Result impacted by severe weather and high healthcare costs

- Net loss of €24 million negative for first six months of 2016
- Total damage caused by severe weather: €267 million for 30,000 customers
- Strong progress in compensation payments and assistance provided to customers
- Continued innovation of services and business operations
- Healthcare expenses higher than projected due to increase in farmaceutical expenditures
- Excellent progress in further reducing cost as part of Acceleration & Innovation program
- Centraal Beheer Algemeen Pensioenfonds launched after obtaining permit from the Dutch Central Bank
- Solid financial position, with a Solvency II solvency rate of roughly 204%

Achmea CEO and Executive Board Chairman Willem van Duin:

"Around 30,000 of our customers were affected by severe weather conditions (including storms, hail and flooding) in June of this year, with many suffering both material damage and considerable mental distress. Our employees and partners have done everything – and continue to do everything – within their powers to help our policyholders get back on track. As an insurer founded as a cooperative organisation, we believe it is important to be there for our customers when they need us – that is why our organisation was established in the first place. After making a careful estimate of the damage suffered by all our customers, a large part of our customers have received the support they needed. We are aware, however, that there is a great deal of work left to be done, and are currently working hard on this together with our employees and partners.

The damage caused to vehicles, homes, agricultural businesses added up to €267 million. We hedged more than half of this claim amount through reinsurance for reasons of prudence. The remaining claims burden has significantly reduced our earnings. In addition, health insurance expenditure increased more than previously estimated as a result of higher expenses on medications and less compensation from equalisation. As a result, Achmea incurred a net loss of €24 million during the first six months of 2016, despite positive effects due to cost reductions and higher investment returns in Pension & Life.

Despite the payments for damages relating to the severe weather conditions and the higher healthcare expenditure, we managed to maintain our healthy and solid financial position. With a consistently solid Solvency II solvency of approximately 204%, we will be able to continue meeting our commitments to our customers in the future.

The permit granted to Centraal Beheer for the establishment of a General Pension Fund (APF) is a key milestone for Achmea in successfully implementing our pension insurance strategy. Pensionfunds and employers can now join Centraal Beheer APF in order to provide their employees with retirement pensions that are adapted to the times and future-proof. A few letters of intention have already been signed for entering the General Pension Fund.

Meanwhile, our organisation also continues to adapt and we are responding to the changing wishes of our customers. We will be completing our Acceleration & Innovation change program at the end of this year, as part of our strategy of putting innovation front and centre of our business operations. We are achieving the goals we have set and are taking our services to our customers to an even higher level. Adjusted for investments in strategic projects, we reduced our expenses by roughly €355 million and the number of jobs by approximately 3,000.

Although we have officially completed our change program, we will continue to upgrade out services and reduce our operating expenses. In fact, this will remain our focus over the next several years.

ACHMEA HALF YEAR RESULTS 2016 - 11 AUGUST 2016

A media call will take place at 11.00 AM CET.
Media can dail-in using the following number:+31 20 53 15 850
A conference call for analysts is sheduled for 2.00 PM CET.
Analyst can dail-in using the following number:+31 20 53 15 851
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Group results

GROUP DEVELOPMENTS

We are on track to officially complete our Acceleration & Innovation change program this year, responding to the rapidly changing needs of our customers. We are upgrading our services to customers while at the same time standardising and automating our processes and systems. We are also reducing our costs in order to remain competitive, which has resulted in a decline in the number of jobs within our group. This method of working is set to be continued once the program has been officially completed

Insurance of high value

The severe weather that swept across the Netherlands in June caused substantial damage for many of our customers, as well as a great deal of personal distress. Our people have been firmly committed to helping our customers resume their lives and businesses as soon as possible, and we have been working with Rabobank and other partners to support the thousands of agricultural businesses affected. This is one area where innovation of our services plays a vital role, including the use of drones in making fast and accurate damage estimates.
The burden of claims as a result of these severe weather conditions is expected to increase in the future as a result of the impact of climate change. Prevention is just one of the ways in which we can curb the increase in the burden of claims, and our brands are therefore focusing on implementing preventive measures at agricultural businesses as well as in urban areas. Good examples of this include hail screens and anti-precipitation radar systems. We have partnered with other organisations and governments to come up with solutions, for example through water storage and the use of precipitation data. This is how we are helping to reduce the damage of severe weather conditions for our policyholders in the future. However, premium increases are inevitable in order to be able to offset the unexpectedly higher burden of claims as a result of climate change.

We come up with new solutions for our customers every day by launching new services, sharing our knowledge and investing in prevention. One of the initiatives we launched in the first half of this year was the Jij stuurt ("You're in charge") research project, a partnership project between FBTO and Groningen University. We are working on improving traffic safety together with more than 600 of our customers. In addition, Centraal Beheer and Eurocross launched a new roadside assistance service in May of this year called RoadGuard. Around 15,000 customers have downloaded the app to date, which enables them to organise roadside assistance directly and without needing to subscribe to the service. Through the 'HartWacht' telemonitoring service, Zilveren Kruis is investing in improved remote care for cardiac patients. At the same time, the company has also been working on reducing future healthcare expenditure by being the first health insurance company in the Netherlands to purchase medications from medical suppliers in conjunction with our hospital partners.

High customer satisfaction score

Our investments in improving our services have certainly not gone unnoticed, as witnessed by an industry-wide comparative report published in June by the Dutch Insurers' Association. The survey revealed that Interpolis and Centraal Beheer were the insurers most valued by their customers. The independent research company MoneyView established in June that the home insurance provided by Interpolis offers the best terms and conditions, while a survey conducted by research company WUA found that Zilveren Kruis provides the best online service of any of the major Dutch health insurance providers. Avéro Achmea and Interpolis, being awarded scores of 8.1 and 8.0, respectively, both scored very high in the category of liability insurance. We also made significant progress in complaints handling, and we improved our score for the customer centricity quality label from a 3.8 to a 4.5 (on a scale from 1 to 5).

Reduction in expenses and the number of jobs

One element of our change program is reducing our expenses by €450 million, and with a total reduction of roughly €355 million at the end of June we are making good progress. At the same time, we are also investing in the future of our company through a series of strategic initiatives. For this and other reasons, the objectives of the Acceleration & Innovation program will be fully visible by the end of 2017. The number of jobs has been reduced by nearly 3,000 since the program's launch in 2014. Despite these sometimes serious measures, Achmea is awarded the title: 'Best Employer' in the image survey conducted by Intermediair magazine among pensionfunds and insurers: this demonstrates that we have managed to remain a desirable employer even in times of significant change.

Strategic trends and developments

In July, the Dutch Central Bank granted a permit to the Centraal Beheer APF. Pensionfunds and employers can now join in order to provide their employees with retirement pensions that are adapted to the times and future-proof. One aspect of our strategy is an increased focus on our core businesses. In july Achmea announced the sale of reintegration company Winnock and in August the sale of the private banking activities of Staalbankiers has been announced.

Changes in governance

Mr. Aad Veenman has been appointed, under condition of approval by DNB, as Chairman of the Achmea Supervisory Board effective 9 August 2016. He will succeed Erik van de Merwe, who served as a Supervisory Board member for more than 12 years, the last four years of which as Chairman. Achmea would like to thank Mr. Van de Merwe for his valuable and long lasting contribution to the group.

Group results

KEY FIGURES			(€ MILLION)
RESULTS	H1 2016	H1 2015	Δ
Gross written premiums	16,940	16,902	0%
Net premium revenues	9,806	9,703	1%
Operating expenses	1,310	1,367	–4%
BREAKDOWN OF RESULTS			
Operational result[1]	**–38**	**285**	**n.m.**
Profit before tax	–44	290	n.m.
Net result	**–24**	**272**	**n.m.**
BALANCE SHEET	30-06-2016	31-12-2015	Δ
Total assets	101,851	92,917	10%
Equity	10,194	10,280	–1%
SOLVENCY II[2]	30-06-2016	31-12-2015	Δ
Ratio calculated using the Partial Internal Model	204%	199%	5 %-pts
FTES	30-06-2016	31-12-2015	Δ
FTEs (company employees)	15,335	15,412	–0.5%
FTEs (contractors)	2,493	2,842	–12.3%

**n.m.: not meaningful*

1In 2015, Achmea began using its operational result as a criterion for the profit or loss of individual segments, rather than the profit before tax. The operational result is calculated by adjusting the profit before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business operations, and are therefore not expected to occur regularly. Examples of such items include reorganisation expenses, exceptional depreciation losses from goodwill and pre-tax results from disinvestments, related to disinvestment operations. Comparative figures have been included accordingly

OVERALL RESULTS

In the first half of the year, both our operational result and our net result were significantly affected by the severe weather in June, with the material damage for our policyholders amounting to €267 million. A solid reinsurance cover has limited our loss to €137 million. In our healthcare business, we note that our expenditures, after years of controlled growth, are now increasing more rapidly than expected; one of the main causes for this is the development in costs of medicines.

As a result of the additional expenses for claims and healthcare, our operational result for the first half of 2016 was €-38 (versus €285 million in H1 2015). The difference between our operational result and profit before tax is the result of a nonrecurring transaction result outside the Netherlands.

Net profit totalled €-24 million, versus €272 million for the same period in 2015. The net loss during the first six months of this year has resulted in a tax gain of €20 million.

BREAKDOWN OF NET PROFIT (€ MILLION)	H1 2016	H1 2015
Operational result	–38	285
Transaction results sales	–6	5
Profit before tax	–44	290
Taxes	–20	18
Net profit	–24	272

A further reduction in our operating expenses improved results: this was the result of cost savings from our Acceleration & Innovation program.

Gross written premiums increased slightly in comparison with the same period last year to €16,940 million (€16,902 million in H1 2015). An increase in written premiums in our Non-Life and Health segments and in our international businesses offset a slight decline in our Pension & Life and reinsurance business.

Group results

New reporting structure

We changed our reporting methods for our segments effective 1 January 2016; these changes do not make any difference at the Group level. The new structure is more in line with our organisation's governance system and provides a clearer picture of the performance of our various segments. The results of Achmea Investment Management, Achmea Bank and Syntrus Achmea Pension Management have been combined into the new Retirement Services segment in the Netherlands. All our reinsurance activities currently form part of our Other Activities business. Until 2016, they were separate parts of the Non-Life and Pension & Life segments. The results of Staalbankiers are included under the Other Activities segment. The Banking Activities segment will be discontinued. Other, more minor changes to the reporting structure will be set out in the notes of the segments contained in this press release and the segment report in the condensed consolidated interim financial statements. The comparative data has been adjusted in accordance with the new structure.

RESULTS PER SEGMENT (€ MILLION)

	H1 2016	H1 2015
Non-Life Netherlands	−121	75
Health Netherlands	2	172
Pension & Life Netherlands	187	110
Retirement Services Netherlands	−13	−5
International activities	8	28
Other activities	−101	−95
Operational result	−38	285

The €-121 million loss in the **Non-Life** segment is mainly the result of the severe weather at the end of June (€130 million). Investment returns were also higher during the first six months of 2015. Adjusted for both these effects, the underlying operational result improved. This is a result of measures taken to improve returns in the retail customer and corporate Property & Casualty portfolios. Returns in income fell slightly on account of the lower releases from previous years in the individual disability portfolio (AOV).

Profit from the **Healthcare Netherlands** segment reached €2 million, down €170 million from last year. The lower result is a result of higher-than-expected healthcare expenses, particularly in medicines. We are also seeing that, as a result of a reduced customer base, the composition of our portfolio has changed, with insufficient compensation from equalisation. This has increased our overall healthcare expenses.

The results from our **Pension & Life** segment in the Netherlands totalled €187 million, an increase of €77 million. Operating expenses fell in the first half of 2016 as a result of reduced employment of staff, more efficient IT systems and lower project expenses. Returns from investment increased at the same time. The pension and life operations now fully function with new IT-systems offering higher efficiency, better customer service and at lower costs.

Earnings from the **Retirement Services** segment came to €-13 million: this is €8 million less than last year, mainly as a result of expenses related to the implementation of the new pension strategy. Achmea Bank improved its earnings due to a higher interest margin, partly as a result of early repayments on mortgages and lower financing charges. The signing of a letter of intent to enter the Centraal Beheer APF is a promising start of this new service.

The results from the **International** segment totalled €8 million, a decrease of €20 million. The decline was caused mainly by the nonrecurring positive effects in 2015, including the transition to a different pension scheme in Ireland and the favourable settlement of legal claims. Adjusted for these effects, earnings in the first half of 2016 increased by 33%. Written premiums increased in virtually all countries outside the Netherlands in which Achmea operates.

Earnings from the **Other Activities** segment came to €-101 million, down €6 from last year. This lower result came mostly from our reinsurance business as a result of factors such as higher damage claims following June 2016's severe weather conditions. Lower reorganisation costs helped boost profits in this segment. General expenses fell as a result of initiatives relating to digitisation. Both effects are a direct result of our Acceleration & Innovation program.

Operating expenses

Operating expenses decreased further by 4% during the first half of 2016: with €57 million to €1,310 million (H1 2015: €1,367 million). We see the effects of our Acceleration & Innovation change program reflected in these lower operating expenses. Lower salary costs and pension charges, lower accommodation costs and lower IT costs as a result of continued digitisation all contributed to the lower costs. Since our Acceleration & Innovation program was launched in 2014, we have reduced our costs by approximately €300 million. At the same time, we are also investing in making innovations across our company and in strategic programs for the Group, including the Centraal Beheer General Pension Fund, the closer commercial partnership with Rabobank, and international growth. Adjusted for these investments, we have reduced our costs by approximately €355 million since 2014. The effects of achieving our reduction targets are therefore fully reflected in our results for 2017.

The number of jobs at the company also declined further during the first half of 2016. The number of jobs at the Achmea Group in the Netherlands (including both company employees and contractors) fell by 3% to 15,038, mainly as a result of the lower number of contractors. The number of company employees in the Netherlands fell to 12,745 from the end of 2015, equivalent to 1%. This reduction is a direct result of the Acceleration & Innovation program. As of 30 June 2016, Achmea had reduced the number of jobs by nearly 3,000 since launching the program in early 2014.

Internationally, the number of jobs during the first half of 2016 increased by 6% to 2,791; this is how we invest in our company's international growth.

Investments

Our proprietary investment portfolio (i.e. at our own risk and expense) contributed less to our results during the first six months of this year than in the same period last year. The overall result[1] on our portfolio was €628 million (versus €726 million in the first half of 2015), representing a decrease of €98 million. The decrease is mainly the result of the lower interest on fixed-income securities and lower realisations. Returns from real estate improved further as a result of a positive revaluation of our housing portfolio.

The increase in the value of our fixed-income securities and interest-rate derivatives, caused by fluctuations in the market interest rate, is not immediately visible in the results. All investment returns on proprietary fixed-income securities and interest-rate derivatives (i.e. at our own risk and expense) are set aside in a Fund for Future Appropriation (FFA). The FFA, which falls under our insurance obligations, is a provision to cover commitments to our customers with life insurance policies, relating to investment results not yet included in the profit appropriation. As a result of falling market interest rates, the FFA increased by €3.3 billion in the first six months of 2016, to €9.5 billion.

The value of our investment portfolio increased by nearly 7%, mainly as a result of the sharp decline in interest rates in the first half of the year, despite the slight increase in credit spreads. One of the primary causes of the interest rate decline is the announcement made by the European Central Bank (ECB) in early 2016 to continue to boost monetary policy. The outcome of the United Kingdom European Union Membership Referendum was another key factor in the interest rate decrease.

In the first half of this year, we increased our mortgage portfolio further by €1.1 billion to €4.9 billion as of mid-2016. This means we are on track to achieve a portfolio of €6 billion at the end of this year.

[1]The proprietary investment results are adjusted for fair value results and other investment returns that are directly related to insurance commitments.

CAPITAL MANAGEMENT

Equity

Achmea's equity decreased by €86 million in the first half of 2016 to €10,194 million (year-end 2015: EUR 10,280 million). The main causes of this decrease include the €188 million paid in dividends and coupon interest and a €19 million allocation to the retirement provision as a result of the lower market interest rate and the net loss of €24 million. This decrease is partly offset by a €163 million increase in the revaluation reserve, mainly due to a decline in the market interest rate, thereby increasing the value of our fixed-income portfolio.

TOTAL EQUITY GROWTH	(€ MILLION)
Total equity as at 31 December 2015	**10,280**
Net profit	–24
Movements in revaluation reserve	162
Movements in foreign-exchange reserves	4
Post-employee benefits	-19
Dividend and coupon payments to shareholders and bondholders	-188
Other effects	–21
Total equity as at 30 June 2016	**10,194**

DEVELOPMENT OF SOLVENCY

SOLVENCY II RATIO FOR ACHMEA GROUP[2] (€ MILJOEN)

SOLVENCY II RATIO'S VOOR ACHMEA GROEP	30/06/2016[3]	31/12/2015	Δ
Available capital	9,801	9,151	7%
Required capital	4,816	4,589	5%
Solvency II Ratio	**204%**	**199%**	**5%-pt**

[2] Based on an approved model
[3] We apply a range margin of -10% / +5% around the estimate.

As of June 30 2016, the estimated solvency is 204% based on the approved Partial Internal Model. We apply a range margin of -10% / +5% around the estimate. The most important uncertainty lies with the determination of the LACDT ('loss absorbing capacity of deferred taxes').

Our solvency increased from 199% to 204%. The increase of available capital with €650 million is mainly the consequence of the development of the interest rates in the first half year of 2016. The yield curve for the fixed-income securities differs from the yield curve that is used to value our financial obligations. The latter is set by EIOPA and contains a 'volatility adjustment' and uses the UFR. As a result of this, the value of the fixed-income securities increases more than the value of the financial obligations. The severe weather conditions in June, higher healthcare expenses, dividend distribution and coupon payments have had a negative effect on the available capital. The required capital increased with €227 million, primarily by an increase in the life risk and market risk, both mostly related to the development in the interest rate.

Funding

There have been nog changes in the funding of the group. Our debt leverage ratio* has been stable on 25.6% the first half year of 2016 (year-end 2015: 25.5%).

After the downward adjustment on July 25th, the Dutch insurance companies of Achmea have been graded an ‘A’ rating by Standard’s & Poor’s. Achmea BV holds a ‘BBB+’ rating by Standard’s & Poor’s. Achmea Bank and Achmea Reinsurance Company have been graded an ‘A-‘ rating by Standard & Poor’s. All ratings have a stable outlook.

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

Non-Life Netherlands

- Total damage caused by severe weather conditions is €267 million for approximately 30,000 customers
- The solid reinsurance cover has limited the impact of the severe weather on the operational result to €130 million
- Increase in written premiums due to higher inflow , positive extensions and price effects

RESULTS (€ MILLION

	H1 2016	H1 2015	Δ
Gross written premiums	2,007	1,982	1%
Operating expenses	448	440	2%
Operational result	**–121**	**75**	**n.m.**

KEY FIGURES PROPERTY & CASUALTY	H1 2016	H1 2015	Δ
Claims ratio	80.1%	71.2%	8.9%-pt
Expense ratio	29.3%	28.2%	1.1%-pt
Combined ratio	**109.4%**	**99.4%**	**10.0%-pt**

KEY FIGURES INCOME PROTECTION	H1 2016	H1 2015	Δ
Claims ratio 1	75.5%	69.6%	5.9%-pt
Expense ratio	25.0%	24.4%	0.6%-pt
Combined ratio	**100.5%**	**94.0%**	**6.5%-pt**

** n.m.: not meanigful*
[1] As of the press release on the 2015 annual figures, the claims ratio for income protection insurance is adjusted for technical interest and the market value interest rate effects of a sub-portfolio. The comparable figures for first half of 2015 have been adjusted accordingly.

GENERAL INFORMATION

Achmea is the market leader in the Netherlands in Property & Casualty, holding a market share of 20%, offering brands such as Centraal Beheer, Interpolis and FBTO. Also, our market share in Income Protection is 20%, making us the third-largest provider in the market. Through the direct, banking and brokerage channels, we provide our customers with car insurance, building insurance, home insurance, liability insurance and travel insurance. In addition, we offer various types of sickness insurance and individual and group disability insurance.

Starting with this 2016 halfyear report, the results from the reinsurance of non-life risk are accounted for in the Other Activities segment.

Results

The severe weather conditions that swept across the Netherlands in June of this year caused total damage to our customers for an amount of €267 million. The solid reinsurance cover has limited the loss from this contingency on the operational result €130 million. Partly because of this, the operational result for the first six months of this year decreased to €-121 million, down from €75 million for the same period last year. Nonrecurring investment results during the previous year as a result of realisations on our investment portfolio and marginally higher operating expenses this year have also affected the operational result. Adjusted for the high claims burden as a result of the severe weather conditions and the lower investment results for the first half of this year, the underlying operational result increased. Amongst others because of successful measures to increase returns on the retail customer and corporate property & casualty portfolios. Operational result in income protection fell slightly on account of a smaller portfolio and lower releases from previous years in the individual disability (AOV) portfolio.

Gross written premiums increased during the first half of 2016: by €25 million to €2,007 million (H1 2015: €1,982 million). This was the result of higher written premiums in the retail customer market and an extension of multi-year contracts. Written premiums increased despite the damping effects of the above-mentioned measures to increase returns. Turnover from income protection insurance decreased marginally in line with the rest of the market.

Non-Life Netherlands

SEGMENTS

Property & Casualty

The operational result from our non-life insurance fell to €-124 million during the first six months of 2016 (H1 2015: €64 million). This decrease was mainly as a result of the supercell thunderstorms in June, with an impact of €130 million and (one-off) higher investment returns during the same period last year. Adjusted for the damage caused by the severe weather and returns on investment, the underlying operational result improved as a result of measures to improve returns in the retail customer and corporate claims portfolios. At the same time, we were also faced with a smaller number of large claims.

Last June's supercell thunderstorms caused substantial damage to our policyholders, which included both retail customers and agricultural businesses. The severe weather has had an extreme impact, which has been larger for Achmea than the impact of other extreme weather conditions seen over the past decades – including the effect of European windstorm Kyrill in 2007. The total amount of claims significantly exceeds the expected claims based on our national market share because the affected area (the southeastern part of the Netherlands) is home to a large number of Interpolis customers. In addition to the supercell thunderstorm, our own research and publications by the Royal Netherlands Meteorological Institute (KNMI), among other sources, reveal that the frequency and intensity of these weather influences will further increase over the next several years. Although our brands are focusing on implementing preventive measures, current premiums are not sufficient to cover the increased burden of claims, which means that premium increases are inevitable.

Our operating expenses in the Non-Life business increased to €376 million during the first half of 2016 (H1 2015: €365 million). A decrease in operational expenses as a result of Acceleration & Innovation was more than offset by higher commission charges (one-off) in the proxy channel.

Gross written premiums in our property & casualty business increased to €1,505 million during the first half of 2016 (H1 2015: €1,470 million) on account of a higher inflow in the retail costumer portfolio, an extension of multi-year contracts and positive overall measures to increase returns in the retail customer and corporate portfolios.

Despite the increase in premiums, the combined ratio increased to 109.4% (H1 2015: 99.4%), mainly as a result of the extreme weather conditions in June. The claims ratio increased to 80.1% (H1 2015: 71.2%), with the effect of the hail damage being 10.4%-pt. Adjusted for the damage caused by the heavy storms and hailstorms, the claims ratio fell by 1.4% as a result of the measures to increase returns and the reduced number of large claims. The cost ratio increased by 1.1% percentage points to 29.3% (H1 2015: 28.2%).

Income Protection

Centraal Beheer and Interpolis provide among others individual and group disability insurance. Our sickness insurance covers the continued pay employers are required to award sick employees during the first two years of their illness. Individual disability insurance provides business owners and directors-majority shareholders with the option to protect their income. In the group insurance market, employers have the option to either bear the risk of their employees' disability themselves or insure it in whole or in part through the Employee Insurance Agency (UWV) or an insurer. We support all our customers by helping them to make lifestyle improvements and make a full recovery, and we aim to help our policyholders return to work as soon as possible. Previously implemented measures to improve returns have produced good results, particularly for our group disability (WIA) insurance products.

The market for income protection insurance remains a competitive and shrinking market, with customers being more inclined to choose lower cover or not insure their risks at all. The operational result from our income insurance decreased to €3 million during the first six months of 2016 (H1 2015: €11 million). This decrease is a result of our portfolio contracting in line with the market and a lower result from previous years on the disability portfolio.

Gross written premiums from our income protection business decreased to €502 million during the first six months of 2016 (H1 2015 €512 million).

Operating expenses decreased slightly during the same period, to €73 million (versus €75 million for the first half of 2015) due to further cost reductions in the income protection business.

Individual Disability Insurance (AOV) contracted in line with the market. While the number of self-employed individuals is growing, many of them are not taking out disability insurance. We support our customers with occupational disabilities through rehabilitation services and quick integration, which has caused a portion of our provision to be released once again. However, this release is lower than the previous year.

In our **Group Disability Insurance (WIA)**, we see that the faster reintegration is continuing, among others because of more intensive focus on rehabilitation. However, we are also seeing an increase in the number of people with occupational disabilities in line with the market, which has resulted in a larger number of claims.

Non-Life Netherlands

We have witnessed a contraction in our **Sickness Insurance** portfolio during the first six months because a growing number of our customers are bearing this risk themselves rather than insuring it. At the same time, people with psychological problems are remaining absent from work for a longer period of time. Our earnings from sickness absence insurance has remained virtually the same for the same period in 2015.

The combined ratio increased to 100.5% in the first six months of 2016 (H1 2015: 94.0%) as a result of the higher claims ratio. At 25.0%, the cost ratio increased slightly from the first half of 2015 (24.4%) because operating expenses did not decrease as quickly as written premiums.

Health Netherlands

- Net loss of €18 million on basic health insurance for first six months of 2016
- Increase in healthcare expenses following higher expenditure for medication
- Implementation costs further reduced by more efficient processes

RESULTS (€ MILLION)

	H1 2016	H1 2015	Δ
Gross written premiums	13,106	12,977	1%
Operating expenses	260	282	–8%
Operational result	**2**	**172**	**–99%**
Structural profit before taks (Basic health)	**–83**	**–11**	**655%**
Incidental profit before taks (Basic Health)[1]	65	158	–59%

KEY FIGURES BASIC HEALTH	H1 2016	H1 2015	Δ
Claims ratio	97.8%	95.0%	2.8%-pt
Expense ratio	2.9%	3.2%	–0.3%-pt
Combined ratio	**100.7%**	**98.2%**	**2.5%-pt**

KEY FIGURES SUPPLEMENTARY HEALTH	H1 2016	H1 2015	Δ
Claims ratio	87.8%	86.0%	1.8%-pt
Expense ratio	8.4%	9.4%	–1.0%-pt
Combined ratio	**96.2%**	**95.4%**	**0.8%-pt**

*[1] Incidental result refers to results from provisions for healthcare expenses and/or equalisation from previous underwriting years. *N.M.: not meaningful*

GENERAL INFORMATION

Zilveren Kruis, De Friesland, FBTO, Avéro and Interpolis offer basic and supplemental health insurance.
Achmea is the market leader in the Dutch health insurance market, with a total of 5.1 million Dutch people having purchased insurance policies with Achmea. On account of our size, we can use our economies of scale to purchase the highest-quality care for our customers at the most competitive rates. We also provide services worldwide through the Eurocross emergency response centre.

Results

The combined operational result from basic and supplemental health insurance fell by €170 million during the first half of 2016, to a slight profit of €2 million. The result includes a release of a loss provision recorded in 2015. The result from our basic health insurance was €-18 million for the first half of 2016 (H1 2015: €147 million). The structural results (a loss of €83 million for the first six months) of this year was partially offset by a €65 million incidental profit from previous years. The result from our supplemental health insurance was €20 million (H1 2015: €25 million).

We will also continue to focus on cost-effectiveness in our healthcare business, including through initiatives carried out as part of the Acceleration & Innovation change program.

Operating expenses fell by €22 million during the first six months of 2016 versus the same period last year. The operating expenditures of the basic health insurances amounts to a mere 2.9% of the premium level.

We note that the healthcare expenditures, after years of controlled growth, are now increasing faster than expected at year-end 2015. The costs increased more than was expected during the determination of the 2016 projections. In 2014 and 2015, we invested €810 million of our earnings to reduce the premiums. Hence, the premiums were set below the cost price. The expected health insurance expenditure depends on a large number of factors. It is only after the equalisation contribution has been settled, three years after the end of an underwriting year, that there will be certainty about. Gross written premiums from our health insurance business increased to €13,106 million during the first six months of 2016 (versus €12,977 million in H1 2015). This increase is the result of slightly higher customer premiums and a lower number of policyholders. The number of customers decreased with 114,000 versus 2015. A lower number of customers result in a lower contribution of the equalisation system.

Health Netherlands

SEGMENTS

Basic Health Insurance

The structural result from our basic health insurance reached €-83 million in the first half of 2016 (H1 2015: €-11 million). We are faced with higher-than-estimated healthcare expenses. In addition, the composition of the portfolio changed as a result of a decrease in the number of policyholders. The offset from the ex-ante equalisation system is insufficient.

Healthcare expenses during the first half of 2016 were higher than in the previous year. One of the main causes of the higher healthcare expenses was an increase in the costs for hospital care, including larger expenses for expensive medications. There was also an increase in the home use of medication.

An incidental profit of €65 million was achieved for the first half of 2016, making the earnings from claims in previous years €93 million lower than in the first half of 2015. The release of provisions during the first half of 2016 is caused primarily by the lower-than-expected costs in previous years in geriatric care. We also improved our processes so as to enable us to track and monitor our healthcare expenditure outside the Netherlands more quickly and more accurately, which has enabled us to release some of the prudence in the provision. The incidental result for the first half of 2015 was mainly the result of a release of provisions caused by the increased amount of non-hospital care in mental health services.

The combined ratio increased to 100.7% (versus 98.2% for the first six months of 2015) as a result of higher healthcare expenditure. The claims ratio increased to 97.8% (versus 95.0% for the first half of 2015). As a result of cost savings in the organisation, the cost ratio fell by 0.3 percentage points to 2.9%.

Supplemental health insurance

The result from our supplemental health insurance decreased to €20 million (H1 2015: €25 million). The decline was caused primarily by higher healthcare expenditure in 2016. In addition, the majority of Dutch people are choosing to take out supplemental insurance from the same provider where they purchased their basic insurance. The decline in the number of insured persons with basic health insurance has therefore decreased earnings from the sale of supplemental health insurance policies. We are also seeing policyholders with supplemental health insurance become more selective when it comes to their choice of cover and they are adapting this more to their actual consumption of healthcare.

Gross written premiums fell slightly to €1,318 million (H1 2015: €1,327 million) as a result of a drop in the number of insured persons. The percentage of insured persons with supplemental cover has remained stable at around 80%.

The combined ratio of supplemental health insurance policies increased to 96.2% during the first half of 2016 (H1 2015: 95.4%). The claims ratio increased by 1.8 percentage points to 87.8% due to the higher healthcare expenses and lower premium revenues for the supplemental health insurance policies. The initiatives relating to continual cost reduction have improved the cost ratio. During the first half of 2016 the cost ratio fell by one percentage point from the same period last year, to 8.4%.

Pension & Life Netherlands

- Operational result increases to €187 million
- Expenses down by 6% due to completion of system migrations and transfer of pensions to closed book
- Sharp rise in written premiums for term life and annuities

RESULTS (€ MILLION)

	H1 2016	H1 2015	Δ
Gross written premiums	992	1,022	−3%
Operating expenses[1]	130	139	−6%
Operational result	**187**	**110**	**70%**

[1] *Excluding premium-related fees for reinsurance premiums*

GENERAL INFORMATION

Since the creation of the Centraal Beheer General Pension Fund (APF), Centraal Beheer only sells annuities and term life. Achmea has halted the distribution of pension insurance policies. Until receipt of the licence for the Centraal Beheer General Pension Fund (APF) on 18 July 2016, limited extensions were granted to existing pension insurance contracts. Centraal Beheer and Interpolis also sell term life. The results are presented in the Pension & Life segment.

In 2012, Achmea set up the Service Organisation for Life, which holds a portfolio comprising life insurance policies that are no longer sold. We are endeavouring in this respect also to achieve synergy with the existing Pension 'closed book'. These closed book organisations focus on cutting administrative costs and generating free cashflows while retaining a high level of customer satisfaction. From now on, the results from reinsuring pension and life risk will be presented in the Other activities segment.

Results

The operational result for the Pension & Life segment in the Netherlands increased to €187 million in the first half of 2016 (H1 2015: €110 million).

The higher result can be attributed to higher investment yields and lower operating expenses, both of which served to more than compensate for a slightly lower technical result. We also experienced a lower write-off on the value of business acquired (VOBA).

The investment result increased by €31 million due to a further recovery in the real estate market, higher commodity prices and a widening of the swap spread. Part of our portfolio is valued at market value, whereby the investments are valued at the market interest rate and the liabilities at the swap interest rate. The widening of the swap spread led to this sub-portfolio contributing a higher amount to the results.

The increase in the value of our fixed-income securities and interest-rate derivatives, caused by fluctuations in the market interest rate, is not immediately visible in the results. All realised and non-realised investment results on proprietary fixed-income securities and interest-rate derivatives (i.e. at our own risk and expense) are set aside in a Fund for Future Appropriation (FFA). This is part of a provision to cover commitments to our customers with life insurance and pension policies, relating to results not yet included in the profit sharing. As a result of falling market interest rates, the FFA increased by €3.3 billion in the first six months of 2016, to €9.5 billion.

Operating expenses fell by 6% in the first half of 2016, to €130 million (H1 2015: €139 million). We constantly seek to cut expenses in our organisation, including by simplifying our IT systems, process innovations and digitisation. We completed the final system migrations in 2015. As products in the closed book environment are no longer subject to amendment, the number of jobs can be reduced further.
Gross written premiums declined to €992 million in the first six months of 2016 (H1 2015: €1,022 million). The sale of term life and annuities partially compensated for the decrease in the closed portfolio segment.

SEGMENTS

Ongoing pension and life insurance activities

Our pension strategy is aimed at further growth in term life and annuities. Gross written premiums for these products rose to €148 million over the first six months of 2016 (H1 2015: €98 million), an increase of 51%.

Pension & Life Netherlands

Over the past six months we have seen growth in the portfolio in term life for our Centraal Beheer, Interpolis and Woonfonds brands. This can primarily be attributed to our strong market position and high customer satisfaction score. The upturn in the housing market has also boosted premiums. Our market share for newly-purchased products has increased. Gross written premiums also increased for annuities thanks to an competitive range of products, an improved sales process and a higher expiry rate.

Pension & Life closed book

Gross written premiums decreased by 9% compared to 2015, to €844 million (H1 2015: €924 million). This is partly due to a major single premium contract concluded in the first half of 2015. Periodic premiums are also declining due to the termination of contracts and regular lapse. Increased sales due to indexations and value transfers partly compensated for this decline.

At 6.5% the lapse in our closed book life portfolio, which houses a large portion of the individual life insurance products, is in line with 2015. Further streamlining of the organisation has again allowed us to cut expenses. This reduction in expenses was greater than the decline in the portfolio.

Retirement Services Netherlands

- Licence for Centraal Beheer General Pension Fund obtained
- Ongoing investment in implementation of Retirement Services strategy
- Increase in interest margin at Achmea Bank
- Centraal Beheer offers new product mix mortgages, savings and investments

RESULTS (€ MILLION)

RETIREMENT SERVICES TOTAL	H1 2016	H1 2015	Δ
Total Income	129	117	10%
Of which: administration and management fees	79	86	−8%
Operating expenses	140	124	13%
Operational result	**−13**	**−5**	**n.m.**
ACHMEA BANK			
Net interest margin	55	47	17%
Fair value result[1]	−4	−9	−56%
Operating expenses	49	35	40%
Additions to loan loss provisions			n.m.
Common Equity Tier 1 ratio	18.0%	16.8%	1.2%-pt
ACHMEA INVESTMENT MANAGEMENT			
ASSET UNDER MANAGEMENT[2]			
Start of period	102,039	80,368	27%
Movements	4,262	1,710	n.m.
End of period	**106,301**	**82,078**	**30%**

[1] The fair value result is an accounting result that is compensated for in other financial years that tends towards an average as the underlying derivatives mature over time.
[2] The Assets under Management (AuM) include a derivatives (overlay) portfolio.
** n.m.: not meaningful*

GENERAL INFORMATION

With our Retirement Services strategy we respond to the customer demands and the changing regulatory and societal environment. Customers can choose from a range of Centraal Beheer products aimed at building up a sufficient income for their retirement. One major component of our Retirement Services strategy is the Centraal Beheer General Pension Fund (CB APF). We received the licence for the CB APF from De Nederlandsche Bank (DNB) on 18 July 2016. The CB APF is an independent foundation in which individual employers and company pension funds can house their pension schemes. The CB APF offers several types of schemes with different risk profiles.

Achmea provides services to pension funds and their participants, including a total service for wealth accrual. We offer all possible types of pension accrual, e.g. via employers or for individually via bank savings products. Bringing together the existing capacities for asset management, pension management and savings and mortgage solutions under a single entity enables Centraal Beheer to offer its customers the best-possible service.

This new way of management can also be found in the accountability of the Retirement Services segment. The results of Achmea Investment Management, Syntrus Achmea Pension Management and Achmea Bank are also presented in this segment.

Results

The operational result for the Retirement Services segment was €-13 million over the first six months of 2016 (H1 2015: €-5 million). The decrease in results is due to a €15 million investment for implementing the Retirment Services strategy. Achmea has invested €35 million in the implementation of the new strategy since the end of 2014. These include the development of a new administrative platform and portals for the APF, as well as investments in new online portals for customers of Centraal Beheer for mortgages, saving- and investment products.

SEGMENTS

Achmea Bank

The operational result of Achmea Bank improved slightly compared to the same period in 2015, to about break-even level. In 2016 the net interest margin increased by €8 million to €55 million, partly as a result of higher income from the early repayment of mortgages and lower financing costs. The fair value results displayed positive growth in 2016.

Operating expenses increased to €49 million (H1 2015: €35 million). The increase in expenses can be attributed to higher costs caused by investment in the implementation of the Retirement Services strategy. There were also higher one-off expenses due to outsourcing part of the mortgage administration to an external service. Furthermore, a new mortgage proposition is developed at Centraal Beheer. which is sold via brokers distribution. Achmea Bank's contribution to the Dutch National Resolution Fund (NRF) and the Deposit Guarantee Scheme (DGS) also increased. Regular operating expenses have decreased in the past six months due to fewer personnel being required and lower IT expenses.

The allocation to loan-loss provisions improved by €2 million due to increasing house prices and pro-active arrears management. The number of customers in arrears has declined as a result of this. The addition to loan-loss provisions is about 5 basis points.

The size of the mortgage portfolio decreased to €11.1 billion in the first six months of 2016, due to early repayments combined with a lower inflow of new mortgages. The mortgage portfolio is expected to grow in the second half of 2016 thanks to the introduction of a new mortgage proposition at Centraal Beheer. Moreover, since February 2016 Achmea Bank has been issuing mortgages on behalf of Achmea Pension & Life, for which it receives a management fee. At €5.9 billion, savings levels remained more or less unchanged compared to the end of 2015.

The Brexit referendum result has had little impact on Achmea Bank's liquidity position.

In 2016 the Common Equity Tier 1 ratio increased by 1.2 percentage point to 18.0% (year-end 2015: 16.8%) as a result of the decrease in the size of the mortgage portfolio.

Achmea Investment Management

In addition to the institutional pension fund market, Achmea Investment Management (AIM) focuses on the retail market via Centraal Beheer. As of 2016, AIM is also managing a larger portion of the Achmea own risk portfolio and has been appointed asset manager of the CB APF.

Partly as a result of the transfer of the Achmea portfolio and taking over mandates that were previously invested externally, as of its creation AIM had assets under management (AuM) of €102 billion. During the first six months of 2016, the AuM increased further to €106 billion due to better performance on the financial markets. Management fees over the first six months of 2016 increased to €35 million, partly thanks to the transfer of the retail portfolio from Achmea Pension & Life.

Syntrus Achmea Pension Management

Over the past six months, Syntrus Achmea Pension Management has been preparing to perform services on behalf of the CB APF. To this end, it has invested in a new administrative platform and set up new, efficient processes. Total administrative fees amounted to €44 million in the first six months of 2016 (H1 2015: €53 million).

International

- Gross written premiums up 4% in spite of shrinking Greek market
- Underlying operational result increases further by €2 million
- Growth of online insurers in Greece (Anytime) and Slovakia (Onlia)

RESULTS			(€ MILLION)
	H1 2016	H1 2015	Δ
Gross written premiums	603	579	4%
Operating expenses	137	134	2%
Operational result	**8**	**28**	**–71%**

GROSS WRITTEN PREMIUMS PER COUNTRY	H1 2016	H1 2015	Δ
Turkey	187	172	9%
Slovakia	169	160	6%
Greece	155	160	–3%
Ireland	85	84	1%
Australia	7	3	133%

GENERAL INFORMATION

Outside the Netherlands Achmea operates in countries with structural growth potential, i.e. Turkey, Slovakia, Greece, Ireland and Australia. We invest in countries in which Achmea can use its key compentencies to achieve a competitive advantage. We are focusing on further digitisation in our international businesses as well. Our strategy involves achieving profitable growth in existing markets and disrupting new, developed markets using our knowledge and experience of non-life insurance and of direct and online distribution.

Results

The operational result for our international activities declined to €8 million in the first half of 2016 (H1 2015: €28 million). The operational result over the first six months of 2015 was positively affected by several one-off items. When adjusted for these one-off items, the operational result over the first half of 2015 was €6 million. Compared to the adjusted result in the first six months of 2015, the result from the first half of 2016 increased by €2 million due to improved results in Turkey and Greece.

Gross written premiums increased by 4% to €603 million in the first half of 2016 (H1 2015: €579 million). When adjusted for exchange rate effects, the gross written premiums grew by 8%. Gross written premiums grew in nearly all the countries in which we operate.

Operating expenses increased by 2% to €137 million. The higher gross written premiums and the fact that expenses increased less sharply led to an improvement in the efficiency of our activities, partly due to our initiatives in digitisation.

COUNTRIES

Turkey

Eureko Sigorta offers non-life and health insurance products, primarily via Garanti Bank, our banking distribution partner. In light of the recent political and societal upheaval in Turkey and the region as a whole, it is uncertain how the financial- and economic situation in Turkey will evolve in both the shorter and longer term. We are monitoring the developments in Turkey closely and empathise with our employees, who sometimes live and work in uncertain social circumstances. Gross written premiums amounted to €187 million. This translates into growth in excess of 9% (24% in local currency) compared to the first six months of 2015.

Slovakia

Union offers non-life, health insurance and life insurance products. Union has a strategic focus on health insurance and a further expansion of distribution via direct and online channels. Gross written premiums increased by 6% to €169 million in the first six months of 2016 (H1 2015: €160 million). This growth can primarily be attributed to the growing insurance activities in Health, where our ambition is to grow at a faster rate than the market.

Last year, Union launched the innovative new online brand Onlia. Compared to the first half of 2015, the number of Onlia customers increased by about 4,000.

Greece

Interamerican is the largest private insurer in Greece and offers non-life, health and life insurance products. The persisting challenging economic climate had a negative effect on growth. The total Greek insurance market has shrunk by about 6% since May 2015[1].

Interamerican has succeeded in increasing its market share thanks to a strategy that focuses on digitisation and innovation. In a shrinking non-life market, Interamerican's market share grew to 11.4% in 2016 (2015: 9.9%)[1]. The increase in the number of Anytime customers by about 26,000 compared to the first half of 2015 contributed to this growth.

Ireland

Friends First sells life and pension insurance products in Ireland. Gross written premiums increased by 1% from €84 million in 2015 to €85 in 2016. New Business (APE - Annual Premium Equivalent) increased by 19% compared to last year. Sales of investment contracts increased by 21%. As part of this, sales of individual disability insurance policies in particular increased by 24%.

Australia

In partnership with Rabobank, Achmea Australia began selling insurance products to Australian clients in the agricultural sector at the end of 2013. The growth seen in 2015 continued in the first half of 2016. The number of policies grew to 1,400. Gross written premiums increased to €7 million in the first six months of 2016 (H1 2015: €3 million). The high level of customer satisfaction with the All-in-one-farm pack with existing customers in Australia has led to a high renewal rate of 97%.

DISCONTINUED BUSINESS OPERATIONS

Romania

The termination of the Romanian operations is on schedule: In 2015, Eureko Romania successfully transferred its pillar III business to Aegon. In the first half of 2016 we returned our insurance licences to the supervisory authority. Preparations have been initiated for the liquidation process in the second half of 2016.

[1] Market research relating to the period from May 2015 up to and including May 2016.

Other Activities

- Contribution of €6 million to earnings from Achmea Reinsurance despite severe weather in June
- Assets under management of Syntrus Achmea Real Estate & Finance increases to €16.7 billion
- Lower expenses as a result of staff reduction and further digitisation

RESULTS			(€ MILLION)
	H1 2016	H1 2015	Δ
Total Income	115	368	–69%
Operating expenses	207	277	–25%
Interest expenses	31	31	0%
Claims and other expenses	–22	155	n.m.
Operational result	**–101**	**–95**	**6%**
ACHMEA REINSURANCE			
Gross written premiums	349	527	–34%
Operational result	**6**	**26**	**–77%**

** n.m.: not meaningful*

GENERAL INFORMATION

The Other Activities segment includes our strategic participations, the results of our Shared Service Centers, activities at the holding company level, Achmea Reinsurance, Syntrus Achmea Real Estate & Finance, Independer and Staalbankiers. As part of Achmea Group, Achmea Reinsurance provides reinsurance solutions to the Non-Life and Pensions and Life division. Additionally, Achmea Reinsurance also accepts external reinsurance risks on a limited basis. Starting in the first half of 2016, the results from our reinsurance business are accounted for separately in the Other Activities segment.

As a result of the introduction of the Retirement Services segment, the asset management and pension management activities which were previously accounted for under Other Activities no longer form part of the Other Activities segment. This segment currently also accounts for Staalbankiers. Finally, several healthcare provision services are recognised in the Other Activities segment.

Results

The results of the Other Activities segment are determined to a large extent by the expenses which are not allocated to the other segments, financing charges and the result from various participations. Other Activities reported a loss of €101 million for the first six months of 2016, €6 million less compared to the first half of 2015.

This limited decrease in the operational result is caused largely by lower results from our life reinsurance business and higher claims due to catastrophes in the Achmea Reinsurance claims portfolio. The decrease in the result is limited by a decrease in pension charges as a result of a decreasing workforce and lower general expenses as a result of the further digitisation of our processes. This, in turn, is the result of several initiatives launched as part our Acceleration & Innovation change program, along with a decrease in reorganisation expenses. Independer saw its earnings increase during the first half of 2016, thereby contributing positively the Group result.

SEGMENTS

Achmea Reinsurance Company

As Achmea's reinsurance expert, Achmea Reinsurance has three roles: advisor, purchaser and bearer of risk. In its role as group reinsurer and bearer of risk, Achmea Reinsurance solely provides reinsurance cover to the legal entities within Achmea. In addition, Achmea Reinsurance has built an external reinsurance portfolio for the purpose of diversification and profit contribution to Achmea. The comprehensive reinsurance cover limited the impact of Junes severe weather conditions to €137 million (including €7 million for Achmea Reinsurance), with the total claims from customers adding up to €267 million.

Other Activities

The operational result fell to €6 million during the first six months of 2016 (H1 2015: €26 million). In addition to the impact of the severe weather in June, the operational result decreased on account of several contracts in the reinsurance portfolio not being renewed.

Gross written premiums fell by €177 million during the first half of 2016 compared to the same period in 2015 as a result of the reduction in the reinsurance program on Life.

Syntrus Achmea Real Estate & Finance

The assets under management in real estate holdings and mortgages increased to €16.7 billion (H1 2015: €15.6 billion). The increase in the assets under management is the result of further growth of the mortgage portfolio (+ €0.7 billion). Assets under management increased by €0.3 billion as a result of a revaluation of the portfolio. The management fee, at €33 million, remained stable during the first six months of 2016 versus the same period last year: this is the result of a lower fee for real estate versus increased income from mortgages as a result of further growth in this portfolio.

Staalbankiers

On August 19th, Achmea and Van Lanschot have announced that they have reached to an agreement on the acquisition by Van Lanschot of Staalbankiers private banking activities. In addition to Staalbankiers' private banking client relationships, Van Lanschot will acquire around €1.7 billion in assets under management, around €280 million in savings and a limited number of securities based loans. Furthermore, a total of 25 private bankers and investment experts of Staalbankiers will transfer to Van Lanschot. Van Lanschot will pay an initial acquisition price of €16 million for the activities to be acquired. The final price may be higher or lower depending on the AuM amount that will actually transfer to Van Lanschot. The transaction is subject to a number of conditions, including declarations of no-objection issued by De Nederlandsche Bank (DNB).

Abbreviated Consolidated Financial Statements

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT) (€ MILLION)

	30 JUNI 2016	31 DECEMBER 2015
Assets		
Intangible assets	951	970
Associates and joint ventures	149	143
Property for own use and equipment	447	452
Investment property	1,123	1,114
Investments	47,888	44,875
Investments backing linked liabilities	18,870	18,730
Banking credit portfolio	14,338	14,866
Deferred tax assets	650	817
Deferred acquisition costs	132	137
Income tax receivable	122	
Amounts ceded to reinsurers	1,558	1,381
Receivables and accruals	14,575	7,315
Cash and cash equivalents	1,037	2,117
	101,840	92,917
Assets classified as 'held for sale'	11	
Total assets	**101,851**	**92,917**
Equity		
Equity attributable to holders of equity instruments of the Company	10,186	10,263
Non-controlling interest	8	17
Total equity	**10,194**	**10,280**
Liabilities		
Insurance liabilities	54,705	44,299
Insurance liabilities where policyholders bear investment risks	16,145	16,240
Investment contracts	2,418	2,338
Post-employment benefits	1,029	891
Other provisions	300	334
Banking customer accounts	6,014	5,995
Loans and borrowings	6,490	7,603
Derivatives	1,716	1,793
Deferred tax liabilities	5	15
Income tax payable		192
Other liabilities	2,833	2,937
	91,655	**82,637**
Liabilities classified as 'held for sale'	2	
Total liabilities	**91,657**	**82,637**
Total equity and liabilities	**101,851**	**92,917**

Abbreviated consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	H1 2016	H1 2015
Income		
Gross written premiums Non-life	2,309	2,263
Gross written premiums Health	13,313	13,178
Gross written premiums Life	1,318	1,461
Gross written premiums	16,940	16,902
Reinsurance premiums	−223	−300
Change in provision for unearned premiums (net of reinsurance)	−6,911	−6,899
Net earned premiums	**9,806**	**9,703**
Income from associates and joint ventures	1	3
Investment income	473	506
Realised and unrealised gains and losses	2,620	297
Income from investments backing linked liabilities	410	529
Banking income	257	283
Fee and commission income, and income from service contracts	181	197
Other income	32	48
Total income	13,780	11,566
Expenses		
Gross claims	10,162	8,670
Gross movements in insurance liabilities own risk	124	1,585
Claims and movements in insurance liabilities ceded to reinsurers	−253	−252
Profit sharing and bonuses for policyholders	2,308	109
Movements in insurance liabilities where policyholders bear investment risks	−96	−613
Fair value changes and benefits credited to investment contracts	−5	93
Operating expenses	1,310	1,367
Banking expenses	175	204
Interest and similar expenses	32	31
Other expenses	67	82
Total expenses	**13,824**	**11,276**
Profit before tax	**−44**	**290**
Income tax expenses	−20	18
Net profit	**−24**	**272**
Net profit attributable to:		
Holders of equity instruments of the Company	−24	270
Non-controlling interest	–	2
Earnings per share	**−0.17**	**0.59**

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (€ MILLION)

	H1 2016	H1 2015
Net profit	–24	272
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability [1]	–19	4
Unrealised gains and losses on property for own use [2]	6	9
Total items that will not be reclassified to the Income statement	**–13**	**13**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences (including realisations) on subsidiaries, intangible assets, participants [3]	4	–21
Unrealised gains and losses on financial instruments available for sale [2]	1,259	–206
Share in other comprehensive income of associates and joint ventures [2]	1	1
Transfer from/to provision for profit sharing and bonuses for policyholders [2]	–1,077	205
Gains and losses on financial instruments available for sale reclassified to the Income Statement on disposal [2]	–50	–132
Impairment charges on financial instruments available for sale reclassified to the Income Statement [2]	15	2
Total items that may be reclassified subsequently to the Income statement	**152**	**–151**
Net other comprehensive income	**139**	**–138**
Comprehensive income	**115**	**134**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	115	132
Non-controlling interest		2

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

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2016	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRU-MENTS OF THE COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**–235**	**672**	**686**	**–271**	**–7**	**–3,672**	**383**	**1,350**	**10,263**	**17**	**10,280**
Net other comprehensive income				154	4		–19			139		139
Net profit								–24		–24		–24
Comprehensive income				**154**	**4**		**–19**	**–24**		**115**		**115**
Appropriations to reserves			6	10			367	–383				
Dividends and coupon payments							–188			–188		–188
Issue, repurchase and sale of equity instruments												
Other movements				–2			–2			–4	–9	–13
Balance at 30 June	**11,357**	**–235**	**678**	**848**	**–267**	**–7**	**–3,514**	**–24**	**1,350**	**10,186**	**8**	**10,194**

Abbreviated consolidated financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	FIRST HALF YEAR 2016	FIRST HALF YEAR 2015
Net cash and cash equivalents at 1 January	2,117	1,716
Cash flow from operating activities		
Profit before tax	–44	290
Adjustments of non-cash items and reclassifications	–2,448	344
Changes in assets and liabilities	322	–1,185
Cash flow operating items not reflected in Profit before tax	1,323	1,155
Total cash flow from operating activities	**–847**	**604**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments	–38	–75
Divestments and disposals	27	9
Total cash flow from investment activities	–11	–66
Total cash flow from financing activities	**–222**	**1,447**
Net cash flow	–1,080	1,985
Net cash and cash equivalents at 30 June	1,037	3,701
Cash and cash equivalents include the following items:		
Cash and bank balances	838	3,183
Call deposits	199	518
Cash and cash equivalents at 30 June	1,037	3,701

Achmea has prepared its condensed consolidated interim financial statements for 2016 in accordance with IAS 34, Interim Financial Reporting and Applicable Interpretations, as effective on 30 june 2016 and as adopted by the European Union, In preparing the financial data contained in the press release, the same accounting principles were used as for the condensed consolidated interim financial statements for 2016, Pricewaterhouse Coopers Accountants N,V, has issued an unqualified review opinion on the Condensed Consolidated Interim Financial Statements 2016, These condensed consolidated interim financial statements 2016 were published on 12 August 2016 and are available on achmea.com (english version is available as of 22nd of August 2016). In the event of any disprecanies between the Dutch and English versions of this press release, the Dutch version will take precedence.

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