Operational targets achieved; strong financial position maintained

- Profit before tax from regular activities €51 million
- Strong operational performance of Property & Casualty and Health activities
- Result of Life business strongly affected by goodwill impairment and financial markets
- Cost and FTE targets achieved
- Group solvency remains robust at 204%
- Gross written premiums stable at €20 billion

- Long term viability of Dutch healthcare system under pressure; quality and accessibility at stake
- Cost control Dutch healthcare sector major issue for the Netherlands and Achmea

Willem van Duin, chairman of the Executive Board comments:

"2011 can best be characterised as a year with mixed results. In spite of continuing turmoil on the financial markets, our financial position remained strong in 2011. As a cooperative insurer, we have pursued our prudent financial risk policy in recent years and that is reflected in our solvency ratio, which remains high. We posted a profit from regular activities in 2011 of €51 million and met our targets for cutting costs and reducing the number of FTEs. Achieving these targets will enable us to reach our prime objective which is serving our customers with good insurance at a reasonable price.

Our Health and Non-Life activities delivered good results, thanks in part to the efficiency-raising measures we have adopted. Our Life results are still under pressure from the growth in bank savings products. We have already announced our decision to respond to this market development by recognising an impairment on the goodwill of our Life insurance activities. The unstable situation on the financial markets and high income-protection insurance claims formed additional adverse effects. These developments resulted in a negative result of €208 million in 2011.

We expect 2012 to be another challenging year. Against the background of continuing economic uncertainty, cutting costs and reducing complexity will again be major priorities for the Executive Board in order to achieve structural improvement of our profitability level.

Faced with the rising cost of our system of social security and healthcare, we are entering a time of fundamental political decision-making. To preserve the future viability of our system, risks and responsibilities are being transferred from the state to the individual. This was also the starting point of the transfer of our health care system in 2006 – from a supply focused to a demand focused system.
In the meanwhile costs for health care are rising more than expected and form a growing part of our Gross National Product. Our government is currently looking at measures to control this.

Solidarity, which is at the heart of our health system, is under pressure. More attention for prevention and a growing awareness about one's own responsibility can help slow down the rise in the costs of healthcare. It is our conviction that every individual must have access to good care at an affordable price. That is why we aim to make arrangements with healthcare providers about quality and about more good care per euro."

Contents

Announcement of 2011 annual results on 13 March 2012:
Press conference starts at Achmea headquarters at Handelsweg 2 in Zeist at 11.00 CET.
A conference call for analysts start at 14.00 CET.
Please dial +31 10 29 44 271.
More information can be found on Achmea's website: www.achmea.com

FOR MORE INFORMATION PLEASE CONTACT:
Stefan Kloet
Press officer, stefan.kloet@achmea.com,
+31 6 12 22 36 57
Sandra van Gils
Investor Relations Manager, sandra.van.gils@achmea.com,
+31 6 13 62 84 23

The figures in this press release are derived from the audited 2011 Financial Statements. Achmea's Financial Statements are prepared in accordance with EU-IFRS.

Note: because of rounding, numbers may not add up.

Group Performance

STRATEGIC HIGHLIGHTS

House in order

Three years ago, we defined a strategy aimed at long-term continuity and future-proofing our business. The cornerstone of this strategy was our ‘House of Initiatives’. We defined short-, mid- and long-term improvements and targets.

At year-end 2011, we have put our house in order and achieved the main goals of our plan. Complexity has been significantly reduced, starting with cutting down the number of legal entities. Eureko and Achmea Holding have been merged and we have decided to go forward with the Achmea name, primarily because of the strong (cooperative) recognition in the Netherlands and to emphasise our cooperative background. Our solvency is solid – even at this time of turmoil. As the operating environment is changing rapidly, our focus on cost discipline and efficiency will remain. We will also maintain our long term focus and our commitment to value creation over growth. We will continue to build on our core activities.

Strengthened business portfolio

Part of our strategy is to streamline our business portfolio and invest in strengthening our market position, for example through our merger with De Friesland Zorgverzekeraar at the end of 2011. Our focus has been sharpened on commercial revitalisation, innovation and growth in selected, profitable market segments. In the Netherlands, we were able to reach agreement with top retail chain Hema to offer insurance products to their customers. Our cooperation with Independer.nl also fits well with our strategy to reinforce our commercial capabilities. We expect the role of aggregators in insurance sales to increase.

In the first half of 2011, we exercised our option to acquire the remaining 20% stake in Eureko Sigorta and we now fully own our Turkish insurance subsidiary. In the same period, we completed the divestments of Império France and Avéro Belgium. We also signed an agreement in early 2012 to sell Achmea Vitale, which offers occupational health and safety services, as its activities are not key to the business of our Group.

Commercial vigour

Customer confidence in the financial services sector remains under pressure. In an independent customer satisfaction survey carried out by the Dutch Association of Insurers, our brands scored on average higher than the market. Research from the University of Groningen showed our brands are rated in top positions of most trusted Dutch brands.

Driven by our cooperative background we focus on customer interest on top of customer satisfaction. We are adjusting our insurance products and service which will contribute to the restoration of customer confidence. We are, for example, actively reducing the occurrence of double coverage as well as over-insurance for our customers. Furthermore, we aim to remove the difference in pricing for the same product for new and existing customers.

In the Netherlands, our Health labels had a particularly effective campaign at the end of 2011. As a result, we welcomed 158,000 new health-insurance customers.
In spite of a very difficult economic situation in Greece, our Interamerican operating company was highly successful in its internet-based direct insurance channel, AnyTime. In this first year, over 100,000 car insurance policies were sold.

Working together on solutions

We took the opportunity presented by our bicentenary to hold the Achlum Convention. The starting point of this convention was our cooperative identity. Our aim was to raise awareness on a theme that is of major importance for us as leading insurer: solidarity. During the convention solidarity was defined as ‘working together on solutions by taking one’s own responsibility’.

Group Performance

KEY FIGURES

€ million

RESULTS	2011	2010	Δ	H2 2011	H2 2010	Δ
Gross written premiums	19,650	19,852	-1%	8,694	9,139	-5%
Investment income including associates	2,024	2,705	-25%	1,953	824	137%
Fee and commission income	441	481	-8%	217	238	-9%
Other income	1,083	2,265	-52%	1,946	1,627	20%
Total income	**23,198**	**25,303**	**-8%**	**12,810**	**11,828**	**8%**
Claims and movements in insurance liabilities	19,225	19,753	-3%	11,009	9,140	20%
Operating expenses	3,031	3,268	-7%	1,491	1,724	-14%
Other expenses	1,159	1,056	10%	741	573	29%
Total expenses	**23,445**	**24,077**	**-3%**	**13,241**	**11,437**	**16%**
Profit before tax	**-247**	**1,226**	**n.m.**	**-431**	**391**	**n.m.**
Net profit	**-208**	**1,220**	**n.m.**	**-388**	**356**	**n.m.**
GROSS WRITTEN PREMIUMS PER SEGMENT						
Non-life	3,819	3,992	-4%	1,460	1,551	-6%
Health	12,400	12,289	1%	5,840	6,100	-4%
Life	3,431	3,571	-4%	1,394	1,488	-6%
PROFIT BEFORE TAX PER SEGMENT						
Non-life	375	401	-6%	125	182	-31%
Health	326	262	24%	155	100	55%
Life	-292	107	n.m.	-365	207	n.m.
Banking	-47	49	n.m.	-69	0	n.m.
BALANCE SHEET*						
Total assets	92,313	93,138	-1%			
Total equity	9,775	10,357	-6%			
Investments	42,356	40,842	4%			
Insurance liabilities	37,520	35,623	5%			
SOLVENCY						
Regulatory solvency ratio Group	204%	220%	-16%pts			
Regulatory solvency ratio insurance entities	208%	222%	-14%pts			
FTEs						
Internal FTEs	19,302	20,185	-4%			
External FTEs	1,622	2,212	-27%			
Total FTEs	**20,924**	**22,397**	**-7%**			

** 2010 Figures adjusted for comparison reasons.*

n.m.: not meaningful

Group Performance

FINANCIAL HIGHLIGHTS

Results

We achieved our operational goals but our overall financial result did not meet our ambitions. The year started promising with positive developments in financial markets. In the second half of the year, however, the euro crisis deepened, which had a significant impact on our financial result. Achmea reports a negative result of €208 million in 2011 (2010: €1,220 million profit, including profit on PZU of €835 million). Profit before tax amounts to -€247 million (2010: €1,226 million profit). This negative result is due to a €279 million impairment on the goodwill related to our Life & Pensions business. Impairments on Greek government bonds were taken in the amount of €114 million, or 79% of the nominal value. Mergers and divestments, such as the merger with De Friesland Zorgverzekeraar and the divestment of Avéro Belgium, resulted in a profit before tax of €95 million.

Corrected for the one-off impairments and mergers and divestments, profit before tax from regular activities amounted to €51 million (2010: €504 million). The solid insurance results in Basic Health and Property & Casualty were overshadowed by losses as a result of declining financial markets, an underwriting loss on our long-term disability product (WGA) of €171 million, and decreasing prices in the real-estate market. The declining real-estate market led us to revalue our real-estate investment portfolio and our property for own use, resulting in a loss of €106 million. Decreasing interest rates resulted in an additional provision on the segregated accounts in our Pension business of €143 million. Lower equity markets also resulted in additional impairments of our position in MillenniumBCP and F&C Asset Management of €65 million.

€ million

PROFIT BEFORE TAX	2011	2010	Δ
Profit before tax from regular activities	51	504	-453
PZU results		835	-835
Mergers and divestments	95	36	59
Unit-linked provision		-149	149
Goodwill impairment on Life & Pension activities	-279		-279
Impairment on Greek Government Bonds	-114		-114
Profit before tax	**-247**	**1,226**	**-1,473**

Results per segment:

Our Non-life and Health business lines were key contributors to our result in 2011. Non-life results were 6% lower at €375 million but this was due to an additional one-off in the Income Protection business of €171 million. Our Property & Casualty business achieved very good results, including a profit on the sale of Avéro Belgium (€30 million).

The Health business is a stable, low-margin but also profitable business where scale is a key driver of success. Results in Health were up to €326 million (2010: €262 million), also as a result of the negative goodwill of De Friesland Zorgverzekeraar (€71 million) as we paid a price below the fair value of the assets of the De Friesland Zorgverzekeraar. The 2010 result included a release of provisions of €60 million in supplementary health. On a like-for-like basis, the Health business performed well.

The Life business delivered a positive result if corrected for the effects of the financial markets and the goodwill impairment. As a result of these effects, we incurred a loss of €292 million (2010: €107 million profit). The main financial market losses were the impairments on Greek bonds and real estate, and additional provisions for guarantees due to lower interest rates.

Our banking activities realised a loss of €47 million (2010: profit €49 million), mainly as a result of negative fair value results, a lower interest margin and additions to loan-loss provisions in our Irish business.

Results European activities

Achmea's international strategy is based on the fact that a greater geographic spread is in the interests of our long-term continuity. Growth opportunities in countries outside the Netherlands contribute to value creation in the future. Our three core foreign activities are in Greece, Turkey and Russia.

Our Greek operating company, Interamerican, was highly successful through the launch of our new direct writer, Anytime, and contributed with a positive result of €29 million if corrected for the impairment on the Greek Government bonds of €114 million. Profit increased as a result of lower expenses and release of provisions. Net loss amounted to €85 million compared to a loss of €28 million in 2010.

Our business in Turkey saw a decline in profits from €28 million to €16 million primarily due to higher lapses and higher claims, an additional IBNR (incurred but not reported) dotation and legal provision ensuing from changes in legislation. However, in a promising market where few players succeed in doing profitable business, we are satisfied that our efficient business- and distribution model delivers positive results.

In Russia, Oranta's new shared service centre, centralising claims and policy administration using a uniform new IT platform, is delivering promising results on claims handling for customers. Over 2011, however, the net loss amounted to €23 million (2010: €21 million).

Gross written premiums

Gross written premiums declined in the reporting year by 1% to €19,650 million (2010: €19,852 million) after years of gradual increases. The main reasons for the decline are lower contributions from the government in Health and divestments. In Non-life, premiums decreased 4% mainly as a result of the sale of Avéro Belgium. Corrected for this, the decline was 1%. The decline in premiums was concentrated in the Netherlands, in both Income Protection and Property & Casualty products where we continue to focus on margins and value creation rather than growth. The Non-life premiums of our current European activities showed a healthy growth. In line with our strategy of no longer focusing on new sales of asset accumulation products, premiums in our Life business declined 4%.

Expenses

Total operating expenses declined in 2011 by 7%, or €237 million, to €3,031 million (2010: €3,268 million) mainly due to lower gross operating expenses, lower commissions and higher charges to claims handling expenses. Our Gross operating expenses (excluding commissions, re-insurance commissions and cost allocations) decreased €52 million or 2% to €2,777 million (2010: €2,829 million). The operating expenses were negatively impacted by a loss on property for own use (€29 million) and an additional provision of €6 million for the Achmea Transfer Center (mediates new positions for excess personnel) related to the sale of Achmea Vitale. Corrected for these one-offs, Gross operating expenses amounted to €2,742 million. This is €323 million lower than in 2008 (€3,065 million) and implies that in 2011 we have more than met the targeted cost reduction of €300 million announced in early 2009. In this cost reduction Achmea has also absorbed an increase in pension charges due to low interest rates.

FTEs

In the reporting year, the number of FTEs declined by 1,473 to 20,924*. The majority of FTEs, 16,812 (of which 1,607 external FTEs), are based in the Netherlands. The reduction of FTEs was realised both in the Netherlands (994) and in our European activities (479). In Europe, part of the reduction was realised by the sale of our activities in France and Belgium (-207), but all other operating companies also saw a decline, with our Russian business realising a 15% decrease.

In the Netherlands, the reduction was part of our cost reduction and efficiency programme. In early 2009, we announced a targeted FTE reduction of 2,500 within three years. Now, three years on, we have achieved this target as the number of FTEs was reduced by 2,702 compared to year-end 2008 (19,514).

** Excluding De Friesland Zorgverzekeraar (547 FTEs).*

CAPITAL MANAGEMENT

Total equity

DEVELOPMENT OF TOTAL EQUITY	€ million 2011
Total equity - start of year	**10,357**
Net income	-208
Buy-back shares from Rabobank	-200
Issue of shares related to merger with De Friesland Zorgverzekeraar	42
Dividend and coupon payments to holders of equity instruments	-136
Revaluation reserves	-50
Foreign exchange results and hedge reserves	-78
Other	48
Total equity - end of year	**9,775**

Total equity declined in the reporting year by €582 million to €9,775 million (2010: €10,357 million). The main reasons for the decline are the loss in the reporting year of €208 million, the buy-back of shares from Rabobank (€200 million) and regular payments to holders of equity instruments (€136 million). The revaluation reserve declined €50 million to €498 million. We benefitted from decreasing interest rates on government bonds and derivatives. This positive result is, however, reserved for our policyholders and is not reflected in the revaluation reserve for shareholders. In line with our cooperative background, we attach great value to safeguarding the commitments we make to our customers over the longer term. We have always been prudent in assessing our obligations towards our policyholders. Part of this prudence is that all investment results (fixed income and derivatives) that cover the obligations we have towards our customers are set aside. In 2011, this reserve for the good of our policyholders increased €1.5 billion to €2.7 billion.

Solvency

Group solvency remained robust in the reporting year at 204% (2010: 220%). The decline is mainly caused by the buy-back of shares from Rabobank (impact 5%-points), a lower surplus from the liability adequacy test (10%-points) and higher required capital (9%-point). This was partly mitigated by the decision of the Dutch Central Bank to use the three-month average rather than the year-end swap curve (impact 11%-points). We are the only large Dutch insurer that uses the more conservative swap curve instead of the ECB AAA curve to determine solvency. The difference in solvency ratio between the swap curve and the ECB AAA curve in our Dutch Life activities is approximately 30%-points. We are also the only Dutch insurance company (Group level) whose outlook on the credit rating has improved in recent years. In 2010, S&P changed our A- with negative outlook to A- with stable outlook, making us the highest rated insurer (Group level) in the Netherlands.

€ million

SOLVENCY RATIO	YEAR-END 2011	YEAR-END 2010
Group solvency	204%	220%
Solvency insurance activities	208%	222%

INVESTMENTS

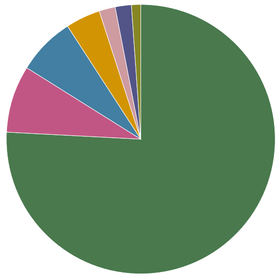
Investment portfolio

Achmea's own risk investment portfolio increased 3% to €42.4 billion (2010: €41.0 billion). This is excluding investments in associates but including investment property. The increase is due primarily to our derivative position which is being used to hedge our interest-rate risk. Our derivative position (7% of the total portfolio) increased €1.0 billion to €3.0 billion as a result of lower interest rates. This exposure is fully collateralised so the risk on this position is negligible. Besides the increase in derivatives, the composition of the portfolio changed slightly compared to last year. The relative position of fixed-income securities, including loans and mortgages, decreased to 76% (2010: 78%) of the total investment portfolio. Our deposits with credit institutions and reinsurers increased €0.5 billion to €3.5 billion, which is around 8% (2010: 7%) of our total investment portfolio. Only 4% of our investment portfolio is invested in equity and alternative investments, reflecting our prudent investment policy. Impairments amounted to €243 million compared to €46 million in 2010.

The impact of negative development in financial markets remained limited for our Dutch activities (93% of our own-risk portfolio). This is due primarily to our interest rate policy and the fact we de-risked at the time of the 2008 crisis. Total performance of our Dutch activities was 8.4%.

TOTAL INVESTMENT PORTFOLIO YEAR-END 2011
(€42 BILLION)

Fixed income	76%
Desposits	8%
Derivatives	7%
Real Estate	4%
Equities	2%
Alternatives	2%
Securities lending	1%



Fixed-income portfolio

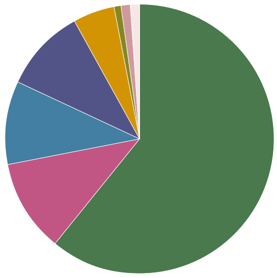
The fixed-income portfolio increased in the reporting year by 1% to €32.2 billion (2010: €32.0 billion). The majority of the investments (61%) or €19.4 billion are invested in government bonds or are government related/guaranteed (11% or €3.6 billion). The government bonds are predominantly Dutch, German and French. In 2011, we lowered our position in France slightly in favour of Finland.

The position in loans (10%) consists mainly of savings accounts related to mortgages and pension products with Rabobank. A modest part of our fixed-income portfolio consists of corporate bonds without government guarantees (18% or €5.7 billion). Of the corporate bonds, approximately one-third is invested in covered bonds and asset backed securities and only a small amount in high-yield bonds (1% of the fixed-income portfolio). The fixed-income portfolio is rather conservative. Of the fixed-income portfolio, 73% has a triple A rating. This is a decrease compared to 2010 (83%) and this relates entirely to the lower rating of Rabobank by S&P from AAA to AA.

Group Performance

RELATIVE POSITION OF FIXED-INCOME INVESTMENT BY NATURE, YEAR-END 2011 (€32 BILLION)

Government bonds	61%
Government related/guaranteed	11%
Credits	10%
Loans	10%
Covered bonds	5%
Convertibles	1%
High yield corporate obligaties	1%
Asset backed securities	1%



€ million

FIXED INCOME PORTFOLIO BY RATING	31-12-2011	31-12-2010
AAA	73%	83%
AA	11%	3%
A	6%	7%
BBB	7%	5%
<BBB	1%	1%
Not rated	2%	1%
Total	**100%**	**100%**

€ million

MAIN GOVERNMENT EXPOSURE	31-12-2011	RATING
Netherlands	12,044	AAA
Germany	4,936	AAA
France	2,561	AAA
Finland	570	AAA

At year-end 2011, our sovereign exposure to GIIPS countries only amounted to €580 million (2010: €740 million) or 1.8% (2010: 2.3%) of the fixed-income portfolio. The decrease is attributable to two factors; lower market value and a lower nominal value position in Italy, Portugal and Spain. The decrease in market value is mainly caused by the Greek government bonds. Achmea has impaired these bonds to market value (€31 million), which means an impairment of 79% or €114 million. Our exposure to Greece and Ireland relates almost exclusively to our activities there.

SOVEREIGN EXPOSURE GIIPS COUNTRIES — € million

	31-12-11	%*	NOMINAL VALUE	31-12-10	%*	NOMINAL VALUE
Greece	31	0.1%	145	97	0.3%	145
Italy	57	0.2%	60	89	0.3%	95
Ireland	411	1.3%	480	384	1.2%	481
Portugal	33	0.1%	47	49	0.2%	55
Spain	48	0.1%	48	121	0.4%	123
Total	**580**	**1.8%**	**780**	**740**	**2.3%**	**899**

** Percentage of total fixed income portfolio.*

Equity and alternative portfolio

The equity portfolio was slightly lower at €0.8 billion (year-end 2010: €0.8 billion) or 2% of the total investment portfolio. The slight decrease in 2011 is attributable to lower equity markets. Besides the equity portfolio, we also manage a portfolio of alternative products, such as private equity, hedge funds, infrastructure and commodities. This portfolio amounts to €0.9 billion. The equity and alternatives portfolio is, besides foreign exchange risk, not hedged.

Real estate portfolio

The real estate portfolio amounted to €1.7 billion (year-end 2010: €1.8 billion) or 4% of the investment portfolio. The portfolio consists of €0.5 billion indirect real estate and €1.2 billion direct real estate. The direct real estate portfolio consists of 36% residential, 30% offices, 28% retail and 6% other real estate. The real estate market in the Netherlands is sluggish, especially in the office segment. In total, negative revaluations amounted to €77 million, mainly on the office market.

Non-life

- Good underwriting results in Property & Casualty
- Results negatively impacted by higher claims in our long-term disability product
- Premiums in the Netherlands under pressure; growth in European activities

€ million

RESULTS	2011	2010	Δ	H2 2011	H2 2010	Δ
Gross written premiums	3,819	3,992	-4%	1,460	1,551	-6%
Operating expenses	1,096	1,158	-5%	545	597	-9%
Profit before tax	**375**	**401**	**-6%**	**125**	**182**	**-31%**

KEY FIGURES	2011	2010	Δ	H2 2011	H2 2010	Δ
Claims ratio	68.3%	68.1%	0.2%pts	71.5%	70.2%	1.3%pts
Expense ratio	27.8%	27.6%	0.2%pts	28.0%	28.6%	-0.6%pts
Combined ratio	96.1%	95.7%	0.4%pts	99.5%	98.8%	0.7%pts
Regulatory solvency ratio	234%	281%	-47%pts			

GENERAL

Results

For Achmea, Non-life insurance is both a core business and a core competence. Around 19% (2010: 20%) of Achmea's total gross written premiums are generated through a full range of Property & Casualty (P&C) and Income Protection products. In the Netherlands, we have a market share of approximately 20% in Property & Casualty and in Income Protection.

Gross written premiums in 2011 reflect the market environment for Non-life products. This is a highly competitive market with price often as the decisive factor for customers. Our Non-life gross written premiums were down 4% in 2011 to €3,819 million (2010: €3,992 million). Premiums in 2010 included Avéro Belgium (€121 million) which was sold as per 6 January 2011. On a like-for-like basis, gross written premiums decreased 1%. This is due primarily to a €43 million decrease in our Dutch P&C business and a €23 million decrease in Income Protection. Profit before tax was down €26 million on the previous year (2011: €375 million; 2010: €401 million). The lower result was due to higher claims in our long-term disability product (WGA) with a profit before tax impact of €171 million. More people in the Netherlands have long-term disability that prevents them from working. As a result the number of claims on our WGA product (over 2008 and 2009) increased strongly. Based on future projections, we have prudently also taken a provision on premium deficiency for future years and on potential claims over 2010 and 2011; any higher claims on these years will only be due for pay-out at some time in the future. In Property & Casualty, we generated improved performance primarily through good underwriting results supported by a release of provisions relating to claims incurred in previous years. Moreover, less large and less weather-related claims supported our underwriting result in 2011. Operating expenses are also down, partly due to our cost-reduction programme and through the sale of Avéro Belgium. The claims ratio increased slightly from 68.1% in 2010 to 68.3% in the reporting year. Total operating expenses expressed as a percentage of net earned premiums (net expense ratio) increased slightly to 27.8% (2010: 27.6%), in part due to lower net earned premiums. Combined ratio increased slightly to 96.1% (2010: 95.7%). Solvency decreased to a still very strong 234% (2010: 281%) as a result of dividend payments.

THE NETHERLANDS

Market developments

Non-life is one of the most mature Dutch insurance markets. It is also an arena where price is the main competitive factor. Switch behaviour has increased significantly as customers shop around for ever-lower premiums. New internet-only entrants are putting even greater pressure on price. In the Non-life market, there is a clear shift to internet providers, also through aggregators, as new distribution models emerge and distinctions between distribution channels fade. Lower investment income and fierce price competition translates into lower profitability.

As economic uncertainty continues and growth forecasts are regularly adjusted downwards, the number of people in work is falling. Bankruptcy rates are also higher and SME growth is stagnating. For our Income protection business, this means a lower insurance take-up, in part due to cost-reduction measures taken by customers. Another continuing factor is the diminished trust in insurers; customers want more transparency, more web-based information and communication and better pricing. There is upside market potential in the Income protection segment because companies can chose to insure some of their risks on disability (WGA) or sick leave (Ziektewet) privately or through social security. There is an ongoing debate on level playing field which makes it hard to predict if and when privatisation of certain social security insurances, such as unemployment benefits, will take place.

Property & Casualty

Gross written premiums on P&C business in the Netherlands was down 2%, from €2,572 million in 2010 to €2,529 million. This is due mainly to a decline in motor insurance and property. The claims ratio improved once again, from 65.3% in 2010 to 59.4%, primarily through good underwriting results supported by a release of provisions, and lower claims. The expense ratio improved slightly to 25.4% (2010: 25.6%). As a result, the combined ratio improved to 84.8%, an improvement of 6.1%-point (2010: 90.9%). Overall, profit before tax in Property & Casualty increased to €502 million (2010: €409 million).

Income protection

Gross written premiums decreased 3% to €665 million (2010: €688 million) due primarily to a decline in Absenteeism and AOV which, towards the end of the year, saw competitors offering in-stream discounts. Operating expenses were down a further 7% on 2010. The claims ratio increased to 109.4% (2010: 84.7%). The €171 million impact of increases in claims on the WGA product for the years 2008 through 2011 affected the claims ratio negatively by 27.1%-points. The expense ratio increased to 26.5% (2010: 24.7%) and the combined ratio deteriorated to 135.9% (2010: 109.4%). In 2011, profit before tax decreased to €-126 million (2010: €-15 million).

OUR EUROPEAN MARKETS

In Europe, excluding Avéro Belgium, premiums grew 2% to €625 million (2010: €611 million). Most European operating companies contributed to the increase, especially Interamerican in Greece and Union in Slovakia.

€ million

EUROPEAN GROSS WRITTEN PREMIUMS	2011	2010	Δ
Turkey	283	289	-2%
Greece	233	216	8%
Russia	61	59	3%
Slovakia	32	28	14%
Belgium	0	121	-100%
Other	16	19	-16%
Total	**625**	**732**	**-15%**

Health

- Efficient operational performance in Health
- Gross written premiums up 1% to cover the rising cost of healthcare
- Good health campaign resulted in 158,000 new customers in 2012

€ million

RESULTS	2011	2010	Δ	H2 2011	H2 2010	Δ
Gross written premiums	12,400	12,289	1%	5,840	6,100	-4%
Operating expenses	593	591	0%	307	336	-9%
Profit before tax	**326**	**262**	**24%**	**155**	**100**	**55%**

KEY FIGURES BASIC HEALTH	2011	2010	Δ	H2 2011	H2 2010	Δ
Claims ratio	95.7%	96.8%	-1.1%pts	95.3%	97.3%	-2.0%pts
Expense ratio	3.0%	3.0%	0.0%pts	3.2%	3.4%	-0.2%pts
Combined ratio	**98.7%**	**99.8%**	**-1.1%pts**	**98.5%**	**100.7%**	**-2.2%pts**

KEY FIGURES SUPPLEMENTARY HEALTH	2011	2010	Δ	H2 2011	H2 2010	Δ
Claims ratio	85.2%	71.0%	14.2%pts	89.8%	67.4%	22.4%pts
Expense ratio	9.5%	10.6%	-1.1%pts	9.4%	12.6%	-3.2%pts
Combined ratio	**94.7%**	**81.6%**	**13.1%pts**	**99.2%**	**80.0%**	**19.2%pts**
Regulatory solvency ratio	196%	192%	4%pts			

GENERAL

Results

For Achmea, health insurance is both a core business and a core competence. Health insurance is a stable source of income for Achmea. Achmea has a market share of 32% and over five million customers including De Friesland Zorgverzekeraar.

Although margins are very low in basic health insurance, it is a volume growth area where expertise and knowledge can add significant value for the customer and insurer.

In 2011, total Gross written premiums in the Health business increased 1% from €12,289 million in 2010 to €12,400 million in 2011. Growth of customer premiums to cover the rising cost of healthcare was partly offset by lower contributions from the government. Our European gross written premiums grew 5% to €363 million (2010: €346 million) primarily through higher sales in Russia, Slovakia and Turkey.

Profit before tax increased to €326 million (2010: €262 million), mainly as a result of the negative goodwill of the acquisition of De Friesland Zorgverzekeraar (€71 million, classified under other income). The 2010 result included a release of provisions of €60 million in supplementary health. When corrected for these two one-offs, Profit before tax grew 26%, reflecting our good insurance results in the reporting year, also in Slovakia where Union achieved very good results. Investment income decreased as a result of lower interest income. Operating expenses remained stable at €593 million (2010: €591 million) in spite of the investments related to the integration of the Achmea and Agis health businesses into a single Achmea Division Health. With this new division we are positioned even more strongly to manage changing market environments, now and for the future. Solvency of our Health activities improved to 196% compared to 192% at year-end 2010. This is including the consolidation of De Friesland Zorgverzekeraar (DFZ); excluding DFZ, the solvency ratio was also 196%.

THE NETHERLANDS

Market developments

In 2011, healthcare was again high on the political agenda, specifically the challenge that has come to characterise all debate on this key topic: how to provide quality healthcare at an affordable price, and how to do that over a longer period. Current estimates are that costs are set to rise around 3 to 4% annually. If no action is taken to control these costs, they will double by 2030. The concern of maintaining the affordability of healthcare is urgent. Drivers of increases are inflation, changing demographics and increasing cost of actual care. It is against this backdrop that the present Dutch government is accelerating liberalisation and change in the healthcare system, specifically in terms of shifting financial risk and responsibility to civilians. The main shift for insurers is the near abolition of the retrospective calculation. If cost of care exceeds macro budgets, then insurers are now responsible for any overspend and are not completely reimbursed from the fund. For insurers, a further shift is in solvency requirements. In 2010, the Dutch Central Bank (DNB) increased minimum solvency requirements from 8 to 9% of gross written health premiums. In 2012, solvency requirements will be further increased from 9 to 11%.

At the same time that much is changing in the actual healthcare system, the market itself is in transformation. Increasingly, the internet is playing an important role in providing information but also as a sales channel. Customers are opting more frequently for health insurance via the internet labels of well-known insurers. Today, almost half a million customers have an internet policy. In 2011, internet labels, including Achmea's own FBTO, saw an average customer increase of around 60%. Switch behaviour in 2012 is expected to be relatively stable (5.5% in 2011). Following a highly successful advertising campaign in the final quarter of 2011, we were able to attract 158,000 new customers for 2012.

Basic and Supplementary Health

Achmea offers Basic and Supplementary Health insurance through a number of top brands using all distribution channels (direct, bank and broker). There is a high entry threshold and four insurers have more than 90% of the market.

We generated stable gross written premiums for Basic Health insurance of €10,715 million (2010: €10,669 million). Higher premiums per customer were offset by lower contributions from the government. These contributions were 6% lower at €6,222 million (2010: €6,641 million) and premiums from customers were up 12% to €4,493 million (2010: €4,028 million). Premiums from Supplementary Health were up 4% to €1,322 million (2010: €1,273 million).

Profit before tax from Basic Health increased to €157 million (2010: €24 million), mainly as a result of good insurance results and a higher release of previous years' provisions than in 2010. As a result, the claims ratio improved 1.1%-point to 95.7%. We achieved a stable expense ratio (3.0%) which was a goal for us in 2011. The combined ratio was 98.7% (2010: 99.8%).

Profit before tax from Supplementary Health insurance declined €161 million to €75 million (2010: €236 million), primarily due to adjustments to policy conditions and a one-off release of €60 million in provisions in 2010. The Supplementary Health expense ratio improved from 10.6% in 2010 to 9.5% in 2011 as a result of higher premiums and tight cost control. The claims ratio is considerably higher at 85.2% (2010: 71.0%, and 75.7% excluding one-offs), due mainly to the release of previous years' provisions in 2010 and adjustments to policy conditions. As a result, the combined ratio deteriorated to 94.7% (2010: 81.6%).

OUR EUROPEAN MARKETS

Achmea currently has Health operations in Slovakia, Greece, Turkey, Russia and Romania. In 2011, our Health business in Europe generated €363 million in gross written premiums (2010: €346 million). Slovakia and Greece currently generate the majority of total gross written premiums. However, in 2011, Russia showed strong growth and Slovakia grew 11%.

€ million

EUROPEAN GROSS WRITTEN PREMIUMS	2011	2010	Δ
Greece	108	115	-6%
Slovakia	218	197	11%
Russia	14	12	17%
Other	23	23	0%
Total	**363**	**347**	**5%**

Life

- Negative result due to impairments and low interest rates
- VNB margin in The Netherlands remains stable
- Focus on value creation over growth

€ million

RESULTS	2011	2010	Δ	H2 2011	H2 2010	Δ
Gross written premiums	3,431	3,571	-4%	1,394	1,488	-6%
Operating expenses	716	799	-10%	369	424	-13%
Profit before tax	**-292**	**107**	**n.m.**	**-365**	**207**	**n.m.**

KEY FIGURES	2011	2010	Δ	H2 2011	H2 2010	Δ
Value added by new business	11	25	-56%	5	19	-74%
New business APE	178	230	-23%	86	107	-20%
PVNBP	1,456	1,806	-19%	703	795	-12%
New business margin	0.7%	1.4%	-0.7%pts	0.7%	2.4%	-1.7%pts
Value added by new business as % of APE	6.2%	10.8%	-4.6%pts	5.8%	17.8%	-12.0%pts
Regulatory solvency ratio	201%	223%	-22%pts			

GENERAL

Results

Life insurance, including individual life, pension insurance and pension services, is a major activity for Achmea. 17% (2010: 18%) of our gross written premiums is generated by life and pensions in the Netherlands and our European markets.

In 2011, gross written premiums in our Life business decreased 4% to €3,431 million (2010: €3,571 million). At -€292 million, profit before tax was down considerably on 2010 (€107 million profit). The goodwill impairment and developments on financial markets are the main reasons for the losses. Impairments on Greek government bonds (€114 million), revaluation of our real estate portfolio (€60 million) and guarantees on segregated accounts (€143 million) depressed the results considerably. Besides the impact from financial markets, operational performance (new sales, value new business) was also lower. Operating expenses are again down by 10% through cost reduction programmes, lower expenses at Syntrus Achmea and the sale of Império France. Our solvency declined 22%-points to 201% but the fall is limited even though interest rates decreased sharply. The solvency ratio of Achmea's largest insurer, Achmea Pensioen- en Levensverzekeringen N.V., amounted to 209% based on the three-month average swap curve (182% based on year-end swap curve). If the ECB AAA curve is applied, solvency would have been 223%.

VNB decreased to €11 million compared to €25 million in 2010. Annual Premiums Earned (APE) declined 23% in the reporting year to €178 million (2010: €230 million).

VNB margins at Group level declined from 1.4% to 0.7%. This decline is entirely attributable to the European activities. Margins in the Netherlands were stable at 2.1% despite lower sales. Embedded value decreased by 4% to €4,783 million, mainly due to capital transfers out of the life companies.

Impairment of goodwill of Life business

In the current (financial) market environment, both life and pension insurance are under pressure. For the past five years, this market has been deteriorating and decline is now considered structural. Reasons for the decline are competition from new 'bank savings' products that offer the same fiscal advantages as insurance products, a decrease in mortgage-related insurance due to a sluggish housing market and a prolonged period of low interest rates. We have impaired total goodwill related to the life business of Interpolis in the amount of €279 million.

Life

THE NETHERLANDS

Market developments

The life and pension market is a mature and saturated market. New factors are an acceleration of transformation, much of it fuelled by the economic crisis. Low long-term interest rates are impacting both life and pensions. As noted above, new bank savings products and a decrease in mortgage-related insurance are also negative trends in the life business. Past cost-loading has had far-reaching consequences for the whole industry. Customer confidence is still frail and insurers continue to work on improvements. It has also sparked a flood of new regulation and legislation. Insurers now have to manage this greater complexity. A new pension agreement reached by social partners in the Netherlands in 2011 will also impact the industry.

We are seeing a consolidation in the pension business. The number of pension funds is declining, especially company funds. Although sector pension funds are also declining in numbers, their size is increasing.

Pension insurance

In 2011, our pension insurance business generated gross written premiums of €825 million. This is a decline of €28 million compared to 2010, primarily through a decline in single premiums. As a result of strong declines in interest rates and lower values on property, we took additional provisions in the amount of €143 million for segregated pension contracts.

Individual life insurance

In 2011, gross written premiums declined 5% to €1,766 million (2010: €1,855 million). The main reason for this decline is lower premiums from unit-linked products. This is in line with the general decline in the market. We are now focused on term insurance, the main product expected to show growth in premiums, rather than asset accumulation products.

Pension services

In 2011, the results of our pension services business declined slightly, mainly as a result of the loss of two large clients that could not be completely offset by the in-stream of a number of new clients and lower expenses. Assets under Management decreased to €57 billion (2010: €62 billion) due to the departure of a large client. For the same reason, fee and commission income were also down from €294 million in 2010 to €273 million in 2011. This was only partly offset by better investment results, mainly on government bonds. In 2010, our market share was 21% based on number of participants. We estimate that our market share will have declined slightly in 2011.

OUR EUROPEAN MARKETS

Our operating companies outside the Netherlands generated 9% or €311 million of total Life gross written premiums. Premiums declined €80 million due in part to the sale of Império France in early 2011. Our activities in Ireland and Greece are both feeling the effects of difficult economic environments. APE was down considerably by 28%.

€ million

EUROPEAN GROSS WRITTEN PREMIUMS	2011	2010	Δ
Greece	89	103	-14%
Ireland	194	212	-8%
France	8	56	-86%
Other	20	20	0%
Total	**311**	**391**	**-20%**

Banking

- Negative result mainly due to lower interest margins
- Savings up over 40% to €3 billion
- Core tier 1 ratio remains robust

€ million

RESULTS	2011	2010	Δ	H2 2011	H2 2010	Δ
Net interest margin	91	151	-40%	45	70	-36%
Realised and unrealised results	-25	15	n.m.	-40	-7	n.m.
Operating expenses	103	106	-3%	54	55	-2%
Additions to loan loss provisions	21	17	24%	18	11	64%
Profit before tax	**-47**	**49**	**n.m.**	**-69**	**0**	**n.m.**

CORE TIER 1 RATIO	2011	2010	Δ
Achmea Bank*	12.4%	12.7%	-0.3%pts
Staalbankiers*	13.1%	13.7%	-0.6%pts

* *Statutory basis.*

GENERAL

Results

Our banking activities generated a loss before tax of €47 million in 2011 (2010: €49 million profit). Operating expenses were 3% lower at €103 million compared to 2010 (€106 million). Lower interest margins and fair value results impacted the efficiency ratio negatively, resulting in an efficiency ratio of 133% (2010: 62%).

THE NETHERLANDS

Achmea Bank

In 2011, profit before tax* at Achmea Bank (which consists of Achmea Hypotheekbank and Achmea Retail Bank) was -€1 million (2010: €71 million profit), due primarily to higher funding costs for our mortgage business (€29 million negative impact), the sale in early 2011 of our consumer credit portfolio (€12 million negative impact), and fair value results (-€15 million). In 2011, consumer savings increased €0.9 billion to €3.0 billion. Achmea Bank's core Tier 1 ratio was a robust 12.4% (2010: 12.7%).

* *The statutory result of Achmea Bank deviates from results included at Group-level as Achmea Bank implemented IFRS at a different date.*

Staalbankiers

The operating environment for private bankers is highly challenging due to financial market pressures. For Staalbankiers, maintaining financial strength, customer focus and building trust remain the goals in uncertain times. Despite difficult market circumstances, Staalbankiers realised a net inflow of Assets under Management of €95 million. In 2011, profit before tax was -€28 million (2010: -€19 million). Staalbankiers' core Tier 1 ratio is 13.1% (2010: 13.7%). Its liquidity position is sound and its risk profile modest.

OUR EUROPEAN MARKETS

Friends First in Ireland ceased operating its consumer finance division in August 2009. The phased closure is expected to take between five and seven years to complete and run-off is well on track. Friends First generated a loss before tax of €16 million in 2011 (2010: €8 million profit) due to an €18 million addition to the loan-loss provision.