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Strong improvement in results

Achmea Annual Results 2017 – Media presentation

achmea 

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2. Strategy to 2020 'Delivering Together'



Financial overview

3. Results by segment
4. Capital position and solvency

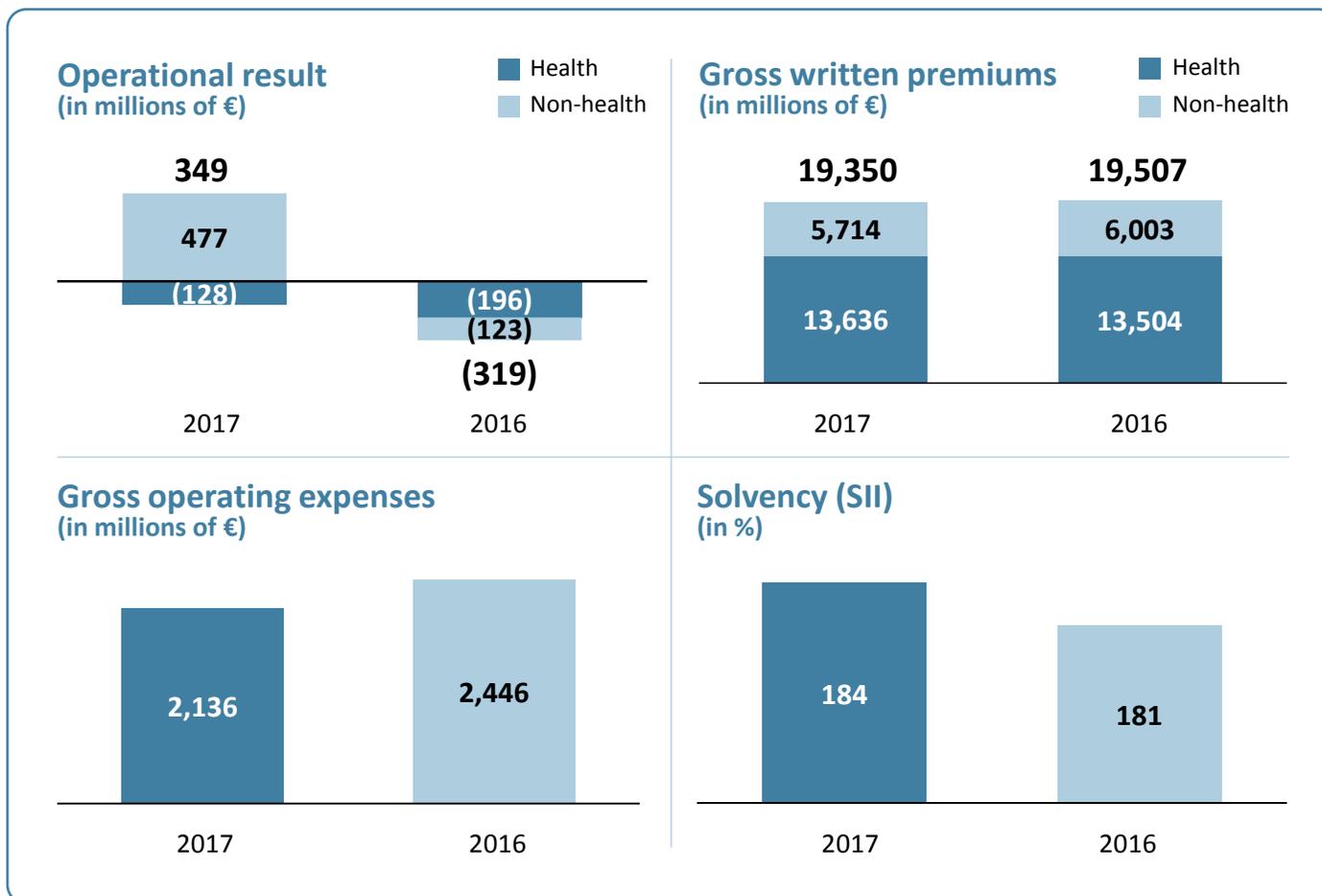


Strong improvement in results in 2017

- Operational result increases to €349 million
 - Non-Life and Pension & Life are main contributors to improved results
 - Basic Health still loss-making in spite of smaller capital allocation for premiums below cost price of €108 million
 - Structural cost reduction of €117 million (5%)
- Solvency II ratio increases by 3%-pt to 184%
- On track to achieve strategic objectives 2020
- Focus on innovation and improvement of services to customers



Strong improvement in results due to improvement measures



- Profitability increased strongly due to:
 - Premium measures, claims management and cost savings
 - Also improvement in results when adjusted for the hail calamity of €152 million in 2016
- Growth in written premiums in Non-Life, Health and International activities
- Structural cost reduction of 5% mainly in housing, IT and personnel
 - 13% cost reduction including one-off effects
- Financial position continuously robust:
 - Increase in solvency to 184% partly driven by positive results
 - Before dividends, share buy-back and coupons on hybrids Solvency II ratio of 191%

Operational result - excluding Health - in line with long-term objectives

| Segment results (in millions of €) | 2017 | 2016 |
|--|------------|-------------|
| Non-Life | 166 | -185 |
| Service organisation Pension & Life | 342 | 285 |
| Retirement Services | 12 | -18 |
| International activities | 16 | 25 |
| Other activities | -59 | -230 |
| Operational result (excl. Health) | 477 | -123 |
| Health | -128 | -196 |
| Operational result | 349 | -319 |

Non-Life

- Strong recovery in results as a result of improvement measures

Service organisation Pension & Life

- Higher result due to substantial cost savings and higher investment results

Retirement Services

- Improved results due to accelerated termination sectoral pension funds at Achmea Pension Services, as well as higher results Achmea IM and Achmea Bank

International

- Results declined slightly due to one-off charges in Turkey and Australia

Other activities

- Improved results due to run-off of private banking activities, lower personnel expenses and one-off reorganisational expenses in 2016

Health

- Basic Health still loss-making in spite of smaller capital allocation for premiums below cost price

Strategy to 2020 'Delivering Together': innovation of services main focus

Customer relevant and trendsetting

- Focus on innovation and services:
 - With our innovations we build a trendsetting organisation
 - A service provider personally relevant for its clients on a daily basis
- We contribute to a healthier, safer and future proof society
- Along four themes:
 - Good health accessible for everyone
 - Clean, safe and smart mobility
 - Safe living and working
 - (financial) solution for now and in the future

Return and cost reduction

- Structural operational result of €450 million in 2020 excluding our Health insurance activities
- Ahead of plan with our cost reduction of approx. €200 million until 2020
 - Structural cost reduction realised of 5%; cost reduction of 13% when including one-off effects
- Number of FTEs in The Netherlands reduced by 7% to approx. 14,500

Five market-oriented chains





Good progress on group strategy to 2020 'Delivering Together'

Strong brands with high customer ratings

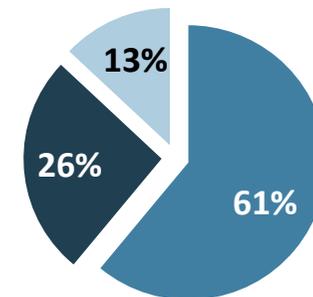


Leader in mobile and online services; proven success in rolling out new concepts



Distribution via multiple channels; market leader in direct and banking

- Direct
- Banking
- Brokers



Large client base, with 10 million customers in The Netherlands; market leader in Non-Life & Health

| Property & Casualty insurance #1 | Health insurance #1 | Income Protection #2 | Ind. Life #2 | Asset management #5 |
|----------------------------------|---------------------|----------------------|----------------|---------------------|
| Achmea 22% | Achmea 30% | NN/Delta Lloyd | NN/Delta Lloyd | APG |
| NN/Delta Lloyd | VGZ | ASR | Vivat | Blackrock NL |
| ASR | CZ Group | Achmea 17% | Achmea 15% | PGGM |
| Allianz | Menzis | Goudse | Aegon | MN |
| Other | Other | Aegon | ASR | Achmea 7% |
| | | Other | Other | Other |





Non-Life: high customer satisfaction and leader in online distribution

- Strong performance recovery in Non-Life as a result of improvement measures

Centraal Beheer provides insurances, savings, investments, mortgages and pensions

- Real-time insight into progress on claims via personalised online track & trace page for customers
- Centraal Beheer also helps customers to repair vehicles even if damage is not covered by their policy
- Centraal Beheer first insurer to provide insurance for driverless, electric vehicles of partner Amber
- Centraal Beheer offers the best liability insurance (Dutch Consumers' Association)

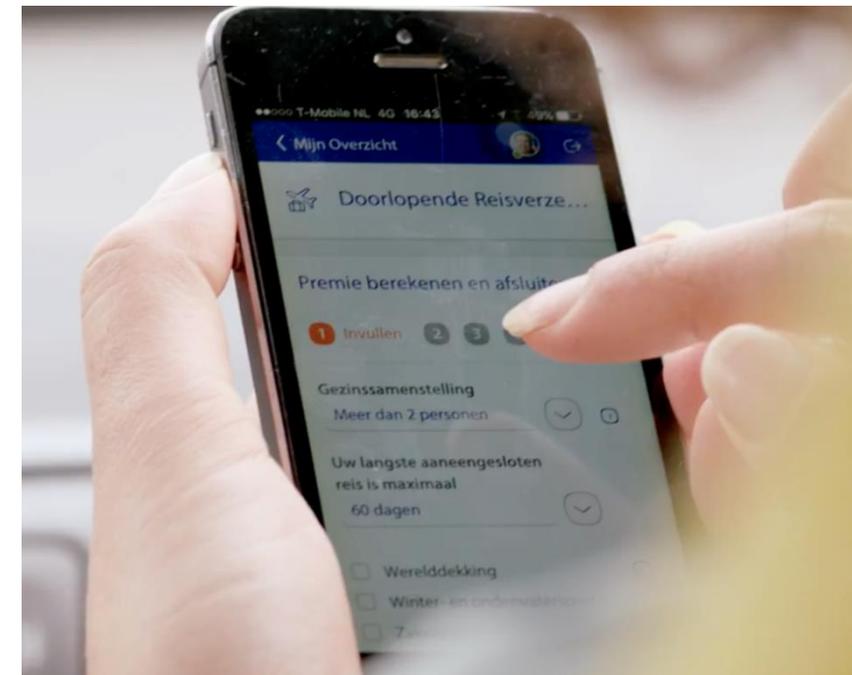
Interpolis: successful strategic partnership with Rabobank intensified further

- All common insurance policies for retail customers can easily be arranged via the Rabo banking app
- Interpolis works to improve overall traffic safety via Automodus campaign
- Prevention advice on cybercrime for small and medium-sized businesses via ZekerVanJeZaak policy
- Dutch Consumers' Association: Interpolis home insurance 'Best Tested Policy'



Uw schademelding bij Centraal Beheer

Hoe staat het met uw schade?





Health: Good health accessible for everyone

Zilveren Kruis: Maintain balance between solidarity, market share and solvency

- Market leadership with stable market share of ~30% and growth in online health insurance
- Further cost reductions and focus on added value for customers
- Merger of De Friesland Zorgverzekeraar and Zilveren Kruis
- E-Health service Hartwacht helps to improve blood pressure of insured
- Customers live and work healthier and stay in shape via Actify and Gezond Ondernemen (Healthy Enterprise)
 - International Institute for Health Management and Quality: Golden certificate for Gezond Ondernemen as best practice for commercial customers (iHMQ)
- Senior citizens are living longer and safely at home thanks to Alles-Oké service of Zilveren Kruis and Eneco
- Zilveren Kruis among top-three best insurers on social media (ITDS)
- WUA: Zilveren Kruis best health insurer for online orientation and arranging policies



Hartwacht





Retirement Services: together with customers comprehensive solutions for now and in the future

Achmea Pension Services: improved result after termination of services to sectoral pension funds

- Centraal Beheer General Pension Fund (APF) the pension solution for pension funds and employers
- Top 3 position with €1.1 billion Assets under Management (AuM)
- New employer and member portals at Centraal Beheer APF and for company pension funds
 - Pension communication Centraal Beheer APF 'best-in-class' (PBM)

Achmea Investment Management: AuM increased to over €120 billion

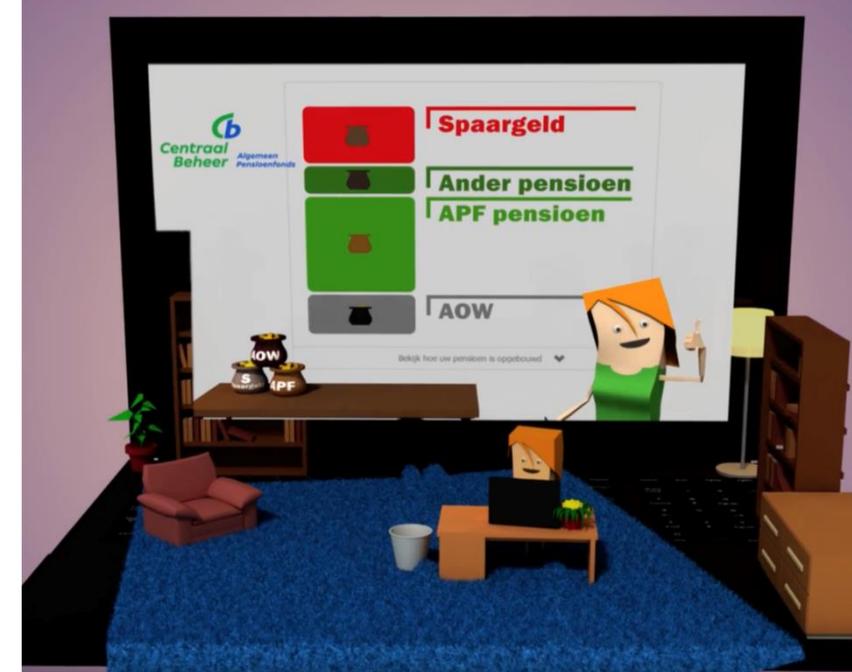
- Agreement with Stichting Pensioenfondsen Huisartsen for fiduciary management

Achmea Bank: improved services after outsourcing mortgages and savings processes

- Centraal Beheer offers Buying Service to house buyers to ease mortgage process



Woonfondsen



Aankoopservice

Dit komt er kijken bij het kopen van een huis

U gaat een huis kopen. Dat doet u niet elke dag. Wat komt er allemaal kijken bij de aankoop van een huis? Waar moet u rekening mee houden? Wanneer regelt u wat? Centraal Beheer helpt u stap voor stap met de Aankoopservice. Zo weet u zeker dat u niets vergeet. Bovendien kunt u via ons eenvoudig een goedkope taxatie regelen en de overdracht bij de notaris. Uiteraard bent u vrij om uw eigen taxateur of notaris te regelen. En u krijgt u 10 gratis verhuisdozen als u de Thuis Hypotheek afsluit.

- ✓ Alle stappen voor de aankoop van een huis overzichtelijk op een rij
- ✓ Korting op services die u bijna altijd nodig hebt
- ✓ Handige tips en checklists voor de aankoop van een huis

[Naar de Checklist Verhuizen >](#)

Uw persoonlijke checklist
De checklist bestaat uit 7 onderdelen.

- Aankoopservice bekijken
- Huis kopen
- Hypotheek aanvragen

[Maak uw persoonlijke checklist >](#)



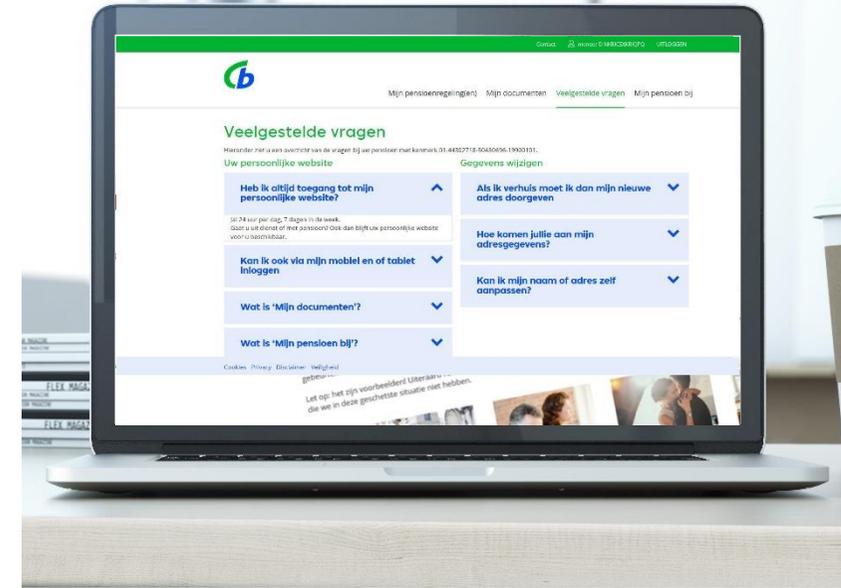
Pension & Life service organisation: providing optimal services to customers and growth in term life

Significant contribution to result and good progress on implementing 'service strategy'

- Portfolio size stable with moderate run-off
- Improved customer service due to digitisation and streamlining administration

Strong growth of 14% in written premiums for term life insurance

- Market leadership in new sales term life insurances with 25% market share, partly as a result of Interpolis and Rabobank
- Improved insight into pensions thanks to new online member portal 'Mijn Toekomst' for customers
- Website Centraal Beheer best for online orientation on term life insurances (WUA)



| januari 2017 | | | maart 2016 | | januari 2016 | |
|--------------|-------------------|-------|------------|-------|--------------|-------|
| | | Score | Positie | Score | Positie | Score |
| 1 | CentraalBeheer.nl | 72 | 2 | 71 | 2 | 67 |
| 2 | | 71 | 1 | 79 | 1 | 79 |
| 3 | | 64 | 7 | 59 | 9 | 54 |
| 4 | | 58 | 6 | 62 | 4 | 62 |
| 5 | | 57 | 4 | 62 | 8 | 54 |
| 6 | FBTO.nl | 55 | - | - | - | - |
| 7 | | 54 | 3 | 64 | 3 | 66 |
| 8 | | 52 | 5 | 62 | 5 | 61 |



Web Performance Scan Overlijdensrisicoverzekering
Januari 2017





International: growth in premiums and positive contribution to the result

Growth with core competencies Non-Life, Health via online and banking channel

- Larger market shares and premium growth in local currencies of 8%
- Increase in premium income in Turkey of 12% in local currency
 - Strongest premium growth in online channel, set up together with Garanti Bank
- Premium growth in Greece mainly due to growth in online insurer Anytime
 - Promising start Anytime in Cyprus after success in Greece
- Good partnership with Rabobank in Australia: premium growth and client satisfaction
- Announced sale of Irish life insurer Friends First in line with strategy
- Strategic alliance initiated with partner for online property & casualty in Canada



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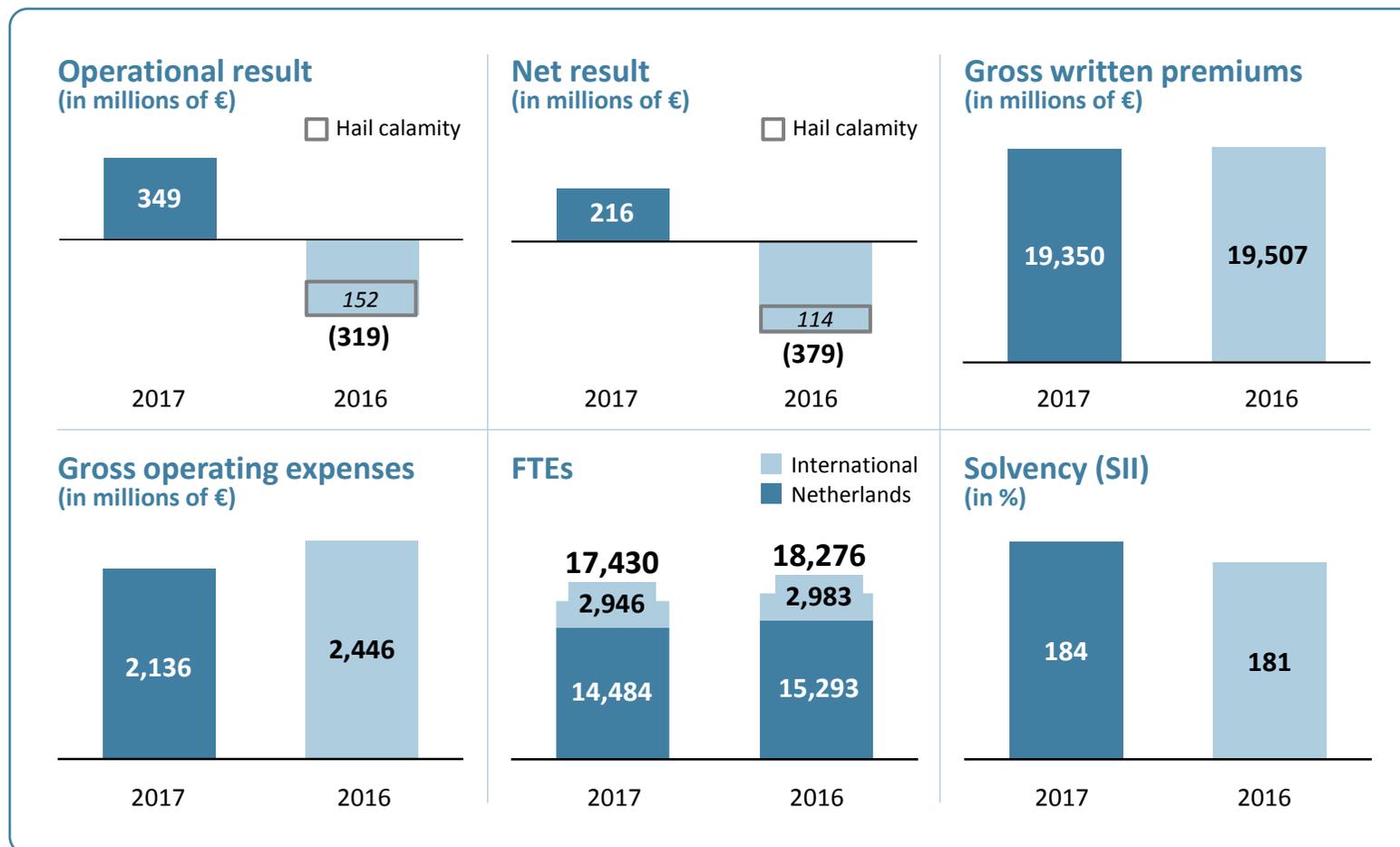


Financial overview

3. Results by segment
4. Capital position and solvency



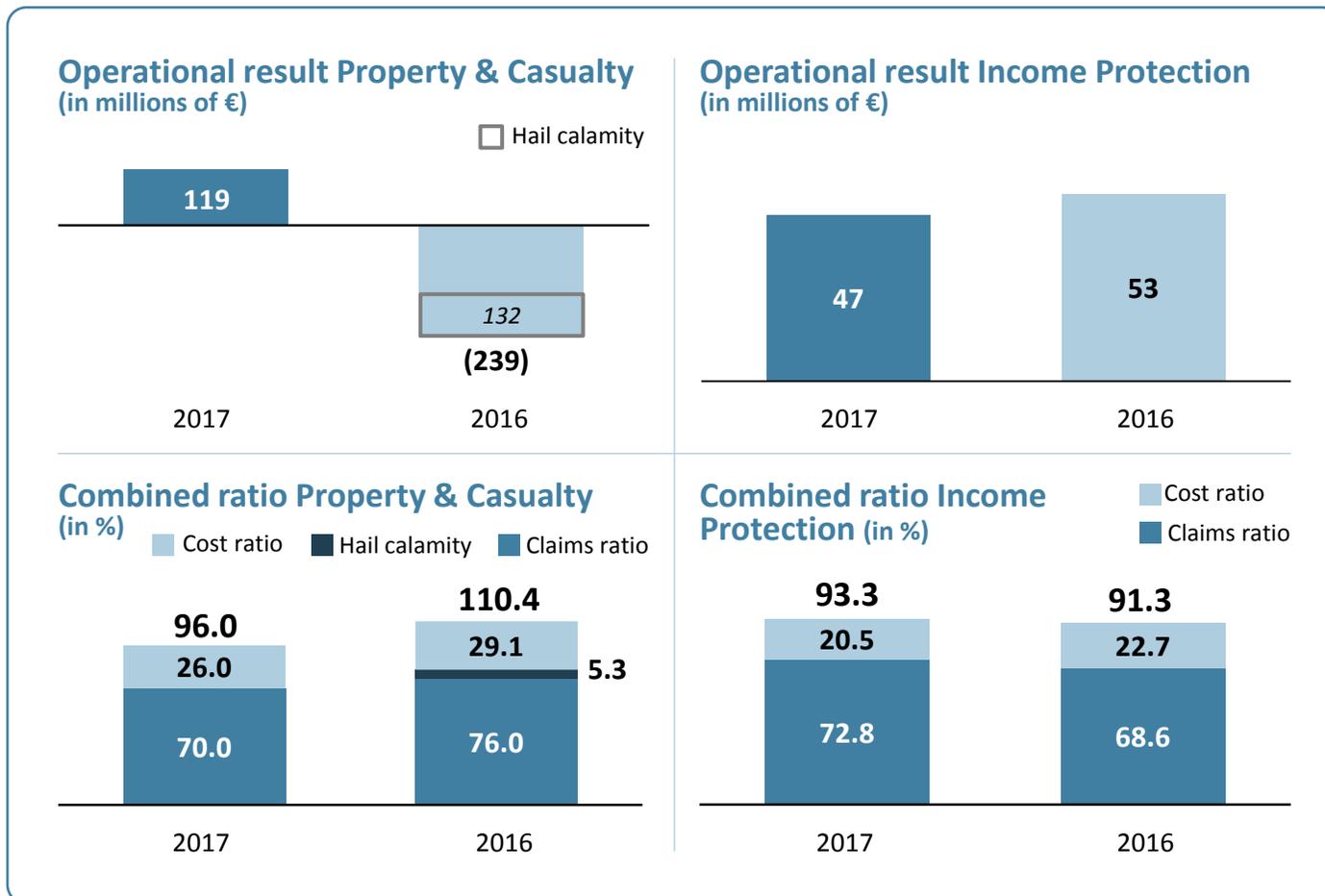
Strong improvement in results due to improvement measures



- Operational and net results higher:
 - Strong recovery in results for Non-Life due to improvement measures
 - Service organisation Pension & Life makes important contribution to results
 - Improvement in results at Health partly due to lower capital allocation than in previous years
- Premium income slightly lower, in spite of growth at Non-Life and Health, due to decline in income from premiums at Pension & Life
- Structural cost reduction of 5% due to substantial savings on housing, personnel and IT
 - Cost reduction of 13% including one-off effects
- Increase in solvency to 184%¹ driven by positive trends in financial markets and optimisation

¹ After dividends, coupons on hybrids and buy-back of Achmea shares

Non-Life: impact of improvement measures leads to COR of 95.5%



Property & Casualty insurance

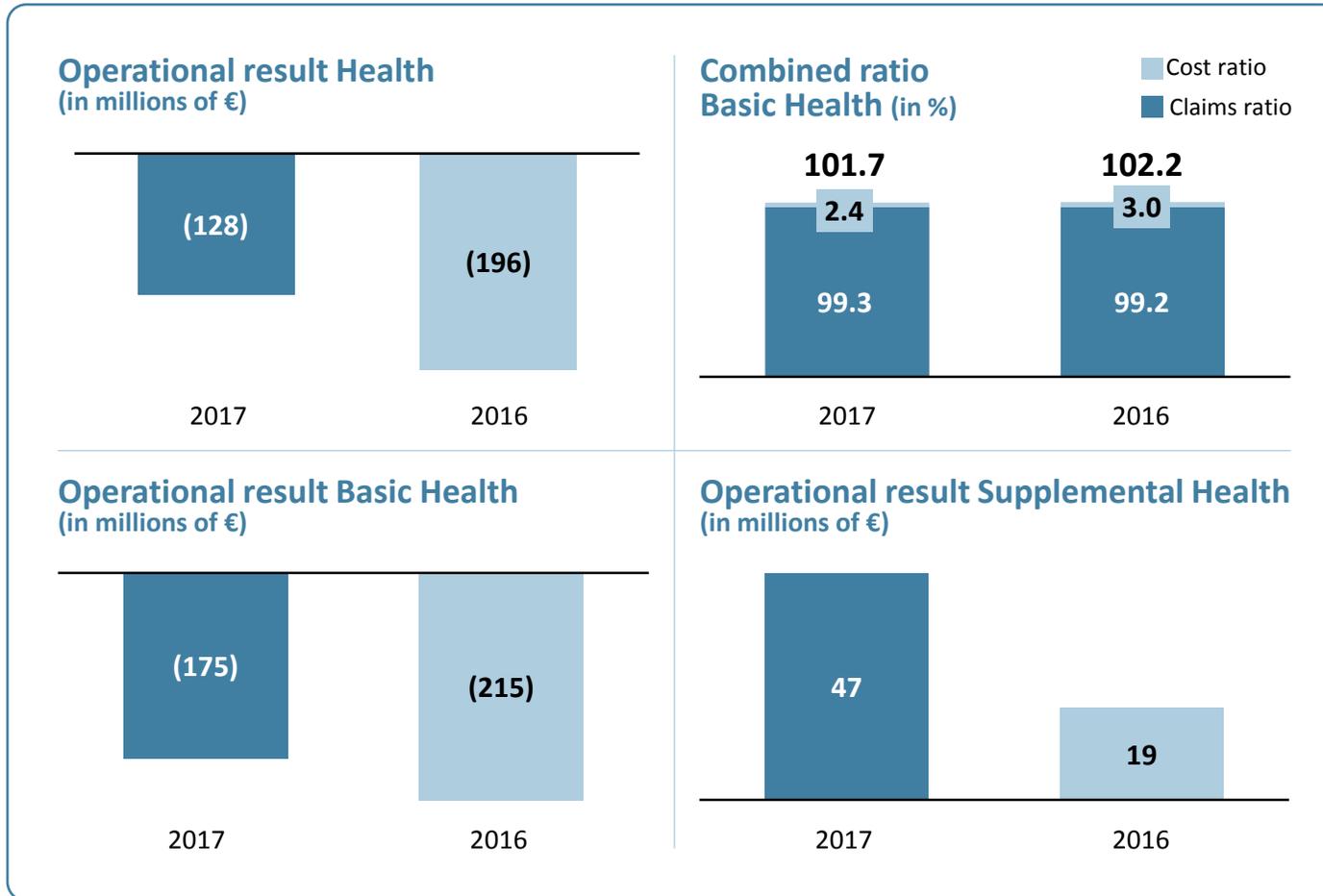
- Result improved substantially via combination of higher premium income, claims management and cost reduction
 - When adjusted for the severe hailstorms in 2016 (€132 million) the increase is €226 million
- Gross written premiums increased to €2,690 million (2016: €2,601 million) due to growth in the retail market

Income Protection insurance

- Operational result driven by:
 - Higher inflow into Group Disability (WIA) in line with national trend
 - Release of provision for Group Disability partly as a result of claims management
 - Lower operating expenses partly due to efficiency measures
- Increase in premium income to €600 million (2016: €590 million) due to expansion of Group Disability market (BeZaVa¹)

¹ Restriction of Absenteeism and Disability Safety Net Act

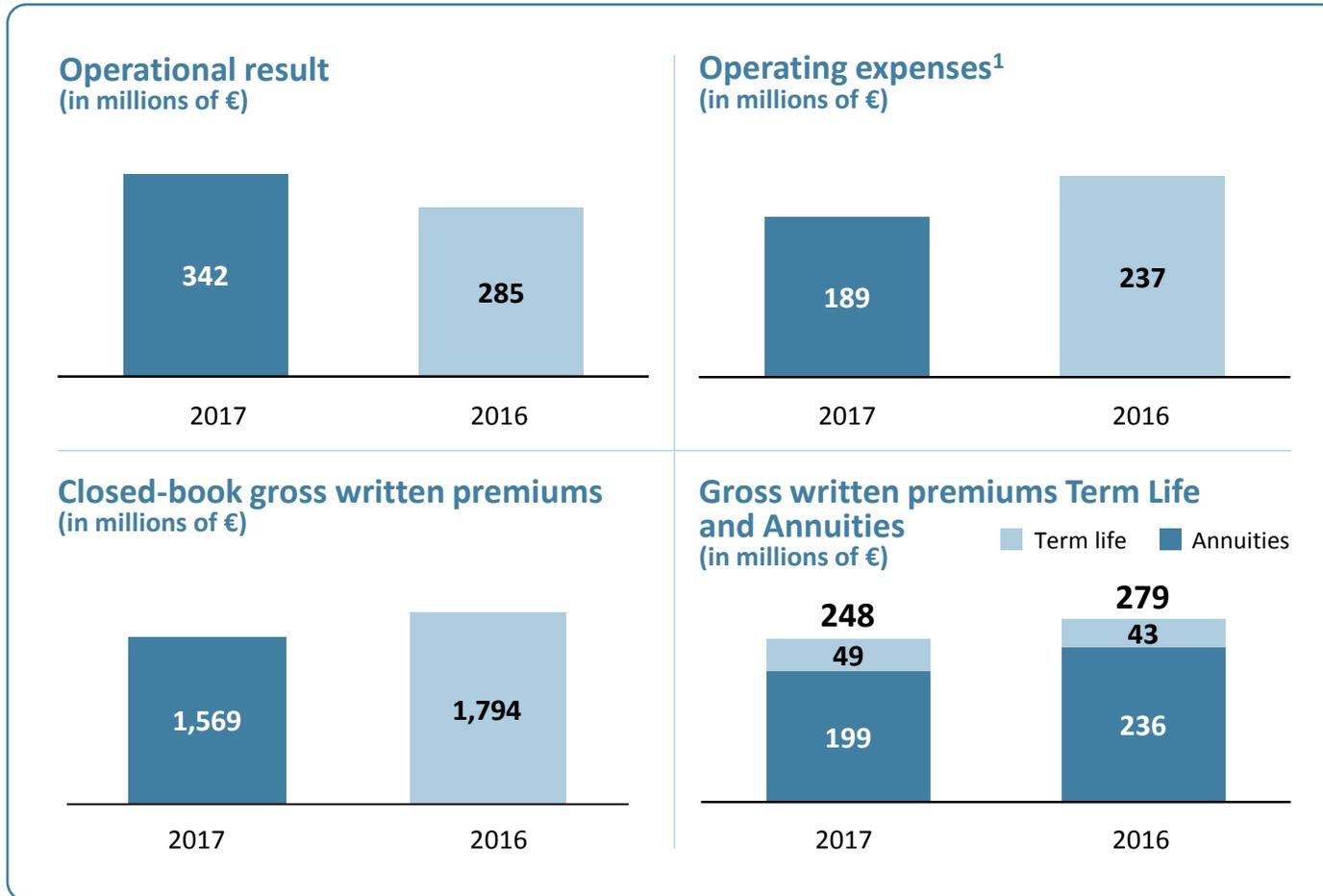
Health: Basic Health still loss-making in spite of smaller capital allocation for premiums below cost price



Basic health insurance

- 2017 results driven by:
 - Positive development in medical expenses Basic Health for current underwriting year
 - Lower expenses in Supplemental Health for specialist medical care and dental care
 - Lower operating expenses (10%) due to continued focus on efficiency and digitisation
- Smaller capital allocation for premiums below cost price of €108 million (2016: €426 million) is fully compensated by lower than expected contribution from equalisation fund
- Increase in gross written premiums
 - Premium income Basic Health increased to €11,869 million (2016: €11,779 million) due to higher number of customers and higher premiums across the market
 - Premium income Supplemental Health stable at €1,315 million with stable percentage of customers taking out supplementary insurance at ~80%

Service organisation Pension & Life: Improved results due to substantial cost savings and higher investment results



Pension & Life

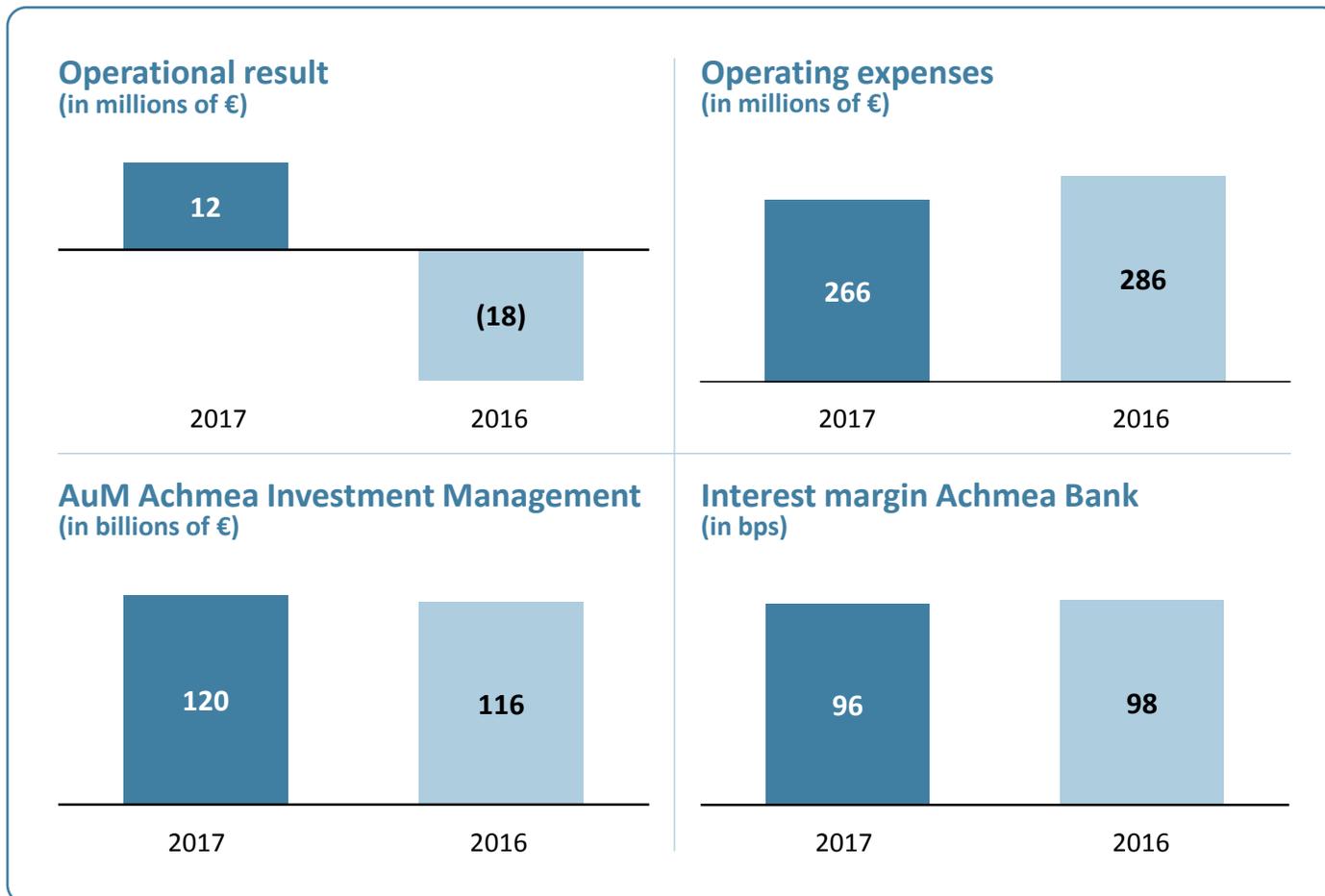
- Good progress in administration of Pension & Life portfolios:
 - Small decline in portfolio size in line with expectations
 - Portfolio with long-term liabilities supports long-term stable result
- Result improved substantially:
 - Significant cost reduction (20%) due to simplifying processes and systems and reduction in sales expenses
 - Higher investment results due to higher real estate revaluations, realised gains on equities and FX-results
 - Addition to provisions for premium waiver on disability partly compensated by high mortality result

Term Life and Annuities

- Increase in gross written premiums, especially at Interpolis; 25% market share in new term life insurance policies
- Decision to choose return over volume results in lower premium income on annuities

¹ Excluding premium-related fees for reinsurance premiums

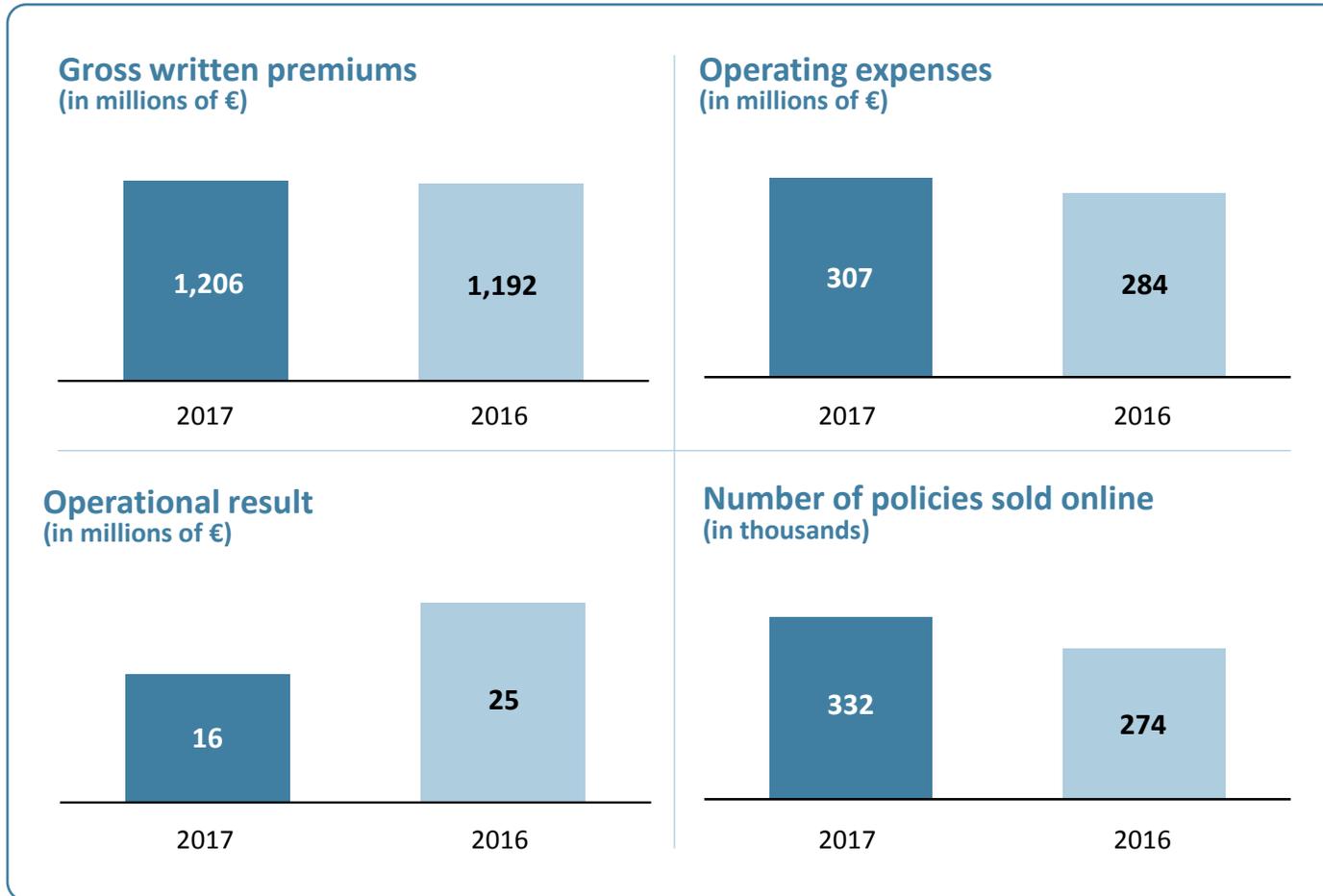
Retirement Services: improved results due to accelerated termination sectoral pension funds at Achmea Pension Services, as well as higher results Achmea IM and Achmea Bank



Retirement Services

- Investment in a strong position in the changing Dutch pension sector with Centraal Beheer APF
- Improved results in all entities:
 - Accelerated termination of services to sectoral pension funds and lower start-up investments for Centraal Beheer APF lead to a higher result at **Achmea Pension Services**
 - Improved result for **Achmea Investment Management** due to lower personnel and consultancy fees
 - Assets under Management at Achmea Investment Management increased to €120 billion due to net inflow into Centraal Beheer APF and positive market trends
 - Higher result for **Achmea Bank** derived partly from housing market developments with a release of loan loss provisions at a relatively stable interest margin

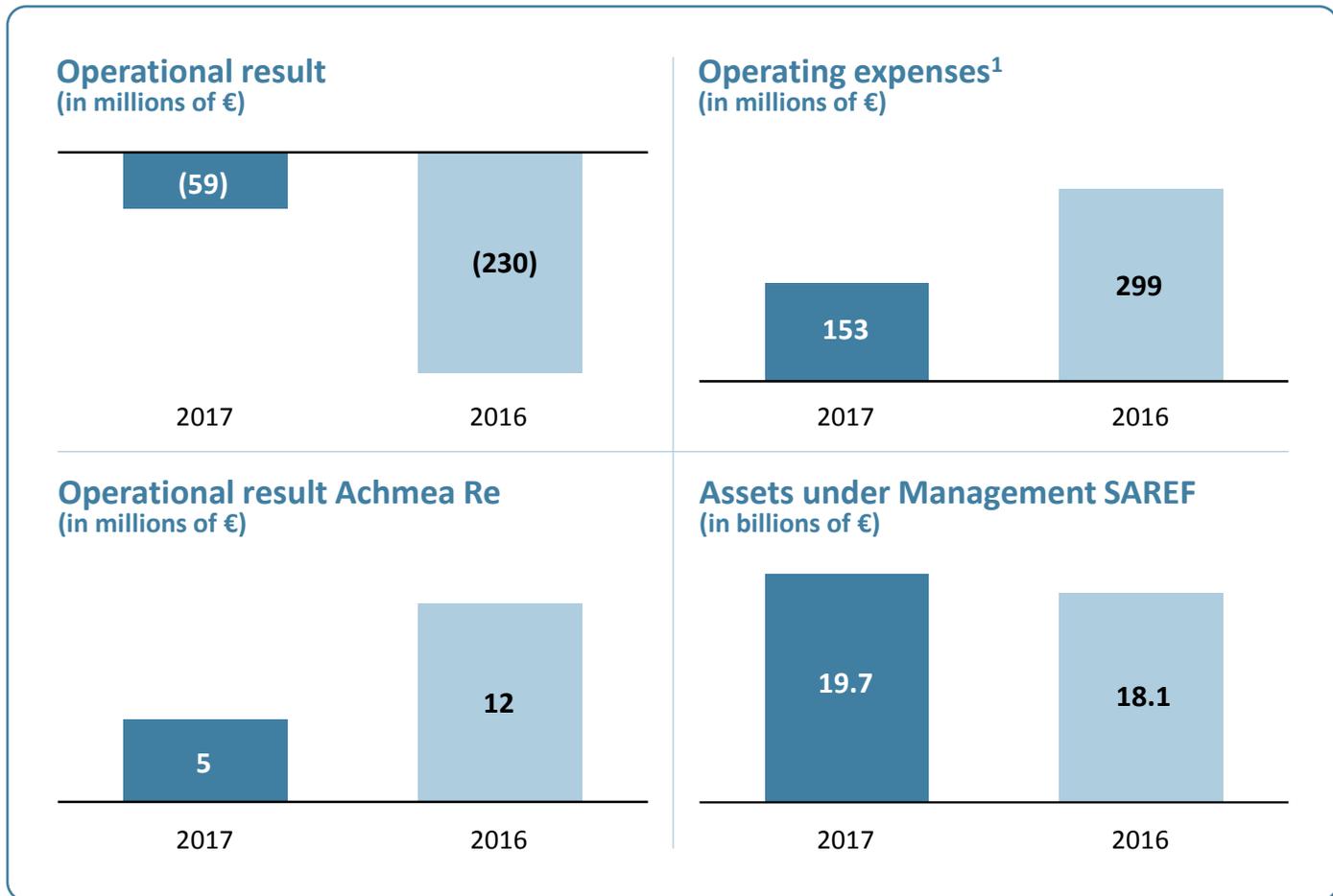
International: Further growth in premiums for all countries in local currency



International activities

- Increase in gross written premiums of 8% in local currency
 - Growth in premiums in **Turkey** in all market segments driven by digital channel
 - Higher written premiums in **Greece** in a stagnating property & casualty market, partly thanks to growth of Anytime brand. Anytime successfully expanded to Cyprus
 - Successful development of direct channel in **Slovakia** with growth of 25%
- Higher profitability in Slovakia and Greece as a result of improved health and property & casualty results
- Results affected by new legislation governing maximum premiums for MTPL insurance in Turkey, investments and calamities in Turkey and Australia

Other activities: improved results following lower personnel expenses, run-off of private banking activities and one-off reorganisational expenses in 2016



Other activities

- Improved operational result thanks to lower expenses for housing, IT, personnel and run-off of loss-making activities
 - 2016 result affected by an addition to the reorganisation provision of €82 million
- Achmea Reinsurance, Syntrus Achmea Real Estate & Finance and Independer all added positively to the result

Achmea Reinsurance

- Positive result:
 - Higher investment results and new third party property & casualty and life insurance contracts
 - Impact of global catastrophes €37 million

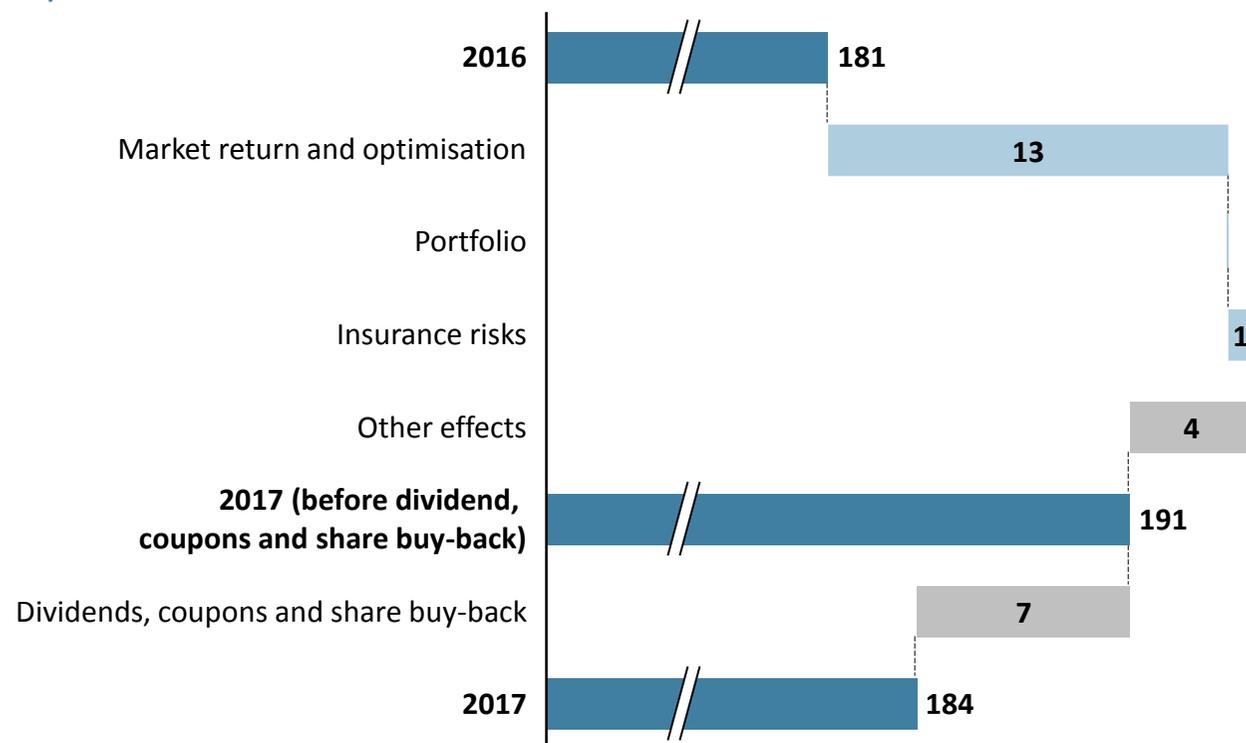
Syntrus Achmea Real Estate & Finance

- Assets under Management increased to €19.7 billion (2016: €18.1 billion), mainly due to net inflow into the mortgage portfolio

¹ Excluding premium-related reinsurance fees

Solvency II ratio increased to 184%

Changes to Solvency II ratio (in %)



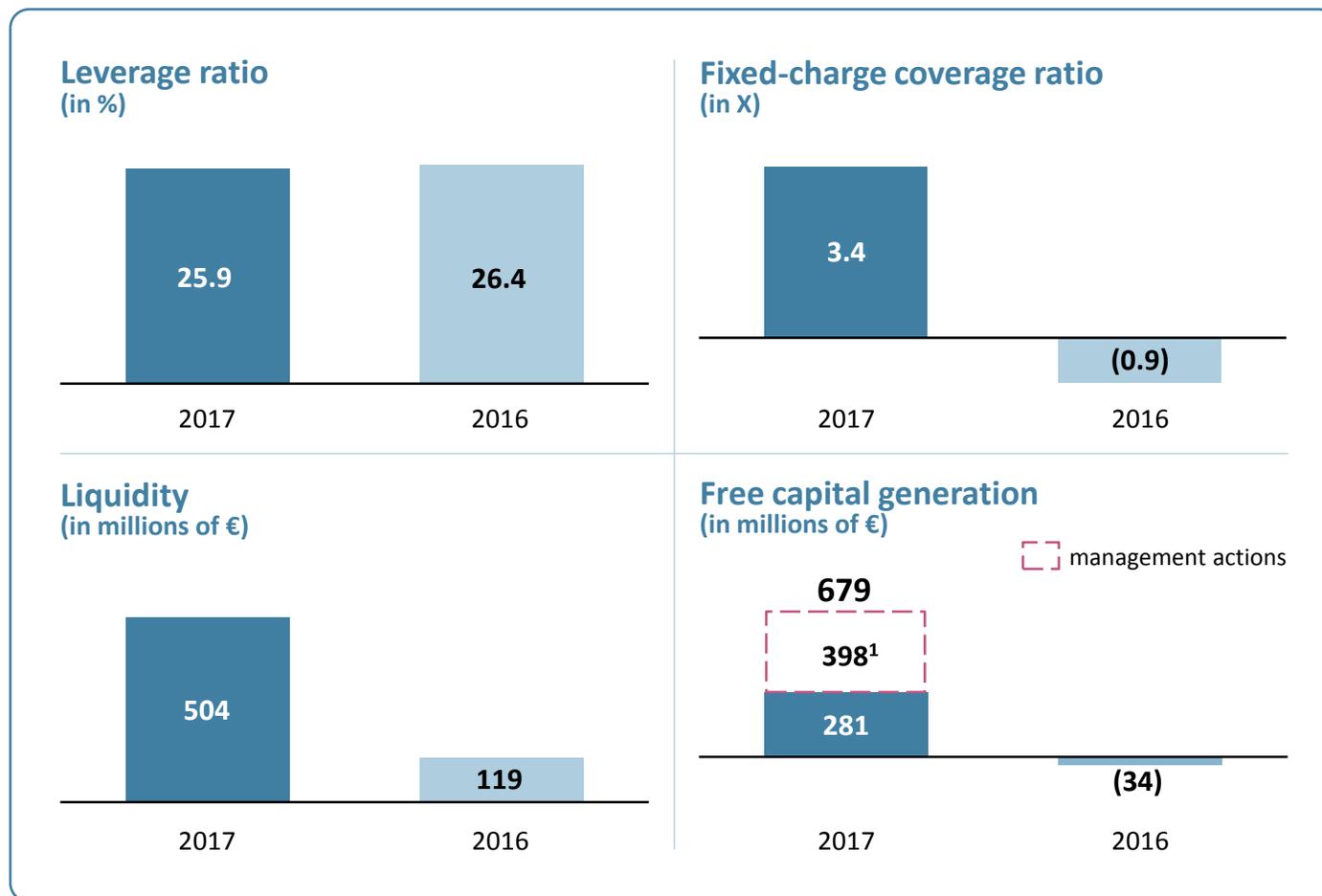
Group solvency

- Positive effects financial markets and optimisation market risk:
 - Increase in available capital from investments partly due to result rising interest rates, incoming spreads and higher equity prices
 - Lower market risk due to implementation of capital hedge and divestment of commodity portfolio
- Portfolio developments impacted by capital allocation Health, compensated by positive technical results Non-Life and refining of expenses Pension & Life
- Decrease in life risk due to higher interest rates and refining of expenses
- Other effects mainly driven by decrease in LACDT as a result of decline in market risk

Solvency of core insurance entities

- Non-Life: 140% (2016: 137%)
- Health: 142% (2016: 154%)
- Pension & Life: 142% (2016: 130%)

Decisive management actions contribute to improved key financial ratios



Financial ratios

- Improvement in leverage ratio and fixed-charge coverage ratio due to improved results
- Holding liquidity improved by upstreaming of dividends and redemption of internal loans

Free capital generation

- Free capital generation driven by improvement in solvency
- Substantial contribution from optimising capital at Pension & Life in particular

Miscellaneous

- Fitch Rating A+ for the insurance entities² and A for Achmea Group³. Both with stable outlook

¹ Management actions in Pension & Life (including sale of commodity portfolio, realised losses and refined expense) | ² Insurer Financial Strength | ³ Issuer Default Rating

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