Achmea net profit increases to €386 million

- Acceleration & Innovation in full flow
  - Leading position in mobile and online sevices
  - Reduction of operating costs on track
  - Investment in Centraal Beheer APF and Achmea Investment Management
- Financial position continues to be strong with solvency of 210% (IGD)
- Allocation of €481 million to limit increase in health insurance premiums in 2016
- Storms caused more than €120 million in damages to our customers

Willem van Duin, Chairman of the Executive Board:

"Achmea achieved a net profit of €386 million in 2015. The result improved by lower expenses across the full breath of the company. Postive developments at our Pension and Life, Banking and International activities and higher investment results contributed to a higher result. Our result was strongly influenced by the €481 million allocation of our result to mitigate the premium increase of our health insurance policies for our customers. Major storms caused a great deal of damage to our customers. Compensation for storm damage has reduced our result by more than €120 million. Premiums remain stable around €20 billion. We used our market leadership in non-life and health insurance to make the best possible products for our customers.

Our solvency remained high at 210%, as a result of which our customers can depend on us being able to meet our obligations in the future. We obtained approval for use of a partial internal model for non-life insurance under Solvency II. This provides an even better protection of the interests of our policy holders.

We made great progress at Achmea with our Acceleration & Innovation programme. Many initiatives have had an immediate impact on the customers of our brands, such as improved apps or more extensive online services. Other steps are perhaps less visible, but are also vital to improving our services. With the foundation of the Centraal Beheer General Pension Fund (APF), we continue to position ourselves strongly in the pensions market. In line with this strategy, we have also concentrated the asset management activities to create Achmea Investment Management. With more than €100 billion in managed assets, one of the largest institutional asset manager of The Netherlands was created.

In the third year of our Acceleration & Innovation change programme, Achmea will be moving to the next phase. We are maintaining the course we set, and will be finishing off the current programme this year. At the same time, we are accelerating in specific areas, in order to continually respond to the changing needs of our customers. For instance, we are further streamlining our organisation in line with the market chains Non-life, Health and Pension. This enables us to reduce complexity and increase the commercial strength of our brands.

I would like to thank all our employees and the Central Works Council for their great commitment and dedication. I would also like to thank all our other stakeholders: our business partners – particularly Rabobank – shareholders and customers. Solid cooperation with all our stakeholders is the only way we can remain of value in the future, both to our customers and to society at large."

ACHMEA ANNUAL RESULTS 2015 - 1 MARCH 2016

A press conference for the media will take place as of 11am.

A conference call for analysts is scheduled for 2pm.
Analysts can dial in using the following number: +31 20 53 15 871.
For more information, please visit www.achmea.com

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The figures included in this press release have not yet been audited. The 2015 financial statements of the Achmea Group had not yet been completed at the time of publication. In preparing the financial data contained in this press release, the same accounting principles were used as for the Achmea Group's financial statements for 2014. In the event of any discrepancies between the Dutch and English versions of this press release, the Dutch version will take precedence.

Group results

GROUP DEVELOPMENTS

Innovation of services central focus

We made great progress at Achmea with our Acceleration & Innovation programme. Many of the initiatives are immediately noticeable by our customers, and increase customer satisfaction. Other steps are perhaps less visible, but they are improving our services. Today's customers get to decide themselves how they would like to manage their insurance business: online on their smartphone or tablet, or in person by telephone. Our brands are actively responding to this. More than 150 initiatives have been launched across the company in efforts to innovate our services. For example, the Centraal Beheer app offers customers an up-to-date and complete insight into their insurance policies and other financial services. It has also been easy to reach the customer service of FBTO via WhatsApp since the end of 2015, in which context questions are immediately answered. Interpolis actively helps businesses to arm themselves better against the risks of cybercrime. And the Interpolis Rechtshulp app contains much information which customers need in the case of legal questions. The online community of Zilveren Kruis has been in existence for more than a year already. Almost 700,000 Dutch people have visited the community once or more. They discuss health and vitality among themselves and with Zilveren Kruis. We have also started many innovative services internationally. The start of the online insurance company Onlia is a breakthrough on the Slovakian insurance market. And in Greece, Interamerican developed an insurance product under the name 'Buy-the-mile', with which car drivers were able to insure their car per kilometre driven.

Net profit increased thanks to cost reduction

In addition to innovation, the focus on costs and return will continue to be very important over the next few months in order to be able to offer customers our insurance products at an attractive price. The net profit increased to €386 million in the year 2015. Among other things, the result improved as a result of cost reductions across the full breadth of the company. Positive developments at our pension and life activities, banking and international activities and higher investments results contributed to the improved results. Our operational result slighty decreased to €368 million due, among other things, to the allocation of €481 million to limit the increases to health insurance premiums in 2016. Storms also caused a great deal of damage to our customers. The compensation we paid for this damage has reduced our operational result by approximately €120 million. Written premiums remained stable in 2015 at around €20 billion. We used our market leadership in non-life and health insurance to make possible the best products for our customers.

Our financial position remains solid

Our solvency remains high, at 210%. This means that our customers will be able to count on us continuing to meet our obligations to them in the future. We obtained approval for use of a partial internal model in the case of non-life insurance under Solvency II. This provides an even better guarantee of the interests of our insured parties. Our long-term Standard & Poor's A+ credit rating for our insurance divisions demonstrates that we are pursuing a sound strategy, both in financial and operational terms.

Investing in responsible returns

We will be accelerating customer focus and cost savings, as well as upgrading and digitising our processes and services. We have already taken significant steps. We are also investing in responsible returns for the future. With the planned foundation of the Centraal Beheer General Pension Fund (APF) we are positioning ourselves strongly in the pensions market. In line with this strategy, we have also concentrated the asset management activities to create Achmea Investment Management. With more than €100 billion in managed assets, it immediately became the fifth largest institutional asset manager in the Netherlands. The commercial partnership with strategic partner Rabobank remains as important as before and was further strengthened in 2015.

Since the start of Acceleration & Innovation, we have reduced our costs by more than €300 million.
This puts us on schedule to reduce our costs. We have had to let go approximately 2,400 employees. The loss of jobs is unavoidable, and we are doing a great deal to help colleagues affected by this to the best possible extent. We are increasing deployability and mobility, on the basis of a Strategic HR plan, among other things.

The next phase in Acceleration & Innovation

In recent years, a great many steps have been taken to make the organisation stronger and more customer-oriented. In the third year of our Acceleration & Innovation change programme, Achmea has moved to the next phase. We are maintaining the course we set, and will be finishing off the current programme this year. At the same time, we have taken new steps to further increase the effectiveness of the organisation. We further streamlined our organisation in line with the market chains Non-life, Health and Overall Retirement Proposition. In this way, we are reducing the complexity and increasing the commercial effectiveness of our brands.

Governance

Our Executive Board has been partly renewed. Bianca Tetteroo and Robert Otto were appointed as member in the middle of 2015. Roelof Konterman was appointed vice-chairman. Danny van der Eijk and Jeroen van Breda Vriesman resigned. We would like to thank them for their contributions to our company.

Group results

KEY FIGURES (€ MILLION)

RESULTS	2015	2014	Δ
Gross written premiums	19,922	20,002	0%
Net earned premiums	19,526	18,757	4%
Operating expenses	2.633	2.975	−11%
COMPOSITION OF RESULT			
Operational result**	**368**	**388**	**−5%**
Profit before tax	378	−8	n.m.*
Net profit	386	16	n.m.*
BALANCE SHEET	31-12-2015	31-12-2014	Δ
Total assets	**92,917**	**93,205**	**0%**
Equity	10,280	9,818	5%
SOLVENCY	31-12-2015	31-12-2014	Δ
Regulatory solvency ratio Group (FCD)	211%	217%	−6%-pt
Regulatory solvency ratio insurance Entities (IGD)	210%	215%	−5%-pt
FTEs	31-12-2015	31-12-2014	Δ
FTEs (internal)	15,412	16,556	−7%

** n.m: not meaningful.*

RESULTS IN GLOBAL TERMS

The net profit increased to €386 million in the year 2015. The result improved due to lower expenses across the full breadth of the company. Positive developments at our pension and life activities, banking and international activities and higher investments results contributed to the improved results. Besides, the divestment of entities that did not structurally contributed with a postive result, contributed favourably. In 2014, nonrecurring items such as reorganisation expenses, depreciation of goodwill and transaction results due to the sale of divisions led resulted in a net profit of €16 million. The operational result decreased slightly to €368 million as a result of lower results within Health and higher storm damage to insured parties (2014: €388 million).

COMPOSITION OF NET PROFIT (€ MILLION)

	2015	2014
Operational result	368	388
Impairments to intangible fixed assets		143
Reorganisation expenses		239
Transaction results sales	10	14
Profit before tax	378	−8
Taxes	8	24
Net profit	386	16

We continue our efforts to reduce our operating expenses further. We are working non-stop to reduce expenses and the complexity of the organisation. At the same time, we are investing in new strategic opportunities, such as in the market for retirement provisions and further digitisation of our services. We also continue to invest in serving our customers via the banking channel, together with our partner Rabobank.

Adjusted for the nonrecurring reorganisation expenses in 2014, the operating expenses decreased by 5% to €2,633 million, in particular as a result of the Acceleration & Innovation programme.

Gross written premiums remained virtually stable at €19,922 million (2014: €20,002 million). This again demonstrates that many people in the Netherlands opted for insurance policies at for instance Centraal Beheer, Zilveren Kruis or Interpolis.

Our financial position remains robust, despite a slight reduction of the Solvency I ratio (IGD) to 210% (2014: 215%). In 2015 the required

*** As of 2015, Achmea uses the operational result as a criterion for the profit or loss of a segment, rather than the profit before tax. The operational result is calculated by correcting 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 activities, and are therefore not expected to occur regularly. Examples include reorganisation expenses, exceptional depreciation losses from goodwill and pre-tax results from disinvestments, related to disinvestment operations. Comparative figures have been included accordingly.*

capital increased due to the fact that our group has reinsured less risk. Moreover, the available capital decreased as a result of different cost assumptions and because of effects of interest and spread movements during the year.

Operational result

The operational result for 2015 reached €368 million (2014: €388 million). Positive developments in our pension and life activities, our banking and international activities and higher investment results compensated for higher storm damage and additions to the provisions for injury loss, and lower results from healthcare.

Storms and higher provisions for injury claims had a major influence on our non-life insurance business in 2015. The operational result decreased as a result of this to €34 million (2014: €103 million). The underlying result improved primarily as a result of measures in the context of our business non-life portfolio and collective occupational disability insurance. In addition, we reached a higher investment result.

The structural result for the policy year 2015 is limited to €26 million due to the fact that the 2015 premium rate did not cover the estimated healthcare costs, for which a provision had already been made and charged against the result over 2014. The result from health insurance of €287 million (2014: €442 million) showed a decrease in 2015, both for the basic insurance and the supplementary insurance. The result from the basic insurance stood at €248 million (2014: €342 million), and consists of the result from the current policy year, the result from previous years and a provision for loss-making contracts resulting from the premium rate for the subsequent year. The incidental result from previous years at €703 million in 2015, was €277 million higher than in 2014. In 2015 we allocated €481 million from this result to limit premium rises for our customers. In 2014, we used €335 million from the incidental result for this.

The result from the pension & life activities increased considerably to €165 million (2014: €64 million) due to improved investment results and an increased technical result. We choose for a solid position in the pension market and invest in Centraal Beheer General Pension Fund (APF) with among others a new administration platform. In doing so, we make a big step in digitalising and in improving communication with our customers. We offer both defined benefit and defined contribution solutions. Due to increasing life expectancy and low interest rates, employers are not able or willing to invest in pension guarantees. In line with this, we have taken the strategic decision to stop offering any more pension insurance products. By setting apart the existing pension portfolio from an organisational point of view, we are creating a 'closed-book Pensions'. In this context, we are focusing on continuing a high level of service provision at the lowest possible costs. In this respect, we also are committed to achieve synergy with the existing 'closed-book Life'. We are working in this context according to the principle: one system, one process and one location.

Our international activities are also contributing positively to our operational result. Good commercial performance in Turkey and a number of nonrecurring income items led to a doubling of the operational result to €52 million (2014: €26 million). Adjusted for the nonrecurring items, the result increased by 15% to €30 million.

The results from our banking activities of - €19 million (2014: - €28 million) improved as a result of a higher interest margin and lower costs. We expect a further improvement in results from the commercial opportunities for Achmea Bank with our proposition for retirement products and further cost reductions due to outsourcing.

The result on Achmea's investments was €47 million higher than for 2014, despite the decline in direct investment income of €38 million. Higher realisations on both fixed-income securities and equities resulted in an effect of €57 million. The indirect result from real estate was up by €34 million compared to 2014. While our investment in retail and office property is, on balance, still subject to a slight downward revaluation, the value of residential property increased in 2015. The realisations from fixed-income securities were mainly due to a change in the composition of the portfolio.

We reduced our covered bond portfolio due to the low spreads; this was in favour of higher-yielding investments, such as private loans and mortgages. Over the past year our investment in direct mortgages for the insurance business has risen by €2.2 billion to €3.8 billion at year-end 2015.

Operating expenses

At the end of 2013, we announced our Acceleration & Innovation change programme. We are innovating our services to customers and standardising and automating our processes and systems. Acceleration & Innovation also includes reducing costs by €450 million by the end of 2016. During this third year of the programme, Achmea is now entering a next phase of ongoing changes. We are taking new steps to further increase the operational effectiveness of the organisation. We are also investing in order to be able to respond to market opportunities.

Operating expenses decreased further in 2015 by 11% to €2,633 million (2014: 2,975 million). If the reduction is adjusted for the nonrecurring reorganisation and other costs in 2014, the operating expenses decreased by 5%. The operating expenses decreased as a result of the reduction in personnel costs (due to the reduction in the number of internal jobs) and lower IT costs (as a result of simplified IT systems). We also spent less on housing.

The number of jobs further declined in 2015. The number of internal jobs for domestic and foreign activities decreased by 7% to 15,412. The number of internal employees in the Netherlands decreased in 2015 to 12,893, or by 9%. The reduction in the Netherlands, including external employees, is 8%. The reduction to the number of employees in the Netherlands is largely the result of the Acceleration & Innovation programme. Achmea is helping redundant employees in finding alternative employment within or outside the company. This takes place through Achmea's Transfer Centre (ATC), Achmea's mobility centre. At year-end 2015, the ATC was supporting approximately 300 employees (FTE) whose jobs have been withdrawn.

The number of internal FTE outside the Netherlands grew by 73 to 2,519, primarily at Eureko Sigorta in Turkey, in order to support growth.

Taxes

In 2015, Achmea recorded a tax income of €8 million. The income is due to the result from Health (which is exempt from corporation tax) and the participation exemption due to the sale of investment participations.

Capital management

Equity rose to €10,280 million in the past year (2014: €9,818 million), representing an increase of €462 million. The largest contributions to this increase came from the net profit over 2015 of €386 million and the issue of a new perpetual bond amounting to €750 million; the latter was partly used to buy back and redeem existing perpetual bonds amounting to €367 million. The decline in the revaluation and currency reserves of €231 million and dividend and coupon payments amounting to €63 million had a negative impact on the equity. This amount breaks down into €17 million in dividend payments for preference shares and €46 million in coupon payments on hybrid capital.

DEVELOPMENT OF TOTAL EQUITY (€ MILLON)

Total equity 31/12/2014	**9,818**
Net result	386
Issue of equity instruments	750
Redemption and repurchase of equity instruments	-367
Revaluation of equity and fixed income portfolio	-185
FX reserves	-46
Post employee benefits	9
Dividends and coupon payments to holders of equity instruments	-63
Other	-22
Totaal equity 31/12/2015	**10,280**

A solid financial position is a prerequisite for long-term fulfilment of the commitments we made with our customers. Our IGD solvency ratio (excluding our banking and pension services business) decreased by 5 percentage points to 210% compared to year-end 2014 (215%). This decrease is the result of a decrease in available capital of €57 million and an increase in the required capital of €78 million.

The decrease in available capital is caused mainly by a - €533 million deterioration in the result of the adequacy test for the liabilities of our pension and life insurance business, which is largely compensated for by the increase in equity of €462 million. This decline is due to interest rate fluctuations, changes to mortality and lapse assumptions and changes to cost assumptions.

Achmea uses the ECB AAA yield curve, including an ultimate forward rate (UFR) in performing the capital adequacy test. If the UFR were not applied, the IGD solvency ratio at year-end 2015 would be roughly 15 percentage points lower. As of 31 December 2014 this negative effect was about 23 percentage points. This change is due to the higher interest rates in 2015. The FCD solvency ratio – which relates to the Group including its banking operations and pension services business – decreased to 211% (year-end 2014: 217%). Achmea Bank's core Tier 1 ratio decreased slightly to 16.7% (year-end 2014: 17.0%). Staalbankiers' core Tier 1 ratio increased to 29.7% (year-end 2014: 18.9%).

SOLVENCY I (IGD) (€ MILLION)

	31-12-2015	31-12-2014	Δ
Available capital	8,383	8,440	-1%
Required capital	4,001	3,923	2%
Solvency ratio (IGD)	**210%**	**215%**	**- 5%-pts**

Solvency II

As of 1 January 2016, Solvency II is the leading regime in Achmea's capital policy. Internal models for internal steering have been developed for this purpose, as these better match the risks Achmea faces than the standard Solvency II formula based on European averages.

Achmea's partial internal model for non-life insurance risk has been approved for use for prudential purposes by the Dutch central bank (DNB) and the Bank of Greece. The model provides Achmea with improved insight into the risks it faces. It enables us to steer better and provides even greater protection for our customers' interests.

Group results

The Group's solvency levels are as follows as of 30 June 2015:

SOLVENCY II RATIO'S FOR ACHMEA GROUP (€ MILLION)

	30-06-2015*	31-12-2014	Δ
Approved model (PIM)	185%	171%	14%-pts
Standard Formula (SF)	182%	169%	13%-pts

**In line with Achmea press release on the 22nd of December.*

The changes to the ratios in the first half of 2015 were due to several effects:

Available capital

- the positive result in the first half of 2015;
- the perpetual bond issue (€750 million) combined with the redemption of another perpetual bond (€367 million);
- conversion to products with lower profit margins within the life insurance business caused a decline in the available capital.

Capital adequacy requirement

- increase in equity risk due to higher prices;
- decline in life insurance risk due to the above mentioned conversion. This reduces the lapse risk (a component of life insurance risk);
- counterparty risk is higher in line with the higher investment in mortgages;
- change from the deduction and aggregation method to the consolidation method with diversification at De Friesland Zorgverzekeringen.

At the time of publication of this press release, the Solvency II results as at year-end 2015 were still being processed.
A change in cost assumptions and other factors in our models during the second half of 2015, as discussed under Solvency I, is expected to have a broadly similar impact on the results under Solvency II. Detailed information on our Solvency II results will be disclosed during Achmea's Capital Markets Day, which is scheduled for 26 May 2016.

Funding

In February 2015, Achmea B.V. issued €750 million in subordinated notes at a coupon rate of 4.25%. These are perpetual capital instruments. The first call option is after ten years. They are listed on the Irish Stock Exchange in Dublin, Ireland. Also in February 2015, after a cash bid Achmea B.V. bought back a €229 million principal of the outstanding €367 million 5.125% Fixed-to-Floating Rate Perpetual Securities at a buy price of 101.5%. The remaining €137 million was repaid at par in June.

Our debt leverage ratio* increased to 25.5% (year-end 2014: 24.3%) as a result of these transactions. Our double leverage ratio** decreased slightly to 104.7% (year-end 2014: 105.8%). Our fixed-charge coverage ratio – which reflects the relationship between fixed financing expenses and earnings before interest, tax, depreciation and amortisation (EBITDA) – decreased to 4.1x (year-end 2014: 4.3x). The debt leverage ratio and the fixed charge coverage ratio of 2014 have marginally changed, because we consider the CHF200 million loan as a fixed financing cost at holding company level.

Standard & Poor's ratings of the Achmea Group (A-, negative outlook) and Achmea's insurance businesses (A+, negative outlook) remained unchanged in 2015. Achmea Reinsurance Company N.V. was awarded a separate Standard & Poor's rating of A in 2015. Achmea Bank's S&P rating remained unchanged (A, 'negative outlook');

** Debt leverage: non-bank debts and perpetuals as a percentage of the sum of total equity, non-bank debts and perpetuals less goodwill.*

*** Double leverage: the ratio between (a) the difference between the available capital and subordinated debt at holding company level and the equity of the investee companies and intangible fixed assets and (b) equity at holding company level.*

Non-life Netherlands

- Operational result strongly affected by storms and higher injury claims
- Underlying, the result is up due to actions to improve returns for business claims and cost reductions
- Increase in the number of private policyholders at Centraal Beheer

RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums	3,128	3,163	–1%
Operating expenses	904	936	–3%
Operational result	**34**	**103**	**–67%**

KEY FIGURES PROPERTY & CASUALTY	2015	2014	Δ
Claims ratio	74.2%	69.7%	4.5%-pt
Expense ratio	29.1%	30.0%	–0.9%-pt
Combined ratio	**103.3%**	**99.7%**	**3.6%-pt**

KEY FIGURES INCOME PROTECTION	2015	2014	Δ
Claims ratio	69.2%	70.4%*	–2.9%-pt
Expense ratio	25.7%	28.8%	–1.4%-pt
Combined ratio	**94.9%**	**99.2%**	**–4.3%-pt**

	31-12-2015	31-12-2014	Δ
Solvency	231%	262%	–31%-pt

** As of the press release of the annual result 2015 the claims ratio of the income protection insurance business is corrected for technical interest and market value interest effects of an insurance contract. Comparable figures for2014 have been corrected for this as well.*

GENERAL INFORMATION

Achmea is market leader in non-life insurance in the Netherlands and leading in income protection products. Customers are taking out our non-life and income protection insurances directly via Centraal Beheer and FBTO, from Interpolis via Rabobank and from Avéro via intermediaries. Particularly in the highly-competitive market for non-life insurances, our customers' wishes are changing rapidly. We are actively responding to this by developing new technologies and applications. Operationally we digitalise our processes and systems in order to work more efficiently. We are permanently lowering our costs and translating these into competitive premiums for our customers.

Results

The 2015 operational result for the Non-life Netherlands segment was substantially affected by exceptional weather conditions (storms) and by a one-off negative development in personal injuries. When adjusted for these effects, the operational result increased to about €150 million (2014: €103 million). The share of severe storms within this effect is €70 million. The higher result was mainly due to cost reduction and higher investment returns (€30 million) due to realisations brought about by changes to the fixed-income portfolio. Gross written premiums fell to €3,128 million over 2015 due to multi-year contracts signed in 2014 and a stricter price and acceptance policy in 2015 (2014: €3,163 million). We terminated loss-making contracts.

SEGMENTS

Property & Casualty

The 2015 financial year was characterised by severe weather (storms) claims and a one-off negative effect from personal injuries. Over 2015 the result from P&C was €13 million (2014: €63 million). In underlying terms, the result within the P&C business improved due to an increase in the return on the business market portfolio and cost reduction as a result of the Acceleration & Innovation programme.

In March and August last year, many of our customers suffered damage caused by severe storms. We cannot yet identify a trend-based change in these storms over a long period. Severe storms had a negative effect on our result of €70 million. In addition, our customers increasingly experienced damage caused by severe local weather conditions. Research by the Royal Netherlands Meteorological Institute (KNMI) demonstrates that the intensity of rain, hail and thunderstorms will increase over the next few decades. Price adjustments are required in order to be able to continue compensating our customers for future claims. The total cost of claims resulting from storm damage was about €120 million.

In 2015, we saw a one-off cost of personal injury claims amounting to €46 million. We have adjusted our provisions for personal injuries partly in response to recent jurisprudence relating to general damages claims.

Operating expenses for our non-life business decreased over 2015 to €741 million (2014: €760 million), mainly because we succeeded in further cutting our process and system costs. We are revising and standardising our products, processes and systems via our multi-year "Non-life Chain" programme. Our aim is to cut costs further at our non-life insurance activities.

Gross written premiums in our non-life business remained largely stable at €2,518 million in 2015. A sharp increase in the number of private customers insured at Centraal Beheer largely compensated for the drop in the number of policies in the commercial non-life portfolio. Implemented improvement of profitability among our business customers resulted in a decline in the premium volume in 2015. Several multi-year contracts were also concluded in 2014, boosting the number of written premiums in that year.

The higher cost of claims due to storms and the increase in personal injury claims, combined with the effect of the lower premium volume, caused an increase in the combined ratio to 103.3% (2014: 99.7%). The claims ratio rose to 74.2% (2014: 69.7%). The expense ratio improved slightly by 0.9 percentage points to 29.1% (2014: 30.0%). When adjusted for one-off effects caused by the severe storms and the higher cost of personal injuries (effect: 4.6 percentage points), the combined ratio declined by 1.0 percentage point to 98.7% (2014: 99.7%).

Income Protection

In the income protection insurance market, Achmea sells sickness insurance and individual and collective disability insurance. The market for income protection products is under pressure and has shrunk in size over the past two years. Achmea holds a 19% market share in this market.

In 2015, the operational result from our income protection insurance was €20 million (2014: €40 million). The result is down due to a higher average disability percentage over 2015. Our result was also adversely affected by higher settlements on profit-sharing on collective contracts. However, a higher amount of provisions was released from previous years in this respect. Operating expenses declined by €13 million due to cost savings and the termination of some of the administrative services for absence due to illness.

We saw a rise in the cost of claims at our **sickness insurance** in 2015 due to policyholders being ill for longer and a lower outflow of patients to the Employee Insurance Agency (UWV), partly because of a lower number of bankruptcies.

The average level of disability increased in our **individual disability insurance** division. Furthermore, as a result of the low interest rates we had to add to our provisions in order to meet our long-term obligations to our customers. This adverse effect of these low interest rates has not yet been passed on to our customers in full in the form of higher premiums, as we have opted instead to retain our competitive position.

The average level of disability increased among our customers in 2015, which is likely to delay their return to work. More active supervision and support and other investments in the rehabilitation process only partially offset this increase in the average level of disability. The release of provisions from previous years was therefore lower in 2015 than in 2014.

A portion of the provisions made for our **collective disability insurance** policies was also released in 2015, mainly due to the lower-than-expected number of new cases. At the same time, a faster recovery of employees resulted in lower claims. The limited inflow of new people with disabilities and the faster recovery of existing cases has allowed us to share more of our profits with our customers.

We aim to keep our market share for individual and collective disability insurance at least stable. We have therefore used the additional funds arising from the lower cost of claims (as a result of the lower benefits paid to people with work-related disabilities) to keep our premiums competitive in the market.

Gross written premiums from our income protection segment grew by €23 million to €610 million in 2015 (2014: €587 million). The increase in premiums from our collective disability insurance products was chiefly due to new contracts and premium increases. Gross written premiums were down slightly for the sickness and individual disability insurance portfolios.

In spite of the decline in the operational result, the combined ratio over 2015 fell to 94.9% (2014: 99.2%) due to lower operating expenses and a lower cost of claims. The combined ratio improved, while the operational result is lower. The result is partly affected by higher profit-sharing compared to 2014 due to sound claim results from previous years that form no part of the calculation of the combined ratio.

We have adjusted our combined ratio and claims ratio for the interest accrual of the insurance-related provision, as this needs to be earned from the investment returns. This correction means that the combined ratio gives a more reliable picture of the composite growth of the cash value of future payments, costs and earned premiums. The results can therefore be better related to the same ratio used to assess the non-life insurance business. Without this correction, the combined ratio would be 15.0 percentage points higher (2014: 14.9 percentage points). At 25.7% the cost ratio has improved greatly against 2014 (28.8%) thanks to the implemented savings.

Health Netherlands

- Structural result of basic health insurances decreased to €26 million due to higher healthcare costs
- €481 million used to curb premium increases in 2016
- Higher gross written premiums due to transfer of portions from the former Act on Extraordinary Healthcare Costs (AWBZ) to basic health insurance

RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums*	13,517	13,257	2%
Operating expenses	592	634	−7%
Operational result	**287**	**442**	**−31%**
Result Basic health health policy year 2015/2014	26	243	n.m.**

KEY FIGURES BASIC HEALTH	2015	2014	Δ
Claims ratio	95.5%	95.1%	0.5%-pt
Expense ratio	3.2%	3.6%	−0.4%-pt
Combined ratio	**98.7%**	**98.7%**	**0.0%-pt**

KEY FIGURES SUPPLEMENTARY HEALTH	2015	2014	Δ
Claims ratio	87.3%	82.2%	5.1%-pt
Expense ratio	9.1%	10.8%	−1.7%-pt
Combined ratio	**96.4%**	**93.0%**	**3.4%-pt**

	31-12-2015	31-12-2014	Δ
Solvency	227%	214%	13%-pt

**Including fee income*
*** n.m.: not meaningful*

GENERAL INFORMATION

Together, Zilveren Kruis, Interpolis, FBTO, Avéro, Pro Life, OZF and De Friesland insure over 5.2 million people in the Netherlands for their healthcare costs. Our market share remained approximately the same at about 30%. Additionally, we offer healthcare services, including the Eurocross emergency services for global medical aid.

Results

The result from our basic health insurance for the policy year 2015 was €26 million (2014: €243 million). The premium rate for 2015 did not completely cover the healthcare costs, for which a provision had already been charged against the result over 2014. Over 2015 we allocated €481 million from the result to limit premium rises for our customers for 2016. This was done in spite of the increase in healthcare costs and the transfer of a portion of the healthcare costs from the Act on Extraordinary Healthcare Costs (AWBZ) to basic health insurance. Over 2014 €335 million was allocated from the result to limit the increases in healthcare costs on premiums. In this way, our policyholders benefit from the positive result. The allocation of part of our result also contributed to us maintaining our leading market position as a health insurer. A large market share is important to being able to maintain cost efficiency and procure high-quality healthcare for our policyholders.

The remainder of the released provisions and the positive balance from the equalisation system for basic health insurance was €222 million in 2015 (2014: €99 million). This amount has been added to our reserves. Over the years we have paid out 95% of the premiums received to compensate our customers for their healthcare costs. We spend about 3% on costs for customer services, IT and buildings; about 2% is added to our reserves. Maintaining sound reserves is in the interest of our customers. However, in the health insurance market there is growing pressure on achieving a sustainable return. The reserves required are expected to increase in the near future. This is partly due to the transfer of part of the healthcare costs from the Act on Extraordinary Healthcare Costs, the rise in healthcare costs and the shift of risk to health insurers. Adding to our reserve is also required to maintain our solvency ratio following the implementation of Solvency II. By maintaining adequate reserve levels, we can absorb the abovementioned uncertainties and limit sharp premium rises in the future.

The result from our supplementary health insurance declined to €39 million, including a €5 million positive contribution from released provisions from previous years (2014: €99 million), mainly due to a lower release of provisions, combined with a lower number of policyholders who also make more selective use of their cover.

Operating expenses decreased by €42 million in 2015 compared to 2014 as a result of initiatives related to the Acceleration & Innovation programme. The sale and closure of the Achmea Health Centers in the second half of 2014 also contributed to the lower operating expenses.

Gross written premiums of health activities (excluding non-life) rose in 2015 by 2% to €13,489 million (2014: €13,240 million). The increase is the result of the transfer of part of the healthcare costs from the Act on Extraordinary Healthcare Costs to basic health insurance. We have made a strategic choice to focus specifically on policyholder groups for which we can add real value to our customers. For this reason, we terminated our relations in 2015 with what are known as occasional groups. In spite of the increase in the total premium volume, the total number of policyholders decreased. On balance, the health campaign for 2016 resulted in a decrease in the number of policyholders by about 100,000.

SEGMENTS

Basic Health Insurance

The lower result from basic health insurance is due to the increase in healthcare costs in 2015, combined with the transfer of a portion of the former Act on Extraordinary Healthcare Costs to basic health insurance. Moreover, over 2015 we allocated €481 million to curb increases to health insurance premiums versus €335 million in 2014; a difference of €146 million.

The contribution to earnings in the 2015 policy year was €26 million (2014: €243 million). In spite of the higher healthcare costs due to the transfer of a portion of the healthcare costs from the Act on Extraordinary Healthcare Costs, we earned a small positive result, chiefly due to the use of €335 million from the result over 2014.

Over 2015 there was a positive contribution of €703 million as a result of the one-off release of a portion of the provisions and a positive contribution from the equalisation system. The release of a portion of the provisions was mainly due to the increased 'extramuralisation' in mental healthcare. Patients are increasingly being cared for by the first line, leading to fewer hospital or care institution treatments being required. This caused a lower increase in healthcare costs than we had estimated, allowing us to release a portion of the accrued provisions.

Furthermore, there is an inherent delay to final payments in the healthcare system. Health insurers can only determine the final result from a policy year three years after the end of that year. Hospitals can only draw up invoices following completion of a diagnosis-treatment combination, causing this delay in financial settlements with health insurers.

The contribution from the equalisation system, which compensates based on the mutual differences in health between the policyholder populations of health insurers, is due to settlements relating to previous years.

Premium income from basic health insurance rose to €12,179 million (2014: €11,881 million) due to a higher contribution from the Healthcare Equalisation Fund, and the transfer of district nursing and sensory disability care from the former Act on Extraordinary Healthcare Costs to basic healthcare insurance. This contribution, combined with a small increase in premiums in 2015, compensated for the effect of a slight decline in the number of policyholders.

The combined ratio on basic health insurance remained stable at 98.7%. The higher allocation from earnings to limit increases in the premium for the subsequent year is compensated by a lower expense ratio. The claims ratio was up slightly in 2015 to 95.5% (2014: 95.1%) due to higher healthcare costs. The cost ratio fell to 3.2% (2014: 3.6%), mainly as a result of the implementation of the initiatives introduced as part of the Acceleration & Innovation programme.

Supplemental health insurance

The result from our supplemental health insurance fell to €39 million (2014: €99 million). The decline was caused by a lower result of €5 million from previous years (2014: €50 million) due to the lower release of provisions for healthcare costs. A drop in the number of policyholders also affected the result.

Gross written premiums for supplementary health insurance fell to €1,310 million (2014: €1,359 million), also due to a lower number of basic health policyholders. We are seeing growth in the number of policyholders with supplementary cover. The downward trend in the number of supplemental health insurance policies has therefore been deflected. Our customers are increasingly making a deliberate choice to take out supplementary health insurance. They are increasingly choosing lower levels of cover.

Health Netherlands

The combined ratio on supplementary health insurance increased to 96.4% (2014: 93.0%). The claims ratio increased by 5.1 percentage points to 87.3%. In 2014, a higher amount of provisions was released due to lower healthcare costs. Adjusted for this effect from 2014, the increase was 1.8 percentage points. The cost ratio fell by 1.7% to 9.1% in 2015 as a result of a reduction in operating expenses.

Pension & Life Netherlands

- Operational result up to €165 million (2014: €64 million)
- Costs down by 8% due to reduction in complexity and ban on commissions
- Application of license for establishment of Centraal Beheer General Pension Fund (APF) completed

RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums	2,160	2,485	−13%
Operating expenses*	348	378	−8%
Operational result	**165**	**64**	**158%**

KEY FIGURES BASED ON MARKET CONSISTENT PRINCIPLES	2015	2014	Δ
Value added by new business	2	8	−75%
New business (APE)	122	197	−38%
Present value of new business premiums	644	1,699	−62%
New business margin	0.2%	0.4%	−0.2%-pt
Value added by new business as % of APE	1.3%	3.8%	−2.5%-pt

	31-12-2015	31-12-2014	Δ
Solvency	197%	228%	−31%-pt

**Excluding rise in premium-related fees for reinsurance premiums*

GENERAL INFORMATION

Achmea continues to offer its customers the possibility to build-up a good pension. In 2015, we continued to work on setting up a Centraal Beheer General Pension Fund (APF).
The licence application was submitted to De Nederlandsche Bank in early 2016. Once the licence has been granted, Centraal Beheer will start the active sale of the pension solutions within a general pension fund (APF). Centraal Beheer APF is an independent foundation that harnesses Centraal Beheer's distribution power.

On receipt of the APF licence, the pension insurance portfolio will become a closed-book. In addition to the organisation, processes and propositions, also the portal where employers and employees can consult their pension schemes has been designed in 2015. Using our long experience of collective schemes and the existing closed-book for the Life business, we aim to work efficiently while maintaining a high level of customer satisfaction. The continued focus on a less complex organisation with a simple system landscape provides a very solid basis for a closed-book. Our management of the Pension & Life activities will place even greater emphasis on cost control, restricting portfolio lapse and the creation of free cash-flows. We will continue to sell our mortality risk products to meet our customer's wishes. In 2015, we virtually achieved our target of simplifying the systems within the Pension & Life business. As a result, our defined contribution scheme and defined benefit products now have a one process, one system and one location.

Results

The results before tax from our Pension & Life segment in the Netherlands increased to €165 million in 2015 (2014: €64 million). This rise is due to a higher technical result, a higher result on investments and an improved cost result.
The increase in the technical result is partly due to a higher mortality rate than expected. We assume that this is a one-off effect. In addition, the technical result is higher due to a one-off negative result on a run-off occupational disability insurance contract at our reinsurer in 2014. The increase in the investment result is due to the further recovery on the real estate market and positive results on the sale of equities. As a result, our equity portfolio remains in line with our risk appetite.

The change in value of our fixed-income securities and interest-rate derivatives, caused by fluctuations in the market interest rate, is not directly visible in the results.
All investment results on fixed-income securities and interest-rate derivatives for own risk are set aside in a Fund for Future Appropriation (FFA). The FFA is a provision to cover commitments to our customers. At year-end 2015, the FFA had a total value of €6.2 billion compared to €6.7 billion at year-end 2014. Higher market interest rates in 2015 led to the FFA declining by €0.5 billion.

When adjusted for the higher premium-related commissions caused by the revision of reinsurance contracts, operational expenses for the Pension & Life activities decreased. The adjusted operating expenses in the Pension & Life segment in the Netherlands decreased by 8% to €348 million in 2015 (2014:

€378 million). The lower costs are due to the simplification of our systems and processes as part of the Acceleration & Innovation programme. We now deploy fewer employees. Commission expenses are down due to the ban on commissions. Our operating expenses have decreased in spite of investments in IT in order to simplify our system landscape and our extra efforts in aftercare activities for Unit-Linked insurance policies, which we nearly completed in 2015.

In 2015, gross written premiums fell by 13% to €2,160 million (2014: €2,485 million), due to by large single-premiums in 2014 and due to scheduled lapses partly being compensated for by higher reinsurance premiums. New business (APE) decreased to €122 million (2014: €197 million), compared to last year. This is largely due to a lower number of renewals of existing contracts. In 2015, the value of new business (VNB) decreased to €2 million (2014: €8 million), while the margin on the value of new business decreased to 1.3% (2014: 3.8%).

SEGMENTS

Group retirement and life insurance

Gross written premiums decreased by 24% compared to 2014, to €700 million (2014: €925 million). This is due to several large single premium-policies in 2014 and a decrease in premiums caused by regular lapses and by waiving policy contributions due to commercial migration to target systems.

Individual retirement insurance and life insurance

Over the past year we have seen growth in the term life insurance portfolio for our Centraal Beheer, Interpolis and Woonfonds brands. This is due to the recovery on the housing market. Our market share for newly-purchased products has therefore increased. Our ambition is to increase our market share further for term life insurance. At 6% the lapsing in our closed-book Life portfolio, which holds the majority of the individual life insurance products, is in line with 2014.

Gross written premiums fell by 12% compared to 2014, to €1,147 million (2014: €1,299 million). This is due to regular lapses and by waiving policy contributions due to commercial migration to our target systems.

Reinsurance

Achmea Reinsurance is a wholly-owned subsidiary of Achmea. It primarily offers reinsurances within the Group. For external parties Achmea Reinsurance mainly reinsures mortality and longevity risk, especially in the event of catastrophes. We restructured and expanded our external life reinsurance portfolio in 2015. The restructuring of the reinsurance portfolio has contributed to a higher operational result and higher premium income. Premium income rose from €260 million to €312 million. As a result, premium-related fees rose by €78 million in 2015 compared to 2014. In 2014 we had to increase the provision for a reinsurance contract in a run-off. The increase in the Pension & Life result in 2015 is partly due to the provision taken in 2014.

International

- Operational result doubles to €52 million
- Revenue up in spite of divestments and devaluation of Turkish lira
- Further investments in digitalisation, including the launch of Onlia, a new online non-life insurer in Slovakia

RESULTS (€ MILLION)

	2015	2014	Δ
Gross written premiums*	1,123	1,109	1%
Operating expenses	263	311	−15%
Operational result	**52**	**26**	**100%**

GROSS WRITTEN PREMIUMS PER COUNTRY	2015	2014	Δ
Turkey	331	276	20%
Slovakia	318	295	8%
Greece	312	335	−7%
Ireland	156	163	−4%
Australia	6	1	n.m.**
Other	0	39	n.m.**

**Gross written premiums 2014 include divested operations in Russia and Romania*
***n.m.: not meaningful*

GENERAL INFORMATION

Following the divestment of our activities in Russia and Romania, Achmea currently operates in five markets outside of the Netherlands: Turkey, Greece, Slovakia, Ireland and Australia. These are countries with structural potential for growth. This year resulted in higher results and premium growth. The year 2015 was marked by further digitisation and strengthening of customer focus for our foreign companies.

A revised international strategy was developed in 2015. The point of focus of this strategy is on (i) acceleration in current markets; (ii) disruption in new mature markets, leveraging our competences in non-life and direct insurance, and (iii) growth in markets to be developed selectively, building on our knowledge of Health and the Rabobank network.

Results

The operational result doubled to €52 million (2014: €26 million) due to higher profitability in all countries with the exception of Australia where we are still investing in growth. The result over 2015 was positively affected by a number of one-off items with a net effect of €22 million, partly due to the transition to a new pension scheme and an amendment to legislation in Turkey.

In 2015, gross written premiums in active markets rose by 5% to €1,123 million (2014: €1,070 million). Including the effect of the divestment of the Russian and Romanian segments in 2014, the increase in the total gross written premiums is limited to 1%. Operating expenses declined by 15% to €263 million (2014: €311 million). Operating expenses, excluding divested operations, declined by 6%.

COUNTRIES

Turkey

Eureko Sigorta sells non-life and health insurance products. These are mainly distributed through Garanti Bank, our bancassurance partner. Gross written premiums were up by 20% to €331 million (2014: €276 million). Turkish lira revenue growth stood at 25% compared to 2014 and grew more quickly than the overall non-life insurance market. Due to a change in legislation on minimum wages, higher benefit payments are to be expected. Achmea had to make an one-off increase to the provision for liability insurance policies. The liability insurance portfolio almost exclusively comprises general cover for legal liability. Eureko Sigorta is focusing on further growing its premiums by expanding the strategic alliance with Garanti Bank, as well as through investment in digitisation. For our intermediary market, a new digital portal for brokers was launched in 2015. This enables Eureko Sigorta to issue policies to customers very quickly. For the third time in a row, Eureko Sigorta also won the management contract for the insurance policy covering claims resulting from earthquakes for homeowners and small business owners which is mandatory in Turkey.

Slovakia
Union is the third largest insurer (Non-Life and Health) in Slovakia and offers next to health and non-life insurance products also life insurance products. Premium income increased by 8% to €318 million (2014: €295 million), whereby all product groups displayed growth. In 2015 health insurance made a greater contribution to profitability, mainly due to more effective healthcare procurement. The non-life insurance business also saw positive claim development. Union invested further in digitation of the company. The number of online customers was up by 12% to nearly 73,000 (2014: 65,000), partly due to the new, innovative online non-life insurance proposition called Onlia. This insurance product Onlia can be taken out online and all interactions with the customers take place in a modern and digital way. It is popular among young people and matches up well with this target group's need for flexibility.

Greece
Interamerican is the second largest private insurer in Greece and offers non-life, health and life insurance products. In 2015, gross written premiums fell by 7% to €312 million, versus €335 million in 2014. In the shrinking Greek market, Interamerican succeeded in increasing its market share in non-life insurance. In particular through the direct online brand Anytime, the number of car insurance policies grew to 258,000 (2014: 224,000 policies).

The current economic climate in Greece has affected the financial situation of our customers. For this reason, over the past year we have invested in customer-oriented innovation that also responds to the situation in society. The Buy-the-Mile product offers Greek citizens an affordable solution for insuring their car dependent on the car kilometres driven. This is a good alternative for customers who otherwise might have kept their cars uninsured.

Ireland
Friends First offers life and pension insurance products. In the wake of the sharp fall in sales in 2007 as a result of the challenging economic situation in Ireland, Friends First has since 2014 shown growth in new sales. Annual Premium Equivalents (APE) grew by 8%. The premium from investment contracts increased by 16% to €341 million versus €295 million in 2014. Gross written premiums fell by 4% to €156 million (2014: €163 million). Operational results improved during 2015 partly due to higher one-off effects, including the transfer of some employees in Ireland to a Defined Contribution pension scheme. In light of the improving economic situation, we see opportunities for further value creation and premium growth in Ireland. Friends First is a prestigious brand in the Irish market for occupational disability insurance policies. In 2015, it won the prize for the best insurance product in this market for the fifth consecutive year.

Australia
Achmea Australia began selling insurance products to Australian farmers at the end of 2013. The insurance policies are distributed in partnership with our strategic bancassurance partner, Rabobank. During 2015, we saw a significant increase in the number of customers to nearly 1,000 and in premium income (year-end 2015: €6 million).

In 2015, Achmea succeeded in insuring the largest greenhouse farmer in Australia against damages caused by weather events. This demonstrates the trust placed in Achmea by the local market. This is a milestone for Achmea in acquiring a solid position in the Australian market.

DISCONTINUED BUSINESS OPERATIONS

Romania
The termination of the Romanian operations is on schedule. In 2015, Eureko Romania successfully transferred its pillar III pension business to Aegon. The licence will be revoked in 2016. The company settled all remaining claims in its non-life insurance business and cancelled all insurance licences. Liquidation of the Romanian entities is scheduled for 2016.

Bulgaria
Achmea brought its business operations in Bulgaria to a definitive close in 2015. In 2013, Achmea signed a contract for the sale of its Bulgarian non-life and life insurance business. The non-life business was sold through the transfer of assets and liabilities, while the life insurance business was sold by means of a share transfer. The non-life insurance business was liquidated effective 31 December 2015. The company was removed from the trade register on 6 January 2016.

Banking Netherlands

- Increase in of mortgage portfolio following the portfolio transfer to Achmea Bank
- Increased funding for Achmea Bank due to growth in saving volumes with long-term contracts
- Interest rate margin for Achmea Bank improved as a result of higher margin on mortgages

RESULTS (€ MILLION)

	2015	2014	Δ
Net interest margin	98	132	–26%
Fair value result	–4	5	n.m.*
Operating expenses	128	130	–2%
Additions to loan loss provisions	0	49	n.m.*
Operational result	**–19**	**–28**	**n.m.***

CORE TIER 1 RATIO	31-12-2015	31-12-2014	Δ
Achmea Bank Holding	16.7%	17.0%	–0.3%-pt
Staalbankiers	29,7%	18,9%	10,8%-pt

**n.m.: not meaningful*

GENERAL INFORMATION

Achmea provides banking services to the Dutch consumer market which complement our range of insurance products. Achmea Bank offers mortgage and savings products to consumers through the brands Centraal Beheer, FBTO and Woonfonds Hypotheken. Staalbankiers focuses on private banking activities, with a focus on its core business of wealth management and investment advice.

Results

The banking activities' operational loss was reduced to - €19 million (2014: - €28 million) in 2015. The improved result is mainly due to the, on balance, lower addition to credit provision and lower operating expenses compared to 2014, due to the outsourcing of back-office activities. However, the result was adversely affected by a lower fair value result and a decline in the interest margin due to the results on the sale of government bonds amounting to €37 million in 2014. When adjusted for this effect, the interest margin was up by €3 million.

On 1 July 2015, the bulk of the Staalbankiers mortgage portfolio (net book value: €1.1 billion) was transferred to Achmea Bank. This yields further specialisation and economies of scale. As a result, Staalbankiers can focus on its core activities of wealth management and investment advice.

SEGMENTS

Achmea Bank

Over 2015, Achmea Bank reported an operational result of €15 million (2014: €36 million). The 2014 result was strongly influenced by a one-off result of €37 million from the sale of government bonds. Adjusted for this effect, the operational result was up by €16 million. This increase is attributable to a increased interest margin and lower operating expenses. However, it is partly cancelled out by a lower fair value result. Operating expenses decreased by €2 million to €84 million (2014: €86 million).

In 2015 Achmea Bank increased its mortgage business to €861 million (2014: €830 million). However, the nominal value of the mortgage portfolio deriving from proprietary business did decline slightly to €11.5 billion due to early repayments.

Achmea Bank was very active on the capital market in 2015. For instance, two unsecured notes amounting to €1.2 billion were issued in a public offering. Unsecured notes amounting to €0.6 billion were also sold via a private offering. In addition, a securitisation of home mortgages amounting to €0.9 billion was placed with investors. At the same time, Achmea Bank redeemed senior unsecured notes amounting to €0.3 billion and €1.4 billion in RMBS (Residential Mortgage-Backed Securities) notes. The redemption dates for the newly-issued notes are not close to one another. This spreads the funding calendar out more for the future.

The liquidity position improved further as Achmea Bank succeeded in increasing the total savings volume by €0.3 billion to €5.1 billion (year-end 2014: €4.8 billion). One major factor in this increase was the rise in long-term savings deposits of €0.2 billion. Finally, Achmea Bank improved its liquidity position through an agreement with the pensions and life insurance business in which mortgages are collateralized by Achmea Bank in exchange of government bonds held by the pensions and life insurance business.

The Common Equity Tier 1 ratio fell slightly by 0.3 percentage point to 16.7% in 2015 (year-end 2014: 17.0%). Achmea Bank maintained the long-term A rating/negative outlook (Standard & Poor's) and was upgraded to A/negative outlook by Fitch (2014: A- /negative outlook).

Staalbankiers

The operational result was up due to the release of loan provisions. In 2014, a substantial addition to the loan provisions was required. This positive development is partly cancelled out by the lower interest rate margin, including by the transfer of the mortgage portfolio to Achmea Bank.

Due to this transfer and the termination of business payments transactions, Staalbankiers can focus on its core activities of wealth management and investment advice. In line with its change in strategy, a reorganisation is currently being carried out aimed at drastically cutting costs to a level that matches the size of the bank.

The assets Staalbankiers invests on behalf of its clients remained stable from year-end 2014, with a value of €1.9 billion. Due to the transfer of the mortgage portfolio, Staalbankiers' Common Equity Tier 1 ratio increased sharply to 29.7% in 2015 (year-end 2014: 18.9%).

Other activities

- Start of Achmea Investment Management with assets under management of over €100 billion as of 1 January 2016
- Positive development in results from pension services and Independer
- Operating expenses down in spite of higher pension premium contributions due to low interest rate

RESULTS (€ MILLION)

	2015	2014	Δ
Total Income	273	293	–7%
Operating expenses	320	381	–16%
Interest expenses	62	91	–32%
Other expenses	42	40	5%
Operational result	**–151**	**–219**	**–31%**

GENERAL INFORMATION

The Other Activities segment includes, in addition to Syntrus Achmea Pensioenbeheer, Achmea Investment Management and Syntrus Achmea Real Estate & Finance, our strategic participations and the results from our Shared Service Centers and activities at holding company level.

Results

The operational results of our other activities were up sharply by €68 to - €151 million in 2015 (2014: - €219 million). The higher operational result is mainly due to improved results from our pension provider, Achmea Investment Management, and Independer. The lower IT and housing expenses, the lower cost of the support staff departments and lower interest expenses also contributed positively to the result. Operating expenses are down in spite of the higher pension premium contributions caused by the low interest rates and start-up costs for the development of our Overall Retirement (ODV) Proposition.

SEGMENTS

Against the background of a further unbundling in the Dutch pension services market, the management model of Syntrus Achmea has been further amended. In addition to the separate positioning of the Pension Management, Asset Management and Real Estate & Finance segments as of 1 January 2015, the asset management function has been strengthened with Achmea Investment Management as of 1 January 2016. This is the merger of the institutional asset management activities of Syntrus Achmea Vermogensbeheer and the retail asset management activities of Achmea Beleggingsfondsen Beheer (ABB). This merger is in line with the strategic policy of Achmea to be a strong provider of an integrated proposition for retirement provisions. In addition, the separate positioning of the three segments also creates a stronger overall position. It allows them to serve customers in their submarkets even more effectively.

Syntrus Achmea Pension Services

Total income from fees and commissions fell to €100.6 million during 2015 (2014: €129.4 million), mostly as a result of a decline in number of customers. Costs were cut further due to the reduced deployment of personnel, in line with the development in the customer portfolio. The company's efficiency was also improved via streamlined processes and the use of IT. The pension management activities result improved compared to 2014.

Achmea Investment Management

Assets under management grew by €4.2 billion to €76.0 billion (2014: €71.8 billion) in 2015. This growth is due to an increase in assets under management from existing customers. As of 1 January 2016, the assets under management at the new company Achmea Investment Management amount to €102.0[1] billion. The higher amount of assets under management as of 2016 is due to the addition of about €6 billion in assets from ABB and the addition of a number of mandates from the insurance entities.

Income from fees and commissions rose to €66 million (2014: €57.5 million), mainly due to increased assets under management and higher performance fees. The Netherlands Authority for the Financial Markets (AFM) granted an Alternative Investment Fund Managers Directive (AIFMD) licence last year. This is a major step forward, given the expected growth in investment funds arising from trends in the pension market.

Syntrus Achmea Real Estate & Finance

The assets under management in real estate holdings and mortgages increased to €15.8 billion (2014: €15.0 billion). The increase in the assets under management is the result of a growing mortgage portfolio and an increase in the number of customers. In line with the growth of the assets under management, Syntrus Achmea Real Estate & Finance received a higher amount in management fees, totaling €63.4 million (2014: €61.1 million).

[1.] This includes the derivative portfolio (overlay) of €4.7 billion as of year-end 2015.

Investments

- Quality of portfolio remains high
- Position in direct mortgages increased by €2.2 billion to €3.8 billion

GENERAL INFORMATION

As a major investor, we feel it is our duty as an insurer to invest the premiums paid by our customers as responsibly and efficiently as possible. We therefore continuously attempt to find the right risk-return trade-off in our pursuit of a responsible investment policy. We aim to achieve maximum, stable returns without losing sight of any of the associated risks and our commitments to our policyholders. As a major institutional investor, Achmea is able to use its policies to influence the behaviour of its investee companies.

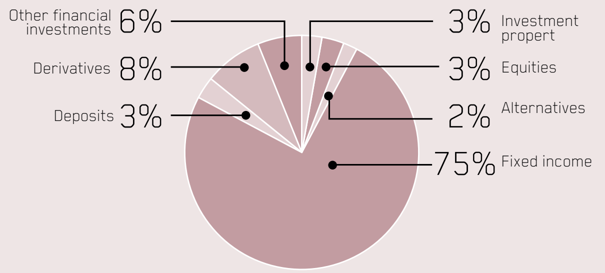
At year-end 2015, our investment portfolio had a total value of €64.7 billion (year-end 2014 €66.9 billion). The size of the investment portfolio at the risk of our policyholders was €18.7 billion at year-end 2015, equivalent to 29% of our total investment portfolio. The size of the investment portfolio at Achmea's risk decreased by 5% in 2015, to €46.0 billion (year-end 2014: €48.3 billion).

Fixed-income portfolio

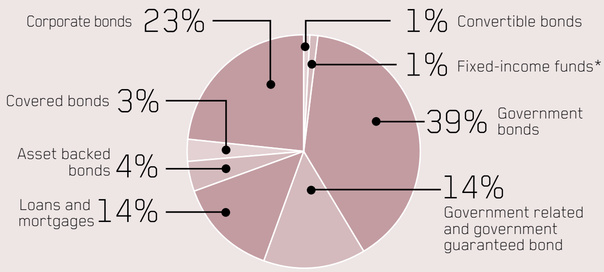
The value of our fixed-income portfolio decreased by 3% in 2015, to €34.6 billion (year-end 2014: €35.7 billion), partly as a result of the slightly higher interest rates in the longer maturities and spread widening. Of this amount, more than €18.5 billion (year-end 2014: €20.6 billion), equivalent to 53% (year-end 2014: 58%) was invested in government bonds, government-related bonds and government-guaranteed loans. The bulk of this amount was invested in Dutch government bonds. Furthermore, there were relatively large allocations to German and French government bonds, while we also invested in Austrian, Finnish and Belgian government bonds. Achmea operates in the Irish and Greek markets and invests in Irish government bonds (year-end 2015: €406.9 million) and Greek government bonds (year-end 2015: €6.4 million).

We further adjusted the composition of fixed-income portfolio in 2015 in favour of direct residential mortgages (year-end 2015: €3.8 billion). In so doing, we increase the returns on our

Specification of total investment portfolio*
(31-12-2015: €46.0 miljard)



Specification of fixed income portfolio*
(31-12-2015: €34.6 billion)



TOP 5 INVESTMENTS IN GOVERNMENT BONDS (€ MILLION)

	31-12-2015	31-12-2014	RATING**
The Netherlands	8,931	10,825	AAA
Germany	2,842	3,138	AAA
France	1,465	1,417	AA
Austria	523	528	AA
Finland	417	395	AAA

**The Annual Report shows fixed-income funds as part of the fixed-interest portfolio and real estate funds as part of real estate. In the financial statements, these components are shown as part of equities and similar investments.*

RELATIVE DISTRIBUTION OF FIXED-INCOME PORTFOLIO BY RATING** AS OF 31 DECEMBER 2015

	31-12-2015	31-12-2014
AAA	43%	50%
AA	15%	14%
A	15%	16%
BBB	13%	11%
Lower than BBB	2%	2%
No rating	12%	7%

***Based on middle rating*

portfolio and improve the composition of the investment portfolio which serves to hedge our liabilities to policyholders. We increased the share of direct mortgages in our portfolio in 2015 through the Tellius Toekomstvast and Hypotrust Woonbewust channels. By building a position in direct Dutch home mortgages, we reduced our allocation to government bonds and covered bonds. The currency risk and interest-rate mismatch risk between our fixed-income portfolio and our liabilities are hedged with derivatives.

Our fixed-income portfolio is prudently invested. A large part of the portfolio has a triple-A rating. The increase in the percentage of fixed-income securities without a rating to 12% (year-end 2014: 7%) is the result of the increased investment in direct mortgages.

Equity and alternative investment portfolio

Our equity portfolio had a total value of €1.2 billion at year-end 2015 (year-end 2014: €1.3 billion), i.e. a 3% share in our total investment portfolio. Despite the increase in the value of our portfolio in 2015 of approximately 2%, the portfolio has shrunk following the sale of equity positions in late 2015. A total of 85% of our equity portfolio is currently invested in mature equity markets (year-end 2014: 80%), with the remaining 15% tied up in emerging markets (year-end 2014: 20%). In addition to our equity portfolio, we also manage a portfolio of alternative investments such as private equity, hedge funds, infrastructure and commodities. The value of this portfolio at year-end 2015 was €1.1 billion (year-end 2014: €1.1 billion).

The lower oil prices have resulted in lower returns in 2015 in the commodities investment class. In addition, the exposure to this category has also declined as a result of sales: this is offset by an extension in other categories, including hedge funds and private equity. We are hedging the foreign currency risks of our investments in equity and alternative investments to a large extent.

Property portfolio

At the end of 2015, our investment portfolio had a total value of €1.4 billion (year-end 2014: €1.4 billion), representing 3.0% of our total investment portfolio. The decrease in value of the property portfolio is attributable to the partial sale of direct real estate and to write-downs. At year-end 2015, the property portfolio comprised €1.1 billion in direct property investments, of which 39% residential properties, 30% retail properties, 26% offices and 5% other property holdings. Additionally, our property portfolio contained €265 million in indirect property investments.

In accordance with our expectations, 2015 showed a recovery in property values (houses), and we expect house prices to increase further in the coming years. We expect a further decline in value for the ‘Offices’ segment of our portfolio. We also expect property values in the Retail sector to decrease in the coming years as a result of the growing percentage of online sales. The Dutch retail market has been struggling as a result, partly in conjunction with the economic recession; this is also evident from the recent number of major bankruptcies in the Dutch retail market. We expect that the middle retail segment will remain under pressure for the upcoming years. Small and medium-sized cities will be faced with increasingly high vacancy rates, including in prime locations.

We remain cautious in appraising our property portfolio, always based on the most up-to-date appraisals. Therefore we perform a full appraisal of 25% of our portfolio on a quarterly basis, plus a review of the remaining 75%. This ensures that the entire property portfolio will be fully reappraised over a one-year period.

Condensed Consolidated Financial Statements

Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	31 DECEMBER 2015	31 DECEMBER 2014
Assets		
Intangible assets	970	1,066
Associates and joint ventures	143	145
Property for own use and equipment	452	472
Investment property	1,114	1,125
Investments	44,875	47,137
Investments backing linked liabilities	18,730	18,680
Banking credit portfolio	14,866	15,227
Deferred tax assets	817	528
Deferred acquisition costs	137	139
Amounts ceded to reinsurers	1,381	1,436
Receivables and accruals	7,315	5,534
Cash and cash equivalents	2,117	1,716
Total assets	**92,917**	**93,205**
Equity		
Equity attributable to holders of equity instruments of the Company	10,263	9,804
Non-controlling interest	17	14
Total equity	**10,280**	**9,818**
Liabilities		
Insurance liabilities	44,299	44,545
Insurance liabilities where policyholders bear investment risks	16,240	17,014
Investment contracts	2,338	2,158
Post-employment benefits	891	989
Other provisions	334	413
Banking customer accounts	5,995	6,306
Loans and borrowings	7,603	7,011
Derivatives	1,793	1,896
Deferred tax liabilities	15	19
Income tax payable	192	89
Other liabilities	2,937	2,947
Total liabilities	**82,637**	**83,387**
Total equity and liabilities	**92,917**	**93,205**

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CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	2015	2014
Income		
Gross written premiums Non-life	3,684	3,688
Gross written premiums Health	13,872	13,605
Gross written premiums Life	**2,366**	**2,709**
Gross written premiums	**19,922**	**20,002**
Reinsurance premiums	−295	−988
Change in provision for unearned premiums (net of reinsurance)	−101	−257
Net earned premiums	**19,526**	**18,757**
Income from associates and joint ventures	6	3
Investment income	1,000	1,038
Realised and unrealised gains and losses	905	3,779
Income from investments backing linked liabilities	721	2,044
Banking income	572	658
Fee and commission income, and income from service contracts	397	431
Other income	98	86
Total income	**23,225**	**26,796**
Expenses		
Claims and movements in insurance liabilities	19,753	22,634
Claims and movements in insurance liabilities ceded to reinsurers	−153	−891
Profit sharing and bonuses for policyholders	644	3,391
Movements in insurance liabilities where policyholders bear investment risks	−765	−2,364
Fair value changes and benefits credited to investment contracts	119	159
Operating expenses	2,633	2,975
Banking expenses	401	492
Interest and similar expenses	63	88
Other expenses	152	320
Total expenses	**22,847**	**26,804**
Profit before tax	**378**	**−8**
Income tax expenses	−8	−24
Net profit	**386**	**16**
Net profit attributable to:		
Holders of equity instruments of the Company	383	14
Non-controlling interest	3	2
Earnings per share	0.81	−0.13

Condensed Consolidated Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	2015	2014
Net profit	386	16
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability [1]	9	−37
Unrealised gains and losses on property for own use [2]	13	
Total items that will not be reclassified to the Income statement	**22**	**−37**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences on subsidiaries, intangible assets, associates and joint ventures [3]	−51	33
Unrealised gains and losses on available for sale instruments [2]	−114	1,917
Share in other comprehensive income of associates and joint ventures [3]	3	−6
Transfer from/to provision for profit sharing and bonuses for policyholders [2]	83	−1,544
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal [2]	−215	−93
Impairment charges on available for sale instruments reclassified to the Income Statement [2]	22	18
Total items that may be reclassified subsequently to the Income statement	**−272**	**325**
Net other comprehensive income	**−250**	**288**
Comprehensive income	136	304
Comprehensive income attributable to:		
Holders of equity instruments of the Company	133	302
Non-controlling interest	3	2

Accounted for as part of Retained earnings
[2] Accounted for as part of Revaluation reserve
[3] Accounted for as part of Exchange difference reserve

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY	NON-CONTROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January	**11,357**	**−235**	**670**	**871**	**−225**	**−7**	**−3,608**	**14**	**967**	**9,804**	**14**	**9,818**
Net other comprehensive income				−211	−48		9			−250		−250
Net profit								383		383	3	386
Comprehensive income				**−211**	**−48**		**9**	**383**		**133**	**3**	**136**
Appropriations to reserves			2	17			−5	−14				
Dividends and coupon payments							−63			−63		−63
Issue, repurchase and sale of equity instruments									383	383		383
Other movements				9	2		−5			6		6
Balance at 31 December	**11,357**	**−235**	**672**	**686**	**−271**	**−7**	**−3,672**	**383**	**1,350**	**10,263**	**17**	**10,280**

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GECONSOLIDEERD KASSTROOMOVERZICHT

(€ MILLION)

	2015	2014
Net cash and cash equivalents at 1 January	1,716	3,260
Cash flow from operating activities		
Profit before tax	378	–8
Adjustments of non-cash items and reclassifications	–39	–4,059
Changes in operating assets and liabilities:	–2,132	–4,693
Cash flows operating items not reflected in Profit before tax:	2,193	8,082
Total cash flow from operating activities	**400**	**–678**
Cash flow from investing activities		
Purchase of Property for own use and equipment and Intangible assets	–83	–37
Disposal of Subsidiaries, associates and joint ventures (net of cash)	–	8
Disposal from Property for own use and equipment and Intangible assets	33	54
Total cash flow from investment activities	**–50**	**25**
Total cash flow from financing activities	51	–891
Net cash flow	**401**	**–1,544**
Net cash and cash equivalents at 31 December	**2,117**	**1,716**
Cash and cash equivalents include the following items:		
Cash and bank balances	1,825	1,394
Call deposits	292	322
Cash and cash equivalents at 31 December	**2,117**	**1,716**

Achmea prepares its financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) as of 31 December 2015. In preparing the financial data contained in this document, the same accounting principles were used as for the Achmea Group's consolidated financial statements for 2015. In the event of any discrepancies between the Dutch and English versions of this press release, the English version will take precedence.

Please note: numbers may not sum to totals due to rounding,