HALF YEAR REPORT

2017

Executive Board report

Condensed Consolidated Interim Financial Statements

Executive Board report

EXECUTIVE BOARD REPORT – 2017 INTERIM RESULTS

Word from the chairman

Achmea started the year well, with the positive contribution from previously-implemented efficiency measures becoming visible. Consequently, the operational result over the first six months of this year increased to €223 million, while last year a negative result was reported in particular due to the hail catastrophe. Even when adjusted for the claims arising from last year's severe weather conditions, the result over this half year was substantially higher. We have achieved structural cost reductions of 8% while increasing income from premiums in our core activities health and non-life insurance. The continued high level of appreciation from our customers and the increase in our result are a big compliment to all our colleagues.

Centraal Beheer, Interpolis and FBTO experienced further growth in the number of customers with non-life insurance at lower expenses. The sound performance is in spite of a higher estimated (injury) claims. The use of smartphones and other devices in traffic is leading to a substantial increase in the risk of serious accidents. The trend in increasing frequency of new (injury) claims is therefore continuing. Our commercial and strategic partnership with Rabobank is performing well. The range of services sold via our partner Rabobank is completely renewed. We have welcomed nearly 20,000 new customers to our health insurance business. Over the past few years, health insurers have kept premium increases low by allocating funds from their reserves. This is of course not a sustainable situation. Achmea aims to set premiums at cost price in order to prevent large premium increases for our policyholders.

Our Retirement Services strategy is developing well. The inflow of new customers into the Centraal Beheer APF contributed €1 billion to the increase to €117 billion of assets under management at Achmea Investment Management. At our service organization Pension and Life, a further sharp decrease in operational costs was achieved while retaining the high level of service provided to our customers. Achmea's digital competencies are also being used internationally: we are leading the way with non-life and health insurance products distributed online and via banking distribution. Our international activities show continued growth in our market share, with premium growth of 8% in local currency. With our knowledge of online insurance products we expect to operate, together with a partner, in Canada shortly.

Our financial position remains strong, with an increase in our solvency ratio to 185%. Moreover, we have reduced the interest rate sensitivity of our solvency ratio by implementing a different hedging policy.

The results over the first six months of this year give us confidence that we are on the right track for achieving our objectives in the long term. It is, however, too soon to assume that these financial results will continue for the remainder of the year. As a leader in mobile and online services, many of our insurance companies are trendsetters in the insurance sector. Being relevant is the basic principle here. We therefore continue to invest a great deal in innovation. We consequently expect to further increase our result, increase customer satisfaction and retain our sound financial position.

Executive Board report

Overall results

Achmea started the year well, with positive contributions to the results from our improved fundamentals becoming visible. The operational result increased sharply to €223 million (first half of 2016: -€41 million).

The recovery of results is particularly visible in our non-life insurance business, where both premium, claims management and expense measures have led to a significant increase in the result. Our health activities achieved a higher result with positive trends in healthcare expenses in the current underwriting year and lower expected equalisation contributions from previous years. In our service organisation Pension and Life we have further reduced operating expenses, but the technical result decreased due to an updated provision for disability and lower investment income. During the last half year we worked hard on our new Retirement Services strategy. The first customers have joined the Centraal Beheer APF. The result improved due to a reduction in start-up and investment expenses. The growth of our international business is on schedule along with Achmea's core competencies: non-life, and online and bank distribution. We continued investing in operationalising the strategy for Retirement Services in the first half of 2017. The segment Other Activities is contributing positively to our results via a reduction of expenses and higher profitability from among other real estate asset management and reinsurance activities.

OPERATIONAL RESULTS SEGMENTS (€ MILLION)

	H1 2017	H1 2016
Non-life Netherlands	105	-124
Health Netherlands	28	2
Pension & Life Netherlands	102	187
International activities	6	8
Retirement Services Netherlands	4	-13
Other activities	-22	-101
	223	**-41**

The net result increased to €171 million (first half of 2016: -€26 million). The net result includes the negative transaction result of the planned migration of five mandatory sectoral pension funds to Centric. Furthermore, over the past six months we have realised a positive result on the transfer of the Staalbankiers private banking activities and the sale of Winnock. In the first half of 2016, we had a one-off transaction result on the liquidation of a foreign entity. The effective tax rate over the first six months of 2017 is 23.9%.

COMPOSITION OF NET RESULT (€ MILLION)

	H1 2017	H1 2016
Operational result	**223**	**-41**
Transaction results from divestments	2	-6
Result before tax	**225**	**-47**
Tax	54	-21
Net result	**171**	**-26**

Gross written premiums

Gross written premiums remained stable at €16,947 million during the first six months of 2017 (versus €16,944 million in the first half of 2016). We realized a higher income from premiums in our non-life insurance business, particular due to growth in the private non-life insurance portfolio. Furthermore, increased numbers of customers in our health activities are leading to higher gross written premiums. At group level, this growth compensated the decrease in premiums for the closed book pension & life business.

Operating expenses

Gross operating expenses[1] amounted to €1,075 million in the first half of 2017, a decline of 11% versus the same period last year (first half of 2016: €1,209 million). The decrease in gross operating expenses is mainly the result of lower personnel expenses caused by a sharp decline in the number of staff. We decreased expenses by winding down the Staalbankiers activities and within IT and housing by adjusting contracts. Finally, changes to the pension scheme in some of the health entities have also led to a one-off

[1] *Gross operating expenses refers to Operating expenses in the Consolidated Income Statement, before allocation to claims handling, less acquisition costs and commission costs.*

decrease in expenses. Adjusted for the effects of winding down Staalbankiers and the amended pension scheme, the structural decrease in expenses amounts to 8%.

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

The number of jobs in the Netherlands declined further from 15,270 to 14,630 in the first half of 2017 and resulted in a decrease in both internal and external employees. The number of internal employees in the Netherlands declined from 12,959 at the end of 2016 to 12,340. This decrease is the result of continuing efficiency improvements and a different approach to working. Versatility and flexibility are essential to us being able to adapt constantly to the increasingly rapid changes in our society and the wishes of our customers. Our 'agile' concept and working in market-oriented chains are examples of this. Earlier we announced that we expect the number of jobs at our group to further decrease by an approximate 2,000 up to 2020. We are also adjusting our housing accordingly, whereby we are concentrating our work in five key locations: Apeldoorn, Leeuwarden, Leiden, Tilburg and Zeist.

Internationally, in line with our plans the number of FTEs increased slightly by 2% to 3,038 during the first half of 2017.

Investments

Income from our own risk investment portfolio decreased during the first six months of this year versus the same period last year. Total investment income[2] amounted to €597 million (first half of 2016: €637 million), a decline of €40 million. This decrease is mainly due to lower direct investment income from fixed income investments as investments with higher returns, following redemption, were reinvested at lower average rates.

The increase in the value of our fixed-income investments and interest-rate derivatives in our Dutch pension and life insurance business, caused by fluctuations in the market interest rate, is not immediately visible in the results. All realised and unrealised investment returns on fixed-income investments and interest-rate derivatives for own risk 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, relating to results not yet included in the profit sharing. As a result of higher market interest rates, the FFA decreased by €1.1 billion in the first six months of 2017, to €6.7 billion.

The value of our investment portfolio decreased by 2% in the first six months of 2017, to €46.7 billion (2016: €47.4 billion), mainly due to the lower value of the fixed-income portfolio. This decrease is the result of higher interest rates over the first half of 2017. Higher stock prices have partially compensated for this decrease.

In the first half of this year, we further expanded our mortgage portfolio in the insurance activities by €0.7 billion to €6.6 billion in line with our growth targets.

Equity

Achmea's equity increased by €117 million in the first half of 2017 to €9,899 million (2016: €9,782 million). This increase is driven mainly by the positive net result of €171 million. Total equity was also affected by dividend and coupon payments totalling €41 million and by movements in the exchange differences reserve caused mainly by price movements in the Turkish Lira. The remaining movements had a positive effect of €3 million.

[2] *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).*

Executive Board report

UNCERTAINTIES IN THE SECOND HALF YEAR OF 2017

The risks and uncertainties to which Achmea Group (hereinafter: Achmea) is exposed are described in more detail in the note Capital and risk management of the 2016 Achmea Consolidated Financial Statements. The Capital and risk management paragraph also outlines Achmea's risk management and control system, which includes a strategic risk analysis (identifying the most significant risks) as well as a sensitivity analysis. Achmea distinguishes the following risk types: insurance risk; market risk (including interest rate risk); counterparty default risk; liquidity risk; operational risk and compliance risk.

As an insurance company, Achmea is inherently exposed to a variety of risks and uncertainties. In particular, interest rate risk and changes in the financial markets are relevant factors. Economic and political developments also have an impact, for example with regards to Health Insurance. These risks may affect Achmea's financial position and performance in the second half of 2017.

Willem van Duin

Chairman of the Executive Board of Achmea B.V.

15 August 2017

Executive Board report

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board reviewed the Achmea B.V. Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2017 (hereinafter: the Interim Financial Statements) on 7 August 2017 and authorised them for submission to the Supervisory Board. The Interim Financial Statements were authorised for issue in accordance with the resolution of the Executive Board of 15 August 2017.

The Executive Board of Achmea B.V. declares that, to the best of the Executive Board's knowledge, the Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and net result of Achmea B.V. These Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards as at 30 June 2017 as adopted by the European Union, specifically IAS 34 'Interim Financial Reporting'. The Executive Board is of the opinion that the information contained in these Interim Financial Statements has no omissions likely to significantly modify the scope of any statements made. Furthermore, the Executive Board of Achmea B.V. declares that, to the best of the Executive Board's knowledge, the Executive Board Report includes a fair view of the information required pursuant to section 5:25d of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Zeist, 15 August 2017

Executive Board

W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-Chairman
M.A.N. (Michel) Lamie, CFO
R. (Robert) Otto
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

ACHMEA B.V.

CONDENSED CONSOLIDATED INTERIM

FINANCIAL STATEMENTS

30 JUNE 2017

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	30 JUNE 2017	31 DECEMBER 2016
Assets			
Intangible assets	5	812	825
Associates and joint ventures		153	145
Property for own use and equipment		416	431
Investment property	6	1,140	1,129
Investments	7	45,514	46,294
Investments backing linked liabilities		19,127	18,941
Banking credit portfolio		13,239	13,679
Deferred tax assets		670	739
Deferred acquisition costs		155	156
Income tax receivable		54	94
Amounts ceded to reinsurers		1,308	1,397
Receivables and accruals		13,996	7,003
Cash and cash equivalents		1,392	2,171
		97,976	**93,004**
Assets classified as 'held for sale'	4		11
Total assets		**97,976**	**93,015**
Equity			
Equity attributable to holders of equity instruments of the Company		9,890	9,774
Non-controlling interest		9	8
Total equity		**9,899**	**9,782**
Liabilities			
Insurance liabilities	8	50,981	45,174
Insurance liabilities where policyholders bear investment risks		16,216	16,171
Investment contracts		2,752	2,613
Post-employment benefits	9	889	960
Other provisions		340	374
Banking customer accounts		5,583	5,548
Loans and borrowings	10	6,792	6,994
Derivatives		898	1,565
Deferred tax liabilities		10	10
Other liabilities		3,616	3,822
		88,077	**83,231**
Liabilities classified as 'held for sale'	4		2
Total liabilities		**88,077**	**83,233**
Total equity and liabilities		**97,976**	**93,015**

Condensed Consolidated Interim Financial Statements

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	FIRST HALF YEAR 2017	FIRST HALF YEAR 2016
Income		
Gross written premiums Non-life	2,352	2,313
Gross written premiums Health	13,530	13,313
Gross written premiums Life	1,065	1,318
Total gross written premiums	**16,947**	**16,944**
Reinsurance premiums	−185	−226
Change in provision for unearned premiums (net of reinsurance)	−7,038	−6,911
Net earned premiums	**9,724**	**9,807**
Income from associates and joint ventures	2	1
Investment income	456	482
Realised and unrealised gains and losses	−654	2,620
Income from investments backing linked liabilities	692	401
Banking income	224	257
Fee and commission income, and income from service contracts	198	198
Other income	34	16
Total income	**10,676**	**13,782**
Expenses		
Gross claims	9,934	10,159
Gross movements in insurance liabilities own risk	−165	131
Claims and movements in insurance liabilities ceded to reinsurers	−56	−253
Profit sharing and bonuses for policyholders	−723	2,308
Movements in insurance liabilities where policyholders bear investment risks	43	−96
Fair value changes and benefits credited to investment contracts	64	5
Operating expenses	1,126	1,310
Banking expenses	138	175
Interest and similar expenses	31	32
Other expenses	59	58
Total expenses	**10,451**	**13,829**
Result before tax	**225**	**−47**
Income tax expenses	54	−21
Net result	**171**	**−26**
Net result attributable to:		
Holders of equity instruments of the Company	170	−26
Non-controlling interest	1	0
Average number of outstanding ordinary shares	400,484,892	400,484,892
Earnings per share	0.32	−0.17

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)	FIRST HALF YEAR 2017	FIRST HALF YEAR 2016
Net result	**171**	**−26**
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability [1]	4	−19
Unrealised gains and losses on property for own use [2]	1	6
Total items that will not be reclassified to the Income statement	**5**	**−13**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences (including realisations) on subsidiaries, intangible assets, associates and joint ventures[3]	−16	4
Unrealised gains and losses on financial instruments 'Available for sale' [2]	−218	1,259
Share in other comprehensive income of Associates and joint ventures [2]	7	1
Transfer from/to provision for Profit sharing and bonuses for policyholders [2]	285	−1,077
Gains and losses on financial instruments 'Available for sale' reclassified to the Income Statement on disposal [2]	−86	−50
Impairment charges on financial instruments 'Available for sale' reclassified to the Income Statement [2]	7	15
Total items that may be reclassified subsequently to the Income statement	**−21**	**152**
Net other comprehensive income	**−16**	**139**
Comprehensive income	**155**	**113**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	154	113
Non-controlling interest	1	0

[1] *Accounted for as part of Retained earnings*

[2] *Accounted for as part of Revaluation reserve*

[3] *Accounted for as part of Exchange difference reserve*

Condensed Consolidated Interim Financial Statements

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2017	SHARE CAPITAL/ PREMIUM	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	SUBTOTAL EQUITY *	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**−235**	**687**	**830**	**−320**	**−7**	**−3,505**	**−383**	**1,350**	**9,774**	**8**	**9,782**
Net other comprehensive income				−4	−16		4			−16		−16
Net result								170		170	1	171
Comprehensive income				**−4**	**−16**		**4**	**170**		**154**	**1**	**155**
Appropriations to reserves			3	13	−1		−398	383				
Dividends and coupon payments							−41			−41		−41
Other movements							3			3		3
Balance at 30 June	**11,357**	**−235**	**690**	**839**	**−337**	**−7**	**−3,937**	**170**	**1,350**	**9,890**	**9**	**9,899**

* *Subtotal equity refers to equity attributable to holders of equity instruments of the company.*

In 2017 €20 million (first half year 2016: €20 million) dividend has been paid to holders of preference shares (of which Achmea B.V. received €3 million in dividend on the depositary receipts it holds in Stichting Administratiekantoor Achmea Tussenholding) and an amount of €24 million (first half year 2016: €24 million) coupon payment on Other equity instruments has been paid (net of taxes). No dividend has been paid to holders of ordinary shares (first half year 2016: €147 million).

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2016	SHARE CAPITAL/ PREMIUM	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	SUBTOTAL EQUITY *	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**−235**	**672**	**686**	**−271**	**−7**	**−3,672**	**385**	**1,350**	**10,265**	**17**	**10,282**
Net other comprehensive income				154	4		−19			139		139
Net result								−26		−26		−26
Comprehensive income				**154**	**4**		**−19**	**−26**		**113**		**113**
Appropriations to reserves			6	10			369	−385				
Dividends and coupon payments							−188			−188		−188
Other movements				−2			−2			−4	−9	−13
Balance at 30 June	**11,357**	**−235**	**678**	**848**	**−267**	**−7**	**−3,512**	**−26**	**1,350**	**10,186**	**8**	**10,194**

* *Subtotal equity refers to equity attributable to holders of equity instruments of the company.*

Condensed Consolidated Interim Financial Statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	FIRST HALF YEAR 2017	FIRST HALF YEAR 2016
Net cash and cash equivalents at 1 January	2,171	2,117
Cash flow from operating activities		
Result before tax	225	−47
Adjustments of non-cash items and reclassifications	191	−2,445
Changes in assets and liabilities	−932	322
Cash flow operating items not reflected in result before tax	−176	1,323
Total cash flow from operating activities	**−692**	**−847**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments	−31	−38
Divestments and disposals	16	27
Total cash flow from investment activities	**−15**	**−11**
Total cash flow from financing activities	**−72**	**−222**
Net cash flow	**−779**	**−1,080**
Net cash and cash equivalents at 30 June	**1,392**	**1,037**
Cash and cash equivalents include the following items:		
Cash and bank balances	1,309	838
Call deposits	83	199
Cash and cash equivalents at 30 June	**1,392**	**1,037**

Notes to the Condensed Consolidated Interim Financial Statements

GENERAL INFORMATION

Achmea B.V. is a private company with limited liability incorporated in the Netherlands and seated in Zeist. The head office is located at Handelsweg 2 in Zeist. The Achmea Group (hereinafter: Achmea) comprises Achmea B.V. and the entities it controls. The Condensed Consolidated Interim Financial Statements (hereinafter: Interim Financial Statements) are part of the Half year report which also includes the Executive Board report.

1. ACCOUNTING POLICIES

A BASIS OF PRESENTATION

The Interim Financial Statements of Achmea B.V. have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies, used to prepare these Interim Financial Statements, are in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2017 and as adopted by the European Union. The Interim Financial Statements should be read in conjunction with the Achmea Consolidated Financial Statements 2016. The Achmea Consolidated Financial Statements 2016 are available at www.achmea.com. All amounts in the Interim Financial Statements are in millions of euros unless stated otherwise.

B CHANGES IN REPORTING

Within the segment Non-Life Netherlands the method for determining the income, expenses and result from underwriting by authorised agents has been changed. This concerns revenue from contracts where the agents enter into contracts with the policyholder on behalf of Achmea and the agents collect, pay and settle the relevant premiums and claims with the policyholder net of a commission, on behalf of Achmea. Before 2017, income, expenses and result were accounted with a quarter in arrear because more recent, reliable information was not available in time. Additionally, it was assessed whether the provisional figures of the previous quarter gave rise to an adjustment of the result from these contracts. The reporting by authorised agents accelerated, hence, from 2017 it is no longer necessary to recognise the income, expenses and result in the next quarter. The effect of this change in accounting policy for the first half year of 2017 on Gross written premiums Non-life is €-4 million (2016: €4 million), Change in provision for unearned premiums (net of reinsurance) amounts to €1 million (2016: €-3 million), Gross claims are €10 million (2016: €3 million), Gross movements in insurance liabilities own risk is €-9 million (2016: €-8 million), Reinsurance is €1 million (2016: €1 million) and Operating expenses amount to €1 million (2016: €0 million). The effect on the Result before tax is €0 million (2016: €-3 million).

The other accounting policies and methods of computation are the same as those applied in preparing the 2016 Consolidated Financial Statements, except for changes to IFRS-EU standards effective from 1 January 2017:

- Amendments to IAS 7: Disclosure Initiative (aimed on improving disclosure effectiveness in financial reports).
- Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses (clarification on the requirements for recognising deferred tax assets for incurred losses on fixed rate debt instruments measured at fair value).
- Annual improvements to IFRSs 2014-2016 cycle: annual improvements include non-urgent adjustments in IFRS standards.

These amendments have no impact on Total equity and Net result of Achmea.

CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

In 2017, the following Standards, amendments to Standards and Interpretations were issued by the International Accounting Standard Board (IASB), in addition to those already disclosed in the Achmea Consolidated Financial Statements 2016, or the expected impact as included in the Consolidated Financial Statements 2016 has changed.

ACCOUNTING STANDARD	DESCRIPTION	EXPECTED IMPACT ON TOTAL EQUITY / NET RESULT
AMENDMENTS TO IFRS 4 INSURANCE CONTRACTS	The amendments are intended to address concerns about the different effective dates of the new standard for financial instruments, IFRS 9, and the new standard for insurance contracts (IFRS 17). These different effective dates may give rise to a temporary (accounting) volatility of results because of the lack of consistency between the valuation of the investments and the insurance liabilities. The amendments provide two options: the overlay approach and the deferral approach. The overlay approach permits entities that issue insurance contracts to reclassify, from profit or loss to other comprehensive income, some of the income or expenses arising from designated financial assets. The deferral approach permits entities whose predominant activity is issuing contracts an optional temporary exemption from applying IFRS 9. Both approaches may be applied, if the requirements are met, until 2021. These amendments have not yet been endorsed by the European Union.	Achmea will opt for temporary exemption from applying IFRS 9. The impact of the introduction of IFRS 9 will be considered together with the new accounting policies for insurance contracts (see below, IFRS 17 Insurance Contracts). The impact thereof is being assessed.
IFRS 17 INSURANCE CONTRACTS	IFRS 17 replaces IFRS 4, which was brought in as an interim standard in 2004. IFRS 4 gave entities dispensation to carry on accounting for insurance contracts using national accounting standards, resulting in a multitude of different approaches in the insurance sector. As a consequence, it was difficult for investors to compare the financial performance of insurance companies. IFRS 17 establishes a number of principles in relation to the recognition, presentation, measurement and disclosure of insurance contracts. The purpose of the standard is to ensure that the effect of insurance contracts within the scope of IFRS 17 on the financial position, result and cash flows is adequately reflected in the financial statements and can be compared with other entities. The standard shall be effective for annual periods beginning on or after 1 January 2021, with early adoption being permitted. This standard was published by the IASB in May 2017. The standard has not yet been endorsed by the European Union.	Achmea is assessing the impact of this standard, taking into account the interaction with the future standard for Financial Instruments (IFRS 9).
IFRIC 23 UNCERTAINTY OVER INCOME TAX TREATMENTS	IFRIC 23 clarifies the accounting for uncertainties in income taxes in financial statements. The interpretation shall be effective for annual periods beginning on or after 1 January 2019.	The interpretation will have no impact on Total equity, Net result or presentation and notes of Achmea.

Notes to the Condensed Consolidated Interim Financial Statements

CHANGES IN PRESENTATION

During the first half of 2017 a number of changes have been made to the classification of items in the Consolidated Income Statement and the Consolidated Statement of Financial Position. These reclassifications have no impact on the Net result, Total equity and earnings per share. The comparative figures have been adjusted accordingly.

C CONSOLIDATION AND ACCOUNTING FRAMEWORK

The Interim Financial Statements comprise Achmea B.V. and its subsidiaries, associates and joint ventures. For the preparation of the Interim Financial Statements, estimates and assumptions are used (e.g. for some of the reported assets and liabilities and the reported amounts of revenues and expenses for the accounting period). The actual outcome may deviate from these estimates. In preparing these Interim Financial Statements, the nature of the assumptions and estimates used in applying Achmea's accounting policies and the key sources of estimation uncertainties are the same as applied to the 2016 Achmea Consolidated Financial Statements.

D SEASONALITY

Inherent in the insurance business and the contractual commitments of Achmea there is a certain degree of seasonality. Gross written premiums and the related Change in provision for unearned premiums (net of reinsurance) are based on the contractual annual premium for the insurance contracts. The inception of a major part of the insurance contracts is the first of January of a financial year with a contractual term of a year. Gross written premiums are based on the whole contractual term. The premium for the future coverage period is included in the Insurance liabilities for unearned premiums. The related balance sheet items Insurance liabilities and Receivables and accruals have the same seasonality.

2. SEGMENT REPORTING

Segments are components of Achmea that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance. Achmea recognises the following segments:

- Non-life Netherlands: consists of insurance contracts issued by Dutch entities to customers to cover the risks primarily related to motor vehicles, property, general liability, occupational health and accident, including disability and short term sickness.
- Health Netherlands: covers basic and supplementary health insurance and health services in the Netherlands. The segment Health Netherlands consists of two operating segments that have been aggregated based on the fact that they have similar economic characteristics, i.e. the same kind of insurance products are sold by these operating segments.
- Pension & Life Netherlands: covers life and pension insurance, including unit-linked insurance.
- Retirement Services Netherlands: this segment covers all asset management and pension management activities in the Netherlands. Furthermore, this segment includes all activities of Achmea Bank. These activities focus on providing residential mortgage loans, saving accounts and private banking in the Netherlands.
- International activities: contains all activities outside the Netherlands. Segment International operates in the countries Australia, Greece, Slovakia, Turkey and Ireland. Furthermore Achmea intends to start up an online insurance company in Canada, together with a partner. The international activities consist primarily of insurance activities. Insurance activities relate to the provision of Non-life, Health and Life insurance policies, including the provision of investment contracts containing no or insignificant insurance risk. Furthermore, associates in which significant influence is exercised by management outside the Netherlands are included within this segment.
- Other activities: this segment consists of a broad range of activities that, on an individual basis, do not comply with the threshold for a reportable segment. The segment covers amongst others Independer.nl, Staalbankiers and Achmea Reinsurance. Furthermore, investments not related to the above segments, shared service centres and staff departments, net of their recharges to the above segments, are included in this segment.

The segments formulate strategic, commercial and financial policies within the overall strategy, performance targets and risk appetite set by the Executive Board. All segment revenues reported (Gross written premiums, Income from banking activities and Fee and commission income), with the exception of internal reinsurance contracts, relate to external customers.

Achmea uses operational results as a measure of segment profit and loss, instead of the Result before tax. Operational result is calculated by adjusting Result before tax for special items. These are items within income and expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently. This includes for instance goodwill impairments and results before tax related to divested operations.

Given the relative size and composition of Achmea’s operations, no customers with a contribution of 10% or more of revenues (Gross written premiums, Banking income and Fee and commission income) are identified. Achmea's activities are located mainly in the Netherlands.

The accounting policies of the segments are the same as those described under the paragraph Accounting policies. Prices for intersegment transactions are set at a 'cost-price-plus' basis. Segment results represent revenues earned by each segment minus operational and other expenses allocated to the segment. Expenses for shared service centres and corporate expenses are allocated to segments based on generic allocation keys.

Notes to the Condensed Consolidated Interim Financial Statements

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES [1]	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	635		6		76	95		812
Associates and joint ventures		4	63		78	7		153
Property for own use and equipment	55	7	1		52	301		416
Investment property			1,063		27	49		1,140
Investments	6,576	3,576	32,794	609	2,788	1,217	–2,045	45,514
Investments backing linked liabilities			16,224		2,904			19,127
Banking credit portfolio				13,239				13,239
Deferred tax assets	–152		771	–26	48	29		670
Deferred acquisition costs			13		128	14		155
Income tax receivable	166	–6	–188	7	–6	81		54
Amounts ceded to reinsurers	178	8	250		945	89	–162	1,308
Receivables and accruals	1,431	11,521	537	198	313	353	–357	13,996
Cash and cash equivalents	46	326	354	243	268	173	–18	1,392
	8,935	**15,436**	**51,888**	**14,270**	**7,621**	**2,408**	**–2,582**	**97,976**
Assets classified as 'held for sale'								
Total assets	**8,935**	**15,436**	**51,888**	**14,270**	**7,621**	**2,408**	**–2,582**	**97,976**
Equity								
Equity attributable to holders of equity instruments of the Company	1,693	3,166	4,125	860	791	–745		9,890
Non-controlling interest	9							9
Total equity	**1,702**	**3,166**	**4,125**	**860**	**791**	**–745**		**9,899**
Liabilities								
Insurance liabilities	6,826	11,466	29,449		3,460	891	–1,111	50,981
Insurance liabilities where policyholders bear investment risks			15,979		237			16,216
Investment contracts					2,752			2,752
Post-employment benefits					26	–85	948	889
Other provisions	32	14	6	17	46	225		340
Banking customer accounts				6,397			–814	5,583
Loans and borrowings	38	1	9	6,275		1,717	–1,247	6,792
Derivatives	4		183	658		52		898
Deferred tax liabilities	10							10
Other liabilities	323	789	2,137	63	309	353	–358	3,616
	7,233	**12,270**	**47,763**	**13,410**	**6,830**	**3,153**	**–2,582**	**88,077**
Liabilities classified as 'held for sale'								
Total liabilities	**7,233**	**12,270**	**47,763**	**13,410**	**6,830**	**3,153**	**–2,582**	**88,077**
Total equity and liabilities	**8,935**	**15,436**	**51,888**	**14,270**	**7,621**	**2,408**	**–2,582**	**97,976**

[1] *Within segment Other activities there are Intercompany positions with the other segments which can result in negative positions.*

Notes to the Condensed Consolidated Interim Financial Statements

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016 *

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES [1]	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	635		7		77	106		825
Associates and joint ventures		4	56		76	9		145
Property for own use and equipment	57	7	3		55	309		431
Investment property			1,045		38	46		1,129
Investments	6,318	3,477	34,255	657	2,804	1,352	−2,569	46,294
Investments backing linked liabilities			16,163		2,778			18,941
Banking credit portfolio				13,637		42		13,679
Deferred tax assets	−191		855	−25	48	42	10	739
Deferred acquisition costs			16		125	15		156
Income tax receivable	203		−247	6	−4	136		94
Amounts ceded to reinsurers	241	8	272		972	135	−231	1,397
Receivables and accruals	1,183	5,167	309	73	330	168	−227	7,003
Cash and cash equivalents	38	449	590	693	238	216	−53	2,171
	8,484	**9,112**	**53,324**	**15,041**	**7,537**	**2,576**	**−3,070**	**93,004**
Assets classified as 'held for sale'		11						11
Total assets	**8,484**	**9,123**	**53,324**	**15,041**	**7,537**	**2,576**	**−3,070**	**93,015**
Equity								
Equity attributable to holders of equity instruments of the Company	1,745	3,116	4,021	863	785	−756		9,774
Non-controlling interest	8							8
Total equity	**1,753**	**3,116**	**4,021**	**863**	**785**	**−756**		**9,782**
Liabilities								
Insurance liabilities	6,407	4,754	30,756		3,535	940	−1,218	45,174
Insurance liabilities where policyholders bear investment risks			15,929		242			16,171
Investment contracts					2,613			2,613
Post-employment benefits		24			34	−88	990	960
Other provisions	32	10	8	6	35	283		374
Banking customer accounts				6,480		87	−1,019	5,548
Loans and borrowings	36	1	9	6,842		1,707	−1,601	6,994
Derivatives	16	11	728	765		45		1,565
Deferred tax liabilities							10	10
Other liabilities	240	1,205	1,873	85	293	358	−232	3,822
	6,731	**6,005**	**49,303**	**14,178**	**6,752**	**3,332**	**−3,070**	**83,231**
Liabilities classified as 'held for sale'		2						2
Total liabilities	**6,731**	**6,007**	**49,303**	**14,178**	**6,752**	**3,332**	**−3,070**	**83,233**
Total equity and liabilities	**8,484**	**9,123**	**53,324**	**15,041**	**7,537**	**2,576**	**−3,070**	**93,015**

* *In 2017 a number of balance sheet items in the Segment Consolidated Statement of Financial Position have been reclassified. For a better insight into the developments in these items the comparative figures of segments have been adjusted accordingly (with the exception of segment Health Netherlands).*

[1] *Within segment Other activities there are Intercompany positions with the other segments which can result in negative positions.*

Notes to the Condensed Consolidated Interim Financial Statements

SEGMENT CONSOLIDATED INCOME STATEMENT FIRST HALF YEAR 2017

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	2,042	13,310	882		615	168	−70	16,947
Reinsurance premiums	−53	−8	−30		−108	−53	67	−185
Change in provision for unearned premiums (net of reinsurance)	−429	−6,477	−63		−19	−53	3	−7,038
Net earned premiums	**1,560**	**6,825**	**789**		**488**	**62**		**9,724**
Income from associates and joint ventures					3	−1		2
Investment income	29	12	393		35	5	−18	456
Realised and unrealised gains and losses	39	15	−685		−25	1	1	−654
Income from investments backing linked liabilities			619		73			692
Banking income				226			−2	224
Fee and commission income, and income from service contracts		52		76	21	58	−9	198
Other income	5	5	9	2	2	−1	1	23
Total income (excluding non-operational items) [1]	**1,633**	**6,909**	**1,125**	**304**	**597**	**124**	**−27**	**10,665**
Gross claims	1,138	6,407	1,880		479	114	−84	9,934
Gross movements in insurance liabilities own risk	−21	235	−278		−67	−114	80	−165
Claims and movements in insurance liabilities ceded to reinsurers	−3	−10	−4		−45	3	3	−56
Profit sharing and bonuses for policyholders	2		−726				1	−723
Movements in insurance liabilities where policyholders bear investment risks			47		−5		1	43
Fair value changes and benefits credited to investment contracts					64			64
Operating expenses related to insurance activities	388	231	93		120	31		863
Other operating expenses	10	3		137	31	82		263
Banking expenses				163			−25	138
Interest and similar expenses	2		1			30	−2	31
Other expenses	12	15	10		14		−1	50
Total expenses (excluding non-operational items) [1]	**1,528**	**6,881**	**1,023**	**300**	**591**	**146**	**−27**	**10,442**
Operational result	**105**	**28**	**102**	**4**	**6**	**−22**		**223**
Transaction results (mergers and acquisitions)				−9		11		2
Result before tax	**105**	**28**	**102**	**−5**	**6**	**−11**		**225**
Income tax expenses								54
Net result								**171**
Expense ratio [2]	24.9%	3.4%			23.3%			
Claims ratio [2 3]	69.3%	97.2%			74.4%			
Combined ratio [2 3]	94.2%	100.6%			97.7%			
Amortisation charges	1	1	1	0	10	27		40
Impairment losses	1	1	4	-8	0	-6		-8

1 *Total income and Total expenses are presented in the Segment Consolidated Income Statement excluding non-operational items. The amounts as presented in the table above can be reconciled with the amounts as presented in the Consolidated Income Statement as follows: Transaction results (acquisitions and disposals) are presented as part of Other income and Other expenses in the Consolidated Income Statement.*

2 *The ratios of segment International activities include both Non-life and Health insurance business.*

3 *The ratios of segment Non-life Netherlands are corrected for technical interest.*

Notes to the Condensed Consolidated Interim Financial Statements

SEGMENT CONSOLIDATED INCOME STATEMENT FIRST HALF YEAR 2016 *

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	2,011	13,106	992		603	349	−117	16,944
Reinsurance premiums	−99	−3	−37		−103	−96	112	−226
Change in provision for unearned premiums (net of reinsurance)	−373	−6,312	−74		−29	−128	5	−6,911
Net earned premiums	**1,539**	**6,791**	**881**		**471**	**125**		**9,807**
Income from associates and joint ventures					5	−4		1
Investment income	45	11	395	3	45	5	−22	482
Realised and unrealised gains and losses	1	3	2,612		83	−79		2,620
Income from investments backing linked liabilities			412		−12		1	401
Banking income				249		8		257
Fee and commission income, and income from service contracts		46		76	20	64	−8	198
Other income	7	7	5		2	−4	−1	16
Total income (excluding non-operational items) [1]	**1,592**	**6,858**	**4,305**	**328**	**614**	**115**	**−30**	**13,782**
Gross claims	1,090	6,412	2,189		466	27	−25	10,159
Gross movements in insurance liabilities own risk	332	172	−433		102	72	−114	131
Claims and movements in insurance liabilities ceded to reinsurers	−149		−13		−94	−138	141	−253
Profit sharing and bonuses for policyholders	−1		2,309					2,308
Movements in insurance liabilities where policyholders bear investment risks	−13		−58		−24		−1	−96
Fair value changes and benefits credited to investment contracts					5			5
Operating expenses related to insurance activities	437	257	118		116	77		1,005
Other operating expenses	11	3		140	21	130		305
Banking expenses				199		3	−27	175
Interest and similar expenses	2		2			31	−3	32
Other expenses	7	12	4	2	14	14	−1	52
Total expenses (excluding non-operational items) [1]	**1,716**	**6,856**	**4,118**	**341**	**606**	**216**	**−30**	**13,823**
Operational result	**-124**	**2**	**187**	**-13**	**8**	**-101**		**-41**
Transaction results (mergers and acquisitions)						-6		-6
Result before tax	−124	2	187	−13	8	−107		−47
Income tax expenses								−21
Net Result								**−26**
Expense ratio [2]	28.4%	3.8%			23.1%			
Claims ratio [2 3]	79.4%	97.0%			76.4%			
Combined ratio [2 3]	107.8%	100.8%			99.5%			
Amortisation charges	2	1	1		10	31		45
Impairment losses	3	7	7	2		1		20

* *In 2017 a number of items in the Segment Consolidated Income Statement have been reclassified. For a better insight into the developments the comparative figures of some items of segments Non-Life Netherlands, Health Netherlands and International activities have been adjusted accordingly.*

1 *Total income and Total expenses are presented in the Segment Consolidated Income Statement excluding non-operational items. The amounts as presented in the table above can be reconciled with the amounts as presented in the Consolidated Income Statement as follows: Transaction results (acquisitions and disposals) is presented as part of Other expenses in the Consolidated Income Statement.*

2 *The ratios of segment International activities include both Non-life and Health insurance business.*

3 *The ratios of segment Non-life Netherlands are corrected for technical interest.*

Notes to the Condensed Consolidated Interim Financial Statements

3. FAIR VALUE OF FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

This note provides an overview of financial instruments that are measured subsequently to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the observable inputs used in making the fair value measurements. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes financial instruments valued using quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant non-observable inputs. This category includes all financial instruments where the valuation technique includes inputs based on non-observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as private equity investments, private sector loans and advances which are part of the Banking credit portfolio.

Cash and cash equivalents are classified as level 1 when not subject to restrictions. Commercial paper, included within Deposits with credit institutions, is classified as level 1, due to fact that these are traded in money markets. Other deposits with credit institutions are in general classified as level 2, due to the facts that these are not traded and subject to restrictions.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 30 JUNE 2017

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 30 JUNE 2017
Financial assets				
Recurring fair value measurements				
Investments				
equities and similar investments	1,514	838	835	3,187
fixed income investments	26,815	2,582	6,587	35,984
derivatives	5	3,469		3,474
other financial investments	40	57		97
Investments backing linked liabilities				
equities and similar investments	4,826	1,457	2	6,285
bonds and other fixed-income investments	3,586	145		3,731
derivatives		397		397
cash and other financial investments	456	7,831		8,287
Banking credit portfolio			254	254
Cash and cash equivalents	1,392			1,392
Total assets measured at fair value on a recurring basis	**38,634**	**16,776**	**7,678**	**63,088**
Financial liabilities				
Investment contracts		2,752		2,752
Loans and borrowings		8		8
Derivatives	1	877	20	898
Total liabilities measured at fair value on a recurring basis	**1**	**3,637**	**20**	**3,658**

Notes to the Condensed Consolidated Interim Financial Statements

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2016

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 31 DECEMBER 2016
Financial assets				
Recurring fair value measurements				
Investments				
equities and similar investments *	1,428	1,108	887	3,423
fixed income investments	27,397	2,581	5,849	35,827
derivatives	2	4,079		4,081
other financial investments	38	54		92
Investments backing linked liabilities				
equities and similar investments *	4,731	1,542	4	6,277
bonds and other fixed-income investments	3,532	128		3,660
derivatives		380		380
cash and other financial investments	356	7,816		8,172
Banking credit portfolio			261	261
Cash and cash equivalents	2,171			2,171
Total assets measured at fair value on a recurring basis	**39,655**	**17,688**	**7,001**	**64,344**
Financial liabilities				
Investment contracts		2,613		2,613
Loans and borrowings		9		9
Derivatives *	1	1,543	21	1,565
Total liabilities measured at fair value on a recurring basis	**1**	**4,165**	**21**	**4,187**

* *In 2017 equities and similar investments and derivatives were reclassified from Level 2 to Level 3 (€309 million). For a better insight into the developments in these items the comparative figures have been adjusted accordingly.*

No changes in the fair value hierarchy during the first half of 2017

At each reporting date Achmea assesses the classification of the financial instruments measured at fair value. The assessment of the classification in the fair value hierarchy requires judgement, for example the importance of (un)observable inputs used in determining the fair value or with respect to activity of the market. In case of inactive markets, judgement is required on the valuation techniques to be used in order to determine the fair value as well as the interpretation of the level of using (market) data. As a result, the outcome of the classification process may differ between reporting periods. Achmea's policy is to determine the level of the fair value hierarchy each reporting period and to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There have been no changes in the hierarchy in the first half year of 2017, except the reclassifications referred to in the footnote above, for which the comparative figures for 2016 have been adjusted.

Valuation techniques used and valuation process within Achmea for Level 2 and 3 measurements

Depending on the specific financial instruments, Achmea has set valuation policies and procedures for determining the fair value. The valuation policies and procedures for determining the fair value are the same as applied to the Consolidated Financial Statements of Achmea B.V. for 2016.

Notes to the Condensed Consolidated Interim Financial Statements

Movement schedule for Level 3 Financial instruments measured at fair value on a recurring basis

FINANCIAL ASSETS / FINANCIAL LIABILITIES (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	EQUITIES AND SIMILAR INVESTMENTS BACKING LINKED LIABILITIES	BANKING CREDIT PORTFOLIO	ASSETS TOTAL 2017	DERIVATIVES	LIABILITIES TOTAL 2017
Balance at 1 January	**886**	**5,850**	**4**	**261**	**7,001**	**21**	**21**
Investments and loans granted	20	894	3	0	917		
Divestments and disposals	–93	–151	–5	–7	–256		
Fair value changes included in Income Statement	–7	–9		0	–16	–1	–1
Fair value changes included in Other comprehensive income	29	3		0	32		
Balance at 30 June	**835**	**6,587**	**2**	**254**	**7,678**	**20**	**20**

FINANCIAL ASSETS / FINANCIAL LIABILITIES (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS *	FIXED INCOME INVESTMENTS	EQUITIES AND SIMILAR INVESTMENTS BACKING LINKED LIABILITIES *	BANKING CREDIT PORTFOLIO	ASSETS TOTAL 2016	DERIVATIVES *	LIABILITIES TOTAL 2016
Balance at 1 January	**865**	**3,777**	**6**	**289**	**4,937**	**14**	**14**
Investments and loans granted	70	1,099			1,169		
Divestments and disposals	–63	–95		–15	–173		
Fair value changes included in Income Statement				1	1	2	2
Fair value changes included in Other comprehensive income	–2	108			106		
Changes due to reclassification		–87			–87		
Balance at 30 June	**870**	**4,802**	**6**	**275**	**5,953**	**16**	**16**

* *In 2017 equities and similar investments and derivatives were reclassified from Level 2 to Level 3 (€304 million). For a better insight into the developments in these items the comparative figures have been adjusted accordingly.*

Fair value changes included in Other comprehensive income related to Equities and similar investments and Fixed income investments are presented as part of Revaluation reserve. Fair value changes related to Banking credit portfolio included in the Income Statement are presented as part of Banking income.

Significant unobservable inputs for Level 3 Financial instruments measured at fair value on a recurring basis

DESCRIPTION	FAIR VALUE AS AT 30 JUNE 2017 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investments					
Equities and similar investments	835	Net Asset Value	N/A	N/A	N/A
Fixed income investments	6,587	Discoun-ted cash flow	Total spread	142 - 360 (bp)	An increase has no direct impact in the income statement or total equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Equities and similar investments backing linked liabilities	2	Net Asset Value	N/A	N/A	N/A
Banking credit portfolio	254	Discoun-ted cash flow	Total spread	84-251 (bp)	An increase of 10 basis points will result in a €0.9 million lower income in the income statement
Derivatives	20	Black Scholes model	Underlying value of the shares	N/A	An increase of 10% will result in €3 million higher income in the income statement.

Equities and similar investments mainly consist of private equity investment portfolio, amounting to €309 million (31 December 2016: €323 million), and Infrastructure funds, amounting to €247 million (31 December 2016: €267 million). The private equity investments have a highly diversified nature in terms of sector, geographical region and type of investment. For the main part of these investments, the fair value is determined using the Net Asset Value as reported by the fund manager or general partner and therefore, there is no significant unobservable input or combination of inputs that can be used to perform a sensitivity analysis.

DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2016 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investments					
Equities and similar investments	887	Net Asset Value	N/A	N/A	N/A
Fixed income investments	5,849	Discoun-ted cash flow	Total spread	143 - 403 (bp)	An increase has no direct impact in the income statement or total equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Equities and similar investments backing linked liabilities	4	Net Asset Value	N/A	N/A	N/A
Banking credit portfolio	261	Discoun-ted cash flow	Total spread	116 - 260 (bp)	An increase of 10 basis points will result in a €0.9 million lower income in the income statement
Derivatives	21	Black Scholes model	Underlying value of the shares	N/A	An increase of 10% will result in €3 million higher income in the income statement.

Financial instruments not measured at fair value for which the fair value is disclosed
The table below provides an overview of the financial instruments that are not measured at fair value, but for which the fair value is disclosed in the Notes.

(€ MILLION)

	CARRYING AMOUNT AS AT 30 JUNE 2017				FAIR VALUE AS AT 30 JUNE 2017
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Deposits with re-insurers	607			607	607
Other financial investments	2,165		2,462		2,462
Banking credit portfolio					
Credit institutions	996		996		996
Loans	11,989		1	12,374	12,375
Financial liabilities					
Banking customer accounts	5,583		5,601		5,601
Loans and borrowings					
Deposits from credit institutions	52		52		52
Secured bank loans	1,693		1,677		1,677
Unsecured loans	4,509	991	3,618		4,609
Subordinated loans	506	566	9		575
Others	24		23		23

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2016				FAIR VALUE AS AT 31 DECEMBER 2016
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets					
Investments					
Deposits with re-insurers	643			643	643
Other financial investments	2,228		2,519		2,519
Banking credit portfolio					
Credit institutions	1,132		1,132		1,132
Loans	12,286		43	12,513	12,556
Financial liabilities					
Banking customer accounts	5,548		5,576		5,576
Loans and borrowings					
Deposits from credit institutions					
Secured bank loans	2,077		2,049		2,049
Unsecured loans	4,382	1,008	3,581		4,589
Subordinated loans	506	544	10		554
Others	20		20		20

4. ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Winnock B.V.

On 1 July 2016 Achmea reached an agreement on the sale of its shares in Winnock B.V., a company offering reintegration and rehabilitation services. The transaction was completed in the first half of 2017. Winnock B.V. was a 100% subsidiary of Achmea Services N.V. and is reported in the segment Other activities. At 31 December 2016 the assets and liabilities of Winnock B.V. were recognised as Assets and liabilities classified as 'held for sale'. After completion of the transaction in the first half of 2017 the assets and liabilities of Winnock B.V. are no longer included in the balance sheet. The provisional sale proceeds of €2.5 million are recognised in Other income. The final proceeds of the sale depend on the results of Winnock B.V. in 2017 and 2018.

Staalbankiers N.V.

On 8 August 2016 Achmea reached an agreement on the sale of a group of assets (disposal group) of Staalbankiers N.V., including the sale of the asset management activities, customer accounts as well as the brand name. Staalbankiers N.V. is a 100% subsidiary of Achmea B.V. and is reported in the segment Other activities. In the first half of 2017 the transaction was finalised. The final proceeds of the sale, which depended on the value of the transferred assets under management, amounts to €12.3 million, of which €7.8 million is recognised in Other income in the first half of 2017.

Partial transfer service activities sectoral pension funds Syntrus Achmea Pensioenbeheer N.V.

At the end of 2016, Syntrus Achmea Pensioenbeheer N.V. (part of the segment Retirement Services Netherlands) announced that it would be phasing out services to sectoral pension funds within two years. In 2017 the collective transfer of a part of these activities to Centric was agreed upon and on 12 July 2017 Syntrus Achmea Pensioenbeheer N.V. and Centric concluded the purchase agreement. Under this agreement the contractual relationships with the relevant pension funds will be taken over by Centric as of 1 September 2017, subject to fulfilment of the suspensive conditions. As part of the transaction it has been agreed that Syntrus Achmea Pensioenbeheer N.V. will compensate part of the investments Centric has to make. A maximum of 85.2 employees of Syntrus Achmea Pensioenbeheer N.V. will move to Centric. The expenses related to the partial transfer of the service activities to Centric are recognised in Other expenses in the first half of 2017.

5. INTANGIBLE ASSETS

(€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Goodwill	652	652
Software *	59	60
Brand name	7	8
Value of business acquired	9	11
Distribution networks	85	94
	812	**825**

* *In the component Software an amount of €18 million (31 December 2016: €17 million) is included for internally developed software.*

Movements in Intangible assets mainly relate to depreciations and for a smaller part to the acquisition and internal development of software.

6. INVESTMENT PROPERTY

In the first half year of 2017, the fair value movements related to Investment property amounted to €30 million (first half year 2016: €4 million). These are presented as part of Realised and unrealised gains and losses in the Consolidated Income Statement.

(€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Residential	484	465
Retail	315	324
Offices	300	298
Other	41	42
Total	**1,140**	**1,129**

7. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	30 JUNE 2017
Equities and similar investments	2,877	310		3,187
Fixed income investments *	31,384	4,600	607	36,591
Derivatives		3,474		3,474
Other financial investments	64	33	2,165	2,262
	34,325	**8,417**	**2,772**	**45,514**

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2016
Equities and similar investments	2,868	555		3,423
Fixed income investments *	31,104	4,723	643	36,470
Derivatives		4,081		4,081
Other financial investments	60	32	2,228	2,320
	34,032	**9,391**	**2,871**	**46,294**

* *Excluding saving accounts linked to life insurance contracts. These are presented as part of Other financial investments.*

Equities and similar investments include investments in real estate investment funds amounting to €265 million (31 December 2016: €286 million). Impairments relating to Investments amount to €8 million (first half year 2016: €18 million) and are presented as part of Realised and unrealised gains and losses in the Income Statement.

FIXED INCOME INVESTMENTS

(€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Bonds		
Government and government related or guaranteed bonds		
Netherlands	7,975	8,921
Germany	3,699	4,141
France	1,207	1,343
Finland	483	448
Austria	478	504
Belgium	312	312
Ireland	298	310
Government guaranteed bonds	1,007	838
European governmental institutions	521	590
Other	1,057	904
Securitised bonds		
Asset backed	866	954
Covered	537	560
Corporate bonds	9,319	8,415
Convertible bonds	309	302
Loans and Mortgages		
Investment loans	894	1,009
Loans and mortgages to policyholders	20	19
Other loans and mortgages	6,586	5,850
Deposits with credit institutions		
Deposits within the European Union	260	241
Other	156	166
Total	**35,984**	**35,827**

8. INSURANCE LIABILITIES

(€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Non-life insurance		
Unearned premiums	1,713	1,254
Provision for premium deficiency and unexpired risks	46	50
Outstanding claims (including IBNR)	5,982	6,011
Profit sharing and bonuses for policyholders	28	26
Total Non-life insurance	**7,769**	**7,341**
Health insurance		
Unearned premiums	6,758	28
Provision for premium deficiency and unexpired risks	191	435
Outstanding claims (including IBNR)	4,625	4,388
Total Health insurance	**11,574**	**4,851**
Life insurance		
Provision for life policy liabilities	24,977	25,248
Deferred interest surplus rebates	−28	−32
Net provision for life policy liabilities	24,949	25,216
Profit sharing and bonuses for policyholders	6,689	7,766
Total Life insurance	**31,638**	**32,982**
Total Insurance liabilities	**50,981**	**45,174**

9. POST-EMPLOYMENT BENEFITS

Achmea has a pension scheme for the major part of its employees. The pension scheme executed by Stichting Pensioenfonds Achmea, applicable for the major part of the 12,000 employees in the Netherlands, is a so-called Collective Defined Contribution (CDC) scheme. The obligation of Achmea related to the pension scheme is limited to payment of the agreed premium for the current year of service. Achmea's defined benefit obligation is mainly related to the accrued rights under former defined benefit plans. These defined benefit plans are maintained in The Netherlands, Ireland and for a limited amount in Greece. Benefits related to medical costs are not included in these plans.

(€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Present value of defined benefit obligation	968	1,119
Fair value of total investments backing defined benefit obligation	−1,027	−1,147
Fair value of non-qualifying investments backing defined benefit obligation	948	988
Unfunded status	**889**	**960**
Effect of asset ceiling		
Net defined benefit liability	**889**	**960**

All significant actuarial assumptions used to calculate the defined benefit obligation are the same as those described in the Achmea Consolidated Financial Statements 2016.

As a consequence of an amendment in the terms and conditions of the pension scheme Stichting Bedrijfstakpensioenfonds Zorgverzekeraars, this scheme has been reclassified from a defined benefit scheme to a defined contribution scheme as of the end of April 2017. This reclassification, characterised under IFRS as a pension scheme amendment, results in a release of the related post-employment benefits of €25.6 million. The same amount is recognised as profit in the Income Statement under Operating expenses. The release is based on the post-employment benefits at year-end 2016. The post-employment benefits have not been recalculated on the reclassification date, based on the limited volatility in the post-employment benefits for the past three years and the limited change in the discount curve used to calculate the benefits between 31 December 2016 and the reclassification date.

10. LOANS AND BORROWINGS

The banking activities of Achmea are partly funded by loans secured by pledges on mortgage receivables. Secured bank loans include debentures issued by Achmea Bank N.V. under its €10 billion Unsecured Debt Issuance Programme, its €10 billion Covered Bond Programme, and various Residential Mortgage Backed Securities, issued by special purpose entities controlled by Achmea Bank N.V. These debentures are in various base currencies and are collateralised by residential mortgage loans. The carrying amount of these residential mortgage loans is €4.7 billion (31 December 2016: €5.5 billion).

In the first half year of 2017 Loans and borrowings decreased by €0.2 billion as a result of repayments, mainly due to the repayment of a securitisation programme of Achmea Bank (DMPL X) of €0.5 billion.

11. CONTINGENCIES

With the exception of the information stated below, the Contingencies at 30 June 2017 have not changed materially compared to 31 December 2016.

Achmea provides mortgage loans for its own account and for the risk and account of its clients (pension funds). In this capacity Achmea has commitments arising from offers for mortgage loans. If the clients accept the offers, Achmea is obliged to provide €1,474 million (31 December 2016: €748 million) in mortgage loans. This liability corresponds with a received guarantee of €389 million (31 December 2016: €157 million). The increase reflects Achmea's investment policy and the development of the mortgage market rates during the first half of 2017.

12. RELATED PARTY TRANSACTIONS

During the first half year of 2017 the related party transactions were similar in nature to the transactions in 2016. For more information about the nature of related party transactions in 2016, reference is made to Note 30 Related party transactions of the Achmea Consolidated Financial Statements 2016.

13. CAPITAL MANAGEMENT

Solvency II is the solvency regime for insurers in the European Union that entered into effect on 1 January 2016. Below the Solvency II results as at 30 June 2017 are included. The calculations to determine the solvency ratio as at 30 June 2017 are based on the information available to us and our current insights regarding the economic situation. They represent our best estimate. The guidance from De Nederlandsche Bank relating to the calculation of the adjustment for the Loss-Absorbing Capacity of Deferred Taxes (LACDT) has been included in the calculation of the figures for the first half of 2017.

The table below provides an overview of the Solvency II results. The required capital is calculated using the partial internal model as approved by the college of supervisors. For the scope of the internal model reference is made to the Note Capital and risk management of the Achmea Consolidated Financial Statements 2016. The other risks are calculated using the standard formula of Solvency II.

SOLVENCY RATIO (€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Eligible own funds	8,735	8,345
Required capital	4,713	4,623
Surplus	**4,022**	**3,722**
Ratio (%)	185%	181%

The solvency II ratio increased with 4%-pt to 185% (31 December 2016: 181%). This increase mainly reflects the increase in eligible own funds as a result of positive financial results, positive effects resulting from developments on financial markets and an adjustment of the cost assumptions and mortality experience within the Dutch life insurance business. Required capital has increased moderately, mainly due to increased market risk and decreased life risk.

After adoption of the Achmea Consolidated Financial Statements 2016, new information was received that led to an adjustment of the estimated claims for the Achmea healthcare entities. As a result of the changed insight, the solvency ratio of one of the insurance subsidiaries of Achmea, FBTO Verzekeringen N.V., has been determined to be below the statutory requirement of 100% as at 31 December 2016. In response to this, a subordinated loan has been provided resulting in FBTO Zorgverzekeringen N.V. meeting the statutory requirement. Considering the inherent sensitivities, the need for strengthening of the capital position in line with the current capital adequacy policy is assessed in the second half year.

The table below gives an overview of Achmea's risk profile based on the Solvency Capital Requirement (SCR) results as calculated using the partial internal model.

SOLVENCY CAPITAL REQUIREMENT (€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Market Risk	2,475	2,291
Counterparty Risk	588	560
Life Risk	1,758	1,861
Health Risk	1,854	1,861
Non Life Risk	783	770
Intangible Asset Risk	5	4
Diversification	-2,670	–2,645
Basic Solvency Capital Requirement	**4,793**	**4,702**
Loss-Absorbing Capacity	-700	–706
Operational Risk	592	596
Solvency Capital Requirement (Cons)	**4,685**	**4,592**
SCR Other Financial Sectors & Other entities	28	31
Solvency Capital Requirement	**4,713**	**4,623**

Below is an overview of the composition of the eligible equity under Solvency II (eligible own funds). This consists of the available equity (on economic principles) and subordinated loans qualifying as equity. This equity serves as a buffer to absorb risks and financial losses.

ELIGIBLE OWN FUNDS (€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Tier 1	6,765	6,296
Tier 2	1,309	1,356
Tier 3	661	693
Total eligible own funds	**8,735**	**8,345**

The composition of equity under the Solvency II regulations is not the same as equity for IFRS purposes. Under Solvency II, the equity of the insurance entities, support entities and other entities is included. Equity from banking activities and asset management are deducted from equity in Solvency II. The table below shows the composition of eligible own funds under Solvency II and the relationship with the IFRS equity.

RECONCILIATION EQUITY FINANCIAL STATEMENTS – SOLVENCY II ELIGIBLE OWN FUNDS (€ MILLION)

	30 JUNE 2017	31 DECEMBER 2016
Equity Financial statements	9,899	9,782
Subordinated liabilities in Basic Own Funds	-1,350	-1,350
Own shares	235	235
Total IFRS excess of assets over liabilities	**8,784**	**8,677**
Valuation differences Solvency II	-713	-866
Total economic excess of assets over liabilities	**8,071**	**7,801**
Subordinated loans eligible under Solvency II and "grandfathered" instruments	1,909	1,956
Eligible own funds before adjustments	**9,980**	**9,757**
Restrictions	-25	-23
Foreseeable dividends	-27	-91
Not qualifying tier 3 capital	0	-122
Own shares	-235	-235
Participations in Other Financial Sectors (CRD IV)	-958	-941
Eligible own funds to meet the SCR	**8,735**	**8,345**

14. SUBSEQUENT EVENTS

There are no subsequent events which should be disclosed in the Interim Financial Statements.

AUTHORISATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Zeist, 15 August 2017

The Supervisory Board
A.W. (Aad) Veenman, Chairman
A.J.A.M. (Antoon) Vermeer, Vice-chairman
P.H.M. (Petri) Hofsté
S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
A.C.W. (Lineke) Sneller
W.H. (Wim) de Weijer
R.Th. (Roel) Wijmenga

Board of directors
W.A.J. (Willem) van Duin, Chairman
R. (Roelof) Konterman, Vice-chairman
M.A.N. (Michel) Lamie, CFO
R. (Robert) Otto
B.E.M. (Bianca) Tetteroo
H. (Henk) Timmer, CRO

Independent Auditor's Review Report

REVIEW REPORT

To: the Executive Board and Supervisory Board of Achmea B.V.

Introduction

We have reviewed the Condensed Consolidated Interim Financial Statements, included in the Half Year Report, of Achmea B.V., Zeist, which comprises the Consolidated statement of financial position as at 30 June 2017, the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of changes in total equity, the Condensed consolidated statement of cash flows for the period then ended and the explanatory notes. The Executive Board is responsible for the preparation and presentation of this (condensed) interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review of the interim financial information in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the company. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed Consolidated Interim Financial Statements for the six-month period ended 30 June 2017 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Amsterdam, 15 August 2017

PricewaterhouseCoopers Accountants N.V.

Original Dutch version signed by R.A.J. Swaak RA