Annual Report 2013

achmea

Contents

A word from the Chairman

Willem van Duin
Chairman of the Executive Board

Achmea is writing a new episode in its history through its ‘Acceleration & Innovation’ programme. We will be accelerating customer focus and cost savings, as well as upgrading and digitising our processes and services. We operate in a sector undergoing change and aim to make this transformation in order to maintain our identity in the future: an insurer with cooperative roots and strong brands, one that keeps in touch with its customers by using the latest technologies. Unfortunately, we have to part with approximately 4,000 employees over the next three years, who will be actively involved in and informed on all developments relating to the workforce reduction. This far-reaching reorganisation will start to take effect this year already, and will have an impact on virtually all our employees. We will take the utmost care of the interests of those affected, in close cooperation with among others the Central Works Council.

Our eight million customers are increasingly using the internet for many different purposes, including their insurance, and we have recently also noted that customer needs are changing faster than ever before. They want to be able to communicate with us electronically on a 24/7 basis in order to manage their insurance business – any time, any place en any device. We are adapting our business operations accordingly, starting from a good position. With our cooperative identity, we distinguish ourselves from the competition. As the largest insurer in the Netherlands offering strong brands which enjoy a relatively high level of customer satisfaction, we seized this opportunity to meet future challenges on our own steam from here on out. We have spent the past few years laying the foundation for the Acceleration & Innovation programme, after having streamlined the company in line with our strategy for the past few years.

Our net profit in 2013 dropped by more than a quarter to €344 million. Our result was strongly affected by a goodwill impairment on our pension services and health business, since we are expecting profits from these businesses to be permanently lower than previously assumed. Operationally our profit increased by 4% to €536 million, among others things because we lowered our expenses further. Our profit in the Non-life business was higher due to a variety of factors, including measures to restore profitability in our Income Protection business. Several major fires and the recent storms that affected the Netherlands in October and December caused damage to our customers and ended up affecting our profit. The structural result in our Health operations decreased, because we kept basic health insurance premiums stable in 2013 while the increase in healthcare expenses continued.

Although previously launched initiatives resulted in a cost reduction of 5% in the past year, we are not yet satisfied with the rate at which the reductions are being implemented. Our cost levels remain too high and our insurance business has been underperforming in terms of profits. In addition, our profit in 2013 included a number of non-recurring benefits. This highlights the importance of the ‘Acceleration & Innovation programme’, which will allow us to continue investing in new digital solutions for our customers and maintain a sound financial position in the long term. The change programme has to result in a structural reduction in our operating expenses by €450 million by the end of 2016, which means we are adjusting our previous cost-saving target.

In 2013, we continued streamlining our company. For one, we completed the sale of our Bulgarian insurance business and expect to transfer our Romanian business, once the government has given its approval, in the course of 2014. In addition, we also sold our Irish consumer loan portfolio. Shortly after obtaining our licence to sell insurance in the Australian market, we sold our first policies in the agricultural sector, and we expect to further expand our Australian operations in 2014.

We further improved our capital position through a number of successful transactions. During the first half of the year, we repaid and repurchased a total of €358 million in hybrid capital, and in addition we issued a total of €500 million in Tier-2 subordinated bonds, followed by €750 million in bonds during the second half of the year. These transactions confirm our good access to the capital markets.

A word from the Chairman

CUSTOMER CENTRICITY AND COMMUNITY INVOLVEMENT

We implemented measures in a large number of areas in 2013 in order to further integrate customer centricity in the organisation. Above all, we served our customers well in reimbursing loss or other setbacks, or in relation to their life insurance or pension. We paid out the vast majority of the premiums contributed by our customers in order to cover loss, medical expenses, pensions and life insurance.
This, after all, is what our company does: we offer our customers continuity and provide them with the peace of mind that they are properly insured. The high customer satisfaction scores we receive for each of our brands proves that we have been successful in these efforts. We view this as a sign of appreciation from our customers and it gives us the confidence that we are on the right track. In 2013, we also further implemented Customer Centricity in our business operations. This involves exploring specific ways to improve our products, how to market these to our customers, our pricing strategy and our complaints management – in other words, how we serve our customers and what tools and resources we use to serve them.

From 2014, we will install Customer Councils by which customers will be given influence over their own insurer.
In doing so, we aim to ensure that customers are represented in all parts of the company. We also continued our 'Volgens Nederland' initiative, which allows us to actively communicate with the public. We conducted a series of 'living-room sessions' throughout the country. BNR Nieuwsradio recently started broadcasting the 'living-room sessions', devoted to issues such as Employment, Mobility, Health, Pension and Safety.

As a partner of the Dutch Olympic Committee/Dutch Sports Federation, Achmea is committed to encouraging young people to engage in sports and exercise, while promoting a sense of community in the process. In 2013, we were therefore involved in a number of projects that promote community sports, including the European Youth Olympic Festival (EYOF) and the Achmea High Five Challenge, through which we have got more than 20,000 children involved in sports and games. For this latter initiative, we received the SponsorRing award, for leading the way in sponsorship that contributes to society.

QUALITY AND AFFORDABILITY OF HEALTHCARE

The quality and affordability of healthcare are social issues that are high on the agenda of our customers and of politicians, and are obviously a priority for us as well. Insurers have agreed with political factions and healthcare providers that the growth rate of healthcare expenses will be reduced to 1.5% in 2014 and subsequently to 1% per year from 2015 up to 2017, excluding inflation. General practitioners will receive an additional 1% in 2014 and 1.5% in 2015 up to 2017 if they can demonstrate that they provide services to relieve second-line health services.
In order to be able to meet these commitments, Achmea has therefore been negotiating with hospitals and other healthcare providers in order to control the increase in healthcare costs and guarantee access to high-quality healthcare services for our customers in the Netherlands.

Our health insurance brands – including Zilveren Kruis Achmea, FBTO and Interpolis – reduced annual health insurance premiums for their customers for 2014 by an average of 100 euros per policy or around 10 percent. The release of the provisions we prudently accumulated in recent years enabled this premium decrease. Prior to increasing our health insurance premiums, we kept these premiums at the same level in 2013. This has enabled us to facilitate this extra service to our customers by procuring the highest-quality healthcare services at the most competitive prices. By operating as efficiently as possible, we can help reduce the rate at which healthcare costs are increasing in the Netherlands. Initiatives such as the recently announced merger between the Agis and Zilveren Kruis Achmea brands allow us to be both effective and efficient.

The changes described above, along with other changes to be implemented, should strengthen our commercial operations and result in a sound revenue model. This is important, as a solid financial position is a requirement if we are to continue meeting our obligations to our customers in the future.
This, combined with long-term relationships with our customers and proven added societal value, is part of Achmea's identity as a cooperative organisation.

Zeist, 27 February 2014

W.A.J. van Duin
Chairman of the Executive Board

Profile and key figures

BRANDS OF ACHMEA

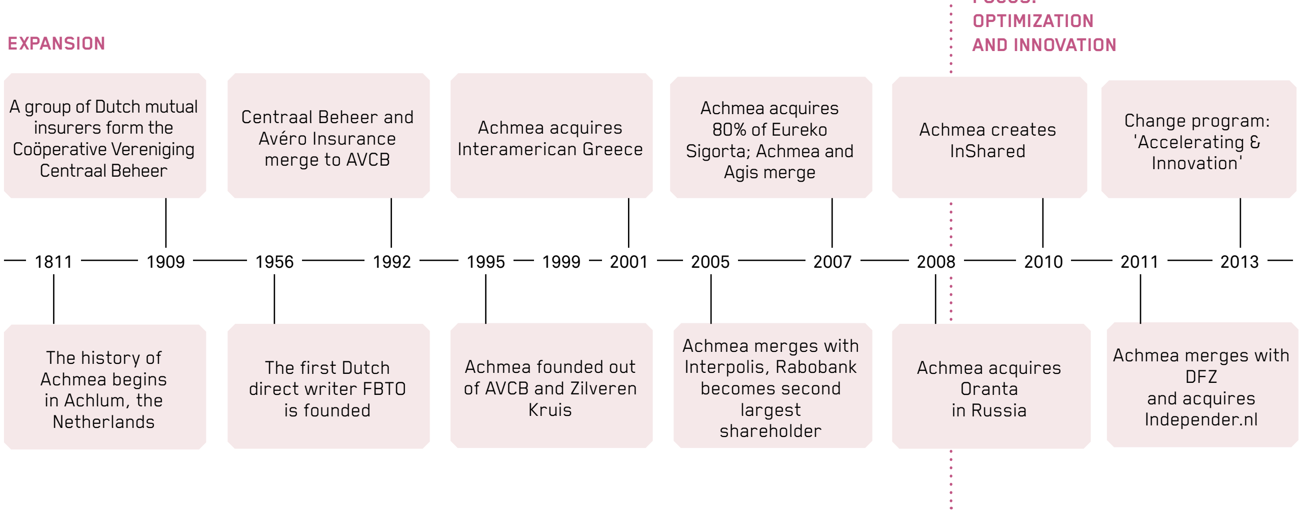
COMPANY PROFILE

Achmea, the largest insurer in the Netherlands, started out as a cooperative organisation. Our brands Agis, Avéro, Achmea, Centraal Beheer Achmea, De Friesland Zorgverzekeraar, FBTO, InShared, Interpolis, OZF Achmea, Pro Life and Zilveren Kruis Achmea collectively serve approximately 8 million customers in the Netherlands. In addition, we also operate in Greece, Turkey, Russia, Slovakia and Ireland and established a partnership with Rabobank in Australia. We offer our Dutch customers a complete range of insurance products and related financial products through the banking, direct and brokerage distribution channels. In both the Dutch and international markets, we focus primarily on non-life and health insurance. Through our brands, we actively work to create innovative solutions that enable us to provide even better services to our customers while at the same time adding value to society. As a non-listed insurance company, Achmea's key focus is ensuring long-term services for its customers. We want to create profit in order to remain financially sound and be able to continue investing in new products and services. However, short-term shareholder profit is never our aim.

Our identity as a cooperative organisation is supported by our largest shareholders: Vereniging Achmea and Rabobank. Vereniging Achmea's main duties are safeguarding the interests of our customers and protecting Achmea's continuity. Backed by this organisation, we are therefore even better positioned to consider the long-term interests of our customers, society, employees, business partners and shareholders. After a long period of expansion, our focus is currently on optimisation and innovation. Whereas in recent years – in line with the strategy at that time – we focused on streamlining the organisation, we are currently pursuing a policy of Acceleration & Innovation. Combined with the plans already in place, these changes will allow us to continue investing in new solutions for our customers, maintain our high level of customer satisfaction and remain financially sound in the long term.

Profile and key figures

FROM ACHLUM TILL NOW – OUR HISTORY

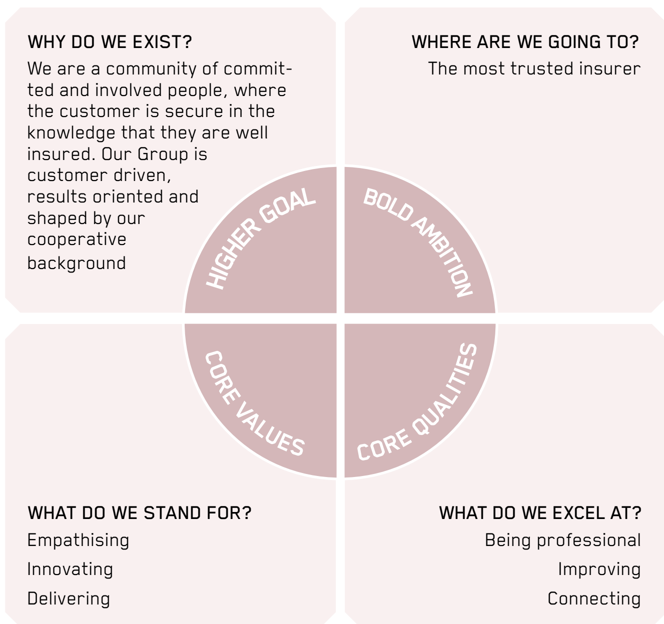


As an insurance company, we provide our customers with the security that they can continue living their lives after being faced with unexpected setbacks. We assume the risk of such setbacks from them if this risk becomes so substantial that they are unable or unwilling to bear it themselves. Since our customers pay premiums in a cooperative context, we can offer them continuity when facing unexpected adversity. Insurance is based on the principle of solidarity, which means that, although all individual policyholders pay premiums, not all of them will suffer actual loss. The impact on individual policyholders will therefore remain manageable due to the shared risk. We advise our customers on prevention, since they can reduce the risk of loss for themselves by mitigating risk. This enables us to reduce total losses and maintain a system of solidarity. If unexpected setbacks do occur, it is our duty to ensure that our customers – be they individuals, companies or other organisations – can resume their activities as soon as possible. This means Achmea plays an important role in keeping society running.

We are dedicated to develop and deliver products and services that provide customers with solid insurance cover. We aim to create products and services that meet our customers' needs and that they regard as genuine solutions. Our bold ambition is for our customers and stakeholders to recognise us as the most trusted insurance company. In practice, achieving this 'most trusted' status would mean a lot, as it is closely related to financial soundness and transparency about our actions. It clearly also relates to living up to expectations – delivering on our promises to customers, who should be able to trust that their insurance company will be there for them when needed. Being the most trusted insurer also means being accessible to everyone. Achieving this status would extend to all our stakeholders of which, above all, our customers.

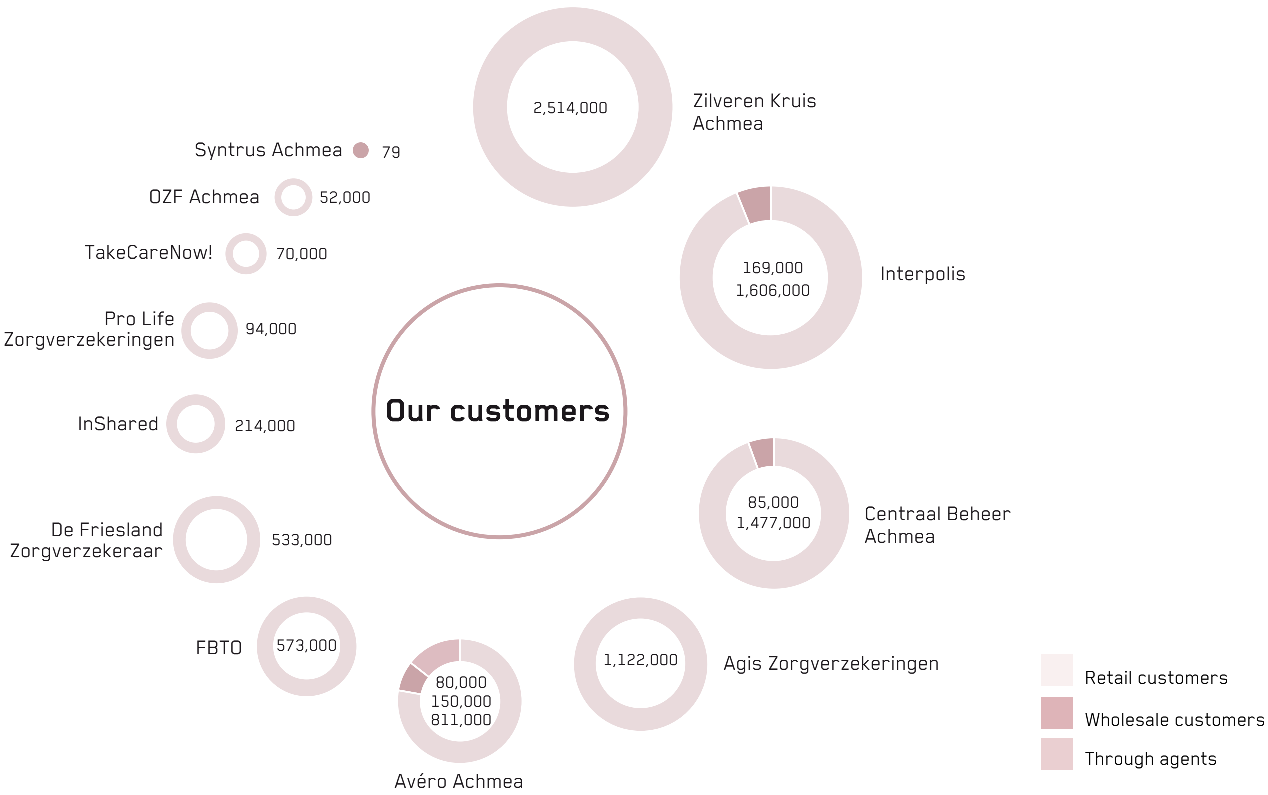
Based on a commitment to cooperative business practices, Achmea is customer-driven and operates to guarantee the continuity of the organisation for its customers. Achmea's core values guide everything that we do to serve our customers while at the same time, helping us to create a future-proof organisation. Our three core values – empathising, innovation and delivering on our promises – are designed to help employees achieve our bold ambition of becoming ' the most trusted insurer'.

OUR IDENTITY

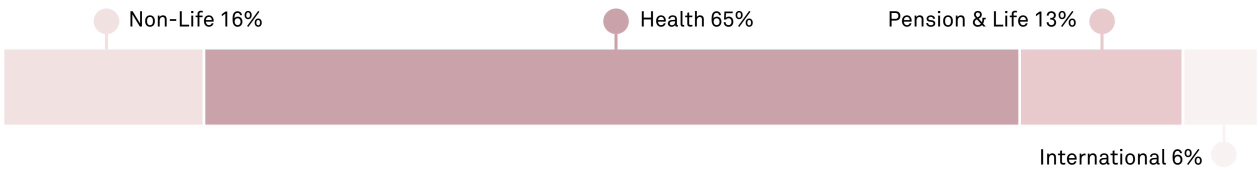


Profile and key figures

KEY FIGURES



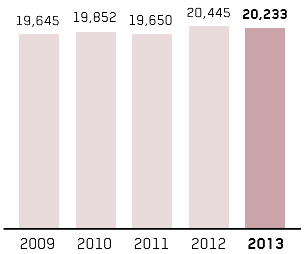
DISTRIBUTION OF GROSS WRITTEN PREMIUMS IN 2013



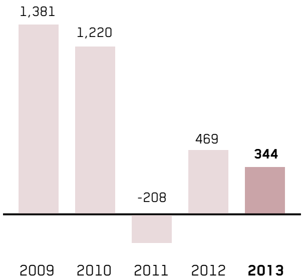
Gross written premiums € million	Net profit € million	Solvency (IGD) %
€20,233	€344	202%
Customer satisfaction Average score	**Employee engagement** %	**Sustainable investments** % of analysed own risk investments
7.4	73%	97%

Profile and key figures

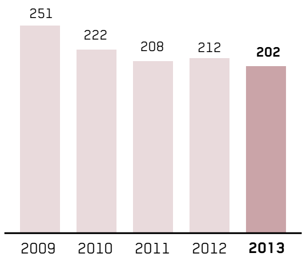
Gross written premiums
(€ MILLION)



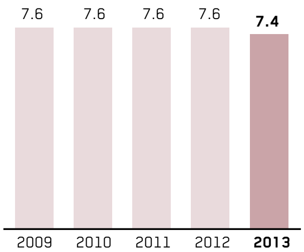
Net profit
(€ MILLION)



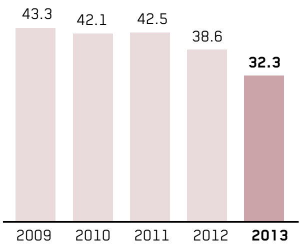
Solvency (IGD)
(%)



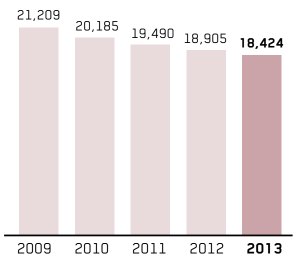
Customer satisfaction*
(average score)



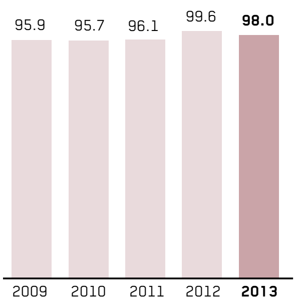
Gross carbon emissions*
(in kilotons of carbon)



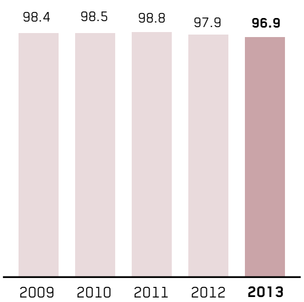
Number of FTEs



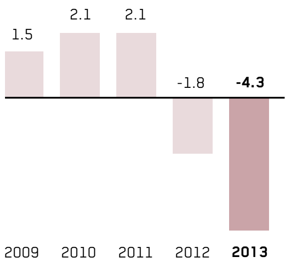
Non-Life combined ratio**
(%)



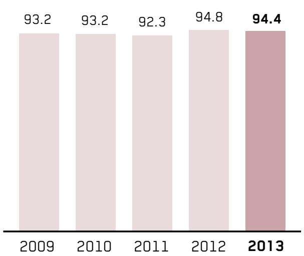
Basic health combined ratio**
(%)



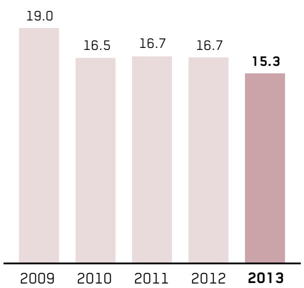
Life & Pension
value of new business margin**
(%)



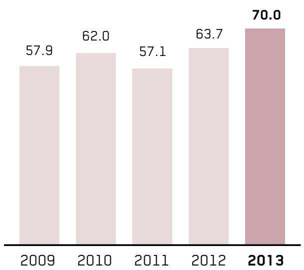
Total assets
(€ BILLION)



Bank loans
(€ BILLION)



Syntrus Achmea
assets under management
(€ BILLION)



* This information relates to Achmea's Dutch operations, excluding the 'third-party' companies listed in Appendix B.
** This information relates to Achmea's Dutch operations.

Executive Board report

Executive Board report

Strategy

BECOMING THE MOST TRUSTED INSURER

Our ambition is to become the most trusted insurer for our customers. Customers must be able to rely on us being ready to act when they need us. We aim to be accessible via a broad range of brands and distribution channels. We see it as our duty to act in a responsible and forward-looking manner. We want to do so in a variety of ways, for example by providing products and services which have added value for society, by investing responsibly and applying customer centricity to our strategies and actions.

At the end of last year, we announced the large-scale Acceleration & Innovation change programme, which aims to make our company more customer-focused and cut costs for our customers, now and in the future. We plan to speed up our customer focus and cost-cutting and innovate in our digital processes and customer services. Our customers want to be able to communicate and arrange their insurance with us 24 hours a day, seven days a week. They naturally demand comprehensible and affordable products and services. Achmea is evolving along with this radically changing climate and we are speeding up our innovation process. By increasing our commercial effectiveness, we aim to achieve a sustainable and responsible return and more competitive cost levels. In doing so, we retain our objective of becoming the ‘most trusted insurer’.

Recognition for our products and services has given Achmea a strong market position, with strong brands. We are the market leader across the sector and occupy at least a top-four position in all sub-segments of the Dutch insurance market. We have consistently high customer satisfaction scores in the Dutch insurance sector. While our capital position is robust, we note at the same time that we are not yet where we would like to be. Consumers, regulators and politicians continue to view the financial sector with criticism, in particular how customer interests are served and how the sector fulfils its social role. Society increasingly demands added social value from companies, especially financial institutions. Transparency in all aspects of our operations is more important than ever in restoring confidence further. We are therefore happy to explain how our brands aim to serve our eight million customers as best as possible through our products and services, what our strategies are in this process, what we do, what progress we have made and what we earn from our activities.

Our goal to become the ‘most trusted insurer’ serves as a strategic compass. The world around us is changing rapidly and customers have changing needs. This demands a greater ability to adapt and greater operational effectiveness from us. We are realistic about our opportunities and challenges for the future. On the one hand, we are optimistic about our starting position, but on the other we are realistic enough to recognise the many challenges ahead. Changing customer needs, amendments to laws and regulations and changing economic conditions are creating a climate which demands a flexible organisation and one which develops innovative and sustainable solutions. We approach our strategy from six different perspectives: customers, society, employees, business partners, processes and financials.

Strategy

BECOMING THE MOST TRUSTED INSURER

CUSTOMER PERSPECTIVE

We focus specifically on the changing needs of our customers. We devote greater attention to customer interests. In order to meet these changing customer needs, we plan to transform ourselves into a modern, more customer-driven company. In doing so, we aim to serve our customers using modern methods. Customers want to arrange their insurance as quickly and efficiently as possible and, in doing so, penetrate the strict division between direct and broker channels which prevailed until recently. Many customers make use of aggregators, or comparative websites, in search of the best insurance at the best possible price. In this rapidly changing distribution landscape, distribution channels are converging and brands becoming increasingly important. We want our customers to be familiar with our brands, to know what the distinguishing features are and to feel connected to the brand.
As we aim for our customers to feel good about our brands and want to be a part of the brand, we listen carefully to our customers and translate our insights into improvements to products and services. We actively involve our clients in our product development and assessment processes and offer them a say via customer councils on relevant topics, propositions and communication.

SOCIETAL PERSPECTIVE

Our products must have a demonstrably added value to society. Therefore, we want to link our products to the public interest. We want to be more than just a provider of financial services. We contribute to improving society via our products and services by solving, reducing or preventing social problems. And by brainstorming together or initiating dialogue. In doing so, we also facilitate the mutual solidarity our customers desire in order to maximise the added value for them.

EMPLOYEE PERSPECTIVE

The changes around us require our employees to change too. This means that they are ready to contribute via customer focus, professionalism and continuous improvements to our goal of becoming the most trusted insurer. We ask greater initiative of them. Sustainable employability is of strategic importance here. It is each employee's responsibility to timely anticipate to changes in knowledge, competences and capacity.

PARTNER PERSPECTIVE

We continue to work on our partnership with Rabobank. Rabobank, our main distribution partner, aims to consolidate its position in insurance. Achmea aims to make the distribution of insurance via Interpolis even more successful for Rabobank, as part of the total product package. We are investing in even closer commercial ties. We are using Achmea's knowledge, expertise and technology to support this goal.

PROCESS PERSPECTIVE

Process improvements are directly relevant to customer satisfaction. With a view to controlling costs, we aim to standardise processes, products and systems as much as possible. Where we opt for standardisation, it will be implemented consistently in order to achieve economies of scale. This should create a competitive edge, also thanks to the optimum use of technology and information. We aim to serve our customers better by taking advantage of advanced analysis of market and customer data.

FINANCIAL PERSPECTIVE

We aim to achieve results which befit our ambition and meet the expectations of our shareholders. Achmea aims to earn a responsible return on its assets in order to guarantee continuity and to be able to continue investing in solutions for our customers. This means that the required solvency level for organic growth is generated and that additional return is created in order to invest. In those areas where we are the market leader, we aim to consolidate that position. In those areas where we are not yet the market leader, we aim to grow towards that position for specific portfolios.

Strategy

Our business model

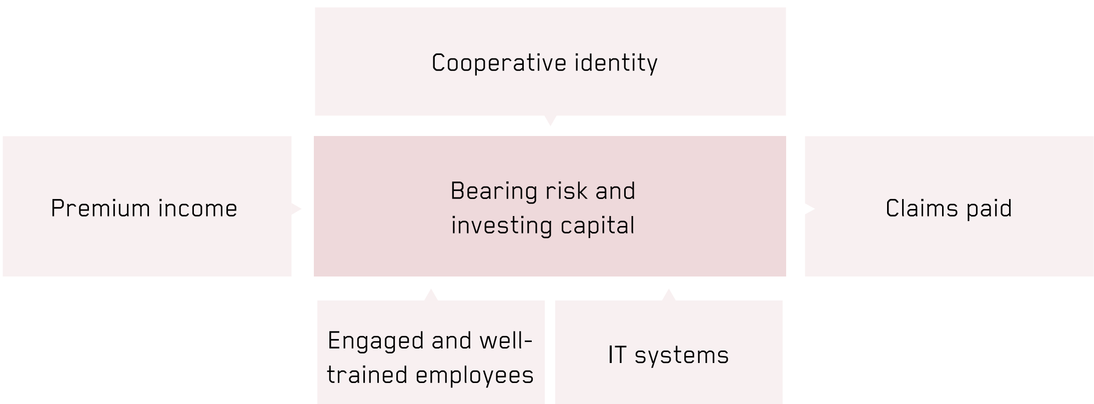
Insurance involves the pooling of risk, whereby a large number of people bear risks which are too great for individual people to bear themselves. Our customers' insurance premiums are based on this principle.
We also pay execution costs out of our customers' premiums. We therefore aim to keep these costs as low as possible in order to operate as efficiently as possible and keep costs low for our customers. We also derive an income from our customers' premiums which we have invested.
The returns on these investments contribute to the company's solvency level, ensuring that we can always meet our obligations to our customers. Finally, regulators such as the Netherlands Authority for the Financial Markets (AFM) and the Dutch Central Bank (De Nederlandsche Bank; DNB) set requirements for our solvency ratio and profitability. Profitability is essential here to maintain our sound financial position over many years. This applies to all our activities, including our health insurance activities, for which the regulators set specific requirements.

By offering simple, affordable products that put customers' interests first, we aim to add value both for the customer and for society. Additionally, from a societal perspective Achmea has defined the objective that our propositions must add demonstrably added value for society. We aim to be more than a financial services provider alone by also contributing to resolving societal issues. The exact added value for society of our product portfolio is difficult to quantify, and we will explore whether any measuring tools are available for this purpose.

Our portfolio options

Society is changing increasingly rapidly, forcing companies to rethink and rework their procedures. Online services and the role of aggregators are evolving at a fast pace. Our customers want to be able to communicate and arrange their insurance with us 24 hours a day, seven days a week. They naturally demand comprehensible and affordable products and services. Achmea is evolving along with this radically changing climate and we are speeding up our innovation process. We are the largest insurer in the Netherlands and our strong brands enjoy a high level of customer satisfaction. We are now taking the next step towards the future.
This new episode follows on from streamlining the company as this fitted within the strategy of the past few years. Together with existing plans, the changes will lead to us being able to continue investing in new solutions for our customers, being able to maintain the high level of customer satisfaction and retaining a sound financial position in the long term. Customers want to arrange their insurance as quickly and efficiently as possible and in doing so penetrate the strict division between direct and broker channels which prevailed until recently. We are altering the structure of our distribution organisation in order to meet these changing needs.

OUR BUSINESS MODEL



Strategy

We aim to serve customers in the Netherlands primarily with non-life and life insurance policies. The development and sale of these policies, for both the consumer and business markets, is part of our core business. On the one hand we sell these insurance policies and corresponding services ‘directly’, i.e. directly by phone or via (mobile) internet or apps.
Our brands Centraal Beheer Achmea, FBTO, Zilveren Kruis Achmea and InShared have leading positions in this segment. We also chiefly sell these via Rabobank’s local member banks, with which we have a close alliance. In doing so, we are able to serve our customers and Rabobank customers well via the bank assurance model (also known as bancassurance). Interpolis is the brand most familiar to customers as Rabobank’s insurance brand.

We also serve our customers via intermediaries and brokers, mainly through our Avéro Achmea brand. In addition, we also provide our customers with security in the shape of pension and life-insurance policies via the abovementioned brands.
The integration of the Agis and TakeCareNow! brands with Zilveren Kruis Achmea effective 1 January 2015, as announced at the beginning of this year, will allow us to improve our effectiveness and efficiency, as well as keep our services affordable to our customers and keep premiums low. Agis has roots as a provider of health insurance and other health services in various regions of the Netherlands. Care and personal attention are key values of Agis, and we will integrate these values with the values of Zilveren Kruis Achmea. Agis’s regional initiatives will remain in place, while we will also find other ways to incorporate Agis’s values into that of Zilveren Kruis Achmea. We believe that our customers only stand to benefit as a result.

We also operate in the international market, mainly in Turkey, Russia, Greece and Slovakia. In the past year, we reduced our international operations in the non-core countries Romania and Bulgaria, as their operations did not sufficiently match our core competencies or because economies of scale or growth were not forthcoming. The sale of our Bulgarian insurance business is now completed, and we also finalised the sale of our Irish portfolio containing consumer loans.
We are also investing abroad in expanding our successful bancassurance alliance with Rabobank. For instance, we recently obtained a licence to sell insurance in Australia and the first policies have already been taken out. These additional activities contribute to our company’s economies of scale and match our scale compentencies, allowing us to better absorb our customers’ risks and improve our risk profile.

Achmea has set itself the goal of expanding its market share in non-life insurance. In the case of health insurance and income protection, Achmea aims to increase efficiency in implementation over achieving revenue growth. Within the health insurance segment, we are focusing on consolidating our negotiating position in purchasing healthcare in order to further restrict the rise in healthcare costs and keep the current quality of healthcare affordable for all residents of the Netherlands.

In the pension market, Achmea will continue to work with its customers to have participants switch to a defined contribution scheme. In the life insurance market, we have separated a part of the portfolio to which no new policies will be added from the portfolio which continues to grow. We are doing this primarily to keep costs low for our customers, so that our existing customers can trust that we will continue to provide them with a good service in the future. We are now focusing especially on affordable and transparent life-insurance policies. As of 1 January 2013, we separated our closed portfolios containing individual life insurance policies from the rest of our organisation. No new policies will be added to these closed portfolios, but the obligation to manage existing policies to the end of their lifecycle, to receive and invest premiums and to make payouts to policyholders, continues. Since the consolidation of closed life-insurance portfolios has not yet got off the ground, we are concentrating on further reducing our implementation costs while retaining our high-quality service.

Syntrus Achmea strategically complements the activities of the Achmea Group. Syntrus Achmea supports pension fund boards in a variety of areas by providing strategic advice, asset management services and the day-to-day execution of the pension administration.

Strategy

EXTERNAL TRENDS

The current low economic growth looks set to last for some time. Interest rates have fallen as a result of the economic crisis and this appears to be structural. This macroeconomic climate has squeezed our investment results. The Dutch non-life insurance market is saturated and competition is fierce. The increase from 9.7% to 21% in the tax levied on assurance products in the Netherlands has also put up the price of non-life insurance, making customers even more selective about their insurance. Our pension and life-insurance company has noticed both the consequences of low long-term interest rates and the increase in bank savings levels and is also experiencing competition from new entrants to the market.

We aim to earn a socially-responsible and accepted return on our health insurance activities. By operating as efficiently as possible we contribute to the initiated decrease in the pace of growth of costs. In the case of basic health insurance, we generally pay out 96 cents for every euro of basic health insurance premiums in order to pay our customers' healthcare expenses. About three percent is used to cover our implementation costs. The remaining one percent is added to our financial reserves, in order that customers can be assured of good healthcare in future. These reserves exist to guarantee continuity in our services to customers and to meet the requirements laid down by the regulators. Achieving a further decrease in the pace of growth in healthcare costs is high on the political agenda. Achmea aims to guarantee the high quality of healthcare we currently enjoy in the future as well. We are contributing by procuring health services at the most competitive prices and by implementing health insurance as efficiently as possible.

As in every sector, there are regular amendments to laws and regulations governing insurance. One important area is the increased focus on consumer protection, due to the investment insurance and pensions that Dutch banks and insurers sold in the past. In the case of some products, 'usury policies', customers were not clearly informed in advance of the fees charged, or the fees were higher than agreed. Customers consequently look more carefully at the usefulness of and need for insurance. We encourage this trend and try to enable our customers to arrange their insurance after thorough consideration. Our Interpolis brand, which is one of the leaders in the Netherlands in this area, actively and clearly informs customers of the importance of prevention and advises them to 'only insure what is really important'.

The ways in which customers wish to contact their insurer is changing rapidly. The use of aggregators to compare products and prices has grown substantially, and at Achmea brands there has been a rapid increase in the sale of insurance to customers using different media. Customers wish to obtain information on their insurance or purchase policies online; they also wish to contact us using an app on their mobile phones and put questions to our customer service by phone. This is a growing trend in the direct, banking and the broker channel.

The battle for customers is increasingly fierce with, on the one hand, aggregators and new only-internet players and traditional, established insurers on the other. Consumers increasingly want to decide themselves how and when they purchase insurance or contact their insurer and we are adapting our company and procedures to these trends more quickly. This includes the need for improved online customer services. We are therefore implementing these changes in our processes and procedures, systems, our organisation and employees. The anticipated trends are advancing more quickly than predicted. This (temporarily) increases costs and affects traditional processes and procedures. Achmea will accelerate and innovate in order to continue to meet the needs of our customers.

CONTACT WITH STAKEHOLDERS

Achmea aims to create close ties with all its stakeholders. We are convinced that we can offer higher-quality products and services related to health, non-life and income.
Based on a four-stakeholder model, Achmea will consult with its customers, employees, (business) partners and shareholders.
Achmea regularly consults customers via the members of Vereniging Achmea, a bi-annual meeting with major clients and (business) partners and via advisory and insured party councils in the various divisions of our company. Dialogue with employees is conducted e.g. via the various Works Councils, regular meetings with unions, the intranet and personnel sessions. There is also regular contact with social partners, regulators, government ministries and umbrella organisations.

Strategy

SWOT ANALYSIS

STRENGTHS

- High customer satisfaction
- Large market share in the Netherlands (market leader positions)
- Good product and distribution diversification
- Strong brands, especially in direct and banking channel
- Robust capitalisation
- Insight into consumer behaviour through aggregator
- One of the best employers in the Netherlands

WEAKNESSES

- Legacy and number of IT systems
- Relatively high cost level
- Low investment return
- Complex organisational structure
- Limited geographic diversification
- Low return on some operating companies

OPPORTUNITIES

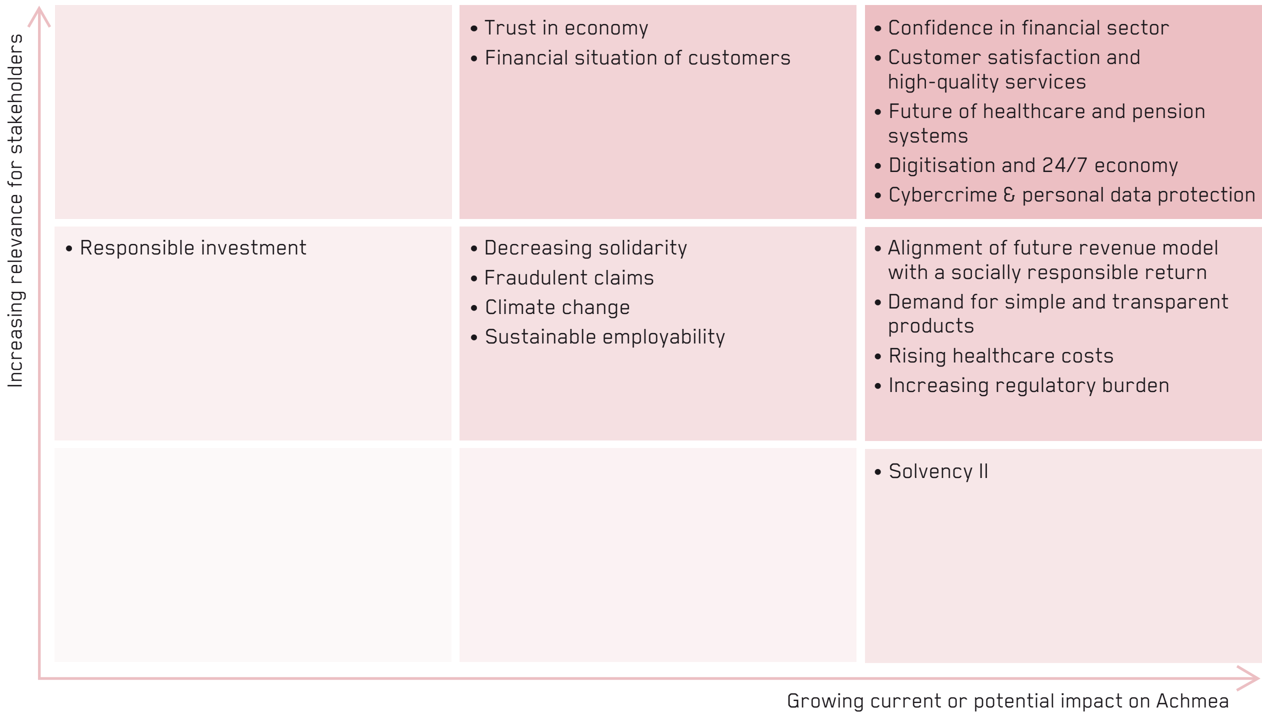
- Renewed focus on customer centricity
- More digitisation and multimedia distribution
- Privatisation of certain markets
- Big data
- Increasing demand for simple and transparent products
- Aggregators offer online comparison
- Further developing relationship with Rabobank, both domestic and international

THREATS

- Limited trust in insurance sector
- Highly competitive and mature Dutch market: pressure on margins
- Public and political pressure on return of Dutch basic health insurance
- New players entering the market
- Political decisions on health/pensions
- Low interest rates
- Volatility of financial markets
- Increasing regulatory burden

Strategy

MATERIALITY MATRIX SHOWING SOCIETAL TRENDS



Achmea closely monitors societal trends and current issues in society, so that we can match our products to the changing needs of our customers. This involves changes in the longer term, to which we can adapt our product development. We have created a materiality matrix in order to depict this clearly. The matrix is based on regular contact with stakeholders, stakeholder dialogue, the ‘Volgens Nederland’ (‘Holland says’) monitor and qualitative media and risk analyses.

A societal trend is considered to be material if it is relevant to our stakeholders and the trend could greatly affect Achmea. The greater the impact of the issue on society and Achmea’s operations, results and strategy, the greater the materiality of the trend. In order to remain relevant as an organisation and realise our strategy, we will need to make sure these trends are reflected in our business operations and management. More information can be found in the GRI index (on www.achmea.com).

ACCELERATION & INNOVATION

Society is changing increasingly rapidly, forcing companies to rethink and rework their procedures. This is why we adopted a strategy a few years ago aimed at creating greater focus on our customers and more efficient operations at a lower cost. This new episode follows on from streamlining the company as this fitted within the strategy of the past few years. We are now taking the next step towards the future.
Our customers’ needs are changing and we have observed this process speeding up. With a view to increasing our customer focus further, cutting costs for customers and investing in online services, Achmea is increasing the pace of change within the company. Only then can we achieve our objective of becoming the most trusted insurer and retain our strong starting position of market leader with a cooperative identity. Together with existing plans, the changes will lead to us being able to continue investing in new solutions for our customers, being able to maintain the high level of customer satisfaction and retaining a sound financial position in the long term.

Strategy

These changes as announced for the next three years, until the end of 2016, will result in a step-by-step reduction in our workforce by four thousand jobs. This far-reaching reorganisation will start to take effect this year and have consequences for many of our valued colleagues. We will take the greatest possible care of the interests of those employees affected. Our sector is undergoing change and we must make this change in order to maintain our identity in the future: a cooperative insurer with strong brands, in touch with its customers using modern methods.

This means that we need to innovate and adapt our operations to the changing needs of our customers and increase the pace of these changes. We will speed up cost-cutting and customer focus and innovate in our digital processes and customer services. The Acceleration & Innovation programme contains a specific Management Agenda with clear steps to achieve a more efficient and more customer-focused company. This agenda tallies with the Achmea 2020 business plan, the adjusted Strategy Map and the expected results for the next few years. The Management Agenda contains existing and new initiatives aimed at taking us in the desired direction more quickly over the next couple of years. This agenda will result in a more efficient and flexible organisation with propositions and interaction aimed at customer interests with a sound social and financial return. The Management Agenda contains four spearheads: customer-driven organisation, competitive costs, employees undergoing change and a solid capital position with a socially responsible return.

Customer-driven organisation

Achmea aims to boost customer trust by applying customer centricity, allowing customers' voices to be heard more in our decision-making processes and by our brands offering socially-responsible products and services at an affordable price. By listening to our customers' needs and thinking from their perspective, Achmea's brands are able to respond quickly to changing behaviour and trends. As a cooperative company, our brands have always been at the heart of society, allowing us to respond at an early stage to changes in customer needs.
We will speed up customer focus and innovate in our digital processes and customer services. Our brands will speed up working on our (online) services to customers. All Achmea brands must develop full online service channels in order to better serve, hold the attention of and retain new and existing customers – both consumers and companies. This will enable our customers to have access to our brands wherever and whenever they wish. By cutting costs and creating greater flexibility, Achmea is laying the basis for developing innovative products which meet our customers' expectations, now and in the future.
In addition to boosting trust among customers, Achmea will continue to connect with society. At the same time, Achmea and its partners will continue to provide high-quality and customer-focused service to customers. In addition to sharing knowledge and information on customers, Achmea will create new alliances and new distribution methods for providing new services. In the Netherlands, Achmea will focus on partners which share our values and outlook.

CUSTOMERS' VOICES HEARD IN CUSTOMER COUNCILS

Achmea and its largest shareholder, Vereniging Achmea, will act together in boosting Achmea's cooperative ideas. By setting up Customer Councils within the Achmea brands in 2014 and linking these Customer Councils to Vereniging Achmea's Members Council, a stable structure is created in which customers will be given influence over their own insurer. In doing so we aim to ensure that customers are represented in all parts of the company.
The Customer Councils will act as a sounding board for the Executive Board, possess a signal function, be a platform for co-creation and safeguard the cooperative standards and values in our products and services. Customers will introduce pro-active topics about relevant issues outside Achmea, such as customer requirements and opportunities for improvement. Members will be entitled to information and from 2015 they will have the right of consultation.

Competitive costs via digitisation

Achmea is transforming itself into a digital insurer. There is a high level of dynamics in the insurance industry and we have observed an increase in the pace at which our customers wish to arrange their insurance online. The changing need for advice among customers is providing an additional boost to considering the distribution of insurance. A shift is taking place from broker channels to direct online channels. When combined with the need for ever lower costs, this means greater importance for new ways to reach customers. Under this influence, our current processes and procedures will shift towards new, online operations.

This shift is being supported by modern technology and the need among customers to be more in control. Internet and mobile technology enable customers to arrange their

Strategy

insurance themselves, independent of their location and the time of day. We aim to invest significantly in digital technology applications over the next few years: online and mobile insurance, social media and data analysis. Over the next few years all Achmea brands must develop full online service channels in order to better serve, hold the attention of and retain new and existing customers – both consumers and companies.

Until now, the potential for improving services to customers, making processes more efficient and ultimately improving financial performance using digital technology has remained unused. We believe that digitisation is the best way to continue to provide the best possible service to our customers in the future.

Less complexity and a lesser need for advice make digital interaction with customers possible across our company. With a slimmed-down and more flexible organisation, less complexity and therefore lower costs. Initiatives are being taken to improve our cost ratios via the further use of digital customer service systems. Migration to generic IT facilities and rationalisation of legacy applications remain a priority. At the end of this 3 years program annual cost should be reduced with about €450 million and about 4,000 FTEs of the roughly 16,000-strong workforce in the Netherlands. Such far-reaching measures make involuntary redundancies inevitable. This could potentially affect 3,000 jobs. We will take the greatest possible care of the interests of those employees affected.

Employees undergoing change

The current climate and changing customer needs call for a different modus operandi for customers. We are innovating in order to continue providing the correct products and services. Towards becoming an insurer which really does apply customer centricity. And therefore we are changing the way we work. With employees who understand completely what we represent and who possess the correct skills and competences. Employees who apply customer centricity. Employees who are ready to actively contribute to the shift to a more digital insurer via client focus, professionalism and continuous improvement, based on the Achmea identity and cooperative background. Our employees are becoming increasingly flexible. By establishing rules for the Wireless Office (e.g. teleworking) we increase our flexibility as a company. We are also trying to increase the employability of our employees, so as to enable them to be employed more flexibly within the company. The Wireless Office and sustainable employability therefore increase the flexibility of both our employees and our company.

We believe that it is important for our Achmea employees to continue to evolve and encourage them to work on their personal development. We refer to this as 'sustainable employability'. Employees are sustainably employable if they are more independent from their employer. This increases their options on the job market, if they decide to seek a job elsewhere. And the key to this is professionalism.

We are focusing on simplifying our processes and products and to do so we need to do things and structure things differently. Fewer employees will consequently be required to conduct our operations. Specific jobs and capacities will no longer be required, or to a lesser extent. This applies to all levels of the company and therefore has consequences for the number of people employed by Achmea, which is unfortunate but inevitable. We believe it is important to be open about this and to conduct procedures as well as possible.

ENCOURAGE MORTGAGE ADVISERS TO CHANGE ALONG WITH THEIR CUSTOMERS

What do customers expect of financial sector employees in a changing housing market? Our mortgage brand Woonfonds Hypotheken introduced the PriQels online platform in order to map this and to inform financial sector employees. On behalf of Woonfonds Hypotheken, research company GfK examens the needs of customers who have taken out a mortgage via an independent adviser. Via the PriQels platform, we can provide feedback to financial sector employees and inspire, train and motivate them to apart to changing customers' needs. For more information, please visit www.priqels.nl.

Strategy

Solid capital position with socially responsible returns

As an insurer with roots as a cooperative, Achmea feels responsible for social issues. Achmea's signing of the Principles of Sustainable Insurance (PSI) and the Principles on Responsible Investment (PRI) is proof that it wishes to contribute to sustainable development. We depend on the trust that people place in us and aim to achieve a socially responsible return. For instance, the positive results in the health insurance segment over 2013 helped to reduce basic health insurance premiums for 2014.

Over the past year, Achmea has continued to increase slightly the investment risk it takes, chiefly by investing more in corporate bonds and less in government bonds. Our investment profile is therefore now more in line with the general market, but can still be classed as relatively prudent. Although we recognise that uncertainty is a given and that it is impossible to exclude risk entirely, Achmea invests its assets based on a modern investment strategy for institutional investors. We invest in companies which are financially solid and which devote attention to environmental, social and administrative aspects in their operations. There is a greater chance of sustainable value creation among these companies. And for Achmea there is a higher expectation of maintaining the return on its investments.

For us, 'most trusted' also means that our current robust capital position is retained. The expected introduction of Solvency II capital requirements – which ensure that insurers in the European Union retain sufficient capital in line with their risk profiles with a view ultimately to protecting consumers – as of 1 January 2016 is expected to have a major impact on the sector. Achmea is preparing itself thoroughly for implementation of these regulations. In our strategic decisions, we aim to retain our current solid capital position with a Solvency I ratio (IGD) of over 190%. At the same time, Achmea is focusing on retaining its current A+ rating from Standard and Poor's for our insurance entities. Once the external framework for Solvency II has been ratified, we will define our internal capital adequacy standard.

INTERNATIONAL PRINCIPLES FOR SUSTAINABLE INSURANCE AND RESPONSIBLE INVESTMENT

As a company with a cooperative background, societal commitment is part of Achmea's identity. This is why we have signed the Principles of Sustainable Insurance (PSI) and Principles on Responsible Investment (PRI). The Principles for Sustainable Insurance will help us deal with a globally changing risk landscape which is facing social and environmental challenges such as an ageing population, the rising cost of healthcare and climate change. Integration of the PSI and PRI into how we do business is aimed at consolidating the company's foundations and in the long term helping customers via the best-possible insurance solutions. We will therefore also be able to make environmental, social and governance (ESG) aspects a more integral part of investment decisions. In 2012, for example, Achmea made the integration of ESG aspects into the investment portfolio more comprehensive and tightened the investment policy by resolving to exclude the tobacco industry and the nuclear weapons industry from 2013. Further information about the principles and the ways in which Achmea is implementing them in practice is available at www.achmea.nl.

Strategy

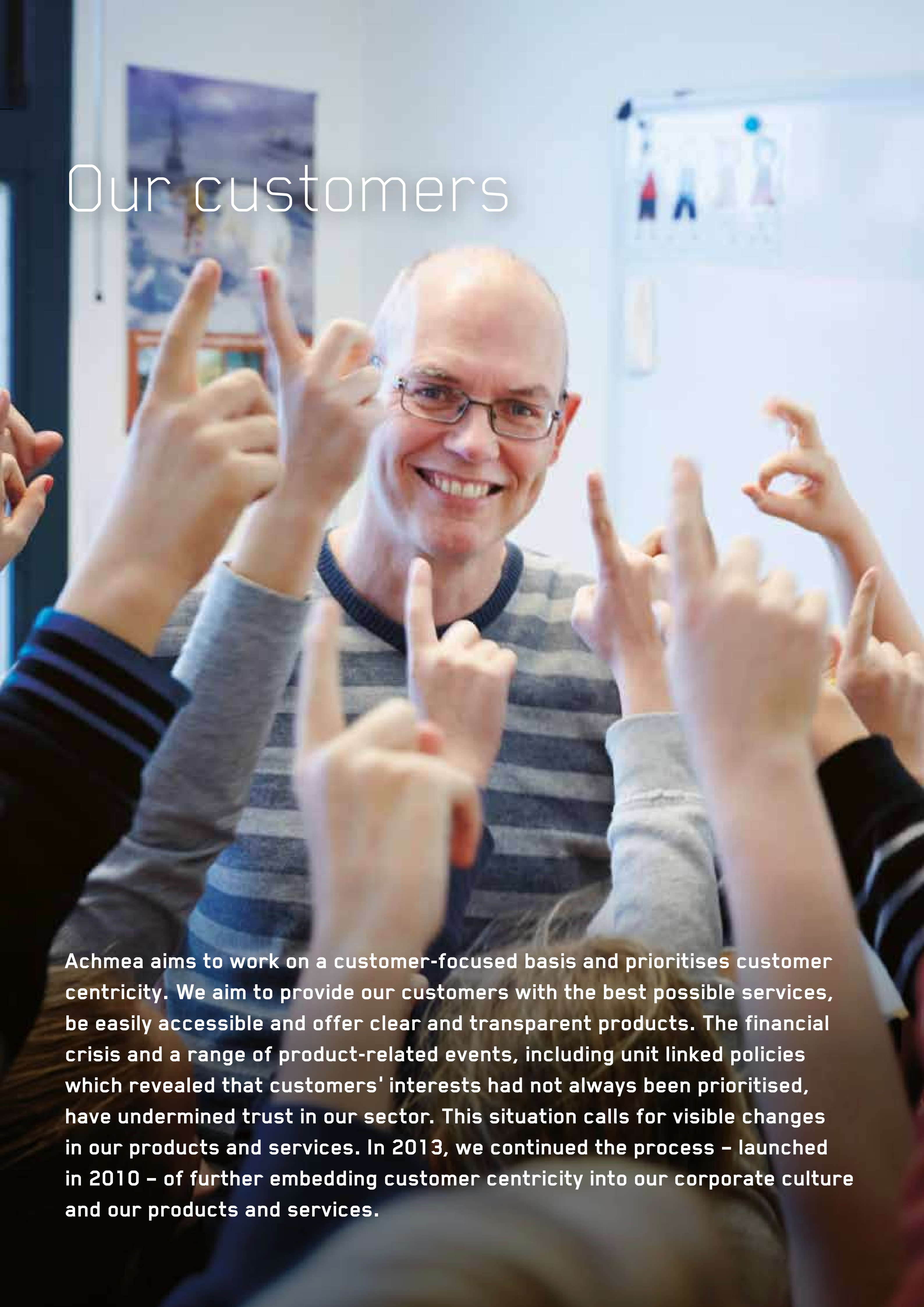
KEY PERFORMANCE INDICATORS

We have set one or more Key Performance Indicators (KPIs) for each of the six perspectives of our strategy. By measuring our performance indicators periodically and, where necessary, making adjustments based on the measured values, we try to achieve our strategic objectives and hence respond to societal developments. Wherever possible, we make use of external, independent studies.

OUR KPIs

PERSPECTIVE	KPI		2013 TARGET	2013 STATUS	TARGET FOR 2014 AND BEYOND	REFERENCE
Customers	Customer satisfaction	Non-life	-	7.7	Maintaining customer satisfaction	page 24
		Health	-	7.6		
		Pension & Life	-	7.0		
	Number of brands bearing the Customer-Oriented Insurance quality seal		10	8	All brands	page 24
Societal	Position in social benchmarks	Ministry of Economic Affairs transparency benchmark	Top 20	4th place	Top 20	page 28
		Fair Insurance Guide selected practical study	-	7/10	> 7/10	page 28
		The Dutch Association of Investors for Sustainable Development (VBDO) benchmark	-	4th place	Top-5	page 28
	Reputation Institute reputation benchmark		-	14th place	Top 20	page 28
Employee	Employee engagement		> 71%	73%	> 71%	page 36
Partner	Rabobank satisfaction		-	7.8/10	7.8/10	page 40
Process	Level of digitisation – part of communication of Zilveren Kruis Achmea and Avéro Achmea with health insurance customers that is facilitated electronically		-	51%	95%	page 44
	Average annual reduction in energy consumption (2005-2020)		2%	4.6%	2%	page 46
Financial	Non-Life combined ratio in the Netherlands		< 97%	98.0%	< 97%	page 51
	Basic Health Insurance combined ratio in the Netherlands		< 100%	96.9%	< 100%	page 54
	Insurance activities solvency ratio (IGD)		> 190%	202%	> 190%	page 48

The KPIs shown above serve as a guideline in our efforts of becoming the most trusted insurer. Each year we assess and update our system against KPIs in our performance evaluation system. We will further define our KPI system and formulate goals in line with our strategy and with the Innovation & Acceleration programme. And in the coming years, we will improve and sharpen the translation of material societal developments to KPIs. Additional information about the KPI score is available on the pages listed in the table above. Transparency in all aspects of our business operations is more important than ever – particularly for Achmea, with its roots as a cooperative organisation. We will therefore publish an integrated annual report from now on, in which we will demonstrate how we remain alert in order to add value for our customers, our employees, our business partners, our shareholders and other stakeholders.



Our customers

Achmea aims to work on a customer-focused basis and prioritises customer centricity. We aim to provide our customers with the best possible services, be easily accessible and offer clear and transparent products. The financial crisis and a range of product-related events, including unit linked policies which revealed that customers' interests had not always been prioritised, have undermined trust in our sector. This situation calls for visible changes in our products and services. In 2013, we continued the process – launched in 2010 – of further embedding customer centricity into our corporate culture and our products and services.

Our customers

CUSTOMER-FOCUSED OPERATIONS BASED ON CUSTOMER INTERESTS

We aim to offer products and services that meet customers' needs and established standards for this purpose at the beginning of 2011. The most important of these standards are: the products and services offered are always in keeping with the needs of our customers; the fees requested for these products and services are reasonable and transparent, and we communicate with our customers clearly and in a trustworthy manner. We assess all new products and an increasing number of existing products according to these standards. Although the quality and depth of the assessments must still be improved and refined, we again identified a number of opportunities for improvement in 2013. After finding, for example, that not all letters that customers receive from Interpolis are 'crystal clear' (as the adverts promise), over 300 draft letters were rewritten and entered in the systems. Henceforth, customers will therefore receive post from Interpolis that is indeed crystal clear. All of our communications to customers – letters, forms, quotes and website information – must ultimately be transparent and clear. The intention is to make the information provided readily understandable to the majority of the Dutch public, even if they have not had the privilege of higher education or do not have to read such information as part of their work. We target readers at language level B1 (threshold or intermediate, Common European Framework of Reference for Languages).

Based on various customer surveys, Achmea identifies where services can be further improved and how our customers value our services compared to those provided by other market players.

Since it is important to us to know how our customers feel about us, we regularly conduct customer satisfaction surveys. Additionally, many of our brands participate in customer satisfaction surveys conducted by the Dutch Insurers' Association, while a large number of them carry the Customer-Oriented Insurance quality seal, issued by Stichting toetsing verzekeraars (Stv). The customer satisfaction scores demonstrate that we did a good job serving our customers in reimbursing their medical expenses, loss or other setbacks, or in relation to their life insurance or pension. Customer satisfaction levels have remained consistently high for our brands – we view this as a sign of appreciation from our customers and it makes us confident that we are on the right track. The Customer-Oriented Insurance quality seal is a guarantee to customers that their insurer meets specific quality standards, based on criteria such as the provision of information, services, accessibility and customer satisfaction. Achmea retained the quality mark for eight of its brands in 2013. The company is working to ensure that all its brands will be entitled to carry the quality seal in 2014. Further information is available at www.keurmerkverzekeraars.nl.

CUSTOMER SATISFACTION SURVEYS (CARRIED OUT BY GFK ON BEHALF OF THE DUTCH ASSOCIATION OF INSURERS) AND CUSTOMER-ORIENTED INSURANCE QUALITY SEAL (ISSUED BY STV)

	CUSTOMER-ORIENTED INSURANCE QUALITY SEAL	NON-LIFE		HEALTH		PENSION & LIFE	
		2013	2012	2013	2012	2013	2012
Agis		-	-	-	7.6	-	-
Avéro Achmea	KKV	7.5	7.5	7.6	7.6	6.4	6.5
Centraal Beheer Achmea	KKV	7.8	7.8	-	-	6.7	7.4
FBTO	KKV	7.8	7.7	-	7.7	7.5	7.3
InShared	KKV	-	-	-	-	-	-
Interpolis	KKV	7.6	7.7	7.6	7.5	7.3	7.4
OZF Achmea	KKV	-	-	-	7.9	-	-
Pro Life Zorgverzekeringen	KKV	-	-	-	8.1	-	-
TakeCareNow!		-	-	-	7.6	-	-
Zilveren Kruis Achmea	KKV	-	-	-	7.4	-	-
Average of Achmea brands		**7.7**	**7.7**	**7.6**	**7.7**	**7.0**	**7.2**
Average for all insurers		**7.7**	**7.7**	**7.5**	**7.7**	**7.0**	**7.1**

Further information about complaints procedures and the customer surveys in relation to the Customer-Oriented Insurance quality seal is available on the websites of the participating insurance brands. In anticipation of the implementation of the Net Promoter Score as a management tool, a number of brands were not included in the customer satisfactions surveys for 2013.

Our customers

FBTO 'MOST CUSTOMER-FRIENDLY INSURER'

In 2013, consumers voted FBTO the 'Most Customer-Friendly Insurer in the Netherlands 2013', based on an online survey among 2,500 randomly selected Dutch consumers. The survey was conducted by De Onderzoek Groep, the consumer panel of research company MarketResponse. For more information, please visit www.klantvriendelijkstebedrijf.nl.

In addition, we regularly ask our customers if they would recommend our products to others. This customer loyalty metric – known as the 'Net Promoter Score' – is a key criterion of how our customers value our brands. The NPS allows us to forecast profitable growth and is a key indicator for changing our operations so as to become more customer focused and improve our performance. Achmea will therefore continue to measure and manage the Net Promoter Score, where we assess our customer performance for each brand and each customer process, and where improvements might be necessary.

Besides conducting these surveys, we also involve our customers in product improvement and policy changes by means of customer councils, customer panels and the onderling.nl initiative.

CUSTOMER PANEL SURVEYS

Several brands conduct regular customer panel surveys. For instance, De Friesland Zorgverzekeraar, Centraal Beheer Achmea and Agis. We ask customers to provide input on, for example, services provided, compensation and new products and services. Customer panel members are regularly asked for their opinions through online surveys, in discussion forums and during customer days. Based on the results and figures of the surveys, we conclude that our customers are satisfied, although some points for improvement were included for the different subjects submitted to the panels. Further information on, for example, the surveys from Agis is available at www.agisweb.nl.

CUSTOMERS IN THE SEAT OF THE INSURER

FBTO makes it possible for insured clients to participate in deciding on the payment of claims through the website Onderling.nl. This is a platform where insured persons can discuss insurance-related issues with each other and assess claims settled by FBTO. If desired by the majority of voters, FBTO will then pay compensation. Sometimes, discussions on the forum result in an amendment of the policy terms. In addition to the claims, Onderling.nl contains a number of statements which visitors can either agree or disagree with. Participants in the Onderling forum also discuss all kinds of insurance-related subjects.
The comments and opinions of the community are used to improve FBTO's services, products and communication.
One of the challenges Onderling.nl faces in pursuing further growth is retaining the interest of customers, many of whom are simply not that interested in insurance products.
A co-creation campaign was carried out at the end of 2013 with the purpose of developing a product in cooperation with consumers. Onderling.nl was looking for the best insurance idea relating to mobility. A total of forty-nine strong proposals were submitted altogether, from which the community selected the five best in early November.
The winning proposal – which involved an 'on/off switch' for motorcycle insurance – is currently being developed with the person who created it. Further information is available at www.onderling.nl.

Our customers

ASSESSMENT, SUPERVISION AND APPROACH FOR CUSTOMER CENTRICITY

As part of self-regulation, the Governance Principles for Insurers (Insurers' Code) was introduced at the end of 2010 for all insurers operating in the Netherlands. Among other things, the Insurers' Code sets out the product approval process, customer centricity requirements and the remuneration policy. Achmea became a signatory to the Insurers' Code shortly after its publication. The Governance Principles for Insurers Monitoring Committee, which monitors the sector's implementation of the Code, published its first full report in December 2012. One of the report's key findings was that the changes needed to operate in a way that is more in keeping with the needs and priorities of customers require long-term planning. The debate about this report between the Netherlands Authority for the Financial Markets (AFM), the Dutch Central Bank (DNB), individual insurers and other interest groups shows that compliance with the Insurers' Code involves a cultural shift that requires an integrated approach. Achmea fully endorses this conclusion of the report. We took significant measures in 2013 to achieve full compliance with the Insurers' Code. In 2013, among others the quality of advice had been increased and the cost of advice on our website were made transparent for mortgage products It is our intention to take a further step in the coming years to make our services distinctive in the market on a permanent basis. A full report on the application of the Insurers' Code by Achmea is available in Appendix A.

Customer centricity is a key area in the supervision exercised by the Netherlands Authority for the Financial Markets (AFM). It has developed various regulatory models which, based on studies, provide a picture of the ten largest banks and insurers in the Netherlands. In these studies, AFM assesses the extent to which companies prioritise customers' interests in terms of various products, services and processes, the extent to which the customer centricity 'philosophy' is safeguarded in the organisation, and the company's management and transparency. AFM passes on the findings to the companies concerned. In 2012, AFM concluded that the recent organisational change at Achmea, which included a separation of the distribution and product divisions, had not yet led to the desired overarching approach of customer centricity. This opinion coincided with the Executive Board's decision that the higher aim of being customer-driven must be linked to day-to-day procedures. In this context, the overarching 'Achmea Customers Centricity' programme was launched in March 2013.

The purpose of this programme is to make clear, right to Achmea's marrow, how essential it is to prioritise customers' interests and ensure that the measures associated with this practice are implemented by everyone throughout the organisation. The programme's purpose has become a widely supported part of Achmea's strategy.

A plan of action containing key performance indicators (KPIs) on quality and progress with respect to customer centricity was drawn up for each division. These KPIs concern customer contact, claims settlement, product assessment and chain management. Ownership of each of these KPIs rests with the divisional directors. The process of better representing customers in Vereniging Achmea's Members' Council by establishing customer panels at the divisions was included in the recommendations, and this initiative is currently underway.

The conditions for a successful Customer Centricity programme are in place. The current state of play is that responsibilities, progress and reporting with respect to the KPIs were established before the end of 2013 and are functioning properly. The Customer Centricity programme will be forcefully continued in the coming period so that, by the middle of 2014, our products will more than satisfy the standards that social stakeholders such as supervisors impose in this regard. Part of this process is identifying and eliminating barriers. There will be an increased focus in the coming year on communicating with employees about how Achmea prioritises customers' interests and how doing so can contribute to achieving our aim of becoming the most trusted insurer.

Our societal results

Our company makes its greatest impact on society through the day-to-day work of our people. Through its insurance, investment and other financial products, Achmea demonstrates how it fulfils its corporate social responsibility every day by providing solutions to the risks faced by today's world. In addition, Achmea also uses its knowledge and experience to contribute to solving social and economic problems, both in the Netherlands and elsewhere. Herewith, Achmea gives sense to solidarity principle on which our insurance tradition is based.

Our societal results

INSURANCE WITH SOCIETAL ADDED VALUE

By offering simple, affordable products that prioritise customers' interests, we aim to increase the value for both customers and society. For the benefit of society, our objective is for our propositions to visibly add social value. We strive to be more than a provider of financial services alone by also contributing to solving social issues, and it was on this basis that we signed the Principles for Sustainable Insurance (PSI) of the United Nations in 2012, which have underlined the vitality and relevance of the insurance business again. Insurance and sustainability go hand in hand, as both are concerned with safeguarding the future for us all. The foundation of insurance is solidarity – about sharing the risks that we are unable to carry by ourselves, and being able to continue our lives or our business when we are affected by illness or financial loss. As risk managers and risk bearers, insurance companies have used their influence to make life safer and 'future-proof', which we do both by insuring risk and by preventing it. Some of the devices we use to prevent risk are safety belts, safety helmets, sprinkler systems, fire detectors and workplace safety measures, along with insurance covers such as income protection and other social safety nets. Insurance has traditionally had a positive impact on our wealth and wellbeing. Now and in the future, the world is faced with new issues to which insurers will be able to make a significant contribution with their knowledge and expertise in risk. These represent some of the most pressing issues of our time, including global warming, the transition to sustainable energy sources, scarcity of raw materials, poverty, food security, demographic ageing and accessible, good healthcare for all.

All these new challenges call for new and innovative products and services. And product innovation based on public needs – sustainable insurances – provides new opportunities in the market. These products and services are both profitable for Achmea and benefit society at large. Examples include Centraal Beheer Achmea's volunteers' insurance; Interpolis' prevention advice; the services geared to new forms of mobility provided by Workaway; WagenPlan's climate-neutral fleet management; Centraal Beheer Achmea's insurance policies promoting reintegration; the sustainability contracts Syntrus Achmea enters into with its tenants; the socially responsible asset management provided by Staalbankiers; and Central Beheer Achmea's car-sharing insurance. Over the next several years, we will be exploring more opportunities for services and products that help our society and that fulfil the objectives of the PSI. We aim for all our brands to offer and/or create products and services based on this explicit societal objective.

Annually, we provide insight in the state of affairs. For more information, please visit www.achmea.nl.

It is difficult to quantify the precise added value to society of our product portfolio, but over the next few years we will be investigating whether there are metrics available to facilitate this. Until that time, we will measure our added value to society through independent surveys relating to transparency, sustainable investment and reputation conducted by the central government, non-governmental organisations and research institutions. For example, the Transparency Benchmark conducted by the Ministry of Economic Affairs is an annual survey of the content and quality of the sustainability reports of Dutch companies. We ranked fourth in 2013, which made us the highest-ranked financial services provider in the Netherlands once again. Our goal for 2014 is to reclaim our place in the Top 20 of the 500-largest Dutch companies. The benchmark of the Dutch Association of Investors for Sustainable Development (VBDO) is a key indicator in establishing whether our sustainable investment performance meets the standard, and in 2013 Achmea rose from eighth place to fourth place in this benchmark. We aim to maintain our top-5 position in 2014. The Dutch Fair Insurance Guide, which was launched in 2013 following the previously published Fair Banking Guide, also assesses the investment policies and business practices of insurance companies. Achmea scored a 7 in the first practical survey and aims to at least maintain this score in the practical surveys relating to the themes human rights, employee rights, climate change, health and nature.

The Reputation Institute conducts research into the reputation of Dutch and international companies. The Institute's data shows that corporate reputations are increasingly determined by sustainability. At the end of 2013, Achmea ranked 14th in the Reputation Institute's annual reputation benchmark. Since this benchmark is also a key indicator of sustainability performance, we feel a high position in this benchmark is very important. Our company aims to achieve a top-20 ranking in 2014.

Our societal results

COOPERATIVE MICRO-INSURANCE

In the Netherlands, we consider it a given for people to be insured against all manner of setbacks, but the situation in developing countries is altogether different. Achmea is involved in micro-insurance in a variety of ways to increase the economic and physical resilience of the poorest populations. Setting up and supporting micro-insurance projects that address health risks or risks associated with climate change, for example, makes it possible for millions of people to become self-reliant. Achmea employees actively contribute to this aim by sharing their knowledge about financial security on a voluntary basis. In 2013, a total of 69 employees worked more than 6,000 hours altogether as volunteers on micro-insurance projects.

In addition to the contributions of volunteers, Achmea also supports various micro-insurance cooperatives by providing the reinsurance cover. This support involves a portion of the risk being transferred to Achmea Reinsurance, ensuring that the cooperatives are protected against that which, for them, represents substantial loss. In addition, some projects are also supported by donations from the Achmea Foundation. This financial support is aimed at professionalising the cooperatives that provide micro-insurance. The insured parties pay their premiums themselves. Read more about the various micro-insurance projects at www.achmea.nl/en/sustainability.

Achmea is currently investigating whether it can contribute to further developing cooperative structures in East Africa and Asia. It has partnered with the Rabobank Foundation to jointly develop an integrated approach to saving, loans and insurance. Partnerships with other organisations, including Wageningen University & Research Centre and the development organisations PharmAccess and HealthNet TPO, are helping to improve healthcare and food production. All these efforts are contributing to more stable growth and the development of local economies. In time, these projects could lead to the full-fledged participation of Achmea.

BURUNDI FARMERS BENEFIT FROM PUBLIC-PRIVATE PARTNERSHIPS

A partnership between Achmea, development organisation HealthNet TPO and Wageningen University & Research Centre will contribute to the reconstruction of Burundi. The project involves improving the healthcare system, increasing agricultural output and improving economic resilience. In 2013, the project initiators teamed up with Minister Lilianne Ploumen of Foreign Trade and Development Cooperation. As one of the world's poorest countries, Burundi has been ravaged by food shortages, deforestation, draught, floods, HIV/AIDS and the aftermath of years of civil war. Trust between the people, food security, economic self-reliance and good healthcare are all essential to the country's reconstruction, and this project delivers in each of these areas.
The introduction of micro-insurance for both crops and healthcare expenses helps eliminate barriers to development and enables the rural population to use better agricultural methods and increase their income and food security without creating any unbearable risk. Another aim of the project, whose total budget is nearly €4 million, is to facilitate accessible healthcare. The Ministry of Foreign Affairs, through its Sustainable Business and Food Security facility, has invested €1.9 million in the project. The Achmea Foundation provided nearly €0.5 million.

Our societal results

VOLUNTEER WORK AND COMMUNITY INVOLVEMENT

A large number of Achmea employees volunteer in their own time, being involved in a wide variety of social activities. As a socially engaged company, Achmea encourages these volunteer activities in a number of ways, including by doubling the number of annual leave days for employees, up to four additional days.

Young people in action

Achmea believes it is important that young people engage in sports, as exercise is good for our physical and mental health. All children and adolescents should have the opportunity to take up a sport. Achmea invests in recreational sports and gets young people moving, and in 2013 it became an official Partner in Sport of the Netherlands Olympic Committee*Dutch Sports Federation (NOC*NSF). This partnership involves, among other things, the organisation of 'Olympic Moves' (formerly 'Mission Olympic') in conjunction with Coca Cola and the Royal Association for Physical Education (KVLO). Olympic Moves is the largest annual sporting competition for secondary schools in the Netherlands, with almost 300 schools taking part. A total of 150,000 young people enjoy engaging in sport together during the event. In addition, Achmea will be cooperating with the Youth Sports Fund to make it financially possible for young people to take up a sport. Achmea and NOC*NSF will also measure whether more people are actually taking up a sport in the Netherlands and whether people are engaging in sports more actively and frequently. Achmea will target its campaign mainly to pupils aged 8 to 18. We will present the results in the Achmea Sport Participation Index.

EUROPEAN YOUTH OLYMPIC FESTIVAL IN UTRECHT

From 14 to 19 July 2013, the Olympic flame was to be found in Utrecht, the Netherlands, where it had been flown in for the occasion of the twelfth European Youth Olympic Festival (EYOF). The sporting event attracted over 40,000 visitors. Achmea was an official partner of the EYOF and arranged a variety of activities prior to the event that got almost 20,000 young people moving. Over 900 Achmea employees were involved in the EYOF as volunteers.

The 'WeHelpen' cooperative brings informal caregivers, patients and volunteers together

Wehelpen.nl is an online marketplace that allows users to request, offer and organise assistance of any kind.
The platform, which is designed to facilitate the creation of local networks of people who help each other, includes user features such as a calendar and a log. Help offered is rewarded with credits that the recipient can use to ask for help or can donate to someone else who needs help. In addition, the website is a source of information for informal caregivers, volunteers and those in need of help. The cooperative was formed by Achmea, Bureauvijftig, CZ, Menzis, PGGM, Rabobank, The Caretakers and VitaValley. The common goal is to initiate a national movement in the fields of informal care and civic participation.

Woonfonds Doet!

Mortgage lender Woonfonds celebrated its fortieth anniversary through the Woonfonds Doet! Campaign. As part of this effort, more than 50 employees took up the cases of customers who had run into financial problems through no fault of their own. These were customers who had, for example, lost their jobs, undergone a divorce or became ill. Together with other professionals, Woonfonds employees set out to assist and support these customers. Their efforts made it possible for a home to be altered or refurbished, for example. Further information about the different jobs performed is available at www.woonfonds.nl.

FIFTH ANNIVERSARY OF INSURANCE FOR VOLUNTEERS

Volunteers perform important work for our society and the importance of volunteer work is set to increase in the coming years. Wherever work is performed, however, things can go wrong. And this is no different for volunteer work. To properly insure volunteers, VNG Verzekeringen and Centraal Beheer Achmea offer the VNG Vrijwilligersverzekering, an insurance specially designed for volunteers. 2013 marks the fifth anniversary of this volunteer insurance policy. Almost three-quarters of Dutch municipalities have now taken out this insurance. We are using the fifth anniversary to draw greater attention to this insurance among volunteers and organisations. We are also continuing to actively support municipalities in communications to volunteers, including by hosting information sessions and offering leaflets and videos. Further information about our activities in this area is available at www.centraalbeheer.nl/vrijwilligers.

Our societal results

INVESTING IN SOCIETY

Funded foundations

Several foundations are active within Achmea. The Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving focus on improving the situation of vulnerable groups in society. In addition, three foundations that are co-funded by Achmea – Stichting Gezondheidszorg Spaarneland, Stichting Theia and Stichting Achmea Gezondheidszorg – are dedicated to improving the efficiency of Dutch healthcare.

Achmea Foundation

Each year, 0.5% of Achmea's net profit is allocated to the Achmea Foundation. The Achmea Foundation's objective is to genuinely contribute to permanently improving the socioeconomic conditions of groups in need of help in society by making financial resources available. Donations must benefit projects aimed at permanently improving the situation of underprivileged groups. Further information about the Achmea Foundation, a list of the projects supported and the foundation's annual report are available at www.achmeafoundation.com

Stichting Achmea Slachtoffer en Samenleving

Stichting Achmea Slachtoffer en Samenleving (SASS) supports research and projects being carried out to improve the position of victims and the outcomes of which can be rapidly and broadly applied. For more information about SASS and the products being funded, please visit www.sass.nl.

Financially supporting breakthroughs in health and healthcare

Although there are many good ideas in the world of healthcare, budding, innovative initiatives are often excluded from regular flows of funding for research or care funding. Such initiatives frequently fail to progress because of a lack of money. Such a failure does not necessarily say anything about the quality and importance of such a project, however. Three foundations affiliated with Achmea, Fonds Stichting Gezondheidszorg Spaarneland (SGS), Stichting Theia and Stichting Achmea Gezondheidszorg (SAG). Each of the funds has its own management which decides on loan applications based on its own criteria. For more information, please visit www.achmeazorg.nl.

Our societal results

Looking for breakthroughs in the healthcare infrastructure

Breakthroughs in the healthcare infrastructure are needed to improve the quality of care and controlling costs by achieving higher quality. Achmea invests in the healthcare sector to help in this regard. It has reserved €200 million for participating interests in the healthcare sector in the long term. Achmea does not wish to manage existing care providers. It does, however, wish to foster development and exercise influence in areas like diagnosis technology, quality of care, prevention and eHealth. Achmea does not invest in programmes that are not part of a broader and long-term drive. It only invests in initiatives that structurally improve care and health in the Netherlands.

Achmea Zorgparticipaties and a participation fund of De Friesland Zorgverzekeraar are used for risk-bearing investments in mainly Dutch companies. The philosophy in this regard is that the participating interests must improve health and reduce care costs, and that healthy returns must be achieved at the same time to recoup the investments. Achmea works closely with academic institutions such as the University of Twente and Delft University of Technology. Two or more investments are made each year, and Achmea Zorgparticipaties has invested a total of over €10 million to date. In addition, together with Life Science Partners (LSP), Achmea set up the LSP Health Economics Fund in 2012. This fund has made €50 million is available for participations in companies that develop products that both increase the quality of healthcare and reduce the costs of care. Other parties are also participating in the fund. Further information about Achmea Zorgparticipaties and the LSP fund is available at www.achmea.nl/zorgparticipaties and www.lspvc.com.

'WHITE CANE FOR THE BLIND: INTELLIGENT AFTER 90 YEARS'

One example of our Achmea's investments is I-Cane.
The annual International White Cane Day, held on 15 October 2013, saw the launch of an 'intelligent white cane', the I-Cane Mobilo. Enhanced with state-of-the-art navigation and sensor technologies, the cane is connected to a smart-phone to operate as a navigation tool that is also equipped to detect obstacles along the way.
The I-Cane Mobilo enables users to include routes along with other users, which they can then complete independently at a later stage. The specially developed and patented 'sensory arrow' transmits relevant, tactile information to the user through a rotation device that users can operate with their fingers, thereby keeping their hearing alert. Hearing is extremely important to the blind and visually impaired in order to compensate for their reduced eyesight and is therefore spared as much as possible through the use of this device. The I-Cane Mobilo resembles a regular white can in terms of appearance and weight. Although the I-Cane is not yet covered by our health insurance policies, we provide our customers access to the cane by reimbursing part of its cost. For more information, please visit www.i-cane.org/en/home

Our employees

Another level of service to our customers requires employees who are more flexible – and, by extension, a more flexible organisation. Our customers want to be able to contact us on weekdays from 9 to 5, but also during the weekend, in the evening and sometimes even at night. They also decide on the channels that they use to contact Achmea: by telephone or email or through social media. We achieve greater flexibility by making it possible for our people to work anywhere, anytime. This approach also enables our employees to achieve a better work-life balance. We are also dedicated to making our employees more employable by supporting them in their development.

Our employees

A FOCUS ON SUSTAINABLE EMPLOYABILITY

The professional and personal growth and development of employees is one of the central themes in Achmea's employment practices. Achmea encourages and facilitates employees in their development process, as a result of which they are and remain resilient, adaptable and valuable. In this context, work is also carried out to identify where in the organisation employees are potentially at risk of future job loss. These employees are subsequently assisted in their development and in strengthening their position in the labour market. These efforts ensure the sustainable employability of employees.

The reorganisation announced last year will start to take effect this year and will have consequences for many of our valued colleagues. We will take the greatest possible care of the interests of those employees affected.
The Achmea Transfer Centre (ATC) supports redundant employees in finding other, appropriate work at Achmea or elsewhere. Employees may be made redundant following a corporate reorganisation or relocation of operations. Achmea is endeavouring to increase the probability of placement by limiting the headcount reduction to external employees and not renewing temporary contracts where possible. Candidates for reassignment have priority with respect to internal vacancies. The ATC cannot reassign all redundant employees within the company. As a result of the organisational change to be implemented over the next three years, we expect that involuntary redundancies are inevitable. This could potentially affect 3,000 jobs. The ATC will do everything within its powers to have as many employees as possible reassigned, the objective being to ensure that as many people as possible find jobs at other companies. A total of 576 employees used the services of the ATC in 2013, with 61.3% of these employees being successfully reassigned (versus 60% in 2012). On average, 193 redundant employees were employed on a temporary basis within Achmea in 2013 (180 in 2012). The external placements rate for 2013 was 10.4% (16.7% in 2012).

Retaining knowledge and experience with Silver Pool

The Silver Pool was established in January 2010 for redundant employees aged 57½ and older to whom the redundancy plan applies. Achmea and these employees together actively look for opportunities for temporary work, to ensure that people's talents and experience can be used in a variety of areas. These employees continue to receive full pay while on temporary assignments, and if work is temporarily unavailable they can rely on the safety net and receive 75% of their salary. If temporary work becomes available or there are other job openings, they have an advantage over temporary workers and contractors. Through the Silver Pool, Achmea retains individuals who have knowledge and experience and saves costs associated with hiring external agency workers, consultants and other contractors. The Silver Pool consisted of 94 employees at the end of 2013, of whom 66 are currently employed (5 outside Achmea). On average, 73% of the Silver Pool was employed in 2013.

Training and Education

We invest in professionalism and personal skills, so that our employees can provide our customers with professional advice. Customer centricity is a key theme in all our training programmes. In 2013, 3.2% of the wage bill was spent on training and education (3.3% in 2012). As part of our plan for sustainable employability, Achmea's development policy for employees is not limited to 'traditional' job-oriented training. It is also aimed at facilitating the personal development of employees and the acquisition and retention of a strong position in the internal and external labour markets.

Achmea provides numerous internal training opportunities, including a Management Development programme that prepares employees who have the potential to achieve a senior position in our organisation. The development and profiling of specialists is likewise made an integral part of our activities in Specialist Development programmes. Training courses, workshops, meetings and seminars broaden and deepen the expertise of Achmea employees and provide opportunities for personal development. The Achmea Academy cooperates with providers of training programmes throughout the world and also internationally with its Partners in Eurapco, an alliance of independent European financial services companies of which Achmea is a member. The Achmea Academy provided courses to over 16,500 participants in 2013 (employees have the option to enrol in multiple courses). For further information and a list of the Achmea Academy's training courses, please visit www.achmea-academy.com.

Our employees

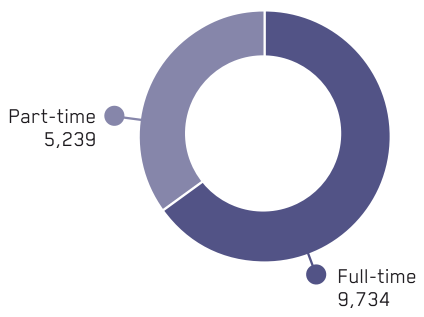
ACHMEA AS AN INNOVATIVE EMPLOYER

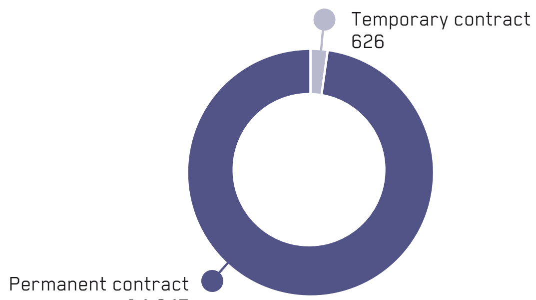
As an employer, Achmea is faced with a wide range of social trends, including customers' changing expectations, the increasing individualisation of society, issues relating to work-life balance, a growing reliance on informal care, and mobility-related problems. Achmea strives to provide modern and innovative solutions to its employees. Our aim is to continue recruiting, retaining and developing talented and ambitious employees.

The 'Vertrouwd Samen Werken' (VSW) programme is an example of our innovative employment practices.
The programme's purpose is to further implement the 'wireless office' in order to provide better services to our customers. Achmea intends to organise itself around the customer in a flexible way through VSW. The programme has made it possible to assist customers more rapidly (for instance, outside regular office hours), while also providing employees with opportunities to better manage their work-life balance. If the amount of office space is reduced along with traffic mobility, costs will decrease accordingly.
An added benefit, of course is that traffic also benefits the environment due to the lower carbon emissions.
An increasing number of employees opted to work on a flexible basis in the past year. In addition, experiments in self-scheduling, a method by which employees organise the staffing level required in consultation, are being carried out at different locations.

Another example is that Achmea employees in the Netherlands may choose once a year to work more or fewer hours a week and take more or less leave per year. In 2013, a total of 4,220 employees opted for more or fewer working hours (4,144 in 2012), while 2,526 employees opted for more or less leave (compared to 2,659 in 2012). In addition, to help employees improve their work-life balance, Achmea was the first employer to provide for informal care in the Collective Labour Agreement by making employees providing informal care eligible for care leave.

NUMBER OF EMPLOYEES AS AT 31 DECEMBER 2013,
BROKEN DOWN BY CONTRACT





This information relates to Achmea's Dutch operations, not including 'third-party' companies. In addition to the information provided on the following pages, further background information about our employees is available at www.achmea.nl

Our employees

EMPLOYEE ENGAGEMENT

Since Achmea would like to be aware of what is on the minds of its employees, it conducts an Employee Engagement Survey in the Netherlands in September of each year.
Based on the survey results, a number of key objectives are set, which managers and their teams then set out to achieve the following year. One of the key indicators is employee engagement, which increased by one percent in 2013, to 73%. Most key indicators increased slightly or remained the same, relative to 2012. Achmea checks both employee engagement and the extent to which Achmea lives up to its identity in the eyes of its employees. Our intention is to be recognised by society as the most trusted insurer. Achieving this 'most trusted' status would be very significant on a day-to-day basis, as it is closely related to financial soundness and transparency about our actions. It clearly also relates to living up to expectations – to delivering on our promises to customers, who should be able to trust that their insurance company will be there for them when needed. Being the most trusted insurer also means being accessible to everyone, and achieving this status would extend to all our stakeholders, above all our customers. A total of 62% of our employees has indicated that we are on the right track in terms of achieving our bold ambition (2012: 63%). According to our employees, we score the same in Customer Centricity as we did in 2012 (62%).
At 86%, the response rate remained virtually stable in 2013.

EMPLOYEE INDICATOR (IN %)

	2013	DIFFERENCE RELATIVE TO 2012
Average Employee Indicator	75	+2*
• Relationships with colleagues and managers	88	+1
• Quality of managers	80	+2
• Work satisfaction	74	+4*
• Wellbeing	70	-1
• Talent development and use	71	+2
• Sustainable employability	64	+2*

* Calculated differently than the figure presented in the 2012 Corporate Responsibility Report to enable comparison with 2013 results.

Achmea also wishes to explicitly add value to its employees, since they are ultimately the ones responsible for providing the best possible service to our customers. Being aware that customer satisfaction is one of the factors that affects the quality of service our customers receive, we developed the 'Employee Indicator' in conjunction with Utrecht University, which is also measured using the Employee Engagement Survey. This indicator provides insight into aspects that are in the direct interest of employees. The average of this indicator is 75%, which means it is up by two percent points from 2012. More figures are available at www.achmea.nl.

CONSULTATION WITH PARTICIPATION BODIES AND TRADE UNIONS

Achmea's participation bodies held various consultative meetings with the directors in 2013. The central works council and trade unions regularly liaised on a formal and informal basis and exchanged information. In addition, the trade unions regularly held consultations with the management bodies, while weekly informal meetings were held between the executive board of the central works council, the Chair of the board of directors, and the HR director. The central works council handled a total of 34 requests for advice and four requests for consent in 2013.

DIVERSITY

As a company that aims to provide the best possible service to its customers, Achmea is committed to fostering employee diversity and authenticity, as we believe that greater diversity results in higher-quality, better-performing employees. Part of this commitment is the Life Stage Diversity Policy, which is based on identifying, acknowledging and developing the individual talents of all employees. This policy naturally includes respect for individual culture, religion, stage of life, background and sexual orientation. To Achmea, diversity is a quality of strategic importance, aware as we are that teams in which a variety of groups are represented are better able to respond flexibly to changes in the working environment. The greater the diversity involved in decision-making, the better the decision-making and the more it is in keeping with society. Different internal networks are part of the diverse culture: DiVA (Achmea Women's Diversity Network), Young Achmea (for Achmea employees aged 35 and younger) and HoLA! (the platform for lesbian, gay, bisexual and transgender individuals (LGBTs)). Achmea signed the Declaration

Our employees

of Amsterdam, an initiative designed to bring about real improvements for lesbian, gay, bisexual and transgender people in the workplace. Further information about the declaration is available at www.workplacepride.org.

Each year, Achmea makes additional work experience positions available for disadvantaged job seekers. The programme provides a springboard for these workers, preparing them for meaningful careers either at Achmea or elsewhere. This initiative is an addition to the company's established policy of hiring people with physical disabilities or chronic illnesses.

UNDESIRABLE BEHAVIOUR

The company employees at least two confidential counsellors – one male and one female – at each key location. These internal confidential counsellors support employees who wish to take action under the individual Right-of-Complaint and Undesirable Behaviour schemes. In some cases, the company might also involve an external confidential counsellor. Achmea does not tolerate discrimination, aggression, intimidation and non-compliance with terms and conditions of employment and employee schemes. The internal confidential counsellors handled a total of 96 cases in 2013 (63 in 2012), involving 103 employees altogether. Sixteen cases concerned undesirable behaviour, while the other 80 related to the individual right of complaint. The General Individual Right of Complaint Committee received eight complaints in 2013, two of which were inadmissible and five of which are still pending. One complainant eventually decided to withdraw the complaint. The Undesirable Behaviour Committee did not receive any complaints.

Contrary to the legal obligation concerning gender diversity, the Executive Board is currently an all-male one. Achmea is fully aware of this legal obligation. However, partly because of the stringent requirements imposed by the regulator regarding the suitability of board members, Achmea has not yet succeeded in complying with the legal obligation referred to. In addition to the aim of maintaining a balance in the Executive Board's skills while ensuring at the same time that candidates have the experience required in terms of insurance, finance and risk, strengthening gender diversity is included in considerations regarding the filling of Executive Board vacancies. The advancement of women to top positions remains a priority in successor planning for the Executive Board and the management level immediately below the Executive Board. Although Achmea recognises the importance of greater gender diversity and quality, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process. The Supervisory Board does comply with the legal requirements regarding diversity.

MALE/FEMALE RATIO AT OUR DUTCH OFFICES AS AT 31 DECEMBER (IN %)

REMUNERATION POLICY

Because of the persisting crisis of confidence in the financial sector, Achmea's redefined identity, increasing regulations and changes in Achmea's revenue model, Achmea amended its remuneration policy on several occasions in recent years. In coordination with the Supervisory Board, the Executive Board took numerous initiatives in this regard.

Our employees

The main changes included:
- an emphasis on customer centricity
- a more stringent and effective risk management policy
- a good balance between short-term and long-term objectives
- a recalibration of employee benefits, including reduction in these benefits

Tightened performance management

Over the past several years, the company's remuneration policy has been brought in line with Achmea's redefined identity. This entailed verifying and adjusting the policy against the Regulation for Controlled Remuneration Policy of the Dutch Central Bank (Richtlijn Beheerst Beloningsbeleid 2011). The pay structure of Achmea's top management (the top 400) was reviewed effective 1 January 2013. Changes entered into effect on 1 January 2013. The percentage of variable remuneration was at least halved in all cases. This was also the case with the Executive Board; this change included a limited adjustment of members' fixed salaries. The Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act was implemented in the Health Insurance Division and De Friesland Zorgverzekeraar (DFZ). This Act means that a different, more austere pay structure applies to those concerned in the Health Insurance Division and DFZ relative to comparable officers elsewhere within Achmea. The award of variable remuneration depends on the extent to which employees achieve a mix of long-term and short-to-medium-term performance targets set in advance. These performance targets reflect, in a balanced way, the stakeholder model of customers, employees, business partners and shareholders, and the social perspective. Together, they agree on quantitative and more qualitative targets, as well as financial and non-financial performance targets. As part of a balanced mix of performance targets, agreements are made with respect to:
- An appropriate translation into practice of customer centricity
- A controlled risk profile of the group with requirements relating to its solvency and liquidity
- Ensuring an effective, comprehensive framework based on risk management
- Focus on the long-term employability of personnel, including a progressive diversity policy and a high degree of employee engagement
- Strengthening cooperation with strategic partners
- Demonstrably giving attention to societal issues and contributing to the resolution of these issues

New Collective Labour Agreement effective 1 June 2013

On 23 July, Achmea and the trade unions FNV, CNV and De Unie agreed on the terms of the new Collective Labour Agreement, and after consulting their members the unions agreed to these terms. One of the key terms of the new Agreement, which is valid from 1 June 2013 to 1 June 2014, involves the new pension scheme that was implemented on 1 January 2014. This scheme is in line with the changes implemented by the central government and has been adjusted to better accommodate the new reporting rules to which Achmea is subject, and which are more in line with similar market arrangements. The distribution of the risk of insufficient pension accrual between employers and employees (i.e. though the pension fund) has been changed in the new scheme. Under the previous scheme, employers would bear the brunt of the risk associated with pension accrual, including the risk of pension premiums increasing as a result of higher life expectancy or falling interest rates. Additionally, Achmea is also responsible for indexing pension accrual and for making additional deposits into the pension fund if the funding ratio is too low.

However, this is set to change in 2014, with a more even distribution of risk. Achmea is responsible for paying the premiums, which are calculated based on a pre-defined grid. The pension fund is subsequently responsible for the accrual of annual pension benefits and for pension indexation, as well as for ensuring that the funding ratio is sufficient (in the previous situation, it was responsible for taking action whenever this fell below a specific standard). Another change is that the indexation of accrued benefits will become dependent on funding ratio. Through these new arrangements, Achmea is taking an important step in creating a sustainable pension scheme. As a result of this plan amendment, Achmea has recognised negative past service costs in 2013 amounting to €35 million, which are presented as part of Operating expenses. Through these new arrangements, Achmea is taking an important step in creating a sustainable pension scheme.

The pension schemes of executive board members were retrenched on 1 January 2014, in line with the adjustments for personnel covered by a Collective Labour Agreement. This matter is explained in greater detail in the remuneration report for 2013, which will be made available on www.achmea.com.

Our partners

We sell our insurance both to customers directly and to various distribution partners, the most important of which are banks and brokers. Since 1 January 2013, our distribution partners in the Netherlands have been subject to a ban on commissions for financial advice and brokerage. This means that advisers must charges fees to customers directly for the advice they provide. Achmea has been supporting its distribution partners in implementing these changes.

Our partners

RABOBANK

Rabobank owns 29.2% of Achmea and the two financial institutions work closely together. Through the Interpolis brand, Achmea is Rabobank's exclusive supplier when it comes to mitigating risks. To make this aspect a success, Achmea is supporting Rabobank in implementing its new business model for insurance. Through the Interpolis brand, for example, Achmea develops special propositions for Rabobank's customer groups in which advice on risk, prevention and clear insurance solutions are key elements. Interpolis is increasingly becoming a risk and prevention specialist in this regard. These propositions are, of course, also suitable for the virtual channels through which customers wish to do business with their bank and insurer.

An important step was taken in 2013 as part of the aim of further strengthening the commercial cooperation on an international level. After a year of preparation, Achmea was granted a licence at the end of 2013 to sell insurances in Australia in close cooperation with Rabobank. Under the brand name Achmea Australia, Achmea sells non-life insurance products and services to Rabobank's agricultural customers in Australia. Given the cooperative roots of both companies, their strong presence in the agricultural sector and their affiliation with each other, entering the Australian insurance market for agricultural companies was a logical strategic step. Further information is available at www.achmea.com.au.

INTERPOLIS SELLS TRAVEL INSURANCE THROUGH RABO BANKING APP

Rabobank and Interpolis are among the first in the market to offer insurance in a mobile application for banking. This is an important step in achieving our shared online goals. Using the Rabo banking app, Rabobank customers are now able to take out short-term travel insurance in just a few minutes and in the comfort of their own home. The insurance can even be purchased at the airport if customers discover they have no travel insurance yet. The short-term travel insurance provides cover for assistance, damage and loss of baggage for a single trip. Many customers are now opting for short-term travel insurance rather than multi-trip travel insurance. The app makes it very easy to take out such insurance. Customers can, of course, also continue to take out insurance in the 'traditional' way at their bank branch or by telephone. Achmea and Rabobank intend to add more Interpolis insurance policies to the app in the future.

FROM SELLING INSURANCE TO ADVISING ON RISK

Rabobank and Achmea use risk management as a strategic instrument in their customer relations. In recent years, a supporting tablet application was developed that makes business risks and solutions in this regard immediately transparent and concrete. It allows risk advisers to show the risk impact on the tablet during the actual meeting with the customer. What is the effect of being insured or not being insured? What are the consequences of certain preventive measures? Customers receive clear answers to questions such as these immediately.
The 'Risks Identified for Customers' (RiZK) application is part of the partnership between Interpolis and Rabobank aimed at helping businesses understand risk and mitigation solutions in a new way. Moreover, the solutions offered are genuinely meaningful in the specific sector in which the business operates, all aimed at increasing business continuity.

Our partners

BROKERS

Many of Achmea's insurance policies are sold through brokers or agents – these may be advisors, websites based on execution-only services, or a combination of both. Achmea's main brokerage channels are the affiliated advisors of Avéro Achmea, the comparison site Independer.nl, the Association of (Prospective) Homeowners (Vereniging Eigen Huis, VEH, a consumer organisation), and retail organisation Hema.

Partners of Avéro Achmea

Avéro Achmea doesn't sell its products and solutions themselves, but works together with professional advisors. Customers must be able to put blind faith in the expertise, independence and good service of their advisor. Avéro Achmea therefore cooperates with a select group of independent, entrepreneurial advisors. We agree on clear terms and develop innovative solutions with these advisors. The purpose of this work is to ensure that customers receive valuable advice and are insured in a way that is best for them. An academic study into the value of advice carried out on the initiative of Avéro Achmea shows that both business and private customers who have obtained proper advice are better able to organise their finances, now and in the long term. We help advisers navigate the transition from product driven to advice-oriented services and in the shift in terms of role from financial adviser to risk manager. We provide this assistance by offering training courses and supporting advisers with knowledge and resources, for example, which is all part of our strategy to take risk management to a higher level. In addition, we are clearing the way for corporate social responsibility. Further information is available at www.dewaardevanadvies.nl and www.averoachmea.nl.

Independer

As part of its efforts to better understand customers' needs, Achmea entered into a strategic partnership with comparison site Independer in 2011, driven by a desire to learn both about our customers' needs and about the innovative method introduced by Independer. In the process, we have become a majority shareholder in Independer: the founders own 23% of the company, while Achmea owns the remaining shares. We wish to learn from Independer's innovative way of working and, together with Independer, have developed a variety of new services, including the option to compare the quality of hospitals. In order to facilitate change in the insurance industry and give consumers more choice, Independer was also looking to work more closely with insurance companies, and in addition to partnering with Achmea it has also entered into partnerships with other insurance companies.

Through the partnership, both parties expect to be able to accelerate the development of customer-focused products and services. Independer will remain an independent entity, and its position as an objective consumer comparison site will remain guaranteed because, among other things, all insurers will continue to have equal opportunities in comparisons made by Independer. Please visit www.independer.nl for more information.

Association of (Prospective) Homeowners

The Association of (Prospective) Homeowners (VEH) is a consumer organisation that serves the interests of more than 690,000 members. The association and FBTO have agreed discounts on FBTO insurance, which means that customers receive additional benefits if they are members of the association. Further information is available at www.fbto.nl.

Hema

Retail organisation Hema is the only provider from outside the sector that has built up a significant market share in financial services. Since 2011, Achmea has acted through its online brand InShared as the risk carrier of non-life insurance products offered by Hema. Becoming a customer, changing a policy or reporting a change of address have been organised in such a way that customers can take these actions themselves.
Hema can therefore keep costs down and offer financially favourable insurance products. In other words, and in keeping with its tradition, Hema can offer quality for a good price.

Our partners

INTERNATIONAL PARTNERS

Garanti Bank

Garanti Bank is a leading bank in Turkey and one of the largest Turkish financial services providers. With over 19,000 employees, it offers a broad range of financial services to 12 million customers. An exclusive partnership is in place between our Turkish subsidiary Eureko Sigorta and Garanti Bank for non-life and health insurance. Because of its partnership with Garanti Bank, Eureko Sigorta is Turkey's market leader in banking distribution. Garanti Emeklilik is the division of Garanti Bank devoted to life insurance and pensions. Achmea holds a 15% stake in Garanti Emeklilik. Further information is available at www.garanti.com.tr/en and www.eurekosigorta.com.tr/en-ie.

Eurapco

Eurapco is an alliance of seven independent European financial services companies with operations in 17 European countries. The partners are Caser (Spain), Covéa (France), Gothaer (Germany), Länsförsäkringar (Sweden), Swiss Mobiliar (Switzerland), Local Tapiola (Finland) and Achmea. Each partner is a leader in its respective domestic market and, together they form a European partnership. The partners collectively have a premium volume of almost €50 billion and serve approximately 35 million customers.

Through partnership and cooperation, the partners work to strengthen their positions in their respective local markets. The partners also benefit from their involvement on the international stage. Key minority shareholders Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Swiss-based Mobiliar are all members of the Eurapco alliance. Further information is available at www.eurapco.com.

Our processes

As a cooperative insurer, we regard it as our duty to keep our costs as low as possible for our customers. As we are a large organisation, it is indeed possible for us to cut costs, and to achieve this aim we must reduce the complexity of our products, business operations and IT. This simplification will make it possible for us to work more rapidly and flexibly. By making it possible for our employees to work anywhere, anytime, we are better equipped to meet customer needs, and operate more efficiently while at the same time contributing to reducing traffic congestion and carbon emissions.

Our processes

DIGITISATION

Transformation into a digital insurance company

Dutch people are increasingly using the internet for many different purposes, including their insurance. In order to continue to be able to provide the best possible services to our customers, we will be making some changes to our processes and procedures. Through the changes we are implementing, we are responding to our customers' constantly and rapidly changing needs. This trend is set to continue in the future, and we are responding to future changes. We are investing in online customer contact, including through websites, social media such as Twitter and Facebook, and mobile phone applications.

Our customers want to be able to communicate with us electronically on a 24/7 basis in order to manage their business. Although the existing customer service channels will remain in place, they will need to be seamlessly integrated in order to provide customers with the same treatment, services, processes and products as when customers switch between the various channels.

By increasing its online presence, Achmea will benefit from the opportunities provided by digitisation. Achmea and Interpolis were among the first insurance companies to introduce an online tool that allows consumers to check whether they are properly insured. Customers are therefore assisted in assuming personal responsibility for keeping their insurance policies up-to-date and can make informed decisions about what they wish and do not wish to have insured.

Zilveren Kruis Achmea and Avéro Achmea have set an ambitious growth target for digitisation within their organisations: whereas health insurance customers can choose to receive 51% of communications in electronic format, we would like to increase to 95% by the end of 2014.

DIGITAL PERSONAL HEALTHCARE OVERVIEW

Zilveren Kruis Achmea launched an electronic version of the personal healthcare overview this year, after Agis and Avéro Achmea had previously developed this service. This overview includes the insurance policy and specifies, among other things, the individual's insurance policies, claims submitted and reimbursed, the individual's use of healthcare services, and the excess involved. The online tool also enables users to efficiently submit claims, check reimbursements, edit personal details and check whether their insurance cover still meets their needs.
In addition, users can indicate whether they would like to receive the statement of claims in electronic form rather than by post. 'My Zilveren Kruis' also includes the insurance documents that we have sent in electronic format, giving users a comprehensive overview at a single location. FBTO and Zilveren Kruis Achmea also developed an app that allows users to submit claims for healthcare invoices rapidly and easily.

FBTO and InShared already have a high degree of digitisation. Achmea is also investing in digitisation on behalf of its other brands, and this investment should result in a further reduction in paper consumption. Our policy of reducing paper consumption by printing less has been successful, but we will need to make additional efforts to reduce it further, including through electronic communications with our customers.

We have reduced printing at our offices, including by introducing a new printing method whereby prints are no longer made automatically, but only after employees have inserted their ID cards. In addition to a reduction in paper consumption, these types of simple changes will save the company €5 million in five years. Achmea uses only FSC and PEFC-certified paper.

PAPER CONSUMPTION IN THE NETHERLANDS (IN 1,000KG)

	2013	2012	2011	2010	2009
A4 printing paper	288	338	434	400	634
Envelopes	664	686	655	623	582
Policy documents	788	712	620	769	772
Total	**1,740**	**1,736**	**1,709**	**1,792**	**1,988**

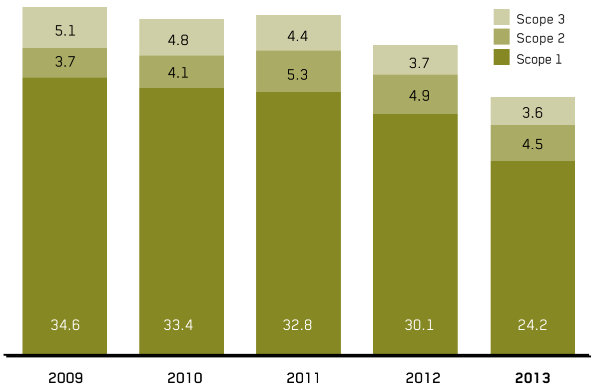
Relative paper consumption in the Netherlands in 2013 (excluding 'third-party' companies) was approximately 109 kilograms per FTE (versus 102 in 2012).

Our processes

SUSTAINABLE BUSINESS OPERATIONS

Achmea's operations have been carbon neutral since 2011 thanks to our carbon offset policy. For offsetting the net carbon emissions of 2013, Achmea purchased VCS-certified credits from a wind power project in Rajasthan in India.

CARBON EMISSIONS IN THE NETHERLANDS (IN KILOTONS)



TAKING RESPONSIBILITY IN THE CLIMATE DEBATE

The number of disasters caused by extreme weather conditions is increasing, and these disasters cost money. According to a Munich Re calculation, total damage in 2010 amounted to approximately €97 billion. In the Netherlands, the expected increase in heavy rain showers during the summer months could lead to an increase in the number of claims submitted because of precipitation damage. Based on climate scenarios up to 2050 of the Royal Netherlands Meteorological Institute (KNMI), damage per intense rain shower in the context of buildings insurance is expected to increase by 6 to 22%.

There is broad agreement in the scientific community about the link between the emission of greenhouse gases like carbon dioxide and climate change. The business community, of which Achmea is a member, has now taken steps to identify and reduce greenhouse gas emissions. Achmea has implemented the following measure by annually compensating for its residual carbon emissions.

CARBON EMISSIONS IN THE NETHERLANDS (IN KILOTONS)

		2013	2012	2011	2010	2009
Scope 1	Natural gas	6.9	10.7	12.5	12.5	11.6
	Fuel for power generation	0.0	0.0	0.0	0.0	0.1
	Cooling agents (in CO_{2eq})	1.0	0.7	0.7	0.1	0.6
	Car fuels – lease (WagenPlan)	15.9	17.6	17.0	16.4	16.5
	Car fuels – lease (Athlon)	0.3	1.1	2.6	4.3	5.8
Scope 2	Electricity (green)	0.6	0.7	0.8	0.7	0.7
	Flights	1.0	1.0	0.9	0.8	0.7
	Car fuels – business mileage	2.9	3.1	3.5	2.6	2.3
	Public transport – business mileage	0.0	0.1	0.0	0.0	-
Scope 3	Paper	2.1	2.1	2.1	2.2	2.6
	Waste	1.5	1.6	2.3	2.4	2.5
Gross total		**32.3**	**38.6**	**42.5**	**42.1**	**43.3**
Emissions already offset		15.9	17.6	17.0	16.4	16.5
Net total		**16.4**	**21.0**	**25.5**	**25.6**	**26.9**

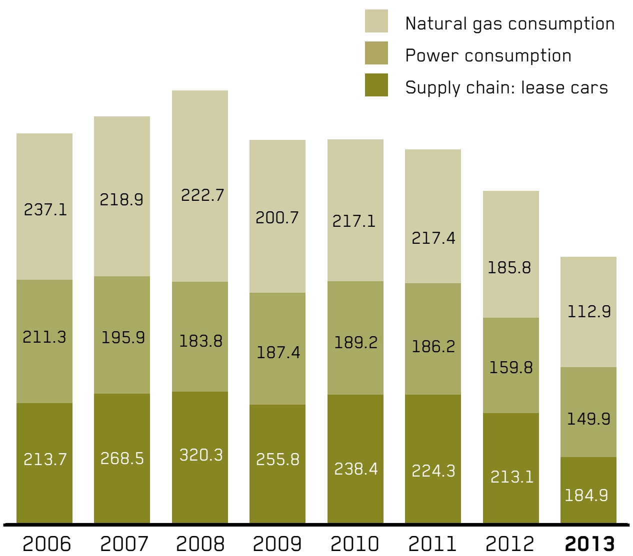
Relative gross carbon emissions in the Netherlands (excluding 'third-party' companies) in 2013 amounted to approximately 2.0 tons of CO_2 per FTE (versus 2.3 in 2012). Agis has been included since 2011. The calculation of the carbon footprint is in line with the Greenhouse Gas (GHG) Protocol. The carbon performance ladder 2.1 manual of Foundation for Climate Friendly Procurement and Business (SKAO) was used for the footprint conversion factors. In 2013 it was decided to report the CO2 emissions of green electricity (scope 2) with a lower emission factor, as this better reflects the actual emissions of Achmea. We have adjusted the previous years in order to improve comparability. For detailed information about waste and mobility, please visit www.achmea.nl.

Our processes

Energy conservation

Achmea is aiming to reduce its energy consumption by an average of 2% each year over the period 2005-2020; by 20% overall through more efficient energy use in the buildings and by 10% in the supply chain. The obligations arising from the signing of the long-term agreement on energy efficiency – which runs from 2005 to 2020 – are therefore being fulfilled. However, Achmea is using 2006 as the base year on account of the merger with Interpolis in late 2005. In the period 2006-2013, average energy consumption decreased by approximately 4.6% on an annual basis.

ENERGY CONSUMPTION IN THE NETHERLANDS (IN GIGAJOULES X 1,000)



Relative energy consumption in the Netherlands (excluding 'third-party' companies) in 2013 was approximately 27.9 megajoules per FTE (versus 32.8 in 2012). Agis has been included since 2011.

Responsible procurement

Achmea is a large administrative organisation that spends approximately €1.0 billion on procurement to support its business operations. Price, quality and functionality are important criteria in this regard. Sustainability is increasingly being included as a criterion. The policy is twofold. First, we work with suppliers that subscribe to Achmea's sustainability goals and, second, we purchase products that meet additional sustainability criteria (see box). Because we are a large organisation, we can also cut costs by purchasing at favourable rates and identifying innovative procurement concepts together with our suppliers. Between 2011 and 2013, we reduced our expenses from more than €1.2 billion to €1.0 billion.

In addition to procurement in relation to supporting business operations, Achmea also procures healthcare and repair services. For further details on the procurement of healthcare services, please visit www.achmea.nl. The parties engaged by Achmea to carry out repairs are selected and monitored based on the quality of the repair work and customer-focused business operations.

TWOFOLD POLICY FOR SUSTAINABLE PROCUREMENT

Sustainability statement for suppliers

All our preferred suppliers endorsed the statement in 2011. In addition, an article concerning corporate social responsibility was added to Achmea's general purchase conditions in 2012. The sustainability statement for preferred suppliers and the general purchase conditions can be consulted at www.achmea.nl.

Sustainability criteria for products

Criteria that apply to each product group impose additional requirements regarding sustainability and quality. Achmea formulated additional criteria for coffee, multifunctional printers and electricity, for example. In addition, cleaning services are procured in accordance with the Code of Responsible Market Conduct (Code Verantwoordelijk Marktgedrag) signed by Achmea.

Our financial results

The main activities of Achmea are insuring property, health care expenses, loss of income and mortality risk for our customers. We want to make a sustainable return on our invested capital to ensure long-term continuity and to continue to invest in solutions for our customers. A sound financial position is a prerequisite for meeting the commitments we have made to our customers – now and into the future. We aim to generate sufficient solvency for autonomous growth and for additional return.

Group Performance

GROSS WRITTEN PREMIUMS
€20,233 million

NET PROFIT
€344 million

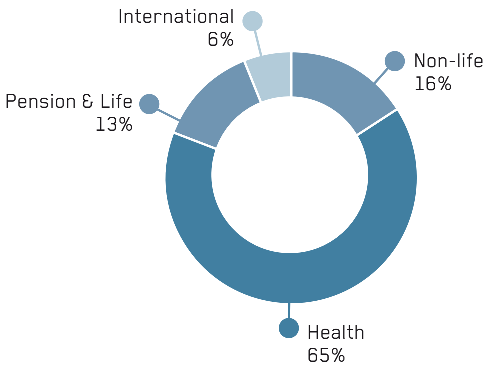
EQUITY
€9,702 million

SOLVENCY IGD
202%

RESULTS (€ MILLION)

	2013	2012	△
Gross written premiums	20,233	20,445	-1%
Change in provision for unearned premiums (net of reinsurance)	33	15	120%
Investment income including associates	861	1,688	-49%
Fee and commission income	436	442	-1%
Other income	1,778	2,493	-29%
Total income	**23,341**	**25,083**	**-7%**
Claims and movements in insurance liabilities	19,148	20,746	-8%
Operating expenses	2,879	3,008	-4%
Other expenses	1,039	896	15%
Total expenses	**23,066**	**24,650**	**-6%**
Profit before tax	275	433	-36%
Net profit	**344**	**469**	**-27%**

GROSS WRITTEN PREMIUM



FINANCIAL RESULTS

Main results and developments

Achmea is posting a net profit of €344 million (2012: €469 million) and an operational profit of €536 million (2012: €513 million). Our gross written premiums remained virtually equal to 2012 at €20.2 billion, (€20.4 billion). Of this premium revenue, we paid a total of over €19 billion back to our customers in 2013 to cover loss, medical expenses, pension insurance and life insurance, as well as using a portion as reserves for our customers in order to be able to meet future obligations. Our financial position has remained very strong, with an IGD solvency ratio of 202% at year-end (year-end 2012: 212%).

In our Non-life business, several major fires and storms that affected the Netherlands in the autumn caused substantial losses to our customers, and the compensation we paid for these losses impacted our profit in 2013. On the other hand, we took measures to improve profitability in our Income Protection portfolio. The structural result in our Health operations stay almost stable. We kept basic health insurance premiums stable in 2013 while the increase in healthcare expenses continued. Interest-rate movements in 2013 reduced profit from our Pension & Life business. The cost savings we implemented in our business units in the recent past contributed to profit significantly.

An impairment of goodwill and other intangible assets in our pension services and health insurance business drove down profit by a total of €232 million. Lower-than-expected growth in our assets under management and increasing pressure on fees combined with the continued slump in the Dutch property resulted in a €142 million write-off on our pension services business. The reduction in health insurance premiums for 2014 and our estimate that future health contributions to profit will be consistently lower than previously estimated have resulted in a €90 million write-off on our health insurance business.

Gross written premiums

The Group's gross written premiums remained virtually unchanged at €20,233 million (2012: €20,445 million). Premiums from our core operations in the Dutch Non-life and Health businesses increased slightly, while premiums from our Dutch Pension & Life business fell due to persistently difficult macroeconomic conditions and the growth in bank savings products.

Our financial results

In the Dutch non-life insurance market, which has contracted slightly, the gross written premiums of our Non-life Netherlands segment increased to €3,172 million (2012: €3,151 million). This increase was driven mainly by the higher premium revenue at our online brand InShared, the mergers with Onderlinge Verzekeringen Overheid (OVO) and Friesland Bank Assurantiën (FBA) during the second half of 2012, and an increase in incoming reinsurance premiums. However, this was offset by lower gross written premiums in our Income Protection portfolio, which was the result of our efforts to restore the profitability of this portfolio. We remained market leader in the Dutch property & casualty market, with our market share increased to 20%. Our market share in the Dutch income protection market currently stands at 18%.

Gross written premiums in our Health Netherlands segment increased slightly to €13,253 million (2012: €13,120 million). We kept premiums at the same level for our customers in 2013 in relation to 2012, despite a further rise in healthcare costs. We received a higher written premium contribution in 2013 from the health expenses settlement fund for the basic health insurance. In addition, a growing number of customers opted to increase their voluntary excess for basic health insurance and no longer purchase supplementary health insurance or, in some cases, to reduce their supplementary cover. Our current market share of 32%, based on number of insured, makes us the clear market leader in the Dutch health insurance market.

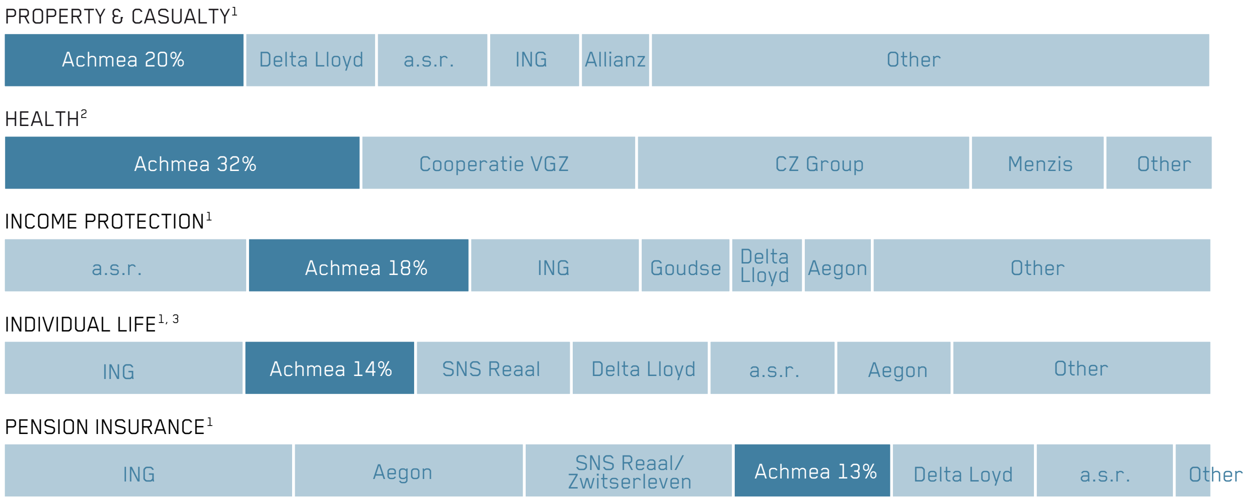
In the Pension & Life Netherlands segment, gross written premiums decreased by 12% to €2,593 million (2012: €2,944 million). This decline was mainly the result of ongoing challenges, including the lower number of mortgages provided due to the slump in the housing market, the shift from individual life insurance products to bank savings products, and lower pension indexations. We retained significant market positions in the Dutch pension market and the Dutch Life market (excluding single premiums), with market shares of 13% and 14% respectively.

Gross written premiums of our International segment increased to €1,242 million (2012: €1,230 million), driven mainly by revenue growth from our Turkish, Russian and Slovakian operations and despite the sale of part of our business and negative exchange-rate effects.

Operating expenses

Substantial operational cost savings represent a significant portion of our Acceleration & Innovation change programme, since one of the main objectives of these changes is to make our organisation even more customer-focused, and this also

MARKET POSITIONS IN THE NETHERLANDS



[1] Publication of DNB August 2013, 2012 figures

[2] Based on own analyses, figures January 2013

[3] Excluding single premiums

Our financial results

involves reducing costs for our customers in the long run. Of our €200 million savings target for the end of 2015, we realised approximately €130 million in 2013. We intend to increase the rate with which we reduce these costs, and in December we therefore announced that we would be raising our previous cost-savings target. Our Acceleration & Innovation programme is aimed at saving a total of €450 million in operating expenses by the end of 2016.

Our operating expenses fell by 4% from 2012, to €2,879 million (2012: €3,008 million). Our main focus in our management is our gross operating expenses[1], which we managed to lower by 5% to €2,660 million (2012: €2,787 million). We did this in spite of an increase in pension-related expenses from 2012 and despite investing in compliance with new laws and regulations, including in relation to the standardisation of European payments, the Single European Payments Area (SEPA). We also continued to invest in 2013 in reducing the complexity of our business and implemented the measures outlined below towards further digitisation and automation of our business operations, while at the same time managing to substantially reduce our project expenses from last year. We achieved this by improving the effectiveness of our IT project budget, including by further centralising the management of the IT project portfolio and by bringing more focus to the projects. Our highest priority throughout this process has been reducing the complexity of our business and IT operations. In addition, we also reduced our marketing expenses in 2013. Total marketing expenses were brought under central management, which includes testing the effectiveness and efficiency of the amounts spent on an ongoing basis.

As in previous years, the number of jobs declined in 2013, with the total number of full-time equivalents (FTEs) falling by 3% to 18,424 (year-end 2012: 18,905), because we are working increasingly efficiently in order to keep costs for our customer as low as possible. The 3% reduction came about including 83 employees who joined our company following the mergers with OVO and FBA and as a result of our new Australian operations.

Result

Net profit in 2013 dropped by 27% to €344 million (2012: €469 million), including a tax benefit in connection with the initiated liquidation of our Irish company after sale of the consumer credit portfolio. Our profit was strongly affected by the previously mentioned €232 million goodwill impairment in our pension services and health insurance businesses. Our operational result increased by 4% to €536 million (2012: €513 million). To arrive at our operational result, we adjust for the impact of mergers and acquisitions, and other non-recurring gains and losses, such as goodwill impairments. More information about the segment results is available on the next pages.

OPERATIONAL PROFIT* (€ MILLION)

	2013	2012	△
Profit before tax	275	433	-36%
Mergers and divestments	29	64	
Goodwill impairments	232	16	
Operational profit	**536**	**513**	**4%**

* Profit before tax adjusted for impairments on intangible assets and the impact of mergers and acquisition.

Pension-plan amendment

As part of the collective labour agreement in the Netherlands, Achmea reached agreement with the labour unions relating to an adjustment of the pension scheme which will be effective as of 1 January 2014. The new pension scheme for the 15,000 employees in the Netherlands is a so-called Collective Defined Contribution (CDC) scheme, which will replace the current defined benefit retirement plans. The financial and actuarial risks are in substance transferred to the employees, implying amongst others that the future increase on vested rights for current employees has become conditional on the funded status within the plan. As a result of this plan amendment, Achmea has recognised negative past service costs in 2013 amounting to €35 million, which are presented as part of operating expenses.

As a result of adjustments of the pension scheme for employees in Ireland, Achmea has also recognised negative past service costs in 2013 amounting to €16 million, which are presented as part of operating expenses.

[1] Operating expenses before cost allocation to claim settlement costs and investment costs, including acquisition costs, reinsurance, profit sharing and commissions.

Non-life Netherlands

GROSS WRITTEN PREMIUMS
€3,172 million

PROFIT BEFORE TAX
€265 million

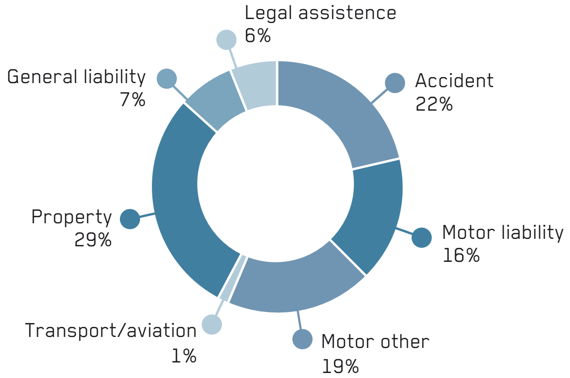
COMBINED RATIO
98.0%

SOLVENCY
237%

RESULTS (€ MILLION)

	2013	2012	△
Gross written premiums	3,172	3,151	1%
Investment income	220	247	-11%
Other income	-29	-28	-4%
Total income	**3,363**	**3,370**	**0%**
Claims and movements in insurance liabilities	2,295	2,241	2%
Operating expenses	774	864	-10%
Other expenses	29	65	-55%
Total expenses	**3,098**	**3,170**	**-2%**
Profit before tax	**265**	**200**	**33%**

GROSS WRITTEN PREMIUMS



GENERAL INFORMATION

Our brands – including Centraal Beheer Achmea and Interpolis – provide a comprehensive range of non-life insurance products, including car insurance, property insurance, liability insurance and travel insurance. We reach our customers through the direct, banking and brokerage channels and are the market leader in the Dutch property & casualty insurance market with a market share of 20%. We aim to use this position to provide our customers with the best possible services. In addition, our brands also provide various individual and group absenteeism and disability insurance policies through the direct, banking and brokerage channels. Achmea has a market share of 18% in the Dutch income protection insurance market. Property & casualty insurance and income protection insurance are two of Achmea's core activities.
In the Non-life segment in the Netherlands, premiums paid by customers account for 16% of the Group's gross written premiums (2012: 15%).

Results

Profit before tax in the Non-life segment in the Netherlands increased by 33% over 2012, to €265 million (2012: €200 million). In 2013, four major fires occurred at client companies that dampened our profit by €45 million. In addition, the storms that affected the Netherlands in October and December caused substantial damage to the properties of private individuals and to farms insured through Achmea. The compensation paid out following this storm damage reduced our profit by €73 million. We expect an increasing number of extreme weather events over the next few years. On the basis of climate scenarios up to the year 2050, published by the Royal Dutch Meteorological Institute (KNMI), the damage by heavy rainfall is expected to increase by 6 to 22 percent. As a result of this, premiums will go up. In the Netherlands, the expected increase in heavy rainfall in summer months in particular may lead to an increase in the number of claims. Among scientists there is broad agreement that there is a relation between emission of greenhouse gases such as CO_2 and climate change. The business community, including Achmea, has already taken steps in identifying and reducing greenhouse gas emissions. Achmea has taken yet another step by annually compensating its remaining CO_2 emissions.

The release of provisions was also lower in 2013 than the previous year, although this is offset by the fact that we were successful in permanently increasing the profitability of our employee insurance against long-term partial employee disability (i.e. WGA). Consequently, we only needed to make a

Our financial results

limited number of additional provisions in 2013, mainly related to the increase of the state retirement age, whereas in 2012 we still had to set aside a total of €180 million. Furthermore, our profit was reduced by €33 million in 2012 due to expenses associated with the sale of Achmea Vitale. The investment profit from the Non-life Netherlands segment was €27 million lower than in 2012 due to lower interest income as a result of lower reinvestments and lower realisations.

In a shrinking market in which customers are more price-conscious than ever, we managed to increase revenue from our Non-life insurance products. Gross written premiums increased by 1% to €3,172 million (2012: €3,151 million). Operating expenses were down 10% to €774 million (2012: €864 million). This decrease is a result of ongoing strict cost management, the centralisation of IT projects and the sale of Achmea Vitale in 2012. The combined ratio of the Non-life segment in the Netherlands improved to 98.0% in 2013 (2012: 99.6%). The higher claims ratio of 73.2% (2012: 72.9%) as a result of the fire damage and storm damage and the lower release of provisions is offset by a lower cost ratio of 24.8% (2012: 26.7%).

BUSINESS LINES

Property & Casualty insurance

The Dutch property & casualty insurance market is a mature market, in which customers are concerned mainly with the price of insurance products. Many customers research the options available on comparison websites, looking for the lowest premiums. A number of new, online-only brands have emerged in recent years that have intensified competition in the market.

Profit before tax from Property & Casualty insurance was down 41% to €238 million (2012: €401 million). This decrease is due mainly to the above-mentioned fire and storm damages, which reduced profit by €118 million in 2013, and a one-time contribution of €75 million due to a model adjustment for the calculation of our provisions in 2012.

Gross written premiums increased by 2% to €2,568 million (2012: €2,522 million). This increase is the result of the higher premium revenue of our InShared brand; an increase in incoming reinsurance premiums and the merger with and consolidation of Onderlinge Verzekeringen Overheid and Friesland Bank Assurantiën during the second half of 2012. Operating expenses fell by 4% to €624 million (2012: €653 million); this was the result of ongoing strict cost management and the centralisation of IT projects. The combined ratio on our Property & Casualty insurance increased to 95.1% in 2013 (2012: 89.5%). As before, this is caused by the larger number of claims, visible in the increase in the claims ratio to 70.0% (2012: 62.7%). The cost ratio improved to 25.1% in 2013 (2021: 26.8%).

Income Protection insurance

The Dutch income protection insurance market is a market that is constantly changing, characterised by a combination of limited growth expectations and complex risk assessment. The market for group occupational disability schemes (WGA) is complicated. Since 2006, employers have had the option to either bear the risk of partially incapacitated employees themselves or take out insurance with the public Employee Insurance Administration Agency (UWV) or an insurance company. Although the market for individual disability insurance for SMEs is under pressure due to the recession, our customers continue to value proper income protection for their employees within the collective labor agreements. Income protection insurance for the self-employed also remains of great personal value to our clients.

Profit before tax from Income Protection insurance was up €228 million from 2012, reaching €27 million (2012: € -201 million). This increase was driven mainly by the substantial profit increase in our WGA portfolio as a result of various measures we have taken to restore profitability. For example, we adjusted our premiums to our insurance cover and policy terms and improved our claims settlement process, including by working more closely with UWV. On account of these measures, we only needed to make a limited number of additional provisions in 2013, whereas in 2012 we still had to set aside a total of €180 million to cover the losses incurred. The limited supplement to the provision in 2013 related mainly to the government's decision to raise the state retirement age from 65 to 67. We also increased our profits in individual disability insurance and absenteeism insurance in 2013, mainly through the positive effect of the measures we implemented to reduce the number of claims, including a focus on preventing work-related disability. A final factor contributing to the higher profit before tax versus 2012 is the €33 million in non-recurring expenses relating to the sale of Achmea Vitale, which were absent in 2013.

Gross written premiums were down 4% to €604 million (2012: €629 million). This decline is mainly the result of the measures we implemented to restore profitability. Operating expenses fell by 29% in 2013, to €150 million (2012: €211 million), despite

Our financial results

investments in further improving our claims settlement process. The lower operating expenses were mainly attributable to the sale of Achmea Vitale. The combined ratio on our income protection insurance improved to 109.5% in 2013 (2012: 139.5%), with the claims ratio improving to 85.8% (2012: 113.1%) and the cost ratio dropping to 23.7% (2012: 26.4%).

Health Netherlands

GROSS WRITTEN PREMIUMS
€13,253 million

PROFIT BEFORE TAX
€529 million

COMBINED RATIO
96.8%

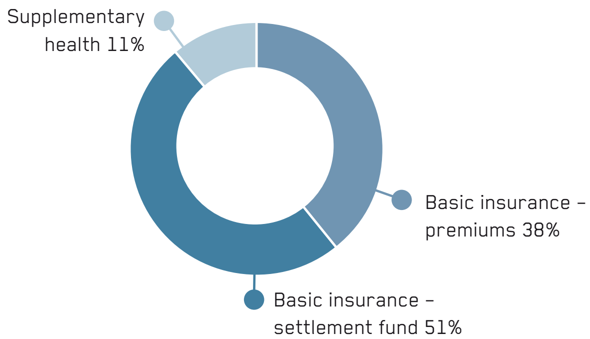
SOLVENCY
185%

RESULTS

(€ MILLION)

	2013	2012	△
Gross written premiums	13,253	13,120	1%
Investment income	98	93	5%
Other income	-165	-204	23%
Total income	**13,186**	**13,009**	**1%**
Claims and movements in insurance liabilities	11,988	11,950	0%
Operating expenses	574	639	-10%
Other expenses	95	127	-25%
Total expenses	**12,657**	**12,716**	**0%**
Profit before tax, of which:	**529**	**293**	**81%**
- Structural	321	352	-9%
- Incidental	208	-59	n.m.

GROSS WRITTEN PREMIUMS



GENERAL INFORMATION

The Dutch healthcare sector has been undergoing many changes. The government, insurance companies and consumers all demand the highest possible quality of care at an affordable price. We have collectively agreed that the growth rate of healthcare expenses will be reduced to 1.5% in 2014 and to 1% per year from 2015 up to 2017. General practitioners will receive an additional 1% in 2014 and 1.5% in 2015 up to 2017 if they can demonstrate that they provide services to relieve second-line health services, In order to be able to meet these commitments, Achmea has therefore been negotiating with hospitals and other healthcare providers on behalf of its customers in order to control the increase in healthcare costs and guarantee access to high-quality healthcare services for all people in the Netherlands.
In 2013, our brands and other stakeholders significantly speeded up negotiations on contract terms with hospitals, which made it possible for us to provide information to Zilveren Kruis Achmea and Agis customers about the hospitals we contracted as early as mid-November.

Results

The net result of Health Netherlands is inherently characterized by annual one-off items. This is mainly due to the uncertainties in the cost of care and the delay in the final settlement of the risk equalization fund for health expenses. For comparison purposes, we distinguish between structural and incidental result. Results that do not relate to the underwriting year are attributed to the incidental result.
In 2013, the structural result in our Basic Health insurance operation remained stable at €259 million (2012: €260 million). Our labels did not increase premiums for customers in 2013 while healthcare expenses continued to increase. By doing this, we have successfully defended our market leadership. Preservation of our scale is relevant to enable us to procure the highest-quality healthcare services at the most competitive prices on behalf of our customers. The structural result, including the contribution of our voluntary Supplementary Health insurance decreased by 9% to €321 million (2012: €352 million). The incidental result in 2013 reached €208 million (2012: €-59 million).
In order to be able to meet our obligations to customers if healthcare expenses turn out higher than projected, we build up provisions on an annual basis. To be on the safe side, we maintain a margin that allows us to offset any uncertainties in the healthcare system itself. One example of this is the process to arrive at a better declaration system for hospitals.

Our financial results

The transition from the so-called DBC billing system to the DOT system was surrounded by considerable uncertainty about the ultimate healthcare expenses claimed. As our customers should be secure in the knowledge that we will continue to be able to pay their healthcare claims in the future, we assess whether the accumulated reserves are adequate in this regard on an annual basis. Because the amount of claims submitted by customers for previous years was lower than projected, the provisions we prudently accumulated turned out to be higher than necessary. A portion of the provisions accumulated has therefore been released. The incidental release of provisions related to previous years amounted to €298 million in 2013. This release enabled our brands to reduce health insurance premiums for their customers in 2014 by roughly 100 euros per policy. The remainder of the result was added to the reserves of our health entities, so that our customers can continue to count on us in the future. Increasing our solvency position is important because of the expected transfer of parts of the Exceptional Medical Expenses Act (AWBZ) to insurers, which the government, local authorities and health insurers are currently discussing in detail. This transition is expected to lead to higher capital requirements for insurers.

Partly because of the premium decrease, we expect profits from our health insurance operations will be consistently lower in the coming years than previously expected; this is compounded by the growing competition between health insurance companies as well as by increasingly critical consumers. Consequently, we wrote off €90 million on the goodwill and other intangible assets for our healthcare operation and deducted this from profit.

Gross written premiums increased by 1% in 2013 to €13,253 million (2012: €13,120 million). We kept premiums at the same level for our customers in 2013 in relation to 2012, despite a further rise in healthcare costs. We received a higher contribution in 2013 from the health expenses settlement fund for basic health insurance. We have also noted that a growing number of customers are opting to increase their excess for the basic health insurance or decide to no longer purchase supplementary health insurance, or, in some cases, to reduce their supplementary cover. Due to various factors – including the completion of the Agis integration and a reduction in the complexity of our IT systems – we managed to reduce our operating expenses by 10% to €574 million (2012: €639 million). In 2012, costs were charged on to the Health Netherlands segment for holding company services on a one-time basis. The combined ratio for 2013 was 96.8% (2012: 98.0%). The claims ratio for 2013 is 92.7% (2012: 93.6%) and the cost ratio improved to 4.1% (2012: 4.4%).

BUSINESS LINES

Basic Health insurance

Gross written premiums on Basic Health insurance increased by 2% in 2013 to €11,825 million (2012: €11,571 million). Our brands' customers paid less in premiums due to an increase in the excess (as required under the law) and because they are opting for a higher voluntary excess. Another factor is that the number of insured persons was down from 2012. However, the lower revenue was offset by the higher payments from the settlement fund for healthcare expenses for basic health insurance. Due to various factors – including our successful procurement of healthcare services – reimbursement of various medications and costs relating to specialist medical care turned out lower than our earlier estimates for healthcare costs. The increase in the compulsory excess for customers from €220 to €350 in 2013 also reduced the use of healthcare services, particularly in primary care. Nonetheless, the previous increase in healthcare expenses continued.

Our structural result remained fairly stable at 15% to €259 million (2012: €260 million). The combined ratio in 2013 was 96.9% (2012: 97.9%). The claims ratio was 93.9% (2012: 94.5%), while the cost ratio improved to 3.0% (2012: 3.4%).

Supplementary Health insurance

Supplementary health gross written premiums fell to €1,410 million (2012: €1,534 million) while operating expenses declined further to €138 million (2012: €161 million).

The lower gross written premiums confirms that customer needs are changing: they are less likely to purchase supplementary health insurance such as dental insurance or, in some cases, opt to reduce the cover for their supplementary health insurance. Structural result decreased by 33% from 2012, to €62 million (2012: €92 million). The main reason for this is that customers make a conscious choice of package and the premium reduction is therefore greater than the reduction in health care claims for our policyholders. The combined ratio improved to 92.3% in 2013 (2012: 95.1%). The claims ratio was 82.5% (2012: 84.6%), while the cost ratio improved to 9.8% (2012: 10.5%).

Pension & Life Netherlands

GROSS WRITTEN PREMIUMS
€2,593 million

PROFIT BEFORE TAX
€245 million

VALUE OF NEW BUSINESS MARGIN
-4.3%

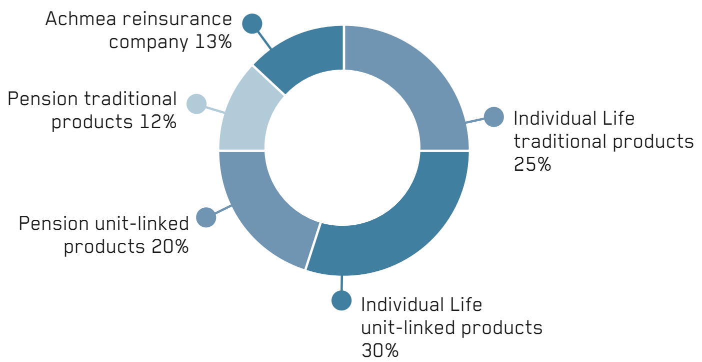
SOLVENCY
226%

RESULTS

(€ MILLION)

	2013	2012	Δ
Gross written premiums	2,593	2,944	-12%
Investment income	481	1,155	-58%
Other income	1,429	2,136	-33%
Total income	**4,503**	**6,235**	**-28%**
Claims and movements in insurance liabilities	6,763	4,165	62%
Operating expenses	316	325	-3%
Other expenses	-2,821	1,362	n.m.
Total expenses	**4,258**	**5,852**	**-27%**
Profit before tax	**245**	**383**	**-36%**

GROSS WRITTEN PREMIUMS



GENERAL INFORMATION

We operate in the pension and life-insurance markets through brands such as Centraal Beheer Achmea, Interpolis, Avéro Achmea and FBTO. In developing and marketing our pension products, we focus mainly on defined-benefit pension plans. We offer our products through the corporate, brokerage and direct channels. Achmea has a market share of 13% in the Dutch pension insurance market. We provide term-life insurance and other individual life-insurance policies mainly through the banking and direct channels. Achmea has a market share of 14% in this market (excluding single premiums). We transferred our closed portfolio containing individual life-insurance policies to a separate business unit in order to reduce our implementation costs while still maintaining the quality of our services.

Results

Profit before tax in the Pension & Life Insurance segment in the Netherlands fell by 36% from 2012, to €245 million (2012: €383 million). This decline is caused mainly by the lower interest income, which, in turn, is a combination of the factors listed below. During the first half of 2012, in calculating the liabilities for specific portfolios and separated accounts, we began using a notional interest rate using the ultimate forward rate, the UFR curve. This transition had a non-recurring positive effect on our profit for 2012. In order to hedge the market risks associated with guarantees provided on separated accounts as much as possible, we use a replicating portfolio based on the zero swap curve. When the UFR curve and the zero swap curve approached each other in 2013, this partially cancelled out the positive effect from 2012.

An amendment of the contract terms in one of our separated accounts has resulted in a shift of roughly €3.5 billion in investments and provisions for insurance obligations at the risk and expense of policyholders to Achmea's risk and expense. This amendment of the contract terms has also resulted in a non-recurring release of a prudency margin maintained by the company.

Gross written premiums fell by 12% in 2013 to €2,593 million (2012: €2,944 million) due to macroeconomic conditions, which remained challenging. Lower pension indexations, the reduction in new mortgage provisions due to the slump in the housing market, and the shift of asset products from life insurance to bank savings products are the main causes. The Annual Premium Equivalent (APE) fell to €81 million in 2013 (2012: €140 million). The operating expenses of the Pension &

Our financial results

Life Netherlands segment fell by 3% to €316 million (2012: €325 million). Gross operating expenses[1] fell by roughly 15%. This discrepancy in decline is caused mainly by the specific method used to recognise reinsurance commissions as operating expenses. A non-recurring amendment of reinsurance contracts in 2013 is resulting in an increase in internal reinsurance commissions and by that higher operating expenses.

Value of our new business (VNB) fell to €-24.9 million in 2013 (2012: €-18.5 million), while the value-of-new-business margin (VNB margin) fell to -4.3% last year (2012: -1.8%). This is primarily the result of investments in new administrative systems and lower new production volumes.

BUSINESS LINES

Pension Insurance

The pension insurance market has been undergoing a transition over the past several years. Low interest rates and longevity risk are making traditional defined-benefit pension plans financially unappealing to employers and unsustainable for insurers. As a result, companies are increasingly shifting their focus from offering traditional products with guaranteed pension entitlements – i.e. Defined Benefit (DB) plans – to offering Defined Contribution (DC) products, based on members' contributions. The recent introduction of the revised IAS19 accounting standard – which prescribes that all actuarial profits and losses from defined-benefit pension plans must be taken directly to equity – will only accelerate the shift to DC plans. A final factor is that competition in the pension insurance market has grown significantly in recent years following the establishment of various Premium Pension Institutions (PPIs) and due to new discounters entering the market.

In 2013, more of our customers made the transition to market-interest-rate products and new pension insurance products based on defined-contribution plans. With the pension-market reforms creating uncertainty for all parties involved, we make a point of involving our customers in the many changes that are occurring. This includes developing new solutions for sound pensions, and one of the ways in which we do this is by further expanding our range of DC products, whereby we reduce the interest-rate sensitivity of our portfolio where possible and aim for the most effective solutions for existing DB obligations. In addition, we are also launching investment funds in which investment risk and interest-rate risk are reduced as customers grow older – these are known as 'lifecycle funds'.

We continued reducing costs and complexity in our pension insurance business in 2013, which comes down to reducing the number of systems and processes and offering clear and transparent products. The more transparent the products, the easier they are to understand and the easier they will be to adapt to future changes in laws and regulations.
We are also working to reduce the cost price of our products, thereby making pensions more affordable and benefiting our customers in the process.

Gross written premiums fell by 4% from 2012 to €1,130 million (2012: €1,177 million). Both revenues from regular premiums and revenues from single premiums were lower than in 2012. This decline is caused mainly by lower sales and the weak economy, which result in lower indexations from previous year.

Life Insurance

The market for individual life insurance policies remains challenging. With little recovery of the Dutch housing market in 2013, the number of new mortgages provided remains low, while sales of life-insurance products are down as well. Meanwhile, the shift from individual life-insurance policies to bank savings products offering equivalent tax benefits continues unchanged. Our brands' customers have a need for clear products and services, and to meet this need we continued developing affordable and transparent life-insurance products in 2013.

Gross written premiums fell by 17% from 2012, to €1,463 million (2012 €1,767 million), mainly as a result of the continued slump in the Dutch housing market and the shift from life-insurance policies to bank savings products. Gross written premiums from our reinsurance business also declined; this was the result of our decision to prioritise returns over revenue growth. We have carefully reviewed various reinsurance contracts based on this priority, which prompted us not to renew certain contracts. Finally, the lower premiums in Life Insurance are the result of our decision to discontinue specific individual life-insurance policies.

We separated our closed life-insurance portfolio from the rest of our organisation. Although no new policies are being added to the portfolio, we will naturally continue to

[1] Operating expenses before cost allocation to claim settlement costs and investment costs, excluding acquisition costs, reinsurance, profit sharing and commissions.

Our financial results

provide our existing customers with good services. We will manage the policies, receive and invest premiums and pay compensation to our policyholders until maturity, as agreed. Since it appears that the consolidation of closed life-insurance portfolios will not get off the ground in the immediate future, we are focusing on further reducing our operating costs while maintaining our high-quality services.

International

GROSS WRITTEN PREMIUMS
€1,242 million

PROFIT BEFORE TAX
€2 million

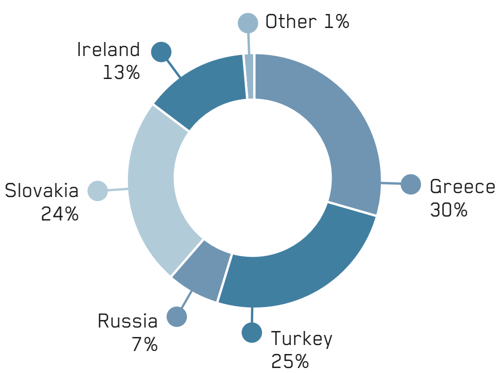
SOLVENCY
252%

RESULTS

(€ MILLION)

	2013	2012	△
Gross written premiums	1,242	1,230	1%
Investment income	116	257	-55%
Other income	40	56	-28%
Total income	**1,398**	**1,543**	**-9%**
Claims and movements in insurance liabilities	839	984	-15%
Operating expenses	350	408	-14%
Other expenses	207	229	-10%
Total expenses	**1,396**	**1,621**	**0%**
Profit before tax	**2**	**-78**	**n.m.**

GROSS WRITTEN PREMIUMS



GENERAL INFORMATION

Achmea operates in six markets outside the Netherlands: Greece, Turkey, Russia, Slovakia and Ireland and Australia. We intend to use the knowledge and experience gained in the Netherlands in those areas in which we expect profitable growth, and are therefore focusing on achieving relevant economies of scale in a limited number of markets. In addition, good geographic distribution and risk distribution also improve our long-term continuity. In 2013, we received a permit to provide agricultural non-life insurance in the Australian market in conjunction with our partner Rabobank, while we sold our Romanian and Bulgarian insurance operations.

Results

With a profit before tax of €2 million in 2013 (2012: (€ -78 million), our international business contributed modestly in 2013 to the Group's result. At the time, profit for 2012 was strongly affected by €69 million in non-recurring expenses and costs, including in connection with divestments. Other factors contributing to the improved performance were the continued focus on profitable growth, cost savings and higher operating profits.

Gross written premiums from our international business increased by 1% in 2013 to €1,242 million (2012: €1,230 million), despite exchange-rate losses in the amount of €33 million. Revenue growth in Turkey, Russia and Slovakia offset the lower revenues in Ireland and Greece and the lower revenues due to divestments. Operating expenses fell by 14% to €350 million (2012: €408 million).

COUNTRIES

Greece

InterAmerican Greece provides Non-life, Health and Life Insurance products. Greece has been affected by economic challenges for some time now, which have inevitably also affected the insurance industry. Gross written premiums fell to €368 million in 2013 (2012: €397 million). InterAmerican Greece managed to increase its market share in a shrinking market. At our direct brand Anytime, the number of policies increased to more than 220,300, particularly during the first half of 2013 (2012: 174,700 policies).

Our financial results

Turkey
Eureko Sigorta operates in the Turkish non-life and life insurance markets – two of Achmea's core competencies. Restoring confidence is high on the agenda within the Turkish financial industry. We are working closely with our strategic partner Garanti Bank. In 2013 we focused on monitoring profitability, with an increased focus on the bank insurance model (also online) and on optimising our range of insurance products.

Gross written premiums increased by 6% to €314 million (2012: €297 million), mainly driven by the Gebze Izmir infrastructure project – which, with a sum insured of the equivalent of over €40 million, is the largest insurance policy ever purchased in Turkey. Eureko Sigorta accounted for the equivalent of over €20 million of this sum, a contribution that somewhat offset the effect of the devaluation of the Turkish Lira on premium revenue.

Russia
Oranta operates in the Russian non-life and life insurance markets. Its gross written premiums increased by 28% in 2013, to €83 million (2012: €65 million) thanks to an increase in premium revenue in virtually all segments. We will continue to focus on sustainable, profitable growth in the immediate future. Due to the weaker market conditions in Motor Insurance in the second half of the year, we developed a new profitability plan aimed at further improving our commercial capabilities and claims settlement, in conjunction with cost reductions.

Slovakia
Union provides health, non-life and life insurance products. Its gross premium revenue increased by 7% to €295 million (2012: €276 million), driven primarily by our health insurance. Union customers are increasingly serviced through the direct channel. The situation relating to the decision by the Slovak government to establish a public healthcare system remains uncertain.

Ireland
Friends First Life provides life insurance, a market in which sales have fallen sharply since 2007. We have been working on customer retention and on expanding our profitable portfolio. In taking out new insurance policies, we aim to inform our customers more clearly about the commissions they are charged. Although new sales have fallen on account of this approach, we did retain a larger number of customers.

In 2013, we reduced our costs and investment in product development and IT. Our gross written premiums fell by 3% to €167 million last year (2012: €172 million). The share of investment contracts fell by 3% to €250 million, versus €258 million in 2012.

Australia
We took an important step in 2013 as part of the aim of further strengthening our commercial partnership with Rabobank, also an international level. In late 2013, we obtained a licence to sell insurance in the Australian market, and we currently sell agricultural non-life insurance products.

DISCONTINUED OPERATIONS

Ireland (financing operations)
On 19 December, we sold our Irish consumer loan portfolio, consisting of approximately 11,000 loans with an outstanding balance of a total of €240 million.

Romania
In early 2013 we sold our life-insurance and pension business in Romania. We expect to transfer both portfolios once the government has given its approval, by the end of 2014. We will further scale back our remaining operations in Romania.

Bulgaria
On 21 August 2013, Achmea signed an agreement for the sale of its Bulgarian non-life and life insurance business, a transaction that was completed on 30 December 2013.

Banking Netherlands

PROFIT BEFORE TAX
€-26 million

CREDIT PORTFOLIO
€15.3 billion

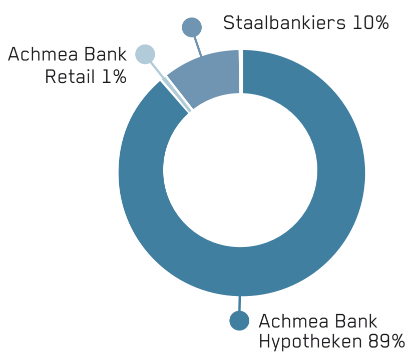
CORE TIER-1 RATIO ACHMEA BANK
15.9%

CORE TIER-1 RATIO STAALBANKIERS
17.0%

RESULTS (€ MILLION)

	2013	2012	Δ
Net interest margin	90	80	13%
Net commission income	14	13	8%
Realised and unrealised gains and losses	36	41	-12%
Other income	-3	-	n.m.
Total income	**137**	**134**	**2%**
Operating expenses	130	109	19%
Other expenses	1	1	0%
Additions to loan loss provision	32	16	100%
Total expenses	**163**	**126**	**29%**
Profit before tax	**-26**	**8**	**n.m.**

CREDIT PORTFOLIO



GENERAL INFORMATION

Achmea provides a variety of banking services for the Dutch consumer market and small and medium-sized enterprises (SMEs), which complement our range of insurance products. Achmea Bank provides mortgage and savings products to consumers through its Centraal Beheer Achmea, FBTO, Avéro Achmea and Woonfonds Hypotheken brands. Staalbankiers provides private-banking services to high-net-worth individuals and small and medium-sized organisations.

Results

Result before tax from our banking business in the Netherlands fell to € -26 million (2012: €8 million). An increase in interest income was cancelled out by a non-recurring increase in operating expenses and the higher loan-loss provision at Staalbankiers. This is the result of a further decline in collateral on several large mortgages. The efficiency ratio of our banking activities in the Netherlands worsened to 96% (2012: 81%) due to the non-recurring increase in operating expenses.
In 2013, we invested in further improving the quality of our mortgage advice process and the underlying processes, as well as in implementing new laws and regulations. In the first half of 2013, we also incurred non-recurring expenses relating to the partnership of Staalbankiers with GE Artesia Bank. These initiatives resulted in a non-recurring increase in operating expenses to €130 million (2012: €109 million).

BUSINESS LINES

Achmea Bank

Achmea Bank's profit before tax remained almost stable in 2013 at €30 million (2012: €29 million). The higher interest Income fully covers the non-recurring investments made in 2013. We continued to invest in further improving the quality of our mortgage advice process, our mortgage advisers, and related IT services, with the objective of further increasing the level of service to our customers and further improving the related processes. As part of these efforts, we centralised our front-office and back-office mortgages at our Tilburg site effective 1 January 2014. In addition, compliance with new laws and regulations has resulted in higher operating expenses, including the requirements of the European Central Bank for the data quality of asset-backed securities.

The loan loss provision increased slightly in 2012, to 11 basis points of the total mortgage portfolio. This increase is the

Our financial results

result of the depreciation of collateral and longer lead times in special credits management. Additionally, Achmea Bank has set a number of new rules relating to the provisions policy for National Mortgage Guarantee (in Dutch: NHG) mortgages, which resulted in a non-recurring addition of half a million euros. In 2013, Achmea Bank's savings portfolio increased by €0.6 billion over 2012, to €4.3 billion (year-end 2012: €3.7 billion). The percentage of savings held in this account for more than one year increased to 28% in 2013 (year-end 2012: 11%). Achmea Bank's mortgage portfolio decreased slightly to €11.6 billion (year-end 2012: €11.9 billion). Achmea Bank's core Tier-1 Ratio increased to 15.9% (year-end 2012: 14.2%).

Achmea Hypotheekbank successfully issued two senior unsecured bond loans in 2013 at a total amount of €800 million. These new issues under the Medium Term Note programme allow the mortgage bank to diversify its funding profile. Furthermore, Achmea Hypotheekbank also issued €781 million worth of residential mortgage-backed securities (RMBS) and placed private uncovered bond loans with institutional investors at a total amount of €122 million. Finally, Achmea Bank established a Commercial Paper programme through which it raised a total of €138 million in money-market funds in 2013.

Staalbankiers

Staalbankiers' assets under management increased by €171 million in 2013 to €1.9 billion at year-end (year-end 2012: €1.7 billion), both through new business development and through an increase in the assets entrusted to the bank by current clients. In the first half of 2013, Staalbankiers signed an agreement with GE Artesia Bank regarding the introduction of customers by GE Artesia Bank to Staalbankiers. The effect of this agreement is an expansion of our client base and an increase in assets Staalbankiers manages on behalf of its clients. Staalbankiers' core Tier-1 Ratio increased to 17.0% in 2013 (year-end 14.2 % in 2012), partly by a capital contribution of €57 million.

We were faced with higher operating expenses in 2013 due to nonrecurring IT expenses and the partnership agreement with GE Artesia Bank. In addition, an increase in the loan provision due to a further decline in the security on several large mortgages has also contributed to the lower profit.

Other

RESULTS (€ MILLION)

	2013	2012	Δ
Total income	**278**	**275**	**1%**
Operating expenses	735	665	11%
Interest expenses	96	79	22%
Other expenses	187	-96	n.m.
Total expenses	**1,018**	**648**	**57%**
Profit before tax	**-740**	**-373**	**98%**

GENERAL INFORMATION

Syntrus Achmea supports pension fund boards in a variety of areas by providing strategic advice, asset management services and the day-to-day execution of the pension administration. In so doing, Syntrus Achmea strategically complements the activities of the Achmea Group, especially given the future changes we expect in the pension sector. Besides Syntrus Achmea, the segment also includes our strategic participations, the results of our Shared Service Centres and activities at the holding company level.

Results

Result before tax from segment Other was down €367 million from 2012, reaching €-740 million (2012: €-373 million). Operating expenses were up €70 million from 2012, to €735 million (2012: €665 million). The main explanation for the lower profit in this segment is a €142 million goodwill impairment on our pension services business, mainly as a result of the market conditions in which Syntrus Achmea operates, which have remained challenging. There are a variety a factors that play a role in this process. We note that market fees for services relating to pension administration and asset management will remain low in the coming years and that assets under management are not growing at the rate previously estimated. In addition, the depreciation on our property portfolio combined with the limited outlook of short-term recovery in the property market have resulted in a growth forecast downgrade and profit forecast downgrade. Finally, investment in IT in response to changing customer needs and more stringent regulatory requirements for the supervision of the property portfolio will put pressure on cost ratios – and, by extension, profit levels – in the future.

In prior years, various IT projects were managed under the supervision of the relevant business units. In 2013, a large number of these projects were centralised in order to improve efficiency and be able to use the project budget more effectively. As a result of this decision, operating expenses in segment Other increased by approximately €100 million. However, the total project budget was reduced across the Group as a whole, despite a number of investments in SEPA and other implementation processes relating to new laws and regulations. The result before tax also declined due to the non-recurring profit in 2012 of the allocation of €80 million costs relating to services provided at the holding company level in previous years to the Health Netherlands segment.

As a result of adjustments to the pension scheme for employees in the Netherlands, Achmea has recognised negative past service costs in 2013 amounting to €35 million, which are presented as part of operating expenses. This result is offset by pension charges which were €65 million higher compared to 2012 due to the lower discount rate applied to determine current service cost in 2013.

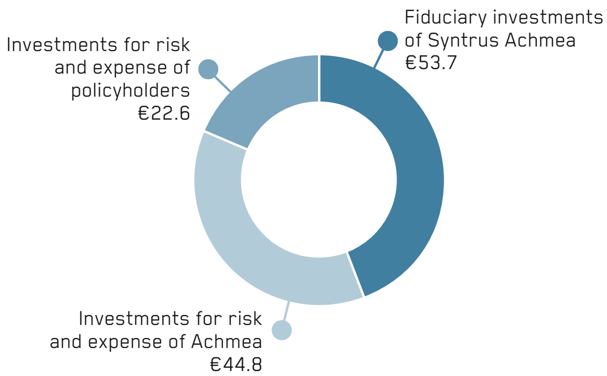
BUSINESS LINES

Pension services

Total income from fees and commissions fell to €236 million (2012: €249 million), due mainly to contract terminations in 2012 and offset in part by an increase in our income from asset management. Assets under management increased by €6.3 billion to €70.0 billion (year-end 2012: €63.7 billion). This increase in assets under management is due mainly to a €7.7 billion increase in the mandate from Achmea Asset Management. The remainder of the amount consists of the effect of gains in the equity and fixed-securities markets and a drop in assets under management as a result of the further completion of contract terminations in 2013. The property portfolio, which forms part of assets under management, remained unchanged compared to 2012, at €13.8 billion (2012: €13.8 billion). A further expansion of the property portfolio and special impairment on direct property in line with general trends in the Dutch property market almost balance each other out.

Investments

INVESTMENT PORTFOLIO INCLUDING FIDUCIARY INVESTMENTS 31 DECEMBER 2013 (€121.1 BILLION)



As a major investor, we invest the funds we earn from our insurance business – including premium funds – at our own risk and expense. In addition, we invest the funds entrusted to us by our customers, including monies from the pension funds we manage and funds held in our clients' investment accounts. It is our duty as an insurer to allocate the premiums contributed by our customers as responsibly and efficiently as possible. We are therefore always looking to find a balance between risk and return within the context of a responsible investment policy. This policy reflects this strategy: we aim for maximum and stable returns without losing sight of the associated risks and our obligations to our policyholders. As a major institutional investor, Achmea is able and willing to influence the behaviour of the behaviour of the company in which it invests, which we believe is part of responsible financial chain management. Implementing our investment policy on a day-to-day basis is mainly the responsibility of asset management companies, the main ones being Syntrus Achmea, Robeco and F&C Asset Management.

Our investment policy

Achmea's investment policy was further tightened after the onset of the financial crisis. In order to ensure continuity for our customers, all obligations are hedged by what is referred to as a 'replicating portfolio'. The investments included in this replicating portfolio respond more or less identically to economic trends, including interest-rate fluctuations, and our outstanding liabilities. The remaining portion of the investments is included in the 'returns' portfolio, through which we aim to achieve maximum returns based on the available market-risk budget. In setting this budget, we factor in our risk appetite, based on principles relating to factors such as our credit assessment, our liquidity position and the required level of profit flexibility. Our policy mainly focuses on the long term and, in line with our background as a cooperative organisation, we implement this policy as prudently as possible, resulting in a relatively conservative investment portfolio. In addition, our policy of setting strict limits for the companies in which we invest plays a significant role in our risk policy. We use a stringent risk strategy, distinguishing between governments and non-governments, among other factors, as well as monitoring ratings and credit default swap (CDS) spreads.

As stated, we distinguish between replication portfolios and return portfolios. A key part of our investment policy is hedging the market risk (primarily interest-rate risk) associated with our obligations; we use the replicating portfolio for this purpose. This portfolio consists of government bonds, corporate bonds, loans, derivatives and cash funds. The returns portfolio, which generally does not hedge liabilities, is used to invest in convertible bonds, government bonds issued by emerging markets, equity, property, private equity and commodities. The target return for both portfolios is determined based on clear mandates, including outperformance targets for the various asset management companies.

Responsible investment

As an institutional investor, Achmea aims to invest its assets responsibly and at its own risk, so as to be able to influence the behaviour of the companies in which we invest, which we believe is part of responsible financial chain management. Achmea therefore advises its clients to invest responsibly, and they have the option whether or not to heed this advice. The five cornerstones of our policy are: (1) exclusions, (2) dialogue (i.e. management/enhanced management), (3) ESG integration in the portfolio construction and management process of our asset management companies, (4) impact investment and (5) voting at shareholders' meetings of institutions in which we have invested.

Once the exclusions – including controversial and nuclear arms manufacturers, cluster munition, tobacco manufacturers and serious violators of the Global Compact – have been eliminated from the investment universe, mandates are provided to our (external) asset managers. We expect our managers to use environmental, social and governance criteria in addition to financial criteria in managing our portfolios. If they fall short in this regard, we engage them in a dialogue in order to incite them to do so. At the end of 2013, ESG criteria had been integrated into 94% of our portfolio. We enter into a dialogue through engagement and enhanced engagement with companies in which

Our financial results

we invest through shares or corporate bonds. In some cases, this may result in exclusion of the company fails to meet the targets expected. In 2013, our company maintained engagements with a total of 213 companies and 16 enhanced engagements for issues such as people and employment rights, the environment, and health. On behalf of Syntrus Achmea, we had engagements with a total of 105 companies. Achmea actively invests in areas such as clean technology, sustainable energy, microfinancing, micro-insurance and healthcare. We are committed to impact investments as this allows us to make a positive impact on society through our investment portfolio. We vote at shareholders' meetings for all our share portfolios; in the Netherlands, we do this in accordance with the recommendations set out in the Dutch Corporate Governance Code and internationally in compliance with local codes. In 2013, a total of 1,091 votes were cast on behalf of Achmea and 760 votes on behalf of clients of Syntrus Achmea (these figures do not contain the proxy voting by F&C Asset Management on behalf of Achmea in the fourth quarter of 2013). Achmea is a signatory to the UN Principles for Responsible Investment and the UN Principles for Inclusive Finance, as well as participating in the Carbon and Water Disclosure Projects. For more information about Achmea's policy and sustainable investments results, please visit www.achmea.nl.

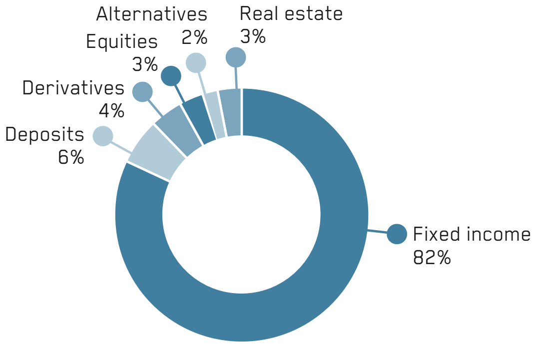
PORTFOLIO COMPOSITION

At year-end 2013, our investment portfolio was €67.4 billion (year-end 2012: €68.2 billion). The size of investments at the risk and expense of our policyholders at year-end 2013 was €22.6 billion – the equivalent of 33% of our total investment portfolio. In 2013, Achmea's investment portfolio at the company's own risk and expense increased by 4% billion in 2013, to €44.8 billion (year-end 2012: €43.2 billion).

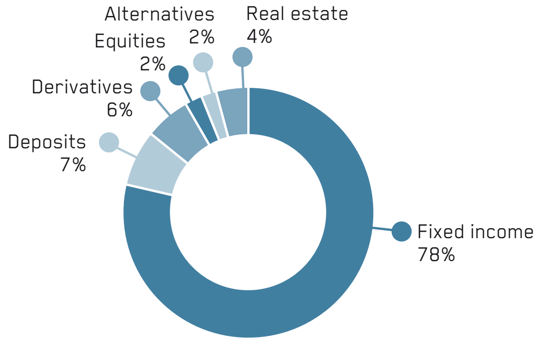
Fixed-income portfolio

In 2013, Achmea's fixed-income portfolio increased by 8% to €36.7 billion (year-end 2012: €33.9 billion). An amendment of the contract terms relating to one of our separate investment deposits resulted in a shift of roughly €3.5 billion in investments at the risk and expense of policyholders to Achmea's risk and expense. Of the fixed-income portfolio, more than €20.7 billion (year-end 2012: €21.8 billion), the equivalent of 56% (year-end 2012: 64%) was invested in government bonds, government-related bonds and government-backed bonds. The majority of this amount is invested in Dutch government bonds, and in addition there are relatively large allocations to German and French government bonds, while we also invest in Austrian, Finnish and Belgian government bonds. Since Achmea operates in Ireland and Greece, we have also invested in Irish (€568 million) and Greek (€13 million) government bonds.

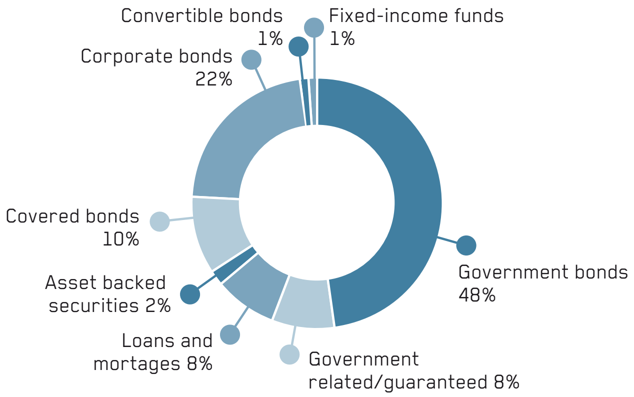
TOTAL OWN-RISK INVESTMENT PORTFOLIO
31 DECEMBER 2013 (€44.8 BILLION)



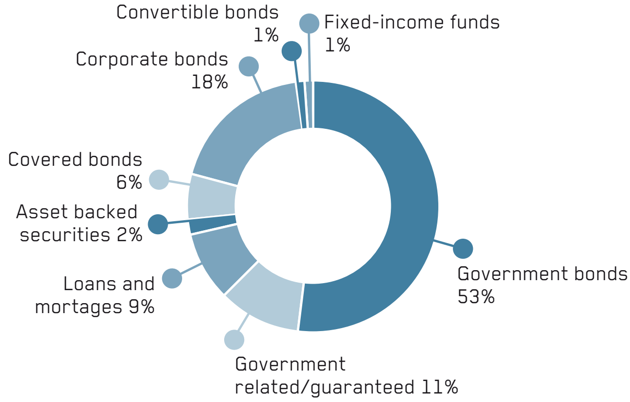
TOTAL OWN-RISK INVESTMENT PORTFOLIO
31 DECEMBER 2012 (€43.2 BILLION)



RELATIVE DISTRIBUTION FIXED-INCOME PORTFOLIO BY TYPE OF INVESTMENTS 31 DECEMBER 2013 (€36.7 BILLION)



RELATIVE DISTRIBUTION FIXED-INCOME PORTFOLIO BY TYPE OF INVESTMENTS 31 DECEMBER 2012 (€33.9 BILLION)



FIXED-INCOME PORTFOLIO BY RATING

	31-12-2013	31-12-2012
AAA*	52%	51%
AA*	20%	26%
A	12%	11%
BBB	12%	9%
<BBB	2%	2%
Unrated	2%	2%
Total	**100%**	**100%**

* France government bonds had an AAA-rating on 31 December 2012

TOP 5 SOVEREIGN EXPOSURE (€ MILLION)

	31-12-2013	31-12-2012	RATING
The Netherlands	10,729	10,592	AAA
Germany	3,322	4,398	AAA
France*	1,797	1,792	AA
Ireland	568	511	BBB
Austria	526	117	AAA

* France government bonds had an AAA-rating on 31 December 2012

Our financial results

The composition of the fixed-income portfolio was further adjusted in 2013 by increasing the share of corporate bond because of the favorable credit spread. The reason for this adjustment is both to increase returns and to bring investments more in line with obligations. In 2013, approximately €1 billion in government bonds was distributed on a pro rata basis among asset-backed securities and conservative corporate bonds. We expect to complete a final expansion of approximately €600 million to corporate bonds, shifted from our allocation to government bonds. We largely hedge the exchange-rate risk and interest-rate mismatch risk on our fixed-interest portfolio, whereby we hedge the interest-rate mismatch risk between investments and obligations by means of interest-rate derivatives. Our fixed-income portfolio is prudently invested. The bulk of the portfolio has an AAA rating, while only 2% does not have an investment-grade rating and 2% has no rating at all.

Equity and alternative investment portfolio

At year-end 2013 our equity portfolio had a total value of €1,152 million (year-end 2012: €948 million), i.e. 3% of the company's total own investment portfolio. The higher value of the portfolio is the result of higher stock markets. In addition, we have invested extra money in low-volatility shares and in emerging markets. At year-end 2013, a total of 85% of our equity portfolio was invested in mature equity markets, while 15% was invested in emerging markets. Besides our equity portfolio, we also manage a portfolio containing alternative investments, including private equity, hedge funds, infrastructure and commodities. At year-end 2013, this portfolio had a value of €1.0 billion (year-end 2012: €1.0 billion). We largely hedge the exchange-rate risk on our positions in equity and alternative investments.

Property portfolio

At year-end 2013, our property portfolio had a value of €1.5 billion (year-end 2012: €1.6 billion) i.e. 3% of the company's total own investment portfolio. This decline in the property portfolio is the result of the partial sale of indirect international investments and write-offs. At year-end 2013, our property portfolio was comprised of €1.2 billion in direct property investments, including 36% residential, 31% retail, 29% offices and 4% other property. Our property portfolio includes €308 million in direct property investments. As far as valuation is concerned, the market for residential and office properties appears to have bottomed out, while the retail properties contained in our portfolio have only now begun to truly be affected by increasing vacancy rates and write-offs.

We will continue to value our property portfolio as prudently and frequently as possible, and therefore perform a full valuation each quarter of 25% of our portfolio and a review of the remaining 75%. This means the entire portfolio is revalued over the course of one year. In 2013, we wrote off a total of approximately €58 million on property (2012: €76 million).

[1] Average of Fitch, Moody's and Standard & Poor's ratings.

Risk management

Effective risk management is fundamental to the sustainability of Achmea and for maintaining the continuity of our customers and our other stakeholders. We are exposed to a variety of risks including insurance risk, market risk, counterparty default risk, operational risk, liquidity risk and strategic risks. We implemented an integrated risk management framework which contributes effectively in the realisation of our strategy and the business objectives. Our risk profile is relatively stable over time the last few years, given our Risk Appetite Statements and the close monitoring of the risk tolerances and risk limits.

Risk management framework

As a starting point for effective risk management within Achmea we have set a risk strategy with principles regarding (1) strategic objectives, (2) risk culture and (3) risk governance. Culture plays an essential role in effective risk management. Several principles have been defined in which the Executive Board and management of Achmea encourage among others an open culture where risks can be openly discussed and where decision making is based on an appropriate balance between risk, capital and expected return. Our risk strategy has been further elaborated in our risk appetite framework, our 'three lines of defence' governance model and our Integrated Risk Management Framework (IRMF) which outlines our risk management system.

Risk appetite

Achmea's Risk Appetite Statements at Group level include the attitude towards risk and are an indication of not only the willingness to accept either a high or a low level of risk, but also the ability to take risks. Following our cooperative roots, our risk appetite is set with the necessary prudency. In the figure below an overview is given of our main statements on capital/ liquidity, risk management, responsible profit and product quality/ compliance/corporate social responsibility (CSR).

The Risk Appetite Statements are reviewed at least once per year by the Executive Board and by the Supervisory Board for approval. The Risk Appetite Statements are translated through Key Risk Indicators, risk tolerances and risk limits. Risk tolerances are restrictions that give a clear direction to management of the risk levels Achmea is willing to be exposed to. Risk limits are used in daily business practices to indicate how much risk we are willing to take.

Integrated approach (IRMF)

We have implemented an Integrated Risk Management Framework (IRMF) to support us in maintaining a consistent and efficient Enterprise Risk Management system.

To ensure an integrated approach all second line of defence functions (risk, actuarial and compliance) use the same risk classification, are covered by the risk appetite and use tools and techniques which are complementary to each other.

The IRMF is an integral part of our business planning process. Several risk assessments are carried out throughout the year including an economic capital model study to quantify the risks per risk category, a Strategic Risk Assessment with management and the Executive Board in which all potential risks are analysed and scenarios and stress tests which provide insight into what happens under extreme circumstances or in the event of the simultaneous occurrence of a combination of factors. The assessments mentioned together are input for the ORSA (Own Risk and Solvency Assessment) Report which provides an overview of and conclusions about whether or not the current and projected future available capital are deemed to be sufficient under regular and stressed circumstances, given the risk profile and our risk appetite. Achmea is well on track with the Solvency II implementation, the successor of European Union's solvency regime for insurers which will be effective as from 1 January 2016, and this helps us to further strengthen our capital and risk management. Specific Solvency II requirements such as the Own Risk and Solvency Assessment (ORSA) and Use test are incorporated in our IRMF system.

The risk profile of Achmea is periodically monitored and quarterly reports are prepared for the Executive Board and the Audit & Risk Committee. For the main risk types line management periodically verifies whether the risk is still within the set risk limits. Furthermore, an Internal Control Framework is implemented which is used to systematically monitor key risks and key controls throughout the whole organisation. On an annual basis an Internal Control Statement is reported which provides a qualitative description of risks and internal control of both operational risk and other risk types as per Achmea risk classification. Finally, the internal audit function reports on the basis of audit reports and the management letter. Remuneration is both performance and risk related and is aligned with regulations (DNB, AFM, Insurers Code).

The focus on Compliance has increased within and outside Achmea. Failing to comply with applicable laws, regulations, rules, organisational standards, and codes of conduct may result in legal- or regulatory sanctions, material financial loss, or reputational damage. It is important for Achmea to regain consumer's trust, not only by an increase of regulations but also as an important part of its internal drive and strategy.

Our financial results

The regulator will also increase its focus on customer care and will create new legislation with regards to this topic. Subsequently the extra supervisory investigations will have a huge impact on the business. Continuous monitoring will be an important instrument in providing assurance that compliance with legal provisions is guaranteed.

RISK APPETITE STATEMENTS

CAPITAL POSITION / LIQUIDITY

- Available capital is at least equal to economic capital at a 99.95% confidence level at group level. A precondition is that the minimum retained capital is adequate for:
  - A S&P A rating. Achmea monitors capital based on S&P requirements (capital required for an AA rating) and tolerates termporary deviations to a capital level for an A rating.
  - Achmea meets capital requirements of the regulator.
- Achmea retains adequate liquidity based on moderate stress scenarios at both holding and business unit level so that at all times it can meet liquidity obligations.
- Retention of adequate liquidity/flexibility in Achmea's risk profile to reduce Achmea's market/counterparty risk by turning €1 billion into cash within three months.
- Retention of adequate liquidity/flexibility in Achmea's risk profile to reduce economic capital at 99.95% confidence level by at least €350 million within three months.

RISK MANAGEMENT

- Risk management framework safeguards the execution, implementation and monitoring of prudent risk policy.
- Achmea pursues an adequate counterparty policy (including collateral management) and actively monitors counterparty default risk.
- Achmea has adequate policies for underwriting, reinsurance and reserving and ensures responsible choices are made for fundamental assumptions like e.g. mortality tables and yield curves.
- Achmea has an adequate and prudent policy on investments, based on the profile of the liabilities.
- Achmea monitors the risks of inadequate or failing processes, people, systems and of external events. Achmea ensures adequate internal control.

RESPONSIBLE PROFIT

- Achmea will not accept risk that does not generate structural profit.
- Profit is not the only goal. Profit is necessary to ensure the continuity of cooperative goals.
- Achmea strives for a structural targeted return that matches risk profile, cooperative background and dividend requirements of shareholders.
- Compared to the market and due to high volume and efficiency, Achmea products and services have a low cost structure and an adequate quality level.
- In terms of operational return (VNB, COR), Achmea aims to outperform the market.
- Decision-making takes place based on economic considerations. Shifts in IFRS results must not be leading.

PRODUCT QUALITY / COMPLIANCE / CSR

- Achmea optimises its risk profile so that it contributes to a pricing strategy that is at least around the market median.
- The policy of Acceptance is driven primarily by solidarity and secondarily by profitability. Achmea only automatically excludes customers/groups of customers based on moral or explicit (irresponsible) risks.
- Achmea provides customers with products and services that offer security and are predictable, consistent, understandable, transparent and have integrity.
- Relevant legislation and regulation are combined into themes related to business processes to ensure that all legislation and regulations are fully implemented.
- Achmea is pro-actively involved into the relevant social debates and social developments.

Our financial results

Three Lines of Defence

Achmea uses the industry standard three lines of defence model, whereby ownership for risk is taken at three levels in the organisation. Reporting lines reinforce segregation of duties and independence within the model.

THREE LINES OF DEFENCE

FIRST LINE

Risk Management embedded in the business
- Executive Board, Finance & Risk Committee and special committees
- Divisions/business unit: business management, Finance & Risk Committees and special risk committees

SECOND LINE

Design and monitor the Integrated Risk Management Framework
- Risk & Compliance on group level
- Operational Risk managers, Compliance officers and Insurance Risk managers Divisions and OpCo's

THIRD LINE

Provide additional assurance on Governance, Risk Management and Internal Controls
- Internal Audit, operating on both group level and business level

GROUP COMMITTEES

FINANCE & RISK COMMITTEE

- CFO (Chair), 2 other Executive Board members
- Directors Finance & Risk of Divisions
- Group: Risk & Compliance, Finance, Asset Management and Capital Management

MODEL APPROVAL COMMITTEE

- Risk & Compliance (Chair), Model owners, Model developers, Model users, Model validators
- With representation of the Directors Finance & Risk of Divisions as to ensure a good understanding of the Internal Model

PRODUCT ASSESSMENT COMMITTEE

- All risk types represented by:
- Risk & Compliance (Chair), Insurance, Market, Operational, Compliance
- Communication & Information, Legal and Tax
- Bank provides information, has own approval procedures
- International operations have their own policy

Achmea has both risk committees at Group level and within the business units.

On Group level, the Supervisory Board supervises the Executive Board on the effectuated policy and associated risks. The Audit & Risk Committee advises the Supervisory Board on financial, administrative and organisational compliance matters, as well as the risk profile and risk management.

The Finance & Risk Committee (FRC) is an executive committee of the Executive Board. It is the platform for the Executive Board and for management of (financial and risk) staff departments and finance directors of several business units to discuss and decide on the issues related to finance and risk management at Group level. A subcommittee of the FRC is the Model Approval Committee (MGC), with delegated responsibility for approving risk models.

Our financial results

The Product Assessment Committee (PBC) has an important assessment role in the product approval & review process. Aligned with the FRC at Group level, there are committees within the business units that discuss risks within the organisation. In relation to the banking activities there are several committees that have specific risk management responsibilities, including the Asset and Liability Committee, Credit Committee and Pricing Committee.

Risk overview

As financial services company Achmea is exposed to a variety of risks through its core insurance activities and banking activities which include insurance risk, market risk, counterparty default risk, operational risk, liquidity risk and strategic risks. Strategic risk in this respect relates to Achmea's vision on its current and future risk profile, where the risk is that Achmea makes an incorrect estimate of the future environment and events, by which Achmea has adverse effects. In this section a brief overview is given of our overall risk profile and the main control measures which have been taken. We refer to the Risk Management Section in our Annual Accounts for more information.

Insurance risk

Achmea is exposed to life risk, non life risk, disability risk and health risk as a result of its broad insurance product range. Longevity is predominant within Achmea's life risk. Achmea does not underwrite heavy industrial risks, as airports or power plants. Mainly the property and motor hull insurance lines are exposed to catastrophe risk, where the predominant natural perils are wind- and hail storm in the Netherlands and, to a lesser extent, earthquake risk in our international operations in Greece (Interamerican) and Turkey (Eureko Sigorta). In general the insurance risks are primarily managed through product development, standard underwriting policies, reserve adequacy testing and reinsurance.

Market risk

As a financial services company Achmea is exposed to market risk because of its large investment portfolio, intangible assets, minimum guarantees and profit sharing in life insurance and our retail banking products (mortgages, consumer loans, deposits, savings and current accounts).

For its Dutch insurance companies, Achmea manages market risk positions within an Asset & Liability Management (ALM) framework. A matching portfolio is developed to achieve long-term investment returns that meet the obligations from the insurance contracts. Interest rate risk of these investments and liabilities are managed on an economic basis where interest rate derivatives are used to improve matching of insurance liabilities as part of this process. Furthermore, a return portfolio is developed to profit from risk premia existing in the markets by taking investment risks. We have however a conservative investment profile.

Counterparty default risk

Achmea is exposed to many counterparties in the area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders. The main 'prevention' objective in managing counterparty risk is to ensure that portfolios are well diversified. Achmea's credit risk in banking operations is largely concentrated in mortgage lending activities and counterparty exposures in the money market and capital market for Achmea Hypotheekbank, Staalbankiers and Friends First Finance. The credit risk in mortgage lending is managed by applying credit approval criteria and subsequently monitoring repayment criteria.

Operational risk

Like other companies, Achmea is exposed to the risk of a loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Achmea distinguishes the following 7 categories of risk events: internal fraud, external fraud, execution, delivery and process-management, clients, products and business practice, business disruption and system failure, damage to physical assets and employment practices and workplace safety. Management pays many attention to the management of operational risks because they can have a serious impact on our business performance and the realisation of our strategy and business objectives.

More specific, internal or external fraud can lead to financial losses and reputational damage. Achmea has processes in place for fraud prevention and detection to mitigate these risks. As an insurer Achmea is the subject of much regulation. Legal and arbitration proceedings regarding liability may affect the business, the return and the financial position of Achmea. Achmea takes mitigating measures as formulating own standards with respect to products that go beyond compliancy with laws and regulations. Cybercrime can disrupt business operations and customer service when information is not adequately safe or ends up with the wrong people. As a financial institution Achmea has confidential information from policyholders available. Achmea adopts measures in ICT in order to protect the information and ensure confidentiality.

Our financial results

Failure or lag of ICT systems may hinder the business or the realization of defined change ambitions. Computer systems are essential for storing, retrieving and using customer and company data. Achmea focuses on the implementation of being an e-insurer qua business model and technology.

Liquidity risk

Generally liquidity risk is the risk that actual and potential payments and collateral obligations cannot be met when due. Liquidity risk within Achmea's insurance operations is mitigated through the availability of cash and cash equivalents and investments in liquid assets. For our banking activities, Achmea manages its liquidity risk at different levels: the cash position on short term, funding requirements on medium term and diversified funding on the long term.

Strategic risk

As stated strategic risk relates to Achmea's vision on its current and future risk profile, where the risk is that Achmea makes an incorrect estimate of the future environment and events, by which Achmea has adverse effects. The following risk events, which are obtained from our overall assessment of our risk profile as recorded in our Own Risk & Solvency Assessment (ORSA), could have an adverse impact on the realisation of our strategy and business objectives.

Firstly, Achmea is operating in a challenging environment. In many areas our business model is changing rapidly and radically. To meet the needs of our customers even better Achmea has launched the program 'Acceleration & Innovation' (see p. 18). With the program 'Acceleration & Innovation' Achmea accelerates to a future-proof, efficient and agile business model.

Secondly, changes in insurance and other laws may affect Achmea's business model. This is especially the case for the health business regarding the basic health insurance, but also applies to social security and the pension and life business. We manage this risk by close monitoring of and anticipating on political developments and regulatory requirements.

Finally, persisting volatility on the financial markets and prolonged low interest rate levels could adversely affect Achmea's profitability and financial position, although during 2013 the financial markets have relatively calmed down compared to the years directly following the beginning of the financial crisis since 2007. Especially, base interest rates set by central banks remain at historically low levels. As a result of the low interest rates the investment returns decline and interest guarantees are expensive. If interest rates remain low for a long time, this has impact on the attractiveness of insurance products and the profitability of Achmea.

Partial internal model

Achmea uses qualitative and quantitative methods to identify and assess risks. Economic capital in this respect is the potential loss at a specific confidence level for all risk types that are statistically quantifiable. In this section the required capital results according to the partial internal model are recorded. Achmea uses a partial internal model to make a quantitative estimate of the risk profile. In this model all potential losses, including adverse revaluation of assets and liabilities, are assessed. Risks per business line are determined using the Solvency II standard formula or internal models. The results of this model are used in Asset & Liability Management (ALM), reinsurance strategy, pricing, performance management and capital management.

The required capital of the partial internal model at Group level is defined as the amount of required capital to ensure fulfilment of the liabilities. The confidence level for the legal entities of Achmea is 99.5% over a one-year period, without diversification benefits between the legal entities of Achmea Group. All entities that are part of Achmea Group and are part of the consolidated IFRS financial statements are in scope. In line with Solvency II principles, we have used the aggregation and consolidation approach in 2013. Solvency II makes a distinction between entities that follow the consolidation approach and entities that do not follow this approach (non-consolidated).

The consolidation approach applies to entities that perform insurance activities. The consolidation approach takes diversification benefits into account between the same risk types of several entities. The non-consolidated approach applies to the other entities. The non-consolidated approach does not take diversification effects into account. The entities that fall under the non-consolidated approach are:

- Entities that are governed by the Capital Requirement Directive (CRD) and the Institutions for Occupational Retirement Provisions (IORP). The entities that are part of the Capital Requirement Directive are the banking entities and Syntrus Achmea where the Basel regulations apply. The Institutions for Occupational Retirement Provisions (IORP) are the Opco's Union Zdravotna Poist'ovna AS, a public health insurer in Slowakia.
- NON-EEA entities, Eureko Sigorta A.S. en Oranta Insurance Company.L.C.

Our financial results

- Dutch Deduction & Aggregation (D&A) entities; De Friesland Particuliere Ziektekostenverzekering NV, De Friesland Zorgverzekeringen NV and FBTO Zorgverzekeringen NV.
- Other entities. These are entities that are part of Achmea group but do not perform insurance activities. Therefore these are treated as an investment (non-ancillary service entity).

The main elements are:
- For Non-Life Risk, Health Risk, Market Risk and Disability Risk the required capital of Achmea's largest legal entities is based on the internal model.
- The standard formula is used to determine the required capital of Life Risk, Counterparty Default Risk and Operational Risk.
- Achmea uses the standard Solvency II correlations between the main risk types except when both main risks are determined using the internal model. In that case Achmea uses the correlations defined in the internal model.
- For the Market Risk calculations the valuation of the Insurance liabilities is based on the swap curve. For the Insurance Risk calculations this valuation is based on the EIOPA curve.
- The loss absorbing capacity of deferred taxes is based on the principles of Solvency II.

The required solvency capital equals €4.8 billion. Market Risk, Life Risk and Health Risk dominate the required capital. Market Risk reflects the net exposure to the capital markets, and includes equity, property, spread and interest-rate risk. Life Risk relates mainly to longevity risk. Health Risk is mainly composed of the risk of medical expenses. Due to a further reduction in the Dutch Health Risk equalization system, the required capital increases. Net Non-Life Risk is relatively small linked to reinsurance arrangements for most natural disasters. The consolidation approach takes diversification benefits into account between the same risk types of several entities. These are included in the Basic Solvency Capital Requirement. All figures were performed using year-end 2013 figures. Comparative figures 2012 are not available, due to the switch in the model used.

REQUIRED CAPITAL (PARTIAL INTERNAL MODEL) (€ BILLION)

	2013
CONSOLIDATED APPROACH BY RISK TYPE	
Market Risk	2.5
Life Risk	1.7
Health Risk	1.5
Non Life Risk	0.7
Disability Risk	0.3
Counterparty Default Risk	0.5
Diversification and other effects	-2.9
Basic Solvency Capital Requirement ('consolidated approach')	**4.3**
LOSS ABSORBING CAPACITY DEFERRED TAXES	-0.7
Operational Risk	0.4
Solvency Capital Requirement ('consolidated approach')	**4.0**
NON-CONSOLIDATED APPROACH	
SCR Credits Institutions & IORP's	0.4
SCR Non-EEA	0.1
SCR D&A	0.2
SCR Participations	0.1
Solvency Capital Requirement	**4.8**

Capital and Liquidity Management

CAPITAL MANAGEMENT

Capital management framework

Strong capital and liquidity management is fundamental to ensure continuity for our customers, our stakeholders and the organization. This is why we defined having a robust balance sheet and effective capital and investment management as one of the critical success factors for achieving our ambition of being recognized as the most trusted insurer. In line with our risk appetite, our aim is to maintain strong Solvency I, Solvency II and Standard & Poor's capital adequacy levels and to ensure the consistent operation of both capital management policy and practice.

Capital management is integral to the way we manage our organization. The capital management framework is designed to ensure that the group and its subsidiaries are capitalized in line with external regulatory requirements as well as risk appetite, risk tolerance and economic capital requirements approved by the Executive Board. The capital management framework and risk appetite statements are discussed in more detail in the Risk Management chapter in this annual report. The main objectives of our capital management are to:

- Allocate capital to businesses using risk-based capital allocation, in line with the group's strategic objectives, including optimizing returns on economic and regulatory capital
- Manage the group's dividend policy and dividend declarations while taking into consideration shareholder and regulatory requirements
- Execute the internal capital adequacy assessment process including short- to medium term capital planning and stress testing.

Capital adequacy target levels are set for Solvency I, Solvency II (based on our partial internal model), and for AA capital requirements in accordance with S&P's Capital Adequacy Model. Measures have been defined that will be taken if capital levels go through pre-defined thresholds.

Capital position per 31 December 2013

Total equity decreased to €9,702 million (2012: €10,483 million). This was primarily due to the net result of €344 million, €168 million dividend payments on ordinary shares, €26 million dividend payments on preference shares and coupon payments on hybrid capital amounting to €79 million. Hybrid capital (part of total equity) decreased to €967 million at year-end 2013 (2012: €1,325 million) via redemption of €225 million capital securities and repurchase of €133 million capital securities. In addition, we issued €500 million Tier-2 capital securities qualifying as regulatory capital, but treated as debt under IFRS.

DEVELOPMENT OF TOTAL EQUITY (€ MILLION)

Total equity 31-12-2012	**10,483**
Net profit	344
Dividends and coupon payments to holders of equity instruments	-273
Redemption and repurchase of equity instruments	-358
Revaluation of equity and fixed income portfolio	-97
FX-reserves	-108
Post-employment benefits	-291
Other	2
Total equity 31-12-2013	**9,702**

Our revaluation reserve decreased by €97 million overall in 2013 due to the higher interest rates and higher stock indexes. All investment results from fixed-income securities and interest-rate derivatives for own risk from the Pension & Life business are set aside in the Fund for Future Appropriation (FFA); this represents a provision to cover our obligations to our life-insurance customers in connection with investment results that have not yet been included in profit-sharing. The FFA forms part of the insurance liabilities. Due to an increase in interest-rates, the unrealised revaluation on our fixed-income portfolio decreased by €683 million, a total of €588 million of which was drawn from the FFA. At year-end 2013, the FFA had a total value of around €2.2 billion (year-end 2012: €3.3 billion). The lower price of, among others, the Turkish Lira caused the foreign-exchange reserve to decrease by €108 million.

In 2013, Achmea began using the revised International Accounting Standards IAS19, which describes how companies should recognise their pension obligations in their balance sheets. Under the revised standard, companies are no longer permitted to use what is known as the 'corridor method' for the deferred recognition of actuarial gains and losses related to defined-benefit (DB) pension plans in the income statement; instead, profits and losses must be taken directly to equity. Based on the new accounting method, during 2013 an amount of €291 million in unrealised actuarial losses was deducted from equity, and the opening balance of equity was adjusted as well.

Solvency I position per 31 December 2013

Achmea's solvency position based on the Insurance Group Directive (i.e. excluding banking and pension services operations) decreased to 202% at year-end 2013 (year-end 2012: 212%). Available capital decreased by €481 million, while required capital decreased by €38 million. This decrease is caused by a combination of factors. €500 million Tier-2 capital securities issued in April 2013 are part of the solvency capital and contribute to a higher solvency ratio. The solvency ratio also increased due to the €344 million net result over the year. The available capital decreased as a result of the redemption and repurchase of €358 million of perpetual capital instruments and €273 million dividend and coupon payments. In July 2013, France was downgraded from AAA to AA + by Fitch. As a consequence France is no longer included in the ECB AAA curve as of July 2013, resulting in a decrease of the yield curve used for discounting of liabilities. and therefore a decrease in the margin of the Liability Adequacy Test (LAT) which is taken into account as available capital for supervisory purposes. The calculation of the LAT is based on the ECB AAA-curve including UFR. The Group solvency position without the UFR would be 10 percentage points lower (at year-end 2012, Group solvency would be 19 percentage points lower).

SOLVENCY I POSITION (IGD) (€ MILLION)

	31-12-2013	31-12-2012
Available capital	7,954	8,435
Required capital	3,947	3,985
Surplus capital	**4,007**	**4,450**
Solvency 1 ratio (IGD)	202%	212%

The core Tier-1 ratio of Achmea Bank Holding increased to 15.9% (year-end 2012: 14.2%) and the core Tier-1 ratio of Staalbankiers to 17.0% (2012: 14.2%) respectively.

SOLVENCY I RATIOS

ENTITY	TARGET PERCENTAGE	31 DECEMBER 2013
Group (IGD)	190%	202%
The Netherlands		
• Non-Life	185%	226%
• Health	140%	185%
• Life	175%	220%
• Reinsurance	200%	381%
International		
• Friends First	175%	203%
• Other	130%	198%

DECREE PRUDENTIAL RULES 2014 - 'SOLVENCY 1.5'

It is expected that Solvency II legislation will be applicable per 1 January 2016. To make the current Dutch solvency regime already more risk based the Dutch Ministry of Finance launched additional solvency guidelines which are applicable per 1 January 2014. Those guidelines are applicable at the level of the legal (insurance) entities. Main requirement is the obligation to ask permission from DNB for dividend payments from legal entities if solvency levels are below the minimum levels prescribed by DNB. For Life business a specific risk based 'Theoretical Solvency Criterion' is introduced. The new guidelines also introduces the obligation to deliver an Own Risk Assessment report to DNB and some changes in supervisory reporting. As Achmea is already quite far in the preparation for Solvency II the consequences of the new guidelines for Achmea are limited.

Solvency II capital position per 31 December 2012

In 2013 we calculated the capital requirements of all our legal entities and the Achmea Group using both the Solvency II standard formula and our own partial internal models based on the annual figures per 31 December 2012. The results show that Achmea is well capitalized with a 183% Solvency II ratio (excluding banking and IORP entities) as calculated using the consolidation method and our own partial internal models. Those calculations are based on conservative assumptions. If the current proposals for the treatment of long term guarantees would be taken into account the outcomes would be even higher.

Our financial results

Funding strategy

Our strategy on funding is based on safeguarding access to international capital and credit markets at low cost, underpinned by credit ratings in line with our peers. This is especially important at times when developments on financial markets make access more difficult. Actual funding activities are centralized and are coordinated at corporate level, even though, in principle, each operating subsidiary is responsible for financing its own business. Achmea can participate in financing the operations of certain subsidiaries through subordinated debt funding and other forms of capital and loans. As a holding company, Achmea relies for its funding needs principally on distributions of internal dividends, internal cost allocations and excess liquidity from operating subsidiaries and associated companies. Such distributions and internal funding are usually subject to regulatory restrictions and, in the case of associated companies, by the dividend policies as determined by those companies. The table in the next column gives a comprehensive, high-level overview of the sources of capital and liquidity from a holding perspective as a complement to the cash flow statements in the financial statements. Given the governance within the Group, this holding perspective best reflects the cash flows between the holding and the operating activities within the Group. In combination with sound access to capital markets, our financial flexibility is considered satisfactory.

The Group's capital is made up of common equity, preference shares (€311 million), hybrid capital (€967 million) and long-term Tier-2 loans (€500 million). The €1,161 million senior debt position as per year-end 2013 is temporarily high due to the pre-financing of the 7.375% €750 million senior debt, which matures in 2014. At year-end 2013, Achmea had two outstanding hybrid capital issues for a total of €967 million, one for the retail market and one for the institutional market, and one Tier-2 loans placed in the institutional market for €500 million. As a consequence, debt leverage (measured as non-banking debt and perpetuals as a percentage of the sum of total equity, non-banking debt, perpetuals and minus goodwill) increased to 27.9% (year-end 2012: 21.4%), which is mainly due to the aforementioned €750 million pre-financing of senior debt. The liquidity position amounted to €640 million per year-end 2013. Corrected for this liquidity position, the debt leverage would amount to 23.4%. Double leverage ratio amounted to 106.5% at year-end 2013 (year-end 2012: 104.4%).

OVERVIEW OF CASH FLOWS FROM HOLDING PERSPECTIVE* (€ MILLION)

Cash remitted by operating activities	**2013**
Non-life	154
Health	148
Life & Pensions	66
International	117
Other	8
Proceeds from divestments	1
Financing/ corporate activities	
Net interest paid	-53
Dividend and coupons on capital securities paid	-266
Premium equity derivative	-57
Net change in borrowings	916
Tax settlements	247
Corporate activities	-559
Investments in business and associates	
International	-21
Banking activities	-57
Other	-39
Net change in cash	**605**

* This includes Achmea B.V. and all cash activities primarily related to holding responsibilities (i.e. not included are operating subsidiaries and cash activities primarily related to specific operating activities).

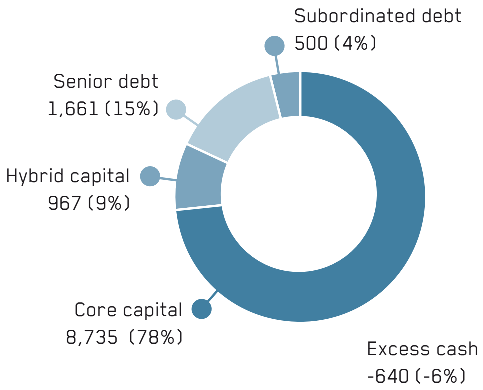
In 2013, Achmea executed the following capital market transactions:

- April – Repurchase of €133 million of total €500 million Perpetual Capital Securities with 5.125% coupon
- April – Issue of €500 million Subordinated Notes with a coupon of 6%. The Notes have a maturity of 30 years and a first call option after 10 years
- May – Early redemption of €225 million in full of Perpetual Capital Securities with 8.375% coupon
- May – Issue of CHF 200 million (€161 million) Senior Unsecured Notes with a coupon of 1.5%. The Notes have a maturity of 6 years
- November – Issue of €750 million Senior Unsecured Notes with a coupon of 2.5%. The Notes have a maturity of 7 years

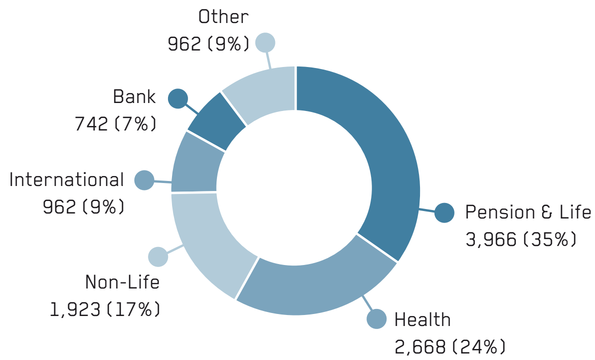
Our financial results

The robustness of Achmea's financial position is emphasised by the capital structure and composition. Core and Tier-2 capital comprise 91% of the total funding. Normalised for the aforementioned pre-financing of the €750 million senior debt, this ratio would increase to 97%. The capital allocation graph shows the well-diversified activities of Achmea, which confirm the economic diversification benefit shown in the economic capital paragraph.

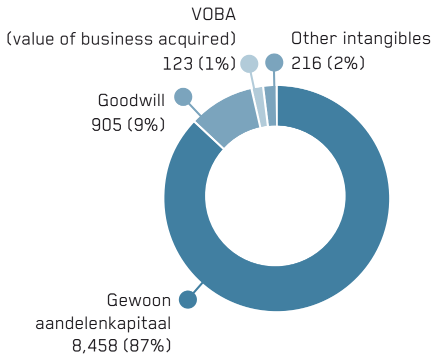
CAPITAL STRUCTURE
(31 DECEMBER 2013: €11,223 MILLION)



CAPITAL ALLOCATION
(31 DECEMBER 2013: €11,223 MILLION)



COMPOSITION OF TOTAL EQUITY
(31 DECEMBER 2013: €9,702 MILLION)



Our financial results

LIQUIDITY MANAGEMENT

Liquidity policy

According to Achmea's risk appetite, the Group liquidity position must be adequate and allow for financial flexibility at all times. The liquidity policy describes how Achmea and its Non-Life, Health, Life and Bank subsidiaries manage liquidity risk. Metrics have been developed that provide a forward-looking view of Achmea's liquidity position and liquidity exposure for various time horizons under normal conditions, and for a range of moderate and extreme stress events. Combined with limits, they help Achmea satisfy its risk appetite as defined by the Finance & Risk Committee and provide early warning signals when Achmea runs the risk of insufficient liquidity to meet its liabilities. Furthermore, they enable Achmea to provide quantitative information on its liquidity position at different levels to supervisors and market participants. For extreme scenarios, various contingency actions are defined to generate liquidity.

Liquidity holding, insurance entities and banking entities

For liquidity purposes, Achmea maintains committed and uncommitted credit facilities with a variety of mostly international banks at corporate level. At year-end 2013, the committed credit lines (€750 million) were undrawn. The facilities do not contain financial ratio covenants or banking covenants with the obligation to redeem in case of a rating downgrade. They were renewed in 2012 and extended in 2013. The facility will expire in 2018. Lower rating levels could have an impact on the interest rates.

The liquidity position of our insurance entities is more than sound, as we maintain a high level of liquid investments in the investment portfolio, including liquid government bonds and listed equities.

The liquidity position of our banking entities is sound and they were able to maintain their liquidity position well above regulatory requirements. Achmea Hypotheekbank went to the public market thrice in 2013, with a Residential Mortgage-Backed Security issue, generating €781 million in additional funding, and with two issuances of €300 million and €500 million of senior unsecured notes under its Medium Term Note Programme. The public senior unsecured issuances had a maturity profile of 2 years and 5 years respectively. These issuances under its Medium Term Note programme enables the bank to further diversify its funding profile. In addition, we aim to utilise more unsecured funding through placing bonds with selected counterparties in private placement format which raised €122 million during the course of the year.

Dividend policy

In the context of the capital increase, executed in April 2009, it was agreed with shareholders that dividend payments will be 45% of net profit attributable to ordinary shareholders, subject to maintaining adequate solvency levels. All proposed dividends are subject to approval by the Annual General Meeting of Shareholders.

Ratings

In 2013, Standard & Poor's (S&P) ratings of Achmea Group and Achmea insurance entities remained unchanged under the revised S&P rating criteria. Our current group rating is A- with a stable outlook, while the current rating on our insurance entities is A+ with a stable outlook. The S&P rating of Achmea Hypotheekbank remained unchanged at A with a negative outlook. This outlook is linked to S&P's view that Dutch banks are exposed to increased risks as a result of a (potentially) more protracted economic downturn in the Netherlands and wider eurozone.

Our financial results

RATINGS

ENTITY	TYPE	S&P	FITCH	MOODY'S
Holding				
Achmea B.V.	CCR	A-		
Insurance entities				
Achmea Schadeverzekeringen N.V.	CCR / IFSR	A+		
Achmea Zorgverzekeringen N.V.	CCR / IFSR	A+		
Achmea Pensioen- & Levensverzekeringen N.V.	CCR / IFSR	A+		
Banking entities				
Achmea Hypotheekbank N.V.	CCR long-term CCR short-term Secured debt program	A A-1 A	A- F2	
Achmea Hypotheekbank N.V.	Covered bond program		AAA	Aa2

* CCR: Counterparty Credit Rating
IFSR: Insurer Financial Strength rating

Governance

Governance

Report of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

Main developments in 2013

The main topics on the Supervisory Board's agenda in 2013 were the current strategy, the progress made in further efforts to apply customer centricity in everything we do, reducing costs and complexity and the Acceleration & Innovation Programme. The Supervisory Board's committees also focused on a variety of issues, including the company's financial results, risk management, corporate governance, succession planning, the remuneration policy and the composition of the Executive Board and Supervisory Board. In addition to its supervisory role, the Supervisory Board regularly acted in an advisory role by providing the Executive Board with solicited and unsolicited advice.

The Supervisory Board convened on eight occasions in 2013, holding seven regular meetings and one extraordinary meeting. All the meetings were attended by almost all the members; the number of absences was negligible. If members were absent, they provided input in advance and authorised another member to vote at the meeting. Seven meetings were held at Achmea's head office in Zeist. The other meeting took place at the Interamerican Greece subsidiary in Athens, Greece.

In the first meetings of 2013, the Supervisory Board devoted attention to succession planning for both the Executive Board and the Supervisory Board. Thomas van Rijckevorsel resigned in 2012 and Gerard van Olphen left the Executive Board in early 2013. The Supervisory Board held extensive discussions on how to fill these vacancies. The Supervisory Board believes that the jobs of Chief Financial Officer (CFO) and Chief Risk Officer (CRO) ought not to be united in a single person within the context of modern governance and given the weight of the duties involved. In conjunction with the Chair of the Executive Board it was consequently decided to split the vacancy for CFRO into one post for CFO and one for CRO. It was also decided to fill the vacancy of Mr van Rijckevorsel with a candidate with insurance and commercial expertise, focused particularly on Health and International.

As of 1 April 2013, the vacancy for CFO and the vacancy for Health and International were filled by the appointment of Mr Huub Arendse and Mr Roelof Konterman respectively. The vacancy for CRO will be filled as of 1 March 2014 with the appointment of Henk Timmer, current Director Internal Audit of Achmea. Untill his appointment, the position of CRO is temporarily filled by Huub Arendse. All three gentlemen have proved their expertise in their respective fields. Their backgrounds also mean that they both know Achmea well. The Supervisory Board is very pleased with their appointment. Although Achmea recognises the importance of greater gender diversity, the retention and consolidation of the correct mix of skills have remained the overriding factors in this selection process.

Ms Lineke Sneller joined the Supervisory Board effective 1 January 2013, thereby enhancing the IT expertise of the Supervisory Board. Mr Henk Slijkhuis resigned from the Board effective 28 March 2013. The Supervisory Board is currently consulting on a successor to Mr Bé van der Weg, who will complete his term as Supervisory Board member on 20 March 2014. Detailed information on changes to the composition of the Executive Board and the Supervisory Board in 2013 can be found in the report by the Selection & Appointment Committee in this chapter.

At the beginning of 2013, all the members of the Supervisory Board swore the 'oath or affirmation for the financial sector' (known as the 'Banker's Oath') at a meeting in which the Supervisory Board discussed the need to further restore confidence in the financial sector and the measures which Achmea is taking to this end. The swearing of the oath is viewed by the Supervisory Board as an important confirmation of its commitment to these measures.

Relations with the Executive Board remained strong in 2013. The Supervisory Board would like to compliment the Executive Board on its vision, transparency and the open approach of individual members of the Supervisory Board and the Supervisory Board as an entity. The reports and other information provided to the Supervisory Board were of a high quality and, where applicable and necessary, balanced with regard to the interests of all company stakeholders. The Supervisory Board's annual evaluation again confirmed the good relationship with and openness on the part of the Executive Board.

Strategy

The Supervisory Board monitors Achmea's implementation of, and provides advice on, its strategy on an ongoing basis. In 2013, the Supervisory Board and Executive Board conducted wide-ranging discussions on long-term strategy in the longer term. Together with the Executive Board, we concluded that Achmea's programme aimed at innovating the company and improving results needs to be speeded up and intensified in order to retain the company's sound financial position in the future and to achieve its goal of becoming the most trusted

Report of the Supervisory Board

insurer. The Supervisory Board emphasised that it is not simply about costs, but largely about retaining and increasing value by evolving more quickly along with customers and responding to customer needs with respect to digitisation. In line with this conclusion, the Executive Board drew up the Acceleration & Innovation Management Agenda in 2013. The Management Agenda contains four spearheads: customer-driven organisation, competitive costs, employees in transition and responsible returns. In the course of 2013, the Supervisory Board and the Executive Board discussed the Management Agenda in outline and in detail. The Supervisory Board fully endorses the direction of, and highly ambitious goals set out in, this Management Agenda.

Achmea also changed its international strategy in 2013. The Supervisory Board was kept informed of these changes and in November it evaluated the results and feasibility of the process in detail, as well as providing advice. The Supervisory Board fully approved the adjusted international strategy and its spearheads: the use of core qualities outside the Netherlands, an international alliance with Rabobank in agribusiness and also a more far-reaching alliance with the Eurapco partners in Europe. The Supervisory Board stressed the importance of Achmea's strategic decisions also forming the compass for the international business units and for international investment decisions.

With respect to Customer Centricity, the Supervisory Board notes that Achmea took firm steps towards becoming more customer-focused in 2013. The two boards concluded that the pace of change and the clarity of strategy need to be improved across the group. At the start of the year, a central programme was set up to this end under the direct management of the Executive Board. Further adjustments are required in order to become the most trusted insurer and meet the standards laid down by the AFM. The Supervisory Board called on the Executive Board to take even more decisive action and is pleased to note that Customer Centricity is a major element of the Acceleration & Innovation Management Agenda.

Finances and risk

In 2013, the Supervisory Board discussed Achmea's financial situation at great length based on its half-year and quarterly figures, in addition to the discussion on and approval of the annual report and financial statements for 2012. The Supervisory Board discussed in detail the costs linked to internal and external FTEs and how these are managed, as did the Audit & Risk Committee. During these discussions, the Supervisory Board emphasised the importance of examining the cost of the FTEs and not the number of employees as such. Risk and its effect on Achmea was once again a major topic for the Supervisory Board in 2013. While the banking and sovereign debt crises persisted and the market was turbulent and unpredictable, the Supervisory Board and Audit & Risk Committee continued to discuss the correct risk appetite for the Group. The Supervisory Board believes that a clear risk appetite is essential in order to manage risk effectively and to enable the company to earn the required (socially responsible) return on investments. The Supervisory Board notes that the risk appetite was further embedded in the company and corporate planning during the year, including via specific risk dashboards.

Portfolio management

The Supervisory Board examined a number of investments and divestments in 2013. Apart from its approval, where appropriate the Supervisory Board also provided feedback and input to the Executive Board. During the year, the Supervisory Board was kept fully informed of the divestment of Achmea's Romanian (29 January) and Bulgarian (21 August) operations, the sale of Achmea Insurance Ireland Limited (25 November) and the sale of the Friends First Finance loan portfolio (19 December). The Supervisory Board did not need to formally approve these transactions based on materiality, but it stands firmly behind these decisions, which fit in with the international strategy endorsed by the Supervisory Board. Previous acquisitions and potential divestments were also discussed during 2013.

Compliance with laws, regulations and audits

The Supervisory Board notes that the compliance requirements laid down by national, international and industry organisations are becoming increasingly more stringent. The role of the Supervisory Board in monitoring these changes and the role of the Executive Board in their implementation are also clearly becoming more significant. The Supervisory Board views the clarity and transparency of the requirements laid down by regulators positively, but they take up a great deal of time for both the Executive Board and the company. In addition, the Supervisory Board is concerned about the sometimes inconsistent regulations set by the various bodies, as well as about the fact that some of these regulations only become available at a very late stage, which makes it more difficult to anticipate properly.

Issues discussed by the Supervisory Board and its committees relating to laws and regulations included new legislation relating to pensions and the implementation of the

Report of the Supervisory Board

Solvency 1.5 requirements. After assessing Achmea's compliance with the Insurers' Code, the Supervisory Board is pleased to report that the company complied with the Code almost completely. For further details, please refer to the 'Corporate Governance' section in this Annual report.

In addition, the Audit & Risk Committee and the Supervisory Board conducted in-depth discussions with the external auditor and Internal Audit on the conclusions contained in the management letter and audit memorandum. The main topics for discussion were the transformation of our IT operations, the retention of ownership in the new organisational structure and the importance of actuarial experts. The Supervisory Board discussed the IT transformation programme based on the comments included in the audit memorandum, the management letter and more detailed information provided by the Executive Board. The conclusion was that while progress has indeed been made, there are also several challenges ahead, including reducing costs, the operating risk associated with IT, and compliance with laws and regulations as a result of the many developments in this area.

Corporate governance at the regulated entities

As indicated in the section on corporate governance, the Dutch Central Bank evaluated corporate governance at all financial institutions in the Netherlands in 2010 and 2011, including Achmea. The Bank made a number of recommendations following its evaluation, including on corporate governance at insurance entities in the Netherlands. The Supervisory Board also discussed this at great length and advised the Executive Board on the desired changes to the governance structure. In 2012, a major step had already been taken in implementing the Central Bank's recommendations and, in line with the new organisational structure, a Supervisory Board was installed at Achmea Schadeverzekeringen N.V. and at Achmea Pensioen- & Levensverzekeringen N.V., which had already been initiated at Achmea Zorgverzekeringen N.V. These boards comprise members of Achmea B.V.'s Supervisory Board, but they hold independent responsibility as supervisors of the continuity and solidity of these subsidiaries, as well as for the collective interests of policyholders and other stakeholders. The performance of this structure was discussed in detail during the Supervisory Board's 2013 evaluation. It was concluded that added value is clearly created by independent supervision of the abovementioned subsidiaries and intensification of supervision from the Group, as members of the Group Supervisory Board are also members of the Supervisory Boards. However, the demarcation of responsibilities between the entities' Supervisory Boards versus the Group Supervisory Board has raised a number of questions on occasion. This needs to be further recalibrated and developed over the next few months. In addition, with the approval of the Supervisory Board the Executive Board decided to amend the statutory boards of these entities in 2013, whereby the current statutory boards, comprising members of the Executive Board, will be replaced by group directors. This brings the statutory responsibility of the core entities in line with practice, whereby day-to-day management of these entities is a primary responsibility of the business unit. This will also be worked out in more detail in 2014, taking into consideration both the interests of the group and the entities and the roles and responsibilities of all involved.

Remuneration

Achmea maintains a responsible remuneration policy, which is in line with the principles laid down by the Dutch Central Bank, the AFM, the Insurers' Code and the Dutch Banking Code (see the section on Corporate Governance for more information on exceptions). Achmea has made a number of amendments to its remuneration policy for board members and senior management since 2010. Share options are no longer allocated and the maximum variable pay has been reduced. In 2011, Achmea tested its remuneration policy against the Dutch Central Bank's Regulation on Sound Remuneration Policies, based on guidelines set by the Committee of European Banking Supervisors (the 'CEBS Guidelines'). Within this framework, the Supervisory Board or its Remuneration Committee has been allocated important authorities to lay down and monitor this. Implementation of the remuneration policy and the corresponding key control mechanisms was completed in 2013. The Supervisory Board's Remuneration Committee did establish that the entire system, the extensive form and control requirements and the administrative burden are viewed as extremely large and rigid.

The Supervisory Board approvingly took note of the amended pension plan for Achmea employees that was agreed between the Executive Board and the unions , and subsequently has been implemented for the directors, senior management and the Executive Board. This retrenchment of the pension plan was necessary, given the higher cost of the plan for the Group, the volatility in results and the balance sheet, but also so that it better matches comparable plans in the market. All the measures combined have resulted in the average total remuneration of a member of the Executive Board being reduced by approximately 20%

Report of the Supervisory Board

since 2010 (excluding the effects of the Bonus Prohibition for State Supported Entreprises Act). For more information on remuneration at Achmea, please see the report by the Remuneration Committee in this section; the remuneration report will be made available on www.achmea.nl and www.achmea.com.

Continuing education

In 2013, two continuing education sessions were organised for Supervisory Board members, both of which were attended by almost all members. The first session focused on responsible remuneration policy. The Supervisory Board was brought up-to-date on trends in remuneration policy, both in the market and based on legislation. In particular, the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act was examined, which affects part of the Achmea group, as private health insurers come under the semi-public or public sector under this act, for which remuneration standards apply. The Supervisory Board established that the remuneration of members of Achmea's Executive Board is appropriate compared to companies of a similar size. In the second session, also attended by all Executive Board members, the focus was on risk management and supervision by members of the Supervisory Board. The session comprised a run-down of current trends and anonymised best practices from the financial and other sectors. One major conclusion drawn from the session was that risk management does not just comprise policy and models, but also a continuously critical attitude which involves asking open questions. Another conclusion was that IT merits a prominent position on the Supervisory Board's agenda. The Supervisory Board established that this has been the case at Achmea in recent years and that a focus on IT is simply being boosted via the Audit & Risk Committee, among others. The Supervisory Board also recognised the importance of opposing opinions in decision-making and organising supervision and including informal contacts in supervision, both within the board and with employees in the company. Continuing education is firmly embedded in the company. The Supervisory Board believes that continuing education really does add value to the performance of the Supervisory Board and the Executive Board. The continuing education sessions will be continued in 2014, with topics including information security and trends in the pension and life-insurance sectors.

Evaluation by Supervisory Board

The Supervisory Board conducts an extensive annual evaluation of its own performance using feedback forms. The Chair of the Supervisory Board also conducts individual interviews with Supervisory Board and Executive Board members and includes information obtained in these interviews in the evaluation. The results of the evaluation are discussed in a meeting convened specially for this purpose. A large number of topics were evaluated in 2013, including the performance of the Supervisory Board in general, the performance of the individual committees, the ability to perform at the desired level of responsibility and the independence of the Supervisory Board. Relations between the Supervisory Board and the Executive Board, the Central Works Council and other relevant relationships within the company, the level of information provision, relations with shareholders and other aspects of the Supervisory Board's performance, such as education, remuneration, time spent and informal contacts were also considered.

The conclusion of the evaluation was that the Supervisory Board generally performs well, that there is excellent cooperation within the board and with the committees, that the Board operates independently and well and is equipped for its duties. The committees' thorough preparatory duties increase the efficiency of Supervisory Board meetings. Preparations conducted by the Executive Board were also assessed as good. A large number of the suggestions for improvement made in 2012, including making more time for discussions, meeting at different locations and raising the frequency of meetings between December and March were implemented in 2013. Suggestions for further improvement arising from the 2013 evaluation include giving succession planning a more prominent position on the agenda of the full Supervisory Board, devoting greater attention to the evaluation of decisions taken in the past, meeting more frequently without the Executive Board members and further expanding contacts with the management level below the Executive Board.

Shareholder relations

With the exception of the General Meeting of Shareholders, the Supervisory Board as a corporate body has little contact with shareholders. The Chair of the Executive Board acts as the primary point of contact for shareholders. However, the Chair of the Supervisory Board does consult regularly with shareholders on topics such as nominations for the appointment of members of the Supervisory Board and talks to them in the context of the General Meeting of Shareholders.

Relations with the external auditor

PricewaterhouseCoopers Accountants N.V. (PwC) is the Group's external auditor. The Chair of the Supervisory Board and

Report of the Supervisory Board

the Chairman of the Audit & Risk Committee meet annually with the external auditor's lead partner. The Audit & Risk Committee also held two private meetings with the external auditor in 2013, at which changes to the Executive Board, the performance of the financial column and developments in the second and third lines of defence were discussed. Additional meetings or conference calls are planned if necessary. The Supervisory Board discusses the external auditor's performance annually. The external auditor is not present on this occasion.

The Supervisory Board and the Audit & Risk Committee agree that there is positive cooperation with PwC. Relations are good and transparent. PwC adds value to improving financial reporting processes and challenges the company in a constructive and positive manner. In consultation with the external auditor, the Supervisory Board concluded that the control level of the financial reporting risks and internal auditing within Achmea are sufficient.

Relations with Internal Audit

The Supervisory Board has a positive view of the Internal Audit department. The audit memorandum and the management letter from the external auditor provide the Supervisory Board with an excellent overview of the Group's position and the main points of attention. If there is reason to do so, the Internal Audit department intervenes in the company's operations in order to safeguard processes, but without losing sight of its own responsibilities in the third line. The Supervisory Board is satisfied with the good relations between the Audit & Risk Committee and the director of Internal Audit. The latter attends discussions on Internal Audit reports at Supervisory Board meetings. The Chair of the Supervisory Board and the Chair of the Audit & Risk Committee regularly consult with the director of Internal Audit. The Supervisory Board discusses Internal Audit's performance annually. The director of Internal Audit is not present on this occasion.

Relations with Compliance

In 2013, the Supervisory Board discussed with the Executive Board the desired changing role of Compliance within Achmea in company's current changing environment. The Chairs of the Supervisory Board and the Audit & Risk Committee requested a greater focus on retaining the second line role and in this context the furnishing of knowledge and advice to the first line, without taking on an executive role in the process. At the same time, it was stressed that a proactive stance from Compliance is essential here.

Relations with the Central Works Council

All Supervisory Board members separately attended a meeting of the Central Works Council in turn. The Supervisory Board values the good working relationship and continuing constructive and open dialogue between the Executive Board and the Central Works Council. The Board generally enjoys a good relationship with the council. At one of the most recent meetings with the Central Works Council, the Chair of the Supervisory Board pointed out that the next few years will be important in adapting Achmea's organisation to the requirements regarding risk, return and modern customer services within the Acceleration & Innovation programme. With a view to the large number of employees expected to leave the company over the next few years, this demands a great deal of both the boards and the council, whereby the good relationship of the past few years forms an important foundation.

Conflicts of interest

In line with the Dutch Corporate Governance Code, transactions involving Supervisory Board members in which there are major conflicts of interest must be published in the annual report. At the end of 2013, Mr Minderhoud was appointed interim Chairman of the Executive Board of Rabobank and resigned from Rabobank's Supervisory Board. Although directors of Rabobank may not, as a rule, serve as supervisory directors at Achmea, the decision was made to deviate from this principle because of the temporary nature of the appointment. At the request of Achmea's Supervisory Board and following consultation with the Dutch Central Bank, Mr Minderhoud will therefore remain a member of Achmea's Supervisory Board on the understanding that he does not participate in any consultations and decision-making where there may be a conflict of interest involved. It has been decided, however, that Mr Minderhoud will relinquish his role of deputy Chairman of Achmea's Supervisory Board while he holds the position of acting Chairman of Rabobank's Executive Board. There is deemed to be no conflict of interest and this is not reported if a member of the Supervisory Board takes out an insurance policy as a consumer or purchases other products and/or services from subsidiaries of the Achmea Group.

REPORT OF THE AUDIT & RISK COMMITTEE

A regular agenda item at the ordinary Audit & Risk Committee meetings in 2013 was the monitoring of the results during the reporting period, evaluating the quarterly figures for publication to the shareholders for consolidation purposes

Report of the Supervisory Board

and discussing the corresponding audits. Meetings are always attended by the Chairman of the Executive Board, the Chief Financial Officer, the directors of Finance, Internal Audit, Risk & Compliance and the external auditor. Specialists may be invited to attend parts of meetings in order to assist on specific topics. A significant focus at the meetings on the 2012 financial statements was Achmea's solvency and liquidity positions and the planned issue of Achmea B.V. senior unsecured notes under the updated Debt Issuance Programme for a sum of between €500 million and €750 million, which the committee approved. Later in the year, too, there were continuing discussions on Achmea's capital, liquidity and solvency positions and measures to improve these, including the early redemption of securities issued in 2009 under Achmea B.V.'s updated Debt Issuance Programme. Due to its prudent financial policy in reducing Achmea's liquidity and refinancing risk in 2014 and the positive market climate at the end of 2013, in October the committee approved this early redemption and issued a positive recommendation to the Supervisory Board.

In June 2013, the committee held a knowledge session on capital and liquidity; in December 2013, the committee discussed in detail the Acceleration & Innovation change agenda and the 2014-2016 Business Plan. The committee endorses the need for far-reaching plans, and recommended that the Supervisory Board approve these plans. The committee said it was impressed by the thorough preparation which had gone into the plans and the way in which they had been created with wide support within the senior levels of the company.

Another topic which was given special attention in 2013 was the processing of changes to the discount rate (yield curve and the UFR) for measuring the liabilities for specific life-insurance policies, ahead of the discount rate which will be used under Solvency II and about which the Executive Board and the committee held extensive discussions in 2012. The committee also requested a focus on retaining the overview in the different curves used by different insurers in the market to calculate different liabilities and reporting on these in annual reports and to the regulators. This variety makes it difficult to make a proper comparison. The committee also discussed the major impact of the amended IFRS standard for pensions (IAS 19R) on the pension burden. The committee monitored this closely throughout the year and concluded with satisfaction that the Executive Board has responded by amending the pension plan for company employees and senior management. The committee also held extensive discussions with the Executive Board on the various options considered for portfolios containing existing life insurance policies in the life-insurance business. A knowledge session on IT was also held in November and in December on fiscal issues, at which the directors of the relevant business units gave detailed reports on their duties and the challenges facing Achmea.

With respect to costs, the committee discussed at great length the proposed method for passing on holding fees. Although the committee indicated that passing on holding fees is essential in order to have costs paid by the relevant business unit and in doing so to create a representative picture of the performances of the individual business units, each case needs to be judged on its own merit. This will all be worked out in more detail in 2014 for the different business units. The costs linked to internal and external FTEs and their management were also discussed in detail. The Executive Board made it clear in this respect that management is largely according to FTE numbers, especially for external FTEs, but that a flexible pool of external employees may also be valuable during a transition period. The committee endorses this, but also indicated that the equilibrium needs to be monitored.

The committee was also included in and consulted on the Recovery Plan submitted by the Executive Board at the request of the Dutch Central Bank in 2013. The committee challenged and advised the Executive Board on several scenarios and agrees with the measures proposed by the Executive Board in the event that the described situations arise.

The committee and PwC discussed the management letter, which clearly describes the quality and effectiveness of Achmea's corporate governance, risk management and processes, in particular the extent to which PwC requires them for assessing Achmea's financial statements. The sound quality of the audit memorandum by Internal Audit, which clearly describes existing audit aspects and points of concern, the turbulent market climate and customer centricity were also discussed. Achmea's improvements in risk management and the three lines of defence, existing IT control mechanisms and the fact that the planned IT transformation is essential to being completely in control were also topics for discussion. The committee questioned both PwC and the Executive Board about the findings contained in the management letter. To the committee's satisfaction, it can be concluded that all topics dealt with come under the scope of the Executive Board and that the suggestions made were taken seriously by the Executive Board.

Report of the Supervisory Board

The company's risk management and risk appetite are important topics for the Supervisory Board, especially in the current financial climate. The committee advised the Supervisory Board during discussions on risk appetite. Risk appetite and policy were laid down with a few changes compared to previous years. The internal-control statement was discussed with the Executive Board. Following a thorough assessment of the risks and how Achmea manages these, the Executive Board indicated the most important risk points for specific planning and monitoring. The committee examined these measures thoroughly with the Executive Board and with the Risk & Compliance department; the committee agrees with the Executive Board's analysis of these topics. Other topics discussed in detail with the Executive Board include the annual Internal Audit/PwC audit plan, the 2014-2016 capital, liquidity and funding forecasts, the 2014 investment plan and the corresponding management/monitoring.

REPORT OF THE REMUNERATION COMMITTEE

Responsible remuneration

As mentioned earlier in this section, responsible remuneration is an important topic for Achmea (see the paragraph on remuneration for more information). After the introduction in 2011 of a responsible remuneration policy, which includes the Insurers' Code principles, we agreed a variable remuneration scheme with the regulators which meets the more stringent regulatory requirements. The application of and compliance with this new policy was an important topic for the Remuneration Committee. In 2012 Achmea agreed with the Executive Board that the latter's remuneration package would be reduced. Prior to the amendment to the pension plan for employees subject to the Collective Labour Agreement, the pension plan of the Executive Board was converted into a career-average plan effective 1 January 2012. As of 1 January 2013, Achmea also reduced the remuneration packages for the directors and senior management. At the end of 2013, the pension plan for the directors, senior management and the Executive Board was amended following on from the new pension plan for employees subject to the Collective Labor Agreement. The Remuneration Committee discussed these changes before they were approved by the Supervisory Board.

Performance assessment

Throughout 2013, the Remuneration Committee assessed the performance of the Executive Board using previously formulated objectives, which at Achmea are based on the four-stakeholder approach – customers, employees, (distribution) partners and shareholders. These objectives included profit; customer centricity and satisfaction; distribution partnerships, including with Rabobank and brokers; benchmarks relating to compliance and risk management; employee satisfaction; and benchmarks relating to corporate social responsibility. The committee will subsequently issue a recommendation for the long-term income component. The Central Works Council receives an annual report on remuneration for the Group, the Executive Board and the Supervisory Board. The Remuneration Committee evaluated in depth whether the Executive Board achieved Achmea's corporate objectives over 2012. Due to the loan issued to Achmea Bank (backed by the government in 2011), no bonuses were paid out to the Executive Board due to legislation introduced later in 2012. More information can be found in the remuneration report, which will be made available on www.achmea.nl and www.achmea.com.

2013 Remuneration Report

In the table below the average remuneration of active members of the Executive Board is presented. The average remuneration is calculated based on regular remunerations including current service cost related to the post-employment benefits. In 2013, average remuneration for members of the Executive Board amounted to €0,96 million (2012: €0,96 million). All remuneration measures combined have resulted in the average total remuneration of a member of the Executive Board being reduced by approximately 20% since 2010 (excluding the effects of the Bonus Prohibition for State Supported Entreprises Act ('Wet Bonusverbod Staatsgesteunde ondernemingen').

The remuneration package for the Executive Board includes awards of variable remunerations. The granting of awards of variable remuneration is subject to approval of the Remuneration Committee in the year after the performance. The granting of awards of variable remuneration in any specific year therefore applies to previous performance year. Part of the variable remuneration is deferred for five years. In 2013 and 2012 no awards of variable remunerations were granted related to the previous performance year because of the Bonus Prohibition for State Supported Entreprises Act. For more information on remuneration, see the Remuneration Report, which will be made available on www.achmea.nl and www.achmea.com.

Report of the Supervisory Board

AVERAGE FIXED REMUNERATION OF AN ACTIVE EXECUTIVE BOARD MEMBER (INCLUDING CURRENT SERVICE COSTS) (€ MILLION)

	2013	2012
Fixed remuneration	0.74	0.76
Current service costs	0.22	0.20
	0.96	**0.96**

REPORT OF THE SELECTION & APPOINTMENT COMMITTEE

The Selection & Appointment Committee is charged with monitoring the composition and profile of the Supervisory Board and the Executive Board. The committee searches for and recommends potential candidates, in some cases in consultation with shareholders or the Central Works Council.

Changes and vacancies

The selection and appointment of new members of the Executive Board due to vacancies created by the departure of Mr Van Rijckevorsel and Mr Van Olphen was a priority in 2013. The Selection & Appointment Committee held in-depth discussions on how to fill these vacancies. The Selection & Appointment Committee believes that the positions of CFO and CRO ought not to be united in a single person within the context of modern governance and given the weight of the duties involved. In conjunction with the Chairman of the Executive Board it was consequently decided to split the vacancy for CFRO into one post for CFO and one for CRO; in doing so, Achmea is following the sector's trend to separate Risk Management within the Executive Board. It was also decided to fill the second vacancy with a candidate with insurance and commercial expertise, focused particularly on Health and International. The committee subsequently drew up profiles in conjunction with the Chairman of the Executive Board and made a selection based on a long and shortlist of candidates and presented it to the Supervisory Board. In addition to the goal of maintaining a balanced mix of skills in the Executive Board, preference for internal recruitment, experience in and of the insurance sector, financial and risks and the markets in which Achmea operates were also specifically considered. Although Achmea recognises the importance of greater gender diversity, the retention and consolidation of the correct mix of skills remain the overriding factors in this selection process. On completion of the selection process, Mr Arendse and Mr Konterman were appointed to the positions of CFO and Health and International portfolio holder, respectively, effective 1 April 2013.

The vacancy for CRO will be filled as of 1 March 2014 with the appointment of Mr Henk Timmer. The Selection & Appointment Committee believes that all three gentlemen are highly capable and have proved their expertise in their respective fields. Their backgrounds also mean that they know Achmea well.

The committee also discussed the composition of the Supervisory Board. In 2013, Mr Overmars and Mr Veenman reached the end of their terms and were eligible for reappointment. In April 2013, Mr Slijkhuis resigned following over 17 years' involvement in the Supervisory Board of Achmea and its predecessors. In conjunction with the shareholders, it was decided to reduce the Supervisory Board from twelve to nine or ten members, also reducing nominations by major shareholders in the process. Following an evaluation by the committee and the Supervisory Board, Mr Overmars and Mr Veenman were both nominated for reappointment and duly reappointed. Ms Sneller had already been appointed by the General Meeting of Shareholders at the end of 2012 (having been nominated by the Central Works Council) and joined the Supervisory Board as a member on 1 January 2013. The Selection & Appointment Committee is currently deliberating on the successor to Mr Bé van der Weg, who will reach the end of his term as a member of the Supervisory Board as of 20 March 2014, whereby the goal is to enhance insurance expertise in the Supervisory Board.

Succession planning

The Selection & Appointment Committee regularly discussed succession planning for the Executive Board and the first management level below the Executive Board. This topic was also discussed in the full Supervisory Board in 2013. Achmea's Management Development policy, including the focus on internal education and upward mobility within the company, were discussed, as were steps in diversity. The Supervisory Board also discussed succession planning at the Group level. This gave the Supervisory Board a good overview of the management capacities within the Group.

Report of the Supervisory Board

The Supervisory Board recognises the importance of a balanced male-to-female ratio in the Executive Board and senior levels of the company and in this respect has encouraged the Executive Board to aim for a further increase in the number of women in senior positions in the company.

2013 FINANCIAL STATEMENTS AND DIVIDENDS

Achmea B.V.'s 2013 financial statements were audited by PwC, which issued an unqualified audit opinion on 27 February 2014. In line with the proposal from the Executive Board and the recommendation from the Audit & Risk Committee, the Supervisory Board recommends that the shareholders adopt the 2013 financial statements. Based on current dividend policy, the Executive Board proposes that following adoption of the financial statements by the General Meeting of Shareholders a final dividend is paid out of €0.30 per ordinary share (2012: €0.42 per ordinary share). In the case of preference shares, the Executive Board recommends that the General Meeting of Shareholders approve payment of the full dividend equal to 7.15% of the fully-paid up capital. In addition to adoption of the financial statements, the General Meeting of Shareholders is also asked to discharge the members of the Executive Board from liability for their management and to discharge the Supervisory Board from liability for its supervision in the 2013 reporting year.

ACKNOWLEDGEMENTS

We would like to take this opportunity to thank the Executive Board, the central works council and all Achmea employees for their dedication and commitment over the past year under review. Mr Van der Weg will be resigning at the General Meeting of Shareholders on 20 March 2014 after a long period of involvement as a member of the Supervisory Board at Achmea and its predecessors. We would like to thank him for his valuable contribution during the years he spent at our Group.

27 February 2014

The Supervisory Board

E.A.J. (Erik) van de Merwe, Voorzitter
S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
M. (Marinus) Minderhoud
P.F.M. (Paul) Overmars
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
A.J.A.M. (Antoon) Vermeer
B.J. (Bé) van der Weg

Corporate governance

MAIN DEVELOPMENTS IN 2013

Achmea B.V. is a private company with limited liability. Its statutory seat and head office are located in Zeist, the Netherlands. Although in real terms Achmea is governed, organised and managed in the same way as many listed organisations, its origins as a cooperative contribute to the way governance is structured at the Supervisory Board and shareholder levels. Achmea adheres to a number of relevant governance codes: the Dutch Insurers' Code, the Dutch Banking Code and the Dutch Corporate Governance Code.

Mr Thomas van Rijckevorsel stepped down from the Executive Board in 2012, followed by fellow member Gerard van Olphen in early 2013. The vacancies that were created as a result prompted the company to separate the positions of CFO and CRO, in order to facilitate modern governance and also given the substantial duties associated with each position. The job opening for a CFRO was subsequently divided into separate CFO and CRO positions. It was also decided to fill the second vacancy with a candidate with insurance and commercial expertise, focused particularly on Health and International. As of 1 April 2013, the vacancy for CFO and the vacancy for Health and International were filled by the appointment of Mr Huub Arendse and Mr Roelof Konterman respectively. The vacancy for CRO will be filled as of 1 March 2014 with the appointment of Mr Henk Timmer, current Director Internal Audit of Achmea. Untill his appointment, the position of CRO is temporarily filled by Mr Huub Arendse.

Following the governance reviews of all Dutch financial institutions carried out by the Dutch Central Bank (DNB) in 2010 and 2011 and the subsequent recommendations made by the DNB regarding the corporate governance of our insurance activities in the Netherlands, Supervisory Boards were established at Achmea Schadeverzekeringen N.V., Achmea Pensioen- & Levensverzekeringen N.V. and Achmea Zorgverzekeringen N.V. in 2011 and 2012. Although these boards are composed of members of the Achmea B.V. Supervisory Board, they are independently responsible as supervisors of the continuity and solidity of our subsidiaries, as well as for the collective interests of policyholders and other stakeholders. Due to vacancies that arose in the Supervisory Boards, further consultations were held with the Dutch Central Bank regarding the appointments to be made in this regard. The positions are expected to be filled in early 2014. Furthermore, the company decided in 2013 to change the management boards of these entities by replacing the management boards – consisting of members of the Executive Board – with group directors. This brings the responsibility under the Articles of Association of the core entities in line with actual operations, whereby the entity is managed by the main individuals responsible. This will be further developed in 2014, taking into account the interests of both the group and the separate entities, along with the roles and responsibilities of all parties concerned.

Shareholders Länsförsäkringar Liv Försäkringsaktiebolag and Länsförsäkringar Sak Försäkringsaktiebolag, representing 0.92% of the dividend rights and 0.86% of the voting rights in Achmea's General Meeting of Shareholders transferred their equity interest to Stichting Beheer Aandelen Achmea in 2013 by exercising the contractually agreed put option.

CORPORATE GOVERNANCE CODES

Insurers' Code

At the end of 2010, the Dutch Association of Insurers adopted Governance Principles (the Insurers' Code) to which all Dutch-licensed insurers must adhere from 1 January 2011. We have elected to report on the application of the Insurers' Code at the Group level because of the structure of its organisation and the Group's governance. The Executive Board of Achmea manages the Group based on uniformity in management, policy and supervision. The Supervisory Board monitors the Group as a whole in order to ensure that management and policy are synchronised across the organisation. With the current governance of the insurance entities and current policies that apply across the Achmea Group, the Executive Board feels that the principles of the Insurers' Code are also implemented sufficiently for reporting at the Group level. The financial statements of the insurers within the Group refer to the report at the Group level. Any differences in this regard at the entity level are explained in the directors' report enclosed with the financial statements of the entity concerned.

N.V. Interpolis Kredietverzekeringen and De Friesland Zorgverzekeraar N.V., along with the other insurance entities that are members of De Friesland Groep (DFZ), are the only companies that do not comply with the consolidated reporting standards under the Insurers' Code. N.V. Interpolis Kredietverzekeringen is a joint venture with Euler Hermes Kredietverzekering N.V. The DFZ insurance entities have only been part of the Achmea Group since 31 December 2011 and have a contractually agreed independent position in relation to the Group until 31 December 2016. In light of

Corporate governance

their independent position towards the Achmea Group, these entities are responsible for their own application, adherence to and reporting on the application of the Code, and are not covered in this publication. The DFZ report is published on the website www.defriesland.nl.

Our banking entities (Achmea Bank and Staalbankiers) report separately on their adherence to the Dutch Banking Code. These reports can be consulted on their respective websites www.achmeahypotheekbank.nl, www.achmeamortgagebank.com and www.staalbankiers.nl, as well as on www.achmea.nl and www.achmea.com.

We are largely in compliance with the Insurers' Code. In 2013, we did not yet fully comply with the following principles of the Code:

- Customer Centricity (principle 3.2.2)
- Assuring the product approval process (principle 4.5)
- Executive Board severance pay (principle 6.3.2)

Customer Centricity has been an integral part of Achmea's Identity since 2010 (including ' A community of committed and involved people, where the customer is secure in the knowledge that they are well insured'). Ever since, the Achmea Identity has served as the basis for further integrating Customer Centricity into Achmea's corporate culture and the products and services offered. A great deal has already been achieved in this respect, but Achmea wishes to take it further. In order to ensure that Customer Centricity remains integrated in the long term at the level required by Achmea and in order to achieve the objective of becoming the most trusted insurer, the company decided to introduce a central organisational division under the direct supervision of the Achmea Executive Board, whose operations are designed to improve the quality and comprehensibility of information provided, the product development process, complaints management, claim handling and customer participation, as well as issues such as the organisation's learning ability and Achmea's role in society. The company implemented a number of improvements in 2013, including a company-wide complaints policy, a company-wide 'Trusted Communication' plan, and the decision to introduce Customer Councils whose members have the right to information and the right to be consulted. This is a unique instrument that tallies both with the cooperative mindset and the Achmea identity. Customer Centricity was further implemented through the participation of various labels in the Customer-Oriented Insurance quality seal. The TakeCareNow! and Agis labels did not fulfil all the requirements for the quality seal in 2013; they will endeavour to comply with the standards again in the near future, before continuing under the name Zilveren Kruis Achmea effective 1 January 2015. With a view to increasing our customer focus further, cutting costs for customers and investing in online services, Achmea is increasing the pace of change within the company. Through the changes we are implementing, we are responding to our customers' constantly and rapidly changing needs.

Although further progress was made over 2012 in the product approval process, the business units are still working on putting an effective Product Approval and Review Process (PARP) in place. In order to improve this process, a number of specific improvements were recently defined related to Policy, Process, Content and Culture, some of which are currently underway. It is expected that this will facilitate the acceleration we are looking for, including the connection across the business units.

The deviation in terms of severance pay for an Executive Board member has to do with commitments made before the Insurers' Code entered into effect. The Executive Board member concerned agreed transitional arrangements with the Supervisory Board that provide for a freezing of his claims after the end of 2012. The arrangements made with the four members appointed to the Executive Board after 1 June 2008 are in accordance with the Insurers' Code. This matter is explained in greater detail in the remuneration report for 2013, which will be made available on www.achmea.nl and www.achmea.com.

The Insurers' Code and a point-by-point explanation of our compliance with this Code are included as an appendix to this 2013 Annual Report and are also available electronically on our website at www.achmea.nl.

Banking Code

The services to our customers also include banking activities, which are provided through Achmea Bank and Staalbankiers N.V. Both banks are largely compliant with the Banking Code. In 2013, Achmea Bank and Staalbankiers had not yet fully applied the Customer Centricity from the Banking Code (principle 3.2.2.). Like the Group's insurance entities, Achmea Bank and Staalbankiers took important steps in 2013 towards this objective. Despite these key measures to achieve full compliance, both Achmea Bank and Staalbankiers have set the bar even higher, and it will take some time before Customer Centricity has been fully embedded in the organisation at the level required.

Corporate governance

The departure of Achmea Bank's Finance and Risk Director at the start of the fourth quarter of 2013 opened up a position on the board, which is currently filled on a temporary basis. Consequently, Achmea Bank technically does not comply with principle 3.1.1 at this moment, since a two-member board is considered necessary under the Articles of Association. However, the position will be filled at 1 March 2014 with the appointment of Mr Ronald Buwalda. Furthermore, Achmea did not fully apply principle 3.1.8, as a number of commercial targets had been agreed with the financial director at the time; however, in actual fact there was sufficient separation between the responsibilities. The company will not agree any commercial targets with the proposed successor.

The Banking Code and a point-by-point summary of Achmea Bank's and Staalbankiers' compliance with this Code are included as appendices to their 2013 annual reports and are also available in electronic format at www.achmeahypotheekbank.nl, www.achmeamortgagebank.com and www.staalbankiers.nl, respectively.

Dutch Corporate Governance Code

Since 1 January 2004, listed companies in the Netherlands have been required to report on compliance with the Dutch Corporate Governance Code on a 'comply or explain' basis. Although Achmea is not a listed company, we have voluntarily adopted and embedded the majority of the Code's principles in our governance structure. Where applicable, we are largely in compliance with the principles and best practices.

In 2013, we had not complied to the following three principles of the Dutch Corporate Governance Code:

- The duration of the appointment of members of the Executive Board (principle II.1.1.)
- Executive Board severance pay (principle II.2.8)
- The independence of members of the Supervisory Board (principle III.2.2.)

The Code recommends that members of the Executive Board be appointed for four-year terms. Achmea complies with this principle. However, appointments prior to 2009 for three members of the Executive Board have been made for an indefinite period of time. These contractual arrangements will be respected. For the difference in compensation in the event of dismissal from the Executive Board, see the paragraph on the Insurers' Code elsewhere in this section.

Although all members of Achmea's Supervisory Board are independent in 'mind' and 'appearance', five members of Achmea's Supervisory Board do not comply with principle III.2.2 f. This is because they are Executive Board members or Supervisory Board members of a party that holds more than 10% of Achmea's shares. Members of Achmea's Supervisory Board are nominated by our shareholders (i) Vereniging Achmea, (ii) Rabobank, (iii) Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding jointly, and by the central works council. Mr Paul Overmars and Mr Bé van der Weg are also board members of Vereniging Achmea, which is composed of customers' representatives. Mr Erik van de Merwe and Mr Antoon Vermeer are also members of the Rabobank Supervisory Board. However, this is considered highly appropriate for Achmea because of its identity as a cooperative and the relationship with shareholders whose focus is more on the interests of the customer and Achmea's continuity. At the end of 2013, Mr Marinus Minderhoud was appointed acting Chairman of the Rabobank Executive Board, which coincided with his retirement from the Rabobank Supervisory Board. Although board members of Rabobank may not, as a rule, serve as member of the Achmea Supervisory Board, the decision was made to deviate from this principle because of the temporary nature of the appointment. In addition, no single group of members of the Supervisory Board nominated by individual shareholders or the central works council has a majority on the Supervisory Board. Although members of the Supervisory Board are nominated by individual shareholders and/or the central works council, they are ultimately appointed by the General Meeting of Shareholders on the basis of their expertise and independence and take part in the meetings without reference to or prior consultation with the parties that nominated them.

The manner in which we have adopted and embedded the Corporate Governance Code was discussed with, and has been approved by, the Supervisory Board. The General Meeting of Shareholders concurs with our current corporate governance structure.

Achmea Code of Conduct

Achmea aims to be a leader in terms of its own rules of conduct and in terms of anticipating current and new regulations. Active control exercised to foster integrity and prevent integrity violations and fraud reduces any negative impact on trust and returns, as well as limiting the cost of claims. Achmea therefore drew up a company Code of Conduct

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to ensure ethical conduct in accordance with Achmea's values and standards. The Achmea Code of Conduct is available at www.achmea.nl.

The recording of duties and responsibilities in the area of fraud, risk management and checks guarantees the control and limitation of fraud. Should an integrity violation or incident of fraud occur nevertheless, it can be reported confidentially. A whistleblower policy described at www.achmea.nl is in place for this purpose.

ETHICS COMMITTEE

The Achmea Ethics Committee advises the Executive Board and group entities on ethical dilemmas. It does so by assessing ethical and societal issues, as well as practical situations, against our company's values and standards. This makes it possible to develop 'moral case law' and formulate ethical and moral guidelines specifically for Achmea. Any Achmea employee may submit an ethical question or dilemma to the Ethics Committee. The Ethics Committee is Chaired by Mr Danny van der Eijk (member of the Executive Board) and consists of employees of different business units.In addition, the Ethics Committee also has Mr Kaptein, a professor of ethics, as an external member. Subjects handled by the Ethics Committee in 2013 included the following:

- Responsible investment
- Guaranteeing and communicating about ethics within Achmea
- The role of ethics in Achmea's procurement policy
- Various practical situations

EXECUTIVE BOARD

Responsibilities and role in corporate governance

The Executive Board is responsible for managing the company. This involves a responsibility and authority to make decisions concerning Achmea's day-to-day business in accordance with the principles set out in the articles of association. The Executive Board maintains a set of regulations that govern the specific duties and activities of and the division of duties between the individual members, as well as the decision-making process within the Executive Board. The Executive Board is obliged to inform the Supervisory Board of any fundamental differences of opinion between the Executive Board and the boards of Achmea companies or entities. There were no fundamental differences of opinion in 2013. The Executive Board reports directly to the Supervisory Board. Each board member is directly responsible for specific Achmea activities (for further reference, see the personal profiles of the members of the Executive Board in the 2013 Annual Report), with clear reporting lines of divisional and staff directors. The entire Executive Board is involved in risk management. Risk is the essence of Achmea's business. Involvement in risk management is evidenced by, among other things, the fact that two members of the Executive Board are members of the Finance and Risk Committee and that risk management is regularly discussed in Executive Board meetings.

The Executive Board and its independently acting members ensure that the interests of all parties that have dealings with Achmea, including customers, shareholders and employees, are considered in a balanced way. The Executive Board takes Achmea's continuity, the social environment in which we operate and applicable regulations and codes into account when considering these interests. Achmea has been using the 'four stakeholders' model for many years – this model ensures that overall management and decision-making are in line with the interests of customers, employees, distribution partners and shareholders. This is all embedded in the strategy and identity of the Group as set out in the Strategy chapter and subsequently in the leadership programme, business plans and remuneration policy, and is also part of the considerations in every resolution adopted by the Executive Board. The formulation of targets for the Executive Board and senior management is based on the Stakeholder Value Management model. Since 2012, the annual targets have been ranked according to six different perspectives: customers, society, employee, business partners, processes and financials. All members of the Executive Board were present at most board meetings.

Composition and diversity

Members of the Executive Board are appointed by the Supervisory Board on the non-binding nomination of the A-shareholder. Executive Board members are selected based on their proven experience and competence in the financial services industry where we strive for recruitment from within the organisation for the appoinment of members of the Executive Board. The members of the Executive Board provide a good mix of specific insurance experience (health, non-life, life & pensions) and experience in the public/private market (healthcare, pensions) and the various distribution channels

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(direct, broker, bancassurance), as well as areas such as Finance, IT and HR. All current Achmea Executive Board members match the general profile for members of the Executive Board and have been approved by the Dutch regulators.

The Executive Board currently consists of five members. Following the retirement of Mr Thomas van Rijckevorsel in 2012 and the departure of Mr Gerard van Olphen on 1 February 2013, two new members were appointed to the Executive Board last year: Mr Huub Arendse and Mr Roelof Konterman. The vacancy for CRO will be filled as of 1 March 2014 with the appointment of Mr Henk Timmer, current Director Internal Audit of Achmea. Contrary to the legal obligation concerning gender diversity, the Executive Board is currently an all-male one. Achmea is fully aware of this legal obligation. However, partly because of the stringent requirements imposed by the regulator regarding the suitability of board members, Achmea has not yet succeeded in complying with the legal obligation referred to. In addition to the aim of maintaining a balance in the Executive Board's skills while ensuring at the same time that candidates have the experience required in terms of insurance, finance and risk, strengthening gender diversity is included in considerations regarding the filling of Executive Board vacancies. The advancement of women to top positions remains a priority in successor planning for the Executive Board and the management level immediately below the Executive Board. Although Achmea recognises the importance of greater gender diversity and quality, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process.

Continuing education

At the beginning of each year, the themes for the continuing education programme of the Executive Board are established in consultation with the Chairman of the Executive Board and the Chairman of the Supervisory Board. This programme is aimed at maintaining and broadening the expertise of the members of the Executive Board. In addition to these special sessions, which are usually attended together with the members of the Supervisory Board, attention is also given to relevant developments through presentations given by internal and/or external specialists during regular meetings. Members of the Executive Board register individually their education. For further information on the education, reference is made to the detailed disclosure on our compliance to the Insurance Code (Principles 3.1.3 and 3.1.4), which is attached to this Report as Annex and is also available digitally and on our website, www. achmea.nl and www.achmea.com.

COMPOSITION OF THE EXECUTIVE BOARD AS AT 31 DECEMBER 2013

NAME	NATIONALITY	GENDER	EDUCATION	POSITION	APPOINTED
W.A.J. van Duin (1960)	Dutch	Male	Law	Chairman of the Executive Board since February 2009	April 2004
H. Arendse (1958)	Dutch	Male	Economics	CFO	April 2013
J.A.S. van Breda Vriesman (1967)	Dutch	Male	Law	Member of the Executive Board	October 2008
D. van der Eijk (1958)	Dutch	Male	Insurance	Member of the Executive Board	October 2008
R. Konterman (1956)	Dutch	Male	Economics	Member of the Executive Board	April 2013

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SUPERVISORY BOARD

Responsibilities and role in corporate governance

The Supervisory Board plays an important role in Achmea's corporate governance. The members of the Supervisory Board are responsible for supervising and advising the Executive Board, and ultimately for approving the Executive Board's conduct and general management of the business. Supervisory Board approval is required primarily for important business-related decisions, such as the appointment and dismissal of members of the Executive Board, strategic decisions, transfer of a significant part of the business, entering into or terminating a long-term partnership, major participations and investments, and termination of the employment of a considerable number of employees or significant changes in the employment conditions of a significant number of employees. This applies irrespective of the fact that fundamental and large scale strategic changes or investments must have the approval of 80% of the votes in the General Meeting of Shareholders. The Supervisory Board and its individual members have a responsibility to obtain all relevant information needed to perform their duties. These requirements are communicated to the Chairman of the Supervisory Board. Information sources are usually the Executive Board, the Company Secretary and the external auditor. However, if deemed appropriate by the Supervisory Board, information can also be obtained from corporate officers and external advisers who can be invited to attend Supervisory Board meetings or provide continuing education. The Supervisory Board consists of members who, although they are nominated by shareholders or the central works council, act in the interests of the company as a whole in the performance of their duties. All members of the Supervisory Board participate in meetings with no reference to or prior consultation with the parties that nominated them. All members of the Supervisory Board were present at most Supervisory Board meetings and the meetings of the committees of which they are members.

Composition and diversity

The composition of the Supervisory Board and nominations in the event of vacancies reflect the cooperative structure and employee participation through Achmea's central works council. In conjunction with the shareholders, the company decided in 2013 to reduce the number of Supervisory Board members from twelve to nine or ten, which coincided with a reduction in the number of nominations made by majority shareholders. Vereniging Achmea may nominate candidates for five seats in the Supervisory Board, of which one member was appointed on the basis of a nomination by DFZ and one member was appointed in joint consultation between Vereniging Achmea and the central works council . As a result of the merger between the shareholder of DFZ, Vereniging De Friesland Zorgverzekeraar, and Vereniging Achmea and the subsequent transfer of DFZ's activities to Achmea, DFZ's right of nomination passed to Vereniging Achmea. As the indirect holder of the A-share, Vereniging Achmea also has the right to appoint the Chairman from among the members of the Supervisory Board. Rabobank may nominate candidates for two seats . Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Swiss Mobiliar have the right to jointly nominate one candidate. At present, two members of the Supervisory Board were directly nominated by the central works council and, as stated above, one member was nominated jointly by Vereniging Achmea and the central works council . This arrangement is in keeping with the legal framework of the central works council's right of recommendation. The central works council ultimately has the right to directly nominate three members based on a total of nine to ten members of the Supervisory Board. This is materialized in 2014 with the succession of Mr Van der Weg. After the appointment on basis of the third direct nomination by the central works council, the number of nomination rights of Vereniging Achmea will be reduced from five to four.

Implementation is a gradual process, however. The members of the Supervisory Board personally attend a meeting of the central works council at least once a year. All the proposed changes to the composition of the Supervisory Board are submitted for approval to the General Meeting of Shareholders and discussed with the central works council.

The Supervisory Board currently has nine members. When filling these positions, the company's objective is to maintain a balanced mix of skills in the Supervisory Board while at the same time ensuring that the newly appointed members also possess the required insurance, financial and risk management experience. Members of the Supervisory Board are selected and appointed based on a profile of the required professional background, education, experience (including

[1] Van de Merwe, Van Lonkhuijzen, Overmars, Veenman, Van der Weg and 1 outstanding nomination right

[2] Van Lonkhuijzen

[3] Van der Weg

[4] At 31 December 2013: Minderhoud, Veenman and Vermeer; Mr Veenman will be a member nominated by the Vereniging Achmea

[5] Lückerath, Sneller en Van der Weg

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international experience), skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise. The Supervisory Board consisted of six men and three women as at 31 December 2013. In addition to diversity in terms of knowledge, expertise and age, there is also gender diversity. Achmea's Supervisory Board therefore meets the legal requirement regarding gender diversity. All members of the Supervisory Board are in compliance with the Management and Supervision (Public and Private Companies) Act in terms of the number of supervisory board memberships that they hold.

COMPOSITION OF THE SUPERVISORY BOARD AS AT 31 DECEMBER 2013

NAME	NATIONALITY	GENDER	POSITION	TERM (MAXIMUM OF THREE TERMS)	APPOINTED OR REAPPOINTED / END OF CURRENT TERM
E.A.J. van de Merwe [1] (1950)	Dutch	Male	Chairman of the Supervisory Board	Second	2010 / 2014
S.T. van Lonkhuijzen [1] (1960)	Dutch	Female	Member of the Supervisory Board	First	2011 / 2015
M. Lückerath [3] (1968)	Dutch	Female	Member of the Supervisory Board	First	2011 / 2015
M. Minderhoud [2] (1946)	Dutch	Male	Member of the Supervisory Board	Third	2012 / 2016
P.F.M. Overmars [1] (1945)	Dutch	Male	Member of the Supervisory Board	Third	2013 / 2017
A.C.W. Sneller [3] (1965)	Dutch	Female	Member of the Supervisory Board	First	2013 / 2017
A.W. Veenman [2] (1947)	Dutch	Male	Member of the Supervisory Board	Second	2013 / 2017
A.J.A.M. Vermeer [2] (1949)	Dutch	Male	Member of the Supervisory Board	Second	2010 / 2014
B.J. van der Weg * [1,3] (1943)	Dutch	Male	Member of the Supervisory Board	Third	2010 / 2014

* Will step down on 20 March 2014
[1] Nominated by Vereniging Achmea
[2] Nominated by Rabobank
[3] Nominated by the Central Works Council

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OVERVIEW OF EXPERTISE

NAME	EDUCATION	MANAGEMENT	GOVERNANCE	INSURANCE	BANKING	FINANCE/RISK/ AUDIT	HR/ REMUNERATION	LEGAL/ COMPLIANCE	COMMERCE/ CUSTOMER CENTRICITY	IT
E.A.J. van de Merwe	Economics	•	•	•	•	•	•	•	•	•
S.T. van Lonkhuijzen	Business Administration	•		•			•			
M. Lückerath	Economics		•		•	•	•	•		
M. Minderhoud	Chemistry	•	•	•	•	•	•	•	•	•
P.F.M. Overmars	Law	•	•	•				•	•	
A.C.W. Sneller	Econometrics	•				•			•	•
A.W. Veenman	Engineering Sciences	•	•			•		•	•	•
A.J.A.M. Vermeer	Agricultural Science	•	•				•		•	
B.J. van der Weg	Human Resources	•	•				•		•	

Continuing education

At the beginning of each year, the themes for the continuing education programme of the Supervisory Board are established in consultation with the Chairman of the Executive Board and the Chairman of the Supervisory Board. The programme's purpose is to maintain and increase the expertise of the members of the Supervisory Board. In addition to these special sessions, which are usually attended together with members of the Executive Board, attention is also given to relevant developments through presentations given by internal and/ or external specialists during regular meetings. In addition, new members complete an introduction programme specially designed for them.

Supervisory Board committees

The Supervisory Board maintains three specialised committees that advise the full board: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointment Committee. All members of the Supervisory Board receive the minutes of the meetings of these committees and, on request, also the agenda and accompanying documents.

Financial, control, risk and compliance issues are discussed by the Audit & Risk Committee. These meetings are always attended by the Chairman of the Executive Board, the CFO, the Internal Audit, Finance and Risk & Compliance directors and the external auditor. The Audit & Risk Committee holds a meeting with the external auditor outside the presence of members of the Executive Board at least once a year. Please see the Report of the Supervisory Board for further information.

The principal duty of the Remuneration Committee is to advise the Supervisory Board on remuneration policy for the entire Achmea Group (including foreign operating companies).
The Remuneration Committee is responsible for formulating guidelines and monitoring the implementation of and compliance with the remuneration policy for the entire Achmea Group. This responsibility includes advising the Supervisory Board on the performance management (maintaining the balance between short and long-term interests and customers' interests, for example) of the Executive Board's members. Remuneration is regularly evaluated and the committee assesses whether remuneration levels are appropriate in terms of the duties and responsibilities associated with a position.

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This requires thorough preparation of the policy reviews or corrections necessary to ensure compliance with new legislation and regulations. The Chairman of the Executive Board attends all meetings of the Remuneration Committee except if his own remuneration is on the agenda or in other cases at the discretion of the committee Chairman.

The Selection & Appointment Committee's task is to monitor the composition and profile of both the Supervisory Board and the Executive Board. The committee looks for and makes recommendations regarding potential candidates, in some cases in consultation with the central works council. The Chairman of the Executive Board attends all meetings of the Selection & Appointment Committee except if his own performance is on the agenda or in other cases at the discretion of the committee Chairman.

SHARES, SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

Our largest shareholders, Vereniging Achmea and Rabobank, are cooperative organisations. Other shareholders are mainly non-listed European organisations with roots as cooperatives. Customers in the Netherlands are directly represented by Achmea's largest shareholder and indirectly through Stichting Administratiekantoor Achmea (STAK Achmea). STAK Achmea is a shareholder that has issued depositary receipts for shares to Vereniging Achmea. STAK Achmea's board consists of the Chairman and two deputy Chairmen of Vereniging Achmea. The prior approval of Vereniging Achmea's board is required for the adoption of important resolutions by STAK Achmea. In certain cases, the prior approval of Vereniging Achmea's members' council is also required. At the end of 2013, Vereniging Achmea owned a total of 65.3% of Achmea's dividend rights and 61.6% of the voting rights in the General Meeting of Shareholders.

Rabobank, Achmea's second largest shareholder, is likewise a cooperative organisation. At the end of 2013, Rabobank held a total of 29.2% of the dividend rights in Achmea and 27.6% of the voting rights in the General Meeting of Shareholders.

Other shareholders that collectively represent 5.5% of the dividend rights and 5.2% of the voting rights in the General Meeting of Shareholders are BCP Pension Fund, Stichting Beheer Aandelen Achmea, Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding. Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding are members of the Eurapco alliance of independent European financial services providers (see www.eurapco.com for further information).

Apart from ordinary shares, 5.6% of Achmea's outstanding share capital consists of preference shares held by Achmea Tussenholding B.V., which is under the direction of Achmea's Executive Board. All shares in Achmea Tussenholding B.V. are owned by Stichting Administratiekantoor Achmea Tussenholding, which has issued depositary receipts for shares to investors. Those investors therefore receive the dividend paid on the preference shares. They do not have the right to vote in Achmea's General Meeting of Shareholders. The aforementioned right to vote is held by Achmea Tussenholding B.V.

SHAREHOLDERS 31 DECEMBER 2013*

	VOTING RIGHTS	CAPITAL RIGHTS
Vereniging Achmea (directly and through STAK)	61.6%	65.3%
Rabobank	27.6%	29.2%
BCP Group	2.6%	2.8%
Gothaer Allgemeine Versicherung	0.5%	0.5%
Gothaer Finanz Holding	0.6%	0.6%
Schweizerische Mobiliar Holding	0.7%	0.7%
Stichting Beheer Aandelen Achmea	0.9%	0.9%
Achmea Tussenholding B.V. **	5.6%	

* Since numbers have been rounded, percentages may not add up to 100%.
** Preference shares

Shareholders' meetings

In addition to the annual General Meeting of Shareholders, extraordinary meetings of shareholders may also be convened on the basis of legislation and regulations, articles of association and business documentation if deemed necessary.
An extraordinary meeting may also be convened by shareholders that hold more than 10% of the voting rights. The authority of the General Meeting of Shareholders is restricted because of the statutory two-tier board structure that applies to Achmea. Under the law and agreements in force, certain responsibilities rest with the Supervisory Board. The approval of the shareholders is nevertheless required for important corporate resolutions such as amendments to the articles of association and approval of the financial statements, including profit

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appropriation and dividend distribution, resolutions concerning the issue of shares or the granting of rights to subscribe for shares (or instructing the Executive Board to arrange for such issue of shares or granting of rights), the reduction of Achmea's share capital and the appointment and dismissal of members of the Supervisory Board, and resolutions to dissolve, merge or divide Achmea. Crucial strategic resolutions that entail a fundamental change of course in Achmea's strategy and large-scale investments must be approved in the General Meeting of Shareholders by 80% of the votes cast. The annual General Meeting of Shareholders, in which, in addition to the regular resolutions concerning the 2012 annual report and financial statements, the dividend policy, the dividend distribution and the discharge from liability of the members of the Executive Board and the Supervisory Board, resolutions were adopted concerning the appointment or reappointment of members of the Supervisory Board and amendments to Achmea's articles of association due to the introduction of the Private Company Law (Simplification and Flexibilisation) Act and the Management and Supervision (Public and Private Companies) Act, took place in March 2013. No extraordinary shareholders' meetings were held in the year under review. The written approval of the shareholders was requested and obtained for the transfer of shares by Länsförsäkringar Liv Försäkringsaktiebolag and Länsförsäkringar Sak Försäkringsaktiebolag to Stichting Beheer Aandelen Achmea.

Voting rights

Specific rights are attached to A-shares, including the right to make a non-binding recommendation to the Supervisory Board concerning the appointment of members of the Executive Board, the appointment of the Chairman of the Supervisory Board, the approval of a resolution concerning the dissolution, merger or division of Achmea, and the issue and transfer of Achmea shares. The A-share is indirectly held by Vereniging Achmea. Holders of depositary receipts issued for A-shares and ordinary Achmea shares have the right to attend the General Meeting of Shareholders. They do not have the right to vote, however. Shareholders and holders of depositary receipts for shares may authorise someone in writing to represent them. Members of the Executive Board and Supervisory Board are authorised to attend the General Meeting of Shareholders. They have an advisory and informative role in this meeting.

Dividend policy

The distribution of dividend is set out in Achmea's articles of association. Dividend is owed and payable four weeks after it has been adopted by the General Meeting of Shareholders unless a different date is determined in this regard. The Executive Board may propose to the General Meeting of Shareholders that the dividend be distributed wholly or in part otherwise than in cash. The General Meeting of Shareholders may resolve to distribute all or part of the net profit. On a proposal from the Executive Board, the General Meeting of Shareholders may resolve to distribute an interim dividend. Achmea's dividend policy is detailed in the Capital and Liquidity Management chapter of the 2013 Annual Report.

Biographies Board members

EXECUTIVE BOARD

From left to right: Huub Arendse, Willem van Duin, Roelof Konterman, Danny van der Eijk en Jeroen van Breda Vriesman. Not in this photo: Henk Timmer.

Willem A.J. van Duin (1960)

Chairman of the Executive Board

Willem van Duin joined Achmea in 1987. He held various positions at holding level and in the Health, Broker and Direct Distribution divisions before being appointed to the Executive Board in 2004. He was appointed Vice-Chairman of the Excecutive Board on 1 October 2008, and Chairman on 10 February 2009. In addition to his overall responsibility for Achmea, his core responsibilities include Internal Audit, Corporate Office, Communication & CSR, Compliance, Human Recourses/Management Development and the Central Works Council. In addition, he is Chair of the board of the European Alliance Partners Eurapco. Furthermore, he is a member of the board of the Dutch Association of Insurers (Verbond van Verzekeraars), member of the board of VNO-NCW and National Cooperatieve Raad. Internationally, he is member of the IFHP Council (International Federation of Health Plans) and of the strategic board of Insurance Europe, the European insurance and reinsurance federation.

Huub Arendse (1958)

Chief Financial Officer

Huub Arendse (55) joined the Executive board of Achmea as CFO in April 2013. After studying Business Economics at VU University Amsterdam, he started his career at Peat Marwick Nederland which later formed KPMG. He qualified as a registeraccountant in 1985. Mr Arendse headed KPMG's Financial Services from 2003 until 2007. Before Mr Arendse joined Achmea he was a member of KPMG International's Global Insurance Leadership Team. Through his international experience in listed insurance groups and smaller insurance companies, he has developed insight into a range of insurance activities such as non-life, health, life and reinsurance. His core responsibilities include Finance, Fiscal Affairs, Treasury, Central Services and Staalbankiers. Mr Arendse is a member of the Committee Financial-Economic Affairs of the Dutch Association of Insurers.

Biographies Board members

Jeroen A.S. van Breda Vriesman (1967)

Jeroen van Breda Vriesman studied law at the University of Utrecht and began his career at ING Group, where he held a number of management positions at Nationale Nederlanden. In 2004 he joined Achmea as Chairman of the Occupational Health division. From 2006 until the end of September 2008 he was Chairman of the Health division, when he was appointed member of the Executive Board of Achmea. His core responsibilities include product division Life and Pension, Syntrus Achmea, Achmea Bank, the Banking distribution division and Strategy, M&A and Innovation. Mr van Breda Vriesman is member of the Supervisory Board of a number of Achmea entities. In 2011 he became a member of the Supervisory Board of the African Research & Resources Forum, member of the Supervisory Council of the Eye Hospital in Rotterdam and a member of the Supervisory Board of Netspar, the Network on Studies on Pensions, Aging and Retirement.

Danny van der Eijk (1958)

After obtaining his professional Insurance qualifications. Danny van der Eijk completed an MBA at Henley (UK). He worked in a variety of positions at R&SA Benelux from 1984-2002, the last two years as CEO. Within Achmea he was director of Avéro Achmea, managing director of Achmea Commercial lines and subsequently of the direct distribution division. He became a member of the Executive Board in October 2008. His core responsibilities include the distribution divisions Direct and Broker and the product division Non-life, Market Strategy, Reinsurance, Independer and InShared. Mr van der Eijk is a member of the Supervisory Board of a number of Achmea entities. He is Chairman of the statistics committee and Vice-Chairman of the no life sector board of Dutch Association of Insurers. From 1 January 2011, he is also member of the advisory board for NIBE SVV, the knowledge institute for the Dutch financial, insurance and investment sectors. In 2011 he became a member of the board of the International Insurance Society.

Roelof Konterman (1956)

Roelof Konterman has worked for Achmea in various capacities since 1983, including working five years abroad in Sweden and the U.S.A. He started as a marketing manager at Avéro Achmea and also worked as a managing director at FBTO. Starting in 2000 he held various managerial positions with responsibility for Achmea Health and for health-related operations like Eurocross and Health Services. Since 2008 he has been divisional Chairman of Achmea Health, where he was responsible for the merger of Achmea and Agis in 2011. In April 2013 Mr Konterman joined the Executive board. His core responsibilities are division Health and division De Friesland Zorgverzekeraar, the international activities and IM&IT. Mr Konterman is a member of the Executive Committee of the Dutch insurers' umbrella organisation Zorgverzekeraars Nederland since 2009.

Henk Timmer (1961)
(appointed with effect from 1 March 2014)

After earning his degree in Economics, Mr Timmer held various positions in consultancy and IT. He went on to pursue a postgraduate course in auditing at Tilburg University, as well as qualifying as an International Certified Internal Auditor (CIA). Mr Timmer began his career at GAK (currently UWV) in the Netherlands. He joined Achmea in 1997 as a senior auditor and manager of Internal Audit for several business units, including IT, Health, Non-Life and Brokerage Distribution. He became managing director of Group Audit & Risk Services in November 2007, in which capacity he managed the Audit, Risk and Integrity staff services. In 2012 this position was merged with that of Internal Audit Director, a role with accountability whose scope spans the entire Achmea Group, including both its national and international operations. In addition to his role at Achmea, Mr Timmer serves as Chairman of the advisory board for the Internal Audit programme at Erasmus University Rotterdam. He was also closely involved involved as a board member at the Institute for Internal Auditors and with NOREA, the professional association for IT auditors in the Netherlands. Mr Timmer will be joining the Executive Board on 1 March 2014. His key responsibilities on the Board will include Risk Management, Human Resources, Internal Audit (functional responsibility), Compliance (functional responsibility) and Legal Affairs.

Biographies Board members

SUPERVISORY BOARD

Left to right: Marinus Minderhoud, Erik van de Merwe, Joke Van Lonkhuijzen-Hoekstra, Lineke Sneller, Bé van der Weg, Paul Overmars, Mijntje Lückerath-Rovers and Aad Veenman. Not in this photo: Antoon Vermeer.

Erik A.J. van de Merwe (1950)

Chairman of the Supervisory Board

In addition to his role as Chairman of the Supervisory Board, Mr Van de Merwe also serves as Supervisory Board Chairman and Chairman of the Audit & Risk Committee of Bank Holding N.V. and Staalbankiers N.V., as well as holding several other memberships of Supervisory Board of other companies. He is a member of the Supervisory Board and of the Audit, Compliance & Risk Committee of Rabobank Nederland, a non-executive director at GWK Travelex, Chairman of the Supervisory Board and a member of the audit committee of the Netherlands Burns Foundation, as well as serving as Chairman of the Supervisory Board of the Euro Tissue Bank. In addition, Mr Van de Merwe also serves as Chairman of the Board of trustees for Compliance & Integrity of VU University Amsterdam, a member of the advisory board of the Institute of Internal Auditors, and a jury member for the Henri Sijthoff Award for financial reporting.

Joke S.T. van Lonkhuijzen-Hoekstra (1960)

Joke Van Lonkhuijzen-Hoekstra is a member of the Supervisory Boards of both Achmea and Achmea Zorgverzekeringen N.V. Prior to the merger between Vereniging De Friesland, the shareholder of De Friesland Zorgverzekeraar and Vereniging Achmea and the subsequent transfer of the Friesland Group's operations to Achmea, she was a member of the Supervisory Board and Audit Committee of De Friesland Zorgverzekeraar N.V. She has held a wide variety of positions in the healthcare sector and began her career as a nurse. Until 2012, she was the Chair and CEO of the Amsterdam-based mental health service GGZ inGeest, and since 2013 she has served as CFO and member of the Executive Board of healthcare provider Cordaan. Additionally, she is a member of the Supervisory Board of the Mental Health Research Centre the Trimbos Institute, a board member of the Netherlands Association of Healthcare Managers and Chair of the Board of Trustees for the postgraduate programme in Change Management at VU University Amsterdam.

Biographies Board members

Mijntje Lückerath-Rovers (1968)
As well as being a member of the Supervisory Board, Ms Lückerath-Rovers also serves as a member of the Supervisory Board of Achmea Pensioen- & Levensverzekeringen N.V. and is a lecturer in Corporate Governance at Tilburg University. Her other roles include member of the Supervisory Board at ASN Bank Investments Funds and Groenfonds. a Board member of the Dutch Payments Association, a member of the Supervisory Board of the Royal Dutch Guide Dog Foundation and a member of the Public Interest Committee at EY Accountants LLP. She is also a member of the editorial board of several academic, scientific and popular-science publications, including the magazine Goed Bestuur ('Good Governance') and the Corporate Governance Yearbook.

Marinus Minderhoud (1946)
Mr Minderhoud is a member of the Achmea Supervisory Board, Chairman of the Executive Board of Rabobank Nederland and Chairman of the Boards of Vodafone International Holdings and Vodafone Europe.

Paul F.M. Overmars (1945)
In addition to serving as a member of the Achmea Supervisory Board, Mr Overmars is the Chairman of the Supervisory Board of Achmea Zorgverzekeringen N.V. and a Board member of Stichting Continuïteit Eureko/Achmea (SCEA). He served as the Chairman of Achmea Foundation until 1 January 2014. Before his retirement in 2004, Mr Overmars was the CEO of Achmea and the deputy Chairman of the Executive Board of Eureko. Before being appointed Chairman of Vereniging Achmea on 31 March 2010, he served as a member of the Supervisory Board of Rabobank Nederland (until 17 June 2010). Until mid-2005 he was Chairman of the Board of the Dutch Insurers' Association and a member of the executive board and general management of employers' association VNO-NCW.

Lineke C.W. Sneller (1965)
Ms Sneller serves as a member of Supervisory Board, as well as being a lecturer in IT and Added Value at Nyenrode Business University. Since starting her career at Ortec Consultants in 1988, she has held CIO positions over the past 15 years at InterfaceFLOR and telecoms providers Tele2 and Vodafone. Ms Sneller is a member of the advisory board on Information Provision of the National Dutch Police Forces and a member of the advisory board at CIOnet, a community of IT executives.

Aad W. Veenman (1947)
Mr Veenman is a member of the Supervisory Boards of both Achmea and Achmea Schadeverzekeringen N.V. He served as President and CEO of NS Dutch Railways from 2002 to 2009, prior to which he worked for many years at the Stork industrial group, where he joined the Supervisory Board in 1990 and served as CEO from 1998 to 2002. Until mid-June 2010, he also served on the Supervisory Board of Rabobank Nederland. Mr Veenman is the current Chairman of the Supervisory Board of Tennet Holding, a member of the Supervisory Board of Prysmian Netherlands Holding and a member of the Supervisory Board of Royal Huisman Shipyard.

Antoon J.A.M. Vermeer (1949)
Mr Veenman, a member of both the Supervisory Boards of Achmea and Achmea Schadeverzekeringen N.V., is also co-owner of a dairy farm and deputy Chairman of the Supervisory Board of Rabobank Nederland.

Bé J. van der Weg (1943)
Mr Van der Weg is a member of the Supervisory Board of both Achmea and Achmea Pensioen- en Levensverzekeringen N.V., as well as serving as a member of the Executive Board of Vereniging Achmea.

Other information

Other information

Abbreviated consolidated financial statements

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

	31 DECEMBER 2013	31 DECEMBER 2012
Assets		
Intangible assets	1,244	1,639
Associates	88	92
Property for own use and equipment	578	619
Investment property	1,200	1,172
Investments	43,561	42,001
Investments backing linked liabilities	22,563	24,972
Banking credit portfolio	15,251	16,436
Deferred tax assets	523	385
Deferred acquisition costs	172	198
Amounts ceded to reinsurers	908	968
Receivables and accruals	4,975	5,232
Cash and cash equivalents	3,265	1,078
	94,328	**94,792**
Assets classified as 'held for sale'	36	38
Total assets	**94,364**	**94,830**
Equity		
Equity attributable to holders of equity instruments of the Company	9,687	10,463
Non-controlling interest	15	20
Total equity	**9,702**	**10,483**
Liabilities		
Insurance liabilities	39,656	38,911
Insurance liabilities where policyholders bear investment risks	19,387	22,259
Investment contracts	2,015	2,123
Post-employment benefits	793	755
Other provisions	274	282
Banking customer accounts	5,981	5,351
Loans and borrowings	11,133	9,625
Derivatives	1,491	1,779
Deferred tax liabilities	16	54
Income tax payable	67	86
Other liabilities	3,813	3,084
	84,626	**84,309**
Liabilities classified as 'held for sale'	36	38
Total equity and liabilities	**94,364**	**94,830**

Abbreviated consolidated financial statements

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	2013	2012
Income		
Gross written premiums Non-life	3,802	3,764
Gross written premiums Health	13,608	13,471
Gross written premiums Life	2,823	3,210
Gross written premiums	**20,233**	**20,445**
Reinsurance premiums	–784	–850
Change in provision for unearned premiums (net of reinsurance)	33	15
Net earned premiums	**19,482**	**19,610**
Income from associates	2	4
Investment income	1,004	1,115
Realised and unrealised gains and losses	–145	569
Income from investments backing linked liabilities	1,819	2,533
Banking income	676	736
Fee and commission income, and income from service contracts	436	442
Other income	67	74
Total income	**23,341**	**25,083**
Expenses		
Claims and movements in insurance liabilities	22,227	19,271
Claims and movements in insurance liabilities ceded to reinsurers	–598	–677
Profit sharing and bonuses for policyholders	255	745
Movements in insurance liabilities where policyholders bear investment risks	–2,892	1,280
Fair value changes and benefits credited to investment contracts	156	127
Operating expenses	2,879	3,008
Banking expenses	517	592
Interest and similar expenses	96	85
Other expenses	426	219
Total expenses	**23,066**	**24,650**
Profit before tax	**275**	**433**
Income tax expenses	–69	–36
Net profit	**344**	**469**
Net profit attributable to:		
Holders of equity instruments of the Company	347	468
Non-controlling interest	–3	1
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	0.65	0.95

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	2013	2012
Net profit	**344**	**469**
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability	–291	–577
Unrealised gains and losses on property for own use	–1	–16
Total items that will not be reclassified to the Income statement	**–292**	**–593**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences on subsidiaries, intangible assets and associates	–95	28
Unrealised gains and losses on available for sale instruments	–555	1,061
Share in other comprehensive income of associates	–17	–2
Transfer from/to provision for profit sharing and bonuses for policyholders	588	–711
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal	–147	–160
Impairment charges on available for sale instruments reclassified to the Income Statement	18	31
Total items that may be reclassified subsequently to the Income statement	**–208**	**247**
Net other comprehensive income	**–500**	**–346**
Comprehensive income	**–156**	**123**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	–153	122
Non-controlling interest	–3	1

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	REMEASUREMENT OF DEFINED BENEFIT PLANS	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY	NON-CONTROLLING INTEREST	TOTAL EQUITY
Balance at 1 January	**11,357**	**−235**	**678**	**690**	**−152**	**−7**	**−3,750**	**468**	**89**	**1,325**	**10,463**	**20**	**10,483**
Remeasurements of net defined benefit liability									−291		−291		−291
Unrealised gains and losses on property for own use				−1							−1		−1
Currency translation differences on subsidiaries, intangible assets and associates					−95						−95		−95
Unrealised gains and losses on available for sale instruments				−555							−555		−555
Share in other comprehensive income of associates					−17						−17		−17
Transfer from/to provision for profit sharing and bonuses for policyholders				588							588		588
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal				−147							−147		−147
Impairment charges on available for sale instruments reclassified to the Income Statement				18							18		18
Net other comprehensive income				−97	−112				−291		−500		−500
Net profit								347			347	−3	344
Comprehensive income				**−97**	**−112**			**347**	**−291**		**−153**		**−156**
Appropriations to reserves			−16	−23			507	−468					
Dividends and coupon payments							−273				−273		−273
Issue, repurchase and sale of equity instruments										−358	−358		−358
Other movements				18	4		−14				8	−2	6
Balance at 31 December	**11,357**	**−235**	**662**	**588**	**−260**	**−7**	**−3,530**	**347**	**−202**	**967**	**9,687**	**15**	**9,702**

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	2013	2012
Cash flow from operating activities		
Profit before tax	275	433
Adjustments of non-cash items and reclassifications:		
Unrealised results on investments	–460	–1,796
Foreign exchange results	157	32
Amortisation and impairment charges on intangible assets, property for own use and equipment	432	237
Amortisation of deferred acquisition costs	43	58
Interest paid	498	544
	945	**–492**
Changes in operating assets and liabilities:		
Purchase of Investment property	–13	–16
Purchase of Investments	–24,029	–40,285
Purchase of Investments backing linked liabilities	–10,661	–14,606
Divestments of Investment propery	42	22
Divestments of Investments	23,704	40,578
Divestments of Investments backing linked liabilities	11,060	15,237
Capitalised deferred acquisition costs	–16	–19
Changes in receivables and accruals and other liabilities	1,118	–398
Changes in insurance liabilities net of reinsurance	–1,384	1,801
Changes in banking credit portfolio	1,198	617
Changes in banking customer accounts and loans and borrowings related to banking activities	631	350
Interest received	–400	–340
Income taxes paid	–6	–28
Changes in income tax	–59	–238
Other changes	–291	–1
	894	**2,674**
Total cash flow from operating activities	**1,839**	**2,182**
Cash flow from investing activities		
Investments, acquisitions and direct return on investments:		
Subsidiaries and associates (net of cash acquired)	25	–93
Property for own use and equipment	–82	–112
	–57	**–205**
Divestments and disposals:		
Subsidiaries and associates (net of cash disposed)	–10	
Property for own use and equipment	15	11
	5	**11**
Total cash flow from investment activities	**–52**	**–194**

Abbreviated consolidated financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(€ MILLION)

	2013	2012
Cash flow from financing activities		
Issue, repurchase and sale of equity instruments	–358	
Dividends and coupon payments	–273	–106
Interest paid	–496	–473
Other credit facilities	1,527	–1,656
Total cash flow from financing activities	**400**	**–2,235**
Net cash flow	**2,187**	**–247**
Cash and cash equivalents at 1 January	1,078	1,325
Foreign exchange results on cash and cash equivalents		
Cash and cash equivalents at 31 December	**3,265**	**1,078**
Cash and cash equivalents include the following items:		
Cash and bank balances	2,737	788
Call deposits	528	290
Cash and cash equivalents at 31 December	**3,265**	**1,078**

Statement of the Executive Board of Achmea B.V.

Basis of preparation

The Achmea Abbreviated Financial Statements, including the 2012 comparative figures, comprising of Consolidated Statement of Financial position, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Total equity and the Consolidated Statement of Cash Flows, have been derived from the Consolidated Financial Statements of Achmea B.V. for the year ended 31 December 2013. These Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations, as adopted by the European Union (hereafter EU-IFRS). Furthermore, the Achmea Consolidated Financial Statements comply with the requirements of Article 362 (9) Book 2, part 9 of the Dutch Civil Code.

For the notes comprising the significant accounting policies and other explanatory information as required by EU-IFRS we refer to the Achmea Consolidated Financial Statements. Reading the Abbreviated Financial Statements is not a substitute for reading the Achmea Consolidated Financial Statements. The Abbreviated Financial Statements should be read in conjunction with the Consolidated Financial Statements from which the Abbreviated Financial Statements were derived. The Achmea Consolidated Financial Statements are available at www.achmea.com.

Statement of the executive board Achmea B.V.

The Executive Board of Achmea B.V. is responsible for the preparation of the Annual Report 2013, including the Consolidated Financial Statements 2013. The Consolidated Financial Statements 2013 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The company Financial Statements 2013 and Executive Board report 2013 are prepared in accordance with Book 2, Part 9 of the Dutch Civil Code, and the Financial Supervision Act part 5.1A. The Executive Board reviewed the Achmea B.V. Consolidated and Company Financial Statements on 27 February 2014 and authorized them for submission of the Supervisory Board.

The Executive Board of Achmea B.V. declared that, to the best of its knowledge, the Achmea B.V. Consolidated and Company Financial Statements 2013 give a true and fair view of the assets, liabilities, financial position and profit or loss of Achmea B.V. and that the information contained herein has no omission likely to modify significantly the scope of any statements made.

The Executive Board of Achmea B.V. also declares that the Executive Board Report 2013 gives a true and fair view of the situation on 31 December 2013, the development and performance during 2013 and describes the principal risks of the business of the Group.

The Achmea B.V. 2013 Consolidated Financial Statements and 2013 Company Financial Statements will be submitted to the Annual General Meetings of Shareholders for approval on 20 March 2014.

Zeist, 27 February 2014
The Executive Board
W.A.J. van Duin, Chairman
H. Arendse
J.A.S. van Breda Vriesman
D. van der Eijk
R. Konterman

Report scope and accountability

Transparency on all aspects of our operations is more important than ever. This is especially important for Achmea due to its cooperative background. For this reason, from now on we will publish an integrated annual report in which we demonstrate how we add value for a broad group of stakeholders. We focus in particular on the stakeholders included in our four-stakeholder model, namely our customers, our employees, our business partners and our shareholders. The expanded target and result statements from the Corporate Social Responsibility Report 2012 and the KPI chart from the 2012 financial statements have been combined in this integrated annual report to form a statement which explains each of the perspectives from Achmea's strategy.

This annual report was compiled in accordance with article 391 of part 9 of Book 2 of the Dutch Civil Code and the Dutch Association of Insurers' Governance Principles for Insurers (Insurers' Code of the Verbond van Verzekeraars). As we wish to take into account our stakeholders' information requirement in our reporting, we also look at the GRI guidelines and the Dutch Ministry of Economic Affairs' Transparency Benchmark criteria. Both instruments were created following an extensive consultation process with business, social organisations and various specialist bodies. The annual report is compiled based on Global Reporting Initiative guidelines (GRI G4) and is in accordance with the Core option. The annual report 2013 and the corresponding GRI contents can be found on www.achmea.com. The GRI contents state where the different indicators may be found.

This annual report is published simultaneously with Achmea B.V.'s financial statements, which can be found on www.achmea.nl and www.achmea.com. PwC has reviewed this annual report with a view to guaranteeing its accuracy and completeness. PwC's task is to issue an assurance report containing 'reasonable assurance' as to whether the financial information given in the key figures and the abbreviated consolidated financial statements have been consistently derived, in all material aspects, from the audited Achmea's 2013 consolidated financial statements. PwC was also asked to issue an assurance report containing a 'limited assurance' with respect to the accuracy and completeness of the remainder of this annual report. PwC's assurance report can be found on the following pages.

The auditors have not audited the assumptions and feasibility of prospective information such as targets, expectations and ambitions. The statements included in the annual report relating to the value of new business (on page 9, 56 and 57 of this report), economic capital (page 73) and solvency in accordance with Solvency II based on the 31 December 2012 figures (page 73, 75) are based on actuarial models. The external auditor did not include these actuarial models in its audit of the annual report with a view to issuing the assurance report containing a 'limited assurance'. Moreover, the content of the websites referred to in this report and the report by the Supervisory Board, biographies and appendix B are not in the scope of the assurance report.

Achmea is domiciled in Zeist and is largely active in the Netherlands (about 94% of Achmea's total revenue and about 82% of the total number of FTEs) and six other countries. Due to this strong Dutch focus, a number of sections in this report only relate to Achmea's Dutch activities in 2013. The reported financial figures and number of FTEs are based on the consolidated financial statements. The third-party companies listed in annex B and foreign operating companies are not included in the reporting on social and environmental aspects. Following the merger on 31 December 2011, De Friesland Zorgverzekeraar (DFZ) will possess a great deal of autonomy as a separate division over the next three years and is therefore also excluded from the reporting on social and environmental aspects.

The calculation of the carbon footprint is in line with the Greenhouse Gas (GHG) Protocol, which contains three scopes. A distinction is made here between direct, indirect and other indirect emissions. The carbon performance ladder 2.1 manual of the Foundation for Climate Friendly Procurement and Business (SKAO) has been used for the footprint conversion factors since 2011. This is based on the Greenhouse Gas (GHG) Protocol of the World Business Council for Sustainable Development (WBCSD) and the World Resource Institute (WRI). In contrast to GHG, SKAO counts Business Travel (the number of kilometres driven and flights take for business purposes) as coming under scope 2. The reason is that these expenses are reimbursed at Achmea and Achmea can therefore influence them.

Assurance report

To the General Meeting of Shareholders and Supervisory Board of Achmea B.V.

REPORT ON THE ANNUAL REPORT 2013

Engagement and responsibilities

We have been engaged by the Management Board of Achmea B.V. (hereafter: 'Achmea' or 'the company'), Zeist, to issue an independent review report on the Achmea Annual Report 2013 as presented on page 4 till 105 and appendix A in which the company reports on its financial and non-financial policies, activities and performance in 2013 (hereafter referred to as: 'the Report').

Scope

The review is focused on obtaining limited assurance, which does not require exhaustive gathering of evidence as in audit engagements. Consequently a review engagement provides less assurance than would be obtained from an audit engagement.

The following information in the Report was not in scope of our review procedures:

- We do not provide any assurance on the assumptions and feasibility of prospective information, such as targets, expectations and ambitions, included in the Report.
- The Report contains references to information on the Achmea website. This information is excluded from our assurance scope.
- The Report includes information on the required economic capital (page 73), Solvency II (page 73, 75) and the market consistent value of the new production (page 9, 56, 57). All data and graphs related to this information have not been reviewed and are excluded from our assurance scope.
- The report includes the Supervisory Board Report (page 82 till 90) and biographies (page 102 till 105). These parts have not been reviewed and are excluded from our assurance scope.

Detailed information on the reporting scope is provided in the chapter 'Report scope and accountability' of the Report.
The Management Board of Achmea is responsible for the preparation of the Report. We are responsible for providing an assurance report on the information in the Report.

Reporting criteria

Achmea developed its reporting criteria on the basis of the G4 Guidelines of the Global Reporting Initiative ('GRI'), Article 391 of Part 9 of Book 2 of the Dutch Civil Code and the Governance Principles as per 1 July 2013 of the Dutch Association of Insurers. Detailed information on the reporting criteria is provided in the chapter 'Report scope and accountability' of the Report. We consider these reporting criteria to be relevant and sufficient for our examination.

Work performed

We planned and performed our review procedures in accordance with Dutch law, including Standard 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and 3410N 'Assurance engagements relating to sustainability reports'.

Our most important review procedures were:

- performing an external environment analysis, including media and materiality, -and obtaining insight into the industry, relevant societal and sustainability issues and trends, relevant laws and regulations and the characteristics of the organisation;
- assessing the acceptability and consistent application of Achmea's reporting policies in relation to the information requirements of its stakeholders;
- reviewing the systems and processes for gathering the data and aggregating these to the information as presented in the Report;
- reviewing internal and external documentation to determine whether the information in the Report is adequately substantiated, which includes the verification of calculations and reconciliations with supporting documentation, and performing analytical procedures, relation checks and detailed checks;
- evaluating the overall presentation of the Report, in line with Achmea's reporting criteria;
- assessing the application with the 'in accordance'-core option of the G4 Guidelines of GRI.

We believe that the evidence obtained from our examination is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our review procedures performed, nothing has come to our attention that would cause us to conclude that the information in the Report, in all material respects, does not provide a reliable and adequate presentation of the financial and non-financial policies of Achmea or of the activities and the financial and non-financial performance of the organisation in 2013, in accordance with Achmea's reporting criteria.

Amsterdam, 27 February 2014
PricewaterhouseCoopers Accountants N.V.

Original signed by Drs. G.J. Heuvelink RA

Independent auditor's report

To the General Meeting of Shareholders and Supervisory Board of Achmea B.V.

REPORT ON THE ABBREVIATED CONSOLIDATED FINANCIAL STATEMENT

The accompanying abbreviated consolidated financial statements of Achmea B.V., Zeist as set out on pages 108 to 113, which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in total equity and consolidated statement of cash flows for the year then ended, and related notes, are derived from the audited consolidated financial statements of Achmea B.V. for the year 2013. We expressed an unqualified audit opinion on those consolidated financial statements in our report dated 27 February 2014. Those consolidated financial statements, and the abbreviated consolidated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those consolidated financial statements.

The abbreviated consolidated financial statements do not contain all the disclosures required by International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code. Reading the abbreviated consolidated financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of Achmea B.V.

The Executive Board's responsibility

The Executive Board is responsible for the preparation of the abbreviated consolidated financial statements derived from the consolidated financial statements on the basis described in the notes to the abbreviated consolidated financial statements.

Auditor's responsibility

Our responsibility is to express an opinion on the abbreviated consolidated financial statements and the related notes based on our procedures, which we conducted in accordance with Dutch Law, including the Dutch Standard 810 “Engagements to report on abbreviated financial statements”.

Opinion

In our opinion, the abbreviated consolidated financial statements derived from the audited consolidated financial statements of Achmea B.V. for the year 2013 are consistent, in all material respects, with those consolidated financial statements, on the basis described in the notes to the abbreviated consolidated financial statements.

Amsterdam, 27 February 2014
PricewaterhouseCoopers Accountants N.V.

Original signed by Drs. G.J. Heuvelink RA

Appendices

Appendices

Report on Governance Principles - Insurers' Code

PRINCIPLE	APPLICATION BY ACHMEA
Compliance with the Code and transparent accountability	
1.2	
Accountability in line with the Code. For each principle in the Code, the insurer reports how the relevant principle has been applied in its (group) annual report and on its (group) website. If the insurer does not comply with the clause, or only in part, it explains why. The accountability text in the annual report and on the website must be simple to find.	Achmea applies this principle. In its 2013 Annual Report, Achmea explains how it applies the Insurers' Code and it refers to the location of this report on www.achmea.nl and www.achmea.com. This report and the Corporate Governance section of the Annual Report both explain which principles Achmea does not meet in full.
Supervisory Board	
2.1.1.	
The supervisory board shall be composed in such a way that it is able to perform its tasks properly. Complementarity, a collegial board, independence and diversity are preconditions for the supervisory board to perform its tasks properly.	Achmea applies this principle. The Supervisory Board is comprised of independent members who, in carrying out their tasks and responsibilities, are guided by the interests of the group. Members of the Supervisory Board are selected and nominated based on a pre-defined profile in which professional background/education/training/diplomas, (international) experience, skills, diversity and independence are set out. As of 31 December 2013, Achmea's Supervisory Board comprises six male and three female members, meaning that gender diversity is achieved as well as diversity with regards to knowledge, expertise and age. Abridged biographies of the Supervisory Board members are published in the 2013 Annual Report, which can be found on www.achmea.nl and www.achmea.com. Members of the Supervisory Board are appointed based in part on shareholder nomination rights and in part on the legally enforced recommendation right of the Central Works Council. The Supervisory Board (and its Selection & Appointment Committee) reviews all nominations and the General Meeting of Shareholders makes all appointments. The current composition of the Supervisory Board is so diverse that the combination of experience, expertise and independence of members enables it to carry out the tasks and responsibilities related to the organisation and other concerned parties in a proper manner. All members of the Supervisory Board participate in meetings with no reference to or consultation with the parties that nominated them. The profile requirements noted here, especially on independence, are reviewed annually during the evaluation of the Supervisory Board (see also principle 2.1.10). Although formal decision-making by the Supervisory Board is based on majority voting, from the perspective of collegial management the goal is to obtain a consensus.

Report on Governance Principles - Insurers' Code

PRINCIPLE	APPLICATION BY ACHMEA
2.1.2. The supervisory board shall have a sufficient number of members to properly perform its function, including in its committees. The appropriate number of members depends on the nature, size and complexity of the insurer.	Achmea applies this principle. The Supervisory Board comprises nine members as of 31 December 2013. Mr Henk Slijkhuis left the Supervisory Board in 2013; Ms Lineke Sneller joined the Supervisory Board effective 1 January 2013. Given the current nature, size and complexity of the company, nine to ten members are viewed as a fitting number of members. Its current size enables and ensures adequate allocation of members to the Supervisory Board committees.
2.1.3. The members of the supervisory board shall have thorough knowledge of the insurer's functions in society and of the interests of all parties involved in the insurer. The supervisory board shall carefully consider the interests of all parties involved in the insurer, such as the insurer's clients, its shareholders and its employees.	Achmea applies this principle. The Supervisory Board has thorough knowledge of the social role played by Achmea and of the interests of parties involved in Achmea. These requirements are taken into account in the selection of members. In the selection process, the Supervisory Board examines expertise (including knowledge in the fields of governance, risk management, compliance and remuneration policy), affinity with (financial) services, the Achmea Group's cooperative identity, endorsement of the four-stakeholder model (customers, employees, shareholders and (business) partners) and endorsement of Achmea's desired social positioning in public/private market segments. Deliberations within the Supervisory Board take these interests and perspectives into account.
2.14. Each member of the supervisory board shall be capable of assessing the main aspects of the insurer's overall policy in order to form a balanced and independent opinion about the basic risks involved. Each member of the supervisory board shall also possess the specific expertise needed to perform his or her role in the supervisory board. To this end, whenever a vacancy arises on the supervisory board, an individual profile shall be drawn up for the new member of the board that fits with the general profile of the full supervisory board.	Achmea applies this principle. Reference is made to principle 2.1.3 and the safeguards hereon included in the Supervisory Board charter and profile of members of the Supervisory Board. When a vacancy occurs, the general profile and existing expertise within the Supervisory Board are evaluated and complementary requirements are determined based thereon. Suitable candidates are tested against the profile and specific requirements by the Supervisory Board's Selection & Appointment Committee and subsequently presented for nomination to the General Meeting of Shareholders following endorsement from the Supervisory Board. The new member per 1 January 2013 brings additional and complementary IT expertise to the Supervisory Board. In 2012, all members were subject to suitability assessment of Supervisory Board members of the four largest banks and insurers in the Netherlands carried out by the Dutch Central Bank (DNB). In doing so, DNB reached a positive assessment of the collective members of Achmea's Supervisory Board as it has held office since 1 January 2013.
2.1.5. As part of the process to fill the vacancy of Chairman of the supervisory board, an individual profile shall be drawn up that also focuses on the insurer's requirements in terms of expertise and experience in relation to the financial sector and familiarity with the socio-economic and political culture and the social environment of the insurer's main markets.	Achmea applies this principle. Pre-selection for the Chairman of the Supervisory Board who was appointed as of 5 April 2012 was conducted by the Supervisory Board's Selection & Appointment Committee and by the Supervisory Board itself. The new Chair was subsequently appointed by the holder of A class priority shares based on the criteria as described in the profile for the Chairman of the Supervisory Board drawn up at that time, in which were embedded expertise, experience of the financial sector and familiarity with socio-economic and political culture and the social environment in the main markets in which the insurer operates.

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PRINCIPLE	APPLICATION BY ACHMEA
2.1.6. Each member of the supervisory board – the Chairman in particular – shall be sufficiently available and contactable to properly perform his or her tasks in the supervisory board and the supervisory board's committees.	Achmea applies this principle. Sufficient availability for adequate execution of tasks by the Chairman and members of the Supervisory Board is apparent from the presence of usually all members at formal meetings and at periodic or ad hoc meetings of individual members with the Chief Executive Officer and members of the Executive Board. In addition to their supervisory tasks, members of the Supervisory Board also fulfil other functions and sub-functions whose number and time requirements are compatible with the tasks and requirements of Achmea's Supervisory Board and with the Act on Management and Supervision (in Dutch: Wet Bestuur en Toezicht) that came into effect on 1 January 2013. In 2013, the attendance rate at Supervisory Board and its committee meetings was almost 100%. Topics are also sometimes presented outside Supervisory Board meetings, whereby all members also participate and give their opinions.
2.1.7. Each member of the supervisory board shall receive suitable compensation for the amount of time that he or she spends on supervisory board activities. This compensation shall not depend on the insurer's results.	Achmea applies this principle. Members of the Supervisory Board only receive a fixed compensation that is not dependent on Achmea's financial performance. The Remuneration Committee advises the Supervisory Board on compensation for its members. In turn, the Supervisory Board makes a proposal on compensation to the General Meeting of Shareholders whereupon compensation is determined by the General Meeting of Shareholders. Achmea's General Meeting of Shareholders on 6 April 2011 set the current remuneration levels; these are periodically evaluated by the Remuneration Committee and the suitability of the remuneration is part of the annual evaluation conducted by the Supervisory Board (see also principle 2.1.10).
2.1.8. The Chairman of the supervisory board shall organise a programme of continuing education, with the aim of maintaining the expertise of the members of the Supervisory Board at the required standard and improving their expertise where necessary. The learning programme shall cover relevant developments at the insurer and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards the client, integrity, risk management, financial reporting and audits. Every member of the supervisory board shall take part in the programme and meet the requirements of continuing education.	Achmea applies this principle. Expertise requirements and obligatory continuing education are anchored in the Supervisory Board charter. In 2013, in conjunction with the Chairman of the Supervisory Board, Achmea organised continuing education sessions on Remuneration Policy and Risk Management. Barring special circumstances, all members of the Supervisory Board participated in these sessions. Furthermore, at scheduled meetings of both the Supervisory Board and its committees, extensive attention is paid to relevant developments in the insurance and financial sectors, corporate governance, compliance, customer centricity, risk management, financial reporting and audit. An introductory programme was created for the Supervisory Board member who joined as of 1 January 2013, introducing the member to the main aspects of the Group.
2.1.9. The assessment of the effectiveness of the continuing education referred to in principle 2.1.8 shall be part of the annual evaluation performed by the supervisory board.	Achmea applies this principle. The effectiveness of continuing education was part of the annual evaluation conducted by the Supervisory Board in June 2013. In the view of members of the Supervisory Board, permanent education was considered good and effective and had increased and broadened their expertise.

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PRINCIPLE	APPLICATION BY ACHMEA
2.1.10. In addition to the supervisory board's annual self-evaluation, the functioning of the supervisory board shall be evaluated under independent supervision once every three years. The involvement of each member of the supervisory board, the culture within the supervisory board and the relationship between the supervisory board and the executive board shall be part of this evaluation.	Achmea applies this principle. Every year, the Supervisory Board carries out an extensive self-assessment based on feedback forms. The results are discussed in a meeting dedicated to this purpose. In 2012, preparation of this evaluation and analysis of individual responses were carried out under independent, external guidance. A large number of topics were subjected to evaluation, including the performance of the Supervisory Board in general, within the board and in the different committees, the opportunity to bear responsibilities corresponding to the post, the independence of the Supervisory Board, relations between the Supervisory Board and the Executive Board, the central works council and other relevant relationships within the company, the level of information provision, relations with shareholders and other aspects of the Supervisory Board's performance, such as education, remuneration, time spent and informal contacts were also considered.
2.2.1. As part of its supervisory tasks, the supervisory board shall pay special attention to the insurer's risk management. All discussions about risk management shall be prepared by a risk committee or a similar committee, which committee shall be appointed by the supervisory board from its ranks for this purpose.	Achmea applies this principle. Risk management (of financial and non-financial risks) is a topic for discussion at each Audit & Risk Committee meeting; the Chairman of the Audit & Risk Committee subsequently reports in detail at the next Supervisory Board meeting, in which the relevant topics are discussed in more detail where appropriate. The risk appetite formulated by the Executive Board in 2012 was reconsidered by the Supervisory Board in December 2013 and re-adopted with some changes following discussions with the Audit & Risk Committee and the Supervisory Board.
2.2.2. Both the Audit & Risk Committee shall be subject to specific requirements as regards competency and experience. For example, a number of members of the risk committee must have sound knowledge of the financial aspects of risk management or the experience needed to make a thorough assessment of risks. A number of members of the audit committee must have sound knowledge of financial reporting, internal control systems and audits or the experience needed to thoroughly supervise these areas.	Achmea applies this principle. The relevant competence requirements are safeguarded in a general sense in the profile of the Supervisory Board members and the Supervisory Board Regulations (complementarity in the composition of the Supervisory Board, but also the expertise requirement relating to risk management), and more specifically in the Audit & Risk Committee Regulations. These requirements are taken into account in nominating and appointing members to the Audit & Risk Committee; the relevant competences are well represented in the current Audit & Risk Committee.

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PRINCIPLE	APPLICATION BY ACHMEA
The Executive Board	
3.1.1. The executive board shall be composed in such a way that it is able to perform its tasks properly. Complementarity, a collegial board and diversity are preconditions for the executive board to perform its tasks properly.	Achmea applies this principle. Achmea's Executive Board is composed in such a way that it is able to perform its tasks in a proper manner. The members of the Executive Board have varying backgrounds; the members provide a good mix of specific insurance experience (health, non-life, pension & life) and experience in the public/private market (health, pensions), international experience and the various distribution channels (direct, broker, bancassurance), as well as areas such as Finance, IT and HR. Requirements are set out in the Executive Board charter and the profile for members of the Executive Board. Abridged biographies of Executive Board members are published in the 2013 Annual Report, which can be found on www.achmea.com. These biographies show that members of the Executive Board are complementary in terms of their knowledge, experience and background. In the profile for vacancies in the Executive Board which arose as a result of the departure of two members in 2012 and 2013, the goal was to retain a balanced distribution of competences in the Executive Board. More specifically, in conjunction with the Supervisory Board it was decided to split the post of Chief Financial and Risk Officer into one post for Chief Financial Officer (CFO) and one post for Chief Risk Officer (CRO) and also to boost health and international knowledge and expertise. The goal was to increase gender diversity; however, suitability and a balance of competences prevailed in the selection process.
3.1.2. Each member of the executive board shall possess a thorough knowledge of the financial sector in general and the insurance sector in particular. Each member of the executive board shall have thorough knowledge of the insurer's functions in society and of the interests of all parties involved in the insurer. In addition, each member of the executive board shall possess thorough knowledge so that he or she is able to assess and determine the main aspects of the insurer's overall policy and then form a balanced and independent opinion about the risks involved.	Achmea applies this principle. Reference is made to principle 3.1.1. The individual Supervisory Board members have varying backgrounds in insurance, the financial sector and risk management. Each member has thorough knowledge of Achmea's social role as insurer and the interests of related parties and has equally thorough knowledge of the Group's overall policies that enables them to evaluate and form a well-considered and independent opinion on the risks involved. Several Executive Board members also hold leading positions in national and international industry organisations, such as (sub-committees of) the Dutch Association of Insurers, Insurance Europe and the International Insurance Society.

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PRINCIPLE	APPLICATION BY ACHMEA
3.1.3. The Chairman of the executive board shall organise a programme of continuing education, with the aim of maintaining the expertise of the executive board directors at the required standard and improving their expertise where necessary. The learning programme shall cover relevant developments at the insurer and in the financial sector, corporate governance in general and in the financial sector in particular, the duty of care towards the client, integrity, risk management, financial reporting and audits.	Achmea applies this principle. At the beginning of every year and in consultation with the Chief Executive Officer, permanent education themes are identified and set for the ensuing year. In 2013, together with the Supervisory Board the Executive Board attended a continuing education session on Risk Management. The Executive Board also successfully completed the 'Samen Deskundig Master Class', which included topics such as the social context of insurers, Solvency II & risk management, leadership and financial ethics and sound management and legal trends. The full Executive Board participated in the master class. In addition, attention was devoted to relevant trends in the financial sector, corporate governance, compliance, customer centricity and audits by means of presentations given by internal or external specialists at or around regular meetings.
3.1.4. Every member of the executive board shall take part in the programme referred to in 3.1.3 and meet the requirements of continuing education. They have to satisfy this condition in order to sit on the executive board. The supervisory board shall ensure that the executive board members possess the necessary expertise.	Achmea applies this principle. Reference is made to principle 3.1.3. All members of the Executive Board participate in permanent education sessions. General evaluation of collaboration with and the functioning of the Executive Board take place within the framework of the annual Supervisory Board evaluation. The assessment on the performance and expertise of the Executive Board was conducted more specifically by the Remuneration Committee and the Supervisory Board in the context of assessing target realisation over 2012.
3.1.5. Each year, the insurer shall indicate in its annual report in what manner it implemented principles 3.1.3 and 3.1.4.	Achmea applies this principle in the 2013 Annual Report. The Supervisory Board Report looks at the continuing education sessions organised for Supervisory Board and Executive Board members in 2013.
3.1.6. Taking into account the risk appetite approved by the supervisory board, the executive board shall ensure a balanced assessment between the commercial interests of the insurer and the risks to be taken.	Achmea applies this principle. A balanced assessment by the Executive Board of the commercial interests of an insurer and the risks to be taken based on the risk appetite determined by the Supervisory Board is safeguarded by extensive deliberations in Executive Board meetings on the desired risk appetite and the impact this has on the business. Through its cooperative background and stated ambition of being the most trusted insurer, Achmea has made a well-considered and conscious choice for a low risk profile. The risk appetite formulated by the Executive Board in 2012 was reconsidered by the Executive Board in December 2013, amended in parts and re-adopted following discussions with the Audit & Risk Committee and the Supervisory Board. A balanced consideration of the interests of the company's stakeholders is embedded in the strategy map formulated in 2010 and reformulated in 2013, brought up at each decision and has repercussions for the 2014-2016 Business Plan.

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PRINCIPLE	APPLICATION BY ACHMEA
3.1.7. Within the executive board one member shall be responsible for preparing the decision-making with regard to risk management. This member of the executive board shall be involved, in a timely manner, in the preparation of decisions that are of material significance for the insurer as regards the risk profile, especially where these decisions may result in departure from the risk appetite approved by the supervisory board. Risk management shall also include a focus on the interests of financial stability and on the impact that systemic risk could have on the risk profile of the insurer.	Achmea applies this principle. The Chief Financial Officer (CFO) occupies this post while the post of Chief Risk Officer remains vacant. Topics relating to e.g. risk policy and decisions which have a major impact on the risk profile are discussed in the Finance & Risk Committee (Chaired by the CFO and to which two Executive Board members belong), the Executive Board and if appropriate the Audit & Risk Committee and the Supervisory Board. In 2013, there was no material deviation from the risk appetite laid down by the Executive Board and approved by the Supervisory Board. Among other topics, the Group's financial stability in view of trends on the financial markets and trends relating to Solvency II were discussed in detail at Finance & Risk Committee meetings in 2013.
3.1.8. The member of the executive board who is responsible for preparing the decision-making with regard to risk management may combine his or her function with other focus areas, on the condition that he or she does not bear any individual commercial responsibility for the commercial task areas and operates independently from those areas.	Achmea applies this principle. The independence of the CFO is safeguarded; the CFO has no commercial targets and bears no individual commercial responsibility for any of Achmea's business units.
3.2.1. In all of its actions, the insurer's executive board shall ensure that it carefully considers the interests of all parties involved in the insurer, such as the insurer's clients, its shareholders and its employees. These considerations shall take into account the continuity of the insurer, the environment in society in which the insurer operates and legislation, regulations and codes that apply to the insurer.	Achmea applies this principle. For many years, the Group has applied a four-stakeholder model through which the interests of customers, employees, shareholders and (business) partners are taken into account in general business operations and decision-making. Insofar as the continuity of the Group is unaffected, Achmea also operates while taking into account the social environment in which it does business and the applicable laws, legislation and codes. These considerations have been widely embedded in the strategy map, the Group's identity, its leadership programme, the Business Plan and remuneration policy and forms part of all decision-making by the Executive Board. The executive Board and senior management's target-setting is based on the 'Stakeholder Value Management' model whereby, from 2012, targets are agreed taking into account six perspectives: customer interest, employees, collaboration with (business) partners, financial, process and society.

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PRINCIPLE	APPLICATION BY ACHMEA
3.2.2. Maintaining a continued focus on customer centricity is a necessary precondition for the continuity of the insurer. Without prejudice to the principle formulated in 3.2.1, the executive board shall ensure that the insurer always treats its clients with due care. The executive board shall see to it that the duty of care towards the client is embedded in the insurer's culture.	Achmea does not yet fully apply this principle. Customer Centricity has been an integral part of Achmea's Identity since 2010 (including 'A community of committed people whose customers know they provide high-quality insurance products'). Ever since, the Achmea Identity has served as the basis for further integrating Customer Centricity into Achmea's corporate culture and the products and services offered. A great deal has already been achieved in this respect, but Achmea wishes to take it further. In order to ensure that Customer Centricity remains integrated in the long term at the level required by Achmea and in order to achieve the objective of becoming the most trusted insurer, in 2013 the company decided to introduce a central organisational division under the direct supervision of Achmea's Executive Board. Broad workflows are applied in Achmea, whereby directors from the individual business units bear end responsibility. The workflows are designed to improve the quality and comprehensibility of the information provided, the product development process, complaints management, claim handling and customer participation, as well as issues such as the organisation's learning ability and Achmea's role in society. The workflows provide Achmea with a broad ambition level and, increasingly, an Achmea-wide modus operandi. The company implemented a number of improvements in 2013, including a company-wide complaints policy, a company-wide 'Trusted Communication' plan, and the decision to introduce customer panels whose members have the right to information and the right to be consulted; this is a unique instrument that tallies both with the cooperative mindset and the Achmea identity. Innovation and ideas for improvement continue to be provided by the business units, which are often given a place in Achmea's broad policy via the workflows. Customer Centricity was further implemented through the participation of various labels in the Customer-Oriented Insurance quality seal (Keurmerk Klantgericht Verzekeren, KKV). The TakeCareNow! and Agis labels did not fulfil all the requirements for the quality seal in 2013. They will endeavour to comply with the standards again in the near future, before continuing under the name Zilveren Kruis Achmea effective 1 January 2015. Discussions on the quality mark have also been initiated with Stichting Toetsing Verzekeraars (insurer testing foundation), as the quality mark's modus operandi involves a number of complications which, aside from benefits, also have a number of undesired effects. We are seeking the correct solutions for these issues via constructive dialogue. In 2013 Achmea announced it was increasing the pace of change within the company with a view to increasing customer centricity, cutting costs for customers and investing in online services. Through the changes we are implementing, we are responding to our customers' constantly and rapidly changing needs.

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PRINCIPLE	APPLICATION BY ACHMEA
3.2.3. The members of the executive board shall perform their tasks in a meticulous, expert and fair manner, taking into account the applicable laws, codes of conduct and regulations. Each member of the executive board shall sign a moral and ethical conduct declaration. A declaration has been included in the explanatory notes to this code. This declaration is a model declaration, which means that each insurer can supplement it as it deems appropriate.	Achmea applies this principle. All Executive Board members swore the oath or affirmation in February 2013, of which the text has been published in a Moral Ethics Statement on the following website: www.achmea.nl/over-ons/organisatie/bestuur
3.2.4. The executive board shall ensure that the declaration referred to in principle 3.2.3 is translated into principles that form guidelines for the behaviour of all of the insurer's employees. The content of these principles shall be expressly pointed out to every new employee of the insurer when he or she joins the insurer by inserting a reference to these principles in the new employee's contract of employment. Every new employee shall be required to comply with these principles.	Achmea applies this principle. The Moral Ethics Statement was used as a basis in 2012 for Achmea's General Code of Conduct, which was approved by the Central Works Council in December 2012. The revised General Code of Conduct also includes the topic of Customer Centricity. The amended General Code of Conduct is available to Achmea employees via Achmeanet. Contracts of employment for new employees include a reference to the applicable General Code of Conduct. Executive Board and Supervisory Board members also swore the oath or affirmation in February 2013. Newly appointed Executive Board members swear the oath or affirmation to the Chairman of the Supervisory Board. On the basis of its identity, Achmea has also opted to expand the group of those positions which determine policy for whom swearing the oath/affirmation is a legal obligation to encompass all directors. In April 2013, all members of Achmea Group Director Committee took the oath or affirmation. Any directors appointed since then swear the oath/affirmation to the Chief Executive Officer. Newly-appointed Supervisory Board members swear the oath or affirmation to the Chairman of the Supervisory Board.

Risk Management

4.1. The executive board – and primarily the Chairman of the executive board – shall be responsible for adopting, implementing, monitoring and, where necessary, adjusting the insurer's overall risk policy. The executive board shall propose the risk appetite to the supervisory board for approval at least once a year. Any material changes to the risk appetite in the interim shall also require the supervisory board's approval.	Achmea applies this principle. Within the allocation of responsibilities and focus areas, the Chief Executive Officer has overall responsibility. In this sense, although accountability is shared collegially, the Chairman has primary responsibility. Within the duties of the Executive Board, Risk Management is allocated to the CFO's portfolio for the time being. The CFO is therefore the Executive Board member stipulated in principle 3.1.7 whose task it is prepare decision-making on this topic within the Executive Board. In line with the set Risk Appetite policy, the Executive Board presents the risk appetite to the Audit & Risk Committee and the Supervisory Board at least once a year for approval, after which it is laid down definitively. This occurred most recently in December 2013; since the Risk Appetite was set in November 2012, no further changes have been made other than those taken to adjust it in December 2013.

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PRINCIPLE	APPLICATION BY ACHMEA
4.2. The supervisory board shall supervise the risk policy pursued by the executive board. As part of its supervision, the supervisory board shall discuss the insurer's risk profile and assess at a strategic level whether capital allocation and liquidity impact in the general sense are in line with the approved risk appetite. In the performance of this supervisory role, the supervisory board shall be advised by the risk committee formed from the ranks of the supervisory board for this purpose.	Achmea applies this principle. The pursued risk policy, capital and solvency levels are subject to reporting and discussion at each Audit & Risk Committee meeting based on the Achmea Risk Dashboard; the Chairman of the Audit & Risk Committee gives an oral report at the next Supervisory Board meeting. Each year in December, the Audit & Risk Committee discusses the capital, funding and liquidity plan for the coming year and assesses it at strategic level in accordance with the Group's risk appetite. The assessment and findings of the Audit & Risk Committee as conducted in December 2013 were shared with the Supervisory Board, which took cognizance of and agreed to them.
4.3. The supervisory board shall assess periodically at the strategic level whether the commercial activities in the general sense are appropriate in the context of the insurer's risk appetite. The executive board shall provide the supervisory board with the relevant information for this assessment in such a way that the supervisory board is able to form a sound opinion.	Achmea applies this principle. Achmea's risk appetite has been approved by the Supervisory Board. The Business Plan is assessed periodically against this risk appetite. Based on findings, the Supervisory Board subsequently (re-)evaluates the current strategy. This was recently done for the 2014-2016 Business Plan taken note with approval by the Supervisory Board in December 2013.
4.4. The executive board shall ensure that risk management is arranged adequately so that the executive board is aware in good time of any material risks run by the insurer in order that these risks can be managed properly. The executive board shall take any decisions that are of material significance for the risk profile, the capital allocation or the liquidity impact.	Achmea applies this principle. The Executive Board is responsible for the internal risk management framework and related decision-making. Risk management is organised according to a three-line of defence model as described in principle 5.1. The Executive Board is informed in good time via regular reports to it and the Finance & Risk Committee, which supports the Executive Board in this task. Further supervision of satisfactory risk management is conducted by the Audit & Risk Committee and the Supervisory Board, at which meetings reports on internal risk management are a fixed topic.
4.5. (a) Each insurer shall have a product approval process. The executive board shall organise the product approval process and shall be responsible for the process working properly. Products that go through the product approval process at the insurer shall not be launched on the market or distributed without careful consideration of the risks by the insurer's risk manager and a careful assessment of any other relevant factors, including the duty of care towards the client	Achmea does not yet fully apply this principle. The product approval process is laid down in the Product Approval and Review Policy. The policy on periodic review which became mandatory as of 1 January 2013 is included in this. Although the recent review confirmed that further progress has been made compared to 2012, the business units still need to devote attention to proving that an effective Product Approval and Review Process (PARP) is in place. The timely involvement of the Product Assessment Committee at group level remains a point for attention. In order to improve this process, a number of specific improvements were recently defined related to Policy, Process, Content and Culture, some of which are currently underway. It is expected that this will facilitate the acceleration we are looking for, including the connection across the business units.

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PRINCIPLE	APPLICATION BY ACHMEA
4.5. (b) Based on an annual risk analysis, the in-house auditor shall check whether the product approval process has been designed properly, is present and is working effectively and shall then inform the executive board and the relevant supervisory board committee (risk committee or similar committee) about the results.	Achmea applies this principle. In line with the Audit Plan, Internal Audit carries out an annual audit and reports hereon to the Executive Board and the Audit & Risk Committee through the Audit Memorandum
Audit	
5.1. The executive board shall ensure that a systematic audit is conducted of the management of the risks related to the insurer's business activities.	Achmea applies this principle. Achmea is organised according to a three-line of defence model. Responsibility for identifying and controlling risk lies with the 'first line'. These are the employees and management working on the day-to-day business, the directors of individual business activities and the Executive Board. In this model, Risk & Compliance falls within the second line of defence. Risk & Compliance provides frameworks, monitors and reports on levels of risk management. The third line is the Internal Audit function described in principle 5.3. The Executive Board has instructed Internal Audit to carry out systematic controls on the management of risks related to an insurer's (business) activities. These instructions are set out in the Internal Audit charter. Internal Audit reports periodically to the Executive Board and the Audit & Risk Committee, at which the Internal Audit reports are discussed at length.
5.2. Each insurer shall have its own, internal auditor who shall occupy an independent position within the insurer. The head of the internal audit team shall present a report to the Chairman of the executive board and shall report to the Chair of the audit committee.	Achmea applies this principle. The director of Internal Audit reports directly to the Chief Executive Officer and has a reporting line to the Chairman of the Audit & Risk Committee.
5.3. The internal auditor shall have the task of assessing whether the internal control measures have been designed properly, are present and are working effectively. This assessment shall include the quality and effectiveness of the system of governance, risk management and the insurer's control procedures. The internal auditor shall report the findings to the executive board and the audit committee.	Achmea applies this principle. Internal Audit evaluates periodically the design, existence and effective functioning of internal controls. This evaluation includes review of quality and effectiveness of governance, risk management and management processes within Achmea. The relevant reports are discussed in detail in the presence of the director of Internal Audit at Executive Board and Audit & Risk Committee meetings.
5.4. There is a periodic exchange of information between the internal auditor, the external accountant and the Supervisory Board's Audit & Risk committee. Within this framework, the internal auditor's and the external accountant's risk analyses and audit plans are also discussed.	Achmea applies this principle. This consultation is secured among others through the Audit & Risk Committee where both the external auditor and the director of Internal Audit are present. Fixed agenda items include the Audit Memorandum, the external auditor's Management Letter, Internal Audit's annual audit plan and the external auditor's audit plan, including the risk analyses contained therein.

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PRINCIPLE	APPLICATION BY ACHMEA
5.5. As part of the general audit assignment for the financial statements, the external auditor shall produce a report for the executive board and the supervisory board which shall contain the external auditor's findings concerning the quality and effectiveness of the system of governance, risk management and the insurer's control procedures.	Achmea applies this principle. The external auditor reports through the Management Letter and the Board Report to the Executive Board and the Supervisory Board on findings related to the quality and effectiveness of governance, risk management and management processes within Achmea.
5.6. The internal auditor shall take the initiative in arranging talks with de Nederlandsche Bank (DNB) and the external auditor at least once a year to discuss each other's risk analysis and findings and each other's audit plan at an early stage.	Achmea applies this principle. There is periodic consultation between Internal Audit and DNB, in which Internal Audit's Audit Plan with risk analysis is discussed. The DNB risk analysis is discussed annually by DNB, the external accountant, Internal Audit and Achmea's Finance department.
Remuneration policy	
6.1.1 The insurer shall implement a meticulous, restrained and long-term remuneration policy that is in line with its strategy and risk appetite, objectives and values, taking into account the long-term interests of the insurer, the relevant international context and wider societal acceptance. The supervisory board and the executive board shall take this basis into account when performing their tasks in relation to the remuneration policy.	Achmea applies this principle. The perspective and explicit points of departure are laid down in Achmea's Remuneration Policy which was approved by DNB in December 2011. This policy is applicable for the whole group. As an organisation with a cooperative background, Achmea's focus has always been on customer centricity. This is an integral feature and part of the company's identity, outlook and structure, where the interests of shareholders and customers are treated equally. Our cooperative shareholders primarily represent customers and customer interest. As a result, we are focused on sustainable value creation for all stakeholders: customers, employees, shareholders and (business) partners. Achmea's points of departure and intentions in its Remuneration Policy are as follows. The Remuneration Policy: • ensues from Achmea's Identity: it is restrained, proportional and not excessive. • reflects our involvement in society. • supports our continuity. • is aimed at long-term value creation for all stakeholders. • must not contain elements that stimulate irresponsible risk-taking. • contains checks and balances, also for the foregoing reason. • contains both penalties for bad loss experiences and claw-back clauses for (variable) remuneration. Achmea's Remuneration Policy was approved by the Supervisory Board on 10 November 2011. All aspects of the Remuneration Policy are described in detail, including responsibilities and accountabilities, procedures and monitoring. The Supervisory Board's Regulations and those of the Remuneration Committee, among others, ensure that there is supervision of the abovementioned basic principles. The above regulations were both amended in 2011 and form part of Achmea's remuneration policy. In the meantime additions have been made where required and laid down by the Remuneration Committee, such as amendments to the policy in 2013 with a view to compliance with the Senior Officials in the Public and Semi-Public Sector (Standards for Remuneration) Act. Achmea's Remuneration Policy is expected to be revised in 2014.

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PRINCIPLE	APPLICATION BY ACHMEA
6.2.1. The supervisory board shall be responsible for the implementation and evaluation of the remuneration policy adopted with regard to the members of the executive board. The supervisory board also approves the remuneration policy for the senior management and oversees its implementation by the executive board. Additionally, the supervisory board approves the principles of the remuneration policy for other employees of the insurer. The insurer's remuneration policy shall also comprise the policy on awarding retention, exit and welcome packages.	Achmea applies this principle. The Supervisory Board is responsible for implementing, evaluating and monitoring the Remuneration Policy for Executive Board members. Following advice from the Remuneration Committee, the Supervisory Board approves the Remuneration Policy for directors and senior managers. These powers are embedded in the charters of both the Supervisory Board and the Remuneration Committee. The Remuneration Committee also has specific tasks and authorities relating to the approval of (variable) remuneration for so-called Identified Staff within the context of the Regulation on Sound Remuneration Policies pursuant to the Financial Supervision Act 2011, cf. CEBS guidelines. As part of awarding compensation, any retention, exit or welcome packages are also determined and measured according to the same methodology. Details are published in the Remuneration Report on the website, www.achmea.com.
6.2.2. The Supervisory Board discusses the highest variable incomes annually. The Supervisory Board ensures that the Executive Board takes care that the variable remuneration within the insurer come within the remuneration policy laid down by the insurer and in particular whether this complies with the principles named in this section. The Supervisory Board also discusses material retention, exit and welcome packages and ensures that these come within the remuneration policy laid down by the insurer and are not excessive.	Achmea applies this principle. The variable remuneration for senior management is set by the Supervisory Board, on the recommendation of the Remuneration Committee. This also applies to the decision on whether to award/pay out bonuses based on corporate results, among other things. This modus operandi is in line with CEBS guidelines. It also complies with the principles contained in the Code. As part of awarding compensation, any retention, exit or welcome packages are also determined and measured according to the same methodology.
6.3.1. The total income of a member of the executive board shall be in reasonable proportion to the remuneration policy adopted by the insurer. At the time when his or her total income is decided, it shall be slightly below the median level for comparable positions in the relevant markets both inside and outside the financial sector. The relevant international context shall be a major factor.	Achmea applies this principle. Achmea's Remuneration Policy describes its approach as the 'median level from a total remuneration perspective'. All components of the remuneration policy are considered here. It has been established that the total income for all Executive Board members remains below the median for comparable posts outside the financial sector. With regard to the median of comparable positions within the financial sector, total income is above the average. However, taking into account the significant differences in the size of companies in the 'financial sector' peer group, an independent external advisor has judged that this is an accurate positioning and that remuneration of members of the Executive Board meets the requirements of this principle (6.3.1).
6.3.2. Executive Board severance pay will not exceed one times the annual salary (the 'fixed' part of remuneration). If the maximum of one times the annual salary for an Executive Board member dismissed during his/her first term of appointment is obviously unreasonable, in this case this Executive Board shall be eligible for severance pay of no more than twice the annual salary.	Achmea applies this principle for members of the Executive Board appointed after 1 June 2008. Severance pay for these members of the Executive Board and directors meets the criteria set out in this principle and is capped at a maximum of one year's salary. As of the end of 2013, a single member of the Executive Board, appointed as of 1 June 2008, is still subject to a scheme based on years of service, which is maximised at 36 months. This exception has been maintained for civil-law reasons and is fully explained in the Remuneration Report to be found on our website; the accrual of years of service was frozen at year end 2012. The two other Executive Board members to whom this exception applied left Achmea in 2012 and 2013 respectively.

Report on Governance Principles - Insurers' Code

PRINCIPLE	APPLICATION BY ACHMEA
6.3.3. Account is taken of the long-term component when bonuses are awarded to Executive Board members. The award depends partly on profitability and/or continuity. A material part of the variable bonuses is awarded conditionally and paid out no earlier than three years later.	Achmea applies this principle. Achmea implemented this principle in the 2011 review of the Remuneration Policy. Target-setting for the Executive Board, directors and senior management is based on risk-adjusted key performance indicators (KPIs) and key risk indicators (KRIs). Both KPIs and KRIs are related in part to Achmea's profitability and continuity. When a decision is made to pay out bonuses (conditionally), 50% of the bonus is deferred for a term of five years. In 2013, no bonuses were awarded over 2012, as Achmea's Executive Board is identified as 'executive directors' in the sense of the Act on the Ban on Bonuses for Companies Supported by the State, which came into force in 2012. Reference is also made to 6.4.2. The Executive Board member appointed as of 1 April 2013, who was already employed by Achmea, relinquished his claim to a bonus relating to his job as division Chair over 2012 pursuant to the Act on the Ban on Bonuses on his appointment to the board. However, two deferred bonuses over 2009 and 2010 were paid out to the Chief Executive Officer and the other active Executive Board members as of 1 January 2013.
6.3.4. Shares granted to executive board members without financial consideration shall be retained for a period of at least five years or at least until the end of the employment, if this period is shorter. If options are granted, they shall, in any event, not be exercised in the first three years after the date on which they were awarded.	Achmea does not apply this principle. Guided by its cooperative identity, Achmea has opted not to offer or award either shares or derived instruments as part of remuneration. This is fully explained in Achmea's Remuneration Policy and the Remuneration Report, both to be found on the website, www.achmea.com.
6.4.1. The allocation of variable remuneration shall be related to the insurer's long-term objectives.	Achmea applies this principle. Variable remuneration of the Executive Board, directors and senior management is awarded based on the level to which targets have been achieved. These targets are aligned with Achmea's identity and are focused on sustainable value creation for all stakeholders. A significant number of these targets focus on the long term. These relate explicitly to Achmea's long-term objectives, whereby customer interests take priority. Bonuses are allocated conditionally for 50% and deferred; these deferred bonuses are not paid out unconditionally earlier than five years later. From the perspective of sustainability and suitability to its cooperative identity, as of the bonuses over 2011 Achmea opted for a deferred period of five years. Before establishing whether the payment of the deferred bonuses is unconditional, a sustainability test is conducted on the targets achieved in the past. No awards over 2011 were made in 2012 to either the Executive Board or the top echelons of senior management. Achmea's approach is detailed in the Remuneration Policy and in the Remuneration Report to be found on the website, www.achmea.com.

Report on Governance Principles - Insurers' Code

PRINCIPLE	APPLICATION BY ACHMEA
6.4.2. Each insurer sets a suitable maximum for the company for the proportion of the variable remuneration, or bonuses, compared to the fixed salary. The variable remuneration shall not exceed 100% of the fixed income for Executive Board members.	Achmea applies this principle. In 2013, no bonuses were allocated to Executive Board members over 2012. However, two conditional reserved variable remuneration awards covering 2009 and 2010, respectively, did become unconditional in 2012 and were paid out. The achievable variable remuneration of Executive Board members was reduced significantly in 2012 and the fixed remuneration was increased within legally determined limits. The variable remuneration currently comprises no more than 30% of the fixed salary (previously: 85%), in the event of outperformance, this may be increased by no more than 15% to a maximum of 45% (previously: 100%). A similarly appropriate maximum fixed income/variable compensation ratio has also been established for all groups of employees. The variable component of remuneration of top echelon senior managers has also been reduced significantly as of 1 January 2013. Details are published in the Remuneration Report on the website, www.achmea.com.
6.4.3. Variable remuneration shall be based on the performances of the individual, his part of the business and the performance of the insurer as a whole according to pre-determined and assessable performance criteria. In addition to financial performance criteria, non-financial performance criteria shall also make up a significant portion of the assessment of the individual. Performance criteria shall be defined in terms that are as objective as possible in the insurer's remuneration policy.	Achmea applies this principle. Performance criteria for Executive Board members are based on Group-level and individual performance. With the exception of so-called control functions, criteria for other employees are based on a mix of Group, business-unit and individual performance. Criteria are divided into financial and non-financial performance. Non-financial targets relate to customer interest, employees and collaboration with distribution partners and society. Safeguards are in place so that the performance criteria for employees in a control function are measured and determined at arm's length from the business unit they oversee.
6.4.4. When performances are assessed based on the pre- determined performance criteria, financial performances shall be adjusted to allow for estimated risks and capital costs.	Achmea applies this principle. Through the introduction of systematic risk adjustment in target-setting for the Executive Board, directors and senior management adequate compliance with this principle has now been achieved through risk-adjusted KPIs and KRIs.
6.4.5. In exceptional circumstances – for example, if application of the pre-determined performance criteria would result in undesired variable remuneration for a member of the executive board – the supervisory board shall have the discretionary power to adjust the variable remuneration if, in its opinion, this remuneration would have unfair or unintended effects.	Achmea applies this principle. The Supervisory Board can decide not to award variable remuneration in any given year or to make previously awarded but reserved variable compensation unconditional and payable. The Supervisory Board may opt to do so in the event of, for instance, very poor or even negative financial results or in exceptional circumstances.
6.4.6. The supervisory board shall be authorised to reclaim variable remuneration allocated to a member of the executive board based on inaccurate data (whether or not the inaccurate data is financial in nature).	Achmea applies this principle. The Supervisory Board has the authority to claw-back remuneration awarded based on inaccurate financial data.

Report on Governance Principles - Insurers' Code

PRINCIPLE	APPLICATION BY ACHMEA
Compliance with laws and legislation	
7.	
The insurer possesses a process which safeguards new laws and legislation being identified and implemented in good time. The insurer evaluates this process annually. The following are at least involved in this process: the Executive Board, the internal regulator, risk management, compliance, internal audit and actuaries	Achmea complies with this principle. At group level, Achmea has set up a Law and Legislation Committee in which Compliance, Legal Affairs, the secretary of the Executive Board and the Regulator Contact department are represented. The Committee's aim is to ensure that any changes to laws and legislation are identified in good time. To this end, the Committee collects all new laws and legislation and initiates or conducts impact analyses. The line management is informed in the case of a limited impact. The Executive Board is advised to initiate a programme in the case of a far-reaching impact. With respect to prudential laws and legislation and financial reporting, this role is fulfilled at group level by the Competence Center Finance. The Law and Legislation Committee and the Competence Center Finance coordinate with one another and where necessary involve risk management and actuaries. Within the framework of the three lines of defence model as described in principle 5.1, responsibility for implementing laws and legislation lies with the operational departments in the first line. Progress on implementation is monitored by the second line – Operational Risk & Compliance. This is reported on in the Operational Risk & Compliance monitoring reports. Both the Executive Board and the Supervisory Board's Audit & Risk Committee are informed of the status of the implementation of laws and legislation via these reports. Control of the embedding of laws and legislation is conducted using the Achmea Control Framework, which includes the identified key risks and key controls focused on compliance with laws and legislation. These are updated annually. Finally, the third line – Internal Audit – conducts audits on major implementation programmes for laws and legislation.

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Annual Premium Equivalents (APEs)
The total amount of annual premium from new regular premium business plus 10% of the total amount of single premium business written during the year and included in the new business count.

Asset-backed securities
Financial instruments financed with cash flow generated by an asset portfolio, with the assets having been provided as business security.

Assets under Management (AuM)
The market value of all the investments managed.

Basic health insurance
Compulsory health insurance, mandatory for all residents of the Netherlands. This represents the cover provided by the basic health insurance, consisting of a standard package of healthcare services considered essential by the Dutch government.

Carbon footprint
The total amount of greenhouse gases emitted by an organisation. The carbon footprint covers all relevant processes of an organisation that affect climate.

Claims ratio
The claims ratio is claims, including claims handling costs, expressed as a percentage of net earned premiums.

Combined ratio
The combined ratio is a measure of profitability used by an insurance company to indicate how well it is performing on its daily operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is paying out more money in claims that it is receiving from premiums. The combined ratio is the sum of the claims ratio and the expense ratio.

Compliance
Compliance refers to the process of ensuring that laws and regulations are adhered to within an organisation. These laws and regulations relate to promoting and enforcing the integrity and professionalism of the organisation, its management and its employees. The purpose of compliance is to manage compliance risk and reduce any loss arising from such risk.

Collateral
An asset pledged by a borrower to secure a loan and is subject to seizure in the case of default.

Corporate Governance
Corporate Governance refers to the way in which companies are governed, and involves maintaining a system of checks and balances within corporations. It involves a combination of governing, managing, supervising and accounting for the company's policies to a number of different stakeholders, including, customers, employees, business partners and investors.

Counterparty default risk
The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Achmea is exposed to many counterparties in the area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders.

Covered bonds
Debt instruments secured by a cover pool of mortgage loans, which provide bond holders with additional security.

Credit default swap (CDS) spread
A CDS is a contract between two parties that involves the transfer of third-party credit risk. It can be used as insurance for a bond investment portfolio, whereby, if the bond issuer defaults on repayment of the loan amount, the credit default swap compensates for this loss. The spread of a CDS is an indication of the risk associated with the swap, i.e. the difference between the expected yield of the CDS and the yield of the bond.

Credit risk
The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Customer Centricity
The financial crisis and a series of product-related events have undermined confidence and trust in banks and insurance companies. Customer Centricity primarily involves adding value to our products and services and the advice we provide on these products and services.

Defined benefit pension contract (DB)
A type of pension plan in which an employer promises a specified monthly benefit on retirement. The amount to be paid for the pension entitlement is set using a formula that is usually based on the employee's income and/or length of service.

Defined contribution pension contract (DC)
A type of pension plan under which an entity (a company) pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund foes not hold sufficient assets to meet its obligations to its current and future beneficiaries.

Dutch Association of Insurers (Verbond van Verzekeraars)
The Association of Insurers is an interest group comprised of private insurance companies operating in the Dutch market. The Association, whose members collectively represent more

Glossary

than 95% of the domestic insurance market, is an independent entity governed and funded by its members. Please visit www.verzekeraars.nl for more information.

Derivatives
Financial instruments whose value changes in response to an underlying variable that require little or no net initial investment and are settled at a future date.

ECB AAA Curve
Yield curve based on government bonds issued by Eurozone countries with a Fitch AAA rating set by the European Central Bank.

Economic capital
Economic capital refers to the amount of capital that Achmea need, according to its own insights, to absorb economic risk.

Engagement (also known as 'enhanced engagement')
Engagement (also referred to as 'enhanced engagement') is a form of responsible investment whereby investors take on the role of active shareholders, entering into a dialogue with investee companies regarding sustainability issues.

ESG
The Environmental, Social and Governance aspects of an organisation, i.e. conducting specific processes, including the investment of premium funds, in a socially responsible manner.

Exclusion
Exclusion refers to the practice of excluding specific companies from investment, for example refraining from investing in companies that manufacture products considered controversial by the Dutch government, including manufacturers of cluster bombs, landmines, and biological and chemical weapons.

Execution only
Execution-only services refer to services whereby customers select their own insurance products, including all product options, without seeking actual advice from the insurer.

Expense ratio
The expense ratio is operating expenses, including internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

FSC-certified
FCS, the Forest Stewardship Council, is an international organisation, established in 1993, dedicated to promoting responsible forest management. FSC sets global standards for forest management and provides certification (in the form of a seal of approval) to companies for their efforts in this area.

Global Reporting Initiative (GRI)
International organisation that sets guidelines for sustainability reporting.

Goodwill
The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognized as an asset in a business combination.

Gross written premiums (GWP)
Total premiums on insurance and reinsurance contracts in a given period.

Impairment
The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The asset's carrying amount is reduced to its fair value and recognized in profit and loss.

Insurance risk
Achmea is exposed to life risk, non-life risk, disability risk and health risk as a result of its broad insurance product range.

Insurers' Code
On 15 December 2010, the Dutch Association of Insurers published the Governance Principles for Insurers, also known as the 'Insurer's Code'. This Code sets out the principles of corporate governance, risk management, auditing and remuneration policy for Dutch insurance companies.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates or the collateralised AAA curve.

International Financial Reporting Standards (IFRS)
Reporting standards and interpretations for companies adopted by the International Accounting Standards Board (IASB). These comprise: International Financial Reporting Standards (IFRS); International Accounting Standards (IAS); and Interpretations by the International Financial Reporting Interpretations Committee (IFRIC) or the former Standing Interpretations Committee (SIC).

Liability Adequacy Test (LAT)
An assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.

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Liquidity risk
Liquidity risk is the risk that actual and potential payments and collateral obligations cannot be met when due.

Market risk
Market risk is the risk of loss, in other words the decrease in the market value of the net assets (assets minus liabilities), due to unexpected changes in the financial markets.

Micro-insurance
Micro-insurance products are designed for the most deprived populations in developing countries. These insurance policies offer very low premiums, while the sum insured is low as well.

Mortgage-backed securities
Mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages.

Operating expenses
All expenses associated with selling and administrative activities (excluding commissions) after reallocation of claim handling expenses to benefits paid.

Operational risk
The risk that losses may occur from the inadequacy or malfunctioning of internal processes or systems, human error, criminal behaviour or external events and risks relating to matters such as fraud and crime prevention, personnel, IT/ infrastructure, business protection, projects and programmes, business processes, third parties and distribution.

Option
A financial instrument that conveys the right to buy (call option) or a right to sell (put option) a security at a reference price during a specified time frame.

Parent company
An entity that has control over another company, (the subsidiary).

Principles for a controlled remuneration policy
The principles for a controlled remuneration policy, as set by regulators the Dutch Central Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM), serve as the basis for evaluating the remuneration policies of financial companies. Further information is available at www.afm.nl.

Principles for Responsible Investment (PRI)
Launched in April 2006, the United Nations Principles for Responsible Investment (PRI) represent a framework for institutional investors and aim to help integrate consideration of environmental, social and governance issues by institutional investors into investment decision-making. Further information is available at www.unpri.org.

Principles for Sustainable Insurance (PSI)
The United Nations Principles for Sustainable Investment (PSI), launched in 2012, are a standards framework for insurance companies designed to incite the insurance industry to consider environmental impact, social living conditions, transparency, customer interests and corporate governance in its business operations. Further information is available at www.unepfi.org/work_streams/insurance.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange. Transfer of private equity is strictly regulated. In the absence of a marketplace, any investor looking to sell their stake in a private company personally has to find a buyer.

Quality seal for customer-oriented insurance (Keurmerk Klantgericht Verzekeren)
Quality seal awarded to insurers companies that have achieved high standards in customer service and customer focus. Further information is available at www.keurmerkverzekeraars.nl.

Responsible investment
Responsible investment (also referred to as 'socially responsible investment' or 'ethical investment') is a form of investment whereby financiers consider the impact on human beings and the environment in their investment decisions.

Solvency
Solvency expresses the degree in which insurers are able to meet their future obligations. All insurance companies are required by law to maintain a specific solvency margin as a safety margin (required solvency margin). This is regulated by the Dutch Central Bank, thereby providing additional security to policyholders. If an insurance company's actual solvency margin is equal to the minimum solvency requirement, the solvency ratio is 100%, while if an insurer maintains a higher safety margin, the solvency ratio exceeds 100%.

Solvency II (SII)
The fundamental reform of European insurance solvency and risk governance legislation.

Spread
The difference between the current bid and the current ask or offered price of a given security.

Stakeholders
Stakeholders are individuals or entities that have a stake in an organisation of whatever nature. They are involved in the organisation's activities, share in its profits, influence its performance and assess its economic, social and environmental impact. Achmea's key stakeholders are those

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included in its 'four-stakeholder' mode, namely our customers, employees, business partners and shareholders.

Subordinated debt
Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

Supplementary health insurance
Supplementary health insurance is a voluntary supplement to the cover provided by the compulsory basic health insurance package, under which all residents of the Netherlands are insured pursuant to the Health Insurance Act [Zorgverzekeringswet].

Third-party companies
Third-party companies include the following Achmea investee companies the social and environmental aspects of which are not registered at central level:
- Achmea Health Centers B.V.
- Eureko Ireland Ltd
- Eurocross Assistance Netherlands B.V., Eurocross International Bulgaria, Eurocross international Central Europe S.R.O.
- De Friesland Particuliere Ziektekostenverzekeringen N.V., De Friesland Verzekeringen B.V., De Friesland Zorgverzekeraar N.V., DFZ Participaties B.V., DFZ Personeel B.V., DFZ Tussenholding B.V.
- Friesland Bank Assurantien B.V.
- Independer.nl N.V., Independer Services B.V.
- InShared Holding B.V., InShared International B.V., InShared Nederland B.V., InShared Services B.V.
- Kappa Spólka Akcyjna S.A.
- Klant Contact Services B.V.
- OZF Achmea Zorgverzekeringen N.V.
- Pim Mulier B.V.
- Practis B.V.
- Residex B.V.
- Winnock Zorg B.V.

Ultimate forward rate (UFR)
The Ultimate Forward Rate (UFR) represents the notional interest rate after the last liquid point (LLP) in the forward swap market. It is a risk-free notional interest rate used for long-term contracts which are undertraded due to the long period of time involved. The UFR is used for a variety of purposes, including the valuation of specific long-term contracts and to calculate the solvency ratio.

Unit-linked contracts
Contracts where savings are invested in investment funds. The savings are used to purchase units. There is often a choice between equity, bond and mixed funds.

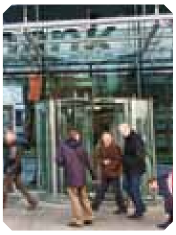
United Nations Universal Declaration of Human Rights
Adopted and proclaimed by the General Assembly of the United Nations on 10 December 1948, the United Nations Universal Declaration of Human Rights sets out the fundamental rights of all people and is a key element of many organisations' codes of conduct as part of their supply-chain responsibility policies.

Our photography

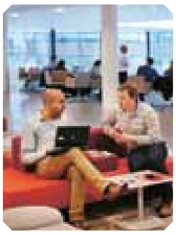
Page 23 | Our customers
“I expect Achmea to do a good job handling my claims, and that I can phone them whenever there’s a problem.” The customer needs Achmea is committed to meeting: providing the best possible services, being easily accessible and offering clear and transparent products. Achmea aims to work on a customer-focused basis, which means putting customers first – we refer to this as ‘customer centricity’.

Page 27 | Our societal results
The WeHelpen (‘We Help’) cooperative, of which Achmea is a co-founder, is dedicated to bringing informal carers, volunteers and patients together. We are a financial services provider that assumes its social responsibility by providing solutions to the problems facing the world today. One of our initiatives is investing in community sports in order to encourage young people to get active.

Page 33 | Our employees
Sustainable employability is a key focus at Achmea: we invest in the professional and personal growth and development of employees, ensuring that they remain resilient, adaptable and valuable. Achmea therefore provides numerous internal training opportunities, as well as enabling them, for example, to enrol in vocational courses through the NCOI training and education group.



Page 39 | Our partners
Our primary distribution partners are banks and brokers, including a close partnership with Rabobank, which owns a 29.2% stake in Achmea. Through the Interpolis brand, Achmea is Rabobank’s exclusive supplier when it comes to hedging risks, always on the basis of prevention, transparent insurance solutions and risk advice.



Page 43 | Our processes
Customer service needs are changing: customers expect to be able to communicate with us electronically on a 24/7 basis in order to manage their insurance business. In order to meet these changing customer needs, we must reduce the complexity of our products, business operations and IT; only then will we be able to assist our customers more effectively and efficiently at a lower cost.

Page 47 | Our financial results
By increasing our earning capacity and continuing to reduce costs, we will remain financial sound in the future, allowing us to continue investing in new solutions for our customers. Achmea’s core businesses are non-life insurance, health insurance, income protection insurance, term-life insurance and investment of the premiums contributed.

Contact information

This is the 2013 Annual Report from Achmea. A Dutch translation is also available. In the case of inconsistencies, the English text prevails. The annual report will be published digitaly on 20 March 2014 and is available for download on the website of Achmea: www.achmea.com. Achmea appreciates your feedback on this report via the address stated below.

Achmea B.V.
Handelsweg 2
3707 NH Zeist
P.O. box 866
3700 AW Zeist
The Netherlands

phone +31 30 693 70 00
www.achmea.com

Achmea Investor Relations
investors@achmea.com

Achmea CSR
csr.achmea@achmea.nl

Design
Sensum, Almere