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Good result with structural improvements and a sound
financial position

Achmea Annual Results 2018

achmea 

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2. Strategy up to 2020 'Delivering Together'



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Achmea Annual Results 2018: Good result with structural improvements and a sound financial position

Strategic

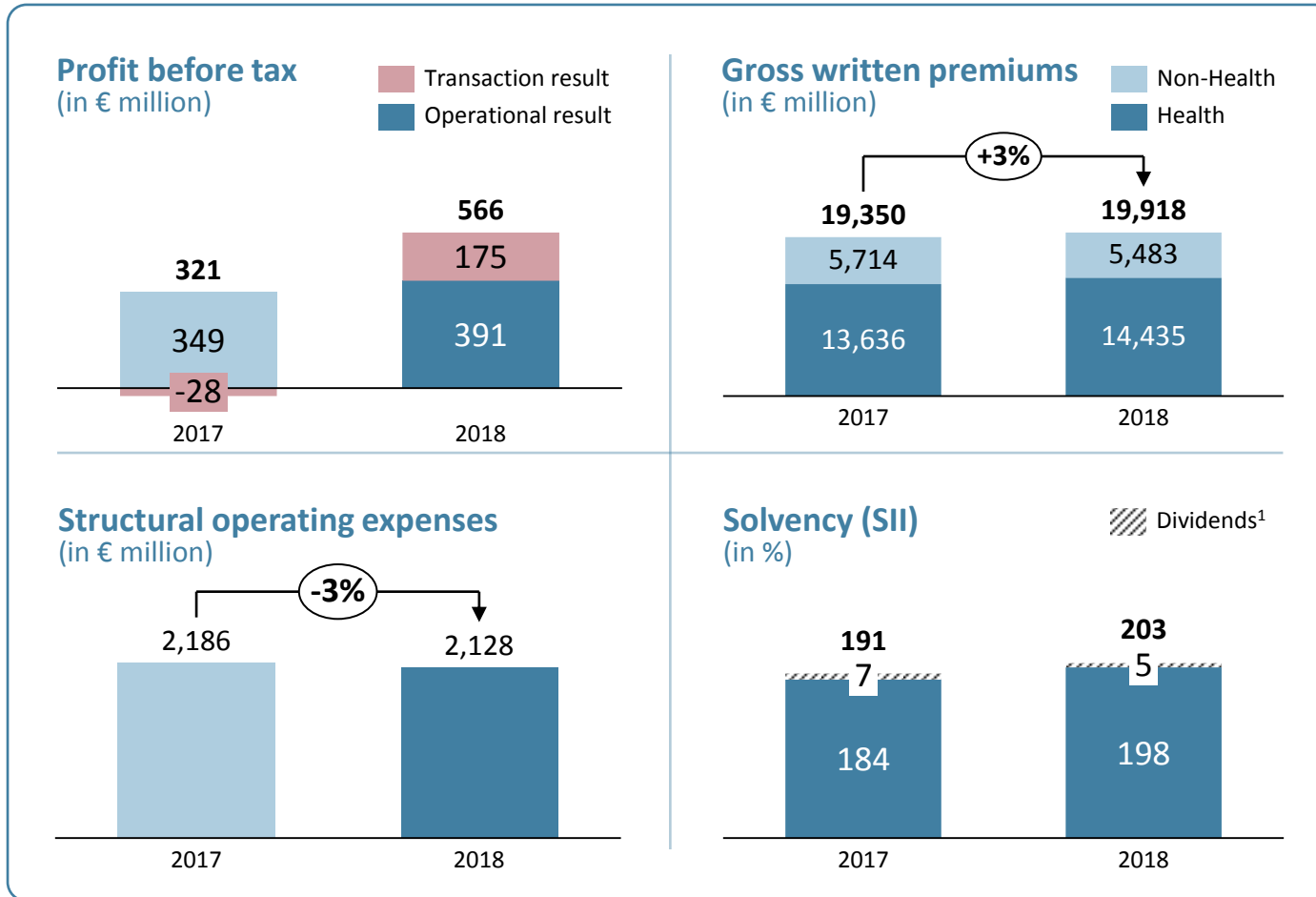
- Through our cooperative identity we contribute to a healthy, safe and future-proof society
- We are developing into a trend-setting and customer relevant service provider with daily and personal relevance to customers
- Continuously investing in customer focus and (strategic) innovation
- On track with the realisation of our strategic targets 'Delivering Together' until 2020

Financial

- Significant increase in result to €566 million due to operational improvements, lower structural costs and the sale of Independer
- Operational result increased to €391 million in 2018, coming from €349 million in 2017
- Good result Pension & Life with continued high customer satisfaction levels
- Strong combined ratio of 95.5% realised with Non-Life
- Operational result Health improved, basic health insurance still loss-making
- Structural operating expenses lowered by 3%
- Solvency increased to 203% before proposed dividends



Gross written premiums, results and solvency improved; structural cost reductions achieved



- Profit before tax increased due to improved operational result and the sale of Independier
- Operational result increased to €391 million in 2018, coming from €349 million in 2017
- Gross written premiums increased by €568 million due to growth P&C and Health
- Structural operating expenses lowered further with €58 million or -3%
- Solvency further improved to 203% before proposed dividends

¹In addition to proposed dividends, this also relates to coupon payments on hybrid capital and in 2017 to the purchase of treasury shares

Strong results Non-Life and Health as well as Pension & Life

Segment results	2017	2018
Non-Life	166	97
Pension & Life	342	334
Retirement Services	12	15
International activities	16	29
Other activities	-59	-212
Operational result (Excl. Health)	477	263
Health	-128	128
Operational result	349	391

Non-Life

- Strong combined ratio of 95.5%

Pension & Life

- Good result Pension & Life and continued high customer satisfaction levels

Retirement Services

- Result increased due to a higher fee revenue and interest margin as well as expense reductions

International activities

- Strong contributions Slovakia, Turkey and Greece

Other activities

- Lower result due to additional reorganisation provision, lower result Achmea RE and additional investments in innovation and services

Health

- Operational result improved but basic health insurance still loss-making

Strategy until 2020: Delivering Together

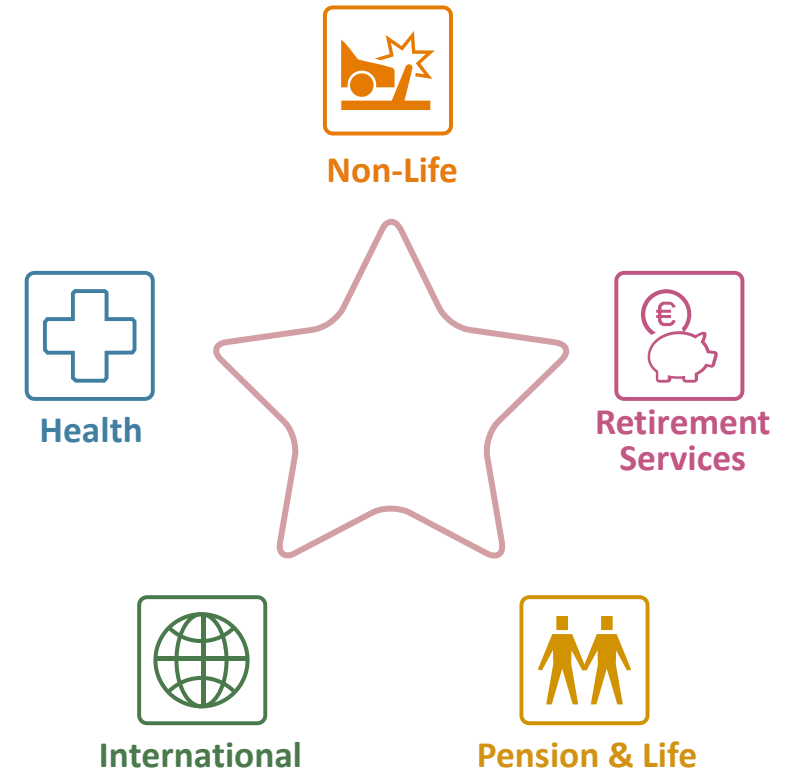
Strategic direction

- Through our cooperative identity we contribute to a healthy, safe and future-proof society
- Achmea is developing into a trend-setting and customer relevant service provider with daily and personal relevance to customers
- Clear strategy with a focus on Non-Life, Health and Retirement Services, including banking services and asset management. We excel in direct and banking distribution
- We invest in digitisation, innovation and customer focus

Unique features

- Strong brands with high customer satisfaction
- Active via multiple distribution channels: direct, online, bancassurance through Rabobank and intermediaries for retail and commercial
- Large customer base and market leadership in Non-Life and Health
- Leading asset manager
- Trendsetting in online services and innovation

Structuring organisation along five market-oriented chains:



Group: good progress on realisation of strategic plans Delivering Together in 2018

Customer and society

- Achmea contributes to a Healthy, safe and future-proof society
- With our insurances and services we facilitate solidarity and provide solutions for those risks which are too large to bear alone
- We focus on four themes with impact:
 - Good health closer for everyone
 - Clean, safe and smart mobility
 - Safe home, living and working environments
 - (Financial) solutions for now, tomorrow and later
- UN Sustainable Development Goals (SDG's) incorporated into our strategy
- Cooperative identity further solidified with Vereniging Achmea's thematic project groups
- Annually allocating 0.5% of net profits to the Achmea Foundation and financing of Stichting Slachtoffer en Samenleving ('Foundation for Victim and Society')
- Innovation and modernisation at the center with BlueLabel, Homies and B3i Blockchain
- Socially Responsible Investing and CO₂ -neutral operations further strengthened

Sustainable returns

- Execution strategic plan ahead of schedule
- Structural expense reduction of 3% achieved in 2018; reduction of FTEs in the Netherlands of approximately 700 FTE

Employees key to success in realisation of strategic ambitions

- Continued high employee satisfaction scores: a lot of support for our strategy among employees





Non-Life: Safe living and entrepreneurship as well as smart, safe and clean mobility

Strategic fundamentals

- Centraal Beheer and Interpolis actively commit to reducing accidents on the road and around the house
- Sustainable returns through adequate pricing, efficiency, prevention and claims management
- Financially healthy operating model with high quality insurance portfolio

Achievements in 2018

- Strong combined ratio of 95.5% despite claims from January storms
- Premium income further increased through autonomous growth and premium measures

Highlights customer relevance and trendsetting in 2018

- Centraal Beheer most customer friendly insurance company in the Netherlands¹
- Rapid growth Centraal Beheer with services such as RoadGuard, phone repair, Klushulp and legal help
- Centraal Beheer a pioneer with content in the Dutch Google Assistant
- Majority of retail products Interpolis in Rabo Banking App; in 2019 addition of commercial products
- Complimentary focus Interpolis and Rabobank on small and medium-sized commercial customers next to the strong position in the retail market
- Widespread introduction of new services like cyber security insurance with prevention for commercial clients





Health: Zilveren Kruis works on bringing good health closer for everyone

Strategic fundamentals

- Maintain the balance between solidarity, market share and solvency
- Actively support healthy lifestyles for customers with 'Actify' en 'Gezond Ondernemen'
- Zilveren Kruis aims to offer healthcare in the safety and comfort of patients' own home with 'Zorg Veilig Thuis'

Achievements in 2018

- Operational result strongly improved, basic health insurance still loss-making
- Limited allocation of capital to support basic health premiums in 2019
- Successful integration De Friesland Health

Highlights customer relevance and trendsetting in 2018

- Zilveren Kruis third most customer-friendly insurance company in the Netherlands¹
- Zilveren Kruis works with healthcare providers to prevent unnecessary hospitalisation of vulnerable elderly
- Start pilot with new service for elderly people who live alone: 'Alles Oké' in partnership with 'Toon' from Eneco
- Introduction Dokter Appke by De Friesland Health for advice on (simple) health-related questions





Pension & Life: Optimal service to customers and growth in term-life insurance

Strategic fundamentals

- Service organisation with a stable result, positive capital generation and continued high customer satisfaction
- Focus on growth of open-book with term-life insurance and annuities

Achievements in 2018

- Strong operational result supported by lower operating expenses
- Gross written premiums term-life insurance grown by 10%

Highlights customer relevance and trendsetting in 2018

- Personal online portal for 700,000 pension participants and over 7000 employers (also responsible for an annual reduction of 1.5 million pieces of physical mail)
- Increased customer satisfaction and ceased use of giro collection form as a result of digitisation of the payment process for 130,000 customers with a life-insurance
- Servicing customers in settling a 'small pension' faster through the use of robotisation
- Pro-active approach of 100,000 customers by Centraal Beheer and FBTO to check whether their funeral insurance still fits their personal situation





Retirement Services: Integral pension solutions together with customers

Strategic fundamentals

- Optimising and realising growth in Pension Services, Achmea Bank and Achmea Investment Management
- Centraal Beheer General Pension Fund as the second pillar pension solution for funds and employers
- CB becomes a full service financial services provider with banking, investment and life products

Achievements in 2018

- Operational result of the segment increased to €15 million
- Increase Assets under Management of Achmea Investment Management to €129 billion

Highlights customer relevance and trendsetting in 2018

Achmea Pension Services

- Administration Alliance pension fund to Achmea Pensionservices
- Metro Pension fund chooses for Achmea Pensionservices

Centraal Beheer General Pension Fund (APF)

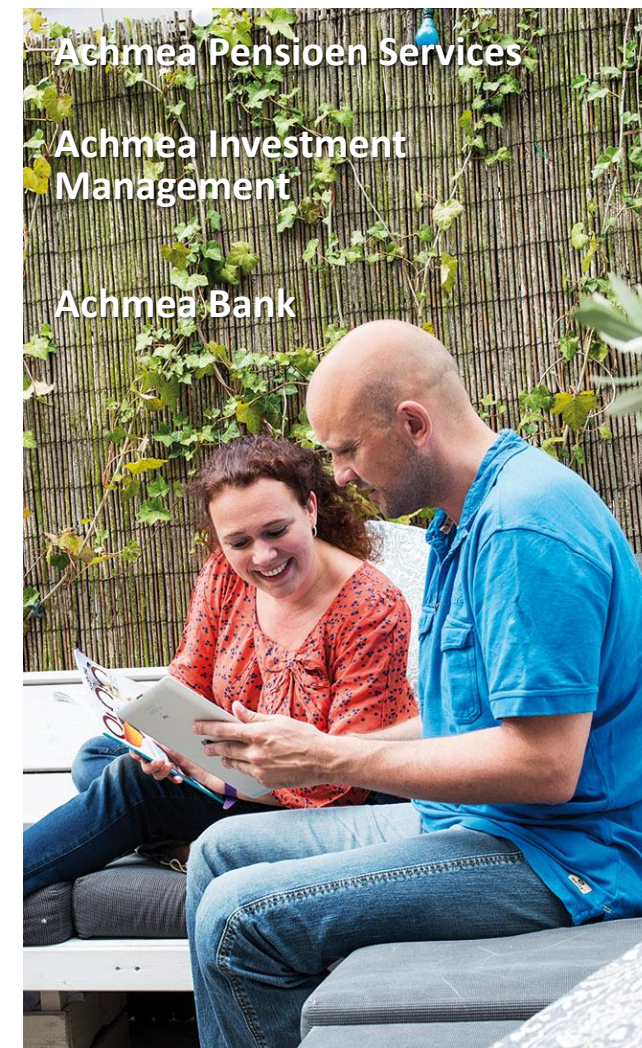
- Employers: Plus Supermarkets and tyre manufacturer Apollo Vredestein's pension schemes choose CB APF
- Pension funds: Cindu and APF Delta Lloyd place funds at Centraal Beheer APF

Achmea Investment Management

- Pension fund for General practitioners and pension fund Hospitality and Catering choose AIM
- Green Bond for institutional investors launched to use for environmentally friendly projects

Achmea Bank

- Centraal Beheer offers a fully automated, online mortgage origination process





Internationaal: Capitalising on knowledge and experience with digital insurance

Strategic fundamentals

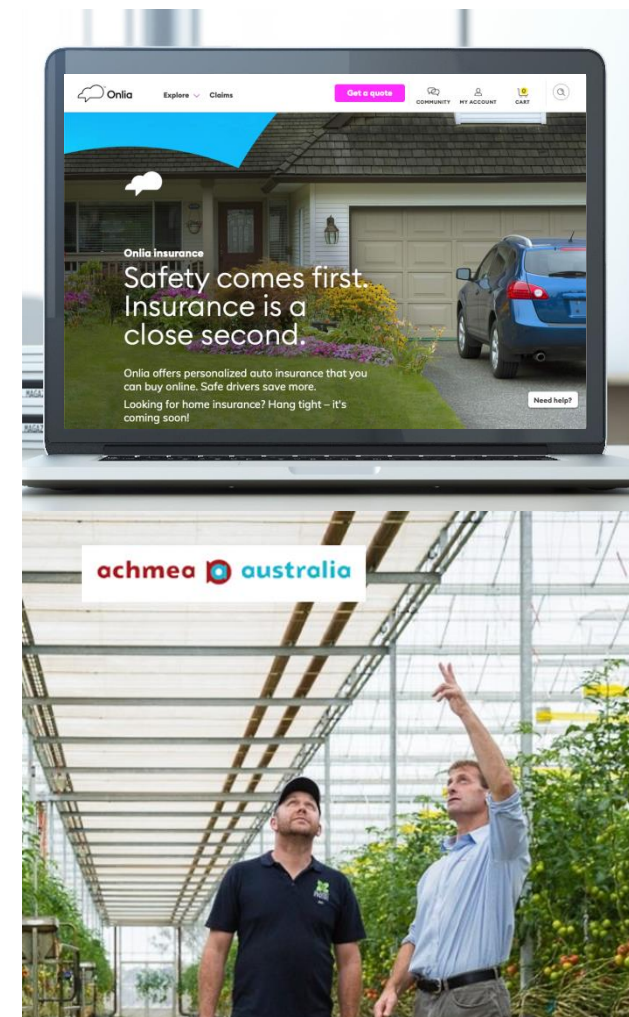
- Growth through use of digital competencies: Non-Life and Health distribution via online and bancassurance channels

Achievements in 2018

- Operational result improved to €29 million
- Growth gross written premiums Non-Life (+7%) and Health (+11%) in local currencies

Highlights customer relevance and trendsetting in 2018

- Launch online insurance sales in Canada via InShared platform
- Use of new technology and robotisation for improved customer service in Slovakia
- Achmea contributes to the acceleration of Zurich Insurance Group's digital activities with the Inshared platform



Final year of Delivering Together, as of 2020 we focus on:

Strategic direction

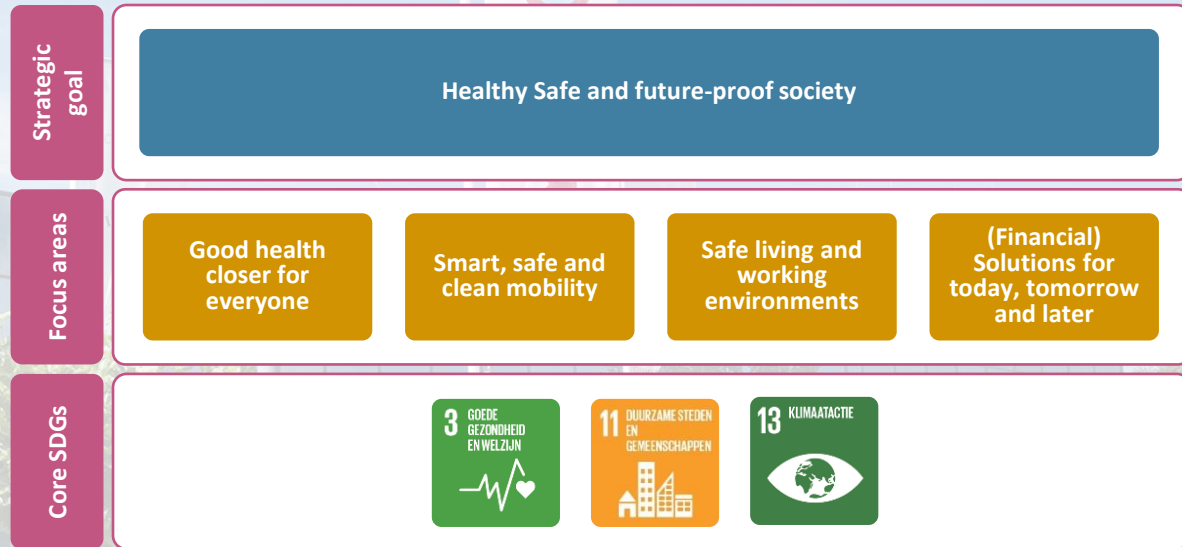
- Through our cooperative identity we contribute to a healthy, safe and future-proof society
- Further development of Centraal Beheer into an *allround service provider*
- Growth Interpolis with Rabobank with a focus on retail and corporate clients as well as commercial clients from small and medium-sized enterprises
- Zilveren Kruis works to bring good health closer for everyone
- Increased cross-sell between customers and products
- Strategic expansion of position on institutional market within Retirement Services strategy
- Development new business models

Focus on customer orientation and interaction with customers

- Further improvement of services to customers with new services and innovations
- Personal, digital and with daily relevance to customers
- 24/7 availability via all channels and devices (omni-channel)

Sustainable returns

- Increased profitability with continued focus on improved efficiency, margins cost reductions
- Continued rationalisation and digitisation



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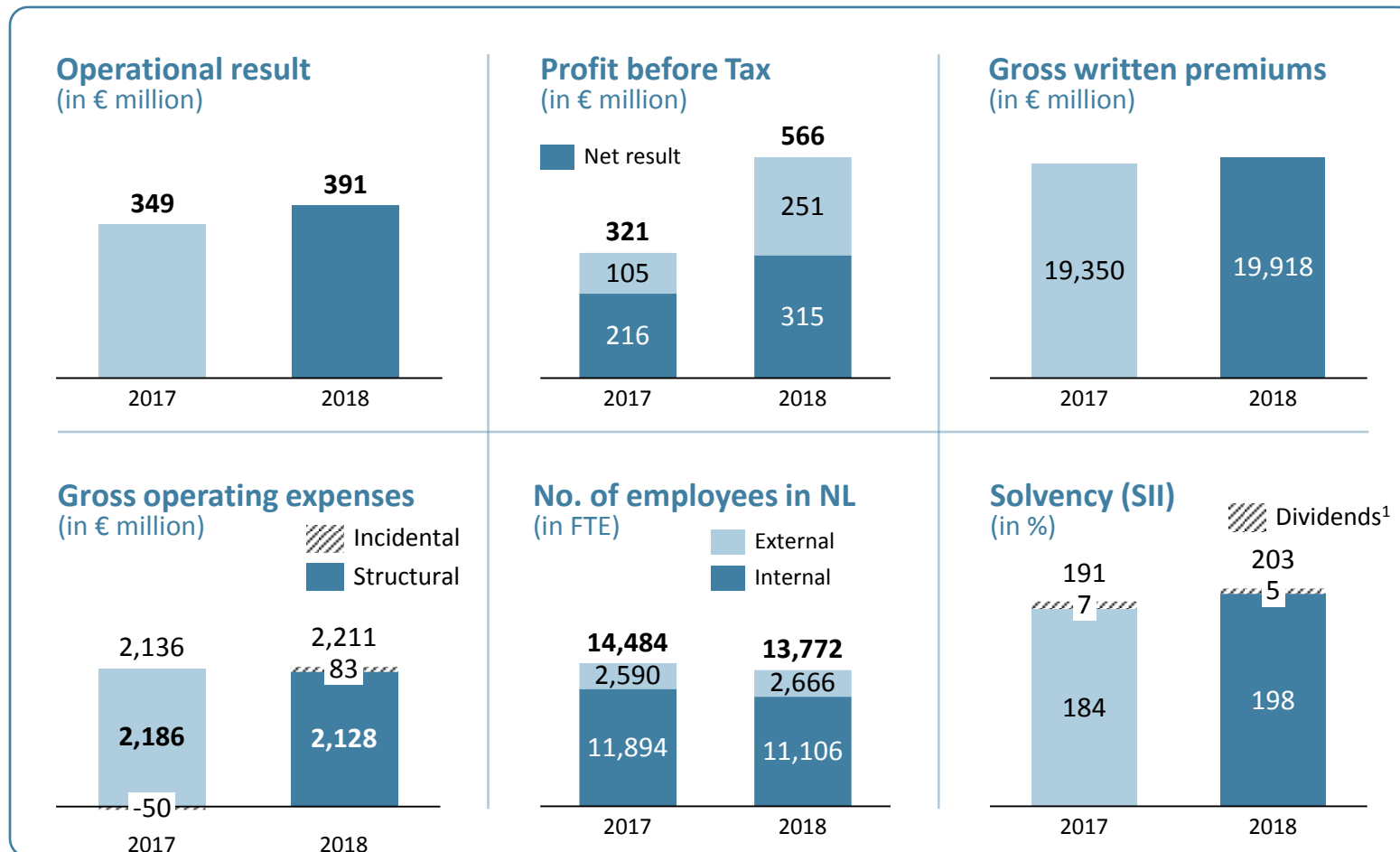


Appendix

1. Sensitivities
2. Investments



Good result with structural improvements and a sound financial position



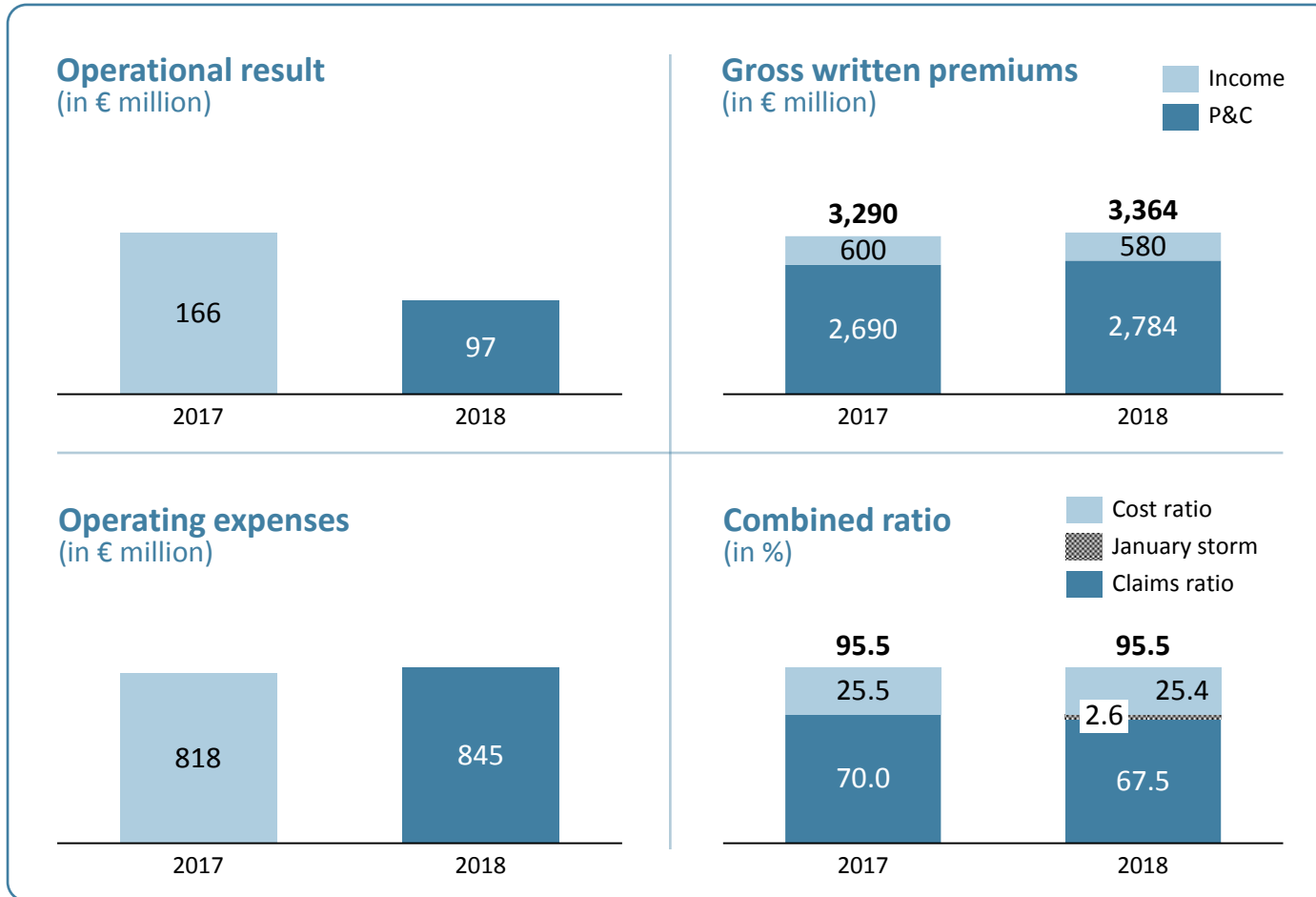
Operational and net result further improved

- Operational result supported by strong results in Pension & Life and Health
- Profit before tax includes transaction result Indeperder
- Net result negatively influenced by lowering of corporate tax rate and additional provision related to PZU
- Gross written premiums increased by 3% due to growth in Health and Non-Life
- Structural operating expenses lowered further by €58 million through;
 - Reduction of FTEs (app. 700)
 - Centralisation of office locations
- Incidental costs increased due to additional reorganisation provision
- Solvency further increased to 198% after proposed dividends

¹In addition to proposed dividends, this also relates to coupon payments on hybrid capital and in 2017 to the purchase of treasury shares



Non-Life: Strong combined ratio of 95.5%



- Combined ratio with 95.5% equal to 2017 despite January storms with an impact of €85 million (2.6%-pt in Combined ratio)
- Gross written premiums increased due to growth in P&C-portfolio
- Slight decrease of cost ratio despite additional investments in technological innovation

Property & Casualty

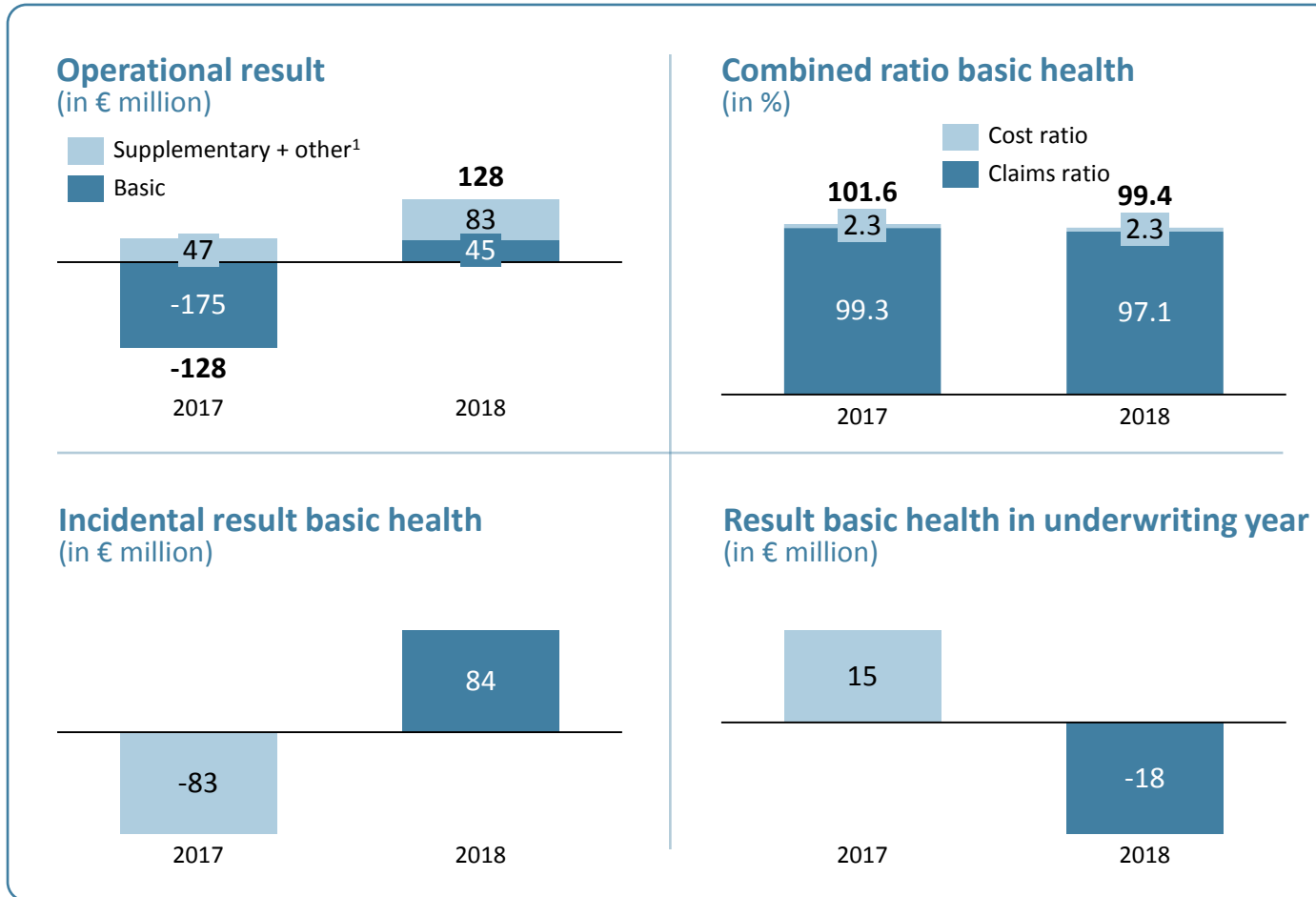
- Result of P&C amounts to €72 million (2017: €119 million) due to lower investment results
- Impact storms completely absorbed by improvement of the underlying results

Income Protections

- Result Income Protection amounts to €25 million (2017: €47 million) as a result of lower investment income
- Technical result slightly improved due to improvement of claims ratio to 70.6% (2017: 72.8%)
- Continuous focus on recovery and re-integration accelerates the return to the labour market and supports our operational result



Health: Operational result strongly improved, basic health still loss-making



- Operational result strongly improved due to lower healthcare costs on past years and a higher result on supplementary insurance
- Harmonisation of systems and processes and the integration of De Friesland leads to a reduction of structural operating expenses

Basic health insurance

- Result basic health improved due to lower than expected healthcare costs on past years
- Without the loss provision of €108 million made in 2017, the operational result in 2018 was negative
- For 2019, €21 million of capital reserves have been deployed to facilitate premium-setting below cost
- Gross written premiums have increased to €12,621 million due to higher premiums and a higher contribution from the Health Insurance Equalisation Fund, in line with the national increase in healthcare costs

Supplementary health insurance

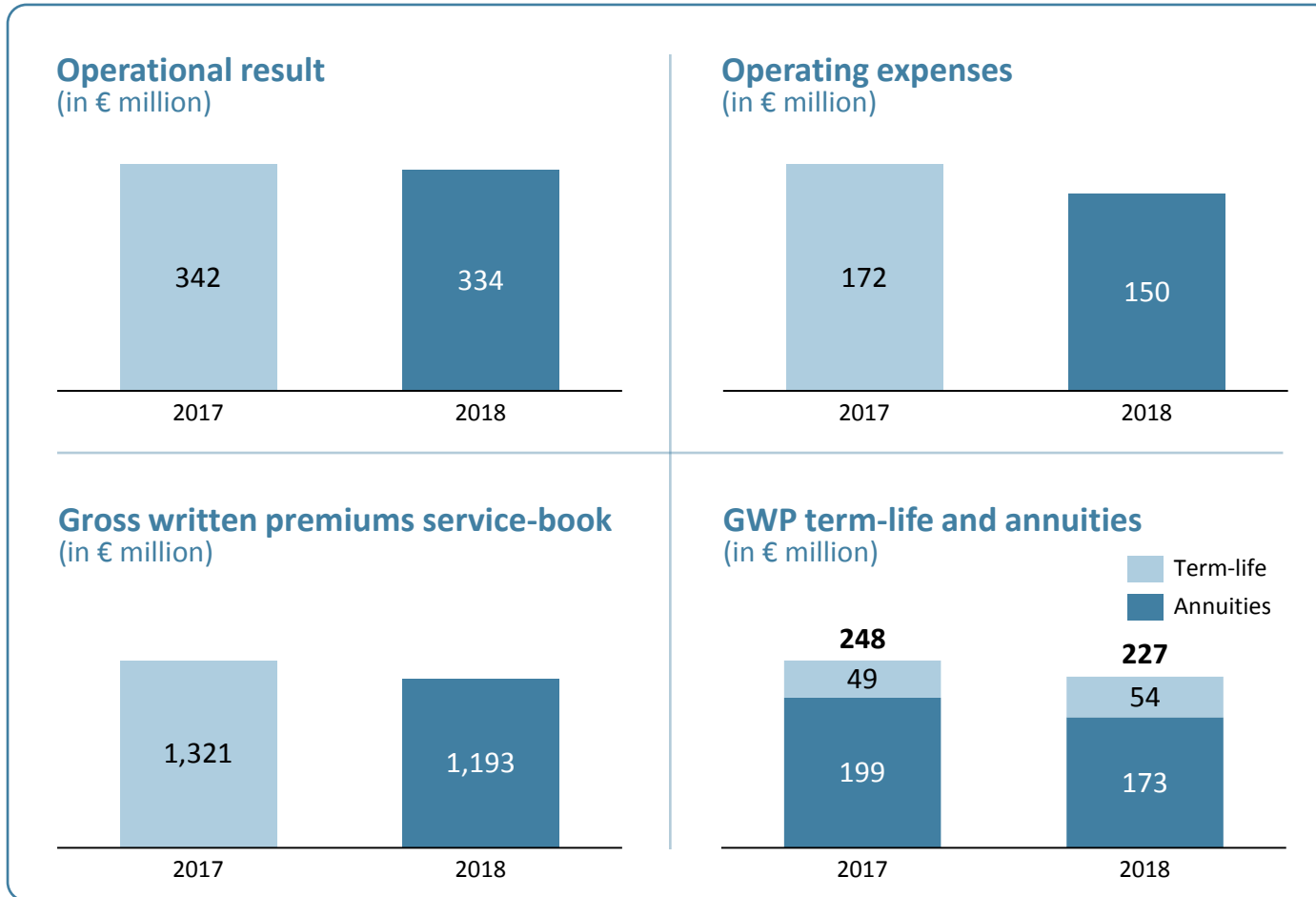
- Result supplementary insurance increased to €85 million (2017: €55 million) due to a lower claims ratio
- GWP stable at €1,321 million
- Percentage of customers with supplementary insurance stable with app. 80%



¹ Concerns care offices and services with a result of € 2 million negative in 2018 (2017: € 8 million negative).



Pension & Life: Strong operational result supported by lower operating expenses



- Operational result virtually stable
- Investment result decreased due to correction on financial markets at the end of 2018
- Technical result improved due to additional provision in 2017 for contribution waivers in case of disability
- Further investments in rationalisation and migration and the reduction of the number of employees contribute to (future) cost reductions

Service-book Pension & Life

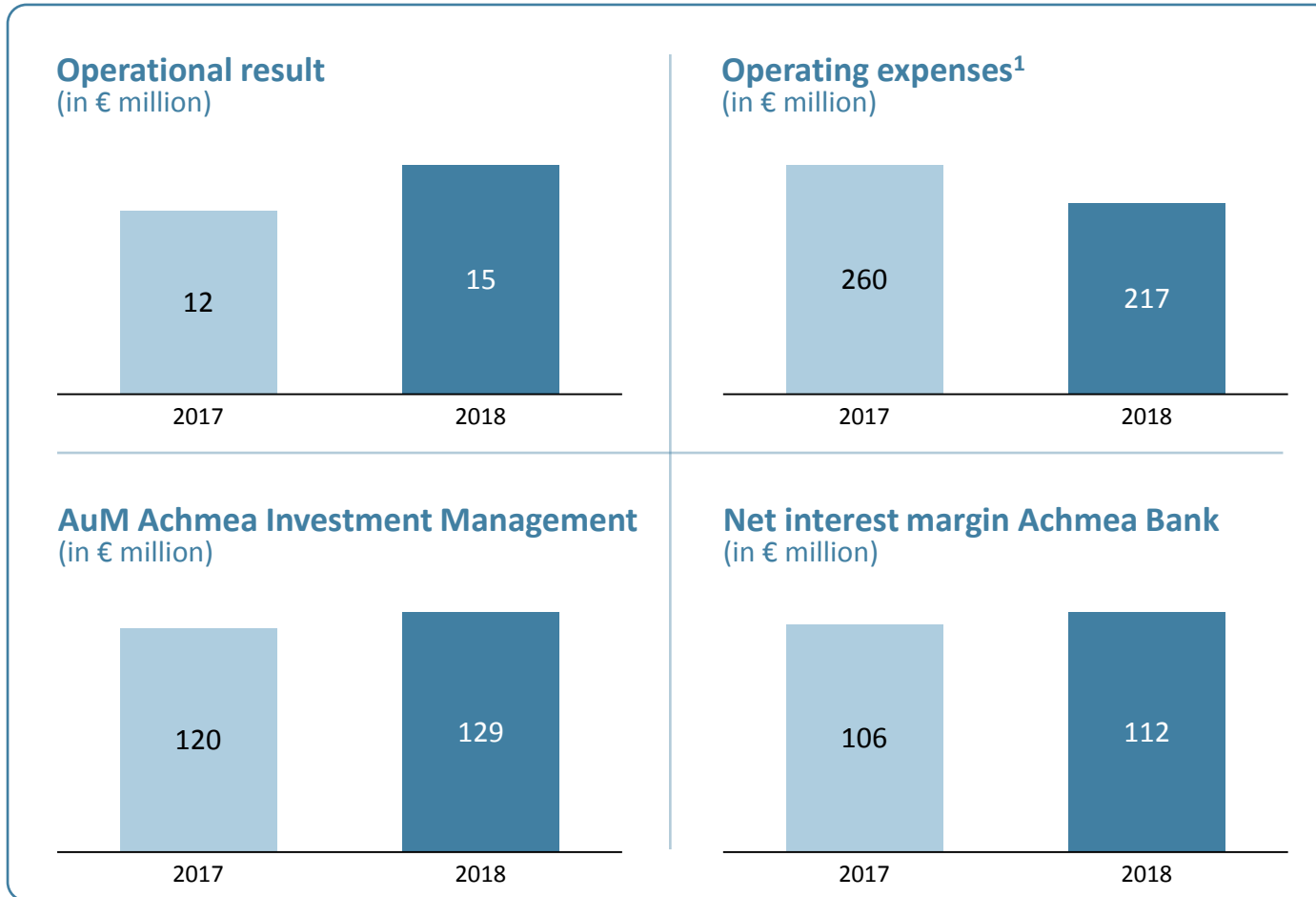
- Premium-lapse service-book in line with expectations

Term-life and annuities

- Focus on margin over volume has led to a decrease in written premiums from annuities
- Growth of 10% in term-life insurance despite no longer being obligated to buy term-life insurance in order to qualify for an NHG-guaranteed mortgage



Retirement Services: Increased interest margin Achmea Bank and fee revenue Achmea Investment management as well as cost reductions support improved result



¹Operating expenses including other expenses

Achmea Bank

- Lower costs due to outsourcing of mortgage servicing, implementation of new savings system, a decrease in related project expenses as well as a lower contribution to CB APF's start-up costs
- Interest result improved due to lower financing expenses

Achmea Investment Management

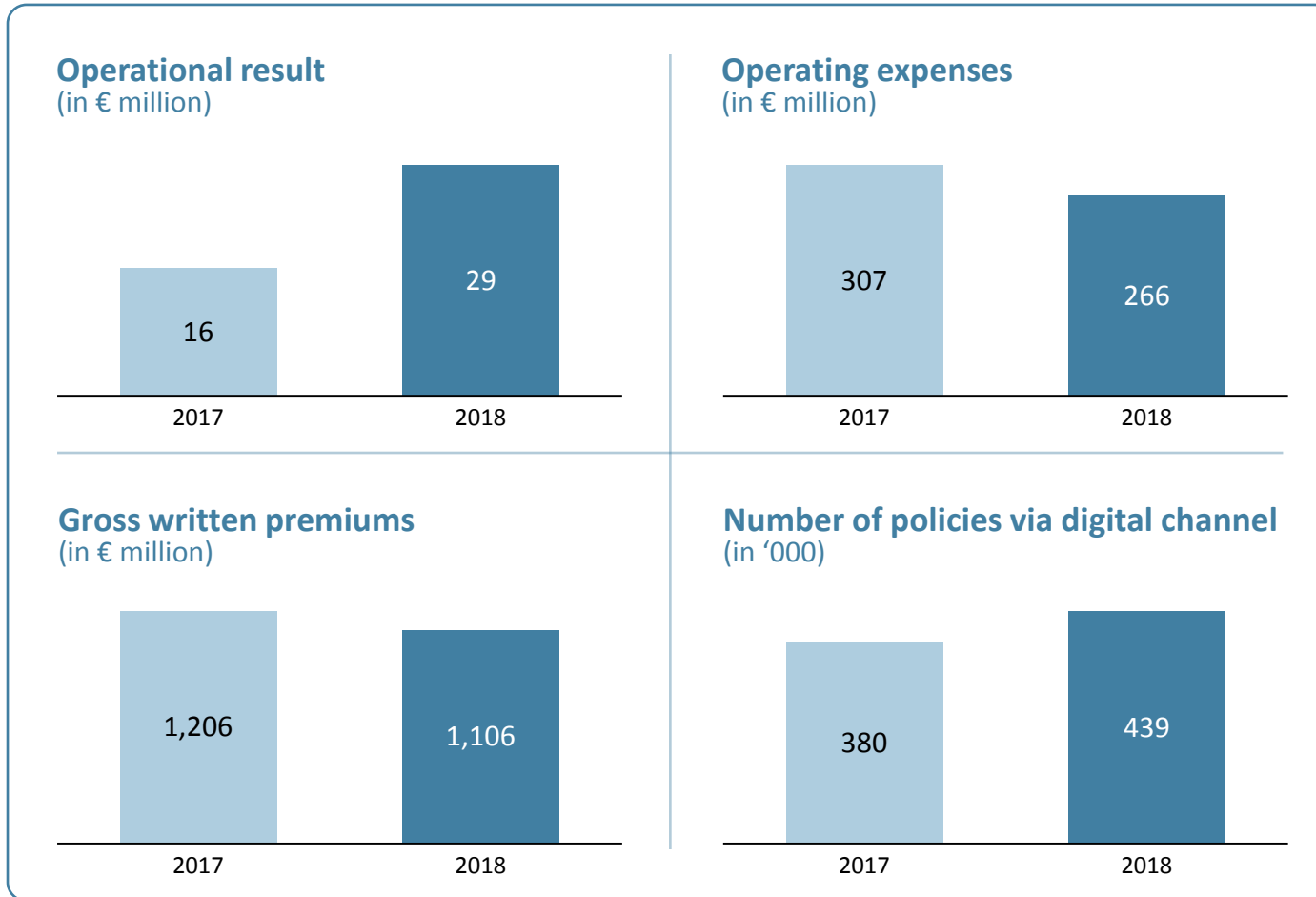
- AuM grown to €129 billion due to inflow of new customers and high retention rate of existing customer base
- Contribution to result increased due to:
 - Higher fee revenue as a result of inflow of new customers, new mandates and revenue growth CB APF
 - Lower costs due to insourcing of external asset management and no longer contributing to CB APF's start-up costs

Achmea Pension Services

- Services to mandatory sectoral company pension funds successfully phased out
- Higher costs as a result of expenses related to phasing out of services to mandatory sectoral company pension funds



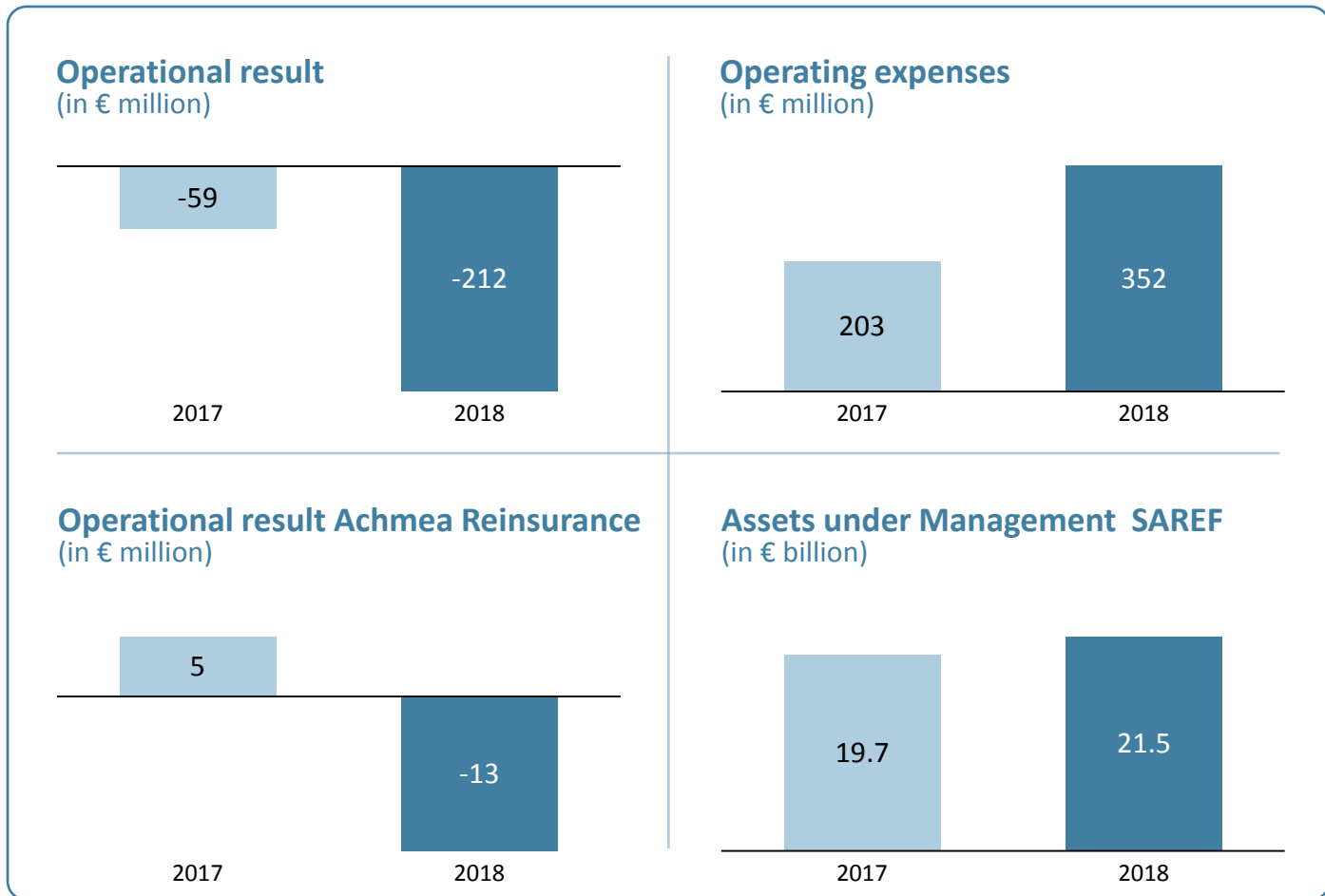
International: Operational result increased due to higher contribution Slovakia, Turkey and Greece



Internationale activiteiten

- Result improved due to growth Non-Life and Health in Slovakia and Greece and better investment results in Turkey
- Operating expenses decreased in euro's due to sale of Friends First and lower costs in Turkey as a result of the depreciation of the Turkish Lira
 - Corrected for this, the operating expenses increase slightly due to investments in the digital channel, the launch of Onlia in Canada and autonomous growth
- Written premiums decreased due to sale of Friends First and currency-effects. All countries showed premium growth in local currency:
 - 11% premium growth in Health and 7% in Non-Life
- Number of policies sold through the digital channel grown further to 439.000
- Market launch Onlia in Canada

Other activities: Lower result due to January storm and additional reorganisation provision



Other activities - Holding

- Other activities includes the results of our other group companies¹, activities at holding company level and financing expenses
- Lower result primarily due to additional reorganisation provision, higher investments in new initiatives and services and a lower result of Achmea Reinsurance

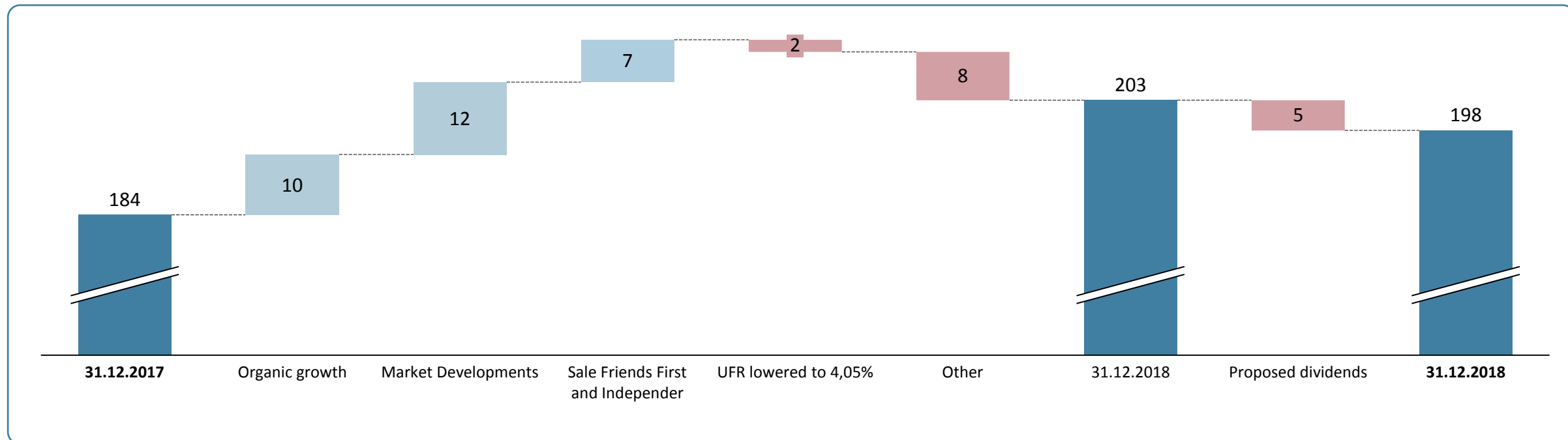
Other activities - Companies

- Lower result Achmea Reinsurance as a result of January storm Friederike (€30 million impact)
- AuM SAREF grew to €21.5 billion (2017: €19.7 billion) as a result of new mandates from institutional investors and higher valuations of existing portfolios
- Independer sold in line with our strategy

¹ Achmea Reinsurance Company, Syntrus Achmea Real Estate & Finance, and Independer until december 2018

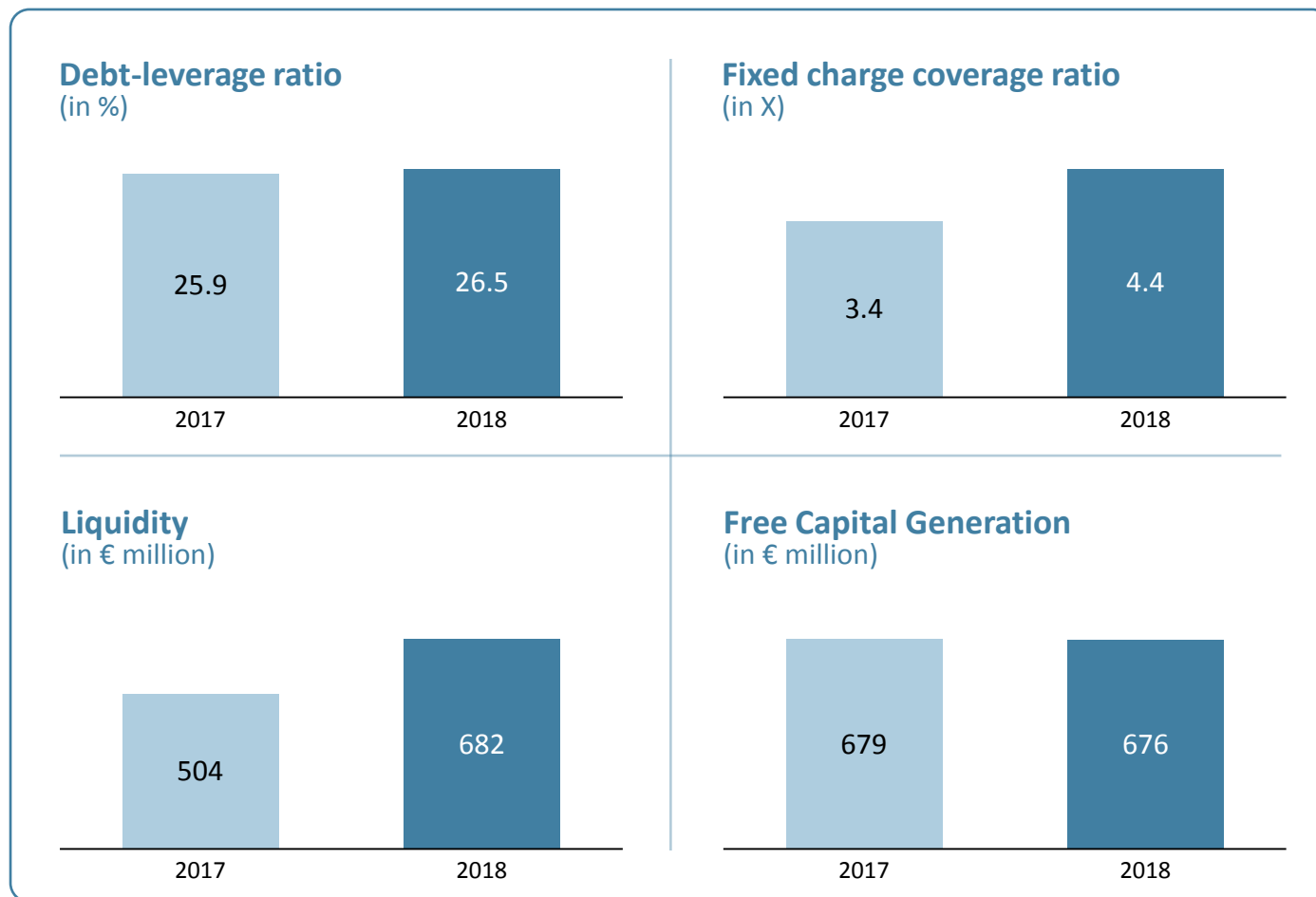


Solvency II further improved



- Organic growth driven by increased result and portfolio-developments
- Market developments are mainly related to widening credit spreads on European financial markets
- Other includes the impact of the change in the corporate tax rate, the depreciation of the Turkish Lira, the implementation of the internal model for market risk and dividends received from Achmea Bank and Achmea Investment Management
- Proposed dividends concerns €209 million of dividends and coupons on hybrid capital of which €118 million on ordinary shares (2017: €124 million)

Fixed charge coverage ratio increased to 4.4x and Free Capital Generation stable



Ratings

- S&P rating core insurance activities affirmed at 'A' with a 'negative outlook'
- Fitch rating core insurance activities affirmed at 'A+' with a 'stable outlook'

Financial ratios

- Slight increase of debt-leverage ratio due to purchasing of own shares and dividend payments
- Ambition for FCCR > 4.0x realised due to increased operational result (excluding transaction result Independer)

Liquidity

- Liquidity at holding level increased through upstreaming of dividends from business lines and the sale of Friends First and Independer

Free Capital Generation

- FCG stable and supported by higher results, spread developments and dividends from banking and asset management activities

Achmea Annual Results 2018: Good result with structural improvements and a sound financial position

Strategic

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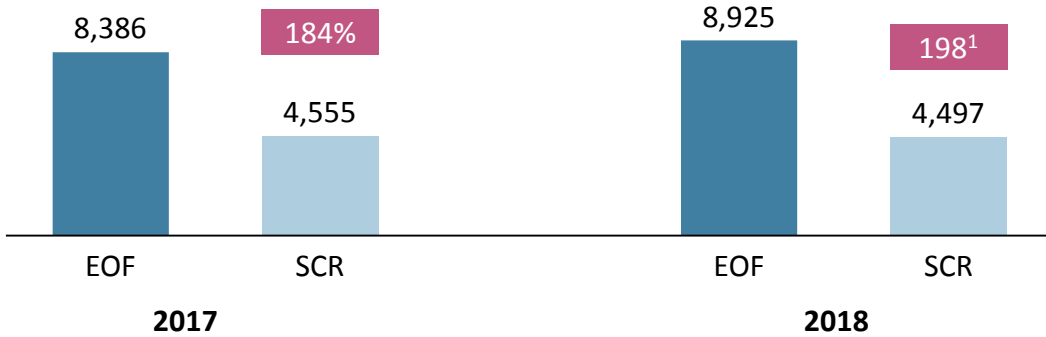
1. Sensitivities
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Strong Solvency II capital position further improved

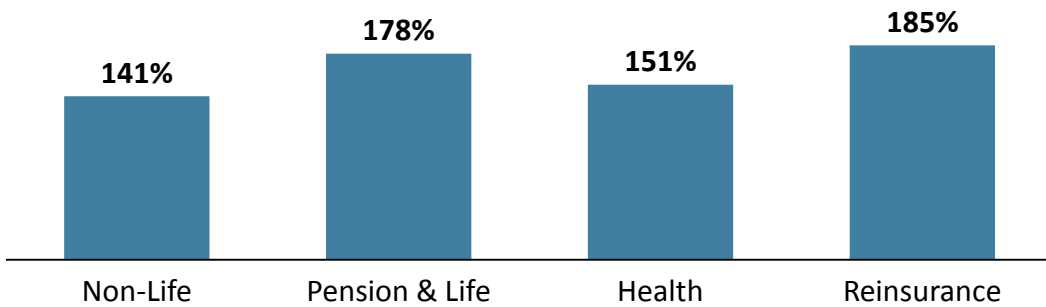
Solvency II ratio (PIM)

(in € million)



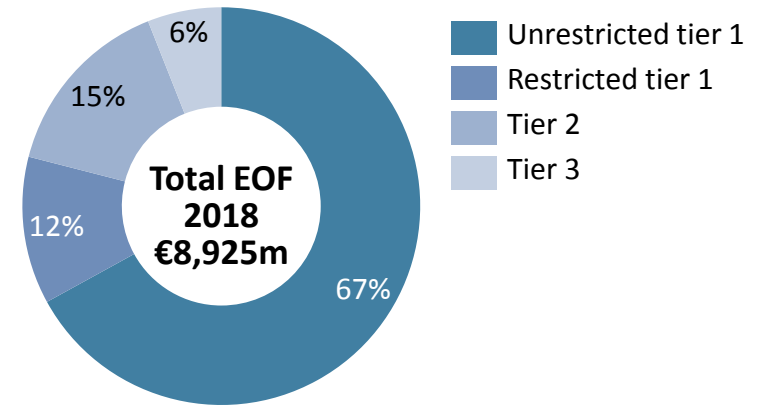
Solvency II ratio (PIM)

(2018, legal entities)



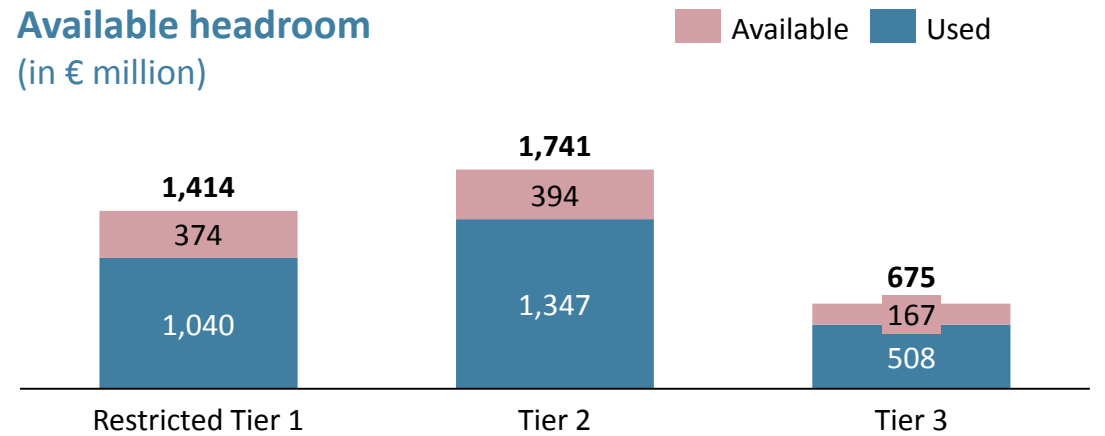
Tiering of capital

(in %)



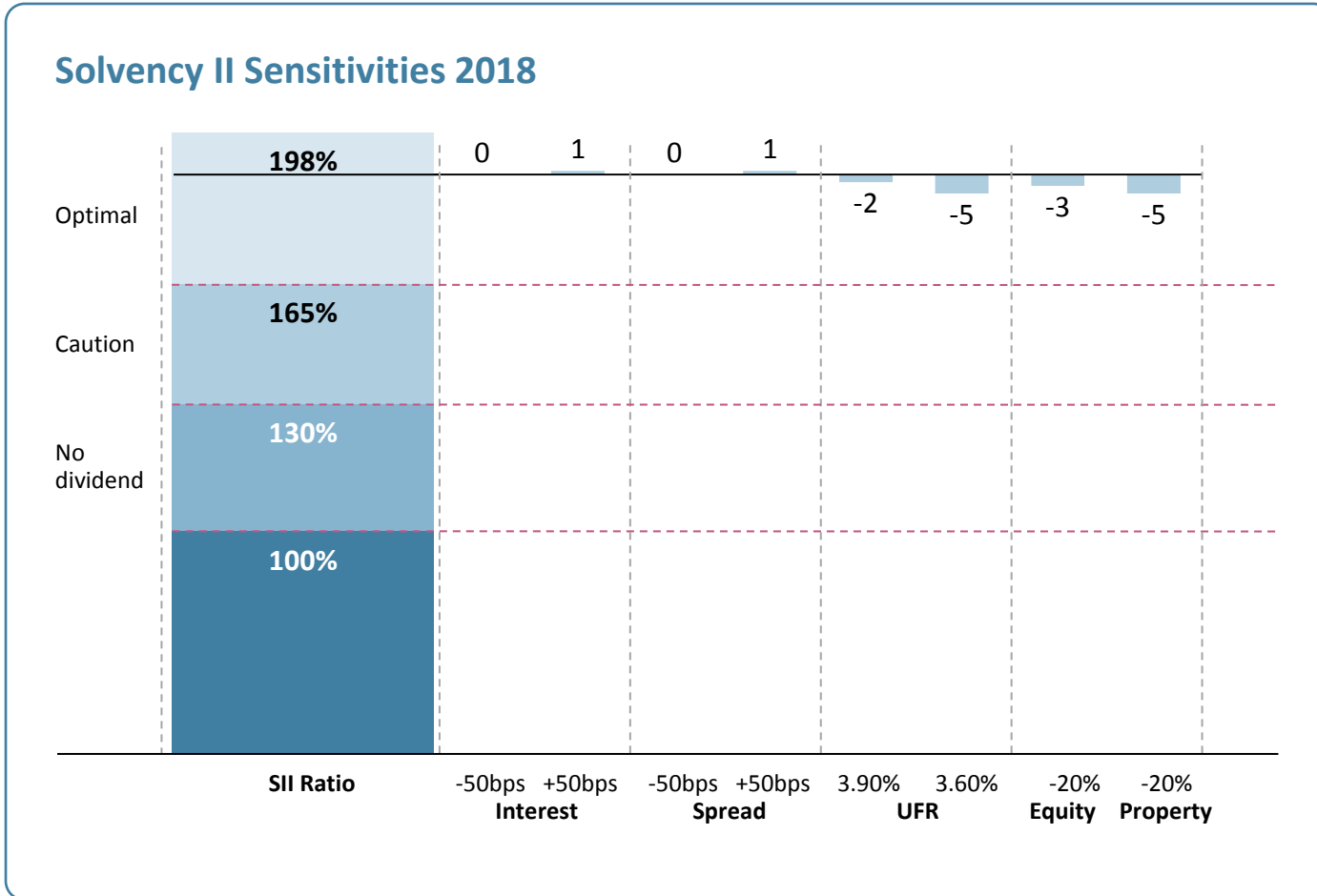
Available headroom

(in € million)



¹After proposed dividends and coupons on hybrids

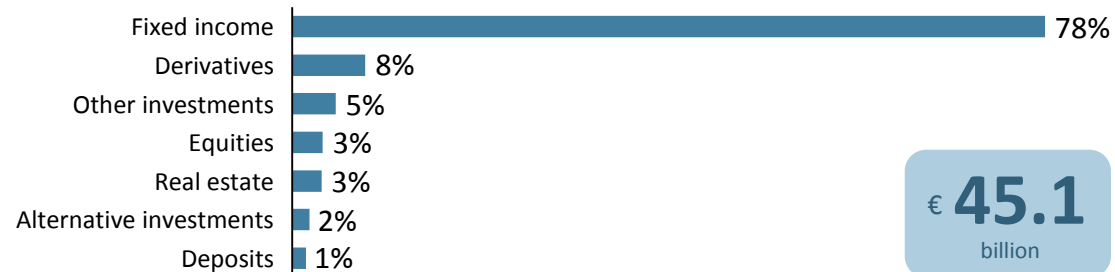
Sensitivities Solvency II ratio limited



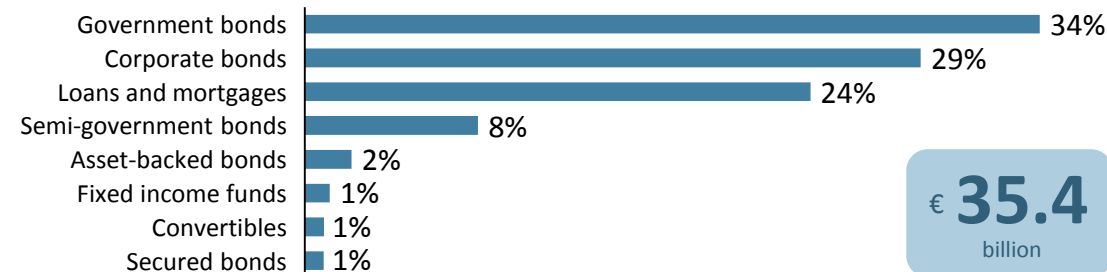
- The sensitivities are calculated based on the partial internal model which includes market risk since 1 July 2018
- Spread sensitivities are calculated using parallel shocks. The sensitivities can be different in case of disparity in the spread movements
- Interest rate sensitivities are limited as a result of our capital hedge and in line with our policy bandwidth
- Very limited spread sensitivity as spread impact on assets is mitigated by impact VA on liabilities

Slight shift in portfolio allocation; possibilities for further optimisation using the newly implemented internal model for market risk

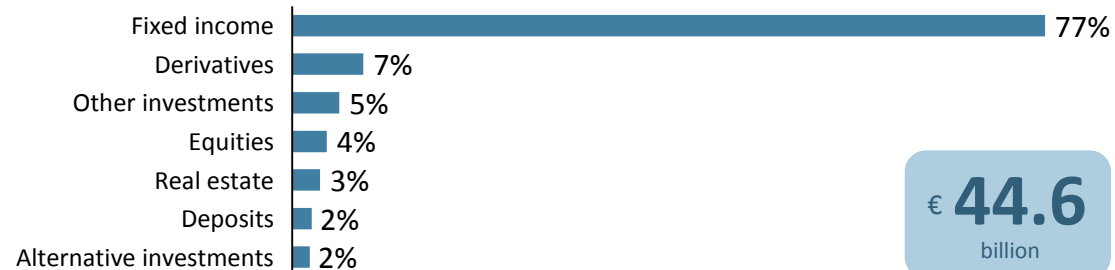
Total investment portfolio (2018, in %)



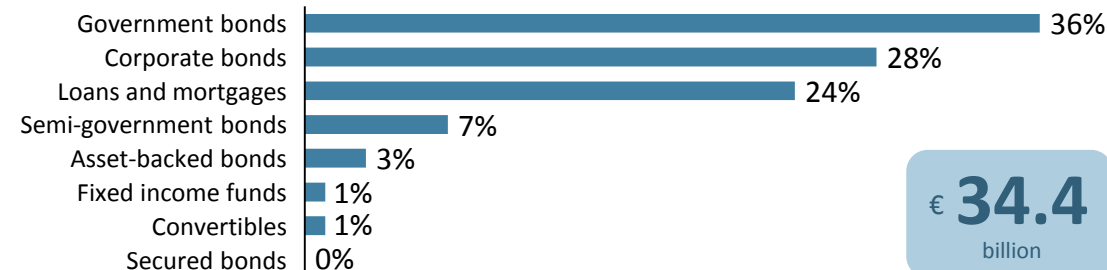
Fixed income portfolio (2018, in %)



Total investment portfolio (2017, in %)



Fixed income portfolio (2017, in %)



No urgent need for refinancing due to well-distributed maturity profile and good access to capital markets

Instrument	Tiering under SII	Comments
Perpetual €600m @ 6.0 %	Tier 1 (grandfathered)	Callable in November each year
CHF Senior Unsecured €200m @ 1.5%	Debt	Maturity in June 2019
Senior Unsecured €750m @ 2.5%	Debt	Maturity November 2020
Preference shares €311m @ 5.5%	Tier 1 (grandfathered)	Coupon reset in 2023
Perpetual €750m @ 4.25%	Tier 2	Callable from February 2025
Subordinated debt €500m @ 6.0%	Tier 2 (grandfathered)	Maturity 2043. Callable from April 2023
Credit facility €1,000m (undrawn)	Debt	Maturity 2024. Replacement of the previous €750 m credit facility

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