, the introduction of the innovative AutoModus app to minimalise the use of smartphones in traffic. Customers who use the Interpolis AutoModus app submit fewer claims on average. Partly as a result of the implemented improvement and expense measures, the combined ratio for Property & Casualty improved by 14.4%-pt to 96.0% in 2017 (2016: 110.4%) due to a sharp improvement in both the claims ratio and the expense ratio. The claims ratio stood at 70.0% (2016: 81.3%). The expense ratio improved by 3.1%-pt to 26.0% in 2017 (2016: 29.1%).

INCOME PROTECTION

The operational result for our Income Protection insurance products totalled €47 million (2016: €53 million). In more recent years, in line with the national trend, we have seen an increase in inflow into the WIA disability act. We take this into account in setting our premiums.

At the same time, the continuing focus on claims management means that we see lower inflow into the WIA disability act on previous claim years, allowing us to release a portion of the provisions for this. The reduction in expenses also has a positive impact.

The combined ratio for our income protection business was 93.3% in 2017 (2016: 91.3%) due to an increase in the claims ratio. The decrease in the expense ratio to 20.5% (2016: 22.7%) is in line with the lower operating expenses. The claims ratio was 72.8% (2016: 68.6%).

Health Netherlands

- Basic Health still loss-making in spite of lower allocation of capital for premiums below cost price of €108 million
- 10% decrease in operating expenses due to efficiency initiatives

RESULTS

(€ MILLION)

	2017	2016	Δ
Gross premium revenues	13,184	13,092	1%
Operating expenses	482	536	-10%
Operational result	-128	-196	N.M.
Result in 2016/2017 book year	49	-7	N.M.
Incidental result ¹²	-177	-189	N.M.

BASIC HEALTH INSURANCE KEY FIGURES	2017	2016	Δ
Claims ratio	99.3%	99.2%	0.1% pt
Expense ratio	2.4%	3.0%	-0.6% pt
Combined ratio	101.7%	102.2%	-0.5% pt

SUPPLEMENTAL HEALTH INSURANCE KEY FIGURES	2017	2016	Δ
Claims ratio	86.4%	89.1%	-2.7% pt
Expense ratio	9.5%	8.9%	0.6% pt
Combined ratio	95.9%	98.0%	-2.1% pt

GENERAL INFORMATION

Zilveren Kruis, De Friesland, FBTO, Avéro Achmea, Interpolis, OZF, ProLife and Ziezo offer basic and supplemental health insurance. Achmea also provides services worldwide through the Eurocross Assistance Company.

In 2017, Achmea has again worked on limiting the rising health care expenses in the Netherlands via effective health procurement, but also by helping policyholders to exercise more and eat more healthily. Zilveren Kruis focuses on keeping its policyholders fit and healthy via its Actify programme and via Gezond Ondernemen (Healthy Enterprise) for employers.

Gross premium revenues

Gross premium revenues from basic and supplemental health insurance increased to €13,184 million (2016: €13,092 million). Gross written premiums from basic health insurance amounted to €11,869 million (2016: €11,779 million). The increase in gross written premiums is due to a higher number of policyholders and higher premiums in 2017.

Gross written premiums from supplemental health insurance amounted to €1,315 million (2016: €1,313 million). The number of customers taking out supplementary health insurance¹³ remains stable at about 80%.

Operating expenses

Operating expenses for our healthcare business decreased by 10% to €482 million in 2017 (2016: €536 million). The lower operating expenses are due to lower expenses for IT and personnel following the rationalisation of processes and systems. There was a one-off benefit in 2017 as a result of amending the pension scheme at De Friesland to make it uniform. When adjusted for this, the reduction in our operating expense base is 5%.

Operational result

Over 2017, the operational result for basic health insurance was -€175 million (2016: -€215 million). The result comprises the result from the current book year, the result from previous years and a provision for premiums below cost price for 2018. The last two components form the incidental result.

The operational result for basic health insurance in the current book year amounted to €16 million (2016: -€41 million), whereby we had expected a break-even result due to the loss provision made in 2016. The higher result is due to lower healthcare expenses.

The incidental result from previous years is -€83 million (2016: €252 million), mainly as a result of a lower expected contribution for the 2016 underwriting year for various specific healthcare expenses from the Health Insurance Equalisation Fund.

Health Netherlands

This lower result from previous years is partly compensated for by a lower provision for premiums below cost price for 2018. This provision amounts to €108 million in 2017 (2016: €426 million). The allocation of reserves for basic health insurance premiums below cost price was therefore €318 million lower than in 2016.

The combined ratio on basic health insurance is 101.7% (2016: 102.2%) and has mainly improved due to lower operating expenses.

Supplementary health insurance policies account for €47 million of the operational result (2016: €19 million). The improved result is due to positive developments in medical specialist care and dental care. In addition, in 2017 we made no provision for supplementary health insurance for premiums below cost price in the coming year (2016: €7 million).

The combined ratio on supplemental health insurance improved to 95.9% (2016: 98.0%), mainly due to lower healthcare expenses.

Pension & Life Netherlands

- Operational result strongly improved due to substantial cost savings and higher investment results
- 20% decrease in operating expenses due to reduction of sales and product expenses, as well as simplification of processes and systems
- 14% growth in gross written premiums for term life insurance

RESULTS

(€ MILLION)

	2017	2016	Δ
Gross premium revenues	1,569	1,794	-13%
Operating expenses ¹⁴	189	237	-20%
Operational result	342	285	20%

GENERAL INFORMATION

Since the establishment of the Centraal Beheer General Pension Fund (APF) in 2016, the Pension & Life service organisation has mainly managed a closed-book portfolio containing group pension contracts and traditional savings and life insurance products. The service organisation also manages a growing open-book portfolio. For the closed-book portfolio we focus on maintaining a stable and high result with positive capital generation. In the meanwhile we retain our high level of customer satisfaction.

Within the open-book portfolio, we offer term life insurance policies and individual annuities and pensions. These insurance solutions are part of our proposition for retirement services.

Gross premium revenues

Gross premium revenues decreased by 13% to €1,569 million in 2017 (2016: €1,794 million). Gross written premiums from the closed-book pension portfolio decreased with about 20% to €490 million in 2017 (2016: €617 million). This is a direct consequence of the transition to a closed-book strategy for this portfolio, whereby no new pension insurance contracts are being sold or existing contracts extended. In line with our strategy, gross written premiums from Pensions will therefore continue to decrease. However, the size of the portfolio will only decline slowly due to the long-term nature of the liabilities. Gross written premiums from the closed-book life insurance portfolio amounted to €831 million in 2017 (2016: €898 million). At 8.0%, premium lapse is at a comparable level as the same period last year. The decline in the size of our portfolio as a result of expiration is evolving in line with our expectations.

The open-book portfolio shows an increase in term life insurance premiums to €49 million (2016: €43 million) as a result of higher net inflow. The number of policies in the portfolio has increased to 323,256 (2016: 287,673). In contrast, the single premiums on individual annuities and pensions show

a decrease to €199 million (2016: €236 million) due to improvement measures and lower average amounts on individual pension annuities. The number of individual annuities and pensions is growing.

Operating expenses

Operating expenses decreased sharply by 20% to €189 million in 2017 (2016: €237 million). This sharp drop follows the transition to a closed-book strategy for the pensions portfolio and the resulting lower sales and product expenses. Furthermore, we have simplified the organisation and systems that enables us to reduce the number of internal employees. These measures are leading to an accelerated reduction in our structural operating expenses

Operational result

The operational result increased substantially to €342 million in 2017 (2016: €285 million) as a result of the abovementioned cost savings and higher investment results.

Investment results increased due to higher revaluations for real estate, realised gains on equities and positive foreign exchange results caused by the lower US dollar exchange rate. These results compensate for the negative results on the commodities portfolio in the first half of 2017. This portfolio was divested in full in the second half of 2017.

The technical result was affected by an addition to the provision for premium waivers in the case of disability. Further analysis has shown that not all the disabled policyholders are known to us, prompting us to make an additional provision for premium waivers. This additional charge will partly be compensated for by a higher mortality rate.

Retirement Services Netherlands

- Operational result for Retirement Services strongly improved, due to accelerated winding down of sector pension funds and lower expenses
- AuM increase to €120 billion, due to net inflow mainly from Centraal Beheer APF and positive market developments

RESULTS

(€ MILLION)

RETIREMENT SERVICES TOTAL	2017	2016	Δ
Total income	272	275	-1%
<i>Of which: administrative and management fees</i>	158	167	-5%
Operating expenses	266	286	-7%
Operational result	12	-18	N.M.
BANKING ACTIVITIES (ACHMEA BANK)			
Net interest margin	106	112	-5%
Fair-value result ¹⁵	1	0	N.M.
Operating expenses	96	94	2%
Allocation to loan provisions	-8	2	N.M.
Common Equity Tier 1 ratio			
	20.4%	19.1%	1.3% pt

(€ BILLION)

ACHMEA INVESTMENT MANAGEMENT	2017	2016	
Assets under Management ¹⁶	120	116	4

GENERAL INFORMATION

Changes to the pension system lead to new ways to build-up retirement assets for the future. Via the Centraal Beheer General Pension Fund (APF) Achmea provides an alternative to pension insurance in the second pillar of the Dutch pension system. The products and services provided by Achmea Investment Management and Achmea Bank for the third and fourth pillars of the pension system mean that Achmea provides a comprehensive solution for asset gathering and retirement. These products and services are sold under the Centraal Beheer brand.

The introduction of the new strategy for retirement services and positioning of Centraal Beheer as a financial service provider involved start-up and investment expenses in 2016. These initial expenses were lower in 2017. At the same time, we have made cost reductions. Over the past six months, the servicing of Achmea Bank's mortgage portfolio has successfully been outsourced. In addition, we recently migrated to a new system for administering savings products and payments. In line with our decision in 2016, we further reduced non-profitable administrative services to mandatory sectoral pension funds.

Operational result

The operational result for retirement services amounted to €12 million (2016: -€18 million). This increase was driven by an improvement in results in all the entities.

Achmea Bank

The contribution to the operational result from banking activities amounted to €24 million over 2017 (2016: €18 million). This increase is partly due to the higher income from commissions for managing the mortgage portfolio on behalf of Achmea Pension & Life. A portion of the loan provisions was released for the regular and run-off portfolio as result of higher house prices and settlement of loans. This compensated for the lower net interest margin caused by lower payments on mortgages due to prepayments.

In 2017 the Common Equity Tier 1 ratio increased to 20.4% (2016: 19.1%) due to the addition of 2016 result and a decrease in the size of the mortgage and loan portfolios.

Achmea Investment Management

In 2017, Assets under Management (AuM) increased to €120 billion (2016: €116 billion). The growth in AuM is the result of the net inflow into the Centraal Beheer APF and positive market developments. Furthermore, agreement was reached with the

Retirement Services Netherlands

Stichting Pensioenfonds Huisartsen (GP pension fund) in 2017. This will lead to further growth in the AuM when administration is transferred to Achmea in mid-2018.

Achmea Investment Management's contribution to the segment result is higher at €4 million in 2017 (2016: €2 million). This improvement can mainly be attributed to lower personnel expenses and consultancy fees.

Achmea Pension Services

In 2016, Achmea took the strategic decision to reduce administrative services to mandatory sector pension funds over the next few years. In 2017, the accelerated reduction of these services was achieved via the migration of five pension funds to Centric. At the same time, it creates capacity for us to fully focus on the growth strategy via services to the Centraal Beheer APF and the company, occupational and exempt sectoral pension funds.

The operational result improved partly due to the accelerated reduction of these pension administration activities. In addition, operating expenses decreased due to lower start-up expenses for the services provided to the Centraal Beheer APF.

International Activities

- Use of digital competencies leads to 8% premium growth in local currency
- Strong improvement in operational results in Greece and Slovakia
- New legislation governing legal maximum premiums for Motor liability in Turkey, investments and higher claims from calamities in Turkey and Australia affect result

RESULTS

(€ MILLION)

	2017	2016	Δ
Gross written premiums	1,206	1,192	1%
Operating expenses	307	284	8%
Operational result	16	25	-36%

GROSS PREMIUM REVENUES PER COUNTRY	2017	2016	Δ
Turkey	335	368	-9%
Slovakia	385	348	11%
Greece	318	310	3%
Ireland	151	154	-2%
Australia	17	12	42%

GENERAL INFORMATION

Achmea's international strategy is focussed on achieving a competitive advantage and profitable growth in market share in those countries in which we can use our core competencies in Non-Life and Health insurance. The countries included in this strategy are Turkey, Slovakia, Greece and Australia. In these countries we invest in growth via the banking and online (direct) distribution channels, as well as focusing on further digitisation. This strategy enables us to accelerate our business in existing markets. We are also examining opportunities for greenfields in larger markets, including Canada. Here, we are currently working on establishing an alliance with a local partner.

In November 2017, we reached an agreement on the sale of Irish life insurance company Friends First to Aviva. Friends First is a solid company but its activities are no longer aligned with our core activities.

Gross premium revenues

Gross premium revenues increased by 1% to €1,206 million in 2017 (2016: €1,192 million), mainly driven by growth within Property & Casualty and Health. When adjusted for foreign exchange effects, growth amounts to 8%.

In Turkey, gross premium revenue totalled €335 million in 2017 (2016: €368 million). Expressed in Turkish Lira, written premiums increased by 12% to TL1,379 million (2016: TL1,235 million) as a result of growth in all market segments. We gained market share in the key Home and Health segments. Premiums

from the online channel, set up in partnership with Garanti Bank, display the highest growth.

In a stagnating property & casualty market and a life insurance market showing slight growth, total gross written premiums at our Greek insurer InterAmerican stood at €318 million (2016: €310 million). This is partly due to the growth of our direct online insurance brand Anytime, where the number of customers has increased by 23% to 317,306 (2016: 258,000). As of the successful growth of Anytime in Greece, we introduced this brand in Cyprus in mid-2017. Four thousand insurance policies have already been sold.

Our Slovakian insurer Union displayed strong written premium growth to €385 million in 2017 (2016: €348 million). This increase is mainly due to an premium in revenue in the key markets of Non-Life and Health.

The sharp growth in APE (Annual Premium Equivalent) continued in Ireland in 2017. In a stable market, APE in our Irish life insurance business increased with 19% to €85 million (2016: €72 million) due to growth in investment contracts.

Finally, our partnership with Rabobank in Australia is evolving successfully. Written premiums grew further to €17 million in 2017 (2016: €12 million), driven by high customer satisfaction and a strong retention rate (99%) in the existing portfolio.

International Activities

Operating expenses

Operating expenses amounted to €307 million (2016: €284 million) and are growing partly as a result of investments in the digital growth strategy and exploration of new markets. The higher expenses in 2017 are a combination of higher distribution expenses and a higher number of internal employees required for achieving growth targets.

Operational result

Over 2017, we earned an operational result from our international business of €16 million (2016: €25 million). The operational result is affected mainly by developments in Turkey, investments and higher claims arising from calamities in Australia. The Turkish Lira devaluated by 21% against the euro in 2017 and severe rainfall and hailstorms in July had a negative impact on the result. Furthermore, the recent introduction of a legal maximum premium for motor liability insurance in Turkey squeezed margins in this market segment.

Operational result has improved in Slovakia and Greece as a result of an improved result in Health and in Property & Casualty respectively.

Other activities

- Improved results through lower personnel expenses, the winding down of private banking activities and incidental reorganisation expenses in 2016
- AuM of Syntrus Achmea Real Estate & Finance increase to €19.7 billion

RESULTS

(€ MILLION)

	2017	2016	Δ
Gross total income	380	520	-27%
Operating expenses ¹⁷	153	299	-49%
Interest expenses	61	63	-3%
Operational result	-59	-230	N.M.
ACHMEA REINSURANCE			
Gross premium revenues	255	360	-29%
Operational result	5	12	-58%

GENERAL INFORMATION

The Other Activities segment includes the results of our Shared Service Centers, activities at holding company level and the other operating companies Achmea Reinsurance, Syntrus Achmea Real Estate & Finance and Independer. The winding down of Staalbankiers' activities is also presented in this segment.

As part of Achmea Group, Achmea Reinsurance provides reinsurance solutions for Non-Life, Pensions and Life internal. Additionally, Achmea Reinsurance accepts external reinsurance risks on a limited basis.

Syntrus Achmea Real Estate & Finance manages both the real estate portfolios of the insurance entities and those of external customers.

Customers can compare, take out and change insurance products via Independer.

Operational result

The result of the Other Activities segment is determined to a large extent by the holding company expenses, interest expenses, and the results of the other operating companies. In 2017, the operational result was -€59 million (2016: -€230 million). The 2016 result was affected by an addition to the reorganisation provision of €82 million. The improved result is also attributed to the lower expenses for e.g. personnel, IT and office expenses, and the winding down of Staalbankiers' activities.

SEGMENTS

ACHMEA REINSURANCE COMPANY

As Achmea's reinsurance expert, Achmea Reinsurance has three roles: advisor, purchaser and risk carrier. In its role as group reinsurer and risk carrier, Achmea Reinsurance provides reinsurance cover to both the Dutch and foreign legal entities within Achmea. The external reinsurance portfolio that has been built for Non-Life and Life is for the purpose of diversification of insurance risks and profit contribution to Achmea.

The operational result over 2017 was €5 million (2016: €12 million) and remained positive in spite of the impact of €37 million caused by global catastrophes. The additional claims were partly compensated for by proceeds from new property & casualty and life contracts and higher investment results.

Gross premium revenues stood at €255 million in 2017 (2016: €360 million). This decrease is due to a number of contracts in the incoming Life reinsurance programme not being renewed.

SYNTRUS ACHMEA REAL ESTATE & FINANCE

Assets under Management (AuM) in real estate holdings and mortgages increased to €19.7 billion (2016: €18.1 billion). The increase is mainly due to net inflow into the mortgage portfolios. Management fees increased to €72 million (2016: €70 million). This increase is the result of average higher AuM for mortgages and real estate.

Footnotes

Group results

Key figures

- 1 *Gross operating expenses comprise personnel expenses, depreciation costs for land and buildings for company use and plant and equipment and general expenses, including IT expenses and marketing expenses. These are operating expenses excluding paid and due fees, profit sharing on reinsurance and fees and for the allocation of claims handling expenses and allocated investment costs.*
- 2 *The operational result is calculated by adjusting the profit before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business operations, and are therefore not expected to occur regularly. Examples of such items include exceptional depreciation losses from goodwill and pre-tax results from disinvestments related to disinvestment operations.*
- 3 *As of 1 January 2017, one FTE is based on a full working week of 36 hours. Comparative figures have been adjusted accordingly.*

Investments

- 4 *Investment income consists of investment income (own risk) in the Consolidated Income Statement, including income from associates and joint ventures and realised and unrealised gains and losses, adjusted for investment income directly related to the insurance liabilities (both fair value and other).*

Financing

- 5 *ICR: Issuer Credit Rating*
- 6 *FSR: Financial Strength Rating*
- 7 *IDR: Issuer Default Rating*
- 8 *IFS: Insurer Financial Strength*
- 9 *Leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill)*

Non-life

- 10 *Adjusted for technical interest and the market value interest rate effects of a sub-portfolio*
- 11 *BeZaVa: Restriction of Absenteeism and Disability Safety Net Act*

Health Netherlands

- 12 *The incidental result refers to earnings from health expenses and/or equalisation from previous book years and allocations to a provision for losses.*
- 13 *Ratio of policyholders with basic insurance who also have supplemental insurance*

Pension & Life Netherlands

- 14 *Excluding premium-related fees for reinsurance premiums*

Retirement Services Netherlands

- 15 *The fair value result is an accounting result that is compensated for in other financial periods, in line with the value development of the underlying derivatives. Derivatives are used to restrict the interest rate risk.*
- 16 *The Assets under Management (AuM) include a derivatives (overlay) portfolio.*

Other Activities

- 17 *Excluding premium-related fees for reinsurance premiums*