

VERENIGING ACHMEA

verbinden



vereniging achmea

1 VERENIGING ACHMEA

The Vereniging Achmea is the customer association of the Achmea B.V brands and its subsidiaries (hereinafter referred to jointly as 'Achmea') and a platform for representing the collective interests of its members. It is the support base for the cooperative philosophy within Achmea.

The Vereniging Achmea was created through cooperative mergers with a number of mutual insurers, private healthcare insurers and health insurance funds. Their operations have been placed with the various Achmea entities. This determines all the objectives of the Vereniging and the way in which they are implemented in practice. The Vereniging Achmea is responsible for representing the customers within Achmea, inter alia in its role as a major shareholder with specific nomination and appointment rights.

Objects under its articles

The Vereniging Achmea

- The Vereniging Achmea has the following objects:
 - a. to represent the interests of customer members in their capacity as customers of the Achmea Group and, to the extent that it is within their capacity, to ensure the continuity of Achmea Group as a provider of services and of insurance and other products to customer members;
 - b. to participate in, to otherwise take an interest in, finance and manage other companies, of whatever kind, to guarantee the debts of others; as well as
 - c. to do all that relates to the above or may be conducive to it.
- 'Achmea Group' when referred to in the Vereniging Achmea articles means the whole of (1) the Vereniging itself and any legal entities and companies affiliated with the Vereniging as a group; (2) Achmea B.V., with its registered office in Zeist; (3) the legal entities and companies affiliated with Achmea B.V. as a group.
- In achieving its objects, the Vereniging Achmea takes into consideration that it was

formed through the various mergers of the various cooperatives and other legal entities operating on a cooperative basis. In light of its origins, the Vereniging Achmea aims to safeguard the continuity and quality of the provision of service in the insurance and banking companies in the Achmea Group, to represent the interests of the customer members, and to promote and safeguard the commitment of customer members.

Customer members and voting members

Customer members are natural persons and legal entities that purchase a product or service from a Dutch part of Achmea.

A voting member is a customer member that has indicated that he or she would also like to be a member of the Vereniging Achmea under its articles. For this, three qualitative criteria mentioned in the association's articles have to be met, namely: being a customer member for at least five years; and purchasing three insurances, services or products that are available separately from a legal entity or company belonging to the Achmea Group registered in the Netherlands, in at least two of the existing product segments within the Achmea Group (namely: Non-Life, Health, Pension and Life, and Banking). For those customer members who are members of the Vereniging Achmea in a material sense, the voting members are members in the legal sense of the word. Those with voting rights are natural persons and legal entities who are customer members and who have been accepted as voting members after registration. In other words, the Vereniging Achmea has two kinds of members: voting members and customer members. Those with voting rights and customer members cannot be held liable for any shortfalls if the Vereniging is liquidated.

Largest Achmea shareholder

The Vereniging Achmea is largest shareholder of the Achmea company and it is responsible for the company's continuity by seeing to it that Achmea remains financially sound. As of



31 December 2016, the Vereniging Achmea had – in part directly and in part through the Stichting Administratiekantoor Achmea – a total of 61.6% of the voting rights in Achmea's General Meeting of Shareholders, and 65.3% of the dividend rights to ordinary shares in Achmea.

In addition to this, the Vereniging Achmea also holds a so-called Class A share in Achmea via the Stichting Administratiekantoor Achmea. The Achmea General Meeting of Shareholders may only take important resolutions after the holder of this priority share has given its approval. This priority share gives the Vereniging certain rights, among other things, regarding the nomination and appointment of members of the Supervisory Board and the Board, but also with respect to the transfer of shares to outside the existing group of shareholders.

The Vereniging Achmea structure

As boards and councils under its articles, the Vereniging Achmea has the meeting of voting members, the Council of Members and the Board, and with this it has a tiered structure.

Meeting of voting members

At least once a year, the Vereniging Achmea convenes a meeting of voting members. Resolutions are taken during this meeting about the appointment of members to the Council of Members. Other voting members also attend this meeting, alongside the members of the Council of Members and the members of the Board.

This meeting is not restricted to taking formal resolutions. It also clarifies the strategy and explains Achmea's annual figures. This gives substance to the required involvement of the voting members.

Council of Members meeting

The Council of Members, otherwise known as the General Meeting of the Vereniging, comprises members who have been appointed by those with voting rights. As such, the Council of Members constitutes a fair reflection of Achmea's customers. The legitimacy of the Council of Members is safeguarded through this endeavour to provide a good and prototypical representation of the Achmea brands. The Council of Members has a maximum of one hundred members. The Council of Members meets at least three times a year.

As standard practice, the members of the Vereniging Achmea's Board and of the Supervisory Board are also invited to Council of Members meetings. The members of Achmea's Supervisory Board are invited as observers, as are the members of the Group board (division chairmen and staff directors) to give them the opportunity – in the context of their work – to take note of what concerns the customers. The chairman of the Achmea's Central Works Council is also invited.

During the meetings, the Council of Members discusses the Boards' annual report in terms of the state of affairs of the Vereniging Achmea and the management activities conducted. For the rest, the Council of Members task is to approve the financial statements and to discharge the Board from liability for the management activities conducted.

The Board requires the approval of the Council of Members for several important decisions, such as encumbering movable property and property rights, and entering into collaboration agreements. The Council of Members also decides on amendments to the articles. The Council of Members has the final say if the Vereniging Achmea wishes to enter into mergers.

For certain important decisions that are submitted to the Achmea General Meeting of Shareholders, the Council of Members mandates the chairman of the Board where it concerns shares held directly in Achmea.

Where it concerns Achmea depository receipts, the Council of Members also mandates the Stichting Administratiekantoor Achmea to exercise voting rights in the Achmea General Meeting of Shareholders. This pertains specifically to the approval of the financial statements, amendments to the articles or an issue of Achmea B.V. shares.

If asked to do so, the Achmea Board of Directors will provide an explanation during the meetings of the policy pursued, and if invited to do so will give presentations on substantive topics. The chairman of Achmea's Supervisory Board also reports each year during the Council of Members meeting on the supervision that the Supervisory Board has provided during the year.

Board

The Board of the Vereniging Achmea handles the matters that concern the Vereniging's policies. The members of the Board are appointed by the Council of Members. Only natural persons may be board members. The Board requires approval from the Council of Members for some resolutions (see above). The Board appoints a chairman and two vice-chairmen from among its members. Together they constitute the Presidium, the executive committee. The Board meets at least four times a year; the Presidium meets at least seven times a year.

The Vereniging Achmea has three advisory committees: an Appointment Advisory Committee and a Financial Committee established by the Board, and a Remuneration Committee established by the Council of Members. Three members of the Council of Members and two board members sit on the remuneration committee.

Appointment Advisory Committee

The remit of the Appointment Advisory Committee is to set up and prepare the selection and appointment procedures for the Board and the Council of Members. It advises the Board on appointment recommendations both within forums of the Vereniging Achmea (the Board, the Council of Members and committees) and beyond (Achmea B.V. Supervisory Board). It also periodically assesses the size and composition of the Council of Members and the Board, and puts forward proposals for profiles. In addition, the Appointment Advisory Committee periodically evaluates the performance of individual members of the Council of Members and the Board, and puts forward proposals for appointments and re-appointments with respect to the Council of Members and the Board, as well as for the Achmea Supervisory Board members that are put forward by the Vereniging Achmea. The Appointment Advisory Committee operates on the orders of and on behalf of the Board of Directors.

Finally, this committee oversees the selection criteria policy and appointment procedures for the Council of Members and the Board.

In this regard, an extensive procedure underlies the appointment of new members to the Council of Members. Following a

recommendation from the Appointment Advisory Committee, the secretary of the Vereniging first conducts an initial interview with the candidate. After that, a second interview is held with a member of the Appointment Advisory Committee. During this interview, an assessment is made to establish whether the candidate endorses the cooperative character of the organisation, and whether the candidate has enough time at his or her disposal to be able to adequately fulfil the position.

If all those involved feel that the interviews were positive, then the Board puts forward a binding nomination to the meeting of voting members. This meeting ultimately votes on the appointment of the candidate to be a member of the Council of Members.

Financial Committee

More so than in the past, the Vereniging Achmea wants to adopt the stance of an active shareholder. This means that the process also has to be safeguarded if this role is to be properly fulfilled. With this in mind, the Vereniging Achmea set up a Financial Committee. This committee is responsible for explicitly monitoring the financial affairs of Achmea B.V. and formulating questions on these affairs in such a way that the Vereniging Achmea can be involved and exert influence as a major shareholder.

This implies that, depending on the financial performance, the general state of affairs within the company can also be discussed. The committee comprises members of the Board and was set up by the Board, to which it also reports, gives advice and is accountable.

Remuneration Committee

The Remuneration Committee assesses the fees for the Vereniging Achmea administrative boards. This concerns the fees for Council of Members members, the Board, including the fees for the chairman and vice-chairman and, if applicable, also for the fees for members of special committees. The Remuneration Committee reports to the Board and subsequently to the Council of Members. With respect to the level of the fees, the committee advises both the Council of Members (on the remuneration of the Board) and the Board (on the remuneration for the Council of Members).



Organisation

The Council of Members and the Board are assisted by a director and a secretary, as well as a deputy secretary. The Vereniging Achmea also has a small support team unit.

In its current composition, the Vereniging Achmea is to a significant degree the result of many cooperative mergers. This is reflected in the composition of the Council of Members. Several members of this council come from the companies' administrative bodies that have joined the Vereniging Achmea over time. Moreover, in recent years more and more members have also joined who were not affiliated with a merger partner. With the newly implemented membership policy, the emphasis in recent years has increasingly been placed on representation from Achmea customers in Council of Members and the Board.

When nominations for appointment are put forward, they are closely assessed to ascertain whether the Council of Members is a good reflection of Achmea's overall customer base so that it also has legitimacy to speak on behalf of the customer base (i.e. the reflection principle).

2 REPORT FOR THE 2016 FINANCIAL YEAR

Active share ownership

During the accounting period, steps were undertaken so that the Vereniging Achmea, as a shareholder of Achmea B.V., played the more active role noted in the previous annual report. For this, the Vereniging Achmea applies the following assumption: 'The Vereniging Achmea is an active, but not a activist shareholder'.

As the majority shareholder and holder of a priority Class A share, the Vereniging Achmea endeavours to ensure that Achmea B.V. is and will continue to be financially sound and add value in the short and longer term. The Vereniging does this inter alia by periodically consulting with the management of the company, by posing constructive question about the company's performance, but also by more proactively indicating what the Vereniging as the major shareholder expects from Achmea.

In this context and following the publication of the 2016 half-year figures for Achmea B.V., the Board submitted ten questions to the Board of Directors that were categorised from three perspectives, namely: profitability, customer satisfaction and trends in the premium income and market shares. These questions and the responses to them were discussed in detail and ideas were exchanged during the autumn meeting of the Board.

In line with the more the intensive discussion of financial trends, the idea arose within the Board to institutionalise the fulfilment of this role of active share ownership. To this end, the Board of the Vereniging established a Financial Committee for the Vereniging Achmea in the year under review.

The committee comprises three members of the Board to which it also reports, gives advice and is accountable. The activities of the committee are a specific task of the Board regarding the finances, such as performing and interpreting its role as a major shareholder in Achmea B.V. and discussing strategic and

policy issues. Primarily, it concerns the tasks that the Vereniging has as far as they are derived from the role of major shareholder. In the second place, it looks at the Vereniging's finances. This committee prepares the deliberations of the financial aspects for the Board, so that it can determine its position and also play an active role in discussions with the Board of Directors or in shareholders' meetings.

Strategic plan for 2016 to 2018

In November 2013, the Vereniging struck a new path with the approval of the 'Membership Policy Roadmap 2015'. During the year under review, the last parts of the plan formulated at the time were implemented. In 2016, the Board approved a new action plan for the coming years entitled 'Breathing life into the Membership Policy Roadmap and putting it into practice'. This plan constitutes a fine-tuning of the previous road map that came about during two sessions of the Board held in 2015, and a session held in March 2016 during which matters were also coordinated with members of the Board of Directors. The outcomes of these 'identity' sessions are then translated into concrete objectives.

The higher objective of the Vereniging, which answers the question 'Why do we exist?', is hereby defined as:

'With a cooperative mindset, we serve the collective interests of the customer, we safeguard the continuity of the enterprise and we fulfil our social responsibility.'

In answer to the question 'Where are we going?' – i.e. what is the inspirational image of the future that will guide us? – a bold goal has been defined:

'The Vereniging is an active shareholder and Achmea's cooperative and social conscience.'

Derived from these questions, three core



values ('What do we stand for?'), and core qualities (What makes us stand out?') have been set out, namely:

Core values

- committed
- reliable
- cooperative

Core qualities

- connect
- investigate
- inspire

Predicated on these parameters and frameworks, eight objectives have been formulated that will be the focus of attention in the years to come. These objectives have been categorised into a four parameters:

Continuity of the Achmea Group

- Giving a more active interpretation of the role as the major shareholder
- Complying with the obligations arising from loan agreement entered into with the Rabobank

Representing the collective interests of customer members

- The members of the Vereniging Achmea have a visible and noticeable influence over Achmea (while at the same time the ultimate authority to make decisions still lies with Achmea B.V.).
- Increase the number of active customer members.

Interpretation of the social role

- A properly functioning knowledge-based infrastructure for the Vereniging Achmea.
- Dialogue with Achmea about current social themes.

Communications and PR

- Digitising of communication with and between members of the Vereniging.
- Raising the Vereniging Achmea's profile within the Achmea organisation.

LF option

On 25 June 2013, the Länsförsäkringar Bank sold its shares in Achmea B.V. to a third party. At the time, it was agreed that these shares would only be offered after three years had passed. This was the case on 25 June 2016. Given that none of the parties was interested

in settling this transaction on that date in the year under review, the option was renewed under the same conditions, first temporarily until the end of December 2016, and then definitively until June 2018. For the Vereniging, this means that the maximum that could be lost due to the transaction depending on Achmea B.V.'s increase in value remains limited at € 5.7 million, of which € 5.5 million was accounted for in the books at the end of 2016. This € 5.7 million is also part of the Vereniging Achmea liquid assets.

THE HIGHER GOAL AND BOLD OBJECTIVE OF THE VERENIGING ACHMEA

6 FINANCIAL STATEMENTS 2016

THE VERENIGING ACHMEA

BALANCE SHEET AS AT 31 DECEMBER 2016 (after allocation of the balance of revenue and expenses)

	x € 1,000	
	2016	2015
Fixed assets		
Participations Achmea B.V.	5,280,018	5,598,736
Tangible fixed assets	117	172
Current assets		
Other assets	36	33
Liquid assets	35,758	33,229
	<u>35,794</u>	<u>33,262</u>
Total assets	5,315,929	5,632,170
Equity	4,869,538	5,120,495
Long-term liabilities		
Loan to Coöperatieve Centrale RaiffeisenBoerenleenbank	440,517	505,916
Derivatives	5,460	-
Provisions	19	18
	<u>445,996</u>	<u>505,934</u>
Short-term liabilities		
Derivatives	-	5,430
Other short-term liabilities	395	311
	<u>395</u>	<u>5,741</u>
Total equity and liabilities	5,315,929	5,632,170



STATEMENT OF INCOME AND EXPENSES

x € 1,000

	2016	2015
Income		
Share in Achmea B.V. income	-	252,097
Income from interest	-	78
Total income	-	252,175
Expenses		
Share in Achmea B.V. income	249,484	-
Interest expenses for loan from Coöperatieve Centrale RaiffeisenBoerenleenbank	24,601	22,089
Write-down of derivatives	30	4,675
Interest expenses	29	-
Expenses	3,381	3,450
Total expenses	277,525	30,214
Profit before tax	-277,525	221,961
Taxes	-	-
Profit after tax	-277,525	221,961

CASH FLOW STATEMENT

x € 1,000

	2016	2015
Cash flow from operating activities	-3,317	-3,548
Cash flow from interest deposits	44	174
Dividends received	95,802	-
Cash flow from investment and financing activities		
Annuity/redemption of loan from Coöperatieve Centrale RaiffeisenBoerenleenbank	-90,000	-
Liquid assets at the beginning of the year	33,229	36,603
Liquid assets at the end of the year	35,758	33,229

The cash flow statement was prepared according to the direct method.

NOTES TO THE BALANCE SHEET AND THE STATEMENT OF INCOME AND EXPENSES

General

For further information about Achmea B.V., we refer you to the 2016 annual report and financial statements of Achmea B.V. They are available on www.achmea.com.

Accounting principles for the valuation of assets and liabilities and determining the profit

The Vereniging Achmea is not a 'commercial association' as referred to in Book 2, Section 360(3) of the Dutch Civil Code. On the grounds of this, the provisions of Title 9 of the Dutch Civil Code on financial statements and the annual report are not applicable to the Vereniging Achmea.

All the assets and liabilities are valued at nominal value, unless otherwise stated.

In the statement of income and expenses, the income and expenses arising from operations during the financial year are accounted for, with the exception of entries that are accounted for directly in the equity capital.

Participations

Participations are valued at net asset value, whereby the accounting principles of the relevant participation are followed without further adjustments.

Accounts receivable

Receivables are valued at nominal value less any provisions deemed necessary for bad debts.

Long-term liabilities

Long-term liabilities are valued at nominal value. The portion of the long-term liabilities that is expected to be redeemed in the next financial year is presented as part of the short-term liabilities.

Derivatives

On initial recognition, derivatives are valued at fair value (i.e. market value). The recognition after the initial recognition (subsequent recognition) is equal to cost price or lower market value.

Provisions

Provisions are valued at the nominal value of expenses that are expected for settling future liabilities, or for expenses that will result in an outflow of resources in a subsequent reporting year, but originated in the reporting year.

Results from participations

The share in the results from participations included in financial fixed assets is accounted for in results of the participations, whereby the accounting principles of the participation in question are followed. The results are calculated taking into account the weighted interest within the financial year.

Notes to the balance sheet

Achmea B.V. participations

At 31 December 2016, the Vereniging Achmea held 35,826,006 shares in Achmea B.V. (2015: 35,826,006). In addition to this, the Vereniging Achmea holds 225,711,242 depositary receipts for shares in Achmea B.V. (2015: 225,711,242) that were issued by the Stichting Administratiekantoor Achmea. The Stichting Administratiekantoor Achmea is authorised to exercise all the rights to the Achmea B.V. shares that it holds.



Movements statement in number of Achmea B.V. participations

	2016	2015
Balance as of 1 January	261,537,248	261,537,248
Acquisition/purchase of shares	-	-
Balance at 31 December	261,537,248	261,537,248

Achmea B.V. shares directly and indirectly held by the Vereniging Achmea represent an interest of 65.3% (2015: 65.3%) of the ordinary Achmea B.V. shares with voting rights.

In addition to the ordinary shares in Achmea B.V., the Vereniging Achmea holds one so-called Class A share in Achmea B.V.. The Achmea General Meeting of Shareholders may only take important resolutions after the holder of Class A share has given its approval. The Class A share in Achmea B.V. is a depositary receipt for the Class A share that is held by the Stichting Administratiekantoor Achmea.

The Stichting Administratiekantoor Achmea administrative conditions stipulate that dividends received for Achmea B.V. shares must immediately be made available to the depositary receipt holders. The articles of the Stichting Administratiekantoor Achmea stipulate that the directors of the Stichting Administratiekantoor Achmea are appointed by the Vereniging Achmea, and may be selected from those on its board. The Vereniging Achmea also has the power to dismiss directors of the Stichting Administratiekantoor Achmea.

For the valuation of its participation in Achmea B.V., the Vereniging Achmea uses the accounting principle for net asset value, based on Achmea B.V. accounting principles. This is based on Achmea B.V.'s visible equity without further adjustments. The market value of the participation is significantly lower than the value as accounted for in Achmea B.V.'s financial statements.

Movements statement for Achmea B.V. participations

x € 1,000

	2016	2015
Net asset value as of 1 January	5,598,736	5,550,411
Dividends received	-95,802	-
Share in the Achmea B.V. result	-249,484	252,097
Share in movements in Achmea B.V. revaluation reserves	56,819	-120,824
Other movements	-30,251	-82,948
Net asset value as of 31 December	5,280,018	5,598,736

Tangible fixed assets

x € 1,000

	2016	2015
Lemsteraak Witte Walvis	117	172
	117	172

On 15 June 2011, the Lemsteraak, sailing under the name 'Witte Walvis', was bought from Achmea B.V. The vessel was valued at market value, less depreciation. The Witte Walvis will be written down over seven years to a residual value of 10% of the original purchase price.

Movements statement for Witte Walvis

x € 1,000

	2016	2015
Balance as of 1 January	172	227
Annual depreciation	-55	-55
Balance as of 31 December	117	172

Other assets*Overige activa*

x € 1,000

	2016	2015
Prepaid insurance premium	25	-
Accrued interest	-	33
Other current assets	11	-
Balance as of 31 December	36	33

Movements statement for other assets

x € 1,000

	2016	2015
Balance as of 1 January	33	129
Prepaid insurance premium	25	-
Movement in interest receivable	-33	-96
Other	11	-
Balance as of 31 December	36	33

Liquid assets

Liquid assets are bank balances and deposits. The bank balances are immediately due and payable; the deposits are on a term of less than six months. The deposits have been valued at nominal value.

Liquid assets

x € 1,000

	2016	2015
Deposits	29,533	29,489
Bank balances	6,225	3,740
	35,758	33,229



The deposits are divided into counterparties as follows:

x € 1,000

	2016	2015
ABN AMRO	8,133	8,127
Rabobank	3,080	3,079
Achmea B.V.	18,320	18,283
	29,533	29,489

Equity

Movements statement for equity

x € 1,000

	2016	2015
Equity as of 1 January	5,120,495	5,102,306
Share in Achmea B.V. revaluation reserves	56,819	-120,824
Share in other Achmea B.V. movements in equity	-30,251	-82,948
Results for financial year	-277,525	221,961
Equity as of 31 December	4,869,538	5,120,495

Long-term liabilities

Movements statement for Coöperatieve Raiffeisen-Boerenleenbank

x € 1,000

	2016	2015
Balance as of 1 January	505,916	483,827
Paid annuity	-90,000	-
Interest	24,601	22,089
Balance as of 31 December	440,517	505,916

At the end of 2010, the Vereniging Achmea took out a loan amounting to € 700 million with Coöperatieve Raiffeisen-Boerenleenbank. The conditions of the loan stipulate that if the Vereniging Achmea's liquid assets exceed € 33 million, the excess will go towards repaying the loan. The loan agreement has a term of ten years and an interest rate that is equal to the Euro mid-swap rate plus 3 percentage points. The financing of the annuity to be paid annually is done primarily from the dividend received from Achmea B.V., or from the liquid funds, if the liquid assets are more than what is permitted under the terms of the loan.

In addition to the loan agreement, it was agreed on 8 April 2013 that the Vereniging Achmea may retain an amount of € 5.7 million in liquid assets in excess of the previously mentioned € 33 million. These additional liquid assets serve to finance potential future expenses related to the derivative concluded on 25 June 2013.

It was agreed with the Coöperatieve RaiffeisenBoerenleenbank that if the dividend received by Achmea B.V. in any one year, after deduction of the agreed amount of € 3 million that is required to cover the operating result, is insufficient to pay the annual annuity of € 90 million, then the difference may be offset by previous additional repayments. On 31 December 2016, the amount still to be offset due to previous additional repayments was € 11.7 million.

If in any one year Achmea B.V. does not pay any dividend or not sufficient dividend, which means that the Vereniging Achmea is unable to meet the annual annuity of € 90 million in that year, this constitutes an unpaid annuity. Two unpaid annuities are permitted under the loan agreement. If the Vereniging Achmea is subsequently unable to meet its obligation to pay the annual annuity of € 90 million, this constitutes a default situation and the parties will consult with each other.

Incidentally, this does not constitute grounds to demand early repayment of the loan. As of 31 December 2016, there was one unpaid annuity.

On 27 April 2016, the 2016 annuity obligation of € 90 million was paid. This payment meant that the Vereniging Achmea had met its redemption obligation for 2016.

The redemption schedule based on the annual annuity payment of € 90 million from 2016 onwards can be presented as follows:

x € 1,000

Year	Balance as of 1 January	Repayment	Interest	Balance of loan as of 31 December
2017	440,517	69,247	20,753	371,270
2018	371,270	73,068	16,932	298,202
2019	298,202	77,099	12,901	221,103
2020	221,103	81,180	8,820	139,923
2021	139,923	85,744	4,256	54,179
2022	54,179	54,179	852	-

Derivatives

x € 1,000

	2016
Balance as of 1 January	-
Reclassification of short-term to long-term	5,430
Revaluations	30
Balance as of 31 December	5,460

On 25 June 2013, the Länsförsäkringar Bank sold its shares in Achmea B.V. to a third party. At the time, it was agreed that in the event of a future sale of these shares to another third party, the first 10% of the difference between the purchase and sales price would be for the Vereniging Achmea's account. This agreement expired on 24 June 2016, but was renewed on that date. In the renewed contract it was agreed that these shares would not be offered before 25 June 2018. For this reason, the Vereniging Achmea's obligation was included in long-term liabilities in the 2016 financial statements.

The option obligation entered into for this purpose qualifies as a derivative in accordance with the Guidelines for Annual Reporting 940. The value of the derivative was calculated to be € -755,000 as of 25 June 2013. This was the initial recognition (market value): On 31 December 2016, the derivative had a value of € 5,460,000 (2015: € 5,430,000). Due to the valuation of the derivative against market value or lower market value, it was revalued at a lower market value as of 31 December 2016.

Provisions

x € 1,000

	2016	2015
Balance as of 1 January	18	72
Allocations to provisions	6	6
Withdrawal from provisions	-	-60
Reclassification to short-term liabilities	-5	-
Balance as of 31 December	19	18



The provisions have a term of less than one year to more than five years. The provisions are divided according to nature and term as follows:

x € 1,000

	Less than 1 year	More than 1 year, but not more than 5 years	More than 5 years
Provision for major maintenance of Witte Walvis	-	8	11
	-	8	11

Short-term liabilities

Other short-term liabilities

The short-term liabilities have a term of less than three months and can be specified as follows:

x € 1,000

	2016	2015
Achmea B.V. current account	206	183
Stichting Achmea Slachtoffer en Samenleving current account	-	6
Outstanding remuneration for Board	29	21
Outstanding remuneration for Council of Members	86	71
Outstanding remunerations miscellaneous	15	-
Outstanding auditor's expenses	30	30
Outstanding interest	23	-
Other	6	-
	395	311

The balance of the Achmea B.V. current account was fully settled in January 2017.

Liabilities not entered in the balance sheet

Achmea shareholders

Certain Achmea B.V. shareholders are entitled to offer the shares that they hold to the Vereniging Achmea or to Achmea B.V. against the current value at that time. The Vereniging Achmea entered into an agreement with a third party in 2005 whereby the Vereniging Achmea undertook to enter into a cash-settled derivatives transaction if this third party acquired shares in Achmea B.V. If the third party sells these shares, 10% of the difference in value is either at the expense of or in favour of the Vereniging Achmea. On 31 December 2016, the maximum interest for the Vereniging Achmea was € 7 million. (2015: € 7 million).

Achmea Schadeverzekeringen N.V.

If Achmea Schadeverzekeringen N.V. is dissolved, certain Achmea Schadeverzekeringen N.V. policyholders have rights vis-à-vis the Vereniging Achmea, as defined in Article 29 of the Vereniging Achmea articles.

Under Australian law (the Financial Sector Shareholdings Act 1998, FSSA), the Vereniging Achmea may be confronted with additional liabilities and responsibilities related to Achmea Schadeverzekeringen's Australian operations. To cover the risks arising from this, the Vereniging Achmea entered into an agreement with Achmea Schadeverzekeringen N.V. and Achmea B.V. on 1 November 2013, in which the Vereniging is fully indemnified against the said additional obligations and responsibilities.

Achmea Pensioen- en Levensverzekeringen N.V.

If Vereniging Achmea is dissolved, certain Achmea Pensioen en Levensverzekeringen N.V. policyholders have rights as defined in Article 30 of the Vereniging Achmea articles.

Institutions operating in the field of public health

If the Vereniging Achmea is dissolved, the liquidators will pay the share of the Vereniging's assets set out below to one or more

institutions that operate in the field of public health. The liquidators will decide which institutions to choose. If the healthcare activities ('Healthcare Activities') of the Achmea Group are discontinued, the Board of the Vereniging will pay the share of the Vereniging's assets set out below to one or more institutions that operate in the field of public health. The Board will decide which institutions to choose. The share of the assets referred to above consists of the shares and depositary receipts for shares in the capital of Achmea B.V. set out below, hereinafter referred to as the securities, held by Coöperatie Zilveren Kruis U.A., Coöperatie Groene Land U.A. and Coöperatie FBTO U.A. respectively at the time of the legal merger with Coöperatie Achmea U.A. (the legal predecessor of the Vereniging), plus the revenue thereof since the date of the said legal merger until the date of dissolution of the Vereniging or termination of the Healthcare Activities. 'Revenue' means all payments from securities, any repayment of securities in whatever form, and securities acquired by the Vereniging in the context of a legal merger or division instead of or in addition to the original securities acquired by the Vereniging. If a monetary payment has been made in cash, the payment referred to in the first sentence will nevertheless take place in the form of the aforementioned securities. The calculation of the number of these securities takes place on the date of dissolution or termination of the Healthcare Activities. The Vereniging may also pay the equivalent of the said payment in cash or other assets, calculated on the date of dissolution of the Vereniging or termination of the Healthcare Activities.

Lease commitments

The lease commitments for the Vereniging Achmea management vehicle ended on 7 January 2017. The management vehicle is still in use, with the agreement terminating on a monthly basis, but it is not yet known whether the lease contract will be renewed.

Notes to the statement of income and expenses

Share in Achmea B.V. profit

Achmea B.V. made a profit of € 382 million in 2016. (2015: € 386 million). The Vereniging Achmea's share in this profit is € -249 million. (2015: €252 million).

Interest charges for the loan from Coöperatieve Centrale RaiffeisenBoerenleenbank

In the 2016 reporting year, interest charges amounting to € 24.6 million (2015: € 22.1 million) were included on account of the loan from the Coöperatieve Centrale RaiffeisenBoerenleenbank.

Expenses

<i>Expenses</i>	<i>x € 1,000</i>	
	2016	2015
Staff expenses passed on	1,094	1,181
Board and Council of Members remuneration	751	652
Stichting Achmea Slachtoffer en Samenleving contribution	545	545
Audit and consultancy fees	30	74
Membership policy expenses	344	325
Other expenses	617	673
	3,381	3,450

Six members of staff work for the Vereniging Achmea (2015: six staff members) to support the board and to implement policies, including the membership policy. The employees concerned are employed by Achmea Interne Diensten N.V., a subsidiary of Achmea B.V. Achmea Interne Diensten N.V. charges these staff expenses on to the Vereniging Achmea. The Vereniging Achmea itself does not employ any staff.

Pension charges are included in the staff expenses that are passed on. These pension charges are based on a defined contribution scheme. No additional contribution deposit obligation applies to the Vereniging Achmea in this respect.

The remuneration for the Board and the Council of Members amounts to € 387,000 (2015: € 366,000) and € 364,000 (2015: € 286,000) respectively. The higher expenses for the Council of Members are because the Council of Members had more members in 2016, and the fact that the remuneration has been adjusted, with the fixed remuneration being reduced and the fee per meeting attended being increased.

The expenses incurred for the premises, entertainment and office expenses are included in the 'Other expenses'.



Taxes

On 22 March 2016, the tax authorities agreed that the Vereniging would no longer be liable to pay corporation tax from 1 January 2014 onwards. Given that the tax losses from the past were not reflected in the balance sheet due to the uncertainty concerning the realisation, no longer being liable to pay corporation tax will not have any further financial implications.

Other information

Appropriation of profit

Article 26(4) of the Vereniging Achmea's articles reads as follows: 'The profit, as shown in the financial statements, will be reserved'. In the balance sheet on 31 December 2016, the results of the Vereniging Achmea was deducted from equity.

Events after the balance sheet date

There are no events after the balance sheet date to be reported that may affect the 2016 financial statements.

Zeist, 15 March 2017

The Board:

Mr P.F.M. Overmars, chairman
Mr E.M.H. Hirsch Ballin, vice-chairman
Mr C.W. van der Waaij, vice-chairman

Mrs I.C. van den Broek
Mr R.M.J. van Gasteren
Mrs M.J.P. Heuvelmans
Mrs M.J.A. van Putten
Mrs E.A.G. RaatsCoster
Mr J.H.M. Robben
Mr J. Versteegh
Mrs C.M.S. Visser
Mrs J.J. van der Waaij
Mr W.H. de Weijer

7 INDEPENDENT AUDITOR'S REPORT

To: the Council of Members and the Board of Vereniging Achmea

Report on the financial statements 2016

Our opinion

In our opinion Vereniging Achmea's financial statements 2016 are prepared, in all material respects, in accordance with the accounting principles selected and disclosed by the foundation as set out in the financial statements in the notes to the balance sheet and the statement of income and expenses.

What we have audited

We have audited the accompanying financial statements 2016 of Vereniging Achmea, Zeist ('the Foundation').

The financial statements comprise:

- the balance sheet as at 31 December 2016;
- the statement of income and expenses for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is framework of accounting principles selected and disclosed by the foundation in the financial statements in the notes to the balance sheet and the statement of income and expenses.

The basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

Independence

We are independent of Vereniging Achmea in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assuranceopdrachten' (ViO – Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA – Code of Ethics for Professional Accountants, a regulation with respect to rules of professional conduct).

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter - Basis of accounting and restriction on use and distribution

We draw attention to the notes to the balance sheet and the statement of income and expenses in the financial statements, which describes the basis of accounting. The accounting policies used are selected and disclosed by the entity. Our opinion is not modified in respect of this matter. The financial statements 2016 and our auditor's report thereto are intended solely for the Council of members and the Board and should not be used for other purposes. Consequently, the auditor's report, or any part of it, may not be made available in any form to other third parties without our prior written consent. We do not accept any liability to any other third parties who may have access to this report or into whose hands this report may come.



Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- other information.

Based on the procedures performed as set out below, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained in our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing our procedures, we comply with the requirements of the Dutch Standard 720. The scope of such procedures is substantially less than the scope of the procedures performed in our audit of the financial statements.

The Board is responsible for the preparation of the other information.

Responsibilities for the financial statements and the audit

Responsibilities of the Board

The Board is responsible for:

- the preparation of the financial statements in accordance with the accounting principles selected and disclosed by the foundation as set out in the notes to the balance sheet and the statement of income and expenses in the financial statements; and for
- such internal control as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Board is responsible for assessing the foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Board should prepare the financial statements using the going-concern basis of accounting unless the Board either intends to liquidate the foundation or to cease operations, or has no realistic alternative but to do so.

The Board should disclose events and circumstances that may cast significant doubt on the foundation's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our responsibility is to plan and perform an audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit opinion aims to provide reasonable assurance about whether the financial statements are free from material misstatement. Reasonable assurance is a high but not absolute level of assurance which makes it possible that we may not detect all misstatements. Misstatements may arise due to irregularities, including fraud, or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A more detailed description of our responsibilities is set out in the appendix to our report.

Utrecht, 17 March 2017

PricewaterhouseCoopers Accountants N.V.

Original has been signed by drs. J.W. Middelweerd RA

Appendix to our auditor's report on the financial statements 2016 of Vereniging Achmea

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

The auditor's responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among other things of the following:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the foundation's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Concluding on the appropriateness of the Board's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the foundation to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements have been prepared in accordance with the accounting principles selected and disclosed by the foundation as set out in 10 to the financial statements.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



VERENIGING ACHMEA

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vereniging achmea