Annual Report 2014

achmea

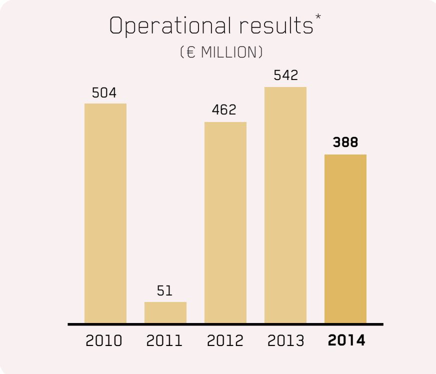
Achmea at a glance

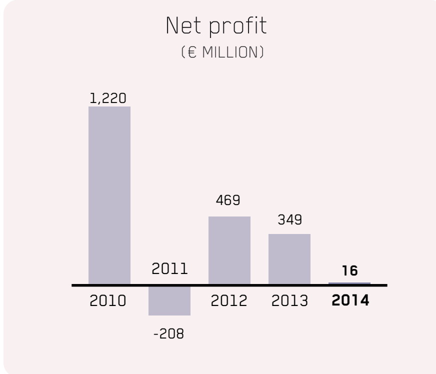
Number of customers per brand

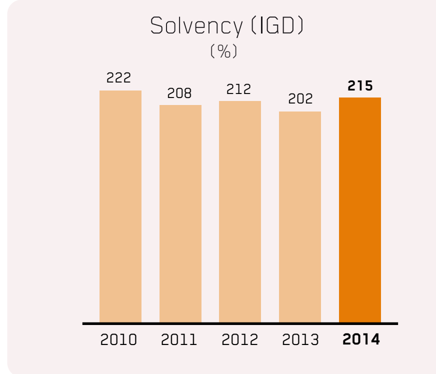
Zilveren Kruis	achmea	3.575.342
Interpolis	3.575.197
Centraal beheer	achmea	1.460.430
Eureko Sigorta (part of Achmea)	1.224.912
Interamerican (part of Achmea)	853.204
FBTO	745.034
avéro	achmea	724.228
Union Poisťovňa (part of Achmea)	689.199
De Friesland Zorgverzekeraar	566.655
Friends First	276.500
HEMA	135.100
inshared	101.000
Pro Life Zorgverzekeringen	94.691
Zorgverzekeraar OZF	achmea	50.415
achmea australia	333

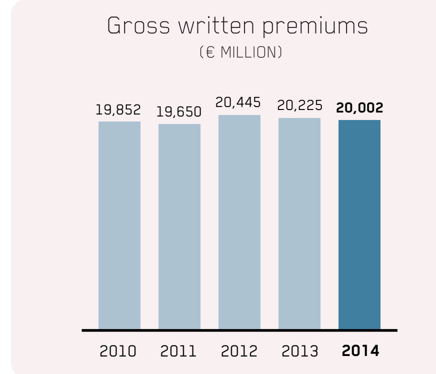
Distribution of Gross Written Premiums in 2014

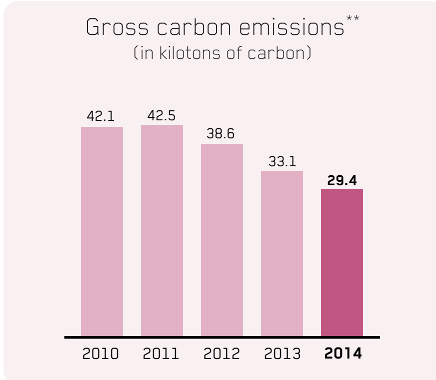
- Non-Life Netherlands: 16%
- Health Netherlands: 66%
- Pension & Life Netherlands: 12%
- International: 6%

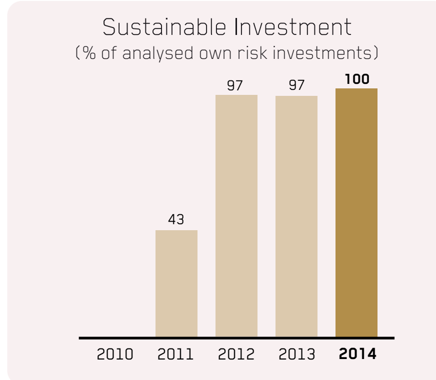


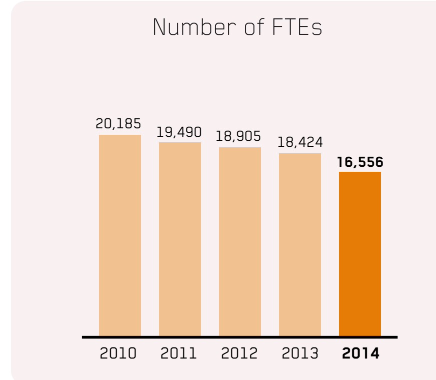


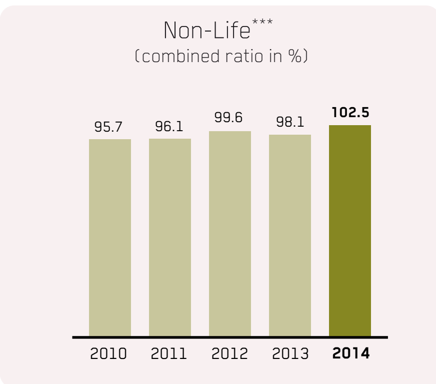


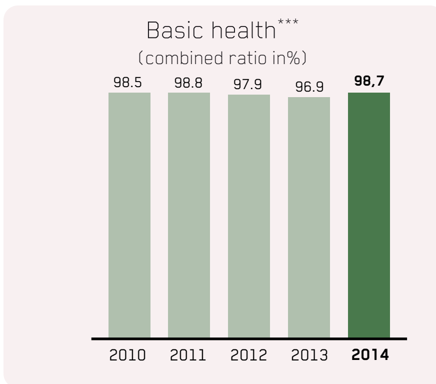


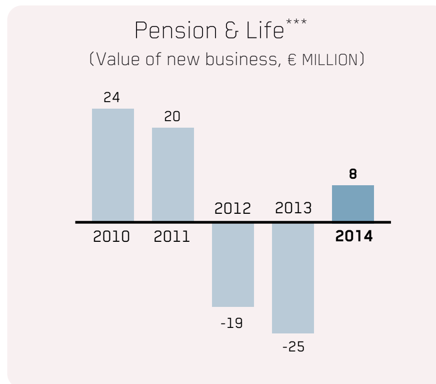


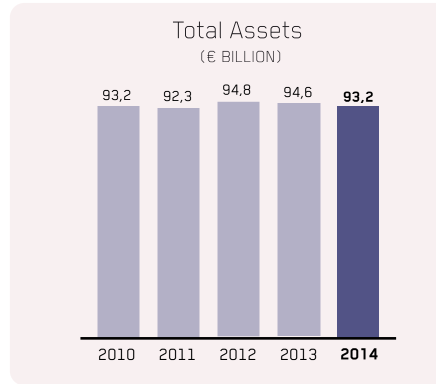












The above historical information for 2010 - 2012 has not been adjusted for subsequent changes in accounting principles

* *Achmea's operational result is calculated by adjusting the reported Net Profit before tax for special items. These are items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expenses, goodwill impairments and results on divestments before tax related to divested operations. Operational result is a non-GAAP financial measure and is not a measure of financial performance under IFRS-EU. This additional measure should be viewed as complementary to, and not as a substitute for, our figures determined according to IFRS-EU.*

** *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.*

Highlights of 2014

Centraal Beheer and Interpolis strongest insurance brands

The top ten of the strongest Dutch insurance brands includes not just Centraal Beheer and Interpolis but also our Zilveren Kruis and FBTO brands. This has been demonstrated by a survey by Interbrand brand consultants and monthly magazine am.

Fifth anniversary of VNG insurance for volunteers

With a view to ensuring that volunteers are insured during their tasks, the Association of Netherlands Municipalities (VNG) and Centraal Beheer introduced the VNG insurance for volunteers in 2009. To celebrate this fifth anniversary, in September Centraal Beheer organised a 'Help Apeldoorn' week, during which we contributed to volunteer activities in Apeldoorn.

Achmea wins Henri Sijthoff Prize for best financial reporting

Het Financieele Dagblad awards the Henri Sijthoff Prize annually to those companies which have distinguished themselves in their financial reporting. Achmea won the annual report prize in the non-listed company category.

Zilveren Kruis provides the best online service

Zilveren Kruis provides the best online service. This has been demonstrated by a survey by WUA! on the websites of the five largest health insurers in the Netherlands. WUA! set 1,750 customers assignments on the different websites. The end result was a joint first place for Zilveren Kruis.

200,000th Interpolis life insurance policy sold

Our life insurance product has been redeveloped in 2010 and since then sold by Interpolis. The 200,000th policy was sold in the summer of 2014. The product is now also available at Centraal Beheer and Woonfonds.

Achmea improves its responsible investment performance

According to three separate surveys, our responsible investment performance improved in 2014. The surveys were conducted by the Association of Investors for Sustainable Investment (VBDO), the Global Real Estate Sustainability Benchmark and the Fair Insurance Guide.

e-Driver visibly contributes to safety and spares the environment

Verkeersveiligheid Groep Nederland and Achmea's e-Driver mobility programme provides organisations with tools to improve their safety culture. Companies which use e-Driver have experienced 4,000 fewer accidents, as demonstrated by a survey by TÜV Rheinland. A survey by Het Nieuwe Rijden shows that e-Driver's reduction of over 80,000 tons of CO_2 in five years makes it the most efficient online training platform for sustainable mobility.

Achmea brands amongst the best business service providers

Centraal Beheer has been declared the best business insurer of 2014. Avéro Achmea came second in the survey by Incompany 100. Staalbankiers won three categories this year: overall satisfaction, overall reputation and private banking. An annual survey by Management Team (MT) among financial institutions also demonstrated that Achmea has the best reputation in the business insurance market.

Achmea brands retain Customer-Oriented Insurance quality seal

The Centraal Beheer, Interpolis, Avéro Achmea, Zilveren Kruis, Pro Life and FBTO brands have again been granted use of the Customer-Oriented Insurance quality seal. The Customer-Oriented Insurance quality seal is a seal for the services and customer focus of insurers.

Meet our stakeholders

Jacob van Worp has had Centraal Beheer car insurance since 2003

"I came home from my night shift - I'm a nurse at a coronary care unit - and that's when I noticed a scratch on our car. Really irritating. We live in a narrow street. A car probably scraped it as it drove past. The driver hadn't left a note. Coincidentally I had recently downloaded Centraal Beheer's claims app. I thought it would be handy to be able to make claims using the app. I took three photos of the scratch on the car and submitted the claim. I could immediately schedule an appointment at a repair company. I was phoned back by Centraal Beheer within half an hour. Just to confirm the claim. And they had a couple more questions for me. Really well organised.

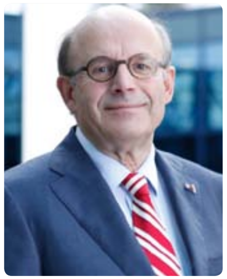
Only the appointment at the garage arranged via the app didn't go smoothly. When I arrived they didn't know about the appointment. It wasn't in their system. The connection with the app wasn't yet working properly. I reported that to Centraal Beheer. They were aware of the problem and were working on improving the app. In the end I made a new appointment at the garage and the damage to the paintwork was repaired. All in all it is really simple to arrange this kind of thing via your mobile. Of course these days you do a lot online. I also think it's handy that I have online access to my insurance policies, the group discount, claims history. Yes, I expect that of my insurer."

Michelle Steenvoorde is a community employee for Zilveren Kruis

"A great deal has changed within a year. A year ago at Zilveren Kruis we started to chat with customers. We had a team of four people then. Now the team contains eighty people. The next step is to extend opening hours from 6pm to 10pm. Because customers want to be able to reach us in the evenings too. We have also launched an online community. Here, customers can talk to us and each other about all kinds of topics. Zilveren Kruis has introduced the claims app. And customers can conduct all their insurance business on 'My Zilveren Kruis'. You can see that we have made great progress online.
Yes, I am proud to be part of that. I have worked for Achmea for four years now. I spent the first two years in Telesales at Zilveren Kruis. And then I noticed the trend towards online business. I went to my manager and said: 'I want to help build this'. I was given the opportunity, and that makes me view Achmea as a good employer. Our team is expanding, while positions are being cut elsewhere. In personal terms, I think that's awful for the colleagues involved. Yet the world is changing and we have to adapt accordingly. Mobile, online, 24/7; it's no longer just for the younger generation. We recently had a 92-year-old customer participating in a chat; isn't that fantastic?"

Rien Nagel is a member of Rabobank's Executive Board

"There has been close collaboration between Achmea and Rabobank for years. Together we are building on our sound relations, and that includes internationally. Achmea aspires to make insurance a successful business for Rabobank. For instance, a joint future-proof insurance model is to be created for the period after 2015. By concentrating fully on the online channel, Rabobank and Achmea will improve their position on the private insurance market. Rabobank is an international financial service provider with Dutch roots and a cooperative identity. We work on behalf of our customers. Not our shareholders. We bring people together and share knowledge. That is the strength of a cooperative. We aim to provide our customers with the best financial services. That includes insurance. Achmea is the strategic partner for Rabobank when it comes to insurance products. In-house brand Interpolis sells a wide range of insurance policies which offer extensive cover, and it helps customers to prevent and solve loss or damage. Together we help customers to make the right decision and insure only what is important to them. We also ensure that customers are informed at relevant times whether the insurance solution remains appropriate."



Paul Overmars is Chairman of Vereniging Achmea

"Giving Achmea customers a voice is my driving force. A major milestone here is that we continued to set up the Customer Councils and Insured Persons Boards in 2014. The Customer Councils guarantee dialogue between customers and the company. We also link these Customer Councils to Achmea's Members Council. In doing so, this becomes the platform for the collective representation of customer interests. By steering more based on the profile and composition of the Members Council, we aim to better reflect our client base. This reinforces the legitimacy of the Members Council. Vereniging Achmea is not just the largest shareholder but also the priority shareholder, and it therefore holds a number of special authorities on behalf of its members. Vereniging Achmea was created by merging a number of mutual insurers, private healthcare insurers and health insurance funds. Vereniging Achmea therefore embodies Achmea's cooperative identity. It gives substance to this customer representation via its Members Council and within Achmea at shareholder and Supervisory Board level. Achmea serves millions of insurance customers. One of our tasks is to represent these customers. I view this as a huge responsibility. We have a clear mission: 'To be the Association of the most involved insurance customers."

About this report

Achmea's annual reporting is an important way of strengthening ties with our stakeholders: our customers, employees, (business) partners and shareholders. The aim of our annual reporting is to provide a holistic overview of our organization, demonstrating the links between our strategy, governance and the social and economic context in which we operate. This year's report is organized along the six dimensions of our strategy map. In this way, this year's report provides insights in how our business is performing from a customer, societal, employee, (business) partner, process and financial perspective.

With this second integrated report, we combine our annual report with our annual financial statements. The report is available for download on our website (www.achmea.com) from 26 March 2015. A Dutch translation of the annual report is also available for download on our website. In case of differences between the English and Dutch version, the English version prevails.

REPORTING FRAMEWORKS

Our annual report is prepared in accordance with the requirements of relevant local and international statutory and reporting requirements. The reporting framework and indicators are aligned to the IIRC Framework and to the Global Reporting Initiative (GRI) G4 Guidelines and are in accordance with the GRI G4 - Core option. This annual report is also compiled in accordance with article 391 of part 9 of Book 2 of the Dutch Civil Code and in accordance with the Dutch Association of Insurers' Governance Principles for Insurers (Insurers' Code of the Verbond van Verzekeraars).

CONSOLIDATION

The financial and employee information in this annual report is consolidated for Achmea B.V. and all its group companies. Achmea is mainly active in the Netherlands (about 94% of Achmea's total revenue and about 85% of the total number of FTEs) and five other countries. Due to this strong Dutch focus, a number of sections in this report only relate to Achmea's Dutch activities in 2014. The companies listed in annex B (hereafter: third-party) and foreign operating companies are not included in the reporting on all social and environmental aspects. Following the merger of 31 December 2011, De Friesland will maintain a great deal of autonomy over the next two years and is therefore excluded from the reporting on social and environmental aspects.

CONTACT WITH STAKEHOLDERS

Achmea aims to create close ties with all its stakeholders. Based on a four-stakeholder model, Achmea consults with its customers, employees, (business) partners and shareholders. We closely monitor societal trends and current issues in society which also involves changes in the longer term. 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 for example through the various Works Councils, regular meetings with unions, our intranet and personnel sessions. There is also regular contact with insurance brokers and agents, social partners, regulators and government.

Societal trends and stakeholder dialogues form the basis for the identification of the main themes, on which we report. Based on this stakeholder input a prioritization is made of the seventeen most relevant and impactful issues in the eyes of our stakeholders in our materiality matrix. A societal trend is considered to be material if it is relevant to our stakeholders and the trend could significantly 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 execute our strategy, we will need to make sure these trends are reflected in our business operations and management. Our materiality matrix is shown on page 18.

The annual report of Achmea is structured according to the strategic perspectives. This format of the report has been chosen because it fits with our key objectives, control and performance. Our report about the seventeen most relevant stakeholders themes are incorporated in the chapters on the strategic perspectives. More information can be found in the GRI index in Annex H.

AUDITOR'S SCOPE AND LEVEL OF ASSURANCE

PwC, our external auditor, has audited the consolidated Financial Statements for the year 2014 as set out on pages 92 to 234. They issued an unqualified independent auditor's opinion on the consolidated financial statements in their report dated 5 March 2015 (pages 240 to 250).

Next to the Financial Statements, PwC has reviewed and partly audited other parts of this annual report with a view to reporting on its reliability and appropriateness. PwC's task is to issue an assurance report containing 'reasonable assurance' as to whether the financial and employee information (in chapter Our employees and chapter Our financial results) are, in all material aspects, presented reliably and adequately, in accordance with Achmea's reporting criteria as described under the reporting framework on page 7. PwC was also asked to issue an assurance report containing a 'limited assurance' with respect to the reliability and appropriateness of the remaining financial and non-financial information in this annual report. Reasonable assurance is obtained through audit procedures, which are substantiated by sufficient and appropriate supporting audit evidence. Limited assurance is obtained through review procedures, which do not require exhaustive gathering of evidence, therefore providing less assurance than audit procedures.

PwC has not audited the assumptions and feasibility of prospective information such as targets, expectations and ambitions, included in the report. The statements included in our annual report relating to the new business (on pages 3, 49 to 50) of this report and solvency in accordance with Solvency II based on the 31 December 2013 figures (page 65) are based on actuarial models. PwC did not include these actuarial models in its procedures on the annual report.
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. PwC's assurance report can be found on pages 251 to 253.

FUTURE DEVELOPMENTS

Integrated reporting continues to evolve rapidly, and we expect to continue to make further improvements in the manner and quality of our reporting, including working towards an increase of reasonable assurance of data over time. We welcome feedback on how we might improve our approach via the address stated on the back cover of this annual report.

Contents

A word from our Chairman

Thanks to our strong insurance brands, such as Centraal Beheer, Zilveren Kruis and Interpolis, rooted in a long cooperative tradition, Achmea operates right at the heart of society. We are altering our organisation, products and services in order to respond to the changing needs of our customers. As a company with a cooperative identy, we always look at current trends in society. We constantly need to make new choices and assessments within this dynamic. Important social trends and developments which are relevant to us include digitalisation, reduced government involvement, individualisation and flexibilisation on the job market, the persisting challenging economic climate and the introduction of new laws and legislation. New trends, developments and risks call for new, relevant and appropriate products that benefit our customers and strengthen society. We want to contribute to this, and to a sustainable future for our own company. This is why we launched our three-year Acceleration & Innovation change programme last year. This is aimed at 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. We are now a year further on. We have improved our online services via many new initiatives, anchored the voice of our customers even more firmly in our company and structurally reduced our costs by more than €100 million in 2014.

Our customers

We are working in various ways to increase our customer focus. Our customers can now increasingly often chat with us and use apps, report damage or loss via apps on their smartphones and rate our services on our brand websites. Of course customers can also still reach us by phone. We are investing in customer contact via websites, social media such as Twitter and Facebook, and also in apps for smartphones and tablets. We also ensure that our customers can have access to their up-to-date details where, how and when it suits them. We are working on clear and trusted communications with our customers. In 2014, almost 5,700 employees started a special writing style course to learn how to compose clear letters, E-mails and policy terms and conditions. Our customer focus is also being intensified by structurally embedding our customers' voice in our company. Almost all brands now have a customer council. In addition, a large number of the members of the Vereniging Achmea Member Council are drawn from the customer councils, thereby creating a stable structure in which customers are given a say. This is the most fundamental change to the representation of collective customer interests in 25 years.

"We are responding to our customers' rapidly changing needs. Therefore, we are accelerating our efforts to implement these changes, as well as investing more in Customer Centricity and online customer services."

Willem van Duin is Chairman of the Executive Board of Achmea

Economic trends and our market

Although the economic outlook has improved slightly, we operate in an economic climate typified by low growth, low interest rates, relatively high unemployment and a squeeze on the spending power of large groups of people. This also affects the financial sector.

Competition is fierce on the non-life insurance market and tariffs are under pressure. The greater transparency makes it increasingly easy for consumers to compare products. The reality is that it generally comes down to price and too little to quality and service. Our brands have proved themselves capable of increasing their market shares slightly, while maintaining returns.

The life insurance and pension sector has experienced a tough few years. This is partly due to the discussions involving unit-linked policies and because customers are increasingly opting to accrue capital via bank savings rather than life insurance policies. The pension debate continues unabated in the Netherlands. This means that we still need to make some tough decisions about a future-proof strategy in this field. Clarity and political decision-making are ultimately required in order for us to determine our path. We are participating in the debate because our experience and knowledge enable us to make a valuable contribution to a positive future for all Dutch people.

The healthcare market continues to evolve. The transfer from the Exceptional Medical Expenses Act (AWBZ) to municipalities and insurers has major consequences. This applies to our customers, but also to our health insurance activities. In the transitional year of 2015 we will demonstrate that health insurers can also play a significant role in guaranteeing the quality and affordability of AWBZ healthcare. In doing so, our task remains ensuring accessible and affordable healthcare for everyone. We do this by the selective purchase of healthcare, based on competitive prices and good and transparent quality. We implement this task using our full conviction, but we can only do so if the company is in good shape. This also includes a sound financial result. In the past year, another 5.1 million Dutch people opted for one of our high-quality insurance brands, which enabled us to successfully protect our market share. We made a strategic decision to maintain, in particular, customer groups with whom we can agree on terms related to prevention, vitality and care. This allows us to truly contribute to improving the health of our customers. It is good to see that all our health insurance brands show a growth in their number of customers, if corrected for the loss of the ‘pseudo group contracts’. On account of our size, we can use our economies of scale to purchase the highest-quality care for our customers at the most competitive rates. We are committed to procuring the most efficient possible, highest-quality healthcare at the lowest possible cost.

Implementing our strategy

Based on a specific management agenda, a large number of new initiatives that benefit our customers were launched or initiated in 2014. The Acceleration & Innovation management agenda is divided into four cornerstones: customer-driven, responsible returns, competitive costs and employees in transition. We are pleased to report that we have made key progress in each of these quadrants. We are making progress in terms of customer focus and cost savings, as well as being in the process of innovating our processes and online services.

We are also on schedule with the reduction of roughly 4,000 FTEs as a result of the Acceleration & Innovation programme. The number of jobs in the Netherlands was reduced by around 1,200 in 2014. Over the next two years we will say farewell to another 3,000 or so colleagues. But we will strive to protect the interests of the employees affected to the extent of our ability. We feel that the high level of employee commitment confirms our careful approach. The response to our annual Employee Engagement Survey was again high in 2014 with scores at about the same level as in 2013. The commitment of our employees is crucial to the success of our Acceleration & Innovation change programme. I would like to thank all our employees for their commitment in these rather uncertain times.

We managed to reduce our operational expenses by €116 million and are set to achieve our target of reducing our costs by €450 million by the end of 2016. The sale of non-profitable business units in our company will help to increase our returns. Examples include the closure and sale of the Achmea Health Centers and the disinvestment of Russia’s Oranta. We closed the 2014 financial year with a net result of €16 million. Reorganisation expenses related to the Acceleration & Innovation programme of €239 million and goodwill write-offs of €143 million had a strong impact on our net results. Our operational result fell to €388 million (2013: €542 million); this was partly due to the cut in health insurance premiums in 2014 and the allocation of €335 million of our incidental result in order to keep health insurance premiums largely stable for 2015. This is in spite of expanding our basic health insurance package to include the district nursing services from the AWBZ. Our gross written premiums remained largely equal (around €20 billion), while our Property & Casualty insurance business managed to grow in an otherwise shrinking market. Our solvency increased to 215% and we maintained the A+ credit rating for our insurance entities with S&P, which demonstrates that we continue to be a solid financial partner to our customers and other stakeholders. In the beginning of 2015 two financing transactions were executed to improve our capital position. If these transactions had taken place in 2014, that would have had a positive effect on our pro forma IGD-solvency ratio of 13 percentage points.

We are working hard on providing digital customer services in all our markets and via all our distribution channels. This relates both to management - concluding, amending or terminating insurance policies - and to expanding services. We continually measure the quality of our work: in all channels, across all relevant processes. This enables us to hear directly from our customers what they like about our services and where there are opportunities for improvement. We ask our customers whether they would recommend our products to others. The Net Promoter Score (NPS) is a key gauge of how our customers value our brands. Wherever possible customer feedback is passed back to the employee who had contact with the relevant customer. This enables the Achmea brands to improve their services both in operational and strategic terms. At FBTO, for instance, this led to improved E-mail responses, which pushed up the NPS from -19 to +2. That's a result of which I am proud.

Rabobank is our main distribution partner. Achmea aims to further consolidate this strategic alliance in order to be able to serve Rabobank customers quickly, efficiently and above all properly. This is why we are investing in even closer commercial ties, which on the one hand involve improving services and on the other substantially cutting costs in the chain. This enables us to offer Interpolis customers competitive products and help Rabobank to earn a structurally sound return on insurance products. Together with Rabobank we will work on revising the propositions for Rabobank's private and business customers over the next few years. This has already been done for small business customers under the name Zeker van je Zaak (Assured of your business) at Interpolis. We plan a full revision of the Alles in één Polis (All-in-one policy) for private customers. This will mean a revised product which can be arranged online for 1.3 million customers.

We also continue to move forward with respect to sustainable operations. Our operations aim to leave the smallest possible environmental footprint. The new waste system initiated in January 2015 will provide a significant contribution to the circular economy. In doing so, Achmea is making the transition from waste management to commodity management. By the end of 2016, a minimum of 80% of the total waste produced by Achmea can be reused as raw materials: this is both good for the environment and enables Achmea to achieve long-term cost savings. Our insurance products for car pooling via, among others, SnappCar and as of recently also for lending goods via Peerby are helping to facilitate the sharing economy. We of course also assume responsibility in our role as a major institutional investor. At Achmea we are deliberately working on how much value you can add to society as a company. We are assuming responsibility for the future of our planet. We deliberately take into account environmental, social and administrative aspects. According to various independent surveys, including the Fair Insurance Guide, we again improved our performance in 2014.

We are implementing these changes in response to our customers' rapidly changing needs. Our brands serve approximately 14 million customers who are increasingly using the internet for many different purposes, including their insurance. We are therefore accelerating our efforts to implement these changes, as well as investing more in Customer Centricity and online customer services. This will enable us to maintain our identity in the future: an insurer with roots as a cooperative organisation and strong brands, one that keeps in touch with its customers by using the latest technologies.

I would like to take this opportunity to thank all our employees and the Central Works Council for their hard work and dedication. Especially, I would to thank three retiring members of the Supervisory Board, Mr Van der Weg, Mr Minderhoud and Mr Overmars for their many years of commitment to Achmea and the valuable contributions they have made to our Group during their tenure. Next to our employees, I would like to thank our other stakeholders: our business partners - in particular Rabobank -, our shareholders and our customers. They ensure our cooperative identity remains vital and alive.

Willem van Duin

Zeist, 5 March 2015

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

Profile and strategy of Achmea

PROFILE AND STRATEGY OF ACHMEA

Profile

Achmea is the largest insurance company in the Netherlands and has a cooperative identity and history. Our brands Centraal Beheer, Interpolis, Zilveren Kruis, Avéro Achmea, De Friesland, FBTO, InShared, OZF Achmea and Pro Life collectively serve approximately 11 million customers in the Netherlands. In addition, we also operate in Greece, Turkey, Slovakia and Ireland and have 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, life & pension 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 for the next few years is 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 products and digital solutions for our customers, maintain our high level of customer satisfaction and remain financially sound in the long term.

From Achlum till now - Our history

1811
The history of Achmea begins in Achlum, the Netherlands

1856
The first Dutch direct writer FBTO is founded

1909
A group of Dutch mutual insurers form the Coöperative Vereniging Centraal Beheer

1949
Zilveren Kruis founded

1992
Centraal Beheer and Avéro Insurance merge to AVCB

1995
Achmea founded out of AVCB and Zilveren Kruis

2001
Achmea acquires Interamerican Greece

2005
Achmea merges with Interpolis, Rabobank becomes second largest shareholder

2007
Achmea acquires 80% of Eureko Sigorta; Achmea and Agis merge

2010
Achmea creates InShared

2011
Achmea merges with DFZ and acquires Independer

2013
Change program: 'Accelerating & Innovation'

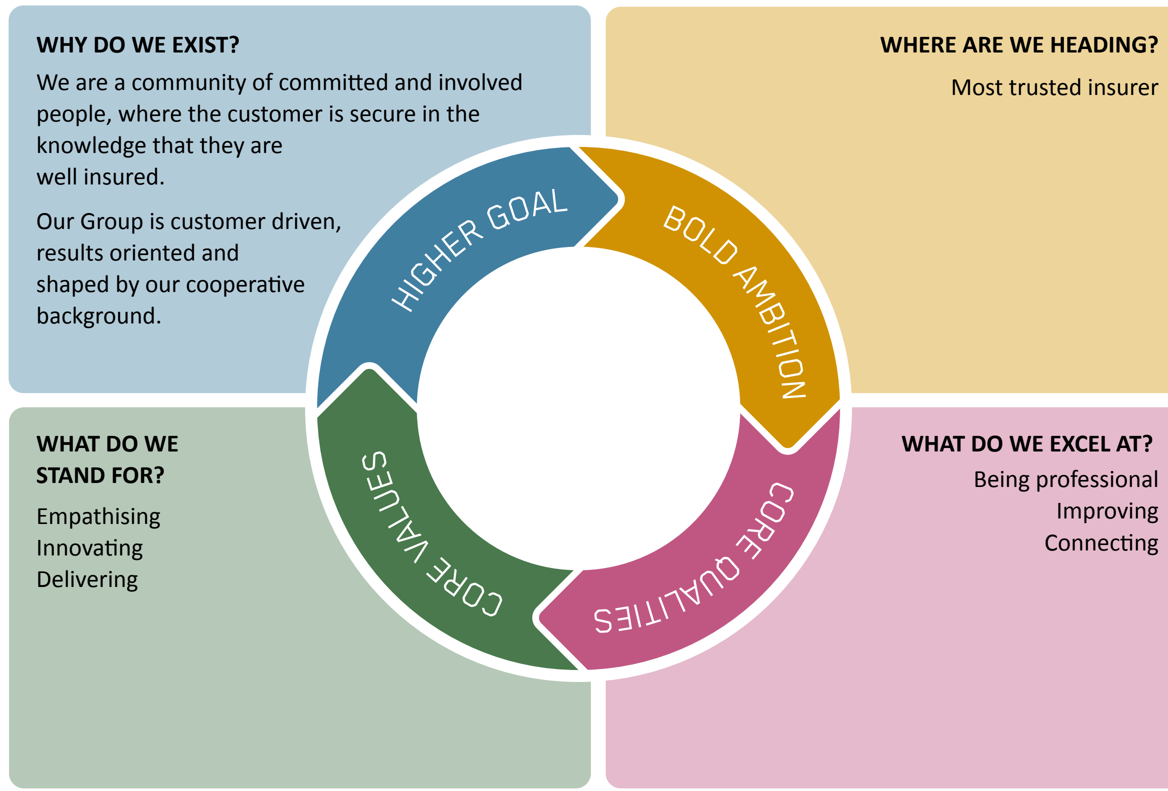
Strategy

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 are 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 by applying customer centricity to all our strategies and actions, by providing products and services which have added value for society and by investing responsibly. Our cooperative background makes us customer-driven and result-oriented. How we structure our Customer Councils and their link to the Members Board of Vereniging Achmea - Achmea's largest shareholder - give Achmea a unique position compared to other large insurers when it comes to customers actually having influence over their own insurer.

While Achmea can look back over two centuries of cooperative history, it has developed into a robust and diversified insurance company, in which customers can place trust that their interests are in safe hands. Our strategy is based on creating value for four stakeholders: customers, employees, (business) partners and shareholders.

Our bold ambition remains to be the most trusted insurer



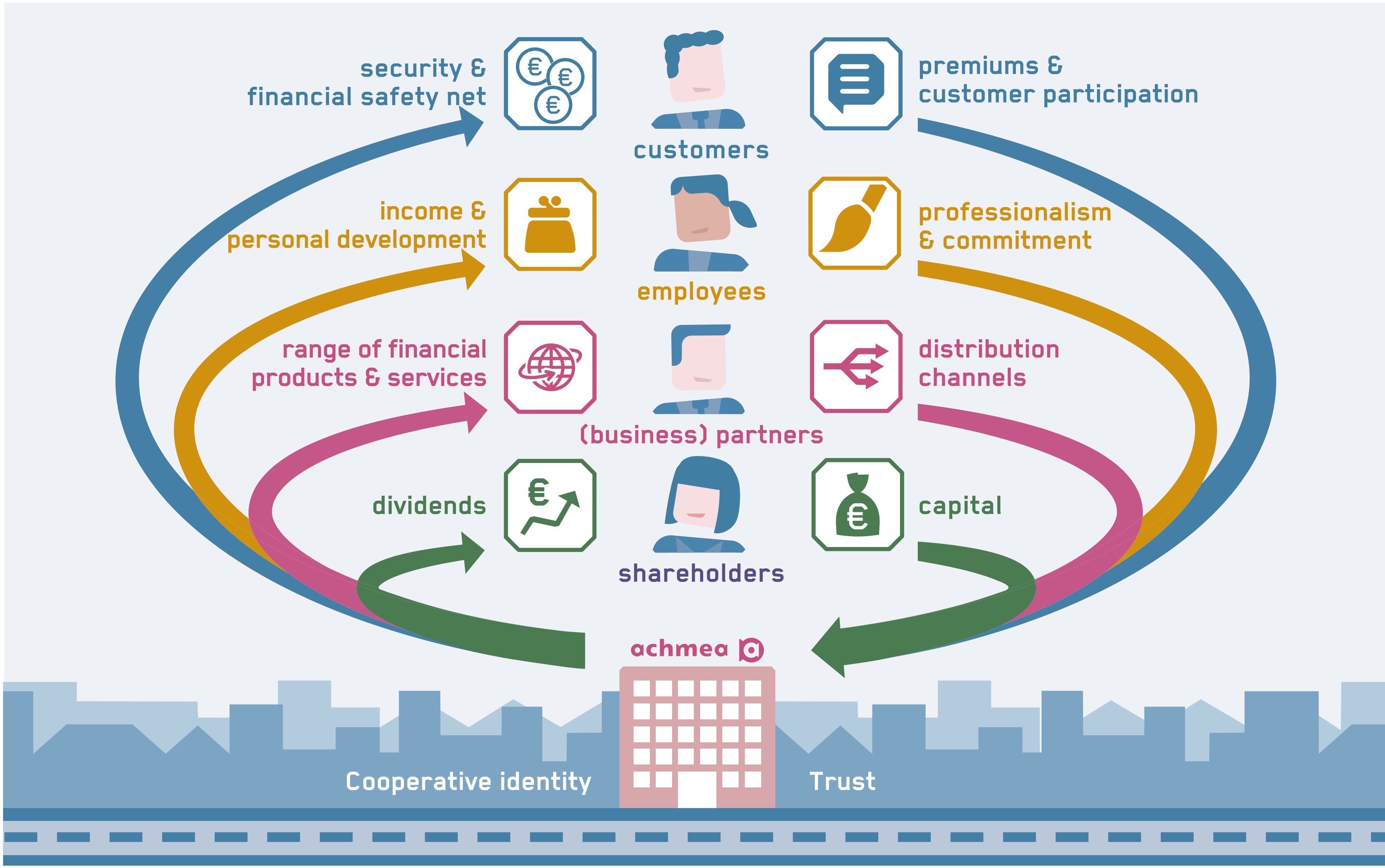
CREATING VALUE AS AN INSURANCE COMPANY

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 absorb the risk of such setbacks from them if these risks become 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.

Profitability contributes to the company's financial health, which must ensure that we can meet our obligations to our customers. A sound return is essential here to maintain our solid financial position over many years. In doing so, regulators such as the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten; AFM) and the Dutch Central Bank (De Nederlandsche Bank; DNB) set requirements to ensure that we are able continue to fulfil our function in society.

Our brands offer their insurance policies directly to their customers but also via our distribution partners, such as Rabobank and brokers. Our partners also allow us to offer our propositions that customers require. Meeting specific customer requirements makes us accessible to customers and provides a broad basis for the principle of solidarity.

Stakeholder value management model



OUR ANALYSIS

Last year, we started our Acceleration & Innovation change programme. In doing so, we are writing a new episode in the history of Achmea. This is the multi-year programme we have initiated using the customer-driven, responsible returns, employees undergoing change and competitive costs initiatives in order to become a more customer-centric company and improve our online customer service. If we take stock now, one year on, we can conclude that we are heading in the right direction and that we have achieved most of what we set out to do over the past year. We have taken steps to develop our target corporate profile, a risk insurer. Yet at the same time we are aware that the speed at which digital customer interaction is becoming widely-accepted is so high and the pressure on our revenue capacity is so great that we are not yet where we wish to be.

We have a very sound starting position thanks to the breadth of our company, our market position and the strength of our brands. Our customer satisfaction is high and our financial position is solid.

Yet the changes in our environment persist. This implies that we face considerable challenges. Now that the fallout from the financial crisis has cleared, it is more obvious than ever that there will be limited growth on the insurance market. The pensions and life insurance business, a major driver of financial results in the insurance industry, has been shrinking for years.

At the same time, there is growing pressure in the health insurance market to keep premiums and capital low. This in turn squeezes the revenue capacity in the health business. The non-life market is now growing slightly in the wake of a period of stabilisation.

Yet here, too, we are seeing increasing pressure on margins. This is chiefly due to new players with digital corporate models. In the longer term, the nature and scale of the business will change due to alterations to risk profiles, for instance driverless cars.

SWOT analysis

STRENGTHS

- High customer satisfaction score
- Large market share in the Netherlands (market leader positions)
- Good product and distribution diversification
- Strong brands, especially in direct and banking channel
- Solid capitalisation
- Aggregator that enables us to monitor customer behaviour
- One of the most attractive employers in the Netherlands

WEAKNESSES

- Complexity due to large number of IT systems
- Relatively high cost level
- Complex organisational structure
- Limited geographic diversification
- Low return on some segments

OPPORTUNITIES

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

THREATS

- Low confidence in insurance sector
- Mature and highly competitive market in the Netherlands drives down profit margins
- Public and political pressure on return of Dutch basic health insurance
- New players entering the market
- Political decisions regarding health and pensions
- Low interest rates
- Volatility of financial markets
- Increasing regulatory burden

Materiality matrix

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 adopt our product development. We have created a materiality matrix in order to depict this clearly. The matrix is based on regular contact with stakeholders.

A societal trend is considered to be material if it is relevant to our shareholders and the trend could significantly affect Achmea. The greater the impact of the issue on society and Achmea's operations, result 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. The GRI index can be found in Annex H.

Strategic risk analysis

We conduct a comprehensive annual risk analysis of Achmea. We recognise the following medium and long-term strategic risks which directly affect the achievement of our goal of becoming the most trusted insurer.

Profitability The risk of structural excessively-low profitability and not being able to respond in good time to changing conditions and business models, placing pressure on our continuity in the long term. Various perspectives are involved here, such as: cost levels, power of execution, political/social changes, shifts in the market and persisting low interest rates.

Laws and legislation The risk of not complying fully with laws and legislation. New laws and legislation apply to many areas. This is taking up extra capacity and creating additional costs. Additionally, the implementation of laws and legislation into our primary processes and services is complex.

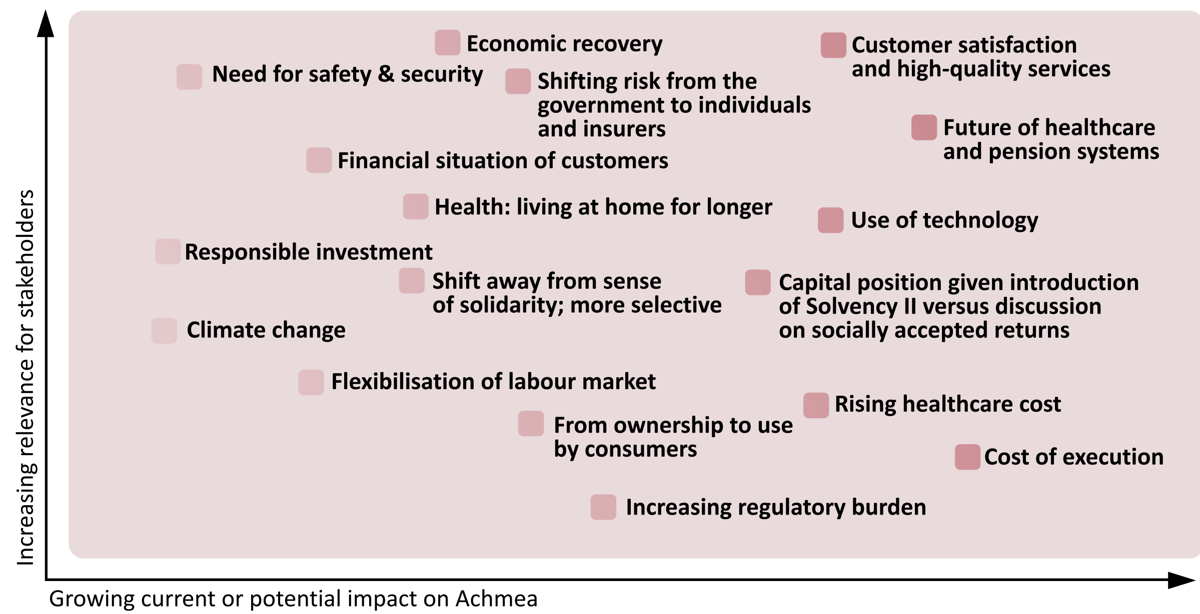
IT systems The risk of IT systems not supporting the business properly because we fail to remove complexity from operations and simplify the IT environment, leading to us being unable to make the transition to being a digital insurer.

Liability claims The liability risk of shortcomings in products and services. Jurisprudence can lead to obligations which are not covered under the original policy terms and conditions, and social expectations may lead to pressure to pay claims without there being a legal basis for this.

Rabobank The risk of the Rabobank, being our most important distribution partner, sells no or fewer Interpolis products.

Talented employees The risk of us having insufficient numbers of talented employees to achieve our ambitions. Technological changes and changing consumer behaviour may demand slightly different knowledge and skills, also the risk of not being able to retain high potentials within the company.

Materiality matrix



In addition to these strategic risks in the long and medium term, risks which could occur in the shorter term also require attention. Possible themes include: extreme shocks on the financial markets, extreme insurance events or extreme interest rate movements, information security and cybercrime, longevity risk and an unsatisfactory response to consumer confidence being under pressure. Risks which have been analysed in more detail and where possible quantified in our risk management section in the financial statements.

OUR APPROACH

Our analysis leads to the conclusion that our multi-year Acceleration & Innovation programme is essential. So far it has yielded most of the intended results. We are maintaining the direction we have chosen, but are aware that we also need to fine-tune the path we have started along and increase our pace. The important thing now is to continue, to renew our business model and maintain our financial position. We have fine-tuned our Acceleration & Innovation change programme to this end. This will enable us to continue offering our customers what they expect of us in the future.

In the customer domain we are focusing on improving services to customers using innovative propositions and full online services. We have raised the bar higher than ever in terms of being customer-driven. We aim to obtain a higher NPS by improving our service. We are doing so by means of straight-through-processing with short, standardised and error-free processes.

We have revised the brand policy in order to boost our commercial strength and cut costs. We are reinforcing our brand strategy with the ambition of retaining the market leader positions of Centraal Beheer and Interpolis on the private non-life market and growth on the business non-life market of Interpolis and the small business market of Zilveren Kruis. At business income protection we aim to retain our market position by migrating the current products and pursuing a stable price policy. In the price-driven health market, Zilveren Kruis aims to retain its position as market leader with selective shrinkage on specific contracts, while De Friesland aims to retain its position as market leader in the northern Netherlands. Competitive pricing, retention of profitable contracts in the market for group schemes and increasing customer retention and loyalty via consistent steering based on the NPS are crucial here. FBTO and InShared continue to aim for growth in the private non-life market.

We are also picking up the pace in the product domains. In the non-life domain we are working on simplification and digitalisation, and we are aiming for convergence to our normal return on equity. In the income protection business we are radically revising our propositions and aim to convert our shrinking market position into growth. In our health business, the focus is on the ability to distinguish ourselves, cost reduction and choices which are both in the interest of society and add value for customers. In the pensions domain, we are completing a number of no-regret moves and aim to improve results. One of the greatest challenges is in introducing our customers to the new world of pensions containing fewer certainties and also bringing our costs in line with the lower premiums in the new pension propositions. In the life business we are focusing on term life insurance policies, a market in which we intend to grow further.

Our international business has completed a disinvestment programme and is now entering a new phase with a positive cashflow and autonomous growth. We have positioned the business units of Syntrus Achmea, Pension Services, Asset Management and Real Estate & Finance, separately within the organisation as of 1 January 2015. This change enables them to serve customers even more efficiently and effectively based on their stronger position in their individual sub-markets.

Achmea Bank is becoming an expertise and service centre for savings and mortgages and Staalbankiers is developing into a pure private bank. We are focusing on asset management, including savings and current account facilities.

We are reinforcing the support domains in order to support the Acceleration & Innovation transition process. In our financial steering we are increasingly opting for steering according to long term value creation in addition to aiming for annual results. With a view to realising our digital ambitions we are reinforcing IT execution and governance. Our HR policy focuses on flexibility, individual freedom for personal development and sustainable deployment. We are aware of the challenges created by the required transition and of the uncertainty this entails. This demands a great deal of our employees. We have opted for an approach which combines urgency and inspiration.

OUR STEERING

In order to manage the strategic risks properly and to anticipate the changes in good time, we have defined sixteen critical success factors (CSFs) for the six strategic perspectives. These CSFs have been translated into a set of tangible and measurable Key Performance Indicators (KPIs). 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. The next page contains a summary of these. The subsequent sections explain our performance in 2014 and our ambitions for 2015 in more detail.

Strategy map

Towards most trusted insurer

Customer perspective	Customers feel strongly connected with our brands	We listen closely and continuously to our customers and they have a voice in our organization	Cutomers know they are well insured with our propositions
Society perspective	Our propositions have a demonstrable added value	We facilitate the solidarity our customers want	
Employee perspective	Our employees excel in costomer service, professionalism and continuous improvement	Management translate and implement our strategy	Employability is everyone’s responsibility
Partner perspective	We are successful in achieving selected (distribution) partnerships	We make insurance successful for Rabobank	
Process perspective	Our processes contribute to achieving the highest Net Promotor Score	We work based on standards	We use technology and information as *the* differentiating factors
Financial perspective	We realize competitive cost levels in our value chains	We make a responsible return and focus on selective growth	We ensure a robust balance sheet and effective capital and investment management

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.

Perspective	KPI		2014 Target	2014 status	Target for 2015 and beyond	Reference
Customers	Customer satisfaction	Non life	≥7,7	7,7	-	Page 23
		Health	≥7,6	7,9		
		Pension & Life	≥7,0	7,2		
	Number of brands bearing the Customer-Oriented Insurance quality seal*		All brands	8/11 brands	All brands	Page 23
	AFM customer centricity dashboard		-	3.3/5	> average for the sector	Page 23
Societal	Ministery of Economic Affairs transparency benchmark		Top-20	21st place	Top-20	Page 27
	Fair Insurance Guide selected practical study		> 7/10	6	> 7/10	Page 27
Employees	Employee engagement*		> 71%	73%	> 71%	Page 30
Partner	Rabobank satisfaction		7.8/10	7.8	7.8/10	Page 34
Process	Share of communication of Zilveren Kruis and Avéro Achmea with health insurance customers that can be facilitated electronically		95%	93%	2 million customers opt for digital	Page 37
	Share of communication of Centraal Beheer with customers that is facilitated electronically		-	20%	-	Page 37
	Share of online sold non-life policies of Interpolis		-	24%	30%	Page 37
Financial	Insurance activities solvency ratio (IGD)		> 190%	215%	> 190%	Page 41
	Basic Health Insurance combined ratio in the Netherlands		< 100%	98.7 %	< 100%	Page 41

** This information relates to Achmea's Dutch operations, excluding the 'third-party' companies*

Executive Board report

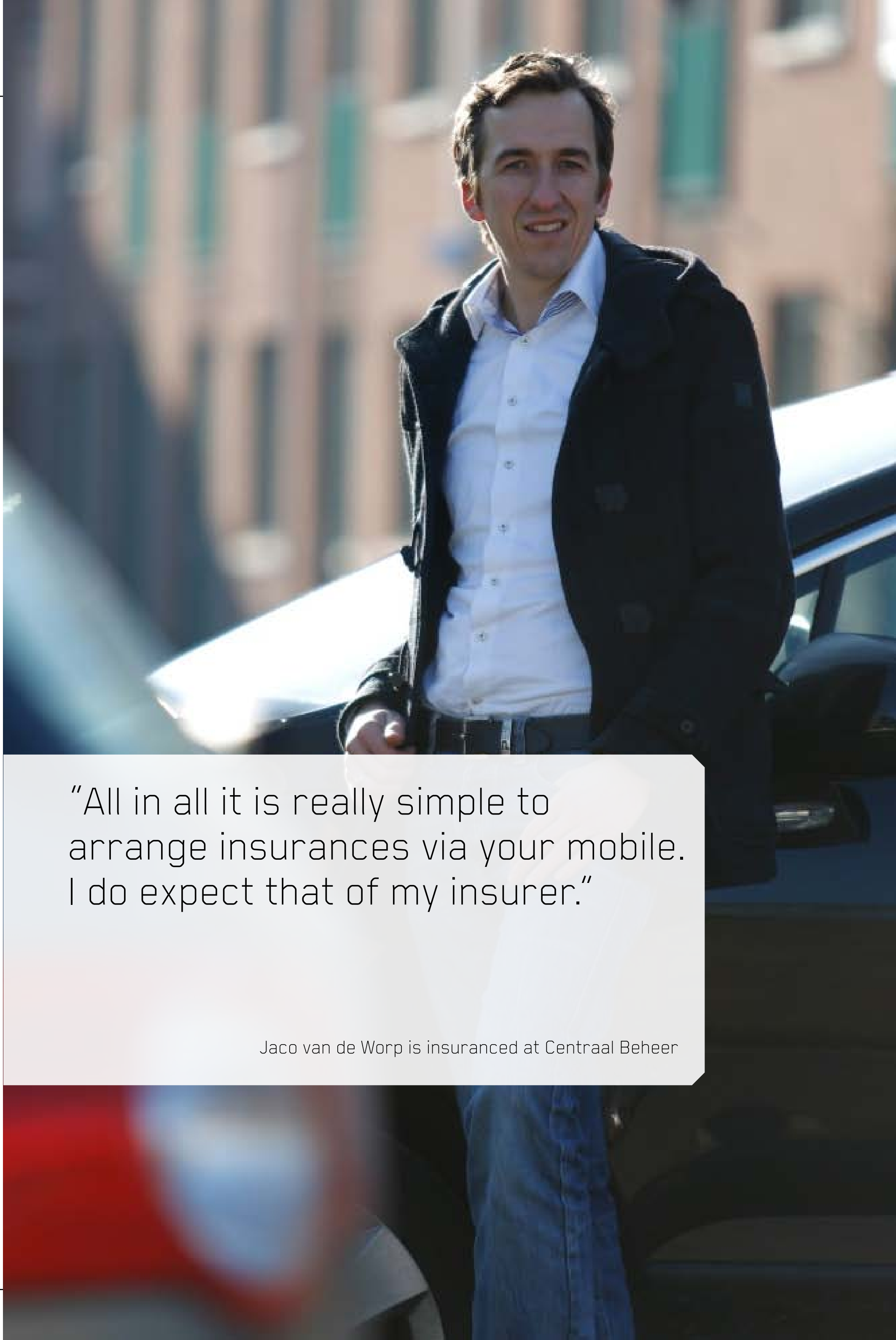
EXECUTIVE BOARD REPORT

Our customers

In order to remain relevant in the future, we are transforming ourselves into a client-driven organisation in which we serve our customers using modern methods. Firstly, we have firmly anchored the principle of our customers having a say in our organisation. Secondly, we intend to create an organisation with transparent processes, whereby customers have insight into their personal details wherever, however and whenever they want. This transparency needs to be accompanied by a high level of user-friendliness for customers; the spearheads here are that the information is easy to find and is comprehensible. Finally, we have amended our own standards for customer service. For instance, we are working on reducing waiting times before customers get to talk to someone by phone and for responses to e-mails. This is demonstrated by the fact that many of our brands have been granted the right to use the Customer-Oriented Insurance quality seal (Keurmerk Klantgericht Verzekeren).

KPI	2014 target	2014 status	Target for 2015 and beyond
Customer satisfaction			
Non-Life	> 7.7	7.7	-
Health	> 7.6	7.9	-
Pension & Life	> 7.0	7.2	-
Number of brands with the Customer-Oriented Insurance quality seal*			
	All brands	8/11 brands	All brands
Improving customer communications			
	-	Almost 5,700 employees started the writing style course Trusted Communication*	About 13,000 employees master the appropriate level of writing style Trusted Communication, matching to their function*
Customer councils set up			
	-	8/11 brands	11 brands
AFM customer centricity dashboard			
	-	3.3/5	> average for the sector

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



"All in all it is really simple to arrange insurances via your mobile. I do expect that of my insurer."

Jaco van de Worp is insuranced at Centraal Beheer

WE LISTEN CLOSELY AND CONTINUOUSLY TO OUR CUSTOMERS AND THEY HAVE A VOICE IN OUR ORGANISATION

Customer councils

Customers want Achmea to take their needs into account and they want to be involved in the process from need to product. Achmea's cooperative background puts it in a good position to ally itself with customers. Within the Achmea brands, customers occupy a very prominent role and have influence on products and services. Customers are represented by Customer Councils. These are forums for co-creation that can act as a sounding board for the directors for the relevant brand. They monitor the cooperative norms and values in the brand's products and services.

Between 2013 and 2015 these different types of customer representation are being standardised in Customer Councils. These Customer Councils fulfil the role of customer representation with a signal function by passing on questions and concerns from society to the relevant directors. They do so by checking whether new products and services have added value for customers and society and whether these fit in with Achmea's cooperative norms and values. Members of the Customer Councils also talk to all those involved, deploy the knowledge of the members (in and outside the business) and identify topical themes in society and customer portals. The Customer Councils also discuss reports on customer satisfaction and evaluate complaints. Where necessary, Customer Councils ask the directors for more information and are open to questions from the directors.

A Customer Council has been set up for each brand. Eight Customer Councils were functioning as of the end of 2014. The remainder will follow in 2015. The existing councils (Health Insured Persons Board, De Friesland, Syntrus Achmea and Achmea Agro) were thereby expanded by the Centraal Beheer Business, Centraal Beheer Private, Avéro Achmea and FBTO Customer Councils.

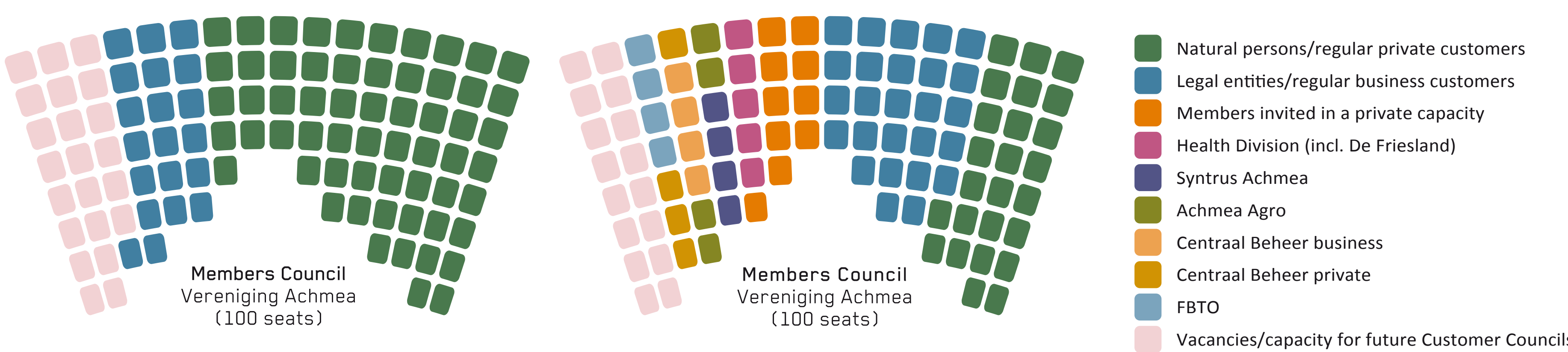
Link between Customer Councils and Vereniging Achmea Members Board

The Vereniging Achmea Members Board can be seen as the embodiment of member policy. At the end of 2013, it was established that its composition was insufficiently representative and that in many cases no clear member category was represented. In order to continue in the direction set for member policy, the composition of the Members Board is to be amended so that it better reflects Achmea's customer population.

The structure of the Customer Councils and their link to the Members Board of Vereniging Achmea - Achmea's largest shareholder - give Achmea a unique position compared to other large insurers when it comes to customers actually having influence over their own insurer. For the first time in a quarter of a century, a fundamental change is being implemented in Vereniging Achmea's Members Board with a view to being able to represent the collective customer interests more actively.

Situation as of january 2013

Intended situation as of end of 2015



Improving customer contacts

We want all of our communications to customers – letters, forms, quotes and website information – to 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. Therefore, we accelerated the training of all Dutch employees in our writing style 'Trusted Communication'. In 2014 allmost 5,700 employees started the courses. About 13,000 employees will have the appropriate writing skills in the summer of 2015. In doing so, we embed understandable and clear communication in our daily work. And, step by step, in our culture. All our communications like web sites, terms and conditions and letters are being completely rewritten in the style of Trusted Communication. Here, too, we made great progress in 2014. We are tackling the rewriting in a structured manner. Each letter is tested against our own norms, into which all relevant laws and legislation have been processed. We actively involve customers and consumers in assessing our communications. We learn from one another, from customers and from good examples outside Achmea. We use good examples as standard in order to keep improving. We want to take another step forward in 2015 so that all our communications meet our own high norms.

USING COMPLAINTS TO IMPROVE CUSTOMER CONTACTS

As an insurer, we require proof that annuity recipients are indeed still alive. If someone dies, we are not notified by the Personal Records Database (formerly the municipal personal records database, or GBA). Annuity recipients therefore periodically need to request an attestatie de vita (life certificate) from the municipality and send this to us. In mid-2014, we sent about 7,500 annuity recipients a letter containing a request for a life certificate. We subsequently received a flood of complaints. What annoyed many customers was that they had received this request for the first time after many years of receiving an annuity. And that it contained a 'threat' of annuity payments being suspended.

We now know how to communicate using the 'Trusted Communication' writing style. Putting ourselves in our customers' shoes is also an essential step. When writing a clear letter, we follow a standard review process. For instance, we ensure that all responsible parties see the draft letter. These complaints taught us that there is a good reason for this process. We have reminded one another of the procedures which make up the review process. And at the same time we have fine-tuned a number of aspects of the process.

ACHMEA BANK IS REWRITING 700 LETTERS

Improved communications with customers. This was the reason for rewriting all Achmea Bank's correspondence. The bank opted for a new writing style 'Trusted Communication' with language level B1+. The idea is that the majority of the Dutch population can understand this; even those who do not enjoy a high level of education or who never need to read for their jobs. It is not just about a comprehensible text, but also making the content and structure clearer for customers. And that everything is as succinct as possible, under the motto less is more. After over two years, over 700 Achmea Bank letters have been amended.

CUSTOMERS KNOW THEY ARE WELL INSURED WITH OUR PROPOSITIONS

Customers rely on our sound and accessible solutions which match their current and future needs. Our customer satisfaction scores confirm this. Customers experience this themselves and can verify this at other bodies, such as regulatory authorities and consumer organisations. As an example, take the Customer Centricity Dashboard which was set up in 2011 by our regulatory authority, the Netherlands Authority for the Financial Markets (AFM). In doing so, the AFM has set norms to test whether Achmea, as one of the six major insurers in the Netherlands, meets the AFM criteria or whether it is a 'good insurer'. Achmea scored 3.3 (out of 5) over the period January 2013 to June 2014 (2013 assessment year). This means that Achmea improved on its poorer scores in 2011 and 2012 and that we now score just below average for the sector. We expect to score better than the market average for the 2014 assessment year (period from July 2014 to June 2015). We develop new products using a fixed new legal modus operandi in order that they are comprehensible and useful. This means that the products are more suitable for customers and they remain up-to-date. Existing products are improved or replaced by more suitable products. This means that our customers know they are well insured with our propositions. Both new and existing products are tested against the latest legal guidelines and against our own norms. This includes in relation to 'fair pricing', 'norm returns' and 'social use'. We started on this in 2014 and expect to have completed this process by the end of 2015.

CUSTOMERS FEEL STRONGLY CONNECTED WITH OUR BRANDS

Customer satisfaction

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, many of our brands regularly work with the customer satisfaction surveys of the Association of Insurers. Furthermore, we continuously monitor how our customers rate us, e.g. using the Net Promoter Score (NPS). NPS improvement management is a major steering tool for Achmea. Further information on the NPS can be found in the section Our processes.

Customer-Oriented Insurance quality seal

The Customer-Oriented Insurance quality seal is a seal for the services and customer focus of insurers. The Stichting Toetsing Verzekeraars (Foundation for the Review of Insurers) grants the right to use the quality seal. The foundation checks whether a quality seal holder provides clear and accurate information on its insurance products and whether it takes the target group into account when developing an insurance product. The Centraal Beheer, Interpolis, Avéro Achmea, Zilveren Kruis, Pro Life and FBTO brands have again been granted use of the Customer-Oriented Insurance quality seal. The foundation identified a considerable improvement compared to the last assessment in 2012. It complimented Achmea on its internal improvements. Not just in relation to the content of the norms, but also perception among employees. The brands OZF Achmea and InShared were granted the Customer-Oriented Insurance quality seal in 2013. More information can be found on www.keurmerkverzekeraars.nl.

Customer satisfaction

	Consumer market			Business market		
	Non-Life	Health	Pension & Life	Non-Life	Income	Pensions
Centraal Beheer	7.7	-	6.6	7.7	7.2	7.1
Zilveren Kruis	-	7.7	-	-	-	-
Interpolis	7.8	7.8	7.6	7.3	7.2	-

Further information about the other brands and the Customer-Oriented Insurance quality seal is available in Annex C.
This also contains links to more information on complaints procedures and customer surveys in relation to the quality seal.

Our societal results

We focus on a sustainable future for our customers, society and our company. And this extends beyond providing financial services alone. Built on the tradition of cooperatives, health insurance funds, employers and employees, we have long been focused on improving the quality of life for all people. This tradition is as current and relevant today as it was at the time of our establishment, and, indeed, society remains as much in flux as ever. New trends, developments and risks call for new, relevant and appropriate propositions that benefit our customers and strengthen society. We consider it our mission to contribute to this process, in view of both current and future generations. Additionally, one of Achmea's social objectives is for our propositions to visibly add to the quality of people's lives. Our customers expect us to facilitate a system of solidarity among policyholders, and this serves as a key touchstone in this process.

KPI	2014 target	2014 status	Target for 2015 and beyond
Ministry of Economic Affairs transparency benchmark	Top 20	21st place	Top 20
Fair Insurance Guide – practical studies selected	≥ 7/10	6	≥ 7/10
The Dutch Association of Investors for Sustainable Development (VBDO) benchmark	Top 5	4th place	Top 5
Reputation Institute reputation benchmark	Top 20	18th place	Top 20

OUR PROPOSITIONS HAVE A DEMONSTRABLE ADDED VALUE

We actively communicate with our stakeholders, and together with them we devise solutions to social issues associated with changing types of risk. This is how we establish the foundation for creating value for society through our propositions. We signed the United Nations Principles for Sustainable Insurance (PSI) in 2012, which is consistent with this objective (see www.achmea.com for more information on Achmea's involvement).

In defining the PSI, insurers and the UN again raised awareness among the public of the essence and relevance of insurance. Insurance, more than just about anything else, is a matter of sustainability; 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 find ourselves affected by illness or financial loss. As risk managers and risk bearers, insurance companies have used their influence to improve the safety of life and make it more 'future-proof', which we accomplish by hedging risk and avoiding it altogether by taking the appropriate preventive measures. As the world changes, so do the risks to which we are exposed. The Principles for Sustainable investment call attention to issues such as global warming, the transition to sustainable energy sources, scarcity of raw materials, poverty, food security, demographic ageing and accessible, good healthcare for all. This is because insurers can use their knowledge and expertise to play an important role in providing solutions to these issues, including in the Netherlands.

Product innovation based on public needs – sustainable insurance – provides new opportunities in the form of products and services that are profitable for Achmea and benefit society at large. In doing so, we want to contribute to a sustainable, healthy and safe society in which people are financially empowered. Within all our divisions, we attempt to find ways to ensure that our services meet society's new and existing needs.

Contributing to a healthy society

As a health insurance company, we assume responsibility for a healthy society, for example by advising our policyholders on how they can – where possible – become more responsible people and start taking charge of their health. We are committed to ensuring that people remain healthy as long as possible, and Zilveren Kruis assists and supports its customers in maintaining a healthy lifestyle. Most of all, we invest in the quality of life of our policyholders, while at the same time keeping healthcare affordable and accessible to all.

Increasing security by creating insight into risks

As a non-life insurance company we respond to new social trends, developments and needs in order to make our customers more aware of the risks they face. In some cases, customers may be able to bear the risk themselves. We recommend insuring only the items that really matter, and in order to assist our customers in this process, we show them how to deal with various types of risk. For example by using the RisicoInKaart product offered by Interpolis. This is a geographic map of the Netherlands that visualises risks such as burglaries and theft of cars and mopeds, and users of the map can zoom in on any postcode area to view the data. In addition, the map also provides practical information and insights related to various risks. Interpolis' RisiGo tool provides its business customers with an understanding of the risks to which they are exposed, so they can decide themselves what risks they wish to insure and what risks should be managed differently, for example by saving or borrowing money.

In 2014, Centraal Beheer celebrated the fifth anniversary of the volunteer policy, an insurance product developed in conjunction with the Association of Dutch Municipalities (VNG). This policy covers all residents of towns and cities across the Netherlands who engage in volunteer work against accidents and liability, thereby increasing willingness among the public to do volunteer work and promoting a trend that is to be encouraged because it benefits society as a whole.

The partnership with the Association of Dutch Municipalities has also resulted in other insurance solutions, such as the Practical Job Placement policy. This provides accident and liability cover for companies which offer work experience or trial placements to people seeking jobs after a long period on benefits.

VALUE TO SOCIETY OF THE SHARING ECONOMY

People have been sharing and swapping merchandise since time immemorial, and the emergence of new technologies has sparked a revival in bartering and sharing property. For instance, you can participate in paid car-sharing via the SnappCar, WeGo or MyWheels platforms. Standard car insurance does not cover you as a private individual if you lease out your car, but Centraal Beheer and the platforms have now come up with a solution to this. In early 2015 we will also conduct a trial in conjunction with product-borrowing platform Peerby. We commissioned True Price to conduct a survey on whether this new form of sharing creates value for society. Although it is difficult to express the value in terms of money, the survey points to these initiatives promoting valuable social contact between people. We see this as confirmation that we are on the right track.

Determining added value

Insurance is an important activity for society, but the exact added value for society of our product portfolio is difficult to quantify. We are exploring opportunities for measuring this added value, but have not yet found a reliable methodology to date. Until that time, we will measure our added value to society through independent surveys relating to transparency, investment and reputation conducted by the government, non-governmental organisations and research institutions. For example, the Transparency Benchmark conducted by the Ministry of Economic Affairs is a survey of the content and quality of the reports published by Dutch companies. We are currently ranked 21st in this survey, partly because 2013 was the first year we published an integrated sustainability report. Our goal for 2015 is to reclaim our place in the Top 20. The benchmark of the Dutch Association of Investors for Sustainable Development (VBDO) evaluates our sustainable investment performance, and Achmea managed to keep its fourth place in this benchmark. It is our ambition to retain a Top 5 place in 2015. The Fair Insurance Guide also assesses investment policies. Achmea scored a 7 (out of 10) in the first practical survey in 2013 and aims to at least maintain this score in the practical surveys relating to the themes of human rights, labour rights, climate change, health and the environment. In 2014, this survey was devoted to access of the poor to medication, for which Achmea earned a score of 6, for our own investments. The Reputation Institute conducts research into the reputation of Dutch and international companies, and its data reveals that corporate reputations are increasingly determined by sustainability. At the end of 2014, Achmea ranked 18th in the Reputation Institute's annual reputation benchmark in the Netherlands (versus 14th in 2013). Since this benchmark is also a key indicator of sustainability performance, we feel a high position in the survey is very important, and our company aims to again be part of the top 20 in 2015.

WE FACILITATE THE SOLIDARITY OUR CUSTOMERS WANT

Our services as an insurer extend beyond providing insurance products alone: we are also committed to investing in society and make our choices based on considerations of solidarity. This is because we believe there is strength in numbers and we identify, promote and support new forms of solidarity.

New forms of solidarity

These new forms of solidarity are also created by the people themselves, People, but also companies and governments, come together in order to create new alliances. We want to support these types of initiative with a significant social impact. This is, in fact, one of the reasons why we co-founded the WeHelpen cooperative, 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, has a membership base of 17,000 just two years after it was established.

Micro-insurance on a cooperative basis

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 to increase the economic and physical resilience of the poorest populations. Achmea employees actively contribute to this objective by sharing their knowledge about financial security on a voluntary basis. In 2014, our employees worked more than 9,000 hours as volunteers on micro-insurance projects (versus more than 6,000 hours in 2013). Reinsurance cover is also provided by Achmea Reinsurance at some of these projects. Some projects are supported by donations and organisational aid from the Achmea Foundation. This financial support is aimed at professionalising the cooperatives that provide micro-insurance. Read more about the various micro-insurance projects at www.achmea.com.

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 organisations, including Wageningen University & Research Centre and the development organisations PharmAccess and HealthNet TPO, are helping to improve healthcare and food production. These are contributing to more stable growth and the development of local economies.

Volunteer work and community involvement

A large number of Achmea employees are volunteers 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. In addition, we also actively contribute to supporting and organising social projects. You can read how we invest in society on www.achmea.com.

Investing in society

The Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving are dedicated to empowering vulnerable populations. Zilveren Kruis and the Health Insurance Fund are working together on the Global Health Membership to allow access to medical care for people with a small income in Africa. In addition, three foundations that are co-funded by Achmea – Stichting Gezondheidszorg Spaarneland, Stichting Theia and Stichting Achmea Gezondheidszorg – are committed to improving the efficiency of Dutch healthcare. Further information about these three foundations is available at www.achmea.nl/zorgaanbieders.

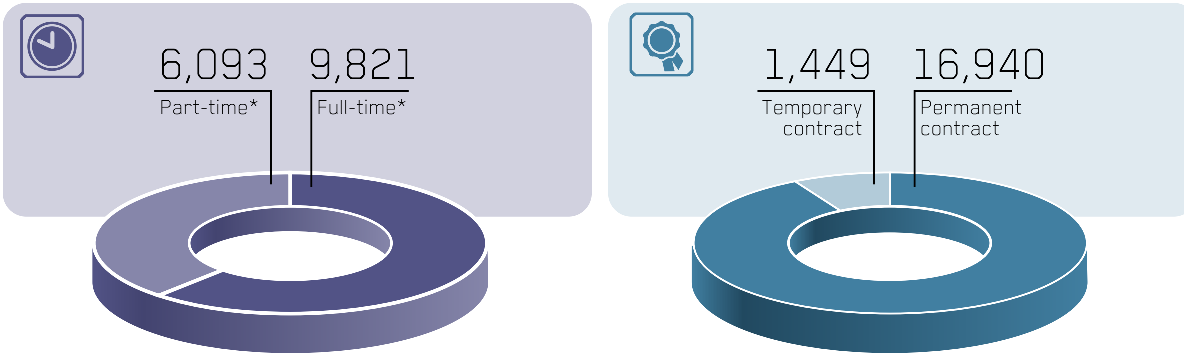
Our employees

With so many changes occurring all around us, we expect our employees to make an effort to adapt to their new environment. This means they must be ready – through customer focus, by developing their expertise and improving on an ongoing basis – to our goal of becoming the most trusted insurer in the Netherlands. Unfortunately, as part of our change programme we will be compelled to eliminate a large number of jobs this year. We believe long-term employability is of strategic importance in this process: it is each employee's responsibility to proactively plan for changes in knowledge, skills and capacity.

KPI	2014 target	2014 status	Target for 2015 and beyond
Employee Engagement*	> 71%	73%	> 71%
Employee Engagement score for: our work is based on a set of predefined standards and we improve our processes on an ongoing basis*	-	60%	≥ 60%
Employee Engagement score for: I understand the intended direction in which my division is heading*	-	70%	72%
Employee Engagement score for: My career and employability are mostly my personal responsibility*	-	89%	≥ 89%
Employee Engagement score for: I feel energetic and empowered to take charge of my own career*	-	-	70%
Percentage of employees with a Personal Development Plan*	-	78%	90%

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

Number of employees as at 31 December 2014, broken down by contract type



** This information relates to Achmea's Dutch operations.*
In addition to the information provided on the following pages, further background information on our employees is available in annex D.
For more information on our remuneration policy, please see the remuneration report which will be published on our websites www.achmea.nl and www.achmea.com.

OUR EMPLOYEES EXCEL IN CUSTOMER SERVICE, PROFESSIONALISM AND ONGOING IMPROVEMENT

We work on developing customer focus and customer centricity and are committed to helping our employees improve their expertise and personal skills, so as to allow us to better assist our customers. Customer centricity is a key part of all our training programmes, including the course for employees that covers the Financial Supervision Act. We also believe in communicating clearly with customers in all our interactions with them.

Achmea invests in improving the expertise of its employees through training courses, which are offered both in-house and by external providers. In 2014, a total of 2.8% of the Dutch wage bill was spent on external training and external education (versus 3.2% in 2013). As part of our plan for long-term 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 at achieving and retaining a strong position in the internal and external labour markets.

In addition, Achmea also offers its employees a variety of opportunities for development within the company. For one, a Management Development programme is in place to prepare employees with management potential for managerial roles. We also help our specialists to further develop their skills through Specialist Development programmes, in which specialists collaborate on a multidisciplinary basis in finding solutions to various challenging issues facing the company. A range of training courses, workshops, meetings and seminars serve to expand and augment the expertise of Achmea employees and provide them with opportunities for personal development. Achmea Academy works closely with providers of training programmes throughout the world, including with its partners in the international Eurapco organisation, an alliance of European cooperative insurance companies of which Achmea is a member.

We are committed to ensuring ongoing improvement in all our endeavours, and the procedures we have implemented to achieve this are based on the Lean principles. We have a name for this process: SENS, which is a Dutch acronym that translates as "Effectively Achieving Success Together". Part of this procedure is for employees to provide input for improvement, in an environment in which everyone is invited to contribute new ideas. The objective of the SENS procedures is to avoid waste in our operating processes, our actions and our mentality, and to put this into practice on a daily basis. For one, we are working on building a more customer-driven organisation, improving our customer services and remaining a solid financial company in the long term.

MANAGEMENT TRANSLATE AND IMPLEMENT OUR STRATEGY

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. The response rate in 2014, at 86%, was once again high (although down 1 point from 2013). Overall scores are similar to those for 2013. The development in a number of topics is good in relation to the benchmark. The Employee Satisfaction Survey enables us to assess whether we are on the right track towards becoming the most trusted insurer in the Netherlands. With its high response rate, we can truly say the Survey provides a reliable picture of the employee experience at Achmea.

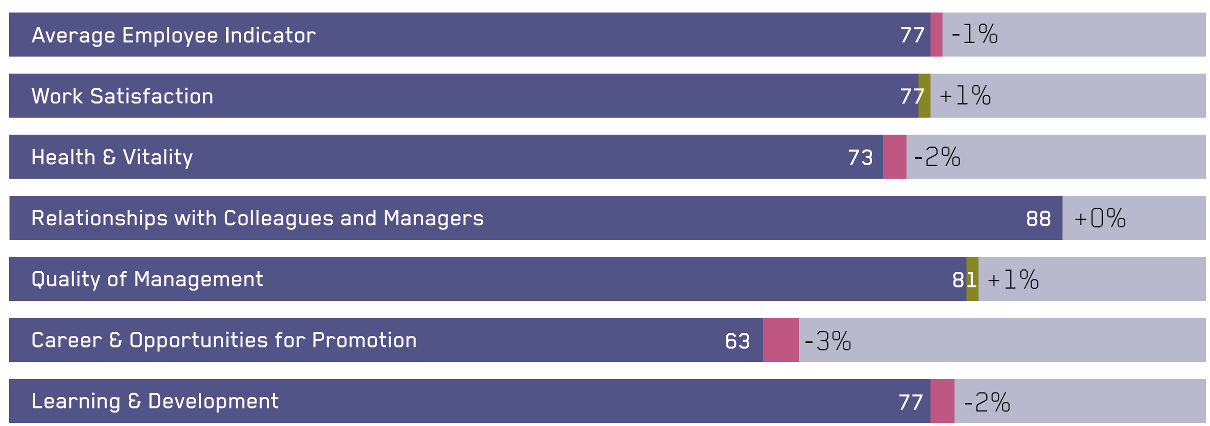
While the categories of ‘Customer Centricity’ and ‘Realisation’ show a slight increase, statements concerning the ‘Challenging Goal’ and ‘Trust’ score lower. ‘Achmea as an attractive employer’ scores 79%, down 4 percentage points from 2013. A closer internal investigation has revealed that these lower scores can largely be attributed to the recent corporate reorganisation. We are aware that we demand a great deal from our employees with all the changes they face, to which they are expected to adjust independently. In the process, we abandon existing processes and procedures, which can sometimes cause uncertainty among our people. As a result of the reorganisation, a total of approximately 4,000 FTEs in the Netherlands will need to be reduced between 2014 and 2016. Despite these changes, our scores in the key indicators ‘Customer Centricity’, ‘Leadership’ and ‘Ethical Awareness’ increased by 1 (to 64%), 1 (to 82%) and 3 (to 80%) percentage points, respectively.

We also ask our employees every year whether they feel we are on the right track in achieving the challenging goal of become the ‘most trusted insurer in the Netherlands’. We are seeing a decline here of 7 percentage points to 49%. This lower score, too, is largely the result of the corporate reorganisation. A total of 32% of our employees already feel that Achmea is the most trusted insurer in the Netherlands, and we believe this rate is insufficient. We therefore asked our employees another question, which enabled them to reply in more detail: “What additional resources do you require in order to be able to work towards our challenging goal?” Employees most frequently cited ‘sufficient capacity and manpower’, ‘effective systems and IT support’ and similar responses. Based on an analysis of the overall Employee Engagement Survey, we defined a number of action items for the organisation as a whole, which we have incorporated into our day-to-day management. It has since become a topic of ongoing discussion for our employees and the members of the Supervisory Board.

Achmea also aims specifically to ‘add value’ to its employees, since this affects the quality of the services our customers receive. They are ultimately responsible for providing our customers with the best possible services, and based on this awareness 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 score of this indicator is 77%, down one percent point from 2013. More figures are available at www.achmea.nl.

Our managers play a vital role in helping to achieve our strategy: as the first point of contact for our people, their responsibility is to present the company strategy to employees in such a way that it becomes tangible and relevant to their jobs. Achmea is committed to supporting its managers, and one of its many initiatives in this regard involves inviting new managers to participate in a special onboarding programme in which they are instructed on aspects such as the Achmea leadership model and Achmea’s perspective on its role and responsibilities as an employer. Another important issue we discuss is long-term employability and how managers can promote this among their team members. Regular meetings and training courses are held for all employees, which are designed to provide them with more information or to learn about issues that are current and/or relevant. Managers are invited periodically to attend meetings with the Executive Board in order to discuss the company’s strategy and identity.

Employee indicator (in % and the difference relative to 2013)*



** This information relates to Achmea’s Dutch operations, excluding the ‘third-party’ companies. The 2013 figures have been recalculated in order to allow comparison*

Although the development in a number of topics is good in relation to our peers, we see the outcomes of the Employee Engagement Survey as encouragement to improve the results to better position our staff so they can deliver better services to our customers.

EMPLOYABILITY IS EVERYONE'S RESPONSIBILITY

The professional and personal growth and development of employees is a priority in Achmea's employment practices. As such, the company encourages and facilitates employees in their development process, as a result of which they are and remain resilient, adaptable and valuable. In addition, Achmea also makes ongoing efforts 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 in order to ensure their long-term employability.

The reorganisation announced last year will start to take effect this year and will inevitably have an impact on many of our valued people, but we will strive to protect the interests of the employees affected to the extent of our ability. The Achmea Transfer Centre (ATC) supports redundant employees in finding alternative, suitable employment within or outside the company. 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 eligible for redeployment are considered over other candidates for internal vacancies. Unfortunately, the ATC is unable to redeploy all redundant employees within the company, and, indeed, in recent years the focus has shifted increasingly to redeployment outside the organisation.

A total of 804 employees started using the services of the ATC in 2014. 55% of the employees for which the services ended in 2014 have been successfully redeployed. On average, 174 redundant employees of the ATC were employed on a temporary basis in 2014 (versus 193 in 2013). The external placement rate for 2014 was 13% (versus 10% in 2013).

The company began implementing the new Redundancy Plan in 2014, which not only provides for redeployment services for employees who have been made redundant following a reorganisation, but is also aimed at employees with positions that may be eliminated over time. As such, the Redundancy Plan is increasingly aimed at prevention, which is consistent with the principles of long-term employability. Employees at risk of being made redundant have access to a variety of resources to assist them with career orientation and mobility issues.

Retaining knowledge and experience with Silver Pool

The Silver Pool was established in January 2010 for redundant employees aged 57½ and older who are subject to the Redundancy Plan. Achmea and these employees together actively look for opportunities for temporary work, so as 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 included a total of 102 employees at the end of 2014.

Our partners

We sell our insurance both to customers directly and through various distribution partners, the most important of which are banks and brokers. Rabobank is our main distribution partner. 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.

KPI	2014 target	2014 status	Target for 2015 and beyond
Rabobank satisfaction	7.8/10	7.8/10	7.8/10

"Together we are building on our sound relations, and that includes internationally."

Rien Nagel is a member of Rabobank's Executive Board

WE MAKE INSURANCE SUCCESSFUL FOR RABOBANK

Rabobank and Achmea work closely together. Through the Interpolis brand, Achmea is Rabobank's exclusive supplier when it comes to mitigating risks for clients.

The partnership with Rabobank has enabled Achmea to become market leader in the private and business non-life insurance markets and to attain a strong position in the income protection and individual life insurance markets. The all-finance service provided by Rabobank and the Interpolis service provided when customers suffer damage or loss are part of the reason for the high level of customer satisfaction. The loyalty of Interpolis customers is among the highest in the market.

In order to continue this success in the future, Rabobank and Interpolis are working on creating a new formula for online bank assurance. A formula which enables customers to do business with us easily. For customers who require more advice and guidance, we are investigating how the expertise of various specialists can best be used most effectively.

In addition to improving their services, Rabobank and Achmea are working on substantially reducing the cost of the banking insurance chain. This is essential to be able to offer customers affordable products. This cost-cutting is also required in order for Rabobank to earn a structurally healthy result on selling insurances. Among other things, the role model between Rabobank, Interpolis and Achmea is being adjusted. The ultimate aim is to provide customers with a quick, efficient and above all effective service. What these adjustments will entail will become clear in 2015.

Over the next few years the propositions for Rabobank's private and business customers will also be revised. This has already been done for small business customers under the name Zeker van je Zaak (Certain of your business) at Interpolis. We plan a full revision of the Alles in één Polis (Everything in a single policy) for private customers. This will mean a revised product which can be arranged online for 1.3 million customers. The revision of the *Alles in één Polis* will be conducted in phases: in 2014 all home insurance policies were revised and in 2015 it will be the turn of the other private insurance policies. In 2014 preparations were made for the new *Zeker in Bedrijf* (Certainty in business) proposition for Rabobank's small and medium-sized business customers; this will be introduced in 2015. All propositions for Rabobank focus on risk advice, prevention and clear insurance solutions. Interpolis is increasingly becoming a risk and prevention specialist.

WE ARE SUCCESSFUL AT ACHIEVING SELECTED (DISTRIBUTION) PARTNERSHIPS.

Many Achmea insurance policies are sold via brokers. These may be consultants, internet sites based on execution-only or a combination of the two. Achmea's main brokerage channels are the intermediaries of Avéro Achmea, the aggregator 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 itself, but works together with professional advisors. Customers must be able to trust completely in the expertise, independence and thorough service provided by their advisor. Avéro Achmea therefore cooperates with a select group of independent, entrepreneurial advisors. Together with these advisors, we develop new solutions. The purpose of this work is to ensure that customers receive valuable advice and are insured in a way that is best for them. A scientific 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 aggregator 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. Independer wanted to develop new services, such as the comparison 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 aggregator for consumers will remain guaranteed because, among other things, all insurers will continue to have equal opportunities in comparisons made by Independer. Read more at: www.independer.nl.

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. More information can be found on 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-advantageous insurance products.

International partners
Achmea is affiliated with a number of international alliances, including those for mutual and cooperative insurers. The idea is that international collaboration enables insurers to tackle challenges more easily and fulfil their social role even better.

Eurapco
Eurapco is an independent alliance of seven mutual insurance companies (Achmea, Caser, Covéa, Gothaer, Länsförsäkringar, LocalTapiola and Swiss Mobiliar). The partners operate in 18 countries, and one in every ten European citizens is insured via a Eurapco partner. With the addition as of 1 January 2015 of Italy's Reale Mutua insurer as a candidate to be a partner, Eurapco will grow to serve over 40 million customers. The joint gross written premiums (GWP) of the Eurapco partners, including Reale Mutua, is over €50 billion and this combination employs about 70,000 people. Eurapco encourages business between the partners and the sharing of inspiration, knowledge, benchmarks and best practices. This is done via over 60 working groups, in which Achmea also plays a prominent role. This allows Eurapco partners to respond efficiently and effectively to the rapid changes in society while retaining their individual identity and independence. Commercial alliances are also formed in addition to increasing and sharing knowledge. These involve reinsurance, sharing major risk and in particular insuring wind farms.
The joint transport portfolio, including freight, art and logistics, is also shared and reciprocal agreements have been concluded to represent one another in several Eurapco domestic markets for settling vehicle insurance claims.
The further stimulation of mutual commercial alliances is an important priority for Eurapco and its partners. More information is available on www.eurapco.com.

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.

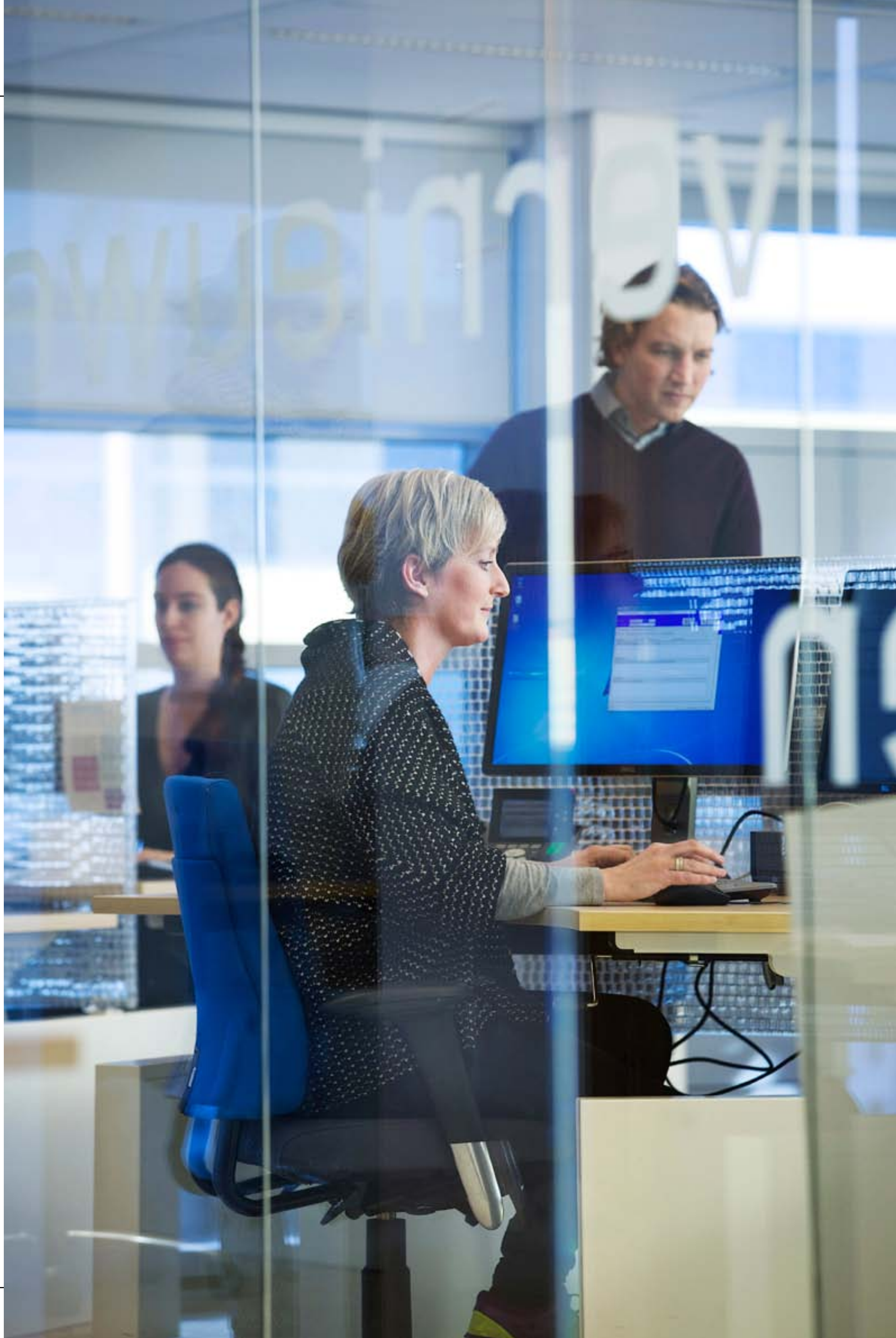
Maxis
The Maxis network is the Global Employee Benefits Network of AXA in France and Metlife in the US. It is active in 111 countries and Achmea is its exclusive Dutch partner. Multinationals increasingly use international networks such as Maxis to pool their global employee insurance policies or to house them in their own captive construction. This enables cost savings and they obtain greater insight into and control of their global risk for their employees' pension, income protection and life insurance policies.
The partnership with Maxis is therefore strategic for serving the multinational market. The Netherlands is viewed by Maxis as its second 'domestic market' alongside the US as many (international) multinationals are represented in the Netherlands. More information can be found on www.maxis-gbn.com.

Our processes

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.

KPI	2014 target	2014 status	Target for 2015 and beyond
Share of communication of Zilveren Kruis and Avéro Achmea with health insurance customers that can be facilitated electronically	95%	93%	2 million customers opt for digital
Share of communication of Centraal Beheer with customers that is facilitated electronically	-	20%	-
Share of online sold non-life policies of Interpolis	-	24%	30%
Average annual reduction in energy consumption (2005-2020)*	2%	5.0%	2%

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



WE USE TECHNOLOGY AND INFORMATION AS THE DIFFERENTIATING FACTORS

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. We are investing in online customer contact, including through websites, social media such as Twitter and Facebook, and mobile phone and tablet 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 services, processes and products as when customers switch between the various channels.

By increasing our online presence, our brands will benefit from the opportunities provided by digitalisation. 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 and Avéro Achmea have set an ambitious growth target for digitalisation: whereas health insurance customers can choose to receive 93% of communications in electronic format, we would like two million customers opt for this the end of 2015.

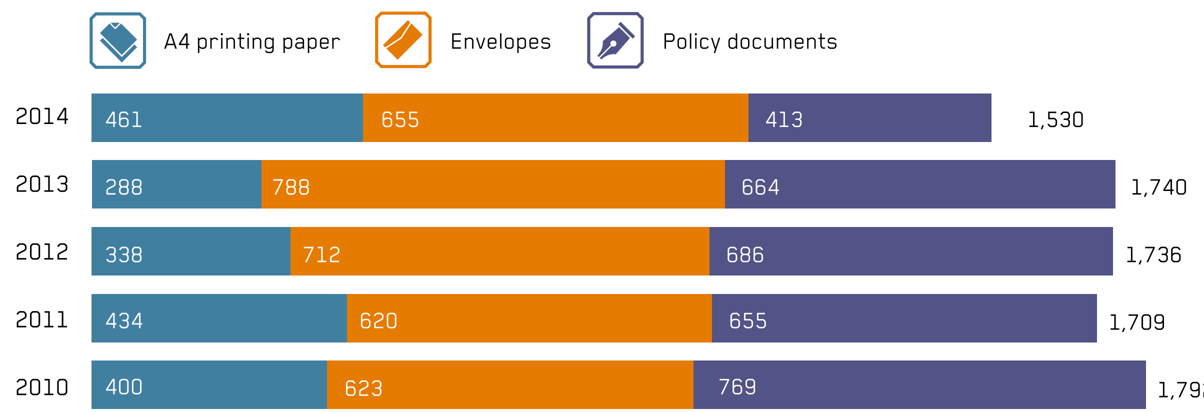
FBTO and InShared already have a high degree of digitalisation. Achmea is also investing in digitalisation on behalf of its other brands, and this investment should result in a further reduction in paper consumption.

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 the five years after its introduction in 2013. Achmea uses only FSC and PEFC-certified paper.

'EVEN PENSIOEN' APP

Centraal Beheer has developed a mobile application called 'Even Pensioen' (a brief look at pensions) which can be downloaded for free from Google play and App store. Centraal Beheer aims to use this app to increase awareness of pensions among employees. The short film clips are used to answer frequently asked questions about pensions and common pension terms are also explained clearly. The participant is provided with up-to-date news on pensions via the app. The app also supports employers in communications on pensions to its employees.

Paper consumption in the Netherlands (in 1,000kg)



Relative paper consumption in the Netherlands in 2014 (excluding 'third-party' companies) was approximately 117 kilograms per FTE (versus 128 in 2013). More information on the sustainability of our operations, including information on energy, CO_2 and waste, is available in appendix E.

ELECTRONIC INSURANCE CLAIMS PROCESSING

InShared is the world's first insurance brand to process all simple insurance claims electronically from start to finish. This involves about 60% of claims. This makes the insurance claims process for our customers quicker, simpler and more transparent. The online claims function means an end to irritation on the part of customers when submitting insurance claims. We also expect this step forward to help us save a considerable amount on claims costs, which will ultimately benefit our customers. The introduction of the electronic insurance claims function is revolutionary within the insurance industry. Although the online or mobile reporting of claims is already possible at several insurers, the processing of these claims behind the scenes remains a task for humans. Yet the majority of insurance claims are so simple that fully-automated processing is possible. This improves the ease of use and transparency. Human supervision and support continue to apply to more complex claims.

We work based on standards

We want to improve service processes for our customers. We are employing two methods to achieve this. On the one hand we are improving our administrative processes and, on the other, we are improving the processes involved in customer contact.

Improving administrative processes

Administrative processes include, for instance, amending personal details and awarding pay-outs. When improving these processes, together with our employees we analyse the best method for conducting a procedure. The employees then lay this down in working instructions. In doing so, we ensure high-quality process implementation and a basis for improvement.

We ensure that processes are designed and implemented in such a way that customers experience a minimum waiting time and a higher level of reliability of services. In real terms, this tends to go hand in hand with cost savings and significant improvements of our customer satisfaction scores.

Various administrative processes were improved using this method in 2014. This included a number of healthcare, insurance claims and software development processes. This approach will be used in 2015 to further standardise the main processes.

FOREIGN HEALTHCARE INSURANCE CUSTOMERS ASSISTED MORE QUICKLY

In 2014 we realised that a number of processes for customers with healthcare insurance who live outside the Netherlands were not working efficiently.
This led to:

- Long completion time for these customers
- Multiple contacts with these customers
- Surplus forms
- A great deal of rectification work due to incomplete details
- No standard delivery method
- Fragmented tasks without a clear owner

We investigated how best to reduce the completion time for customers. We subsequently standardised input, introduced an electronic form and adjusted the sequence of the process steps. The result is that we have reduced the completion time from 5-6 weeks to four days. Customers who phone us are also put through to fewer different employees and they receive a clear picture more quickly. The total processing time has been reduced by 44%.

Improving processes relating to customer contact

In order to improve the level of service we provide to our customers and reduce the costs of our Customer Contact Centres, we use the international COPC standard to analyse our Customer Call Centres and identify improvements. The insurance claims services for Centraal Beheer, Avéro Achmea, FBTO and Interpolis were the first to undergo this. Through the efforts in 2014 we understand where improvements are needed. These adjustments are to be implemented in 2015 with the aim of raising customer satisfaction and cutting costs. We will measure the quality of our services again at the end of 2016.The aim is to have improved so much by then that we will be the first Claims Call Centre in the Netherlands to obtain COPC certification.

EXAMINE CUSTOMER PROCESSES USING CUSTOMER JOURNEYS

A customer journey depicts a customer's interaction with one of our brands within the sales and service processes. This demonstrates how successfully we have set up our customer processes. Our biggest Dutch brands have already set up customer journeys for both private and business customers in line with our standard customer journey method. This method enables us to work better and more accurately on developing our services from our customers' perspective.

OUR PROCESSES CONTRIBUTE TO ACHIEVING THE HIGHEST NET PROMOTOR SCORE

Achmea is constantly working on improving its products and services. The Achmea brands aim to offer excellent customer services and brand experience during each customer contact (offline and online). Via its Acceleration & Innovation programme, among other things Achmea is conducting the migration to electronic customer services. Tangible and up-to-date customer feedback is essential to creating effective offline and online customer services and to redesigning customer processes.

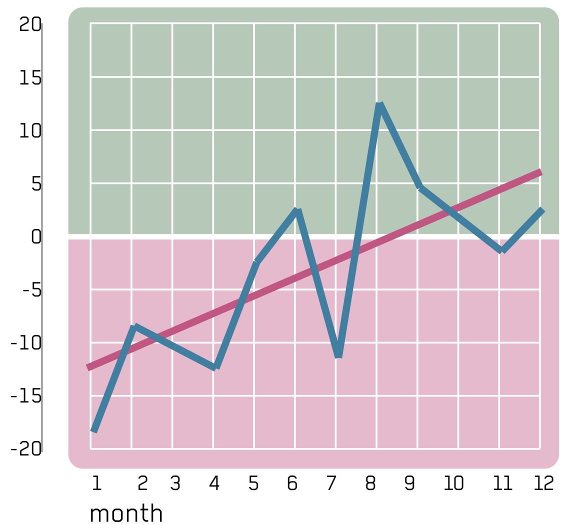
The Achmea brands measure the quality of contact with customers, in all channels, across all relevant processes. This enables us to hear directly from our customers what they like about our services and where there are opportunities for improvement. We continuously ask our customers whether they would recommend our products to others. This Net Promoter Score (NPS) is an important gauge of how enthusiastic our customers are about our brands' services.

Wherever possible customer feedback is passed back to the employee who had contact with the relevant customer. Employees are given the opportunity to rectify any errors immediately and provide the correct service after all. Customer feedback also serves as a basis for implementing structural improvements to products, services, processes and communications. This allows Achmea to improve its brands' services at operational and strategic level and to increase its NPS.

For instance, this type of steering last year enabled us to achieve a higher NPS for E-mail processing at FBTO. Specific focus and implementation of structural improvements based on customer feedback pushed the NPS up from -19 to +2. Structural improvements based on this customer feedback were also implemented on the website www.fbto.nl.

NPS development FBTO

First line e-mail processing in 2014



The Achmea brands can use this NPS to continue to provide customers with an excellent service on relevant customer touch points in the future and to keep pace with changing customer needs for mobile first and online services.

Our non-life claim processing is highly regarded in the market, and this is confirmed by the high NPS scores awarded us by customers. Thanks to the targeted development of our processes, e.g. for Centraal Beheer travel and home insurance policies, we are organising the settlement of claims increasingly quickly and more directly. Customers awarded this a structurally high NPS score of 45 and 42 respectively for 'travel direct' and 'home direct' in 2014.

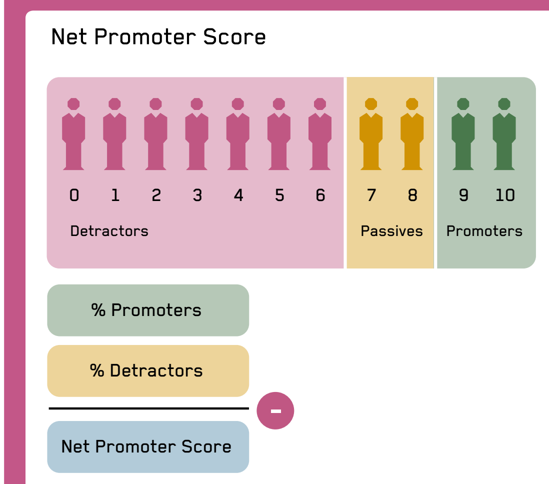
NET PROMOTER SCORE

The Net Promoter Score (NPS) gauges the extent to which customers would recommend a specific brand. Respondents are asked the following question: How likely is it that you would recommend us to your friends, family or colleagues?

The answer is given on a scale from 0 (highly unlikely) to 10 (highly likely). Customers are divided into three categories:

- Promoters = customers who award a score of 9 or 10
- Passives = customers who award a score of 7 or 8
- Detractors = customers who award a score of 0 to 6

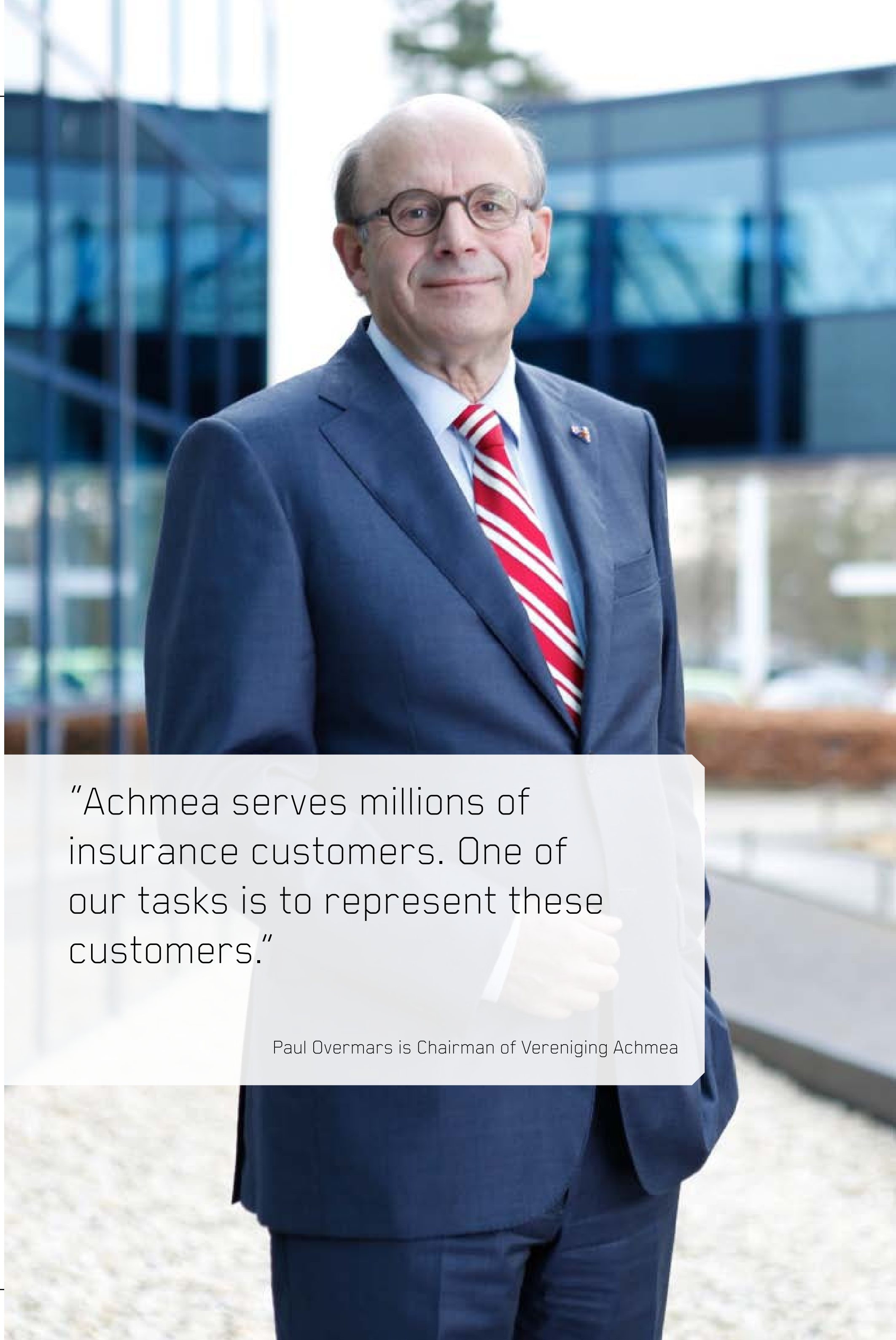
The Net Promoter Score is calculated as the difference between the percentage of promoters and detractors and is not expressed as a percentage but as an absolute figure. If, for instance, you have 25% promoters, 55% passives and 20% detractors, then your NPS is +5.



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.

KPI	2014 target	2014 status	Target for 2015 and beyond
Insurance activities solvency ratio (IGD)	> 190%	215%	> 190%
Basis Health Insurance combined ratio in the Netherlands	< 100%	98.7%	< 100%



"Achmea serves millions of insurance customers. One of our tasks is to represent these customers."

Paul Overmars is Chairman of Vereniging Achmea

Group performance

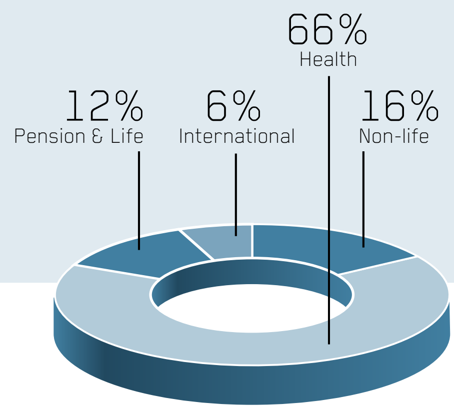
GROSS WRITTEN PREMIUMS
€20,002 million

NET PROFIT
€16 million

EQUITY
€9,818 million

SOLVENCY IGD
215%

Gross Written Premium



RESULTS (€ MILLION)

	2014	2013	Δ
Gross written premiums	20,002	20,225	-1%
Net earned premiums	18,757	19,532	-4%
Investment income including associates	4,820	867	n/m
Fee and commission income	431	433	0%
Banking, fee, commission and other income	2,788	2,565	9%
Total income	**26,796**	**23,397**	**15%**
Insurance and investment contracts, reinsurance contracts	22,929	19,201	19%
Operating expenses	2,975	2,857	4%
Banking, interest and other expenses	900	1.058	15%
Total expenses	**26,804**	**23,116**	**16%**
Operational result**	**388**	**542**	**-28%**
Profit before tax	-8	281	n/m
Net profit	**16**	**349**	**n/m**

** n/m: not meaningful.*
*** Achmea's operational result is calculated by adjusting the reported Net Profit before tax for special items. These are items of income or expense that are significant and arise from events or transactions that are clearly distinct from the ordinary business activities and therefore are not expected to recur frequently or regularly. This includes for instance restructuring expenses, goodwill impairments and results on divestments before tax related to divested operations.*

FINANCIAL RESULTS

General information

The ongoing transition of our organisation and the dynamic market conditions have resulted in a modest profit. Our operational result** reached €388 million (2013: €542 million), which decrease was mainly the result of allocating a total of €335 million of our results in order to keep health insurance premiums low in 2015 and to lower profits in the Pensions and Life Insurance business. As a result of nonrecurring items, including reorganisation expenses (€239 million) and impairments of goodwill and other intangibles in the first half of the year (€143 million), the net profit fell to €16 million (2013: €349 million). Gross written premiums remained almost unchanged at €20,002 million (2013: €20,225 million). Operating expenses fell by €116 million in 2014 on a comparable basis; one of the contributing factors was the substantial savings on staff and housing expenses. Operating expenses including nonrecurring effects such as substantial reorganisation expenses have increased to €2,975 (2013: €2,857 million). Our solid financial position was further demonstrated by an increase of the solvency ratio of our insurance activities to 215% (year-end 2013: 202%).

Operational result

The operational result reached €388 million (2013: €542 million). Our Dutch non-life and insurance business experienced a strong year, in which we continued to increase the profitability of our income protection insurance portfolio. While the number of large fire and storm damage claims decreased among our customers in 2014, there was an increase in the number of personal injury claims in the business segment. Results from our

Operational result is a non-GAAP financial measure and is not a measure of financial performance under IFRS-EU. This additional measure should be viewed as complementary to, and not as a substitute for, our figures determined according to IFRS-EU.

Dutch health insurance business fell mainly as a result of the restitution of part of our 2014 results, which was used to keep health premiums low for the year 2015, and the premium reduction we implemented for our policyholders in 2014. We have made the decision to address the expansion of coverage in the basic health insurance package, particularly the transfer of district nursing services to the basic health insurance package, and the higher rate of healthcare consumption for 2015 by allocating a portion of our results. Gross written premiums continued to be under pressure in our Dutch pension and life insurance business, partly as a result of the termination of a number of separate accounts and the further contraction of the market for individual life insurance. In addition, our investment income has been adversely affected by the decrease in the prices of commodities during the second half of the year.

Net profit

The result was strongly affected in 2014 by nonrecurring expenses. These nonrecurring expenses, including reorganisation expenses and goodwill impairments, reduced profit before tax by a total of €396 million.

We further developed our reorganisation plans as part of the Acceleration & Innovation programme as the year 2014 progressed. In that context, an additional reorganisation provision of approximately €150 million was taken in the second half of 2014. We previously created a reorganisation provision during the first half of the year in connection with the workforce reduction in our support staff departments and services, the reorganisation of our distribution organisation and our decision to sell and close down some of our health centers. The total reorganisation expenses related to Acceleration & Innovation for 2014 come to €239 million.

The result was also strongly affected by the previously mentioned impairments of goodwill and other intangibles from our pension services provider Syntrus Achmea and our Russian-based insurance company Oranta in the first half of 2014. These impairments reduced profit by €143 million.

Finally, the sale of our Russian insurance business Oranta during the second half of 2014 and the subsequent transaction results from the sale of our Romanian insurance business Eureko reduced ourresult by €14 million.
The aggregate tax benefit is the result of the tax exemption for our health insurance activities and changes in our tax position. Including nonrecurring effects our net profit reached €16 million (2013: €349 million).

Operating expenses

Our aim remains to cut our operating expenses by €450 million by the end of 2016; this is necessary to achieve a competitive cost level, which will enable us to offer our insurance to customers at a competitive rate. On account of our changing processes and procedures and further digitisation, it is inevitable that the number of jobs in our Dutch operations will be reduced by approximately 4,000 FTEs.

Adjusted for nonrecurring effects* in 2014 and 2013, operating expenses fell by €143 million, or 5%, to €2,759 million (2013: €2,903 million). This decline is mainly the result of a reduction in personnel costs relating to a reduction in the number of jobs, a decline in the costs for hiring external staff and a decline in rents as a result of the termination of several leases and lower depreciation on our own buildings. Operating expenses including nonrecurring items increased to €2,975 million in 2014 (2013: €2,857 million). In January 2014, Achmea's employees were transferred from a defined benefit pension scheme to a collective defined contribution scheme. Achmea's pension charges have increased as a result of the new scheme and the lower interest rate. On the other hand, we reduced the pension liabilities in the balance sheet and, as such, have reduced the volatility of equity. The legal and constructive obligations related to the former defined benefit pension scheme were settled in 2014 based on the position at 1 January 2014. The result on settlement amounted to €8 million costs in 2014 and is accounted for as part of Operating expenses. In 2013, €51 million in negative past service costs related to the plan amendment had been accounted for as part of Operating expenses.

The number of jobs at the company was further reduced in 2014. The total number of employees (FTEs) fell by 1,868 to 16,556, i.e. around 10% (year-end 2013: 18,424). The number of FTEs in the Netherlands was reduced by 804, mainly as a result of the implications for staff of the Acceleration & Innovation programme and the closure and sale of our health centers. By the end of 2014, the Achmea Transfer Center (ATC), which supports redundant employees in finding alternative employment within or outside the company, supported around another 400 FTEs, representing positions that were eliminated during 2014. The number of FTEs outside the Netherlands fell by 1,064, mainly as a result of the impact of the sale of our Russian and Romanian insurance business.

We introduced a new method in 2014 for allocating costs relating to support staff departments to the business segments; this provides an improved insight in the actual expenses and results in the various segments. While the modified method will not affect group results, it will have an impact on operating expenses and results at the segment level. In order to allow for an accurate comparison, we report the difference in operating expenses between the old and modified methods in the segments in 2014.

** Adjusted for reorganisation expenses that are part of the operating expenses, expenses on account of the partnership agreement Staalbankiers entered into with GE Artesia Bank in 2013 and nonrecurring costs related to the formed defined benefit pension scheme.*

CAPITAL MANAGEMENT

Equity
Equity rose to €9,818 million in the past year (2013: €9,702 million), representing an increase of €116 million. The net profits for 2014 contribute a total of €16 million to this amount. Other than that, the increase is mainly driven by the €325 million increase in the revaluation and currency reserves, which was partially offset by a total of €200 million in dividend and coupon payments.

Solvency (Solvency I)
It is in the interest of our customers that we maintain a high solvency ratio: this is the main indicator of our company's financial strength, indicating the extent to which we can meet our commitments to our customers. Our IGD solvency ratio (excluding our banking and pension services business) increased by 13 percentage points from year-end 2013, to 215% (year-end 2013: 202%). This increase is the result of an increase in available capital of €486 million and a reduction in the required capital of €24 million.

The FCD solvency ratio, which relates to the Group including banking activities and pension services business, increased to 217% during 2014 (year-end 2013: 203%).

Financing
In the first half of 2014, we repaid a total of €750 million on a 7.375% Senior Unsecured bond; this repayment had been pre-financed in November 2013. Our debt leverage ratio* fell to 23.1% following this repayment (year-end 2013: 27.8%). Our double leverage ratio** improved slightly to 105.8% (year-end 2013: 106.4%). Our fixed-charge coverage ratio – which reflects the relationship between fixed financing expenses and earnings before interest, tax, depreciation and amortisation (EBITDA) – increased to 4.4.

In February 2015, we completed the issuance of €750 million of Subordinated Notes with a coupon of 4.25%. These Subordinated Notes are undated with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland. In addition, pursuant to a cash tender offer, we purchased €229 million in principal amount of our outstanding €367 million 5.125% Fixed to Floating Rate Perpetual Securities at a purchase price of 101.5%. If these financing transactions had been conducted in 2014, the IGD solvency ratio would have been roughly 13 percentage points higher.

Rating
Achmea B.V. has an 'A-' counterparty credit rating from Standard & Poor's. The main Dutch insurance companies of Achmea have a financial strength rating of 'A+'. During the first half of 2014, Standard & Poor's upgraded our score for enterprise risk management from 'adequate' to 'strong'. At the same time, the outlook for our ratings was revised to 'negative'. This adjustment mainly reflects our lower capital position in relation to the AA level and the relatively low profitability of the Group in relation to the financing expenses. One of the objectives of the change programme initiated in 2013 is to increase our earning capacity.

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

*** double leverage: the ratio between (a) the sum of equity at holding level and the difference between between equity and subordinated debt at holding level and the equity of the subsidiaries and intangible assets and (b) the equity at holding level.*

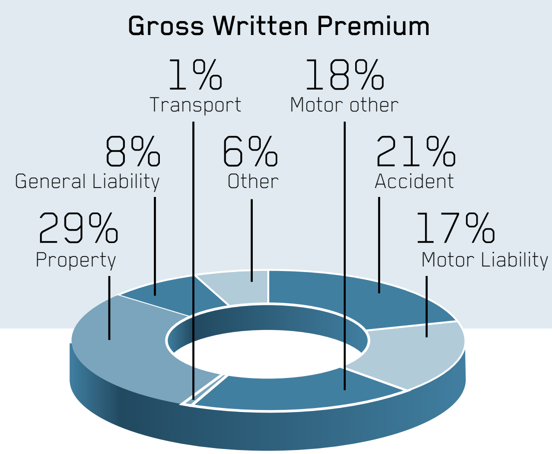
Non-life Netherlands

GROSS WRITTEN PREMIUMS
€3,163 million

PROFIT BEFORE TAX
€103 million

COMBINED RATIO
102.5%

SOLVENCY
262%



INTRODUCTION

Customers purchase our non-life insurance directly, from Centraal Beheer, FBTO and other brands, from Interpolis through local Rabobanks or from Avéro Achmea through brokers. With a share of 22%, we are the market leader in the Dutch market for property & casualty insurance and hold a market share of 18% in the income protection insurance market. Achmea is engaged primarily in developing and providing simple and transparent property and casualty (non-life) insurance. The digitisation of our processes is also important for our Dutch Property & Casualty and Income Protection business, as it enables us to even more effectively meet the changing needs of our customers and further reduce our expenses.

RESULTS (€ MILLION)

	2014	2013	Δ
Gross written premiums	3,163	3,164	0%
Net earned premiums	3,089	3,112	-1%
Investment income	184	221	-17%
Other income	28	27	4%
Total income	**3,301**	**3,360**	**-2%**
Insurance and investment contracts, reinsurance contracts	2,247	2,281	-1%
Operating expenses	936	771	21%
Other expenses	15	43	-65%
Total expenses	**3,198**	**3,095**	**3%**
Profit before tax	**103**	**265**	**-61%**

RESULTS

Profit before tax for 2014 from our Non-life Netherlands segment are significantly affected by the modified cost allocation method. Adjusted for the modified method, the profit before tax remained stable at approximately €266 million. (2013: €265 million). This result is attributed to several factors, including the absence of any major storms and substantial fire damage among our customers in 2014, while fewer customers made claims under their income protection insurance policies than in 2013. This was offset by the fact that our business customers, in particular, made a larger number of liability claims for personal injuries. Based on the modified cost allocation method, profit before tax of the Non-Life Netherlands segment reached €103 million.

Adjusted for the modified cost allocation method, operating expenses of the Non-Life Netherlands segment remained level. Based on the modified method (with an effect of approximately €163 million), operating expenses increased to €936 million (2013: €771 million).

Gross written premiums in 2014, at €3,163 million, remained virtually stable (2013: €3,164). However, the market for non-life insurance is contracting, which means we were able to successfully increase our market share slightly.

The solvency ratio increased to 262% (2013: 237%) as a result of an increase in the unrealised revaluation reserves caused by a lower interest rate and higher stock values.

BUSINESS LINES

Property & Casualty

We aim to make it as simple as possible for our customers to make a claim with one of our brands and receive compensation. Throughout this process, we also strive to organise our own processes and procedures with a high level of simplicity. We have invested substantially in improving our services, and we have begun regularly conducting customer satisfaction surveys. Thanks to the investments we have implemented over the past few years, the Net Promoter Score in our claims handling business has increased to 35 from 32 last year.

Adjusted for the modified cost allocation method and a nonrecurring gain of €28 million in 2013 on fixed-income securities and equities following the sale of one of our investment portfolios, profit before tax from our Property & Casualty insurance fell by €16 million to approximately €193 million (2013: €209 million). This was mainly the result of higher pension charges. The impact of the modified cost allocation method on our Property & Casualty insurance business is approximately €130 million. Including these expenses, profit before tax came to €63 million.

The favourable weather conditions in 2014 reduced the amount of storm damage among our customers, and in addition there was a reduction in the number of substantial fires. However, this effect was partially cancelled out by the continuing, relatively high cost of claims among our business customers. We work closely with our customers and advisors in the business market on prevention and managing the cost of claims. If necessary, we also consider the policy terms and amounts of the premiums.

Gross written premiums in our Property & Casualty business increased slightly in 2014, to €2,576 million (2013: €2,560 million). Our operating expenses, including the modified cost allocation increased to €760 million (2013: €621 million), while the cost ratio increased to 30.0% (2013: 25.1%). Adjusted for the modified cost allocation method, the cost ratio would have been approximately 24.7%. The claims ratio decreased to 69.7% (2013: 70.0%). The combined ratio increased to 99.7% (2013: 95.1%).

Income Protection

Achmea offers both individual and group occupational disability insurance through Centraal Beheer and Interpolis. Individual occupational disability insurance for businesses offers companies the option to provide income protection to their employees. Our other customers are independent business owners and directors-majority shareholders. In the group insurance market, employers have the option to either bear the risk of their employees' disability themselves or insure it through the Employee Insurance Agency (UWV) or an insurer.

Adjusted for the modified cost allocation method, profit before tax from our Income Protection insurance business increased by €46 million. The impact of the modified cost allocation method on our Income Protection insurance business is approximately €33 million. Including these expenses, profit before tax totalled €40 million (2013: €27 million), which demonstrates that we have been continuing to improve our profit since 2013. Previous measures related to prevention and our ongoing efforts to reduce the cost of claims also contributed to the higher results. This enabled us to release a portion of our provisions for cost of claims from previous years. Both in our individual and group income protection insurance, our customers made fewer claims and absenteeism rates fell from 2013. Improved investment results also added to the higher profit.

Gross written premiums from our Income Protection segment decreased slightly by 3% to €587 million in 2014 (2013: €604 million); Written premiums in our Income Protection insurance business were down, partly due to our measures to restore profitability.

Including the modified cost allocation method (with an effect of approximately €33 million), operating expenses increased to €176 million (2013: €150 million). The cost ratio increased to 28.8 (2013: 23.7%). Adjusted for the modified cost allocation method, however, the cost ratio fell to 23.4% in 2014. The claims ratio slightly improved to 85.2% (2013: 85.8%), while the combined ratio rose to 114.0% in 2014 (2013: 109.5%).

Health Netherlands

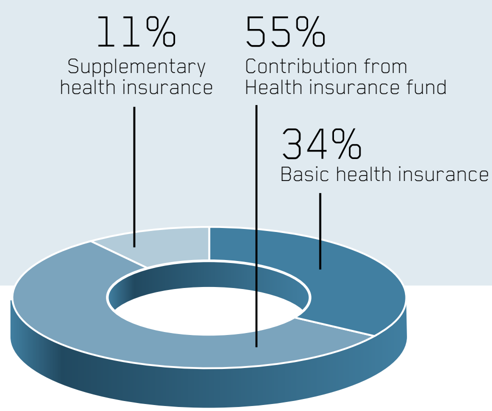
GROSS WRITTEN PREMIUMS
€13,257 million

PROFIT BEFORE TAX
€418 million

COMBINED RATIO
98.4%

SOLVENCY
214%

Gross Written Premium



RESULTS (€ MILLION)

	2014	2013	Δ
Gross written premiums	13,257	13,253	0%
Net earned premiums	12,925	12,987	0%
Investment income	85	98	-13%
Other income	140	154	9%
Total income	**13,150**	**13,239**	**-1%**
Insurance and investment contracts, reinsurance contracts	12,125	12,041	1%
Operating expenses	634	574	10%
Other expenses	-27	95	n/m
Total expenses	**12,732**	**12,710**	**0%**
Profit before tax	**418**	**529**	**-21%**
Of which: structural result	207	259	
Of which: incidental result	161	208	

** n/m: not meaningful.*

INTRODUCTION

Through well-known insurance brands such as Zilveren Kruis, FBTO and Interpolis, we provide basic and supplemental health insurance . Additionally, we also offer healthcare services through regional healthcare offices and the Eurocross emergency services for global medical aid.

We made a strategic decision to focus, in particular, on group contracts with whom we can agree on terms related to prevention, vitality and care. This allows us to truly contribute to improving the health of our customers. It is good to see that a total of 5.3 million Dutch people opted for one of our insurance brands in the past year, which enabled us to successfully protect our market share. We can use our economies of scale to procure the highest-quality care for our customers at the most competitive rates.

RESULTS

Structural results from our basic health insurance for 2014 fell by 20% to €207 million (2013: €259 million). Including the structural results from our supplemental health insurance of €49 million (2013: €62 million), total structural results in the Health Netherlands segment fell by 20% to €257 million (2013: €321 million). The decline was caused by the previous reduction in our basic health insurance premiums for 2014 of roughly €100 per policy and the lower number of policyholders.

The segment results were further supported by several nonrecurring items of €161 million. Our brands were once again able to offer their customers competitive premiums for 2015. We allocated a portion of our 2014 results for this purpose. Despite the transition of part of the General Act on Extraordinary Healthcare Costs services (i.e. district nursing) to the basic health insurance and the rising healthcare expenses, we decided to increase the health insurance premiums by only a small amount. A total of €335 million of our results has been allocated in order to keep the health insurance premiums largely stable in 2015. We have also successfully protected our market share, which is important if we are to procure healthcare for our customers at the lowest possible price.

This was offset by gains by a release of provisions. We accumulate provisions on an annual basis in order to be able to meet our commitments to customers even when healthcare expenses turn out higher than expected. By way of caution, we always maintain a margin so as to be able to compensate for any uncertainties in the healthcare system. During the past year, it became clear that the distribution of costs for which we do not bear risk as an insurer and costs for which we bear the full risk are distributed somewhat differently than we had initially estimated. This has enabled us to reduce our provisions on a one-off basis.

Finally, we took a charge in 2014 related to our health centers. We sold a number of these centers in the past year, for which we made a €24 million reorganisation provision.

Gross written premiums, at €13,257 million, remained virtually stable in 2014 (2013: €13,253 million). Dutch health insurance companies are required by law to accept all individuals for basic health insurance under the same terms and conditions. The government offsets the risk associated with above-average use of healthcare services with an equalisation system. A higher contribution from the Dutch risk equalisation pool in 2014 offset the reduction in the basic premium and the lower number of insured persons. Based on modified cost allocation method, operating expenses increased to €634 million (2013: €574 million). Adjusted for this effect, operating expenses fell by 5%.

The solvency of the Health Netherlands segment increased to 214% (year-end 2013: 185%). This has enabled us to find a balance between a) affordable premiums for our policyholders and b) a solid financial position, which is also important for our customers. By adding a portion of our results to our reserves, we are preparing for the new requirements imposed on us by Solvency II, as well as responding to the transition of long-term healthcare to the basic health insurance system (AWBZ). The capital adequacy requirement has increased under Solvency II. The most recent survey by Zorgverzekeraars Nederland reveals a decline of 85 percentage points in the solvency ratio in the transition from Solvency I to Solvency II. The Solvency II ratio will be significantly lower than the 214% Solvency I ratio displayed here. The decisions regarding the method used to calculate the principles for the Solvency II ratio are not yet completed; these principles will be ratified by the Dutch Central Bank no later than 1 January 2016.

BUSINESS LINES

Basic Health Insurance

Results from our Basic Health insurance fell to €342 million (2013: €438 million), of which €207 million represents structural results (2013: €259 million). The main reasons for this decline are the smaller number of insureds, the premium reduction of around €100 per policy implemented in 2014, and our premium setting for 2015. The increase in basic health insurance coverage, for example as a result of the transition of parts of the AWBZ, and the increasing health care expenses in 2015 have consequences for health insurance premiums. We have made the deliberately decision to counter this effect by deploying our effective healthcare procurement results and the allocation of a portion of our results. Gross written premiums from our basic health insurance increased slightly in 2014, to €11,881 million (2013: €11,825 million). The lower premiums and lower number of policyholders was offset by a higher contribution from the Dutch risk equalization pool.

The claims ratio increased to 95.1% in 2014 (2013: 93.9%), mainly as a result of a decline in net earned premiums caused by the provision created to curb the increase of our basic health insurance premiums for 2015. Adjusted for this effect, the claims ratio would have decreased by 1.2 percentage points from 2013. The reduction in net premiums is also reflected in the cost ratio, which increased to 3.6% (2013: 3.0%). The increase is mainly the result of the modified cost allocation method, which has a negative impact of 0.4 percentage points. The combined ratio increased to 98.7% (2013: 96.9%).

Supplementary Health Insurance

Profit before tax from our Supplementary Health insurance business totalled €99 million (2013: €91 million), a total of €49 million of which constituted structural results (2013: €62 million). Gross written premiums fell to €1,359 million (2013: €1,410 million) due to a reduction in the number of policyholders and because some policyholders have opted to reduce the cover for their supplemental health insurance. The combined ratio increased to 93.0% in 2014 (2013: 92.3%) on account of a lower claims ratio of 82.2% (2013: 82.5%) and a higher cost ratio of 10.8% (2013: 9.8%). The higher cost ratio is the result of the modified cost allocation method, which has a negative impact of 1.6 percentage points.

Pension & Life Netherlands

GROSS WRITTEN PREMIUMS
€2,485 million

PROFIT BEFORE TAX
€59 million

VALUE OF NEW BUSINESS
€8 million

SOLVENCY
228%

RESULTS (€ MILLION)

	2014	2013	Δ
Gross written premiums	2,485	2,593	-4%
Net earned premiums	1,789	2,402	-26%
Investment income	4,325	487	n/m
Other income	1,832	1,620	13%
Total income	**7.946**	**4,509**	**76%**
Insurance and investment contracts, reinsurance contracts	7,428	3,865	92%
Operating expenses	378	316	20%
Other expenses	81	77	5%
Total expenses	**7,887**	**4,258**	**85%**
Profit before tax	**59**	**251**	**-76%**

** n/m: not meaningful.*

INTRODUCTION

With our market shares we are one of the main players in the Dutch market for group (13%) and individual (15%) life insurance, serving our customers across the corporate, brokerage and direct channels. In developing and marketing our individual retirement insurance and life insurance products, we focus mainly on the banking and direct channels. One of the greatest challenges lies in introducing our customers to the new world of retirement pensions, containing fewer certainties and also bringing our costs in line with the new pension propositions.

A fine example of the new forms of digital customer service we developed in 2014 is a retirement app designed to make employees more aware of pension and retirement issues. We also launched several new funds in 2014 for customers who invest in Achmea investment funds, and transferred the accumulated amounts of investments. In so doing, we reduced costs for our customers and improved the risk/return trade-off, as well as improving risk diversification for our customers.

We took several measures in the first half of 2014 to further reduce the risks and complexity associated with our Pensions and Life business. We terminated a number of separate accounts and modified the contract terms of the largest of the separate accounts. These measures have resulted in lower volatility in our interest income. Furthermore, we have made good progress in simplifying our systems landscape, aligning and centralising our operational processes and teams with the ultimate objective of establishing a single process, system and location.

RESULTS

The profit before tax from our Pension & Life segment in the Netherlands fell to €59 million in 2014 (down from €251 million in 2013). This decline is the result of lower technical results, lower interest income and the modified cost allocation method implemented 2014. The lower technical earnings are the result of a variety of factors, including longevity among retirement fund members and reduced portfolios. As an additional factor, we also incurred a loss on a runoff contract with our reinsurance company. The reduction in interest income is caused by the lower value of our commodity investments during the second half of 2014, which is incorporated directly into the results. The positive effect of the low interest rate on the value of our fixed-income securities and interest-rate derivatives is not immediately visible in the results. All investment results on fixed-income securities and interest-rate derivatives for our own risk and expense are set aside in a Fund for Future Appropriation (FFA), a provision to cover obligations to our life-insurance customers in relation to investment results which have not yet been included in the profit appropriation. The FFA forms part of the insurance-related obligations.

Operating expenses in the Pension & Life segment in the Netherlands increased to €378 million in 2014 (versus €316 million in 2013), with the impact of the modified cost allocation method being approximately €76 million. Adjusted for this increase, operating expenses fell by roughly 4% in 2014, as part of our ongoing efforts to further reduce costs. Reducing expenses for our customers in the long term will remain crucial in the immediate future when it comes to making our organisation even more customer-oriented. Indeed, we invested substantially in the past year in migrating to our new systems landscape and centralising our operational processes and teams.

Gross written premiums fell in 2014 by 4% to €2,485 million (2013: €2,593 million). New business (APE) more than doubled versus the same period last year to €197 million (2013: €81 million), largely as a result of renewals of existing contracts. The value of new business (VNB) increased to €8 million (2013: €-25 million) in 2014, while the margin on the value of new business increased to 0.4% (2013: -4.3%).

The solvency of the Dutch Pensions and Life Insurance business increased by 2 percentage points to 228% in 2014 (year-end 2013: 226%). The improvement in the result of the adequacy test by €200 million and an increase in the unrealised revaluation on shares due to the increase in stock indices improved our solvency. The termination of several separate accounts also increased the ratio. This was however largely offset by the higher FFA resulting in an increase in the required capital and a dividend payment during the second half of 2014.

BUSINESS LINES

Group Life Insurance

In the market for group retirement and life insurance, we aspire to offer a realistic retirement pension for employees based on defined contribution (DC) pension schemes. The advantage of these schemes is that they offer employees freedom of choice and flexibility, since, more than other types of pension schemes, they offer room for choice based on the risk profiles of individual employees. Additionally, these schemes also provide greater financial security to employers than do products with guaranteed pension entitlements. Although the combination of low interest rates and longevity risk have made products with guaranteed pension entitlements financially unappealing to employers, customers – particularly major companies – like to hold on to existing securities. They are reluctant at this point to switch from existing schemes to available contribution schemes. For this reason, we will continue offering specific products in the coming years to facilitate the transition to a defined contribution scheme. In addition, with the proposed formation of a General Pension Fund (in Dutch: APF) we want to respond to the new opportunities offered by the changing pension system.

Gross written premiums increased by 11% from 2013, to €925 million (2013: €830 million), as a result of several large single premiums during the first half of 2014. This was partly offset by the termination of several separate accounts including the pension fund for Achmea employees.

Individual Life Insurance

In the market for individual retirement insurance and life insurance, we focus mainly on providing term life insurance, through which we have demonstrated that we can serve our customers both now and in the long term. Term life risk insurance tends to be purchased in conjunction with a new mortgage or asset-accumulation products, as well as being provided on a separate basis, e.g. as a supplement to a survivor's pension. For our closed individual life book – which consists of products which are no longer sold in the market but which are still featured on our books for existing customers – we continue to focus on further reducing operating costs while at the same time maintaining the high quality of our services.

Gross written premiums fell by 12% from 2013, to €1,560 million (2013: €1,763 million). Mortgage sales recovered slightly in 2014, including as a result of greater consumer confidence and lower mortgage interest rates in the Dutch residential market. This recovery is also evident in a slight increase in the number of term life insurance policies sold in 2014. The reduction in gross written premiums is mainly the result of the lower rates of our term life insurance and the run-off of the existing book. Gross written premiums of our reinsurance business also declined, as a result of the termination of several incoming reinsurance contracts.

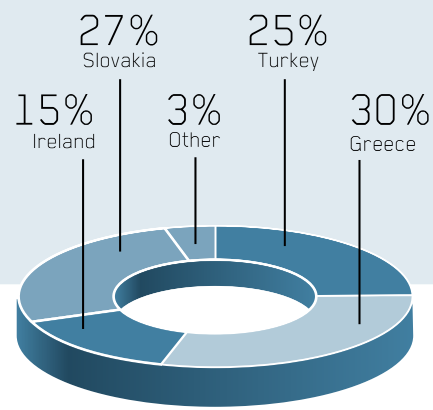
International

GROSS WRITTEN PREMIUMS
€1,109 million

PROFIT BEFORE TAX
€-64 million

ACTIVE FOREIGN OPERATIONS
5

Gross Written Premiums



INTRODUCTION

In our international operations, we focus on achieving relevant economies of scale in a selected number of markets. Following the sale of our loss-making Russian business in 2014, we currently operate in five markets outside the Netherlands: Greece, Turkey, Slovakia, Ireland and Australia, each of which presents long-term potential for growth in our view. In addition, we have discontinued operations in Romania and Bulgaria.

We have been investing in the digitisation of our international business as part of a group-wide programme; this is expected to further improve our results and increase our premiums.

RESULTS (€ MILLION)

	2014	2013	Δ
Gross written premiums	1,109	1,242	-11%
Net earned premiums	954	1,031	-7%
Investment income	305	131	133%
Other income	264	236	12%
Total income	**1,523**	**1,398**	**9%**
Insurance and investment contracts, reinsurance contracts	1,137	1,000	14%
Operating expenses	317	350	-9%
Other expenses	133	46	189%
Total expenses	**1,587**	**1,396**	**14%**
Profit before tax	**-64**	**2**	**n/m**

** n/m: not meaningful.*

RESULTS

Profit before tax reached €-64 million (2013: €2 million). This result was strongly affected by the impairment of goodwill and other intangibles from our Russian-based insurance company Oranta in the first half of 2014. The sale of Oranta during the second half of the year and the subsequent transaction results from the sale of our Romanian insurance business in 2013 further reduced our result. Adjusted for nonrecurring items, Profit before tax increased by 13% to €26 million (2013: €23 million).

Gross written premiums fell by 11%, to €1,109 million (2013: €1,242 million). This decline was largely due to the discontinuation of operations in Russia, Romania and Bulgaria. In addition, part of the decline is caused by differences in the exchange-rate with the Turkish Lira. In Greece, revenue fell as a result of a shrinking market. While gross written premiums in Ireland decreased slightly, there was a sharp increase in the sale of investment contracts. Operating expenses fell by 9% to €317 million (2013: €350 million), as a result of divestments and cost savings in virtually all foreign markets.

COUNTRIES

Greece

InterAmerican offers non-life, health insurance and life insurance products. The ongoing challenging economic conditions in Greece affect growth and make it difficult to forecast market trends. Gross written premiums fell to €335 million in 2014, versus €368 million in 2013. Despite being faced with a weakening market, InterAmerican managed to increase its share in the non-life market. For the direct brand Anytime, the number of car policies increased by 1% to over 222,300 (2013: 220,300 policies). The Anytime portfolio shows a significant increase in the percentage of online sales versus other direct channels as a result of investments and digitisation.

Turkey

Eureko Sigorta markets non-life and health insurance products, the bulk of which are distributed through Garanti Bank, our bancassurance partner. Gross written premiums fell by 12% to €276 million (2013: €314 million). Adjusted for the devaluation of the Turkish lira and one-off projects, revenue in Turkish lira increased by 7% over 2013. The new management team at Eureko Sigorta has been focusing on further growing its premiums by further expanding the strategic alliance with Garanti, as well as through investment in digitisation.

Slovakia

The premium income of Union, which offers health, non-life and life insurance products, remained stable at €295 million (2013: €295 million). The increase in health insurance premiums was cancelled out by the effects from the updated risk equalisation system. The profitability of these health insurance products deteriorated as a result of the higher cost of claims, while the non-life sector benefited from favourable technical results. In Slovakia, we are currently preparing the launch of a new online product as part of our investments in digitisation. Due to political developments, the uncertainty regarding the Slovakian government's proposal to establish a public health insurance system was recently reduced.

Ireland

Friends First, which offers life and retirement insurance products, focuses on creating long-term value through customer retention, lower costs and the sale of profitable insurance products with transparent commissions. Since the sharp fall in sales in 2007 as a result of the Irish recession, Friends First saw its sales increase in 2014. The sale of investment contracts increased by 18%, to €295 million (2013: €250 million). Gross written premiums fell slightly by 2%, to €163 million (2013: €167 million). Operational results improved further in 2014 as a result of the higher sales in conjunction with the restructuring programme of the past few years. Due to the improved economic situation, we see opportunities for further value creation and premium growth in Ireland.

Australia

Achmea Australia began selling insurance products to Australian farmers at the end of 2013, distributed in partnership with our strategic bancassurance partner, Rabobank. From June onwards, sales have picked up steam. The claims-handling process has been proceeding smoothly, and the alliance with Rabobank has been successful. We expect to be able to sharply increase our premiums in Australia.

DISCONTINUED BUSINESS OPERATIONS

Romania

The termination of the Romanian operations is on schedule: in 2014, Eureko Romania successfully transferred its life insurance and pillar II pension business to Aegon. The company settled all remaining claims in its non-life insurance business and cancelled all insurance licences. The transfer of pillar III pension business to Aegon's is scheduled for 2015, after which the pension business can be wound up.

Bulgaria

The termination of the Bulgarian operations is likewise on schedule. We signed a contract in 2013 for the sale of its Bulgarian non-life and life insurance business. The non-life business was sold through the transfer of assets and liabilities, while the life insurance business was sold by means of a share transfer. The non-life insurance business is scheduled to be wound up in 2015, subject to the regulator's permission.

Russia

In 2014, we sold Oranta, a company operating in the Russian non-life and health insurance markets. Challenging market conditions and a limiting legal framework have made it impossible for Achmea to achieve its long term objectives in the Russian market. Oranta's operating results were weak as a result of substantial claims related to car insurance products. In early September, all shares were sold to the Russian-based insurance group Companion, which resulted in a negative transaction result and the impairment of balance-sheet items.

Banking Netherlands

PROFIT BEFORE TAX
€-33 million

CORE TIER-1 RATIO ACHMEA BANK
17.0%

CORE TIER-1 RATIO STAALBANKIERS
18.9%

RESULTS (€ MILLION)

	2014	2013	Δ
Net interest margin	132	90	47%
Net commission income	14	14	0%
Realised and unrealised gains and losses	5	36	-86%
Other income	0	-3	n/m
Total income	**151**	**137**	**6%**
Operating expenses	130	130	0%
Other expenses	5	1	n/m
Additions to loan loss provision	49	32	53%
Total expenses	**184**	**163**	**12%**
Profit before tax	**-33**	**-26**	**-27%**

** n/m: not meaningful.*

INTRODUCTION

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

RESULTS

The profit before tax of our banking operations in the Netherlands fell to €-33 million in 2014 (2013: €-26 million in 2013). The result was driven by better interest rate margins, a one-off transaction result from investments and higher additions to the loan-loss provisions. Operating expenses remained stable at €130 million, despite the resolution levy related to the nationalisation of SNS Reaal.

BUSINESS LINES

Achmea Bank

Achmea Bank Holding N.V. and Achmea Retail Bank N.V. entered into a legal merger with Achmea Hypotheekbank N.V. in May 2014, and the new entity was renamed Achmea Bank N.V. The decision for the merger was made as part of measures to reduce complexity, improve the efficiency of systems and processes, and in light of new laws and regulations.

Achmea Bank's Profit before tax increased in 2014 to €36 million (2013: €30 million). The increased mortgage production in 2014 and the accompanying interest duration position led to the decision to sell government bonds in the second half of 2014, leading to a transaction result of €37 million. Operating expenses increased to €86 million (2013: €74 million) in 2014. This increase is caused by a variety of factors, including the nonrecurring resolution levy relating to the nationalisation of SNS Reaal and the modified cost allocation method, with an effect of around €2 million.

The Achmea Bank savings portfolio increased to €4.8 billion in 2014 (versus €4.3 billion at year-end 2013) as a result of a strategic effort to increase the amount of savings inputs set aside by customers for more than one year. The portion of these savings set aside for a period exceeding one year therefore increased further to nearly 44% (year-end 2013: 28%). Consumer confidence in the Netherlands has improved in the past year, and we are also seeing a modest recovery in the housing market, which has resulted in a slight increase in our mortgage production. Achmea Bank has been able to achieve its goal of stabilising its mortgage portfolio in 2014. The company's mortgage portfolio at year-end 2014 was virtually equal to that for year-end 2013, amounting to €11.6 billion. Write-offs on the mortgage portfolio amounted to 7 basis points (versus 9 basis points at 2013). Achmea Bank's Core Tier 1 Ratio increased to 17.0% (year-end 2013: 15.0%).

Staalbankiers

Staalbankiers' Assets under Management had a value of €1.9 billion at year-end 2014. Staalbankiers' core Tier 1 ratio increased to 18.9% (versus 17.0% at year-end 2013). This is a result of capital increases and repayment of loans. The cost level was temporarily higher in 2013 on account of the partnership agreement entered into with GE Artesia Bank, and one-off IT investments. The result was positively impacted in 2014 by slightly higher margins on loans. As a result of the lower value of the collateral for several large mortgages, the loan-loss provision increased in 2014.

Other

RESULTS (€ MILLION)

	2014	2013	Δ
Total income	**293**	**278**	**5%**
Operating expenses	580	716	-19%
Interest expenses	91	96	5%
Other expenses	113	206	-45%
Total expenses	**784**	**1,018**	**-23%**
Profit before tax	**-491**	**-740**	**34%**

INTRODUCTION

The Other Activities segment includes our strategic investments and the results of our Shared Service Centers, activities at the holding level and Syntrus Achmea. Syntrus Achmea supports pension funds with a wide range of services related to strategic advice and asset management, property, and the day-to-day management of their pension administration. The company provides a key supplement to the Group's insurance business, particularly given the many changes the Dutch pension market has been undergoing of late.

RESULTS

Profit before tax from our other activities increased by nearly €250 million in 2014, to €-491 million (2013: €-740 million). Operating expenses before tax fell to €580 million (2013: €716 million). The result was strongly affected by a number of exceptional items in the first and second half of the year.

On account of higher cost allocations to other segments, operating expenses in the Other Activities segment fell by an indicative amount of €328 million in 2014 against the same period in 2013. At the same time, in the second half of 2014 we developed the plans for the reorganisations to be implemented in 2015 and 2016 as part of the Acceleration & Innovation programme. In that context, additional reorganisation expenses of approximately €150 million were provided for in the second half of 2014. We previously took a reorganisation provision during the first half of 2014, in light of projected expenses arising from the impact on personnel of the reduction of our support departments and the restructuring of our distribution organisation. The total reorganisation expenses for 2014 in the Other Activities segment come to approximately €200 million.

We impaired goodwill and other intangible assets relating for our pension services business by a total of €78 million during the first half of the year. Owing to lower asset management and property management fees and the termination of a major contract, revenues from these operations will be lower in the coming years than we previously projected. The combination of these trends is resulting in the impairment of the remaining goodwill and other intangible fixed assets in the pension services business.

BUSINESS LINES

Syntrus Achmea

The Syntrus Achmea management model has been adapted against the background of further unbundling in the Dutch pension services market. The Pension Services, Asset Management and Real Estate & Finance segments have been positioned separately within the organisation as of 1 January 2015. This change enables the various segments to serve customers even more efficiently and effectively based on their stronger position in their individual sub-markets.

Total income from fees and commissions increased by 5% in 2014, to €248 million (2013: €236 million). The assets which Syntrus Achmea manages on behalf of institutional investors (AuM) further increased in 2014 by €16.8 billion to €86.8 billion (year-end 2013: €70.0 billion). Our Pension Services and Asset Management segments were able to welcome several new clients in 2014, while clients of our Pension Services and Asset Management segments – including Achmea Asset Management – also extended or even expanded existing mandates. This more than offset the termination of a major contract in the first half of the year. The property portfolio – which forms part of the Assets under Management – increased to €15.1 billion (year-end 2013: €13.8 billion), which can be credited to new mortgage mandates.

Investments

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, Achmea also makes a distinction between the replicating portfolio and the return portfolio. A significant portion of our investment portfolio is hedging the market risk (mainly interest-rate risk) relating to the liabilities. For this purpose, we use the replicating portfolio, which consists of government bonds, corporate bonds, loans, derivatives and cash. The return portfolio, as a rule, does not hedge liabilities, but rather invests in convertible bonds, Emerging Market Government Bonds, equity, property, private equity and commodities. The target return for both portfolios is determined by means of clear mandates, including outperformance targets for the various wealth managers.

RESPONSIBLE INVESTMENT

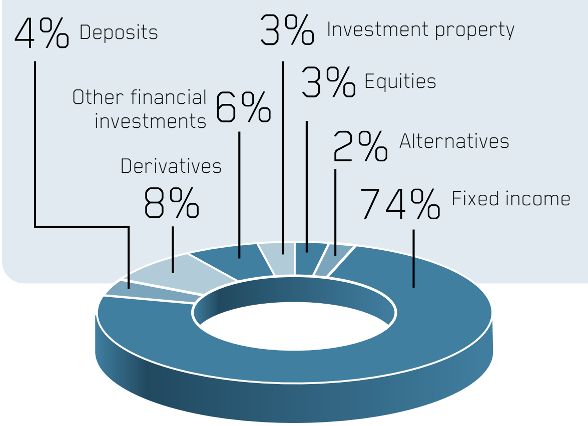
As an institutional investor, Achmea aims to invest its assets in a responsible manner, so as to be able to influence the actions of the companies in which it invests. We regard this as responsible financial supply-chain management. In addition, Achmea also advises its customers to make responsible investments, although this decision remains at their own discretion. Our policy is divided into five cornerstones: (1) exclusions, (2) engagement and enhanced engagement, (3) ESG integration in the portfolio construction and management process of our wealth managers, (4) impact investment and (5) voting at shareholder meetings of institutions in which we have invested.

Once the exclusions (e.g. controversial and nuclear arms manufacturers, tobacco producers and organisations that have seriously violated the United Nations Global Compact) have been removed from the investment universe, we provide mandates to our (external) wealth managers. We expect our asset managers to apply environmental, social and administrative criteria alongside financial criteria in managing our portfolios. If their efforts in this regard are inadequate, we engage them in a dialogue in order to incite them to comply. The policy of engaging clients in a dialogue through engagement – or, in some cases, enhanced engagement – is one we apply to companies in which we invest through shares or corporate bonds. This may result in exclusion if the targets the company is expected to achieve have not been realised. A minimum of 491 issues were discussed with a total of 213 companies on behalf of Achmea in 2014, while the number of enhanced engagements reached 16. The issues discussed included human rights, public health, sustainable management of the soy supply chain, carbon management in the property sector, corporate ethics and corporate governance. On behalf of Syntrus Achmea's customers, engagement issues were discussed with a total of 77 companies, involving a total of 99 cases.The reason that the number of cases is slightly higher than the number of companies is that several issues were discussed with the same company. A total of 1,697 shareholder meetings were attended on behalf of Achmea in 2014, during which 20,800 votes were issued. On behalf of Syntrus Achmea, this included 1,516 shareholder meetings and 18,396 votes (these numbers exclude the proxy votes which F&C Asset Management issued on behalf of Achmea during the fourth quarter of 2014). 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 refer to Annex F or visit www.achmea.nl.

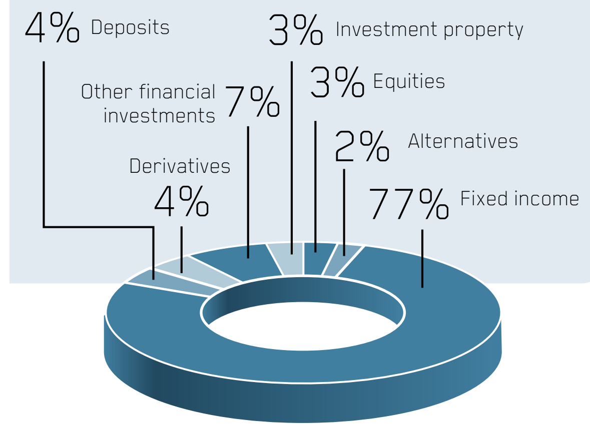
PORTFOLIO COMPOSITION

At year-end 2014, our investment portfolio had a total value of €66.9 billion (year-end 2013 €67.4 billion). The own-risk investment portfolio increased by more than 7% in 2014, to €48.3 (year-end 2013: €44.9 billion), accounting for 72% of our total investment portfolio. The size of the investment portfolio at the risk of our policyholders was €18.7 billion, equivalent to 28% of our total investment portfolio.

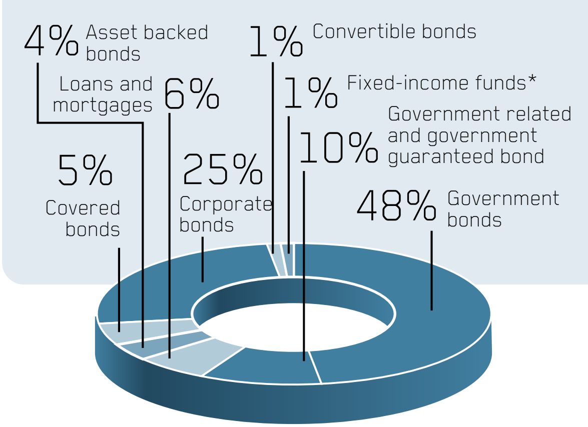
Total investment portfolio* **(31-12-2014: €48.3 billion)**



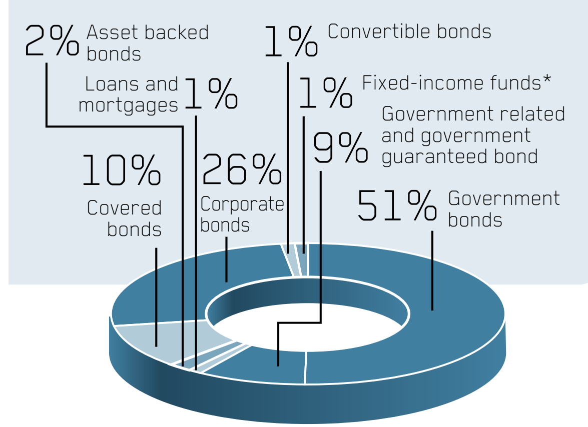
Total investment portfolio* **(31-12-2013: €44.9 billion)**



Specification of fixed income portfolio **(31-12-2014: €35.7 billion)**



Specification of fixed income portfolio **(31-12-2013: €34.8 billion)**



Fixed-income portfolio

Partly as a result of sharply lower interest rates and incoming spreads, the value of our fixed-income portfolio* increased by 3% in 2014, to €35.7 billion (year-end 2013: €34.8 billion). A total of more than €20.6 billion – equivalent to 58% (year-end 2013: 60%) – of this portfolio (year-end 2013: €20.8 billion) was invested in government bonds, government-related bonds and government-backed loans in 2014. The majority of this amount was invested in Dutch government bonds. In addition, we also invested in high-quality German, French, Austrian, Finnish and Belgian government bonds.

* For the purpose of this annual report fixed-income funds are presented as part of fixed income and real estate funds as part of investment property. In the financial statements these categories are presented as part of Equities and similar investments.

As Achmea operates in the Irish and Greek markets, we invest in Irish (year-end 2014: €618 million) and Greek (year-end 2014: €7 million) government bonds.

We further adjusted the composition of our fixed-income portfolio in 2014, with an increased focus on direct residential mortgages (year-end 2014: €1.6 billion). In doing so, we increase portfolio return and enhance the match between assets and liabilities to our policyholders. We increased the share of direct mortgages in our portfolio in 2014 through the channels Tellius Toekomstvast and Hypotrust Woonbewust. We also increased the share of direct mortgages by acquiring an existing portfolio of Dutch residential mortgages. We expect to further increase our exposure in direct mortgages in 2015. We have reduced our allocation to government bonds, covered bonds and private loans due to having increased our investments in direct Dutch residential mortgages. We largely hedge currency risk and interest-rate mismatch risk in our fixed-income portfolio for our policyholders. We use interest-rate derivatives in order to hedge the interest-rate mismatch risk between investments and liabilities.

Our fixed-income portfolio is prudently invested. The bulk of the portfolio has a triple-A rating , while only 2% does not have an investment-grade rating. The increase in the percentage of fixed-income securities with no rating to 7% (year-end 2013: 4%) is the result of the increase in the share of direct mortgages in our portfolio.

Equity and alternative investment portfolio

At year-end 2014, the equity portfolio* had a total value of €1.3 billion (year-end 2013: €1.1 billion), the equivalent of 3% of our total own investment portfolio. The increase in portfolio value was driven by stock-market gains, while we also made additional investments in emerging economies and low-volatility stock in developed equity markets, since we expect returns on both these investment classes to increase this year. At this moment a total of approximately 23% is invested in emerging markets (year-end 2013: 15%).

TOP 5 SOVEREIGN EXPOSURE (€ MILLION)

	31-12-2014	31-12-2013	RATING
The Netherlands	10,825	10,729	AAA
Germany	3,138	3,322	AAA
France	1,417	1,797	AA
Ireland	618	568	A
Austria*	528	526	AAA

** AA following downgrade on 13-02-2015.*

FIXED-INCOME PORTFOLIO BY RATING

	31-12-2014	31-12-2013
AAA	50%	55%
AA	14%	13%
A	16%	13%
BBB	11%	13%
<BBB	2%	2%
Unrated	7%	4%
Total	**100%**	**100%**

In addition to our equity portfolio, we also manage a portfolio of alternative investments such as private equity, hedge funds, infrastructure and commodities. This portfolio had a value of €1.1 billion at year-end 2014 (year-end 2013: €1.0 billion). The lower oil prices resulted in lower returns in 2014 in the commodities investment class. We are largely able to hedge currency risk on our investments in equity and alternative investments.

Property portfolio

As of the end of 2014, our property portfolio* had a total value of €1.4 billion (year-end 2013: €1.5 billion), representing 2.9% of our total own investment portfolio. The lower value of the property portfolio is attributable to sales of direct real estate and write-downs. The property portfolio comprises €1.1 billion in direct property investments, including 37% residential properties, 30% retail properties, 28% offices and 5% other property holdings. Our property portfolio is further comprised of €277 million in indirect property investments.

The housing market appears to have bottomed out as far as appraisals are concerned, and we expect a slight increase in this area again in the coming years. We anticipate that the value of both office and retail properties will continue to fall, although the decline will not be as sharp as in recent years. We remain cautious in appraising our property portfolio, always based on the most up-to-date appraisals, and we perform a full appraisal of 25% of our portfolio on a quarterly basis, plus a review of the remaining 75%. This ensures that the entire property portfolio will be fully reappraised over a one-year period. Although we wrote down approximately €32 million on property in 2014 (2013: €58 million), we were able to achieve positive returns on our property portfolio in 2014.

** For the purpose of this annual report fixed-income funds are presented as part of fixed income and real estate funds as part of investment property. In the financial statements these categories are presented as part of Equities and similar investments.*

Risk management

Effective risk management is fundamental to the sustainability of Achmea and for the continuity of our relationship with customers and other stakeholders. Achmea is exposed to a variety of risks including insurance risk, market risk, counterparty default risk, operational risk, liquidity risk and strategic risk. Achmea has an integrated risk management framework which guides us in developing our strategy and achieving business objectives.

The insurance industry faces some important challenges and understanding risks is important in developing our strategy and achieving our business objectives. We refer to the Strategy section for more information on Achmea's strategic risks.

Achmea is well on track with the Solvency II implementation, the successor of the European Union's solvency regime for insurers which will be effective as from 1 January 2016. Specific Solvency II requirements such as the development and management of a risk model for the quantification of our risk profile and the Own Risk and Solvency Assessment (ORSA) are being incorporated in our risk management framework. Achmea will apply to the regulator in 2015 for approval to use a partial internal model under Solvency II.

In this section we outline the main elements of our risk management framework and we describe our current risk profile. In the Risk Management Section in our Financial Statements (note 51) a more thorough description is given of the profile of the main risk types and the risk responses we have taken.

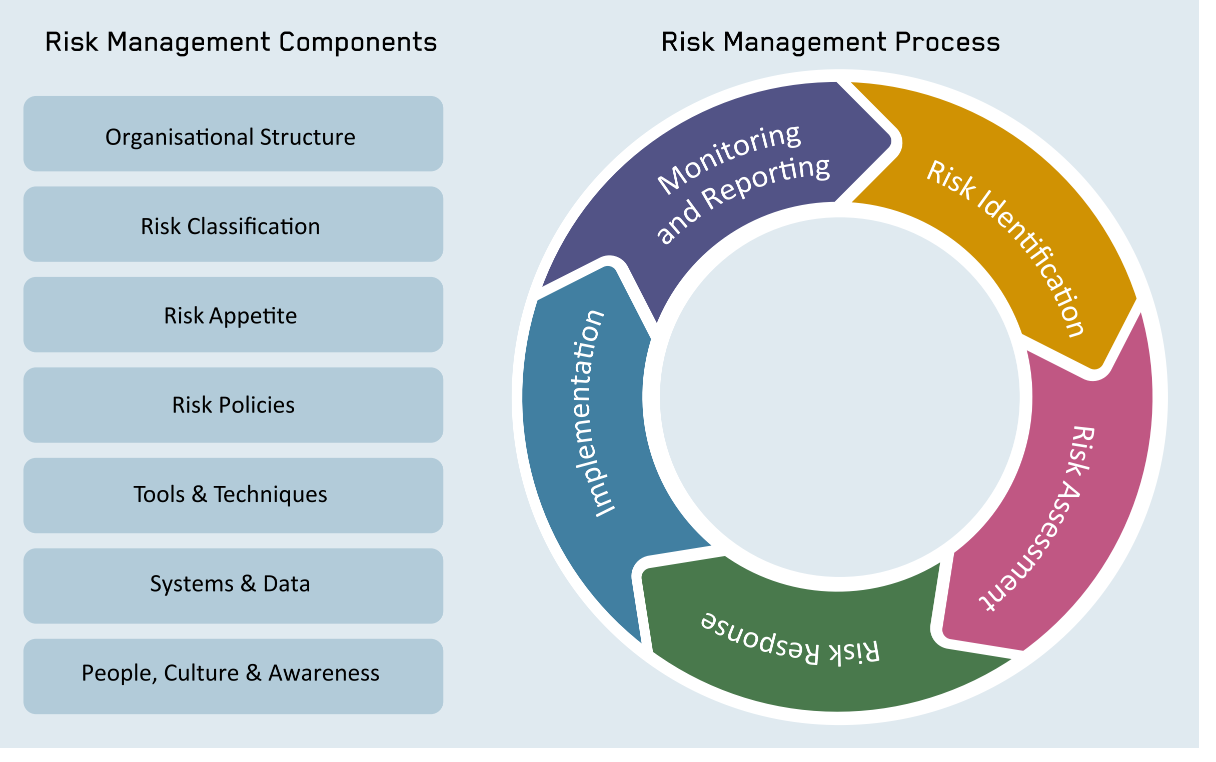
RISK MANAGEMENT FRAMEWORK

As a starting point we have a risk strategy with principles regarding (1) risk appetite, (2) risk culture and (3) risk governance. As for culture the Executive Board and management of Achmea encourage an open culture in which risks can be openly discussed and where decision making is based on an appropriate balance between risk, capital and expected return. Our risk strategy is detailed in our Integrated Risk Management Framework (IRMF).

Integrated approach (IRMF)

Achmea's Integrated Risk Management Framework (IRMF) consists of seven components which ensure a consistent, effective and efficient risk management process.

Risk Management Framework



Several risk assessments are carried out throughout the year making use of quantitative and qualitative techniques:

- Qualitative Risk Self Assessments of the strategy, specific projects and operational risks. This includes the qualitative Strategic Risk Assessment with management and the Executive Board in which potential risks are identified and assessed.

- Achmea uses risk models to make a quantitative estimate of our risk profile. Risks are determined using the Solvency II standard formula or internal models. Risk models are used in Asset & Liability Management (ALM), reinsurance strategy, pricing, performance management and capital management.

- Finally, scenarios and stress tests provide insight into what happens under extreme circumstances or when several factors are combined.

The various assessments mentioned are complementary to each other. The assessments are used widely as input for other exercises, e.g. periodic risk and capital monitoring, pricing and business planning. A single Integrated Risk Analysis Report combines the main results of the different risk assessments which results in a single view of our risk profile including an overview of our main risks which have been identified.

The profitability by product group is assessed with economic metrics in which a return is assessed with respect to the related risks. For new products a profit test based on economic results is carried out.

Remuneration is both performance related and risk related and complies with the applicable regulations (the Dutch Central Bank, the Netherlands Authority for the Financial Markets (AFM) and the Insurers Code).

An Internal Control Framework is used to systematically monitor key risks and key controls throughout the organisation. Cross-references are available to the framework for information security, Solvency II, the Achmea Customers Centricity program, the quality standard 'Customer oriented Insurance' (KKV) and the In Control Statement (ICS). An Internal Control Statement (ICS) is issued annually, which provides a qualitative description of risks and internal control to the Audit & Risk Committee.

Achmea's risk profile is periodically monitored and quarterly reports are prepared for the Executive Board and the Audit & Risk Committee. Line management periodically verifies for the main risk types whether the risk is still within the set of risk limits. An Integrated Risk Report has been developed in 2014 in which the monitoring results of the risk limits, internal control, actuarial findings (e.g. outcomes of LAT-testing) and main risks are reported. This further enhances the single point of view of our risk profile and helps to prioritise management actions.

Next to the periodic monitoring of our risk profile the ORSA (Own Risk and Solvency Assessment) Report is prepared annually which provides an overview of and conclusions about whether or not the capital and liquidity are, and, as projected, in the future will be sufficient under regular and stressed circumstances, given the risk profile and our risk appetite.

The recovery plan of Achmea contains information on the degree to which Achmea as Group is prepared for and can recover from severe (financial) developments which lead to a financial crisis situation. The recovery plan was prepared in 2013 for the first time and was finalised and sent to the regulator in 2014. The recovery plan is updated on an annual basis.

Finally, the internal audit function reports on the basis of audit reports and an annual Management Letter.

Compliance receives a lot of attention within and outside Achmea. It is intrinsically important to comply with relevant laws, regulations, rules, organisational standards and codes of conduct, because Achmea values her reputation and is of the opinion that her customers' needs in this respect are justified and should be met. This contributes to customer trust. It is becoming more important to be aware of the public opinion and customers' expectations. Continuous monitoring is an important instrument in providing assurance that compliance with legal provisions is guaranteed. Therefore, complementary to the Integrated Risk Report the Executive Board receives a Compliance Report twice a year with the results of the monitoring.

Risk Appetite

The strategic principles with respect to the risk appetite and the resulting Risk Appetite Statements at Group level have been reviewed and updated in 2014. They include the attitude towards risk and are an indication of not only the willingness to accept, but also the ability to take risks. The figure below shows our strategic principles with respect to the risk appetite, financial and non-financial.

These principles and the Risk Appetite Statements are operationalised 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. The risk limits are monitored at least on a quarterly basis and more frequently if necessary depending on the nature of the risks involved.

Financial Principles for the Risk Appetite

1 Capital
Achmea has a solid capital position and maintains a capital buffer in excess of the required regulatory capital.

2 Liquidity
Achmea's current and future liquidity position is sufficient to meet its obligations.

3 Result and volatility
Achmea realises a sustainable result that ensures a continuous access to the capital market. Extreme fluctuations in the economic result are avoided.

4 Risk concentrations
Achmea knows its risks and pursues an adequate risk policy that aims to avoid adverse risk concentrations. Achmea is primarily an insurance company and on that basis want to utilise the bulk of its risk capital for the insurance risk.

Non Financial Principles for the Risk Appetite

1 Product quality
Achmea offers a secure and transparent solution to clients that continuously meets the clients' needs, at a fair price.

2 Internal control
Achmea monitors the risks due to insufficient or failing internal processes, personnel, systems, or external events. Achmea ensures an adequate internal control.

3 Compliance
Achmea complies with laws and regulations. Employees, clients, suppliers and other partners of Achmea operate with integrity.

4 Corporate Social Responsibility (CSR)
Achmea realises its corporate objectives in a socially responsible manner and aims at providing proven social added value through its insurance and investment activities and its internal operations. Achmea contributes to socially desired developments with its products and services.

Three Lines of Defence

For the risk governance Achmea uses 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.

Achmea has risk committees at both Group level and within the business units. At Group level, the Supervisory Board supervises the Executive Board on the policy implemented and the associated risks. The Audit & Risk Committee advises the Supervisory Board on financial, administrative and organisational compliance matters, as well as on the risk profile and risk management.

Three lines of defence

First line 1

Execution and control

- Executive Board and Finance & Risk Committee on group level
- Business management and Finance & Risk Committees on business level

Second line 2

Support, monitorting and reporting

- Risk & Compliance including the actuarial function on group level
- Operational Risk & Compliance departments, Actuarial and Insurance Risk teams on business level

Third line 3

Testing and judgement

- Internal Audit, operating on both group level and business level

Group Committees

Finance & Risk Committee FRC

- CFO (Chair), CRO, 2 other Executive Board members
- Directors Finance & Risk of Divisions, Achmea Reinsurance Company and Achmea Bank
- Group: Risk & Compliance, Finance, Asset Management and Corporate Finance

Product Assessment Committee PBC

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

Model Approval Committee MGC

- Risk & Compliance (Chair), Model owners, Model designers, Model clients, Model validators
- With representation of the Directors Finance & Risk of Divisions so as to ensure a good understanding of the risk models

Information Risk & Security Board IRSB

- Chief Risk Officer (CRO) (Chair)
- Group Information Security Officer
- Director IM&IT
- Directors Finance & Risk of CDV, product divisions, Centraal Beheer and Interpolis.

This year we appointed a Chief Risk Officer on board level in order to strengthen 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. The Model Approval Committee (MGC) is a subcommittee of the FRC which has been authorised to approve risk models. The Product Assessment Committee (PBC) has an important assessment role in the product approval and review process. This year the Information Risk & Security Board (IRSB) has been introduced which focusses primarily on the management of information risk, one of the newer risk areas which needs special attention.

Aligned with the FRC at the 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 a financial services company, Achmea is exposed to a variety of risks through its core insurance and banking activities, including insurance risk, market risk, counterparty default risk, operational risk, liquidity risk and strategic risks.

This section provides a brief overview of our overall current risk profile and the main risk responses taken. We refer to the Risk Management Section in our Financial Statements (note 51) for a more thorough description of the risk profile and the risk responses we have taken.

Insurance risk

Achmea is exposed to life risk, non life risk and health risk as a result of its broad insurance product range. Longevity is predominant within Achmea's life risk. In the Netherlands Achmea does not underwrite heavy industrial risks, such as airports or power plants. In Turkey (Eureko Sigorta), these types of risks are underwritten on a strategic basis. The risks are either 100% fronted or with a very minimal retention using high quality reinsurers. In Russia a portfolio of industrial risks has been underwritten the last few years. However, these risks are fully reinsured and the portfolio itself is in run-off. A risk which could have a significant impact is catastrophe risk. Mainly the property and motor hull insurance lines are exposed to non-life 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, minimum guarantees and profit sharing (life insurance and disability insurance) and our retail banking products (mortgages, deposits, savings and current accounts).

Specific risk events which could have a significant impact on short term are extreme shocks on the financial markets and an extreme increase of the interest rates. For its Dutch insurance companies, Achmea manages market risk positions within an Asset & Liability Management (ALM) framework. A distinction is made between a matching portfolio and a return portfolio. The matching portfolio achieves 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. In the return portfolio market risk is taken in order to profit from risk premiums existing in the markets. In general we have 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 Bank and Staalbankiers. In 2014 we started to build a mortgage lending exposure in life insurance. 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 loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Achmea distinguishes the following seven categories of risk events: 1. Internal fraud, 2. External fraud, 3. Execution, delivery and process-management, 4. Clients, products and business practice, 5. Business disruption and system failure, 6. Damage to physical assets and 7. Employment practices and workplace safety. Specific operational risks which could have a significant impact on short term are information security and inadequate responses to increase consumers’ trust. Management pays 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. The operational risk management process supports management when compromising between operational risks, commercial interests and efficiency. Operational risks are mainly identified and assessed in Risk Self Assessments, supported by scenario’s analysis and analysis of internal and external loss data. The business units identify their risks, on a planned and ad hoc manner. More specific, Achmea adopts measures in ICT in order to protect information and ensure confidentiality. Computer systems are essential for storing, retrieving and using customer and company data. Failure or lag of ICT systems may hinder the business or the realization of defined change ambitions. Achmea focuses on the implementation of being an e-insurer qua business model and technology.

Liquidity risk

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, credit facilities 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 in the long term.

Strategic risk

Strategic risk relates to Achmea’s vision on its medium and long-term risk profile, where the risk is that Achmea makes an incorrect estimate of the future environment and events, by which Achmea has adverse effects. We refer to the Strategy section for a description of the main strategic risks we identified and which we monitor on a periodic basis.

Capital and liquidity management

CAPITAL MANAGEMENT

Framework for capital management

Effective capital and liquidity management is of vital importance when it comes to ensuring continuity for our policyholders, employees, shareholders and other stakeholders. Accordingly, we have defined a solid balance sheet and effective capital management and investment management as one of the critical success factors in achieving our objective of becoming the most trusted insurer in the Netherlands. Consistent with our risk appetite, we aim to achieve solid and sufficient capital levels based on the Solvency I, Solvency II and Standard & Poor's requirements. A secondary objective is to ensure the consistent application of our capital management policy in practice.

Capital management is an integral part of how we manage our organisation. The capital management framework is designed to ensure that the Achmea Group and its subsidiaries are capitalised in accordance with the statutory requirements and the requirements for risk appetite, risk tolerance and economic capital as ratified by our Executive Board. The 'Risk Management' section of this annual report contains more details on our risk appetite statements. We have developed our risk appetite statements in relation to our capital position in an internal Capital Adequacy Policy. For example, we have set target levels for the amount of capital for Solvency I, Solvency II (based on our partial internal model) and for Standard & Poor's (in accordance with an AA rating for capital). Regular sensitivity analyses and stress tests are conducted for these capital positions, for example by calculating the effect of rough storms of substantial interest-rate fluctuations. A set of measures has been defined for when the amount of the capital falls below pre-defined minimum levels. Furthermore, Achmea also prepares an annual Recovery Plan, in which the effectiveness of the measures defined based on various scenarios are assessed.

The main objectives of our capital management policy are to:

- Perform internal capital adequacy tests, which includes planning short-to-medium-term capital positions and conducting stress tests.
- Allocate capital to the various segments based on risk-based capital allocation, in accordance with the Group's strategic objectives and to optimise returns on economic capital.
- Implement the Group's dividend policy and pay dividends on behalf of the Group, taking into account the needs and requirements of shareholders, regulators and other stakeholders.

Financial position as at 31 December 2014:

Equity rose to €9,818 million in the past year (2013: €9,702 million), representing an increase of €116 million. The net results for 2014 account for a total of €16 million of this amount. Other than that, the increase is mainly driven by the €325 million increase in the revaluation and currency reserves, which was partially offset by a total of €200 million in dividend and coupon payments.

The revaluation reserve increased to €871 million. For one, lower market interest rates and tightening of credit spreads have caused the unrealised revaluation on fixed-income investments to increase by a total of €1,792 million. Owing to higher stock market indexes, the unrealised revaluation on equities and similar investments also increased in 2014, by €123 million. The effect of realisations due to sales and other revaluations is €-93 million.

All investment results from fixed-income securities and interest-rate derivatives for own risk from our pension and life business are set aside in a 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.

The FFA has increased by a total of €4.5 billion to €6.7 billion (year-end 2013: €2.2 billion) as a result of the further decline in market interest rates and income from credit spreads. Approximately €1.5 billion of the FFA was transferred from the revaluation reserve.

DEVELOPMENT OF TOTAL EQUITY	(€ MILLION)
Total equity as at 31 December 2013	**9,702**
Net profit	16
Changes in revaluation reserve	289
Changes in FX-reserve	36
Revaluation effect of net retirement provision	-37
Dividend and coupon payments to shareholders and holders of other equity instruments	-200
Other movements	12
Total equity 31-12-2014	**9,818**

The currency reserve increased by €36 million following the release of a currency provision in connection with the sale of our Russian insurance company Oranta and the higher exchange rate of the Turkish lira.

Pursuant to the new accounting rules for pension commitments implemented in 2013 (IAS19R), we took an amount of €37 million in unrealised actuarial losses to equity in 2014.

Finally, a total of €200 million in dividend and coupon payments was paid to the shareholders and holders of other equity instruments in 2014. This amount of €200 million breaks down into €120 million in dividend payments for ordinary shares, based on the net result for 2013, €25 million in dividend payments for preference shares, and €55 million in coupon payments for hybrid capital.

Solvency I position as at 31 December 2014

A solid financial position is a prerequisite for long-term fulfilment of the commitments we made to our customers. Our IGD solvency ratio (excluding our banking and pension services business) increased by 13 percentage points from year-end 2013, to 215% (year-end 2013: 202%). This increase is the result of an increase in available capital of €486 million and a reduction in the required capital of €24 million.

The increase in available capital is caused mainly by a €116 million increase in equity and a €200 million increase in the result of the adequacy test for the liabilities of our pension and life insurance business. Impairments of goodwill and other intangible assets have no impact on available capital, because these balance sheet items are not included in the determination of the available capital.

Achmea uses the ECB AAA yield curve, including an ultimate forward rate (UFR) in performing the capital adequacy test. If the UFR were not applied, the IGD solvency ratio at year-end 2014 would be roughly 23 percentage points lower, whereas as of 31 December 2013 this negative effect was approximately 11 percentage points.

SOLVENCY 1 RATIOS (€ MILLION)

	31-12-2014	31-12-2013	Δ
Available capital	8,440	7,954	6%
Required capital	3,923	3,947	-1%
Solvency I ratio (IGD)	**215%**	**202%**	**13%-pts**

The FCD solvency ratio – which relates to the Group including its banking activities and pension services business – increased to 217% (year-end 2013 203%). Achmea Bank's Core Tier 1 Ratio increased to 17.0% (year-end 2013: 15.0%). Staalbankiers' core Tier 1 ratio increased to 18.9% (year-end 2013: 17.0%).

Solvency II position as at 31 December 2013

In 2014, we calculated the capital adequacy requirements based on Solvency II principles for our insurance entities on the basis of data available as at 31 December 2013, where both the standard model for Solvency II and our own internal models were used. Since the technical specifications used vary from one another, the results of these new calculations cannot automatically be compared with the results of the full-year run based on the data available as of 31 December 2012.

Our Solvency II solvency ratio as at 31 December 2013 was 196%, based on our partial internal model, including the application of a volatility adjustment in our economic balance sheet. This ratio consists of equity to cover the €9.1 billion capital adequacy requirement and a €4.6 billion capital adequacy requirement. Our calculations are based on prudent assumptions; for example, we did not factor in the Solvency II options for recognising long-term guarantees ("matching adjustment") and a number of other transitional measures which may be introduced under the Solvency II laws and regulations.

SOLVENCY II RATIOS (FYR 2013)

	31-12-2013 (PARTIAL INTERNAL MODEL)
Group	**196%**
The Netherlands	
RE Non-Life*	144%
RE Health	154%
RE Pension & Life	164%
RE Reinsurance	263%

** Regulated entities*

Funding strategy

Our financing strategy serves to ensure access to the international capital and credit markets at a low costs. Achmea's financing activities are centralised and are coordinated at the group level. Achmea can finance the operations of its subsidiaries through subordinated loans or other forms of capital and loans. As a holding company, Achmea primarily uses dividend payments and internal cost allocations for its financing. Internal financing is subject to legal restrictions.

The table in the column below contains a detailed statement of the holding company's capital and liquidity flows, which serves as a supplement to the cash-flow statement included in the financial statements. In view of the governance of the Achmea Group, this most accurately reflects the holding company's perspective on the cash flows between the holding company and the group's operations.

At year-end 2014, the Group's capital, in addition to ordinary shares, consisted of preference shares (€356 million, of which €45 million was owned by the Group), hybrid capital (€967 million) and a long-term Tier 2 loan (€500 million). The hybrid capital consisted of two instruments: one for the private market (€600 million) and one for the institutional market (€367 million).

Our debt position at year-end 2014 stood at €1,136 million, comprised of one €750 million uncovered senior bond loan, one uncovered bond loan in the amount of CHF 200 million (€166 million) and €220 million in short-term cash. In the first half of 2014, we repaid a total of €750 million on a 7.375% senior unsecured bond; this repayment had been pre-financed in November 2013. Our debt leverage ratio* fell to 23.1% following this repayment (year-end 2013: 27.8%). Our double leverage ratio** remained stable at 105.8% (year-end 2013: 106.4%). The fixed-charge coverage ratio*** increased to 4.4x.

In February 2015, Achmea B.V. completed the issuance of €750 million of subordinated notes with a coupon of 4.25%. These subordinated notes are undated with a first call option after 10 years. The notes are listed on the Irish Stock Exchange in Dublin, Ireland. In addition, pursuant to a cash tender offer, Achmea B.V. purchased €229 million in principal amount of its outstanding €367 million 5.125% Fixed to Floating Rate Perpetual Securities at a purchase price of 101.5%. If these financing transactions had been conducted in 2014, the IGD solvency ratio would have been roughly 13 percentage points higher.

The table below shows the effects of the adjustment for temporarily drawn down cash and the effects of the adjustment for the financing transactions if these would have been implemented in the fourth quarter of 2014.

INDICATIVE IMPACT CASH POSITION AND FINANCING TRANSACTIONS

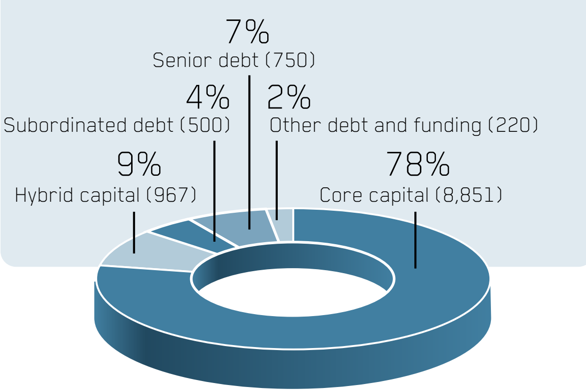
	YEAR-END 2014	IMPACT CASH ADJUSTMENT	IMPACT FINANCING TRANSACTIONS
Solvency I (IGD)	215%	-	+13%-pts
Debt leverage ratio*	23.1%	- 1.7%-pts	+ 3.6%-pts
Double leverage ratio**	105.8%	-	- 5.3%-pts
Fixed charge coverage ratio***	4.4x	Nil	- 0.1x

** The debt leverage ratio is calculated by taking non-bank debts and perpetuals as a percentage of the sum of total equity, non- bank debts and perpetuals less goodwill.*

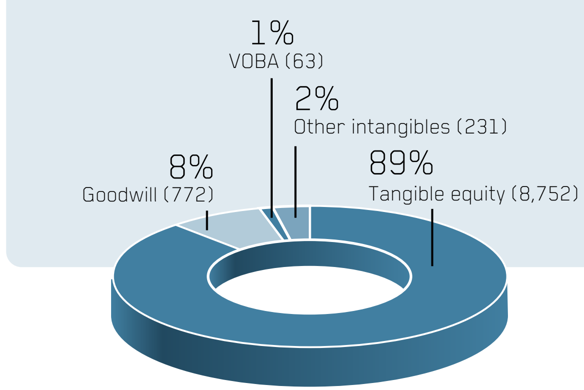
*** The double leverage reflects the ratio between (a) the sum of equity at holding level and the difference between between equity and subordinated debt at holding level and the equity of the subsidiaries and intangible assets and (b) the equity at holding level.*

**** The fixed-charge-coverage ratio reflects the ratio between fixed financing costs and the operational result adjusted for interest and depreciation.*

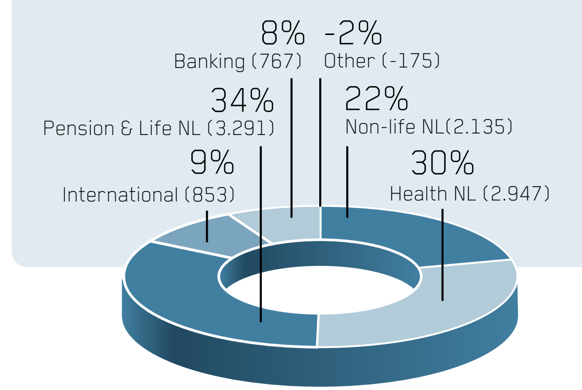
Capital structure
(31 December 2014: €11,288 mln)



Composition of total equity
(31 December 2014: €9,818 mln)



Capital allocation
(31 December 2014: €9,818 mln)



The table in the column below contains a detailed statement of the holding company's capital and liquidity flows, which serves as a supplement to the cash-flow statement included in the financial statements. In view of the governance of the Achmea Group, this most accurately reflects the holding company's perspective on the cash flows between the holding company and the group's operations. Achmea possesses sufficient financial flexibility, not least because of its solid access to capital markets.

STATEMENT OF CASH FLOWS AT THE HOLDING COMPANY LEVEL*

Cash received from operating activities	
Non-Life Netherlands	50
Health Netherlands	0
Pension & Life Netherlands	275
International	13
Miscellaneous	68
Income from divestments	35
Financing / group activities	
Net interest paid	-102
Dividend and coupon payments	-200
Net changes in loans	-755
Tax offsets	198
Holding company operations	-24
Investments in segments and investee companies	
International	-18
Banking activities	-53
Miscellaneous	-10
Net changes in cash	**-524**

** This concerns Achmea B.V. and all cash flows relating primarily to responsibilities of the holding company; they are exclusive of cash flows relating to specific operational segments.*

The strength of Achmea's financial position is evident from the structure and composition of the available capital. The graphs show the allocation of capital among Achmea's various operations and confirm the economic benefit of diversification.

LIQUIDITY MANAGEMENT

Liquidity policy

According to the risk appetite statements, Achmea must retain sufficient liquidity in order to be able to fulfil its liquidity requirement in extreme stress scenarios at both the holding company and legal entity levels, now and in the future. The Group's liquidity position must be sufficient and allow for financial flexibility at all times. We have developed our risk appetite statements in relation to our liquidity in an internal Liquidity Risk Policy.

Our liquidity policy sets out how Achmea and its Non-Life, Health, Life and Banking subsidiaries manage liquidity risk and in addition a number of calculation models have been developed which, across several time horizons, provide an forecast of Achmea's liquidity position and risks, under normal circumstances and for a series of moderate-to-extreme stress scenarios. The calculation models and limits set enable Achmea to comply with the risk appetite statements as defined by the Finance & Risk Committee and formally ratified and adopted by the Executive Board. The calculation models ensure that we are alerted in a timely manner if there is an impending risk of insufficient liquidity to meet our liabilities. Furthermore, the models also enable us to provide quantitative information about the liquidity position at various levels to regulators and other stakeholders. A set of emergency measures has been defined for extreme scenarios, in order to generate liquidity.

Liquidity of the holding company, insurance and banking entities

For liquidity purposes, Achmea maintains committed and non-committed credit facilities at the group level at several – mostly international – banks. At year-end 2014, the committed credit facilities of €750 had not been drawn down. The credit facilities were renegotiated and renewed in 2014, and the new facility is valid until 2019. The credit facilities contain no covenants in relation to financial ratios or bank covenants with the obligation of redemption if the rating is reduced. Nevertheless, a lower rating can affect the amount of the credit spread or interest rates.

The liquidity position of our insurance business is more than solid, as we maintain a high level of liquid investments in our investment mix, including government bonds which can quickly be cashed, and listed equity.

Our banking businesses have strong liquidity positions and have kept these well above the statutory requirements. Achmea Bank issued a senior unsecured bond in 2014 in the amount of €0.8 billion, while also placing a total of €0.8 billion in residential mortgage-backed securities (RMBS) within the Achmea Group. Achmea Bank redeemed €1.6 billion of Covered Bond notes, €0.8 billion RMBS notes, €0.6 billion LTRO and the last tranche of €1.1 billion of its State Guaranteed Notes.

Dividend policy

The company and its shareholders agreed that the dividend payments to ordinary shareholders would amount to 45% of net profit to be allocated to the shareholders. All dividend proposals are subject to the approval of the General Meeting of Shareholders. Furthermore, dividend proposals also take into account a prudent financial policy.

Ratings

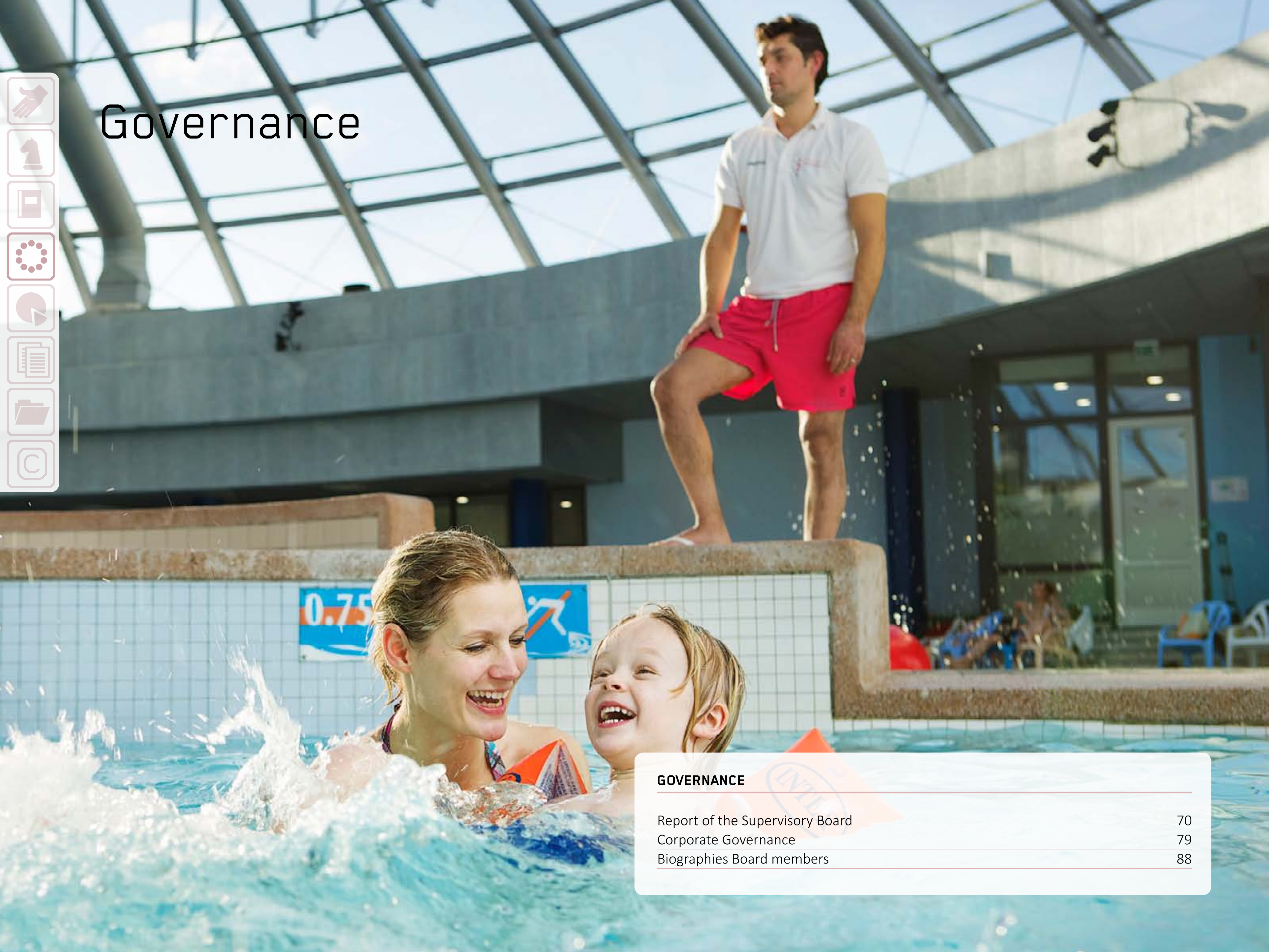
The Standard & Poor's ratings of the Achmea Group (A-) and Achmea's insurance businesses (A+) remained unchanged in 2014. Standard & Poor's upgraded our enterprise risk management from "adequate" to "strong", although the outlook for these ratings was revised to "negative". This adjustment mainly reflects the declining capital position in relation to the AA level and the relatively low level of profitability of the Group as compared with its financing expenses. One of the objectives of the change programme initiated at the end of 2013 was to increase earning capacity.

Achmea Bank's S&P rating remained unchanged (A, 'negative outlook'); this rating is linked to the Group's rating.

RATINGS

ENTITY	TYPE	S&P	FITCH	MOODY'S
HOLDING COMPANY				
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 Bank N.V.	Long-term CCR Short-term CCR Secured debt programme	A A-1 A	A- F2	
Achmea Bank N.V.	Covered bond programme		AAA	Aa2

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



Governance

GOVERNANCE

Supervisory Board report

SUPERVISORY BOARD REPORT

Main developments in 2014

The first year of implementation of the Acceleration & Innovation programme, which aims to strengthen the revenue model through measures such as cutting costs and increasing profits, in conjunction with digital innovation, was one of the main agenda items for the Supervisory Board in 2014. Customer Centricity also remained an important focus of attention, as did the IT change agenda. The commissions of the Supervisory Board focused on risk management, compliance, amendments to the pensions and management development. The composition of the Supervisory Board itself was also the subject of close scrutiny due to the filling of three existing or imminent vacancies, as was the composition of the Executive Board. The Supervisory Board discussed corporate governance, partly due to the strengthening of corporate governance at insurance entities (supervised undertakings) within the Group. The Board performs these duties on the basis of three responsibilities: (1) supervision and formal approvals, (2) solicited and unsolicited advice or recommendations, and (3) the employer.

The Supervisory Board convened on eight occasions in 2014, including seven ordinary meetings and one extraordinary meeting. Written decisions were also twice made outside the meetings following written consultations. All the meetings were attended by almost all members, with a few cases of absence. In 2014, Mr Minderhoud was unable to attend meetings several times due to his post as acting CEO of Rabobank Nederland. Members who were absent provided the meeting with input in advance and authorised another member to exercise their vote at the meeting. Six meetings were held at Achmea's head office in Zeist; one meeting was held at Centraal Beheer in Apeldoorn and one at Eureko Sigorta in Istanbul, Turkey.

The Supervisory Board examined the progress on Acceleration & Innovation and Customer Centricity at almost all the meetings. In the case of Acceleration & Innovation, the Supervisory Board members talked about the need to cut costs, but also to seek ways to boost income. At two meetings, the Executive Board updated the Supervisory Board thoroughly on commercial steering by means of e.g. the Net Promoter Score (NPS), the pricing strategy and digital customer services.
At Centraal Beheer the application of this to direct distribution was explained. Acceleration & Innovation includes the Incoming Reinsurance business case, which was discussed in detail by the Supervisory Board and given its approval. Another item for attention within Acceleration & Innovation was the disinvestment of loss-making or underperforming activities such as the Health Centers and Oranta in Russia.

The Executive Board's composition and that of the Supervisory Board were also on the agenda on several occasions. As of 1 March 2014, Mr Timmer took up the position of Chief Risk Officer (CRO) following appointment by the Supervisory Board. This brought the Executive Board up to its required strength of six members, with separate posts for Chief Financial Officer (CFO) and Chief Risk Officer (CRO). The company had decided to separate the positions of CFO and CRO in 2013 in order to facilitate modern governance and also given the substantial duties associated with each position.

In August 2014, the Supervisory Board and the Executive Board were disagreeably surprised to face an investigation by the Dutch Public Prosecution Service into Achmea's tax treatment of leases at the Achmea Health Centers in 2007. This was an issue which had been reported to the tax authorities by the Executive Board earlier in the year, and of which the Supervisory Board had been informed. The Public Prosecution Service investigation focuses on the companies involved and the officials who had ultimate responsibility at the time, namely Executive Board member Mr Van Breda Vriesman and a Group director. As a result of the Public Prosecution Service investigation, both individuals decided to suspend their activities for the duration of the investigation. This was a radical decision for the two individuals involved, as well as for their Executive Board colleagues and for the Supervisory Board. In order to obtain rapid and in-depth clarity into the situation, the Supervisory Board instigated its own extensive investigation, which was conducted within a period of eight weeks and for which the Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee formed a steering committee, aided by their own external advisors. The results were presented to the Board in November and subsequently sent to supervisory authorities DNB and AFM and to the Public Prosecution Service, with the aim of providing full transparency and speeding up a verdict by the Public Prosecution Service on whether the case required any action and its precise scope. Achmea B.V no longer falls within the scope of the investigation.

In January 2015, the company decided to allow Mr Van der Eijk a three-month sabbatical, born of a strong desire on his part to recharge his batteries. The Supervisory Board asked the Executive Board to function with four members for a period of several weeks from mid-January, whereby their colleagues' portfolios will temporarily be taken over by the remaining members. An important aspect here is the even distribution of duties.

No new members joined the Supervisory Board in 2014. However, one vacancy arose due to the scheduled departure of Mr Van der Weg. In 2014, suitable candidates were sought for this vacancy and for the vacancy created by the departure as of 31 December 2014 of Mr Minderhoud. This resulted in the appointment as of 1 January 2015 of Ms Hofsté and Mr Wijmenga. Detailed information on changes to the composition of the Executive Board and the Supervisory Board in 2013 can be found in the Selection and Appointment Committee report in this section.

The annual evaluation noted that the Supervisory Board enjoys good relations with the Executive Board. The Supervisory Board compliments the Executive Board on its vision, transparency and implementation of the planned measures. The reports and information provided to the Supervisory Board were high-quality and – where applicable and required – balanced with respect to the interests for all the company's stakeholders. In 2014 the Supervisory Board devoted particular attention to the pressure faced by the Executive Board in relation to the need for multiple changes, radical market trends for insurers and the spotlight placed on the sector by politicians, social opinion and external supervisory authorities.

Strategy

One of the Supervisory Board's key tasks is to monitor and provide advice on the implementation of Achmea's strategy. The strategy was revised in 2013, and in 2014 the focus lay on its consistent and logical implementation, within which the Group-wide Acceleration & Innovation programme occupies an important role, shifting further towards Customer Centricity, increasing digital customer services and improving the revenue model for the future.

The Supervisory Board noted that progress has been made in all these areas, but that it is not yet sufficient. Customer Centricity has obviously made great strides forward; the next step is to achieve the ambition of becoming the 'most trusted insurer'. As part of the Acceleration & Innovation programme, cost reductions were implemented as planned in 2014, with measures to reduce centralised and local staffs, restructuring of the distribution organisation and implementation of the Integrated Insurer business case. The Group's Business-IT strategy was re-examined in 2014. Together with the Executive Board, the Supervisory Board concluded that the direction of the joint IT policy and target architecture needed to be maintained, that complexity and cost reduction needed to be increased and that the balance between business and IT needed to be improved. Implementation of these issues was laid down in the new Group Business Information Plan, and the new IT Business Case contains these as basic principles on the way towards becoming a Digital Insurer.

The 2015-2017 Business Plan and the 2015 Budget were adopted at the end of 2014. The Acceleration & Innovation management agenda again forms a major component of these. The Supervisory Board discussed with the Executive Board the need to take further measures, partly due to the persisting and growing pressure on the revenue model of insurers.

Following the realignment of Achmea's international strategy, the emphasis in 2014 was on implementation. The Supervisory Board was kept informed of the progress of implementation along the spearheads: deployment of key qualities abroad, an international alliance with Rabobank in the agribusiness and also further cooperation with the Eurapco partners in Europe. The Supervisory Board stressed the importance of Achmea's strategic decisions in the Netherlands also serving as a guideline for the international business units and for international investment decisions. The Board was pleased to note the improvements in premium revenue and results in virtually all the foreign business units currently included in the portfolio, i.e. Eureko Sigorta Turkey, Interamarican Greece, Union Slovakia and Friends First Ireland.

Finance and risk

In each quarter of 2014, the Supervisory Board discussed Achmea's financial situation in detail based on the half-year and quarterly figures, in addition to discussing and approving the annual report and financial statements over 2013. At these discussions on the annual and half-year reports, also attended by the external auditor, the main focus was on revenue, income, costs, risks and FTEs. In addition, the Supervisory Board and Audit & Risk Committee regularly discusses key matters in the context of the financial statements, also with the external auditor. In 2014 these matters included goodwill impairment testing, the valuation of assets and liabilities arising from insurance contracts and valuation of non-listed assets and liabilities and the existing pension obligations. The Supervisory Board urged the Executive Board in particular to monitor the number of external FTEs thoroughly and to steer accordingly. Incidentally, a distinction is made here between the desired flexible pool of temporary staff on the one hand and the hiring of consultants and freelancers on the other. The Rolling Forecast was further embedded in 2014; this has yielded an improvement in short-cycle steering based on the latest insights. The Supervisory Board has been involved in this system and believes it to be a desirable addition which allows improved monitoring of performance steering and risk.

Risks and their effect on Achmea were again a major topic for the Supervisory Board in 2013. This includes the Group's risk appetite, risk and compliance reports, which are received and discussed each quarter, and any special, new risks which are evolving. For instance, in 2014 at the request of the Supervisory Board a detailed review was held of the potential risks involved in transferring public Exceptional Medical Expenses Act (AWBZ) duties to health insurers. The Supervisory Board concluded that the attention for risk appetite has been further embedded in the organisation and corporate planning over the course of the year, e.g. via specific risk dashboards. Attention was also devoted to a Recovery Plan, as required by supervisory authority DNB in the event of crisis situations.

In 2014, a great deal of thought was devoted to the payment of dividends over 2013. This was partly due to a letter from the Dutch Central Bank regarding the dividend distribution for 2013 as proposed by Achmea. After having obtained further information, including forecasts for the coming year, the Supervisory Board decided after careful consideration of the interests of all stakeholders that the result, the test controls on solvency and liquidity levels and the applicable dividend policy justified and provided good reason for the payment of a dividend. The perspective of the Executive Board and the Supervisory Board was discussed in detail with the Dutch Central Bank.

Portfolio Management

The Supervisory Board examined two major disinvestments in 2014. Apart from its approval, where appropriate the Supervisory Board also provided feedback and input to the Executive Board. Throughout the year, the Supervisory Board was kept informed of the disinvestment of the Achmea Health Centers and Achmea's Russian business. Based on materiality, the Supervisory Board did not formally need to grant approval for these transactions but it does stand fully behind these decisions as they fit within the international strategy subscribed to by the Supervisory Board. Previous acquisitions and potential disinvestments were also reviewed in 2014.

Compliance with laws and legislation and auditing

The Supervisory Board again noted that there are growing compliance requirements arising from laws and regulations, external supervision and national and international industry and other organisations. There is a clear increase in the role of the Supervisory Board in monitoring these changes and the role of the Executive Board in implementing them. The Supervisory Board views the clarity and transparency of the requirements imposed by supervisory authorities positively, but the amount of time this entails, both for the Executive Board and the organisation, remains as high as ever. Moreover, the Supervisory Board is concerned about the occasionally ambiguous regulations set by various bodies and the fact that some of these regulations are made available at a very late stage, which makes it difficult to anticipate them. It is not just that there are multiple surveys and questions from regulators, but they are all sent with high priority, which in turn also creates a huge amount of pressure. This may lead to less time being spent on other important issues. The Supervisory Board has opted to discuss this dilemma openly and in a constructive manner with the supervisory authorities.

In terms of laws and regulations, the Supervisory Board and its committees discussed a variety of issues, including the new regulatory framework for pension schemes and the introduction of Solvency II. The Supervisory Board also assessed Achmea's compliance with the Insurers' Code. It is important to the Supervisory Board that Achmea complies with the Insurer's Code as fully as possible. For more information on this topic, please see the Corporate Governance section in this Annual Report.

The Audit & Risk Committee and the Supervisory Board also conducted in-depth discussions with the external auditor and Internal Audit on the conclusions in the management letter and the audit memorandum. The need for and the pace of the Acceleration & Innovation programme has also been devoted a great deal of attention, as was the transformation of IT and alignment of the business to this. Topics also included those relating to getting customer advice in order in different financial services, such as mortgages and income protection.

Corporate governance at the regulated entities

The adjustments made to the Group's governance in 2014 are discussed in detail in the section on corporate governance. These adjustments were subsequently implemented in accordance with the recommendations received from the Dutch Central Bank and Achmea's own evaluation. The Supervisory Board discussed the Executive Board's proposal to no longer appoint the Executive Board itself but instead division directors as directors under the articles of association for the insurance entities Achmea Schadeverzekeringen N.V., Achmea Pensioen- & Levensverzekeringen N.V. and Achmea Zorgverzekeringen N.V. This was already implemented at the latter entity in 2013. Over the past few years, separate supervision had already been introduced at these subsidiaries by setting up individual Supervisory Boards. It was concluded that this contains clear added value on the basis of independent supervision of the listed subsidiaries and on the basis of a deepening of supervision from the Group, as members of the Group's Supervisory Board are also members of the individual Supervisory Boards. Questions about sharing responsibilities between the Supervisory Boards of these entities versus the Group's Supervisory Board were discussed at a special meeting, after which a further review was held of how governance of the Group and its subsidiaries works in practice and needs to be viewed in cohesion, separately from the individual responsibility of each entity. This was given substance in 2014 by defining Group policy, which issues the Executive Board decides and the Group's Supervisory Board supervises, and what is subsidiary policy, and which issues the directors under the articles of association of the subsidiary in question decide and for which they are held accountable to the Supervisory Board of this entity. This process of configuring amended charters, reports and management was completed in early 2015.

Remuneration

Achmea has a Remuneration Policy, which is in line with the principles laid down by the DNB, the AFM, the Insurers' Code and the Banking Code (please also see the section on Corporate Governance for more information on exceptions). Over the past few years, Achmea had already implemented various amendments to the remuneration policy for board members and senior management. For instance, remuneration in the form of share options was abolished and the maximum for bonuses was adjusted downwards. In 2011, Achmea tested its remuneration policy against the DNB's

Regulation on Sound Remuneration Policies, based on guidelines issued by the Committee of European Banking Supervisors (known as the CEBS guidelines). Within this framework, major setting and monitoring powers were granted to the Supervisory Board or its Remuneration Committee. Implementation of the remuneration policy and its corresponding key control mechanisms was completed in 2013. The Supervisory Board's Remuneration Committee had previously established that the entire system, the detailed form and control requirements and the administrative burden, was viewed as very large and rigid. For this reason, a few simplifications were implemented in 2014, including the replacement of generic controls with risk-based controls, in order to restrict both the complexity of the annual cycle and the substantial administrative duties, while still allowing sufficient control over the process.

Following the previous revision of the pension scheme, as agreed between the Executive Board and the unions representing Achmea personnel, and subsequently implemented at director and senior management level, changes were also implemented for the Executive Board as of early 2014. The Executive Board had already switched to a slimmed-down version of the pension in 2013. The latest amendment to an average-wage scheme now brings this is in line with what applies to the Group as a whole. Finally, at the end of 2014 an amendment to the pension scheme was required pursuant to new legislation on pension accrual for incomes in excess of EUR100,000. Following recommendations by the Remuneration Committee, the Supervisory Board agreed to an adjustment in which regular pension accrual is reduced and the alternatives offered are budget-neutral. For more information on remuneration at Achmea, please see the report by the Remuneration Committee in this section; the remuneration report will be published on our websites www.achmea.nl and www.achmea.com at the end of April.

Continuing education

Three continuing education sessions were organised for Supervisory Board members in 2014. Two visits were also paid to business locations. All the sessions were attended by almost all the Supervisory Board members. The first sessions dealt with Cybercrime, and Supervisory Board members were updated on cybercrime trends using some radical examples. In particular, trends in attacks on websites and customer data were dealt with, a phenomenon faced by many financial institutions worldwide. The situation whereby Achmea websites faced e.g. d-dos attacks was also discussed, both an analysis of what happens and how this was possible, as well as the measures which were later taken to prevent repeat attacks or to create several lines of defence in the event of attacks and restrict the actual impact. A second continuing education session looked at the future of financial institutions in light of various international trends. While in the wake of the effects of the financial crisis banks and insurers are now working on restoring buffers, the revenue model and confidence in an environment of sharply-increased supervision and a control culture, digitalisation and the advent of new players in financial services may create an entirely different playing field in the coming years. There was a discussion on several examples of e.g. companies in the US and Asia which pose a potential threat to banks and insurers if a response is not formulated in good time. The third continuing education session dealt with the imminent implementation of Solvency II and in particular the Partial Internal Model. Achmea is preparing itself for the implementation of the Partial Internal Model for a number of business lines and risks. Preparations for this are at an advanced stage; it is important that the Supervisory Board knows this model and can conduct supervision on the basis of it. Continuing education is firmly embedded in the organisation. The Supervisory Board believes that continuing education adds significant value to the performance of the Supervisory Board and the Executive Board. The continuing education sessions will be continued in 2015, whereby topics will include information security and trends in the pensions and life insurance sector.

In addition to continuing education, companies within the Group are also visited each year. Members of the Supervisory Board also meet with company officials individually. In 2014, a meeting was held at Eureko Sigorta in Turkey, at which the trends on the Turkish market and the company's insurance activities were discussed with both the directors of the Turkish company and bancassurance partner Garanti Bank. A visit was paid to Centraal Beheer in the autumn. This division has been restructured, whereby not just the direct market but also the brokerage market are served from three labels: Centraal Beheer, FBTO and Avéro Achmea. In particular the transition to a higher proportion of online services, alignment with customer centricity and the trend for new propositions and concepts e.g. in the employer/employee channel were topics for discussion.

Evaluation of the Supervisory Board

Each year in June, the Supervisory Board carries out an extensive self-assessment based on feedback forms. Once every three years this process is conducted using input from an external advisor. In this context, the Chairman of the Supervisory Board also holds individual interviews with Supervisory Board and Executive Board members and includes information obtained in these sessions in the evaluation. The outcome of the evaluation is discussed during a private section of the meeting.

In 2014, DNB also conducted a survey of Board Dynamics in the Supervisory Board, based on interviews with all the Supervisory Board members, as well as other involved parties, such as Executive Board members, the secretaries of the Supervisory Board and Executive Board, several staff directors and board members of Vereniging Achmea. DNB provided feedback on the outcome of this survey in December 2014. In addition to several recommendations, note was made of the Supervisory Board's balanced performance including input from all members and careful decision-making. The Supervisory Board recognised the importance of counterarguments in decision-making and organising supervision and including informal contacts in supervision, both among the members and with officials from the organisation.

In addition, as part of the survey a large number of topics were evaluated, including the Supervisory Board's performance in general, the performance of the various committees, the capacity to function at the required level of responsibility and the Supervisory Board's independence.

The Supervisory Board's self-assessment looked at the following points. 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. The evaluation concluded that the Supervisory Board generally performs well, that cooperation within it and with the committees works properly, that the Board acts independently and is well-equipped for its tasks. The thorough preparatory tasks conducted by the committees increase the efficiency of the Supervisory Board's meetings. The preparations conducted by the Executive Board are also assessed positively. The suggestions for improvement made in 2013, including making more time for discussions, meeting in different locations and increasing the frequency of the meetings, have been implemented. More time has also been made available for succession planning and informal contacts within the company, such as Young Achmea, as well as more frequent meetings without Executive Board members. For 2015, attention has been requested for the digitalisation of agenda items, the use of a sharepoint for the Supervisory Board, and also for maintaining informal contacts with the Central Works Council. The Chairman of the Supervisory Board also visited all the director teams in 2014.

Relations with shareholders

With the exception of the General Meeting of Shareholders, the Supervisory Board as a corporate body has restricted contact with shareholders. The Chairman of the Executive Board is the primary point of contact for shareholders. However, the Chairman of the Supervisory Board does hold regular meetings with shareholders on topics such as proposals for the appointment of Supervisory Board members and talks to them in the context of the General Meeting of Shareholders. In doing so, the chairman is always invited to attend meetings of Vereniging Achmea, the majority shareholder of Achmea B.V., as an observer. The Chairman of the Supervisory Board explained the supervision conducted by the Board to the Members Council of Vereniging Achmea.

Relations with the external auditor

PricewaterhouseCoopers Accountants N.V. (PwC) is the Group's external auditor. The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet annually with the external auditor's lead partner. In 2014, the Audit & Risk Committee also held two private meetings with the external auditor, at which topics for discussion included the Acceleration & Innovation programme, dividend policy and the IT transformation. 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 the collaboration with PwC is positive. The two parties enjoy sound and transparent relations. PwC adds value to the improvement of the financial reporting process and challenges the company in a constructive and positive manner. The Supervisory Board concluded in consultation with the external auditor that the level of control of the financial reporting risks and internal control within Achmea are sufficient.

Relations with Internal Audit

The Supervisory Board has an autonomous relationship with the Internal Audit department. For instance, the Audit Plan is laid down annually by the Audit & Risk Committee. The audit memorandum together with the external auditor's management letter provide the Supervisory Board with an excellent overview of the Group's position and of the main areas for attention. The Supervisory Board is satisfied with the sound relations between the Audit & Risk Committee and the Director of Internal Audit, who was appointed in 2014 following the appointment of the then director as Group CRO. The latter attends discussions on Internal Audit reports at Supervisory Board meetings. The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet regularly 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 2014, the Supervisory Board talked to the Executive Board about the desired changing role of Compliance within Achmea in the current changing setting within the company. Following careful consultation between the Executive Board, the Supervisory Board and the supervisory authorities, the new Group Compliance Officer who had joined in 2013 left the company in 2014. It was decided that the CRO would temporarily take over the post of Group Compliance Officer in order to streamline the Compliance department further and to subsequently start the selection and appointment process for a new Group Compliance Officer. This process will be completed in early 2015. The Chairs of the Supervisory Board and the Audit & Risk Committee requested that there be a focus on maintaining the second line role and within this context the provision of knowledge and advice to the first line, without taking on the role of implementation. It was also stressed that a pro-active stance from Compliance is essential here. It was noted that thanks to the changes implemented by the CRO during his temporary occupation of the post, this has been set in motion.

Relations with the Central Works Council

Supervisory Board members took it in turn to attend a meeting of the Central Works Council in 2014. The Supervisory Board notes that there are sound working relations and a constructive and open dialogue between the Executive Board and the Central Works Council. Relations between the Supervisory Board and the Central Works Council are good. The Chairman of the Supervisory Board discussed in detail with the Central Works Council the need for the Acceleration & Innovation programme set up by the Executive Board. Given the large number of personnel expected to leave the company over the next few years, this will demand a great deal of both the Board and Works Council members, for which the sound relations of the past few years will form an important foundation. In line with the legally reinforced right of recommendation, the Central Works Council may propose candidates for three of the nine Supervisory Board seats. Following the departure of Mr Van der Weg, who was a Board member nominated by the Central Works Council, the Supervisory Board discussed the profile for his successor with the Central Works Council and this constructive collaboration resulted in the nomination of Ms Hofsté. The Central Works Council agrees that in line with corporate governance all Supervisory Board members are independent following their appointment and exercise their duties without pressure or consultation.

Conflicts of interest

In line with the Dutch Corporate Governance Code, transactions involving Supervisory Board members in which there are conflicts of interest must be listed in the Annual Report. At the end of 2013, Mr Minderhoud was appointed Acting Chairman of the Rabobank Executive Board and withdrew from the Rabobank Supervisory Board. Although Rabobank Executive Board members in principle may not be Supervisory Board members at Achmea, it was decided to deviate from this due to the temporary nature of the appointment. At the request of Achmea's Supervisory Board and with the agreement of DNB, Mr Minderhoud retained his position as a member of Achmea's Supervisory Board on the understanding that he does not participate in consultations or decision-making at meetings in the event of any conflict of interest. Mr Minderhoud stepped down as Vice Chairman of Achmea's Supervisory Board during the time that he held the post of Acting Chairman of the Rabobank Executive Board. No new Vice Chairman was appointed for that period. In 2014, the Chairman of the Audit & Risk Committee was acting chair where appropriate. This was the case during the discussion on the future of Staalbankiers, as the Chairman of Achmea's Supervisory Board is also Chairman of Staalbankiers' Supervisory Board. The Chairman of the Audit & Risk Committee led the discussion on this in the Supervisory Board. Meanwhile, after the resignation of Mr Minderhoud per 31 December 2014, Mr Vermeer has been appointed as the new Vice Chairman. There are deemed to be no conflicts of interest if a member of the Supervisory Board concludes an insurance policy as a costumer or purchases any other products and/or services from Achmea Group subsidiaries.

AUDIT & RISK COMMITTEE REPORT

In 2014, the Audit & Risk Committee's ordinary meetings were often dominated by monitoring the results during the reporting period, evaluating the quarterly figures for publication to shareholders for consolidation purposes and discussing the corresponding reports by the external auditor. Throughout the year, the risk reports, compliance reports and audit memoranda were also discussed in detail. Actuarial certification is also discussed annually, as is the Pension Fund Governance report. Meetings are always attended by the Chairman of the Executive Board, the Chief Financial Officer, the Chief Risk Officer, the directors of Finance, Internal Audit and Risk Management and the external auditor. Specialists may be invited to attend part of the meeting for discussions on specific topics.

During the meeting to discuss the 2013 financial statements, a great deal of attention was devoted to Achmea's solvency and liquidity levels, the proposed dividend payment, the write-down of intangible fixed assets and goodwill, the effects of the new Achmea Pension Scheme on the 2013 financial statements and the cost of healthcare forecasts. The committee also discussed the proposed issue of a guarantee for one of Achmea B.V's subsidiaries in great detail. Given the potentially broader impact of this type of guarantee on the Group, the interests involved were carefully considered. After thorough consideration, the Audit & Risk Committee issued a positive recommendation to the Supervisory Board to approve the guarantee in question. There were also in-depth discussions on the proposed dividend payment by Achmea B.V to its shareholders. As before, the Audit & Risk Committee, following extensive consideration of the interests involved, recommended that the Supervisory Board approve the proposed dividend payment. Throughout the year there were regular discussions on Achmea's capital, liquidity and solvency positions and measures to improve these. In June 2014, the committee held an in-depth session on capital and liquidity levels and discussed alternative capital structures. The conclusion was that there is currently no reason to implement possible alternative capital structures.

The committee also discussed the capital and liquidity plan and its implementation, including the early refinancing of a bond loan taken out in 2009 under Achmea B.V's updated Debt Issuance Programme. As a result of the prudent financial policy in reducing the liquidity and refinancing risk for Achmea in 2014 and the positive market conditions at the end of 2013, in October the committee issued its approval and issued a positive recommendation to the Supervisory Board to approve this early refinancing.

During the year, the committee discussed the progress on the Acceleration & Innovation change agenda and, based on the Rolling Forecast, the Business Plan at each meeting. The committee subscribes to the need for plans with an impact and noted that it was satisfied with the steps already taken in this respect in 2014.

In-depth sessions on IT were held in both June and November, as IT is one of the crucial factors in realising the plans within the framework of the Acceleration & Innovation programme. Although major strides forward were made in 2014, the committee did express its concern at the speed at which the changes are occurring, as IT has become a delaying factor in the realisation of several Acceleration & Innovation themes.

In 2014 the method proposed in 2013 for passing on holding costs was worked out in more detail for the individual business units. The committee approves of the manner in which this was handled.

There were also detailed discussions on several planned dividend payments by several licence holder units and the underlying Capital Adequacy Policy and within this the desired Solvency II limits. In doing so, a detailed look was taken at the interest of both Achmea B.V in receiving the dividend payments from the regulated entities for funding the holding activities which are also conducted for the benefit of the Group as a whole and of the interest of the regulated entities in having sufficient capitalisation to be able to withstand any shocks. The committee considered all the interests involved carefully and in this respect both the Supervisory Board and the Supervisory Boards of the relevant supervised undertakings issued positive recommendations to agree to the proposed Capital Adequacy Policy and the dividends payable in 2014. It was agreed, however, that all future dividend payments, also if they comply with the Capital Adequacy Policy, will need to be assessed on their individual merits.

The committee was also fully involved in and consulted about the Recovery Plan which the Executive Board finalised in mid-2014 at the request of De Nederlandsche Bank. The committee challenged and advised the Executive Board on the different scenarios and agrees with the measures proposed by the Executive Board if any of the described situations should occur. The committee was involved in the same way in the submission of the Own Risk Solvency Assessment (ORSA) to DNB at the end of 2014.

The committee and PwC discussed the management letter, in which the quality and effectiveness of corporate governance, risk management and the processes at Achmea are clearly laid out, in particular the extent to which PwC requires this for auditing Achmea's financial statements. The high quality of Internal Audit's audit memorandum was noted; this contains a clear description of the existing control and areas for attention, the turbulent market conditions, progress on the Acceleration & Innovation programme, trends in IT and customer centricity. Other topics for discussion were the improvements by Achmea in risk management and the three lines of defence, the existing IT control mechanisms and the fact that the intended IT transformation is essential to be fully in control. The committee questioned both PwC and the Executive Board on the findings in the management letter. To the satisfaction of the committee, it was concluded that all the topics dealt with come within the scope of the Executive Board and that the suggestions are being taken seriously by the Executive 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 on discussions on the risk appetite, including comprehensive risk reporting and ORSA. Both the risk appetite and risk policy were re-adopted with a few changes compared to 2013. The internal control statement was discussed with the Executive Board. Following a thorough assessment of the risks and how Achmea controls these, the Executive Board listed the main risk points for specific planning and monitoring. The committee examined these measures closely together with the Executive Board and the Risk & Compliance department; the committee shares the Executive Board's analysis of these topics. Other topics which the committee discussed extensively with the Executive Board include the annual Internal Audit/PwC 2014 Audit Plan, the capital, liquidity and funding forecasts for 2015-2017, the 2015 investment plan and the corresponding steering/monitoring. The committee was pleased to be informed that Standard & Poor's has maintained its ratings for Achmea.

Finally, the committee spoke on several occasions about the Group's tax position and several special files in this case, and it was closely involved in the process surrounding the renewal of the external auditor's contract.

REMUNERATION COMMITTEE REPORT

Responsible remuneration

As mentioned earlier in this section, responsible remuneration is an important matter for Achmea (for more information please also see the section on Remuneration). Since the introduction in 2011 of an amended responsible remuneration policy, which includes the principles of the Insurers' Code, Achmea now has regulations for bonuses which meet the tighter supervisory requirements in full. Application of and compliance with this policy is an important topic for the Remuneration Committee. Remuneration Committee meetings always include reports from the staff departments tasked with the implementation of key controls in areas such as target setting, implementation clauses, the setting of risk takers and the remuneration policy at the subsidiaries which are distanced due to their own governance. After it was decided in 2012 to adopt an average-wage pension scheme for the Executive Board, this was also adopted for directors in 2013. The scheme for the Executive Board was consequently aligned with the scheme for directors, which went further on some points, leading to a single scheme being created in 2014 for the entire group of senior management. The Remuneration Committee discussed the changes before they were approved by the Supervisory Board. This also applied to the amendment as of 31 December 2014 which proved necessary due to the restriction of pension accrual above €100,000.

Performance review

During 2014, the Remuneration Committee reviewed the performance of the Executive Board using previously-formulated targets, which at Achmea are based on the four-stakeholder approach: customers, employees, (business) partners and shareholders. These targets are composed in a balanced manner in relation to all perspectives including earnings; customer interests and satisfaction; cooperation with distribution partners, such as Rabobank and brokers; metrics for compliance and risk management; employee satisfaction; and metrics relating to socially responsible business. The committee subsequently makes a proposal for the long-term variable income component. The Central Works Council receives an annual report on the remuneration of the Group, the Executive Board and the Supervisory Board.

The Remuneration Committee has thoroughly evaluated whether the Executive Board achieved Achmea's corporate targets over 2012. Due to the government-backed loan issued to Achmea Bank in 2011, based on legislation implemented later in 2012, no bonuses were paid out to the Executive Board. This loan was paid off in November 2014, resulting in this restriction no longer applying. More information can be found in the remuneration report published on our websites www.achmea.nl and www.achmea.com.

2014 Remuneration Report

The table below lists the remuneration for the active members of the Executive Board. The remuneration package for Executive Board members includes the potential award of a bonus. The Remuneration Committee decides on the award of bonuses in the year following on from the performance. The award of bonuses in any financial year therefore relates to performance in preceding years. Some of the bonus payments are delayed for five years. In 2014 and 2013 no bonuses were awarded for performance in preceding years. This was due to the Act on the Ban on Bonuses. In 2014, no adjustments or claw back of remunerations to members of the Executive Board related to remunerations in former years were accounted for (2013: nil).

TOTAL REMUNERATION OF THE EXECUTIVE BOARD (AVERAGE NUMBER OF MEMBERS 2014: 5.8; 2013: 4.6) (€ MILLION)

Executive Board members as at 31 December:	2014	2013
Fixed remuneration	4.4	3.4
Other short-term employee benefits		
Other non-current employee benefits		0.2
Post-employment benefits active board members		
Current service costs	1.7	1.0
Interest expense on Defined Benefit Obligation	0.7	0.9
Return on Plan assets	−0.6	−0.8
Past service costs and result on plan amendment	−5.6	
Total remuneration Executive Board	**0.6**	**4.7**

FIXED REMUNERATION OF EXECUTIVE BOARD MEMBERS IN 2014 (€ MILLION)

Executive Board members as at 31 December:	2014
W.A.J. (Willem) van Duin, Chairman	0.97
H. (Huub) Arendse, CFO	0.72
J.A.S. (Jeroen) van Breda Vriesman	0.72
D. (Danny) van der Eijk	0.72
R. (Roelof) Konterman	0.72
H. (Henk) Timmer, CRO*	0.58

**Mr Timmer joined the Executive Board on 1 March 2014*

The post-employment benefits calculation for 2014 has been refined and has been calculated based on the pension benefit agreements with the individual board members, whereas in 2013 the costs were calculated in accordance with the pension plan for the Executive Board members collectively. The post-employment benefits are impacted by the interest rates applied for measurement of the Defined Benefits Obligation and plan assets. The amount of current services costs is a good proxy of the accrued rights of the members of the Executive Board during the year. Due to the change in fiscal rulings on post-employment benefits in the Netherlands, as from 1 January 2015 the pensionable income for Executive Board members is capped to an amount of €100,000. Due to this plan amendment the related provisions for employee benefits are released to the income statement for an amount of €5.6 million.

In 2014, Achmea as an employer had to pay a crisis levy of 16% over wages earned in 2013 to the extent these wages were higher than €150,000. The total amount of crisis levy related to the remuneration in 2013 was €0.8 million for all board members. The amount of crisis levy is not included in the total remuneration of the Executive Board. In 2015, this fiscal measure was not extended and therefore no crisis levy will have to be paid by Achmea.

For more information on remuneration, please see the remuneration report which will be published on our websites www.achmea.nl and www.achmea.com.

SELECTION & APPOINTMENT COMMITTEE REPORT

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 shareholders the Central Works Council.

Changes and vacancies

Completing the process surrounding the appointment of Mr Timmer as a new member of the Executive Board was a major priority in 2014, as was the selection and recommendation of new Supervisory Board members for the created vacancies. The appointment of Mr Timmer arose from the decision by the Selection & Appointment Committee and the Supervisory Board to separate the positions of CFO and CRO, in order to facilitate modern governance and also given the substantial duties associated with each position. Mr Timmer was selected by the Committee for his suitability and experience and appointed following approval by DNB. Although Achmea recognises the importance of greater gender diversity, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process.

The committee also discussed the composition of the Supervisory Board. In 2014 Mr Van der Weg left and Mr Minderhoud announced his early departure as of 31 December 2014 for personal reasons following a hectic period as acting CEO of Rabobank Nederland. After careful assessment by the Selection & Appointment Committee of the current composition of the Supervisory Board and the required competences in the Board in light of the current supervisory challenges, two profiles were compiled and discussed with Rabobank Nederland and the Central Works Council respectively, both of which were able to put forward candidates.

One profile was for senior knowledge of pension, life and non-life insurance, and the other for asset management and banking activities. In both cases candidates were sought with long experience in finance, audit & risk. Diversity was also taken into consideration.The recommendations were subsequently discussed in the Selection & Appointment Committee and presented with a positive recommendation to the Supervisory Board, which approved the choices. As a result, Mr Wijmenga and Ms Hofsté were appointed Supervisory Board members as of 1 January 2015 at an extra General Meeting of Shareholders held in autumn 2014.

In the meantime, for personal reasons and with a view to creating a better balance in the external positions he holds, Mr Overmars has announced that he will leave the Board early as of 1 April 2015 after many years at Achmea. He will continue as Chairman of Vereniging Achmea. The Selection & Appointment Committee is currently looking at his succession, whereby experience in the healthcare sector and/or health insurance plays a major part.

Succession planning

The Selection & Appointment Committee regularly discussed succession planning for the Executive Board and for the first management layer below the Executive Board. This discussion was also held in the full Supervisory Board in 2014. Achmea's Management Development policy was looked at in this context, including the focus on internal training and opportunities for promotion, as well as steps to increase diversity. The Supervisory Board also discussed succession planning at Group level. This provided the Supervisory Board with thorough insight into the management capacities within the Group. The Supervisory Board recognises the importance of a balanced male/female ratio in the Executive Board and the senior levels of the company, and in this context it has encouraged the Executive Board to aim for a further increase in the number of women in senior positions in the company.

2014 ANNUAL REPORT AND DIVIDENDS

PwC audited the Achmea B.V. 2014 financial statements and issued an auditor's report on 5 March 2015. In line with the proposal by the Executive Board and the recommendation of the Audit & Risk Committee, the Supervisory Board recommends shareholders to adopt the 2014 financial statements. Based on the current dividend policy and after adoption of the financial statements by the General Meeting of Shareholders, the Executive Board proposes no dividends (2013: €0.30) per ordinary shares will be paid. In the case of preferential shares, the Executive Board recommends that the General Meeting of Shareholders agrees to the payment of the full dividend equal to 5.5% of the fully paid-up capital. Apart from the adoption of the financial statements, the General Meeting of Shareholders will also be asked to discharge Executive Board members from liability for the management they have conducted and to discharge Supervisory Board members from liability for the supervision they have conducted in the 2014 reporting year.

A WORD OF THANKS

We would like to take this opportunity to thank the Executive Board, the Central Works Council and all Achmea employees for their enormous input and the enthusiasm they have displayed over the past reporting year. Mr Minderhoud retired from the Board as of 31 December 2014, while Mr Overmars will retire during the General Meeting of Shareholders scheduled for 26 March 2015. We would like to thank them for their many years of commitment to Achmea, its successors in title and its subsidiaries, and the valuable contribution they have made to our Group during their tenure.

5 March 2015

The Supervisory Board

E.A.J. (Erik) van der Merwe, Chairman
P.H.M. (Petri) Hofsté
S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
P.F.M. (Paul) Overmars
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
A.J.A.M. (Antoon) Vermeer
R.Th. (Roel) Wijmenga

Corporate governance

MAIN DEVELOPMENTS IN 2014

Achmea B.V. is a private limited liability company domiciled 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 corporate 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.

The vacancy of the function of CRO (a member of the Executive Board) was filled on 1 March 2014 with the appointment of Mr Henk Timmer, who previously served as Achmea's Internal Audit Director. Until Mr Timmer's appointment, the vacancy for the CRO function was temporarily filled by Mr Arendse, CFO.

Mr Van Breda Vriesman temporarily stepped down as a member of the Executive Board in late August 2014, as well as from the other positions through which he was affiliated with Achmea. After noting, in early 2014, the possibly inaccurate tax treatment of leases held by the Achmea Health Centers in 2007, Achmea took the initiative in early 2014 to report this to the Dutch Tax and Customs Administration. The Public Prosecution Service subsequently launched an investigation at Achmea Health Centers on 19 August 2014, which focused on the possibly inaccurate tax treatment of the leases in question, as well as on the officials who had ultimate responsibility at the time and the companies involved. The investigation focused on Mr Van Breda Vriesman (chairman of the Executive Board at the time for the Health division) and a Group director, Achmea Health Centers B.V. and Achmea B.V. Achmea B.V no longer falls within the scope of the investigation.

On 20 March 2014, Mr Bé van der Weg retired as a member of the Supervisory Board of Achmea B.V. and Achmea Pensioen- en Levensverzekeringen N.V. In 2014, Mr Marinus Minderhoud announced that he would be retiring on 31 December 2014 as a member of the Supervisory Board of Achmea B.V. and Achmea Pensioen- en Levensverzekeringen N.V., and the Supervisory Board and General Meeting of Shareholders accepted his resignation. Furthermore, Mr Paul Overmars announced his intention to retire, after the General Meeting of Shareholders scheduled for 26 March 2015, as a member of the Supervisory Board of Achmea B.V., Achmea Schadeverzekeringen N.V. and Achmea Zorgverzekeringen and its subsidiaries. His resignation was likewise accepted by the General Meeting of Shareholders.

The positions that were vacated following the resignation of Mr Van der Weg and Mr Minderhoud in the above-mentioned Supervisory Boards have since been filled, with Ms Petri Hofsté and Mr Roel Wijmenga both having been appointed to the Supervisory Board of Achmea B.V. and Achmea Pensioen- en Levensverzekeringen N.V. effective 1 January 2015. In addition, Mr Wijmenga will also join the Supervisory Board of Achmea Schadeverzekeringen N.V. The Selection and Appointments Committee of the Supervisory Board is currently considering filling the vacancy which has arisen as a result of the resignation of Mr Paul Overmars.

In 2013, the company also decided to no longer appoint members of the Executive Board itself, but rather members of the divisional management as directors under the Articles of Association of the insurance entities Achmea Schadeverzekeringen N.V., Achmea Pensioen- & Levensverzekeringen N.V. and Achmea Zorgverzekeringen N.V. and its subsidiaries; part of this decision was implemented in 2013 and the other part in 2014. This brings the responsibility under the Articles of Association of the core entities in line with actual operations, whereby each entity is managed by the main individuals responsible for the business unit. This was further incorporated into the Achmea Group's overall governance policy 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.

In January 2015, the company decided to allow Mr Van der Eijk a three-month sabbatical. Both his portfolio and that of Mr Van Breda Vriesman are temporarily being managed by the other members of the Executive Board.

CORPORATE GOVERNANCE CODES

Insurers' Code

At the end of 2010, the Dutch Association of Insurers adopted a set of Governance Principles for Insurers (known as the 'Insurers' Code'), with which all Dutch-licensed insurers must comply since 1 January 2011. The Insurers' Code was last revised on 1 July 2013. We have elected to report on compliance with the Insurers' Code at the Group level because of the structure of the organisation and the Group's governance. The Executive Board of Achmea manages the Group based on uniformity in management, policy and supervision. In order to ensure that management, policy and supervision are synchronised across the organisation, the Achmea Executive Board is responsible for managing, adopting and implementing the strategy of the Achmea Group, the group policy within the Achmea Group and the overall management of the Achmea Group. The Achmea Supervisory Board monitors the Group as a whole so as to ensure that management and policy are consistent across the board.

The directors under the Articles of Association within the Achmea Group – in some cases overseen by their own supervisory boards – are responsible, in addition to their general and legal responsibilities towards their own company, for implementing group policies, provided that such policies must be implemented within the company in question.

With the current governance structure and policies regarding remuneration, risk management, auditing, Customer Centricity, product approval and a process for identifying and implementing laws and regulations that apply across the Achmea Group, the Executive Board is of the view that the principles of the Insurers' Code are also implemented sufficiently for reporting purposes by insurance entities 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.

De Friesland Zorgverzekeraar N.V. and the other insurance entities that are part of the De Friesland Groep (DFZ) are the only companies not covered by the consolidated reporting standards under the Insurers' Code. The DFZ insurance entities have been part of the Achmea Group since 31 December 2011 and have signed a contract providing that they will maintain an independent position from the Group until 1 January 2017. In light of their independent position towards the Achmea Group, these entities are responsible for their own compliance with 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 N.V. and Staalbankiers N.V.) report separately on their compliance with the Dutch Banking Code. See below in the paragraph entitled 'Banking Code'.

We are almost fully in compliance with the Insurers' Code. In 2014, we did not yet fully and demonstrably comply with the following two principles of the Code:

- Customer Centricity (principle 3.2.2)
- Assuring the product approval process (principle 4.5)

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. In order to achieve the objective of becoming the most trusted insurer, the company decided in 2013 to introduce a central programme organisation under the supervision of Achmea's Executive Board. The Customer Centricity programme is part of a wider approach to further improve customer focus, reduce costs for our customers and invest in digitisation and online services. The changes are implemented in response to the rapidly and continuously changing needs of our customers. We continued to pursue this policy in 2014 and once again made a number of improvements in terms of the quality and comprehensibility of information provided, the product development process, complaints management, claim handling and customer participation by means of customer councils: a unique resource that is consistent with our values as a cooperative organisation and with the Achmea identity. Customer Centricity is further implemented through participation on the part of various brands in the Customer-Oriented Insurance quality seal. In 2014, Achmea is entitled to use the Customer-Oriented Insurance quality seal for the Centraal Beheer, Zilveren Kruis, Pro Life, OZF, Avéro Achmea, FBTO, Interpolis and InShared brands. The OZF Achmea and InShared brands received the Customer-Oriented Insurance quality seal in 2013. The company has made key progress since 2010 in integrating Customer Centricity to the extent aspired by Achmea, but there are areas in which we continue to make improvements, such as product development and advice on complex products. These actions are monitored through the central programme.
We can report that the quality of the product approval process – which is set out in the Product Approval and Review Policy – further improved in 2014. A large number of product reviews were conducted, the processes and procedures were adjusted during the year in order to better integrate Customer Centricity aspects, while compliance with statutory requirements has become more transparent. These improvements will be further rolled out in 2015. The principle of 'explain' no longer applies in relation to remuneration in the event of the dismissal of a member of the Executive Board (principle 6.3.2), as compared with 2013. As far as the members of the Executive Board appointed since 1 June 2008 are concerned, Achmea complies with the principle of remuneration paid in the event of the dismissal of a member of the Executive Board. This possible severance pay has been capped at one annual salary. As of 2014, a single member of the Executive Board, appointed before 1 June 2008, is still subject to a scheme based on years of service, which is maximised at 36 months and whereby accrual of the years of service was frozen as of the end of 2012. This exception has been maintained for civil-law reasons and is fully explained in the Remuneration Report on our website. In anticipation of the enforcement of the Act on Remuneration Policies of Financial Undertakings, the member of the Executive Board concerned agreed in late 2014 to the possible severance pay being capped for him on the implementation of the Act on Remuneration Policies of Financial Undertakings on 7 February 2015.

The Insurers' Code and a extensive explanation of our compliance with this Code are included as an appendix to this Annual Report and are also available electronically on www.achmea.nl and www.achmea.com.

Banking Code

The services we provide to our customers also include banking activities, which are provided through Achmea Bank and Staalbankiers N.V. Staalbankiers is fully compliant with the Banking Code, while Achmea Bank N.V. complies with virtually all the requirements under the Code. In 2014, Achmea Bank had not yet fully complied with the Customer Centricity principle from the Banking Code (principle 3.2.2.). As with the Group's insurance activities, Achmea Bank N.V. also took a number of key steps in 2014 in relation to Customer Centricity. Despite these important steps towards full compliance, Achmea Bank N.V.'s aspirations reach further than that, and it will need to continue taking measures before Customer Centricity is permanently integrated into the organisation in a way that is consistent with its aspirations. Following the departure of the Director of Finance and Risk of Achmea Bank N.V. at the start of the fourth quarter of 2013, a vacancy arose in the Executive Board which was filled effective 1 March 2014. Consequently, Achmea Bank N.V. did not comply with principle 3.1.1. during the first quarter of 2014 because a management board under the Articles of Association comprising two directors was deemed necessary. The position of the second director was filled with the appointment of Mr Ronald Buwalda effective 1 March 2014. As of 1 December 2014, the management board under the Articles of Association was extended with the addition of a third member, Mr Vincent Teekens.

The Banking Code and a point-by-point summary of Achmea Bank N.V. and Staalbankiers N.V's compliance with this Code are included as appendices to their 2014 annual reports and are also available in electronic format at www.achmeabank.nl, www.achmeabank.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 almost fully in compliance with the principles and best practices. In 2014, we had not complied to the following two principles of the Dutch Corporate Governance Code:

- The duration of the appointment of members of the Executive Board (principle II.1.1.)
- 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 principles with regard to the three most recently appointed members of the Executive Board. The appointment of the three other members of the Executive Board were open-ended appointments, and these contractual arrangements will be respected.

Although all members of Achmea's Supervisory Board are independent in 'mind' and 'appearance', three of the nine members of Achmea's Supervisory Board do not comply with principle III.2.2 f. on 1 January 2015. 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 Aad Veenman are also board members of Vereniging Achmea, which is composed of customers' representatives. Mr Van de Merwe also serves as a member 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. 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 has likewise approved 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 to ensure ethical conduct in accordance with Achmea's values and standards. A copy of 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 ethics violation or incident of fraud nevertheless occur, this can be reported on a confidential basis. A whistleblower policy, a copy of which is available atwww.achmea.nl, is in place for this purpose.

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.

ETHICS COMMITTEEE

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 Timmer (CRO) and consists of employees of different business units and one external member. Subjects handled by the Ethics Committee in 2014 included the following:

- Responsible investment
- Guaranteeing and communicating about ethics within Achmea
- Basic principles and procedures of the Committee
- The Insurers' Oath
- Various practical situations in which ethical aspects are relevant

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 2014. 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 2014 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 also members of the Finance & Risk Committee (besides the CFO and CRO) 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. All members of the Executive Board swore the oath or affirmation.

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, (business) 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, employees, business partners, processes and financials. Barring any special circumstances, all members of the Executive Board attended virtually all 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. The Supervisory Board and the Selection & Appointment Committee prepare the selection on the basis of the established profiles. Executive Board members are selected based on their proven experience and competence in the financial services industry where we strive for recruitment within the organisation for the appointment 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 (direct, broker and 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 is comprised of six members. Contrary to the legal obligation concerning gender diversity, there are only men in the Executive Board currently. Achmea seeks to enhance the gender diversity within the Executive Board. In addition to the aim of maintaining a balance in the Executive Board's skills while ensuring at the same time that newly appointed members have the experience required in terms of insurance, finance and risk, improving gender diversity is therefore 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. Barring exceptional cases, all members of the Executive Board participate in permanent education sessions. For further information on education courses attended by our employees in 2014, reference is made to the detailed disclosure on our compliance with the Insurance Code (Principles 3.1.3 and 3.1.4), which is attached to this Report as Annex and is also available electronically on our website, www.achmea.nl and www.achmea.com.

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. When appropriate, members of the Supverisory Board also speak with company officials individually. The Supervisory Board consists of members who, although they are nominated by shareholders or the Central Works Council, act in the interest 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 Executive Board have sworn the oath or affirmation. Barring exceptional circumstances, all members of the Supervisory Board attend all 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

COMPOSITION OF THE EXECUTIVE BOARD

NAME	NATIONALITY	GENDER	EDUCATION	POSITION	APPOINTED
W.A.J. van Duin (1960)	Dutch	Male	Law	Chairman since February 2009	March 2004
H. Arendse (1958)	Dutch	Male	Economics	Chief Financial Officer	April 2013
J.A.S. van Breda Vriesman (1967)	Dutch	Male	Law	Member	October 2008
D. van der Eijk (1958)	Dutch	Male	Insurance	Member	October 2008
R. Konterman (1956)	Dutch	Male	Economics	Member	April 2013
H. Timmer (1961)	Dutch	Male	Economics	Chief Risk Officer	April 2014

COMPOSITION OF THE SUPERVISORY BOARD

NAME	NATIONALITY	GENDER	POSITION	TERM (MAXIMUM OF THREE TERMS)	APPOINTED OR REAPPOINTED/ END OF CURRENT TERM
E.A.J. van de Merwe[a] (1950)	Dutch	Male	Chairman	Third	2014 / 2018
P.H.M. Hofsté[*c] (1961)	Dutch	Female	Member	First	2015 / 2019
S.T. van Lonkhuijzen[a] (1960)	Dutch	Female	Member	First	2011 / 2015
M. Lückerath[c] (1968)	Dutch	Female	Member	First	2011 / 2015
M. Minderhoud[**b] (1946)	Dutch	Male	Member	Third	2012 / 2016
P.F.M. Overmars[***a] (1945)	Dutch	Male	Member	Third	2013 / 2017
A.C.W. Sneller[c] (1965)	Dutch	Female	Member	First	2013 / 2017
A.W. Veenman[a] (1947)	Dutch	Male	Member	Second	2013 / 2017
A.J.A.M. Vermeer[b] (1949)	Dutch	Male	Member	Third	2014 / 2018
B.J. van der Weg[****ac] (1943)	Dutch	Male	Member	Third	2010 / 2014
R.Th. Wijmenga[*b] (1957)	Dutch	Male	Member	First	2015 / 2019

** Appointed effective 1 January 2015*
*** Has stepped down on 31 December 2014*
**** Will step down on 26 March 2015*
***** Has stepped down on 20 March 2014*
a Nominated by Vereniging Achmea
b Nominated by Rabobank
c Nominated by the Central Works Council

cooperative shareholder 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, in principle, nine or ten, which coincided with a reduction in the number of nominations made by majority shareholders. Vereniging Achmea is authorised to nominate candidates for four[1] seats on the Supervisory Board, one member of which is appointed on the recommendation of De Friesland Zorgverzekeraar (DFZ)[2]. 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 appoints the chairman of the Supervisory Board after recommendation by the Selection & Appointment Committee of the Supervisory Board. Rabobank may nominate candidates for two[3] seats. Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Swiss Mobiliar have the right to jointly nominate one candidate. They do not currently exercise this right. The Central Works Council appointed three members of the Supervisory Board effective 1 January 2015[4]. This arrangement follows from the legal framework of the Central Works Council's right of recommendation. The Central Works Council is entitled to directly nominate one third of the members of the Supervisory Board.

The members of the Supervisory Board intend to attend of the Central Works Council at least once a year. All the proposed changes to the composition of the Supervisory

1 Van de Merwe, Van Lonkhuijzen, Overmars, Veenman
2 Van Lonkhuijzen
3 Effective 31 December 2014: Minderhoud and Vermeer; effective 1 January 2015: Vermeer and Wijmenga
4 Effective 31 December 2014: Lückerath and Sneller; effective 1 January 2015: Lückerath, Sneller and Hofsté

OVERVIEW OF EXPERTISE AS AT 1 JANUARY 2015

NAME	EDUCATION	MANAGEMENT	GOVERNANCE	NSURANCE	BANKING	FINANCE/ RISK/AUDIT	HR/ REMUNERATION	LEGAL/ COMPLIANCE	COMMERCE/ CUSTOMER CENTRICITY	IT
E.A.J. van de Merwe	Economics	•	•	•	•	•	•	•	•	•
P.H.M. Hofsté	Business Administration / Economics	•			•	•		•		
S.T. van Lonkhuijzen	Business Administration	•		•			•			
M. Lückerath	Economics		•		•	•	•	•		
P.F.M. Overmars	Law	•	•	•				•	•	
A.C.W. Sneller	Econometrics	•				•			•	•
A.W. Veenman	Engineering/Sciences	•	•			•		•	•	•
A.J.A.M. Vermeer	Agricultural/Science	•	•				•		•	
R.Th. Wijmenga	Econometrics	•	•	•		•		•	•	

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 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. As of 1 January 2015, the Supervisory Board is comprised of five men and four women. 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.

Continuing education

At the beginning of each year, the themes for the continuing education programme of the Supervisory Board are established in conjunction 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. Barring exceptional cases, all members of the Supervisory Board attend permanent education sessions. For more information on education courses attended by our board members in 2014, please see the Report of the Supervisory Board in this Annual Report.

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 attended by the chairman of the Executive Board, the CFO, the CRO, the director of Internal Audit, the director of Finance, the director of Risk Management 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. 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 the 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 the 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

The majority of Achmea's shareholders are 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 2014, 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 2014, 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 AS AT 31 DECEMBER 2014

	CAPITAL RIGHTS	VOTING RIGHTS
Vereniging Achmea (directly and through STAK)	65.30%	61.63%
Rabobank	29.21%	27.57%
BCP Group	2.77%	2.61%
Gothaer Allgemeine Versicherung	0.52%	0.49%
Gothaer Finanz Holding	0.59%	0.56%
Schweizerische Mobiliar Holding	0.69%	0.65%
Stichting Beheer Aandelen Achmea	0.92%	0.86%
Achmea Tussenholding B.V.*		5.63%

** 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 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. In the annual General Meeting of Shareholders, which was held in March 2014, the members spent considerable time answering questions from one of the minority shareholders regarding the governance of the Group. Other items on the agenda included the regular resolutions concerning the 2013 annual report and financial statements, the company's dividend policy, the dividend distribution, the discharge from liability of the members of the Executive Board and the Supervisory Board. In addition, resolutions were adopted concerning the appointment or reappointment of members of the Supervisory Board. Furthermore, in an extraordinary General Meeting of Shareholders, the members approved the appointments of Ms Hofsté and Mr Wijmenga as members of the Supervisory Board, while the meeting also granted permission to Mr Minderhoud to resign from the Supervisory Board effective 31 December 2014 and to Mr Overmars effective 26 March 2015. The General Meeting of Shareholders also approved the proposed amendment of the indemnity policy with regard to the members of the Achmea B.V. Executive Board and Supervisory Board.

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.

Statutory provisions 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.

Biographies

Executive Board

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 Executive 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, external supervisors and the Central Works Council. In addition, Mr Van Duin is Chairman 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 Nationale Coöperatieve Raad. Internationally, he is a 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 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. His international experience in listed insurance groups and smaller insurance companies has enabled him to develop 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 also a member of the Committee Financial-Economic Affairs of the Dutch Association of Insurers.

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

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 and Social Security divisions. 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 Interpolis division and Strategy, M&A and Innovation. Mr Van Breda Vriesman is member of the Supervisory Board of a number of Achmea entities. He is also 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 Centraal Beheer division, Achmea Corporate Relations, 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 also Chairman of the Centre for Insurance Statistics (CVS) and Vice-Chairman of the Non-Life Sector Board of Dutch Association of Insurers. He is a member of the knowledge institute for the Dutch financial, insurance and investment sectors and a member of the Board of Directors of the International Insurance Society.

ROELOF KONTERMAN (1956)

Roelof Konterman has worked for Achmea in various capacities since 1983, including five years abroad in Sweden and the US. 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 business units such as 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. Mr Konterman joined the Executive Board on 1 April 2013. His core responsibilities are the divisions Zilveren Kruis and De Friesland, the group's international activities and IT. Mr Konterman is also Chairman of the Supervisory Board of Eureko Sigorta, a member of the Innovation platform PGGM, a network organisation focused on stimulating cooperation between housing, health and pension, and of the Advisory Board of LSP, an innovation fund. From 2009 to 1 January 2015, Mr Konterman was a member of the Executive Committee of the Dutch insurers' branch organisation Zorgverzekeraars Nederland.

HENK TIMMER (1961)

Chief Risk Officer (appointed as of 1 March 2014)
Henk Timmer joined the Executive Board in March 2014. Mr Timmer studied in Utrecht and Tilburg and held various positions in auditing, consultancy and IT. He joined Achmea in 1997 as an auditor and manager of internal audit for several business units, including IT, Health, Non-Life and Brokerage Distribution. As of 2008, Mr Timmer was appointed managing director of Group Audit & Risk Services. In this role he headed the Audit, Risk and Integrity staff services. In 2012 the audit function was separated and he became Director of Internal Audit, responsible for the entire Achmea Group at national and international level. Mr Timmer joined the Executive Board on 1 March 2014. His key responsibilities are Risk Management, Human Resources, Internal Audit, Compliance and Legal Affairs. In addition to his role at Achmea, Mr Timmer serves as Chairman of the Advisory Board for the Internal Audit degree programme at Erasmus University Rotterdam. Until recently he was also closely involved as a board member at the Institute for Internal Auditors and with NOREA, the professional association for IT auditors in the Netherlands.

Supervisory Board

ERIK A.J. VAN DE MERWE (1950)

Chairman of the Supervisory Board
In addition to his role as Chairman of the Supervisory Board, Erik van de Merwe also serves as Chairman of the Supervisory Board and Audit & Risk Committee of Achmea Bank N.V. and Staalbankiers N.V. He also serves on the Supervisory Boards of several external entities. He is a member of the Supervisory Board and of the Audit Committee and Chairman of the 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 and member of the Audit Committee 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, a jury member for the Henri Sijthoff Award for financial reporting and a member of the Board of KidsRights.

JOKE S.T. VAN LONKHUIJZEN-HOEKSTRA (1960)

Joke Van Lonkhuijzen-Hoekstra is a member of the Supervisory Board. She is also a member of the Supervisory Boards of Achmea Zorgverzekeringen N.V. and its subsidiaries. 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 and the Audit and Risk Committee of 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.

From left to right: Petri H.M. Hofsté, Lineke Sneller, Aad Veenman, Erik van de Merwe, Mijntje Lückerath-Rovers, Roel Wijmenga, Antoon Vermeer and Joke van Lonkhuijzen-Hoekstra. Not in this photo: Paul Overmars.

MIJNTJE LÜCKERATH-ROVERS (1968)

Mijntje Lückerath-Rovers is a member of the Supervisory Board. She is also a member of the Supervisory Board of Achmea Pensioen- & Levensverzekeringen N.V. She is a Professor of 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, a member of the Public Interest Committee at EY Accountants LLP and a member of the Pension Fund Code Monitoring Committee. 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.

PAUL F.M. OVERMARS (1945)

Paul Overmars is a member of the Supervisory Board. He is also Chairman of the Supervisory Board of Achmea Zorgverzekeringen N.V. and its subsidiaries and a member of the Supervisory Board of Achmea Schadeverzekeringen N.V. These three Supervisory Board memberships will terminate as of 26 March 2015. Paul Overmars is also a board member of Stichting Continuïteit Eureko/Achmea (SCEA). Until 1 January 2014 he was Chairman of the Achmea Foundation. Before his retirement in 2004, Mr Overmars was CEO of Achmea and Vice-Chairman of the Executive Board of Eureko. He was appointed Chairman of Vereniging Achmea on 31 March 2010. Until 17 June 2010 he was a member of the Supervisory Board of Rabobank Nederland. Until mid-2005 he was Chairman of the Board of the Dutch Association of Insurers and a member of the Executive Board and General Management of employers' association VNO-NCW.

LINEKE C.W. SNELLER (1965)

Lineke Sneller is a member of the Supervisory Board. She is also a member of the Supervisory Boards of Achmea Zorgverzekeringen N.V. and its subsidiaries. Ms Sneller is a Professor of Accounting Information Systems and Management Accounting at Nyenrode Business University. Since starting her career at Ortec Consultants in 1988, over the past 15 years she has held CIO positions 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 Supervisory Board at Prorail.

AAD W. VEENMAN (1947)

Aad Veenman is a member of the Supervisory Boards of both Achmea and Achmea Schadeverzekeringen N.V. From 2002 to 2009 he was Chairman and CEO of NS Dutch Railways. Prior to this he worked for many years at the Stork industrial group, where he joined the Executive 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 B.V., a member of the Supervisory Board of Prysmian Netherlands Holding B.V. and a member of the Supervisory Board of Royal Huisman Shipyard.

ANTOON J.A.M. VERMEER (1949)

Antoon Vermeer is a member of the Supervisory Board. He is also Chairman of the Supervisory Board of Achmea Schadeverzekeringen N.V. Mr Vermeer is also co-owner of a dairy farm and until June 2014 was Vice-Chairman of the Supervisory Board of Rabobank Nederland.

PETRI H.M. HOFSTÉ (1961) (AS OF 1 JANUARY 2015)

Petri Hofsté was appointed member of the Supervisory Board as of 1 January 2015. She is also a member of the Supervisory Board at Achmea Pensioen- en Levensverzekeringen N.V. Ms Hofsté is a qualified registeraccountant and started her career at KPMG, where she was a partner in the Financial Services audit practice until 2006. She subsequently held the positions of group controller and Deputy CFO of ABN AMRO Group, division director of Banking Supervision at De Nederlandsche Bank and CFRO at APG Groep N.V. Ms Hofsté is a member of the Supervisory Board of Kasbank N.V. and BNG Bank N.V., a member of the boards of Stichting Nyenrode and Vereniging Hendrick de Keyser and a member of the Advisory Board of the MSc Accounting & Control degree programme at VU University Amsterdam.

ROEL TH. WIJMENGA (1957) (AS OF 1 JANUARY 2015)

Roel Wijmenga was appointed member of the Supervisory Board as of 1 January 2015. He is also a member of the Supervisory Board at Achmea Pensioen- en Levensverzekeringen N.V. and of Achmea Schadeverzekeringen N.V. Mr Wijmenga was CFO of ASR Verzekeringen from February 2009 to May 2014. Prior to this he was a member of Executive Board of Achmea and of the Board of Directors of Interpolis. Mr Wijmenga held various business positions in the insurance industry, including at AMEV and Fortis. From 2002 to 2007 he was also chairman of the employer delegation for the insurance industry's collective employment agreement. Mr Wijmenga is currently a member of the Supervisory Board of Bouwinvest and chairman of the Philips Pension Fund.

Financial statements

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF ACHMEA B.V.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2014	31 DECEMBER 2013	1 JANUARY 2013
Assets				
Intangible assets	8	1,066	1,299	1,689
Associates and joint ventures	9	145	152	163
Property for own use and equipment	10	472	523	569
Investment property	11	1,125	1,200	1,172
Investments	12	47,137	43,686	42,122
Investments backing linked liabilities	13	18,680	22,563	24,972
Banking credit portfolio	14	15,227	15,251	16,436
Deferred tax assets	15	528	523	385
Deferred acquisition costs	16	139	172	198
Amounts ceded to reinsurers	21	1,436	904	964
Receivables and accruals	17	5,534	5,075	5,332
Cash and cash equivalents	18	1,716	3,260	1,073
		93,205	**94,608**	**95,075**
Assets classified as 'held for sale'	6		36	38
Total assets		**93,205**	**94,644**	**95,113**
Equity				
Equity attributable to holders of equity instruments of the Company	19	9,804	9,687	10,463
Non-controlling interest	20	14	15	20
Total equity		**9,818**	**9,702**	**10,483**
Liabilities				
Insurance liabilities	21	44,545	39,751	39,006
Insurance liabilities where policyholders bear investment risks	22	17,014	19,387	22,259
Investment contracts	23	2,158	2,015	2,123
Post-employment benefits	24	989	793	755
Other provisions	25	413	274	282
Banking customer accounts	26	6,306	5,981	5,351
Loans and borrowings	27	7,011	11,131	9,623
Derivatives	12	1,896	1,491	1,779
Deferred tax liabilities	15	19	15	53
Income tax payable		89	67	86
Other liabilities	28	2,947	4,001	3,275
		83,387	**84,906**	**84,592**
Liabilities classified as 'held for sale'	6		36	38
Total equity and liabilities		**93,205**	**94,644**	**95,113**

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	2014	2013
Income			
Gross written premiums Non-life	32	3,688	3,794
Gross written premiums Health	33	13,605	13,608
Gross written premiums Life	34	2,709	2,823
Gross written premiums		**20,002**	**20,225**
Reinsurance premiums		−988	−726
Change in provision for unearned premiums (net of reinsurance)		−257	33
Net earned premiums		**18,757**	**19,532**
Income from associates and joint ventures	35	3	3
Investment income	36	1,038	1,003
Realised and unrealised gains and losses	37	3,779	−139
Income from investments backing linked liabilities	38	2,044	1,819
Banking income	39	658	676
Fee and commission income, and income from service contracts	40	431	433
Other income	41	86	70
Total income		**26,796**	**23,397**
Expenses			
Claims and movements in insurance liabilities	42	22,634	22,223
Claims and movements in insurance liabilities ceded to reinsurers	42	−891	−541
Profit sharing and bonuses for policyholders	43	3,391	255
Movements in insurance liabilities where policyholders bear investment risks		−2,364	−2,892
Fair value changes and benefits credited to investment contracts	44	159	156
Operating expenses	45	2,975	2,857
Banking expenses	46	492	517
Interest and similar expenses		88	96
Other expenses	47	320	445
Total expenses		**26,804**	**23,116**
Profit before tax		**−8**	**281**
Income tax expenses	48	−24	−68
Net profit		**16**	**349**
Net profit attributable to:			
Holders of equity instruments of the Company		14	352
Non-controlling interest		2	−3
Earnings per share from continuing operations (euros) and diluted earnings per share from continuing operations (euros)	50	−0.13	0.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	2014	2013
Net profit	**16**	**349**
Items that will not be reclassified to the Income statement		
Remeasurements of net defined benefit liability [1]	–37	–291
Unrealised gains and losses on property for own use [2]		–1
Total items that will not be reclassified to the Income statement	**–37**	**–292**
Items that may be reclassified subsequently to the Income statement		
Currency translation differences on subsidiaries, intangible assets, associates and joint ventures [3]	33	–95
Unrealised gains and losses on available for sale instruments [2]	1,917	–551
Share in other comprehensive income of associates and joint ventures [3]	–6	–26
Transfer from/to provision for profit sharing and bonuses for policyholders [2]	–1,544	588
Gains and losses on available for sale instruments reclassified to the Income Statement on disposal [2]	–93	–147
Impairment charges on available for sale instruments reclassified to the Income Statement [2]	18	18
Total items that may be reclassified subsequently to the Income statement	**325**	**–213**
Net other comprehensive income	**288**	**–505**
Comprehensive income	**304**	**–156**
Comprehensive income attributable to:		
Holders of equity instruments of the Company	302	–153
Non-controlling interest	2	–3

[1] Accounted for as part of Retained earnings

[2] Accounted for as part of Revaluation reserve

[3] Accounted for as part of Exchange difference reserve

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY	NON-CONTROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January	**11,357**	**−235**	**662**	**576**	**−260**	**−7**	**−3,725**	**352**	**967**	**9,687**	**15**	**9,702**
Net other comprehensive income				289	36		−37			288		288
Net profit								14		14	2	16
Comprehensive income				**289**	**36**		**−37**	**14**		**302**	**2**	**304**
Appropriations to reserves			8	−12			356	−352				
Dividends and coupon payments							−200			−200		−200
Issue, repurchase and sale of equity instruments												
Other movements				18	−1		−2			15	−3	12
Balance at 31 December	**11,357**	**−235**	**670**	**871**	**−225**	**−7**	**−3,608**	**14**	**967**	**9,804**	**14**	**9,818**

Share capital includes €10,923 million share premium (2013 €10,923 million). Dividends, related to the net profit in 2013, were distributed during the financial year 2014 to holders of ordinary shares of €120 million (2013: €168 million).

Other movements in 2014 are mainly changes due to a tax benefit on hybrids and a tax adjustment concerning the remeasurements of net defined benefit liability of 2013. The other movements in revaluation reserve mainly concern presentation changes to the retained earnings.

Reference is made to Notes 19 and 20.

2013	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY	NON-CONTROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January	**11,357**	**−235**	**678**	**690**	**−152**	**−7**	**−3,661**	**468**	**1,325**	**10,463**	**20**	**10,483**
Impact of the implementation of IFRS 10 and IFRS 11 on Total equity				−7			7					
Adjusted balance at 1 January	11,357	−235	678	683	−152	−7	−3,654	468	1,325	10,463	20	10,483
Net other comprehensive income				−102	−112		−291			−505		−505
Net profit								352		352	−3	349
Comprehensive income				**−102**	**−112**		**−291**	**352**		**−153**	**−3**	**−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**	**576**	**−260**	**−7**	**−3,725**	**352**	**967**	**9,687**	**15**	**9,702**

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	NOTES	2014	2013
Cash flow from operating activities			
Profit before tax		–8	281
Adjustments of non-cash items and reclassifications:			
Unrealised results including foreign currency results		–4,548	–19
Amortisation and impairment on intangible assets, property for own use and equipment		320	432
Amortisation of deferred acquisition costs		48	43
Income from associates and joint ventures		–3	–2
Value changes in banking credit portfolio		53	36
Interest expenses		90	91
		–4,048	**862**
Changes in assets and liabilities:			
Changes in receivables and accruals and other liabilities		–1,857	718
Changes in insurance liabilities net of reinsurance		116	–1,383
Changes in income tax		–53	–59
Changes in provisions		137	–8
Changes in employee benefits		159	–302
		–1,498	**–1,034**
Changes in operating assets and liabilities:			
Purchase of Investment property		–3	–13
Purchase of Investments		–27,788	–24,018
Purchase of Investments backing linked liabilities		–8,541	–13,185
Investments in banking credit portfolio		–889	–444
Divestments of Investment propery		32	42
Divestments of Investments		30,108	23,701
Divestments of Investments backing linked liabilities		14,180	13,489
Divestments banking credit portfolio		996	1,255
Capitalised deferred acquisition costs		–17	–16
Changes in banking customer accounts and loans and borrowings related to banking activities		325	631
Other changes		16	97
Income taxes paid		–12	–6
		8,407	**1,533**
Cash flow from investing activities			
Purchase of subsidiaries, associates and joint ventures (net of cash)			24
Purchase of Property for own use and equipment		–37	–82
Disposal of Subsidiaries, associates and joint ventures (net of cash)		8	–10
Disposal from Property for own use and equipment		54	15
		25	**–53**

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(€ MILLION)

	NOTES	2014	2013
Cash flow from financing activities			
Issue, repurchase and sale of equity instruments			−358
Dividends and coupon payments		−200	−273
Interest paid		−126	-70
Other credit facilities		−4,104	1,580
		−4,430	**879**
Net cash flow		**−1,544**	**2,187**
Net cash and cash equivalents at 1 January		3,260	1,073
Net cash and cash equivalents at 31 December	**17**	**1,716**	**3,260**
		−1,544	**2,187**
Cash and cash equivalents include the following items:			
Cash and bank balances		1,394	2,732
Call deposits		322	528
Cash and cash equivalents at 31 December	**17**	**1,716**	**3,260**

Included in the net decrease of the cash and cash equivalents are interests received (2014: €969 million, 2013: €938 million), dividends received (2014: €56 million, 2013: €59 million) and interest paid (2014: €126 million, 2013: €70 million).

GENERAL INFORMATION

Achmea B.V. is incorporated in the Netherlands and seated in Zeist. The head office is located at Handelsweg 2 in Zeist. The Achmea Group (hereafter called Achmea) comprises Achmea B.V. and the entities it controls.

1. ACCOUNTING POLICIES

A AUTHORISATION FINANCIAL STATEMENTS

The Achmea Consolidated Financial Statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the Executive Board on 5 March 2015. At the same date, the Supervisory Board gave its advice to the General Meeting of Shareholders to adopt the Financial Statements. The Executive Board may decide to amend the Financial Statements as long as these have not been adopted by the General Meeting of Shareholders. The General Meeting of Shareholders may decide not to adopt the Financial Statements, but may not amend these.

B BASIS OF PRESENTATION

The Achmea Consolidated Financial Statements, including the 2013 comparative figures, have been prepared in accordance with the International Financial Reporting Standards - including International Accounting Standards (IAS) and Interpretations - as at 31 December 2014 and as adopted by the European Union (hereafter EU and 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. The exemption pursuant to Article 402 Book 2, part 9 of the Dutch Civil Code, applies to the Company Income Statement of Achmea B.V. All amounts in the Consolidated Financial Statements are in millions of euros, unless stated otherwise.

C INITIAL APPLICATION OF ACCOUNTING POLICIES

The following standards and amendments have been adopted by Achmea as of 1 January 2014.

IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS
This standard defines the principles of control and establishes control as the sole basis for determining which entities are to be consolidated in the financial statements. The standard also sets out requirements on how to apply the control principles. IFRS 10 replaces all the guidance on control and consolidation in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation – Special Purpose Entities.

The following tables summarise the impact of the implementation of IFRS 10 on Total equity, Net profit, Other comprehensive income and Net cash flow of Achmea in 2013. In accordance with the transitional provisions of IFRS 10, if control in a former subsidiary was lost before 1 January 2014, Achmea has not reassessed whether control for this subsidiary existed, based on the guidance in IFRS 10. Furthermore, gains and losses on the loss of control of these entities before 2014 are not recalculated. For those entities that were not consolidated in the past, but which Achmea has to consolidate based on IFRS 10, comparative figures have been adjusted for the immediately preceding period.

IMPACT ON TOTAL EQUITY

(€ MILLION)

	AS AT 31 DECEMBER 2013	AS AT 1 JANUARY 2013
Total equity (before change in accounting policy)	9,702	10,483
Change in Investments	188	192
Change in Cash and cash equivalents	−2	−2
Change in Loans and borrowings	2	2
Change in Other liabilities	−188	−192
Impact of related taxes		
Total equity (after change in accounting policy)	**9,702**	**10,483**

IMPACT ON NET PROFIT

(€ MILLION)

	2013
Net profit (before changes in accounting policy)	344
Change in Fee and commission income, and income from service contracts	−3
Change in Other income	3
Change in Realised and unrealised gains and losses	6
Impact related taxes	−1
Net profit (after change in accounting policy)	**349**

The impact on (diluted) earnings per share in 2013 is 0.01 Euro.

IMPACT ON NET OTHER COMPREHENSIVE INCOME

(€ MILLION)

	2013
Net Other Comprehensive Income (before changes in accounting policy)	−248
Change in unrealised gains and losses on available for sale instruments	
Impact related taxes	
Net Other Comprehensive Income (after changes in accounting policy)	**−248**

IMPACT ON CONSOLIDATED STATEMENT OF CASH FLOW*

(€ MILLION)

	2013
Cash and cash equivalents at 1 January (before changes in accounting policy)	**1,078**
Change	−2
Cash and cash equivalents at 1 January (after changes in accounting policy)	**1,076**
Total cash flow from operating activities (before changes in accounting policy)	**1,839**
Change in Purchase of Investments backing linked liabilities	2,524
Change in Divestments of Investments backing linked liabilities	−2,463
Change in Other changes	−61
Total Cash flow from operating activities (after changes in accounting policy)	**1,839**
Impact on cash flow from financing activities	
Cash and cash equivalents at 31 December (before changes in accounting policy)	**3,265**
Change	−2
Cash and cash equivalents at 31 December (after changes in accounting policy)	**3,263**

* *Total cash flows from investing and financing activities are not influenced by IFRS 10*

The implementation of IFRS 10 resulted in the consolidation of several investment funds in which Achmea invests on behalf of policyholders and also acts as the investment manager. The main part of the participation rights in these investment funds are held for the risk of policyholders and were presented in the past as Investments backing linked liabilities – Equities and similar investments. A small part of the participation rights were not held by policyholders but for the risk of Achmea. Due to the consolidation of the investments funds, the underlying investments are presented as part of Investments backing linked liabilities (e.g. Bonds and other fixed income investments and Cash and other financial investments) and, for the part for risk of Achmea, as Investments. These latter investments, which are not held for the risk of policyholders, are classified at 'At fair value through profit or loss'. Before 2014, Achmea did not consolidate these investments funds and the participation rights for the risk of Achmea were classified as 'Available for sale'. This resulted in a reclassification between the Revaluation reserve and Retained earnings, both part of Total equity, as at 1 January 2013 amounting to €7 million.

A minor part of the participation rights in these investment funds is held by external parties. Because these investment funds were not consolidated, these participation rights were not presented in the statement of financial position in the past. Within the financial statements of these investment funds, the participation rights are classified as equity. Based on IAS 32 AG 29A, the participation rights of the non-controlling interest (e.g. the external parties) should be classified as liabilities in the Consolidated Financial Statements of the group. Therefore, due to the implementation of IFRS 10, both Investments and Other liabilities are increased by the same amounts. The related accounts in the Income statement are adjusted accordingly.

IFRS 11 JOINT ARRANGEMENTS

This standard replaces IAS 31 Interest in Joint Ventures and SIC-13 Jointly Controlled Entities-Non-Monetary Contributions by Venturers. IFRS 11 removes the option to account for joint arrangements using proportionate consolidation. Instead, joint arrangements that meet the definition of a joint venture under IFRS 11 must be accounted for, using the equity method. Therefore, Achmea has changed its accounting treatment for joint ventures from proportionate consolidation to equity accounting.

The following tables summarise the impact of the implementation of IFRS 11 on Total equity, Net profit, Other comprehensive income and Net cash flow of Achmea in 2013. Achmea has applied the new accounting policy for interests in joint ventures occurring on or after 1 January 2013 in accordance with the transitional provisions of IFRS 11.

Achmea has assessed the nature of its joint arrangements as at 31 December 2013 and determined them to be joint ventures. Achmea therefore recognised its investment in joint ventures at 1 January 2013, as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated. This is the deemed cost of the investments in joint ventures for applying the equity method of accounting.

IMPACT ON TOTAL EQUITY

(€ MILLION)

	AS AT 31 DECEMBER 2013	AS AT 1 JANUARY 2013
Total equity (before change in accounting policy)	9,702	10,483
Change in Associates and joint ventures	64	71
Change in Investments	−63	−71
Change in Amounts ceded to reinsurers	−4	−4
Change in Cash and cash equivalents	−3	−3
Change in Insurance liabilities	5	5
Change in Deferred tax liabilities	1	1
Change in Other liabilities		1
Impact of related taxes		
Total equity (after change in accounting policy)	**9,702**	**10,483**

IMPACT ON NET PROFIT

(€ MILLION)	2013
Net profit (before changes in accounting policy)	344
Change in Income from associates and joint ventures	1
Change in Investment income	−1
Change in Gross written premiums	−8
Change in Reinsurance premiums	5
Change in Net earned premiums	**−3**
Change in Claims and movements in insurance liabilities	−4
Change in Claims and movements in insurance liabilities ceded to reinsurers	4
Change in Operating expenses	3
Impact related taxes	
Net profit (after change in accounting policy)	**344**

The impact on (diluted) earnings per share in 2013 is nil.

IMPACT ON NET OTHER COMPREHENSIVE INCOME

(€ MILLION)	2013
Net Other Comprehensive Income (before changes in accounting policy)	−248
Change in share in other comprehensive income of associates and joint ventures	−9
Change in unrealised gains and losses on available for sale instruments	9
Impact related taxes	
Net Other Comprehensive Income (after changes in accounting policy)	**−248**

The impact of IFRS 11 on the consolidated statement of cash flows is not material.

IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

IFRS 12 provides disclosure requirements on interests in subsidiaries, associates, joint ventures, and structured entities. This standard affects disclosure only and has therefore no impact on Achmea's Net profit, Total equity and (diluted) earnings per share. This new standard has limited impact on the disclosures related to Achmea's interest in joint arrangements, associates or unconsolidated entities. Achmea has included the required disclosures in the notes 4, 9 and 12. In accordance with the transitional provisions of IFRS 12, comparatives for disclosures regarding unconsolidated structured entities are not presented.

OTHER STANDARDS/AMENDMENTS AND INTERPRETATIONS

In addition, Achmea has adopted the following standards/amendments in 2014 which had no impact on total equity, Net profit and/or (diluted) earnings per share:

IAS 32 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES (AMENDMENT)

The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right to offset' and that some gross settlement systems may be considered equivalent to net settlement.

IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT (AMENDMENT)

The narrow-scope amendments allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

ANNUAL IMPROVEMENTS TO IFRSS 2010–2012 CYCLE

Annual Improvements to IFRSs 2010–2012 Cycle is a collection of amendments to IFRSs in response to eight issues addressed during the 2010–2012 cycle for annual improvements to IFRSs.

ANNUAL IMPROVEMENTS TO IFRSS 2011–2013 CYCLE

Annual Improvements to IFRSs 2011–2013 Cycle is a collection of amendments to IFRSs in response to four issues addressed during the 2011–2013 cycle.

IFRIC 21 LEVIES

IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy.

IAS 19 EMPLOYEE BENEFITS (AMENDMENT)

The IASB issued narrow scope amendments that apply to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example employee contributions that are calculated according to a fixed percentage of salary.

IAS 27 REISSUED AS IAS 27 SEPARATE FINANCIAL STATEMENTS

The revised IAS 27 contains accounting and disclosure requirements only for investments in subsidiaries, joint ventures and associates in company Financial Statements.

IAS 28 REISSUED AS IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The revised IAS 28 prescribes the accounting for investments in associates and sets out requirements for the application of the equity method when accounting for investments in associates and joint ventures. For the impact of this standard on the accounting of joint ventures, refer to description of the impact of IFRS 11.

D CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

The following standards and Interpretations were issued in 2014 or prior years and are not applied by Achmea in preparing its Consolidated Financial Statements 2014. These are:

ACCOUNTING STANDARD	DESCRIPTION	EXPECTED IMPACT ON TOTAL EQUITY / NET PROFIT
IFRS 9 FINANCIAL INSTRUMENTS	IFRS 9 introduces an approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. For most financial liabilities the existing amortised cost measurement will be maintained in IFRS 9. IFRS 9 states that an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income. The new model also results in a single impairment model being applied to all financial instruments. As part of IFRS 9, the IASB has introduced an expected-loss impairment model that will require entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses in case of a significant credit deterioration. IFRS 9 introduces a model for hedge accounting that aligns the accounting treatment with risk management activities. The standard is effective for reporting periods beginning on or after 1 January 2018, with early application permitted. As at 31 December 2014, this standard has not been endorsed by the EU.	Achmea is assessing the impact of this standard, taken into account the interaction with the future standard for the accounting of insurance contracts.
IFRS 10 CONSOLIDATED FINANCIAL STATEMENTS, IFRS 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES AND IAS 28 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (AMENDMENTS)	The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). Furthermore, narrow-scope amendments were issued, introducing clarifications to the requirements when accounting for investment entities. The amendments are effective for reporting periods on or after 1 January 2016. As at 31 December 2014, these amendments has not been endorsed by the EU.	These amendments will have no impact on Net profit and Total equity of Achmea.
IFRS 11 JOINT ARRANGEMENTS (AMENDMENT)	The amendments add new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. These amendments are effective for reporting periods beginning on or after 1 January 2016. As at 31 December 2014, these amendments have not been endorsed by the EU.	As Achmea does not qualify as an investment entity, the amendments will have no impact on Net profit and Total equity of Achmea.
IFRS 14 REGULATORY DEFERRAL ACCOUNTS	The aim of this interim standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities. This standard is effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 31 December 2014, this standard has not been endorsed by the EU.	This standard is not applicable to Achmea and therefore this standard will have no impact on Net profit and Total equity of Achmea.
IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS	The standard replaces IAS 18 Revenue, IAS 11 Construction Contracts and related Interpretations. The core principle of the new standard is for companies to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not	As Achmea is primarily an insurance company, the standard is expected to have no material impact on Net profit and Total equity of Achmea.

	previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements. IFRS 15 Revenue from Contracts with Customers is effective for reporting periods beginning on or after 1 January 2017, with early application permitted. As at 31 December 2014, this standard has not been endorsed by the EU.	
IAS 1 PRESENTATION OF FINANCIAL STATEMENTS	These amendments are designed by the IASB to further encourage companies to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that companies should use professional judgement in determining where and in what order information is presented in the financial disclosures. The amendments are effective for reporting periods on or after 1 January 2016, with early application permitted. As at 31 December 2014, these amendments have not been endorsed by the EU.	As these amendments are related to disclosures, they will have no impact on Net profit and Total equity of Achmea.
IAS 16 PROPERTY, PLANT AND EQUIPMENT (AMENDMENT)	In these amendments, the IASB clarified that the use of revenue-based methods to calculate the depreciation of an asset is in general not appropriate. Furthermore, the IASB issued amendments that change the financial reporting for bearer plants. The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. Both amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 31 December 2014, these amendments have not been endorsed by the EU.	Both amendments will have no impact on Net profit and Total equity of Achmea.
IAS 38 INTANGIBLE ASSETS (AMENDMENT)	These amendments clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 31 December 2014, these amendments have not been endorsed by the EU.	These amendments will have no impact on Net profit and Total equity of Achmea.
IAS 41 AGRICULTURE (AMENDMENT)	The IASB decided that bearer plants should be accounted for in the same way as property, plant and equipment in IAS 16, because their operation is similar to that of manufacturing. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 31 December 2014, these amendments have not been endorsed by the EU.	These amendments will have no impact on Net profit and Total equity of Achmea.
IAS 27 SEPARATE FINANCIAL STATEMENTS	The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The amendments to IAS 27 are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 31 December 2014, these amendments have not been endorsed by the EU.	The amendments will have no impact on Achmea 's Company Financial Statements as Achmea uses the option provided in section 362 (8) Book 2, part 9 of the Dutch Civil Code.
ANNUAL IMPROVEMENTS TO IFRSS 2012–2014 CYCLE	Annual Improvements to IFRSs 2012–2014 Cycle is a collection of amendments to IFRSs in response to four issues addressed during the 2012–2014 cycle. These amendments are effective for reporting periods beginning on or after 1 January 2016, with early application permitted. As at 31 December 2014, these amendments have not been endorsed by the EU.	These amendments will have no impact on Net profit and Total equity of Achmea.

E AMENDMENTS RELATED TO ACCOUNTING POLICIES, PRIOR PERIOD CORRECTIONS AND CHANGES IN PRESENTATION

GROSS WRITTEN PREMIUMS NON-LIFE

As from 2014, Achmea changed its accounting policies related to the recognition of the Gross written premiums Non-life and the related Change in provision for unearned premiums (net of reinsurance), both part of the Net earned premiums, based on the contractual premium for these insurance contracts sold in commercial market (excluding income protection). Some non-life insurance contracts sold in the commercial marketplace include a multi-year element in which both the terms of the contract and the related premiums are agreed upon. In the past, the amounts presented as Gross written premiums Non-life and the related Change in provision for unearned premiums (net of reinsurance) were based on the annual premiums and not the premiums over the period until the boundary of the insurance contract (e.g. the period over which Achmea is not able to adjust terms and conditions of the insurance contract to(fully) align the expected cash flows with the risk profile of the policyholder). To provide more insight in the contractual commitments and economic nature of these contracts, Achmea decided to change the recognition for both the profit and loss and related balance sheet items. This amendment in accounting policies has an impact on both Gross written premiums Non-life and the related Change in provision for unearned premiums (net of reinsurance) for 2014 of €-9.4 million (2013: €-0.1 million). Furthermore, Receivables and accruals and Insurance liabilities were impacted by this amendment for an amount of €90.3 million as at 31 December 2014 (31 December 2013: €99.7 million). Net earned premiums, Net profit, Total equity and Earnings per share remain unchanged.

SOFTWARE

Due to an incorrect application of the requirements of IAS 38 Intangible assets, the presentation of software was changed. As of 2014, software that is not an integral part of the related hardware is presented as part of Intangible assets. Before 2014, this software was presented as part of Property for own use and equipment. The prior period correction related to the changed presentation of software as part of Intangible assets resulted in an increase of Intangible assets as at 31 December 2014 of €50 million (31 December 2013: €56 million) and a decrease of Property for own use and equipment by the same amount. Other expenses, including the amortisation charge of Intangible assets, have increased by €19 million in 2014 (2013: €19 million) and Operating expenses, including the amortisation charges for Property for own use and equipment, have decreased by the same amount. Comparative figures have been adjusted accordingly. This prior period correction has no impact on Net profit, Total Equity or Earnings per share of Achmea.

PRESENTATION OF HIGH COST COMPENSATION

High Cost Compensation (HKC) is part of the Dutch Health Insurance system and is accounted for as a reinsurance contract. In 2014, it was identified that a small part of the health business applied the accounting principles related to HKC incorrectly. The correct application of the accounting principles results in a change in the amounts related to HKC in the income statement of Reinsurance premiums amounting to €56 million (2013: €53million) and Claims and movements in insurance liabilities ceded to reinsurers amounting to €56 million (2013: €53 million). The amounts related to HKC in the statement of financial position remain unchanged. Comparative figures, where applicable, have been adjusted accordingly. This prior period correction has no impact on Net profit, Total Equity or Earnings per share of Achmea.

CHANGES IN PRESENTATION/DISCLOSURE

In 2014, Achmea explored how disclosures in the Consolidated Financial Statements can be further improved. This resulted in some changes in the disclosures in the Notes to the Consolidated Financial Statements, particularly focusing on material/relevant information. Comparative figures, where applicable, have been adjusted accordingly. The changes in presentation have no impact on Net profit, Total Equity or Earnings per share of Achmea.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

As of 2014, remeasurements of defined benefit plans are no longer presented as a separate component in Total equity, but as part of Retained earnings. As part of the collective labour agreement in the Netherlands, Achmea reached agreement with the labour unions relating an adjustment of the pension scheme which is effective as of 1 January 2014, resulting in a so-called Collective Defined Contribution (CDC) scheme. As a result, the main part of the pensions agreements qualifies as a defined contribution scheme and therefore remeasurements of defined benefit plans are of lesser importance to Achmea. This change in presentation has no impact on Net profit, Total Equity or Earnings per share of Achmea. Comparative figures have been adjusted accordingly.

CAPITAL RATIOS

In 2014, Achmea Bank reassessed the calculation of the solvency ratios. Comparative figures, were applicable, have been adjusted accordingly. The changes of the ratios have no impact on Net profit, Total Equity or Earnings per share of Achmea.

F CHANGES IN ACCOUNTING ESTIMATES

In preparing these Consolidated Financial Statements, the significant judgements made by management in applying Achmea's accounting policies and the key sources of estimation uncertainties were the same as those that were applied to the Consolidated Financial Statements 2013, except for the accounting of medical expenses incurred by insured persons abroad (foreign claims). These foreign claims are settled partly through ZiN (Zorg Instituut Nederland).

ZiN pays foreign health care providers through its network of foreign liaison bodies and then allocates these costs to Dutch health insurers. The total duration of this process often requires several years and the information received about the accident year was very limited. As a result, Achmea estimated the foreign claims to be expected but not yet allocated to Achmea by ZiN based on the declarations of the year before.

Recently, the available data received from ZiN has increased, including data about accident year. In addition, data processing related to these claims is now fully electronically. As a result, Achmea was able to more reliably estimate foreign claims not yet reported to Achmea. This change in estimation technique resulted in additional Insurance liabilities related to these claims amounting to €64 million and Total equity through Net profit decreased by the same amount.

G CONSOLIDATION FRAMEWORK

Basis for consolidation

All of Achmea's subsidiaries, associates and joint ventures are included in the Consolidated Financial Statements, based on Achmea's accounting framework. The following principles apply to Achmea's Consolidated Financial Statements:

Subsidiaries

Subsidiaries (including consolidated structured entities) are entities over which Achmea has control. Achmea controls an entity when Achmea is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the substance of the relationship between Achmea and the entity and, among other things, considers existing and potential voting rights that are substantive. For a right to be substantive, Achmea must have the practical ability to exercise that right. Third-party interests in these entities are presented as Non-controlling interest within Total equity.
Investment funds managed by Achmea in which Achmea holds an interest are consolidated in the Consolidated Financial Statements if Achmea has power over that investment fund and it is exposed, or has rights, to variable returns from its involvement with the investment fund and has the ability to affect those returns through its power over the investment fund.

The assessment of control is based on the substance of the relationship between Achmea and the investment fund and, amongst others, considers existing and potential voting rights that are currently exercisable and convertible. In assessing control, all interests held by Achmea in the investment fund are considered, regardless if the financial risk related to the investment is borne by Achmea or by the policyholders (unless the fund meets the definition of a silo or when, under strict facts and circumstances, a direct link between the policyholder and the fund can be assumed). On consolidation of an investment fund, a liability is recognised to the extent that Achmea is legally obliged to buy back participations held by third parties. The liability is presented in the Consolidated Financial Statements as Other liabilities. Where this is not the case, other participations held by third parties are presented as Non-controlling interests. The assets allocated to participations held by third parties are presented as Investments, whereas participations held by Achmea on behalf of policyholders are presented in the Consolidated Financial Statements as Investments backing linked liabilities.

Joint ventures

Entities over which Achmea and other Entities share joint control by means of contractual arrangements are considered to be joint ventures. Achmea accounts for joint ventures using the equity method.

Associates

Entities over which Achmea exercises significant influence are accounted for using the equity method. Generally, significant influence is presumed to exist when the participation in ordinary share capital or voting rights (including potential voting rights) is between 20 and 50%.

Intra-group adjustments

Intra-group transactions have been eliminated in the Consolidated Financial Statements. Profits and losses resulting from transactions with associates or joint ventures are eliminated to the extent of Achmea's interest in the associate or joint venture.

Business combinations of entities under common control

For the accounting of business combinations of entities or businesses under common control, Achmea uses the pooling of interest method in case of a (legal) merger and carry over accounting (transfer based on the carrying amount) in case of an acquisition. Such transactions do not have an impact on Net profit and Total equity of Achmea.

H ACCOUNTING FRAMEWORK

Consolidated statement of cash flows

The Consolidated Statement of Cash Flows has been set up according to the indirect method with a breakdown into cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash, bank balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Achmea's cash management processes are recognised as a component of Cash and cash equivalents. In Total cash flow from operating activities, Profit before tax is adjusted for those items in the Income Statement and changes in operating assets and liabilities, that do not result in actual cash flows during the year. Due to the nature of Achmea's activities, in which both insurance and banking are part of the operations, cash flows related to Investment property, Investments and Investments backing linked liabilities and the Insurance liabilities are presented as part of Total cash flows from operating activities. This is also the case for cash flows related to Banking credit portfolio, Banking customer account and Loans and borrowing related to the banking activities.

Foreign currency differences

The Consolidated Financial Statements are presented in euros, which is Achmea's functional and presentation currency. Items included in the Company Financial Statements of Achmea's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency).

For consolidation, assets and liabilities of foreign subsidiaries with a functional currency other than the euro, are translated into euros at the exchange rates at reporting date. The income and expenses of such subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of year-end exchange rates to the opening balance of net assets and goodwill of such subsidiaries and to the results for the reporting period are recognised in Total equity and reported as Net other comprehensive income.

The net asset value of associates and joint ventures with a functional currency other than the euro is translated into euros at the exchange rates at reporting date. The results of associates and joint ventures are translated at the weighted average exchange rates for the reporting year. Translation differences, arising from the application of reporting date exchange rates to the opening net asset value of associates and joint ventures and to the results for the reporting period, are recognised in Total equity and reported as Net Other Comprehensive Income.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at reporting date exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in Net profit, except when deferred in Total equity as part of qualifying cash flow hedges or qualifying net investment hedges. Refer to I Assets and liabilities for more details regarding the accounting of foreign currency difference for specific assets and liabilities.

Recognition financial instruments

When Achmea becomes a party to the contractual provision of a financial instrument (i.e. at trade date), Achmea recognises the instrument at fair value including transaction cost (unless it is classified as 'at fair value through profit or loss').

Derecognition financial instruments

A financial asset (or part of a financial asset) is derecognised when the contractual rights to receive cash flows from the financial asset have expired or when Achmea has transferred substantially all risks and rewards of ownership. If Achmea neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, it is derecognised if Achmea no longer has control over the asset. In transfers where control over the asset is retained, Achmea continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which Achmea is exposed to changes in the value of the asset. A financial liability (or a part of a financial liability) is derecognised when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired). Upon derecognition, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement as a realised gain or loss. Any cumulative unrealised gains or losses previously recognised in Total equity are transferred from Total equity to the Income Statement. Achmea uses the average cost method when derecognising financial assets and liabilities.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount when Achmea:

- has a legally enforceable right to offset the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Hedge accounting

Achmea applies fair value hedge accounting for its banking and treasury operations and certain investment portfolios. When Achmea applies fair value hedge accounting, a fair value adjustment is recognised in the Income Statement to reflect the changes in the fair value of the hedged items attributable to the hedged risk. Achmea assesses the effectiveness of the hedge relationship at each reporting date. The hedge relationship is discontinued when the effectiveness is not within the 80%-125% range or when the hedge is terminated or revoked. Achmea starts amortising the related fair value adjustment over the remaining duration of the hedged item when the hedge relationship is discontinued. When Achmea applies cash flow hedge accounting or applies hedge accounting for a net investment in a foreign operation, the fair value changes of the hedging instruments net of taxes are, for the effective part of the hedge relationship, recognised in the Hedging reserve, part of Total equity. Fair value changes due to ineffective parts of the hedge relationship are recognised in the Income Statement. Amounts accumulated in Total equity are recycled through the Income Statement in the periods in which the hedged item affects Net profit.

Impairment

In general, an impairment of an asset exists when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. At each reporting date, Achmea assesses whether there is an indication that an asset could be impaired and whether it is necessary to recognise an impairment loss. Irrespective of whether there is any indication of an event requiring an impairment test, Achmea tests goodwill from business combinations and other intangible assets with an indefinite life for impairment every year. Impairments on Investments are recognised as Realised and unrealised gains and losses in the Income Statement. All other impairments are recognised as Other expenses in the Income Statement. Impairment losses recognised in prior years are reversed if the reversal can be objectively attributed to the disappearance or removal of the impairment event since the impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. An increase in the carrying amount due to the reversal of the impairment loss will not exceed the carrying amount if no impairment loss would have been recognised in prior periods. The increase due to a reversal of an impairment loss is recognised in the Income Statement (Realised and unrealised gains and losses for fixed-income investments and in Other expenses for other reversals). Impairment losses on equity instruments classified as 'Available for sale' are not reversed through the Income Statement. Subsequent fair value changes are recognised in the Revaluation reserve, part of Total equity. An impairment loss regarding goodwill and intangible assets with an indefinite life is not subject to reversal. For more details relating to the specific accounting policies for impairment, reference is made to the accounting policies for the specific items as included in I Assets and Liabilities.

Held for sale classification

Assets or components of assets and related liabilities are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.
A sale of an asset or a group of assets is highly probable if:

- Achmea is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The assets are actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification as 'Held for sale'.

Assets and liabilities classified as 'Held for sale' are measured at the lower of their carrying amount or fair value less costs to sell and are presented separately in the Statement of Financial Position. If a loss occurs when classifying assets and liabilities as 'Held for sale', this loss is recognised in Other expenses in the Income Statement.

Borrowing costs

Borrowing costs incurred for the construction of qualifying assets (assets that take a substantial period of time to acquire or construct) are capitalised during the period required to complete and prepare the asset for its intended use. As Achmea borrows funds on a general basis, the amount of borrowing costs is based on the weighted average of the borrowing costs applicable to the borrowings of Achmea that are outstanding during the period. Other borrowing costs are recognised in the Income Statement in the period in which they have been incurred.

Leasing

Leases entered into by Achmea are primarily operating leases. The total payments made under operating leases are recognised in the Income Statement on a straight-line basis over the period of the lease. A property interest that is held by Achmea under an operating lease and rented out to a third party is not classified as Investment property.

Income from service contracts

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the end of the reporting period. The outcome of a transaction can be estimated reliably when the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to Achmea, the stage of completion of the transaction at the end of the reporting period can be measured reliably and the costs incurred for the transaction and the cost to complete the transaction can be measured reliably. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of expenses recognised that are recoverable ("zero profit method"). Revenue is measured at the fair value of the consideration received or receivable. Revenue is accounted for based on the stage of completion method, which depends on the nature of the contract: in case a contract mainly constitutes the rendering of services, revenue is based on proportion of services performed to date as percentage of total services to be performed. In case service is provided by an indeterminate number of acts over a specified period, revenue is accounted for on a straight line basis.

I ASSETS AND LIABILITIES

All assets and liabilities are measured at fair value, unless a different measurement is stated in the accounting policies.

Intangible assets

Goodwill

Goodwill arising on a business combination represents the excess of the consideration transferred to acquire the business over the fair value of the net identifiable assets (including separately identified intangible assets), liabilities and contingent liabilities acquired at acquisition date. Goodwill is stated at cost less accumulated impairment losses. Recognised goodwill is subject to an annual impairment test as it is perceived to have an indefinite useful economic life. Achmea has allocated the acquired goodwill due to business combinations to cash generating units (CGUs) that are expected to benefit from the business combination. This is done on the basis of synergies expected to be realised by the combination. Goodwill is monitored at business domain level, being an aggregation of products or group of products with the same risk characteristics and at which level risks are managed and capital is allocated. Any excess of the carrying amount of the domain over its recoverable amount will firstly be allocated to goodwill. Impairment tests at CGU level are performed at a fixed time every year and more frequently if triggering events occur. If an impairment loss occurs, it will be allocated to the relevant CGU. An impairment loss recognised for goodwill is not subject to reversal in a subsequent period.

Intangible assets excluding goodwill

Below, the specific accounting principles for each major class of Intangible assets are given. The accounting policies described below apply to all Intangible assets excluding goodwill. Amortisation charges are recognised as Other expenses in the Income Statement. At each reporting date, Achmea assesses whether an indication of an impairment loss exists for intangible assets with a finite useful economic life. Various indicators are used, such as whether the intangible asset is abandoned, readily obtainable in the market, or the cost to maintain the intangible asset is significantly higher than expected. In addition, Achmea assesses at each reporting date whether there is any indication that an impairment loss recognised in a prior period for intangible assets may no longer exist or may have decreased. Achmea considers the various indicators, such as: whether the asset's market value has increased significantly during the period; significant changes (technological, market, economic or legal environment) with a favourable effect on Achmea have taken place during the period; market interest rates have decreased and are likely to affect the discount rate used in calculating value in use and increase recoverable amount materially. If this is the case, the carrying amount of the intangible asset is increased to its recoverable amount. An increase in the carrying amount due to the reversal of the impairment loss will not exceed the carrying amount if no impairment loss would have been recognised in prior periods. A reversal of an impairment loss on Intangible assets is recognised as Other expenses in the Income Statement.

Expenditures related to internally generated goodwill, brand names and research costs are recognised in the Income Statement as an expense when incurred.

Software

Externally acquired software is recognised at cost. Internally developed software is recognised at cost (including borrowing cost incurred) and is capitalised if the following criteria are met:

- Internally developed software is clearly defined and the costs attributable can be separately identified;
- The technical feasibility can be demonstrated;
- Management has indicated the intention to develop and market, or use, the product or process; and
- There is a clear indication of a future market for the product or process, or its usefulness can be demonstrated.

Software is amortised using a straight-line method over a maximum useful life of five years, or up to ten years when related to base system software.

Brand name

When Achmea enters into a business combination it recognises a brand name as an intangible asset. The initial value of a brand name is based on the application of the 'relief of royalty method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied. Based on management expectations, Achmea assesses whether the useful life is either finite or indefinite. Achmea will decide on a case-by-case basis the appropriate useful life, with a maximum of twenty years. The amortisation policy is straight-line unless a different method is more appropriate. When the useful life is indefinite, an annual impairment test is performed to assess the recoverability of the carrying amount. Achmea subsequently measures the brand names at the initially established cost and if applicable less accumulated amortisation and/or impairments losses.

Value of business acquired

Achmea recognises the value of business acquired (VOBA) as part of the acquisition of a portfolio of (insurance) contracts or as part of a business combination in case of an expanded presentation. The initial value of VOBA is equal to the difference between the fair value of 'in force' (insurance) contracts in the acquired business using current estimates of relevant assumptions at the time of the business combination and the liability measured according to Achmea's accounting principles. Achmea will subsequently value VOBA at this initially established cost less accumulated amortisation and impairment losses. The amortisation policy is straight-line over the expected life unless a different method is more appropriate.

Distribution networks

When Achmea enters into a business combination it recognises distribution networks as an intangible asset. The initial value of this intangible asset is based on the application of the 'multi-period excess earnings method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied within the industry. Based on management expectations, Achmea assesses on a case-by-case basis the appropriate useful life generally not exceeding twenty years. Achmea will subsequently value Distribution networks at the initially established cost less accumulated amortisation and impairment losses. The amortisation policy is straight-line unless a different method is more appropriate.

Other intangible assets

Other intangible assets acquired by Achmea are stated at cost less accumulated amortisation and impairment losses. Based on management expectations, Achmea assesses whether the useful life is either finite or indefinite. Achmea will decide on a case-by-case basis the appropriate useful life, generally not exceeding twenty years. When the useful life is indefinite an annual impairment test is performed to assess the recoverability of the carrying amount. Other intangible assets with a finite useful life are amortised using the straight-line method unless a different method is more appropriate.

Property for own use and equipment

Property for own use

Property for own use is measured at the revalued amount, being its fair value at the date of the revaluation less any (subsequent) accumulated amortisation and (subsequent) accumulated impairment losses. Property for own use that is under construction or in development is stated at cost until its fair value can be reliably determined. Changes in the carrying amount resulting from revaluations of Property for own use are recorded in the Revaluation reserve, part of Total equity net of deferred taxes. A decrease in the carrying amount due to revaluation is recognised in the Income Statement. However, the decrease is recognised in the Revaluation reserve, part of Total equity, to the extent of any credit balance existing in the revaluation surplus in respect of that asset. A revaluation decrease will be reversed through the Income Statement in subsequent years if the revalued amount is higher than the carrying amount, but not higher than the cost minus accumulated depreciation. When Property for own use is derecognised, revaluations included in the Revaluation reserve will be transferred directly to Retained earnings and not through the Income Statement. If Property for own use comprises major components with a different useful life, they are accounted for as separate items. Amortisation on Property for own use or on items accounted for separately is charged to the Income Statement on a straight-line basis over the estimated useful economic life, generally not exceeding fifty years. The amortisation method and useful economic life are reviewed annually and adjusted if circumstances or expectations have changed significantly. Land is not amortised. When Property for own use or its separate items accounted for is revalued, the depreciation charge is eliminated against the gross carrying amount of that item of Property for own use.

Equipment

Equipment is measured at cost (including borrowing costs incurred) less accumulated amortisation and impairment losses. If equipment comprises major components with a different useful life these are accounted for as separate items. Amortisation is charged to the Income Statement on a straight-line basis over the estimated useful life of items of equipment and major components that are accounted for separately. The estimated useful life is: software three to five years, hardware three to four years, office furniture (including components) three to six years and other equipment three to six years. The amortisation method and useful life of equipment is reviewed annually and altered prospectively if circumstances or expectations have changed significantly.

Investment property

Investments in real estate are measured at fair value. All fair value changes are recognised as Realised and unrealised gains and losses in the Income Statement. Rental income from Investment property is recognised as Investment income in the Income Statement.
Investment property that is being constructed or developed for future use as Investment property is classified as 'Property in development' and stated at cost until its fair value can be reliably determined.

Investments

Investments classified as 'Available for sale'

Investments backing insurance liabilities are classified as ‘Available for sale’ except for investments backing insurance liabilities measured at fair value and investment backing insurance liabilities where cash flows are discounted using market based interest rates. Furthermore, all investments not backing insurance or banking liabilities are classified as 'Available for sale'.

Investments classified as 'Available for sale' are measured at fair value. Exchange differences resulting from changes in the amortised cost of fixed-income investments are recognised in the Income Statement. Other changes in fair value are transferred to the Revaluation reserve, part of Total equity net of deferred taxes. Upon derecognition of the investment any cumulative unrealised gains or losses, previously recognised in Total equity, are transferred from Total equity to the Income Statement as Realised gains and losses. Interest income on fixed-income investments is determined by using the effective interest rate method.
At each reporting date, Achmea assesses whether there is objective evidence that an asset is impaired. If any such evidence exists the decline in the fair value below the (amortised) cost that has been recognised in Total equity is transferred to the Income Statement. In the case of investments in equities classified as 'Available for sale', objective evidence that the cost may not be recovered, can be demonstrated through a significant (20% or more) or prolonged (12 consecutive months or longer) decline in the fair value below its cost. Fixed-income investments are impaired if there is objective evidence that, as a result of one or more loss events (e.g. financial difficulty at the issuer or breach of contract), estimated future cash flows are impacted negatively.

Investments classified as 'At fair value through profit or loss'

The classification 'At fair value through profit or loss' is used for investments that are either designated at initial recognition to be measured at fair value with changes in fair value recognised in the Income Statement, or as 'Held for trading'.
Achmea designates an investment as 'At fair value through profit or loss' whenever:

- this designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases (also referred to as an 'accounting mismatch');
- financial assets, financial liabilities or both are managed as a group, and their performance is evaluated by management on a fair value basis in accordance with a documented risk management or investment strategy; or
- financial instruments contain one or more embedded derivatives, except if the embedded derivative does not modify significantly the associated cash flows.

Achmea usually does not invest in financial instruments principally for the purpose of selling or repurchasing them in the near term (i.e. for trading purposes).

Investments classified as 'Loans and receivables'

The classification 'Loans and receivables' is used for investments that are backing financial liabilities measured at amortised cost and for savings accounts which are directly linked to insurance liabilities not measured at fair value nor of which the cash flows are discounted using market based interest rates. These investments are stated at amortised cost, less any allowance for uncollectability. If there is objective evidence that an impairment loss on 'Loans and receivables' has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate (i.e. the effective interest rate computed at initial recognition). The interest income recognised on an impaired loan or receivable is disclosed separately. A new amortised cost schedule is determined which governs the future interest income recognised in the Income Statement.

Equity and similar investments

Equity investments and similar investments are classified as either 'Available for sale' or 'At fair value through profit or loss'. When optional dividends are taken up as shares, an amount equal to the cash dividend is recognised in the Income Statement. Part of the portfolio of Equity and similar investments consists of Private equity and alternative investments. Private equity and alternative investments are classified in accordance with the framework as described above either 'At fair value through profit or loss' or 'Available for sale' depending on the measurement basis of the related insurance liabilities. The Private equity investments related to Achmea's venture capital entity, that are not considered to be a subsidiary or an associate or joint venture, are classified as ‘At fair value through profit or loss’. The fair value of Private equity and alternative investments that are not listed on a stock exchange is based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines.

Fixed-income investments

For fixed-income investments classified as 'Available for sale' that cover insurance liabilities of which the cash flows are based on locked assumptions within the Dutch life insurance business, unrealised fair value changes included in Total equity are subsequently transferred to Profit sharing and bonuses for policyholders as part of the Insurance liabilities. This transfer is halted whenever Profit sharing and bonuses for policyholders is negative. Unrealised losses on the fixed-income investments included in the Income Statement, in case the transfer to Profit sharing and bonuses for policyholders was halted, are reversed through the Income Statement if the fair value of the investments subsequently increases. When the reversal is complete, the transfer to Profit sharing and bonuses for policyholders is resumed.

Derivatives

All derivatives are defined as 'Held for trading'. Achmea uses derivatives to manage its exposure to market risks arising from operating, investing and/or financing activities. Derivatives embedded in other financial instruments are separated and measured separately if they are not closely related to the host instrument. A convertible bond is separated into a bond part classified as 'Available for sale' and an equity conversion option classified as a derivative. The bond part is measured according to the valuation of a similar bond with the same characteristics. The fair value of interest rate swaps is the estimated amount that would be received or paid to terminate the swap at reporting date, taking into account current interest rates and creditworthiness of the swap counterparties. Depending on their value, derivatives are either presented as Investments (assets) or as Derivatives (liabilities).

Other financial investments

Other financial investments includes Investments related to cash collateral received in securities lending, that are directly related to invested collateral under securities lending programmes. The investments are not at free disposal and can only be used to repay the collateral provided by the borrower on the related securities lending transaction. The repayment obligation with respect to the collateral provided is included in the Statement of Financial Position as part of Other liabilities. The investments are measured at fair value with unrealised fair value changes recognised in separate components of Total equity net of taxes, unless defaults in the investment funds occur which are treated as an impairment loss.

Securities borrowing and lending

Investments lent under securities lending arrangements continue to be recognised in the Statement of Financial Position and are measured in accordance with the accounting policy for assets 'At fair value through profit or loss' or 'Available for sale' as appropriate.

Investments backing linked liabilities

Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears the investment risk or which are backing 'Investment contracts'. These investments comprise insurance contracts with segregated investments, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under insurance or investment contracts where the benefits are index-linked. These investments are designated as 'At fair value through profit or loss' to reduce a measurement inconsistency that would arise as related liabilities are measured at fair value and both are managed as a group.

Banking credit portfolio

These assets relate to the banking activities and consist of loans and advances to customers and loans and advances to credit institutions. These assets are either measured at amortised cost and classified as 'Loans and receivables' or measured at fair value and classified as 'At fair value through profit or loss'. The classification 'At fair value through profit or loss' is used for assets that are either designated at initial recognition to be measured at fair value with changes in fair value recognised in the Income Statement or as 'Held for trading'. Assets are designated as 'At fair value through profit or loss' whenever this designation eliminates or significantly reduces a measurement or recognition inconsistency (accounting mismatch) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them using different bases. Foreign currency results are recognised in the Income Statement. The Banking credit portfolio, measured at amortised cost, is adjusted by an allowance account to reflect identified incurred losses within the portfolio and incurred but not yet reported losses within the portfolio. If all or part of the portfolio proves to be uncollectible, the amount concerned is written off from the corresponding allowance account. Achmea applies hedge accounting for some of its banking and treasury operations.

Deferred acquisition costs

Acquisition costs are expenses incurred in connection with the acquisition of new insurance contracts or the renewal of existing contracts (including investment contracts). They include commissions paid and expenses for processing of proposals. Acquisition expenses directly or indirectly related to the sale of insurance contracts not measured at fair value are deferred to the extent that they are deemed recoverable from future revenues. Deferred acquisition costs are subject to recoverability testing at the time of policy issue and included in the liability adequacy test of insurance liabilities at the end of each reporting period. Acquisition expenses related to securing the right to provide investment management services related to investment contracts are deferred to the extent deemed recoverable from future revenues. Deferred acquisition costs related to investment contracts are tested separately for impairment. Achmea does not consider anticipated investment income in the determination of the recoverability. Any irrecoverability of Deferred acquisition costs as a result of liability adequacy testing is recognised as an impairment loss and included in Operating expenses. Deferred acquisition costs are amortised over the lifetime of the related insurance contracts.

Amounts ceded to reinsurers

Reinsurance premiums ceded and reinsurance recoveries on benefits and claims incurred are deducted from the respective income and expense accounts. Prepaid reinsurance premiums represent the ceded portion of unearned premiums. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured risk. An impairment loss is accounted for if there is objective evidence as a result of an event that Achmea will not receive all amounts due under the contract and this amount can be measured reliably. Accordingly, revenues and expenses related to reinsurance agreements are recognised consistently with the underlying risk of the business reinsured.

Receivables and accruals

Receivables are measured at amortised cost, which usually equals the face value, adjusted for accumulated impairment losses to reflect identified incurred losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank balances and call deposits and are measured at fair value.

Total equity

Achmea shares held by the company (own shares) are accounted for by a reduction within Total equity at the moment of purchase by Achmea or its subsidiaries on the basis of purchase price paid. Any results upon the subsequent sale of such treasury shares are recognised directly within Total equity. Any Non-controlling interest related to subsidiaries is presented as a separate component within Total equity and is equal to the third-party share in the subsidiary's equity based on Achmea's accounting principles.

Insurance liabilities

Insurance contracts are defined as contracts that transfer significant insurance risk. Insurance risk exists if a scenario exists that has commercial substance under which, based on an insured event, additional payments have to be made. Insurance risk is considered significant if the payment on occurrence of an insured event differs at least 10% from the payment if the event does not occur.

General measurement principles

Gross written premiums for Life insurance contracts are generally recognised in the Income Statement when due. Earned premiums for Non-life and Health insurance contracts are generally recognised in proportion to the period of insurance coverage provided. A loading for expenses is included in premiums. When premiums are recognised, the loadings emerge and are included in Insurance liabilities and subsequently released in future periods to offset actual expenses, including operating expenses, non-deferrable acquisition costs and amortisation of deferred acquisition costs. When premiums are recognised, liabilities for future contract benefits are recorded, resulting in benefits and expenses being matched with the revenues and profits being recognised over the lifetime of the contracts. The assumptions used in the calculation of the provisions are based on objective externally published data or, when not available, internal data. For participations in underwriting pools, co-insurance or guarantee fund agreements an amount equal to the share in these agreements, generally measured based on the specific provisions in these agreements, is recognised under the respective liability. The information used is received from the management of these agreements. Options, guarantees and other derivatives embedded in an insurance contract that do not bear any insurance risk and that are not closely related to the host insurance contract are separately recognised as a derivative. Options and guarantees that are closely related to the insurance contract are included in the measurement of Insurance liabilities. Achmea tests the adequacy of the recognised insurance liabilities and related assets at each reporting date and more often if deemed necessary. The test applies to value of business acquired, deferred acquisition costs and insurance liabilities. The test considers current estimates of all contractual cash flows of the insurance liabilities, including expected cost for claim handling, guarantees and embedded options. If the test shows that the insurance liabilities are inadequate, Achmea will recognise a loss by first reducing any recognised value of business acquired. Any remaining deficit is either compensated first by reductions of deferred acquisition costs or ultimately by increasing the related insurance liabilities.

Profit sharing and bonuses for policyholders (Life and Non-life)

A provision is made for any profit share that policyholders or beneficiaries are entitled to. Vested rights that have not yet been credited to policyholder accounts are included in the provision for profit sharing and bonuses for policyholders. Other vested rights are included in the provision for life policy liabilities. The calculation of the provision depends on the extent to which policyholders benefit from any surpluses earned on insurance contracts or operations. The provision includes amounts allocated under the relevant local statutory or contractual regulations to the account of policyholders. The provision for profit sharing and bonuses for policyholders also includes amounts arising from the valuation of certain fixed-income investments at fair value and derivatives held to mitigate the interest rate risk inherent in the related insurance liabilities. Unrealised gains and losses in connection with the measurement of these investments that were recognised in Total equity are subsequently transferred to Profit sharing and bonuses for policyholders, to the extent that the policyholder will participate in such gains and losses on the basis of statutory or contractual regulations.

Provision for unearned premiums (Health and Non-life)

Gross written premiums attributable to income of future years are accrued in the Provision for unearned premiums. The Provision for unearned premiums is determined in proportion to the duration of the contract.

Provision for premium deficiency and unexpired risks (Health and Non-life)

The Provision for premium deficiency is calculated for each insurance portfolio on the basis of estimates of future claims, costs, premium earned and proportionate investment income. For insurance policies covering a risk which increases during the term of the policy at premium rates independent of age, this risk is taken into account in determining the provision.

Outstanding claims provision including incurred but not reported claims (Health and Non-life)

The Outstanding claims provision relates to insurance claims that have not been settled at reporting date. These claims are determined either case-by-case or statistically. The provision also includes amounts for incurred but not reported claims at reporting date. In determining the provisions, costs for claim handling are taken into account. The Outstanding claims provision is based on estimates of expected losses and unexpired risks for all lines of business. This takes into consideration management's judgement on the anticipated level of inflation, regulatory risks and trends in claims and claim handling. Estimates of expected losses are developed using historical claims experience, other known trends and developments, and local regulatory requirements. No deductions are made for salvage, subrogation and other expected recoveries from third parties for reported claims. These are accounted for under non-insurance assets acquired by exercising rights to recoveries, as part of Receivables and accruals. Expected claim payments included in the Outstanding claims provision are not discounted except for disability insurance contracts. For this type of insurance contracts the provision reflects the present value of the expected claim payments, calculated on the basis of a fixed interest rate (3%). Waiting periods are taken into account when determining the provision. An average term is taken into account for the probability of rehabilitation. For some risk exposures no adequate statistical data are available, such as environmental and asbestos claims and large-scale individual claims, because some aspects of these types of claims are still evolving. Provisions for such claims have been made following an analysis of the portfolio in which such risks occur.

Provision for life policies

Insurance liabilities for traditional life insurance contracts are established by the net-level premium method and based on the actuarial and economic assumptions used in pricing the contracts. The assumptions on which the calculations are based vary, particularly with regard to mortality, morbidity and interest rates. These assumptions are initially based on best estimates of future experience at policy inception date, in some cases taking into account a margin for the risk of adverse deviation. The assumptions used are regularly reviewed, compared to actual experience and, if necessary, updated, depending on the type of products. The Provision for unearned premiums, Provision for premium deficiency and unexpired risks and Provision for outstanding claims are included to the extent that these relate to the life insurance business. In the adequacy test mortality and morbidity rate assumptions are based on most recent observations as published by relevant bodies which are adjusted to reflect Achmea's own experience and to allow for the trend in mortality risk over the coming years. Persistency assumptions are based on historical experience. Different accounting principles are used to measure the life policy liabilities based on the matching characteristics between (financial) assets and the life policy liabilities and the specific nature of the portfolios, profit sharing features and embedded options:

- Insurance liabilities measured at fair value. All assumptions used are based on actual assumptions and current market interest rates. Fair value changes are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Insurance liabilities whose cash flows are discounted using market based interest rates which are sometimes based on the (projected) market return of related financial investments. Changes in the value of these insurance liabilities are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Insurance liabilities whose cash flows are based on locked assumptions are discounted at fixed discount rates (3% or 4% depending on their date of inception). For the Dutch life insurance business, the

fair value changes of related interest sensitive financial instruments, classified as 'Available for sale', are transferred through Total equity to 'Profit sharing and bonuses for policyholders'. This component of Profit sharing and bonuses for policyholders may not be negative. Part of the Dutch life insurance business comprises insurance liabilities that are directly linked to savings accounts, for which the value is determined based on these accounts. The related financial investments are classified as 'Loans and receivables'.

- Insurance liabilities whose cash flows are directly influenced by profit sharing features are adjusted through the application of shadow accounting. Unrealised fair value changes of investments (classified as 'Available for sale') backing these insurance liabilities are transferred to Total equity. The related change in the value of the insurance liabilities is also transferred to Total equity.

Deferred interest surplus rebates

The Deferred interest surplus rebates in the Dutch life insurance industry are netted with the Provision for life policy liabilities. These rebates are granted in any year on regular or single premiums for pension and life insurance which are based on the expectation that actual investment yields will exceed the discount rate applied in the pricing of the policies. The rebates are amortised over a 10-year period on the basis of annually increasing amounts, consistent with the manner in which the interest surplus was expected to be realised.

Insurance liabilities where policyholders bear investment risks

Insurance liabilities for unit-linked policies and other insurance contracts where the policyholder bears the investment risk are accounted for at the value of the associated investments. The insurance liabilities for contracts with segregated investments are generally calculated on the basis of the contractual provisions for the insurance contract. In case of a surplus of these segregated assets, the amounts are recognised as Other liabilities.

Investment contracts

Contracts with no or insignificant insurance risk are recognised as Investment contracts. Investment contracts are measured at fair value with changes in fair value through the Income Statement. These contracts are designated as 'At fair value through profit or loss' because they are, together with the related investments backing these liabilities, managed as a group. The fair value of investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the discounted exit value using a risk-free interest rate or the surrender value (adjusted for surrender penalties).

Post-employment benefits

Contributions payable to defined contribution pension plans are recognised as an expense in the Income Statement when incurred.
The net obligation in respect of defined benefit pension plans is calculated separately for each plan, using the 'projected unit credit method'. In accordance with this method, the future benefits that employees have earned in return for their service in the current period and prior periods are estimated. The rates used for salary developments, discounting and other adjustments reflect the specific country conditions. The liability is discounted to determine the present value. Subsequently, the fair value of plan assets is deducted in order to calculate the Net defined benefit liability (asset). Current service cost and net interest on the Net defined benefit liability (asset) based on assumptions at the beginning of the reporting period are included in the Consolidated Income Statement. Remeasurements of the net defined benefit liability are included in the Consolidated statement of comprehensive income. In calculating the Net defined benefit liability future employee contributions are included.
Achmea recognises past service cost as an expense at the earlier of:

- plan amendment or occurrence of the curtailment; and
- when it recognises related service cost or termination benefits.

Achmea recognises a gain or loss on settlement of a defined benefit plan when the settlement occurs. The present value of defined benefit assets at reporting date is recognised to the amount of the economic benefit that will be available to Achmea in the form of refund from the plan or reductions in future contributions.

Other provisions

Other provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the provision is to be used over a period longer than one year, expected cash flows are discounted.
A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring was either commenced or has been announced to the parties concerned prior to reporting date. Costs relating to the ongoing activities of Achmea are not provided for.
Achmea's net obligation in respect of other long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current period and prior periods. The obligation is calculated using the 'projected unit credit method' and is discounted to its present value and the fair value of any related assets is deducted.

Banking customer accounts and Loans and borrowings

Banking customer accounts are measured at amortised cost.
Loans and borrowings include all loans from external parties to Achmea, financial lease liabilities and financial reinsurance liabilities. These consist of deposits from banks, secured banks loans, unsecured bank loans and subordinated loans. These liabilities are measured at amortised cost. Cash collateral received from borrowers related to securities lending programmes is recognised as a financial liability as there is an obligation to repay the cash received by the lending agent. These liabilities are measured at amortised cost. As no premiums or discounts are received on the collateral, the amortised cost equals the nominal value. Fair value hedge accounting is applied to some loans when this is in accordance with the financial risk management policy. Some financial liabilities are designated as 'At fair value through profit or loss' when these liabilities are recognised due to the termination of insurance contracts and the future sale of related financial assets to reduce measurement inconsistencies.

Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in Total equity, in which case these items are recognised in Total equity net of taxes.
Expected tax payable or receivable are based on the taxable profit or loss for the year using tax rates enacted or substantially enacted at reporting date, and any adjustment to current tax in respect of previous years.
Deferred tax is provided for using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of these assets and liabilities. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted at reporting date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

J KEY ACCOUNTING ESTIMATES

For the measurement of certain items of the Statement of Financial Position, Achmea uses assumptions and estimates concerning future results or other developments, including the likelihood, timing or amounts of future transactions or events. Inherent to estimates is that the actual results may differ materially. The accounting estimates that are most critical to Achmea's business operations and to the understanding of its results and which involve complex or subjective decisions or assessments are presented below.

Control assessment

In making the assessment whether Achmea controls an investee, Achmea analyses whether it has power over the investee (existing rights that give it the current ability to direct the relevant activities). The outcome of this analysis depends on the purpose and design of the investee, what are the relevant activities (that drive the investee's returns) and how decisions about them are taken and whether rights of the investor give current ability to direct the relevant activities. In performing this assessment, Achmea has defined the most relevant activity as the ability to determine the strategic policies of an investee. The outcome of the analysis also depends on whether Achmea is exposed to or has rights to variable returns from its involvement with the investee and whether Achmea has the ability to use its powers over the investee to affect the amount of its returns. If an investee performs activities for the benefit of the public and not only for the benefit of Achmea and/or its customers, no ability for Achmea to use its power over the investee to affect Achmea's return is presumed to exist. Different assumptions may result in a different outcome of the control assessment.

Impairment testing of intangible assets

In testing for impairment of intangible assets, the carrying amount is compared with the recoverable amount, e.g. the higher of an asset's fair value less costs to sell and value in use. Determining the value in use is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, assumptions are required to be made in respect of uncertain matters like timing and amount in projecting cash flows and development of future discount rates. Assumptions regarding goodwill impairment testing are further disclosed in Note 8 Intangible assets.

Fair value of Property for own use and Investment property

Property for own use is measured at the revalued amount and Investment property is reported at fair value. The methods used to determine these values are described in Note 5 Fair value hierarchy. The assumptions used in applying some of these method are supported by the terms of any existing lease and other relevant contracts and by external evidence such as recent and expected general economic trends, current market rents for similar properties in the same location and condition. Vacancy and rent-free periods are also taken into account. Rental growth rates are based on general economic trends, taking into account the specific characteristics of property being valued. The valuation of property therefore involves various assumptions and techniques. The use of different assumptions and techniques may have a significant impact on these valuations.

Impairment testing of financial assets

There are a number of significant risks and uncertainties inherent in the process of monitoring financial assets and determining if an impairment loss exists. For example, Achmea's assessment of an issuer's ability to meet all of its contractual obligations when the creditworthiness of that issuer or the economic outlook of the issuer changes. Achmea applies judgement to establish whether a loss event has occurred, resulting in an impairment loss for a fixed-income investment. Specifically, Achmea assesses an issuer's ability to meet both principal and interest payments when the financial condition of the issuer changes. Objective evidence of impairment of an equity investment classified as 'Available for sale' includes information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity investment may not be recovered. A significant or prolonged decline in the fair value of an equity investment below its cost is also objective evidence for impairment. Equity investments held in an unrealised loss position that are below cost for over twelve consecutive months or significantly below cost (20%) at reporting date are impaired. When determining the impairment loss, qualitative factors are also used to determine if impairment is required before these thresholds are met. For the Banking credit portfolio, future cash flows are evaluated for impairment of a portfolio of financial assets on the basis of the contractual cash flows of the assets in the portfolio and historical loss experience for assets with credit risk characteristics similar to those in the portfolio. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not currently exist. Current observable data may include changes in unemployment rates, property prices and commodity prices. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value of financial assets determined using valuation techniques

In the absence of an (active) market, the fair value of non-quoted financial assets and liabilities is estimated by using present value or other valuation techniques. Reference is made to Note 5 Fair value hierarchy for a detailed description of the methods used. Valuation techniques are subjective in nature and significant judgement is involved in establishing fair values for certain financial assets and liabilities. Valuation techniques involve various assumptions on the pricing factors. The use of different valuation techniques and assumptions could have an effect on the fair value.

Recognition of deferred tax assets

Deferred tax assets are established for the tax benefit related to deductible temporary differences, carry forwards of unused tax losses and carry forwards of unused tax credits when, in the judgement of management, it is likely that Achmea will receive the tax benefits. A change in judgement could have a substantial effect on value of the deferred tax asset. As there is no absolute assurance that these assets will ultimately be realised, management reviews Achmea’s deferred tax positions periodically to determine if it is likely that the assets will be realised. Furthermore, management considers tax planning strategies to increase the likelihood that the tax assets will be realised.

Other receivables - Health segment

Settlement of medical care costs between Dutch health insurers and hospitals, mental health institutions (‘GGZ-Instellingen’) and rehabilitation centres is based on so-called ‘DBC op weg naar Transparantie’ (DOT) that covers the whole duration of a medical treatment. DOTs are based on a pre-arranged budget. Before 2012 this settlement was based on so-called ‘Diagnose Behandel Combinaties’ (DBC) with an upfront funding which is included in Other receivables and accruals. The private health insurance system that is in force in the Netherlands consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is heavily determined by law and influenced by political processes. The basic health system (inherently) comprises uncertainties, due to the calculation methods applied. A system of risk mitigating features is in force in the Netherlands to reduce the uncertainties that are raised by the system. The measurement of receivables regarding the Health Insurance Fund is an inherently uncertain process, involving assumptions for national healthcare costs and allocation of healthcare costs to budget parameters. For more details regarding the uncertainties and the risk mitigating factors in health insurance, a reference is made to Note 51 Risk management. Any change in the assumptions could have an impact on the settlement with the Dutch government (Health Insurance Fund).

Insurance liabilities including deferred acquisition costs (DAC) and value of business acquired (VOBA)

The measurement of insurance liabilities, DAC and VOBA is an inherently uncertain process, involving assumptions for changes in legislation, social, economic and demographic trends, inflation, investment returns, policyholder behaviour, and other factors, and, in the Life and part of the Non-life insurance business, assumptions concerning mortality and morbidity trends. Specifically, significant assumptions related to these items that could have a material impact on Net profit include interest rates, mortality, morbidity, property and casualty claims and assumptions used in the liability adequacy test. The data used to calibrate the Insurance liability outstanding claims related to Dutch health-insurance contracts is based on historical information. The results on the equalisation fund (including standard nominal premium) and claims level are preliminary and will probably change and shift between insurers for some years. Achmea reassesses provisions for the underwriting year on an annual basis based on the latest information on claims level, macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the related underwriting year). When appropriate, Achmea has made additional provisions. In addition, the adequacy of the Insurance liabilities for life policies liabilities, net of DAC and VOBA, is evaluated regularly. The assumptions used are based on a combination of experience within Achmea and market benchmarks, such as those supplied by the statistics department of the Dutch Association of Insurers and the Dutch Society of Actuaries and similar bodies throughout Europe. Where possible, Achmea uses market observable variables and models / techniques which are commonly used in the industry. The use of different assumptions in this evaluation could have an effect on the insurance liabilities and underwriting expenses.

Insurance liabilities also include the impact of minimum guarantees which are included in certain insurance contracts. The recognition of these guarantees depends on the difference between the potential minimum benefits payable and the total account balance, expected mortality and surrender rates. The determination of the potential minimum benefits payable also involves the use of assumptions on inflation, investment returns, policyholder behaviour, and mortality and morbidity trends. The use of different assumptions on these factors could have an effect on insurance liabilities and underwriting expenses.

Valuation of Post-employment benefits

The liability recognised in the Statement of Financial Position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at reporting date less the fair value of the plan assets. The determination of the defined benefit plan liability is based on actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions for discount rates, rates of increase in future salary and benefit levels, mortality rates, healthcare costs trend rates and consumer price index. The assumptions are based on available market data and are updated annually. Reference is made to Note 24 Post-employment benefits for the assumptions used in connection with pension and other post-employment benefits. The actuarial assumptions may differ significantly from the actual results due to changes in market conditions, economic and mortality trends, and other assumptions. Any changes in these assumptions could have an impact on the valuation of defined benefit plans.

Valuation of Other provisions

A provision involves a present obligation arising from past events, the settlement of which is expected to result in an outflow from Achmea of resources embodying economic benefits, however the timing or the amount is uncertain. Provisions are discounted when the effect of the time value of money is material using a pre-tax discount rate. A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced to the parties concerned. Reference is made to Note 25 Other provisions for more details regarding the assumptions used. The determination of provisions is an inherently uncertain process involving estimates regarding amounts and timing of cash flows.

2. FINANCIAL HIGHLIGHTS

During 2014, the following events had a major impact on Achmea's financial position and the 2014 Financial Statements. These events are described below and an analyses is given on how these events are incorporated in the 2014 Financial Statements.

Impairment goodwill of cash generating units Pension Services and Oranta Russia

In 2014, an impairment loss on goodwill and other intangible assets related to our pension services in the Netherlands and Russian activities had a negative impact of €143 million on Net profit. A combination of lower fee levels in the real estate market and the departure of one of its major clients within the pension administration business which consequently results in substantially lower revenues in the coming years, led to an impairment loss of €78 million to our pension services activities. Regarding our Russian activities, a troublesome motor market and uncertain economic prospects have led to significantly lower than expected future long term growth expectations which led to an impairment loss of the entire recognised amount of goodwill of €65 million.

Restructuring provision

In 2013, Achmea announced that it will accelerate the adjustments to its organisation, in order to further increase customer focus, reduce costs for customers and facilitate investments in its online services. This will result in a gradual reduction in staffing levels of around 4,000 positions over the next years, of which a major part will be declared redundant. In 2014 restructuring plans were further formalised and communicated. As a result, restructuring provisions were accounted for in 2014 amounting to €224 million which were partly used as at 31 December 2014.

Achmea Health Centers

In 2014, Achmea's health insurance company in the Netherlands announced that it was developing a new policy designed to maintain the health and vitality of its customers and other people in the Netherlands. Under the new policy, Achmea no longer needs to own and operate its own fitness centers. Achmea also signed a letter of intent to sell 19 health centres and issued a press release confirming Achmea's commitment towards the new policy. An additional 12 Health Centers, along with the head office, will be closed. In September 2014, the sale of the health centers was effected and resulted in a loss of €24 million.

3. SEGMENT REPORTING

Segments are components of Achmea that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance. Achmea recognises the following segments:

- **Non-life Netherlands**: consists of insurance contracts issued to customers to cover the risks mainly associated with motor vehicles, property, general liability, occupational health and accident, including disability prevention.
- **Health Netherlands**: covers basic and supplementary health insurance and health services in the Netherlands.
- **Pension & Life Netherlands**: covers life and pension insurance, including unit-linked insurance.
- **International:** contains all activities outside the Netherlands. Segment International operates actively in the countries Greece, Slovakia, Turkey and Ireland. Moreover, segment International conducts a greenfield start up with Rabobank in Australia. The international activities include primarily insurance activities. Insurance activities relate to the provision of Non-life, Health and Life insurance policies, including the provision of investment contracts containing no or insignificant insurance risk. Furthermore, associates in which significant influence is exercised by management outside the Netherlands are included within this segment.
- **Banking Netherlands**: the principal activities are providing residential mortgage loans, saving accounts and private banking. Achmea is active in banking in the Netherlands through Achmea Bank and Staalbankiers.
- **Other:** consists of both asset and pension fund management activities (Syntrus Achmea) and aggregator activities (Independer.nl). Furthermore, investments not related to the Non-life Netherlands, Health Netherlands, Pension & Life Netherlands, International and Banking Netherlands, shared service centres and staff departments, net of their recharges to the segments described below are included in this segment.

The segment Health Netherlands consists of two operating segments that have been aggregated based on the fact that they have similar economic characteristics, i.e. the same kind of insurance products are sold by these operating segments. Achmea's Executive Board sets goals and targets for the segments throughout the company. The segments formulate strategic, commercial and financial policies within the overall strategy, performance targets and risk appetite set by the Executive Board.

All segment revenues reported relate to external customers. Given the relative size and composition of Achmea’s operations, no customers with a contribution of 10% or more of revenues (Gross written premiums, Banking income and Fee and commission income) are identified. Achmea's activities are located mainly in the Netherlands.

The accounting policies of the segments are the same as those described under Accounting policies. Transfer prices for intersegment transactions are set at a 'cost-price-plus' basis. Segment results represent revenues earned by each segment minus operational and other expenses allocated to the segment. As of 2014, expenses for shared service centres and corporate expenses are allocated to segments based on the activities performed whereas until 2013 these were based on fixed amounts and/or possibility to influence the costs based on, amongst others, services provided, activities performed and/or transactions processed. Because comparative information provided to the Executive Board has not been changed, comparative figures have not been adjusted and are therefore not presented on a comparable basis.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER [1]	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	719		115	141	1	90		1,066
Associates and joint ventures		6	51	81	6	1		145
Property for own use and equipment	74	9	4	59		326		472
Investment property			757	60	5	303		1,125
Investments	6,921	4,881	34,386	2,926	1,245	347	−3,569	47,137
Investments backing linked liabilities	25		16,306	2,349				18,680
Banking credit portfolio					15,227			15,227
Deferred tax assets				55		473		528
Deferred acquisition costs			49	90				139
Amounts ceded to reinsurers	75	9	465	961			−74	1,436
Receivables and accruals	939	3,395	989	337	16	−58	−84	5,534
Cash and cash equivalents	36	693	12	204	473	416	−118	1,716
	8,789	**8,993**	**53,134**	**7,263**	**16,973**	**1,898**	**−3,845**	**93,205**
Assets classified as 'held for sale'								
Total assets	**8,789**	**8,993**	**53,134**	**7,263**	**16,973**	**1,898**	**−3,845**	**93,205**
Equity								
Equity attributable to holders of equity instruments of the Company	2,134	2,947	3,291	853	767	−188		9,804
Non-controlling interest	1					13		14
Total equity	**2,135**	**2,947**	**3,291**	**853**	**767**	**−175**		**9,818**
Liabilities								
Insurance liabilities	6,112	5,033	30,687	3,559			−846	44,545
Insurance liabilities where policyholders bear investment risks	12		16,731	271				17,014
Investment contracts				2,158				2,158
Post-employment benefits		24	162	51		−20	772	989
Other provisions	13	11	8	49	4	328		413
Banking customer accounts					7,762		−1,456	6,306
Loans and borrowings	73	46	17		7,188	1,946	−2,259	7,011
Derivatives	18	18	668		1,160	32		1,896
Deferred tax liabilities						19		19
Income tax payable		−9	−5	8	10	85		89
Other liabilities	426	923	1,575	314	82	−317	−56	2,947
	6,654	**6,046**	**49,843**	**6,410**	**16,206**	**2,073**	**−3,845**	**83,387**
Liabilities classified as 'held for sale'								
Total equity and liabilities	**8,789**	**8,993**	**53,134**	**7,263**	**16,973**	**1,898**	**−3,845**	**93,205**

[1] *Within segment Other there are Intercompany positions with the other segments which can result in negative positions*

The intersegment eliminations consist primarily of the elimination of intersegment finance activities. The following capital expenditures are included in segments: Pension & Life Netherlands €2 million (2013: €16 million), International €11 million (2013: €19 million), Non-life Netherlands nil (2013: €7 million), Health Netherlands €3 million (2013: €4 million), Banking Netherlands nil (2013: nil) and Other activities including intersegment adjustments €27 million (2013: €29 million).

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013*

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER [1]	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	732		176	191	2	198		1,299
Associates and joint ventures		8	58	72	6	8		152
Property for own use and equipment	91	9	19	76		328		523
Investment property			816	54	5	325		1,200
Investments	6,880	4,961	29,668	2,725	1,536	756	−2,840	43,686
Investments backing linked liabilities	22		20,286	2,255				22,563
Banking credit portfolio					15,251			15,251
Deferred tax assets	9			70		444		523
Deferred acquisition costs			70	102				172
Amounts ceded to reinsurers	108	26	14	823			−67	904
Receivables and accruals	1,208	3,120	649	407	33	−269	−73	5,075
Cash and cash equivalents	60	460	265	275	2,263	317	−380	3,260
	9,110	**8,584**	**52,021**	**7,050**	**19,096**	**2,107**	**−3,360**	**94,608**
Assets classified as 'held for sale'				36				36
Total assets	**9,110**	**8,584**	**52,021**	**7,086**	**19,096**	**2,107**	**−3,360**	**94,644**
Equity								
Equity attributable to holders of equity instruments of the Company	2,156	2,664	3,577	928	751	−389		9,687
Non-controlling interest	3					12		15
Total equity	**2,159**	**2,664**	**3,577**	**928**	**751**	**−377**		**9,702**
Liabilities								
Insurance liabilities	6,142	5,053	26,028	3,367			−839	39,751
Insurance liabilities where policyholders bear investment risks	9		19,115	263				19,387
Investment contracts				2,015				2,015
Post-employment benefits		9		33		−21	772	793
Other provisions	20	22	11	56	4	161		274
Banking customer accounts					7,358		−1,377	5,981
Loans and borrowings	85	18	21		9,862	2,785	−1,640	11,131
Derivatives			480		1,002	9		1,491
Deferred tax liabilities	−1					16		15
Income tax payable		1	−5	7	32	32		67
Other liabilities	696	817	2,794	381	87	−498	−276	4,001
	6,951	**5,920**	**48,444**	**6,122**	**18,345**	**2,484**	**−3,360**	**84,906**
Liabilities classified as 'held for sale'				36				36
Total equity and liabilities	**9,110**	**8,584**	**52,021**	**7,086**	**19,096**	**2,107**	**−3,360**	**94,644**

* *Adjusted for comparison reasons*

[1] *Within segment Other there are Intercompany positions with the other segments which can result in negative positions*

SEGMENT CONSOLIDATED INCOME STATEMENT 2014

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	3,163	13,257	2,485	1,109			−12	20,002
Reinsurance premiums	−103	−33	−697	−167			12	−988
Change in provision for unearned premiums (net of reinsurance)	29	−299	1	12				−257
Net earned premiums	**3,089**	**12,925**	**1,789**	**954**				**18,757**
Income from associates and joint ventures		−3		6				3
Investment income	132	48	809	104		17	−72	1,038
Realised and unrealised gains and losses	52	40	3,516	195		−24		3,779
Income from investments backing linked liabilities	2		1,814	228				2,044
Banking income					655		3	658
Fee and commission income, and income from service contracts	20	95		26		290		431
Other income	6	45	18	10		10	−3	86
Total income	**3,301**	**13,150**	**7,946**	**1,523**	**655**	**293**	**−72**	**26,796**
Expenses								
Net claims and movements in insurance liabilities	2,243	12,125	6,404	971				21,743
Profit sharing and bonuses for policyholders	−7		3,399				−1	3,391
Movements in insurance liabilities where policyholders bear investment risks	4		−2,375	7				−2,364
Fair value changes and benefits credited to investment contracts				159				159
Operating expenses related to insurance activities	919	599	378	291				2,187
Other operating expenses	17	35		26	130	580		788
Banking expenses					553		−61	492
Interest and similar expenses	3		2			91	−8	88
Other expenses	19	−27	79	133	5	113	−2	320
Total expenses	**3,198**	**12,732**	**7,887**	**1,587**	**688**	**784**	**−72**	**26,804**
Profit before tax	**103**	**418**	**59**	**−64**	**−33**	**−491**		**−8**
Income tax expenses								−24
Net profit								**16**
Expense ratio [1]	29.8%	4.6%		28.4%				
Claims ratio [1]	72.7%	93.8%		73.0%				
Combined ratio [1]	102.5%	98.4%		101.4%				
Amortisation charges	20	3	67	14	5	72		181
Impairment losses	5	3	14	66	49	81		218

1 *The ratios of segment International include both Non-life and Health insurance business*

SEGMENT CONSOLIDATED INCOME STATEMENT 2013*

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	INTERNATIONAL	BANKING NETHERLANDS	OTHER	INTERSEGMENT ELIMINATIONS	TOTAL
Income								
Gross written premiums	3,164	13,253	2,593	1,242			−27	20,225
Reinsurance premiums	−110	−246	−192	−205			27	−726
Change in provision for unearned premiums (net of reinsurance)	58	−20	1	−6				33
Net earned premiums	**3,112**	**12,987**	**2,402**	**1,031**				**19,532**
Income from associates and joint ventures			1	5	−3			3
Investment income	127	54	763	108		17	−66	1,003
Realised and unrealised gains and losses	93	44	−277	18		−17		−139
Income from investments backing linked liabilities	1		1,611	207				1,819
Banking income				−7	683			676
Fee and commission income, and income from service contracts	19	106		30		279	−1	433
Other income	8	48	9	6		−1		70
Total income	**3,360**	**13,239**	**4,509**	**1,398**	**680**	**278**	**−67**	**23,397**
Expenses								
Net claims and movements in insurance liabilities	2,281	12,041	6,521	839				21,682
Profit sharing and bonuses for policyholders	14		242	−1				255
Movements in insurance liabilities where policyholders bear investment risks			−2,898	6				−2,892
Fair value changes and benefits credited to investment contracts				156				156
Operating expenses related to insurance activities	771	527	316	322				1,936
Other operating expenses		47		28	130	735		940
Banking expenses					575		−58	517
Interest and similar expenses	3	2	4			96	−9	96
Other expenses	26	93	73	46	1	187		426
Total expenses	**3,095**	**12,710**	**4,258**	**1,396**	**706**	**1,018**	**−67**	**23,116**
Profit before tax	**265**	**529**	**251**	**2**	**−26**	**−740**		**281**
Income tax expenses								−68
Net profit								**349**
Expense ratio [1]	24.8%	4.1%		29.8%				
Claims ratio [1]	73.3%	92.7%		71.7%				
Combined ratio [1]	98.1%	96.8%		101.5%				
Amortisation charges	22	9	68	18		72		189
Impairment losses	2	94	19	1	31	149		296

* *Adjusted for comparison reasons*

1 *The ratios of segment International include both Non-life and Health insurance business*

GEOGRAPHICAL SEGMENT REPORTING, INCLUDING INTERGROUP ADJUSTMENTS

(€ MILLION)

	THE NETHERLANDS	TURKEY	RUSSIA	GREECE	IRELAND	SLOVAKIA	OTHER	TOTAL 2014	TOTAL 2013
Gross written premiums Non-life	3,172	257	32	195		31	1	3,688	3,794
Gross written premiums Health	13,239	19	6	87		254		13,605	13,608
Gross written premiums Life	2,482			53	163	10	1	2,709	2,823
Total gross written premiums	**18,893**	**276**	**38**	**335**	**163**	**295**	**2**	**20,002**	**20,225**
Banking income	658							658	676
Fee and commission income, and income from service contracts	404			19	5		3	431	433
Income tax expenses	−48	−48	22		−1	2	49	−24	−68
Total assets	86,033	680		1,372	4,856	212	52	93,205	94,644
Non-current assets	63,408	308		860	4,138	122	6	68,842	65,239

4. INTERESTS IN SUBSIDIARIES

Information about principle subsidiaries

Set out below are Achmea's principal subsidiaries as at 31 December 2014. These principle subsidiaries of the parent company Achmea B.V. are listed by geographical segment. All are wholly owned, directly or indirectly, unless stated otherwise, and are involved in insurance or reinsurance business, asset management or services related to these activities. The voting power in these subsidiaries held by Achmea is equal to the shareholding. The country of incorporation or registration is also their principal place of business.

	CORPORATE SEAT	% OF OWNERSHIP INTEREST HELD BY THE GROUP
THE NETHERLANDS		
Achmea Bank N.V.	The Hague	100%
Achmea Interne Diensten N.V.	Utrecht	100%
Achmea Pensioen- en Levensverzekeringen N.V.	Apeldoorn	100%
Achmea Reinsurance Company N.V.	Tilburg	100%
Achmea Schadeverzekeringen N.V.	Apeldoorn	100%
Achmea Zorgverzekeringen N.V.	Noordwijk	100%
Achmea Services N.V.	Amstelveen	100%
DFZ Tussenholding N.V.	Leeuwarden	100%
Independer.nl N.V.	Hilversum	77,24%
N.V. Hagelunie	The Hague	100%
Staalbankiers N.V.	The Hague	100%
Syntrus Achmea Pensioenbeheer N.V.	Amsterdam	100%
Syntrus Achmea Real Estate & Finance B.V.	Amsterdam	100%
Syntrus Achmea Vermogensbeheer B.V.	Tilburg	100%
GREECE		
Interamerican hellenic life insurance company S.A.	Athens	99.89%
IRELAND		
Friends first holdings Ltd	Dublin	100%
TURKEY		
Eureko Sigorta A.S.	Istanbul	100%
SLOVAKIA		
Union Poist'ovna A.S.	Bratislava	99.97%
Union Zdravotná Poist'ovna A.S.	Bratislava	100%

The legally required list of participations as set forth in articles 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register Midden Nederland.

Consolidated structured entities

Achmea Bank N.V. and Staalbankiers N.V. (both subsidiaries of Achmea B.V.) use securitisation as a funding source. In all these securitisation transactions, Achmea Bank and Staalbankiers assign a portfolio of mortgage receivables to a special-purpose vehicle (SPV) which issues Notes on the capital markets. With the proceeds of the Notes the SPV can finance the assigned mortgage receivables and with the received interest on the mortgage receivables the SPV can pay the interest on the Notes. The names of these SPVs are Dutch Mortgage Portfolio Loans VI B.V. (DMPL VI B.V.), Dutch Mortgage Portfolio Loans VIII B.V. (DMPL VIII B.V.), Dutch Mortgage Portfolio Loans IX B.V. (DMPL IX B.V.), Dutch Mortgage Portfolio Loans X B.V. (DMPL X B.V.), Dutch Mortgage Portfolio Loans XI B.V. (DMPL XI B.V.), Dutch Mortgage Portfolio Loans XII B.V. (DMPL XII B.V.), Securitised Guaranteed Mortgage Loans I B.V. (SGML I B.V.), Securitised Guaranteed Mortgage Loans II B.V. (SGML II B.V.) and Acier 2011-I B.V. All these SPV's are controlled by Achmea and are therefore consolidated. Reference is made to Note 14 Banking credit portfolio for more information about these consolidated structured entities.

Significant restrictions related to subsidiaries

Certain of Achmea's subsidiaries, principally insurance and banking companies, are subject to restrictions on the amounts of funds they may transfer in the form of cash dividends or otherwise to their parent companies.

An amount of €621 million (31 December 2013: €618 million) of Total equity contributed by a number of subsidiaries at year-end 2014 was subject to claims under provisions in the articles of association of these subsidiaries, stipulating that, in the event of liquidation, the equity of these companies must be used for the benefit of public health.

In Ireland, Investments backing linked liabilities amounting to €2 million (31 December 2013: €2 million) are ring-fenced, i.e. are financially separated.

For three healthcare companies in the Netherlands that are indirectly held by Achmea B.V., restrictions exist on the ability to transfer fund amounting to €389 million (31 December 2013: €312 million), because on acquisition of these companies in 2011 a relative autonomy of 5 years has been agreed upon.

5. FAIR VALUE HIERARCHY

5.1 Assets and liabilities measured at fair value

This note provides an analysis of assets and liabilities that are measured subsequently to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets and liabilities valued using quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant non-observable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as investment property, venture capital investments, private equity investments, private sector loans, mortages loans and advances which are part of the Banking credit portfolio.

Cash and cash equivalents are classified as level 1 when not subject to restrictions. Commercial paper, included within Deposits with credit institutions, is classified as level 1, due to the fact that these are traded in money markets. Other deposits with credit institutions are in general classified as level2, due to the fact that these are not traded and subject to restrictions.

ASSETS AND LIABILITES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2014

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 2014
Assets				
Recurring fair value measurements				
Investment property				
residential		7	411	418
retail		29	313	342
offices		11	304	315
other		9	41	50
Investments				
equities and similar investments	1,846	760	496	3,102
bonds	32,322	816		33,138
loans and mortgages		630	1,577	2,207
deposits with credit institutions	211	472		683
derivatives		4,024		4,024
other financial investments	198	230		428
Investments backing linked liabilities				
Investment property				
residential				
retail		153		153
offices		75		75
other		26		26
equities and similar investments	3,088	3,358		6,446
bonds and other fixed-income investments	3,798			3,798
derivatives		349		349
cash and other financial investments	622	7,211		7,833
Banking credit portfolio			314	314
Cash and cash equivalents	1,716			1,716
Total assets measured at fair value on a recurring basis	**43,801**	**18,160**	**3,456**	**65,417**
Non-recurring fair value measurements				
Property for own use and equipment a)			472	472
Total assets measured at fair value on a non-recurring basis			**472**	**472**
Liabilities				
Investment contracts		2,158		2,158
Loans and borrowings		19		19
Derivatives		1,896		1,896
Total liabilities measured at fair value on a recurring basis		**4,073**		**4,073**

a) In accordance with IAS 16 a revaluation model is used to measure Property for own use. An item of property is revalued when the fair value of the assets differs materially from its carrying amount.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2013*

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL 2013
Assets				
Recurring fair value measurements				
Investment property				
residential		6	422	428
retail		25	343	368
offices		8	343	351
other		8	45	53
Investments				
equities and similar investments	1,575	707	432	2,714
bonds	33,893	295		34,188
loans and mortgages		272		272
deposits with credit institutions	431	571		1,002
derivatives		1,579		1,579
other financial investments	281	17		298
Investments backing linked liabilities				
Investment property				
residential			48	48
retail		114	1	115
offices		32		32
other		127		127
equities and similar investments	6,219	3,322		9,541
bonds and other fixed-income investments	4,949	101		5,050
derivatives		272		272
cash and other financial investments	706	6,672		7,378
Banking credit portfolio			328	328
Cash and cash equivalents	3,265			3,265
Total assets measured at fair value on a recurring basis	**51,319**	**14,128**	**1,962**	**67,409**
Non-recurring fair value measurements				
Property for own use and equipment			578	578
Total assets measured at fair value on a non-recurring basis			**578**	**578**
Liabilities				
Investment contracts		2,015		2,015
Loans and borrowings		19		19
Derivatives		1,490		1,490
Total liabilities measured at fair value on a recurring basis		**3,524**		**3,524**

* *Based on an assessment in 2014, it was decided that it would be more appropriate to classify some contracts reported as deposits with credit institutions as bonds. By classifying these contracts as bonds, the current market view on these investments is followed. Also, for the investment property in Ireland the classification has been revised from level 3 to level 2. For comparison reasons, the figures reported as per 31 December 2013 have been adjusted accordingly.*

Main changes in the fair value hierarchy in 2014

At each reporting date Achmea assesses the classification of assets and liabilities measured at fair value. The assessment of the classification in the fair value hierarchy requires judgement, for example the importance of (un)observable inputs used in determining the fair value or with respect to activity of the market. In case of inactive markets, judgement is required on the valuation techniques to be used in order to determine the fair value as well as the interpretation of the level of using market data. As a result, the outcome of the classification process may differ between reporting periods. Achmea's policy is to determine the level of the fair value hierarchy each reporting period and to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. In 2014, no changes were made to level-classification of asset and liabilities measured at fair value.

Valuation techniques used and valuation process within Achmea for Level 2 and 3 measurements

Depending on the specific assets and liabilities Achmea has set valuation policies and procedures for determining the fair value. Below, for each type of assets or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investment property

Investment property consists of commercial and residential property. The fair value is based on prices in an active market, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. All properties are appraised each quarter. The valuations are carried out by external independent appraisers who hold recognised and relevant professional qualifications. All valuations are carried out following valuation guidelines common in the industry.

The fair value of the Level 2 Investment property included within Investments backing linked liabilities, located in Ireland, is determined generally using the income capitalisation method. According to this method a property's fair value is estimated based on the normalised net operating income generated by the property, which is divided by the capitalisation rate (the investor's rate of return). The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not measured over time, but included on the basis of a time weighted average, such as the average lease up costs. Under the income capitalisation method, over (above market rent) and under-rent situations, if any, are separately capitalised.

The fair value of Level 3 Investment property, located in the Netherlands, is determined generally using discounted cash flow (DCF) projections based on estimates of future cash flows and using a discount rate that reflects current market assessments of the uncertainty on the amount and timing of the cash flows. Although volumes of property transactions in the Netherlands have increased in 2014 compared to previous years, especially in the residential property market, the market is still fragile and thin. Transactions of properties sold cannot easily be compared due to the lack of public available information. Due to the unavailability of public available information the valuation of investment property has a higher degree of uncertainty compared to a more stable and active market situation, where comparable transactions are used to validate the appraisal process. The assumptions used in applying the DCF-method are supported by the terms of any existing lease and other relevant contracts and by external evidence, such as recent and expected general economic trends and current market rents for similar properties in similar location and condition. Common costs and obligations related to investment property such as vacancies, rent-free periods, maintenance and repair as well as any obligations that restrict the feasibility of the income and proceeds on disposal of the property are taken into account in the DCF-method. Rental growth rates are based on general economic trends, taking into account specific characteristics of the property being valued. Projections for the cash flows in the DCF-method are made for at least 10 years. The discount rate used depends on both the type of property being valued (e.g. commercial and residential property) as well as the specific characteristics of the property being measured. Due to the characteristics of the inputs for the valuation method used and the current market conditions as indicated before all in the Netherlands located Investment Property is classified as level 3.

Equity and similar investments

When available, Achmea uses quoted market prices in active markets to determine the fair value of its equities and similar investments. The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. If no market prices are available, internal models are used to determine fair value. The level 2 classified Equities and similar investments are mainly Investments backing linked liabilities, which comprise mostly investments in unit linked funds. Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears investment risks. These investments are classified as 'At fair value through profit and loss'. The fair value of the investments in unit linked funds is Achmea's share in the Net Asset Value of these funds. The unit linked funds invest primarily in listed securities and the Net Asset Value of the fund is therefore based on quoted prices in active markets for these securities. The remaining level 2 classified Equities and similar investments comprise Commodities and Real estate funds. The fair value of Commodities, classified as 'At fair value through profit or loss', represents amounts estimated to be received from or paid to a third party in settlement of these instruments. These instruments are valued by the broker based upon quoted prices in active markets. The fair value of Real estate funds, classified as 'Available for Sale' investments, represents the Net Asset Value of funds managed by Achmea. Achmea reviews these fair values and performs analytical procedures and trend analysis to ensure the fair values are appropriate. The level 3 classified Equities and similar investments comprise private equity and alternative investments which are mainly classified as 'Available for Sale' investments. The private equity investment portfolio mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. The alternative investment portfolio, classified as 'Available for Sale' investments, mainly consists of infrastructure related investments. The fair value of these portfolios is determined using the Net Asset Value as reported by the fund manager or general partner, which is considered to be the best proxy of fair value of the investment. If an adjustment needs to be recorded in the reported Net Asset Value, this is reflected in the fair value. Part of the private equity investment portfolio is related to Achmea's venture capital entity and is classified as 'At fair value through profit or loss'. The pricing models are based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines. Achmea reviews the valuations and performs analytical procedures to ensure the fair values are appropriate.

Bonds and other fixed-income investments (including Loans and mortgages, Deposits with credit institutions and Cash and other financial investments)

In general, the fair value of these fixed-income investments is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The level 2 classified Bonds and other fixed-income investments comprise mainly the bond part of a convertible bond. The related derivative part of the instrument is presented as part of derivatives. In general, the convertible bond is listed and the value of the instrument is therefore market observable. However, for the separate bond-part this is not the case. The fair value is determined by means the valuation of a similar bond with the same characteristics or if not available using a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Loans and mortgages comprise mainly investment loans. The fair value of these investment loans is determined by means of a net present value methodology using an internally calculated yield taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The level 3 classified Loans and mortgages mainly comprise mortgage loans within the insurance business. The fair value of these mortgages is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The market data for interest rate consists of the euro swap curve. This interest rate is adjusted with a total spread for amongst others expenses (including funding), prepayment and credit risk. Part of this spread is unobservable. The fair value derived by the pricing model is back tested with market information derived from recent market transactions for similar mortgages (where available) and/or market information derived from the entry market (consumers market).

The level 2 classified Deposits with credit institutions comprise short-term deposits with banks with a fixed maturity. These deposits are not tradable and subject to restrictions due their fixed maturity. The fair value of these deposits is in general equal to the nominal value taking into account the time value of money were material.

The level 2 classified Cash and other financial investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed interest period, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

Derivatives (assets and liabilities)

The level 2 classified derivatives comprise Interest rate derivatives (including swaptions) currency derivatives and equity derivatives. Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation is performed by a data vendor. The valuation techniques incorporate all factors that a typical market participant would consider and are based on observable market data when available. Fair values of interest rate derivates (including swaptions), equity derivatives and currency derivatives represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivates are valued using directly observed prices from exchange-traded derivatives or external pricing services or if not available using pricing models based on the net present value of estimated future cash flows. The pricing models which are used are standard industry valuation models (like Black and Scholes-model) and make use of current market data. The market data for interest rate derivatives and cross currency interest rate derivatives consist mainly of the swap curve of the related interest period and currency, where applicable adjusted for contract fees and margin (when part of the contractual cash flows of the derivative). Achmea normally mitigates counterparty credit risk in derivative contracts by entering collateral agreements into the contracts where practical.

Banking credit portfolio

The Level 3 classified Banking credit portfolio comprises mainly private sector loans and advances, which are classified as 'At fair value through profit or loss'. The fair value of these loans and advances is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The market data for interest rate consists of the euro swap curve. This interest rate is adjusted with a total spread for amongst others expenses (including funding) and credit risk. Part of this spread is unobservable. In determining fair value, Achmea also considers the specific loan characteristics and inherent credit risk of the loan portfolio and risk mitigating factors, such as collateral arrangements.

Property for own use

The fair value of Property for own use is wholly based on appraisals by independent qualified valuators. The valuation was determined by reference to both observations in the market and various calculation methods, such as the discounted cash flow method. Reflecting the economic environment and market conditions during 2011 and 2012, which continued throughout 2013, the frequency of property transactions has decreased. Appraisals are therefore generally based on the discounted cash flow method. This method establishes the fair value using the rental income of the property. The valuators use a market based discount rate adjusted for age, location and remaining rental contract period. Due to the lack of actual market transactions that can be used to validate this appraisal process, the valuation of Property for own use has a high degree of uncertainty. For 100% of total fair value of Property for own use in the Netherlands the appraisal was executed during 2014 of which 87.7% as at year-end 2014 (2013: 100%).

Investment contracts

The level 2 classified investment contracts comprise linked and non-linked investment contracts. The fair value of linked investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the surrender value (adjusted for surrender penalties) and discounted exit value (against a risk-free interest rate).

Movement table of Level 3 assets and liabilities measured at fair value on a recurring basis

ASSETS (€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	LOANS AND MORTGAGES	BANKING CREDIT PORTFOLIO	TOTAL 2014
Balance at 1 January	1,202	432		328	1,962
Investments and loans granted	3	48	1,561		1,612
Divestments and disposals	–82	–50	–12	–20	–164
Fair value changes included in Income Statement	–39	–9		6	–42
Fair value changes included in Other comprehensive income		75	28		103
Changes due to reclassification	–15				–15
Balance at 31 December	**1,069**	**496**	**1,577**	**314**	**3,456**

Fair value changes related to Investment property and Equities and similar investment included in the Income Statement are presented as part of Realised and unrealised gains and losses; Fair value changes related to Banking credit portfolio included in the Income Statement are presented as part of Banking income. Fair value changes included in Other comprehensive income related to Equities and similar investments and Loans and mortgages are presented as part of Revaluation reserve Changes due to reclassification are changes between investment property and property for own use.

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ASSETS

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	BANKING CREDIT PORTFOLIO	TOTAL 2013
Balance at 1 January	1,288	643	355	2,286
Investments and loans granted	22	34		56
Divestments and disposals	−44	−126	−21	−191
Fair value changes included in Income Statement	−64	−9	−6	−79
Fair value changes included in Other comprehensive income		22		22
Changes in fair value hierarchy (transfers from Level 3)		−132		−132
Balance at 31 December	**1,202**	**432**	**328**	**1,962**

Significant unobservable inputs for Level 3 asset and liabilities measured at fair value

DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2014 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property					
Residential	411	Discounted cash flows	Vacant value ratio Discount rate	68.4 - 85.6 (77.7) 6.2 - 9.3 (7.9)	Increase will result in an increase in value
Retail	313	Discounted cash flows	Gross Initial Yield Discount rate	4.1 - 12.1 (7.2) 4.6 - 9.5 (7.0)	Increase will result in an increase in value
Offices	304	Discounted cash flows	Gross Initial Yield Discount rate	7.8 - 25.1 (12.8) 6.5 - 13.0 (8.7)	Increase will result in an increase in value
Other	41	Discounted cash flows	Gross Initial Yield Discount rate	7.0 - 19.2 (12.1) 7.0 - 10.3 (8.6)	Increase will result in an increase in value
Investments					
Equities and similar investments	496	Net Asset Value	N/A	N/A	N/A
Loans and mortgages	1,577	Discounted cash flow	Total spread	183 - 268	An increase has no direct impact in the income statement or equity, but is transferred to the Fund for future appropriation through a shadow adjustment
Banking credit portfolio	314	Discounted cash flow	Total spread	162 - 310	An increase of 10 basispoints will result in a EUR 0.7 million lower income in the income statement

DESCRIPTION	FAIR VALUE AS AT 31 DECEMBER 2013 IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property					
Residential	470	Discounted cash flows	Vacant value ratio	67.8 - 98.5 (76.9)	Increase will result in an increase in value
			Discount rate	7.1 - 8.9 (7.7)	
Retail	344	Discounted cash flows	Gross Initial Yield	4.5 - 10.0 (6.9)	Increase will result in an increase in value
			Discount rate	4.6 - 8.5 (6.8)	
Offices	343	Discounted cash flows	Gross Initial Yield	7.3 - 19.5 (11.4)	Increase will result in an increase in value
			Discount rate	6.6 - 10.1 (7.8)	
Other	45	Discounted cash flows	Gross Initial Yield	6.5 - 17.3 (11.6)	Increase will result in an increase in value
			Discount rate	6.5 - 10.7 (8.4)	
Investments					
Equities and similar investments	432	Net Asset Value	N/A	N/A	N/A
Banking credit portfolio	328	Discounted cash flow	Prepayment rate	5.5%	A decrease of 100 basispoints will result in a EUR 0,02 million lower income in the income statement
			Credit spread	216-266	An increase of 10 basispoints will result in a EUR 0.5 million lower income in the income statement

Equities and similar investments mainly consist of investments with a highly diversified nature in terms of sector, geographical region and type of investment. There is no significant unobservable input or combination of inputs that can be used to perform a reasonable possible sensitivity analysis for this portfolio. The private equity investment portfolio, amounting to €497 million (31 December 2013: €488 million), mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. There is no significant unobservable input or combination of inputs that can be used to perform a reasonable possible sensitivity analysis for this portfolio. Part of the private equity investment portfolio, amounting to €43 million (31 December 2013: €60 million), is related to Achmea's venture capital entity and is classified as 'At fair value through profit or loss'. An increase or decrease in the value of these investments of 10% would result in a €4 million (2013: €7 million) profit or loss, respectively. The remainder of the private equity investments portfolio is classified as 'Available for sale'. An increase or decrease in the value of these investments of 10% would result in a €34 million (2013: €32 million) increase or decrease of Net Other comprehensive income, respectively.

5.2 Asset and liabilities not measured at fair value for which the fair value is disclosed

The table below provides an overview of all assets and liabilities that are not measured at fair value, but for which the fair value is disclosed in the notes.

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2014				FAIR VALUE AS AT 31 DECEMBER 2014
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets					
Investments					
Deposits with re-insurers	954			954	954
Other financial investments	2,601		2,096		2,096
Banking credit portfolio					
credit institutions	1,286		52	1,236	1,288
loans	13,627		1,465	12,176	13,641
Receivables	5,534		5,323	74	5,397
Liabilities					
Banking customer accounts	6,306		6,327		6,327
Loans and borrowings					
Deposits from credit institutions	101		101		101
Secured bank loans	2,663		2,633		2,633
Unsecured loans	3,470		3,691		3,691
Subordinated loans	527		603		603
Others	231		246		246
Other liabilities	2,947		2,810		2,810

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2013				FAIR VALUE AS AT 31 DECEMBER 2013
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL ASSETS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets					
Investments					
Loans	2,790		2,786		2,786
Deposits with re-insurers	849			849	849
Banking credit portfolio					
credit institutions	1,301			1,430	1,430
loans	13,622			13,081	13,081
Receivables	4,975		4,622		4,622
Liabilities					
Banking customer accounts	5,981		6,000		6,000
Loans and borrowings					
Deposits from credit institutions	909		908		908
Secured bank loans	5,340		5,436		5,436
Unsecured loans	4,268		4,250		4,250
Subordinated loans	526		574		574
Others	71		76		76
Other liabilities	3,813		3,813		3,813

Receivables are in general classified as level 2, due to the fact that the amount deducted for counterparty default risk is insignificant as compared to the fair value of the nominal cash flows of these receivables. Other liabilities, except for Cash liabilities, are classified as level 2 due to the fact that there is no active market for these financial instruments. Cash liabilities are classified as level 1.

Valuation techniques used and valuation process within Achmea for level 2 and 3 measurements

Depending on the specific assets and liabilities, Achmea has set valuation policies and procedures for determining the fair value. Below, for each type of assets or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investments

The level 2 classified Investments mainly comprise saving accounts related to life insurance policies in force. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed mortgage interest period, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics. The Level 3 classified Deposits with re-insurers comprises accounts into which premiums and experienced losses are deposited related to a specific risk insurance program, over which an agreed upon interest rate is earned. The unobservable inputs include amongst others models used for determining incurred but not reported losses related to the reinsurance contract and credit spreads used to take into account any counterparty default risk.

Banking credit portfolio

The level 3 classified Banking credit portfolio comprises mainly of private sector loans and advances. These loans are classified as 'Loans and receivables' and measured at amortised cost less accumulated impairment losses. The fair value of these loans and advances is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The market data for the interest rate consists of the euro swap curve. In addition to the swap curve, there are some unobservable market inputs. The unobservable market inputs may include liquidity spread and credit spread for which the euro swap curve is adjusted. In determining fair value, Achmea also considers the specific loan characteristics and inherent credit risk of the loan portfolio and risk mitigating factors such as collateral arrangements.

Receivables

The level 2 classified Receivables comprise mainly short-term amounts due related to the ordinary operating activities of Achmea. These receivables are measured at amortised cost less accumulated impairment losses. The fair value of these receivables is determined based on discounted value of the expected cash flows, taking into accounted expected credit losses. For receivables expected to be recovered within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

Banking customer accounts

The fair value of the level 2 classified Banking customer comprise saving accounts and deposits. The fair value is based on the discounted present value of the expected future cash outflows, using current market interest rates.

Loans and borrowings

The main part of the total Loans and borrowings is not measured at fair value. Fair value of these loans is determined using pricing models based on the net present value of estimated future cash flows. The pricing models are based on current market data, such as the euro swap curve. In addition to the euro swap curve there are unobservable market inputs. The unobservable market inputs may include spreads which are embedded in the discount curve.

Other liabilities

The level 2 classified Other liabilities comprise mainly short-term amounts payable related to the ordinary operating activities of Achmea. These other liabilities are measured at amortised cost. The fair value of these liabilities is determined based on discounted value of the expected cash flows. For Other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

6. ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Eureko Romania

On 28 January 2013, Achmea signed an agreement to sell Eureko Romania's life and pension activities, by way of a transfer of assets and liabilities. At that time, Achmea expected that this agreement would be effected in 2013. However, local regulatory requirements took more time. In 2014, the sale of Eureko Romania's life activities and part of the sale of the pension activities (the so called Pillar II pension activities) were effected. The sale resulted in a gain of €3.3 million and €2.5 million respectively, which were presented as part of 'Other income'. It is expected that the sale of the remainder part of the pension activities (the so called Pillar III pension activities) will be effected in 2015.

Achmea Health Centers

In 2014, Achmea's health insurance company in the Netherlands announced that it was developing a new policy designed to maintain the health and vitality of its customers and other people in the Netherlands. Under the new policy, Achmea no longer needs to own and operate its own fitness centers.

On 26 June 2014, Achmea signed a letter of intent to sell 19 health centres and issued a press release confirming Achmea's commitment towards the new policy. An additional 12 Health Centers, along with the head office, will be closed. In September 2014, the sale of the health centers was effected and resulted in a loss of €24 million, which is presented as part of 'Other expenses'. The health centres were accounted for as part of the segment Health-Netherlands.

Oranta Insurance Company

On 10 September 2014, Achmea sold 100% of the shares in Oranta Insurance Company LLC. Oranta is a Non-Life insurance company in the Russian market, providing mostly motor and property insurance. The sale comprises the transfer of all the shares of Oranta. The transaction was approved by the Russian Federal Antimonopoly Service (FAS). A loss on the sale was accounted for amounting to €13 million, presented as part of 'Other expenses'. Oranta was presented as part of the segment International.

Interpolis Kredietverzekeringen

On 22 December 2014, Achmea signed a transfer agreement to sell its capital interest in N.V. Interpolis Kredietverzekeringen (IKV) to the other joint venturer. IKV is a credit insurance company that operates in the Dutch market and sells insurance products and services related to default risk. The sale resulted in a gain of €1 million, which is presented as part of 'Other income'. The joint venture in IKV was accounted for as part of the segment Other.

7. BUSINESS COMBINATIONS

Business combination Achmea - Onderlinge Verzekeringsmaatschappij Rechtshulp CNV u.a. (OVR)

On 7 November 2013, Achmea signed agreements to start a cooperation with Vereniging Christelijk Nationaal Vakverbond in Nederland (CNV) and the affiliated unions to provide legal assistance coverage to the members of the unions. Part of the agreements involved the take over of employees from CNV who worked for "Onderlinge Verzekeringsmaatschappij Rechtshulp (OVR) CNV u.a.", a Dutch insurer of legal assistance, as per 1 January 2014. Furthermore, parties also agreed that the handling of existing claims dating from before 1 January 2014 will be continued by Achmea under the new coverage in exchange for a cash consideration.

The fair value of the total consideration for OVR consists of a consideration received amounting to €4.2 million. The fair value of the net liabilities acquired amounted to €3.7 million. The goodwill of €-0.5 million, to be accounted for as bargain purchase as defined under EU-IFRS, is recognised in Other income of the segment 'Non-life Netherlands'. The goodwill relates to the higher efficiency Achmea has in servicing these legal assistance insurance contracts since insurance is its core business. The initial accounting for the business combination was completed in 2014. The final PPA led to no differences.

The fair value of the net liabilities acquired within this business combination amounted to €3.7 million as at 1 January 2014. Total assets amounted to €0.1 million consisting of receivables, all of which are expected to be collected. Total liabilities acquired amounted to €3.8 million, mainly consisting of Insurance liabilities amounting to €1.5 million and Other provisions of €2.2 million, mainly related to restructuring.

OVR's contribution to the consolidated income and Net profit for the financial year 2014 amounted to €4 million and €-1 million respectively, which have been included in Achmea's Consolidated Income statement.

8. INTANGIBLE ASSETS

INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	SOFTWARE	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	OTHER INTANGIBLE ASSETS	TOTAL 2014	TOTAL 2013*
Cost								
Balance at 1 January	1,408	243	133	740	257	97	2,878	2,929
Acquisitions								1
Disposals	–65	–3				–3	–71	
Change in composition of the Group	**–65**	**–3**				**–3**	**–71**	**1**
Internally developed		30					30	32
Sale, disposals and decommissioning		–4					–4	–10
Other movements	–19	4			–11		–26	–4
Changes due to reclassification					–1		–1	
Foreign currency differences	3				6		9	–70
Balance at 31 December	**1,327**	**270**	**133**	**740**	**251**	**94**	**2,815**	**2,878**
Amortisation and impairment losses								
Balance at 1 January	503	162	103	617	154	40	1,579	1,240
Acquisitions								
Disposals	–65	–1				–2	–68	
Change in composition of the Group	**438**	**161**	**103**	**617**	**154**	**38**	**1,511**	**1,240**
Sale, disposals and decommissioning		–3					–3	–10
Amortisation charge for the year		33	11	58	15	5	122	132
Impairment loss recognised in profit or loss	136			2	5		143	232
Other movements	–19	3			–11		–27	
Foreign currency differences					3		3	–15
Balance at 31 December	**555**	**194**	**114**	**677**	**166**	**43**	**1,749**	**1,579**
Carrying amount								
At 1 January	905	81	30	123	103	57	1,299	1,689
At 31 December	**772**	**76**	**19**	**63**	**85**	**51**	**1,066**	**1,299**

* *Adjusted for comparison reasons*

With the exception of goodwill, all intangible assets have a finite useful life and are amortised accordingly.

An amount of €968 million (31 December 2013: €1,137 million) of the Intangible assets is expected to be recovered more than twelve months after the reporting date.

Change in composition of the Group in 2014 relates to the sale of Oranta Insurance Company and part of Eureko Romania. Reference is made to Note 6 Assets and liabilities held for sale and divestments. Change in composition of the Group in 2013 relates to the acquisition of Onderlinge Verzekeringen Overheid U.A.

(OVO). The foreign currency differences on goodwill and distribution networks relate to Garanti Emiklilik.

GOODWILL BY CASH GENERATING UNIT

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Non-life Netherlands	617	617
Pension Services		71
Eureko Turkey	120	115
Oranta Russia		67
Independer	35	35
	772	**905**

In the first half of 2014, the Cash Generating Unit Pension Services faced an impairment loss of the entire recognised amount of both goodwill and other intangible assets (brand name, VOBA and distribution channels) amounting to €71 million and €8 million respectively. The main reasons are the combination of lower fee levels in the real estate market and the loss of revenues because of the departure of one of its major clients within the pension administration business which consequently results in substantially lower revenues in the coming years. The recoverable amount is based on the value in use, which was determined using a discount rate of 7.53% (31 December 2013: 7.95%) and a terminal value growth of 3.00% (31 December 2013: 3.00%). The impairment loss, part of Other expenses, is presented as part of the segment Other.

In Russia, expectations regarding future growth have been adjusted downwards. Within the motor market legal claims continue to further deteriorate loss rates. Court practices lead to higher claims whereby most motor insurance policies have fixed premiums. Moreover, economic prospects of Russia are weakening. The troublesome motor market and uncertain economic prospects have led to significantly lower than expected future long term growth expectations leading to an impairment loss half year 2014 of the entire recognised amount of goodwill of €65 million. The recoverable amount is based on the value in use, which was determined using a discount rate of 11.56% (31 December 2013: 11.48%) and a terminal value growth of 4.62% (31 December 2013: 4.60%). The impairment loss, part of Other expenses, is presented as part of the segment International.

Irrespective of whether there is any indication of an event requiring an impairment test, every year, Achmea tests goodwill from business combinations for impairment. An impairment loss is recognised when the recoverable amount of a cash generating unit is lower than the carrying amount of the cash generating unit. The recoverable amount is the higher of the 'fair value less cost to sell' and the 'value-in-use'. The assumptions are assessed at each reporting date and adjusted when appropriate. Besides Eureko Turkey, goodwill is related to Achmea's Dutch operations.

In 2013, a multiple approach was used to determine the recoverable amount for the Cash Generating Unit Non-life Netherlands, because value-in-use calculations in prior financial years showed that the recoverable amount exceeded the asset’s carrying amount by a substantial margin. As a multiple approach does not properly reflect potential improvements expected in the coming years for the Cash Generating Unit Non-life Netherlands, Achmea decided to calculate the recoverable amount for the Cash Generating Unit Non-life Netherlands making use of a Discounted Dividend Model (DDM) in 2014. A DDM is used to determine the recoverable amounts for the Cash Generating Unit Eureko Turkey (Non-life activities).

In the DDM, cash flow projections for the first three years are based on budgeting and forecasting models endorsed by Achmea's Executive Board. Achmea extrapolates the cash flows up to ten years. To reflect the business-specific circumstances, a forecast period is sometimes extended. Achmea uses the leveraged cost of capital as the basis for the applied discount rate. Within the DDM techniques the terminal value is determined by applying a perpetual growth rate to the perpetual dividend.

An appraisal value-method is used to determine the recoverable amount for related Turkish activities of the Cash Generating Unit Eureko Turkey (Life activities) based on the Embedded Value information. A roll forward has been estimated, based on management expectations. In addition a Value New Business (VNB) multiplier has been set in accordance with Turkish market outlook.

Achmea uses a Discounted Cash Flow model (DCF) to determine the recoverable amount for the Cash Generating Unit Independer. Cash flow projections for the first three years are based on budgeting and forecasting models endorsed by Independer’s Management. After three years a terminal value calculation is applied. Achmea uses the leveraged cost of capital together with the cost of debt as the basis for the applied discount rate. Within the DCF techniques the terminal value is determined by applying a perpetual growth rate to the perpetual free cash flow.

The most sensitive key assumptions in calculating the value-in-use in the yearly impairment test are:

2014	NON-LIFE NETHERLANDS	INDEPENDER	EUREKO TURKEY (NON-LIFE ACTIVITIES)	EUREKO TURKEY (LIFE ACTIVITIES)
Compound annual premium growth rate	1.4%	8.4%	4.7%	n.a
Claims ratio based on compound annual growth rates	69.9%	n.a	64.5%	n.a
Other expenses growth 1)	0.4%	6.9%	4.1%	n.a
Value of New Business (VNB) multiplier	n.a	n.a	n.a	15.0
Terminal value growth	2.0%	2.0%	4.6%	n.a
Pre-tax discount rate	6.2%	7.5%	11.0%	14.0%

2013	NON-LIFE NETHERLANDS	INDEPENDER	EUREKO TURKEY (NON-LIFE ACTIVITIES)	EUREKO TURKEY (LIFE ACTIVITIES)
Compound annual premium growth rate	n.a.	17.0%	3.7%	n.a
Claims ratio based on compound annual growth rates	n.a.	n.a	64.2%	n.a
Other expenses growth 1)	n.a.	17.0%	4.7%	n.a
Value of New Business (VNB) multiplier	n.a.	n.a	n.a	20.0
Terminal value growth	n.a.	3.0%	5.1%	n.a
Pre-tax discount rate	n.a.	10.7%	12.5%	14.0%

n.a.: not applicable

1) Other expenses includes costs related to staff, IT, housing and acquisition costs

Where possible, the assumptions are calibrated using external sources. The discount rates are common in the industry and are based on a so-called CAPM model (Capital Asset Pricing Model). This methodology is based on a country specific risk-free rate plus a risk premium. This risk premium is based on the 'equity risk premium' (return on equity investments above risk-free rate) times the beta that represents the specific risk profile of the cash generating unit. The terminal value growths, being the long-term average growth rate, are on a gross basis (not adjusted for inflation) and reflect either expected industry averages or expectations of management. Achmea has performed a sensitivity analysis on its key assumptions used to calculate the value-in-use.

The surplus, being the positive difference between the value-in-use and carrying value, for Non-life Netherlands amounts to €1,308 million. The recoverable amount for the Cash Generating Unit Non-life Netherlands is sensitive for negative deviations within major assumptions (business related assumptions, discount rate and terminal value growth). A decrease in compound annual premium growth of 0.5% would lead to a €561 million lower surplus. An increase in the claims ratio based on compound annual growth rates of 0.5% would lead to a €265 million lower surplus. An increase in other expenses growth of 0.5% would lead to a €563 million lower surplus. An increase in discount rate with 50 basis points would lead to a €421 million lower surplus. A 0.5% lower terminal value growth would lead to a €225 million lower surplus.

The surplus, being the positive difference between the value-in-use and carrying value, for Eureko Turkey (incl. related Turkish activities) amounts to €207 million (2013: €295 million). The recoverable amount for Eureko Turkey (Non-life activities) is sensitive for negative deviations within major assumptions (business related assumptions, discount rate and terminal value growth). A decrease in compound annual premium growth of 0.5% would lead to a €75 million lower surplus. An increase in the claims ratio based on compound annual growth rates of 0.5% would lead to a €21 million lower surplus. An increase in other expense growth of 0.5% would lead to a €61 million lower surplus. An increase in discount rate with 50 basis points would lead to a €38 million lower surplus. A 0.5% lower terminal value growth would lead to a €9 million lower surplus.

Furthermore, the recoverable amount for Eureko Turkey (Life activities) is sensitive to changes in the VNB multiplier. A decrease in VNB multiplier with 5 would lead to a €41 million lower surplus for the Cash Generating Unit Eureko Turkey (incl. related Turkish activities).

The surplus, being the positive difference between the value-in-use and carrying value, for Independer amounts to €224 million (2013: €121 million). The recoverable amount is sensitive for negative deviations within major assumptions (business related assumptions, discount rate and terminal value growth). A decrease in compound annual revenue growth of 0.5% would lead to a €18 million lower surplus. An increase in other expenses growth with 0.5% would lead to a €15 million lower surplus. An increase in discount rate with 50 basis points would lead to a €18 million lower surplus. A 0.5% lower terminal value growth would lead to a €17 million lower surplus.

9. ASSOCIATES AND JOINT VENTURES

(€ MILLION)

NAME OF THE COMPANY	COUNTRY	DESCRIPTION OF BUSINESS	DATE OF ACQUISITION	% OWNERSHIP 2014	NET ASSET VALUE 2014	BOOK VALUE 31 DECEMBER 2014	BOOK VALUE 31 DECEMBER 2013
Garanti Emeklilik ve Hayat A.S.	Turkey	Life insurance	2007	15.00%	60	81	74
Sprint Invest B.V.	The Netherlands	Investment entity	1996	50.00%	51	51	58
Other						13	20
						145	**152**

Although Achmea holds less than 20% of the shares of Garanti Emeklilik ve Hayat A.S., Achmea exercises significant influence by virtue of its strategic interest, close co-operation with Eureko Sigorta and the contractual right to appoint an Executive Board member.

The book value of the associates and joint ventures is determined based on the (IFRS) financial statements for the same financial year of those entities, where available. If not available, Achmea bases the book value on preliminary, unaudited figures received from the associate or joint venture. Achmea established that, in the past, there were no material differences between those preliminary, unaudited figures and the (IFRS) financial statements of the associate or joint venture concerned.

Due to their nature, Associates and Joint Ventures consist mainly of assets expected to be recovered after more than twelve months.

MOVEMENTS IN ASSOCIATES AND JOINT VENTURES

(€ MILLION)

	TOTAL 2014	TOTAL 2013
Balance at 1 January	152	163
Acquisitions		
Disposals	−6	
Change in composition of the Group	**−6**	
Investments and loans granted		2
Annual results	3	2
Revaluations	−7	−7
Foreign currency differences	3	−16
Changes due to reclassifications		8
Balance at 31 December	**145**	**152**

The summarised financial statements of Garanti Emeklilik ve Hayat A.S. and Sprint Invest B.V. are included in the table on the next page. These are the only associate and joint venture of Achmea as at 31 December 2014, which, in the opinion of management, are material.

As the 2014 financial statements are not yet publicly available, values are based on published financial statements for the financial year 2013 and calculated in accordance with the accounting principles of Garanti Emeklilik ve Hayat A.S. and Sprint Invest B.V.. The amounts are translated into euros at the exchange rate ruling at reporting date. Total revenue and Total profit are translated using the weighted average exchange rate for the year.

(€ MILLION)

	GARANTI EMEKLILIK VE HAYAT A.S.	SPRINT INVEST B.V.	TOTAL 2013
Current assets	1,798	4	1,802
Non-current assets	9	111	120
Total assets	1,807	115	1,922
Current liabilities	1,452		1,452
Non-current liabilities	28		28
Total liabilities	1,480		1,480
Total equity	327	115	442
Adjustments when using the equity method*	–253	–57	–310
Book value	74	58	132
Revenue	219	2	221
Profit before tax from continuing operations	47	2	49
Net profit from continuing operations	47	2	49
Net profit from discontinued operations			
Other comprehensive income			
Total comprehensive income	47	2	49
Dividends received by Achmea B.V.			

* *Adjustments when using the equity method also contains the elimination for the share in ownership*

Set out below is the summarised financial information of the total of associates of Achmea as at 31 December 2014, which, in the opinion of management, are immaterial to Achmea.

(€ MILLION)

	TOTAL 2014	TOTAL 2013
Net profit from continuing operations	–2	
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income	**–2**	

Set out below is the summarised financial information of the total of joint ventures of Achmea as at 31 December 2014, which, in the opinion of management, are immaterial to Achmea.

(€ MILLION)

	TOTAL 2014	TOTAL 2013
Net profit from continuing operations		
Net profit from discontinued operations		
Other comprehensive income		
Total comprehensive income		

10. PROPERTY FOR OWN USE AND EQUIPMENT

(€ MILLION)

	2014	2013
Property for own use	311	331
In development	4	5
In use	307	326
Equipment	161	192
Software	27	24
Hardware	11	15
Office furniture	39	55
Other	84	98
Balance at 31 December	**472**	**523**

The carrying amount of Property for own use is the revalued amount, being its fair value at the date of the revaluation less any accumulated amortisation and impairment losses. For the valuation techniques used and valuation process of Property for own use refer to Note 5 'Assets and liabilities measured at fair value'.

Equipment is measured at cost.

Due to their nature Property for own use and Equipment consist mainly of assets expected to be recovered after more than twelve months.

PROPERTY FOR OWN USE AND EQUIPMENT

(€ MILLION)

	PROPERTY FOR OWN USE	EQUIPMENT	TOTAL 2014	TOTAL 2013
Revalued amount				
Balance at 1 January	472	475	947	962
Acquisitions				
Disposals		-5	-5	-5
Change in composition of the Group		**-5**	**-5**	**-5**
Purchases and acquisitions	6	35	41	56
Sale, disposals and decommissioning	-32	-83	-115	-34
Unrealised gains and losses recognised in equity				-1
Unrealised gains and losses recognised in income	2		2	-10
Amortisation eliminated against the gross carrying amount due to revaluation				-4
Foreign currency differences	1	-1		-5
Transfer to and from investment property	15		15	-8
Changes due to reclassification	5	5	10	-1
Other movements		-6	-6	-3
Balance at 31 December	**469**	**420**	**889**	**947**

(€ MILLION)

	PROPERTY FOR OWN USE	EQUIPMENT	TOTAL 2014	TOTAL 2013
Amortisation and impairment losses				
Balance at 1 January	141	283	424	393
Acquisitions				
Disposals		-4	-4	-3
Change in composition of the Group		**-4**	**-4**	**-3**
Sale, disposals and decommissioning	-3	-59	-62	-19
Impairment losses recognised in the Income Statement				1
Amortisation charge for the period	20	39	59	56
Amortisation eliminated against the gross carrying amount due to revaluation				-4
Changes due to reclassification		-1	-1	
Other movements				
Balance at 31 December	**158**	**258**	**416**	**424**
Carrying amount				
At 1 January	331	192	523	569
At 31 December	**311**	**161**	**472**	**523**

Part of Property for own use is financed by means of internal loans between the insurance entities and other entities within the Group. These loans are eliminated in full in these Consolidated Financial Statements. Property has been pledged on these internal loans.

Other equipment includes assets related to operational lease activities by WagenPlan B.V. amounting to €73 million (31 december 2013: €90 million).

If Property for own use were stated on the historical cost basis, the amounts would be as follows:

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Costs	522	474
Cumulative amortisation and impairment losses	209	183
Net book amount based on 'cost model'	**313**	**291**

11. INVESTMENT PROPERTY

(€ MILLION)

	2014	2013
Balance at 1 January	1,200	1,172
Purchases	3	13
Disposals	−31	−43
Fair value changes recognised in profit or loss	−32	−58
Accrued rent		1
Changes due to reclassification		107
Transfer from property for own use	−15	8
Balance at 31 December	**1,125**	**1,200**

ACHMEA'S INVESTMENT PROPERTY CONSISTS OF:

(€ MILLION)

	2014	2013
Residential	418	428
Retail	342	368
Offices	315	351
Other	50	53
Balance at 31 December	**1,125**	**1,200**

Changes due to reclassification in 2013 are presentation changes between investment property and investments backing linked liabilities and are related to the adjustment of the contractual terms relating to a pension product.

For the valuation techniques used and valuation process of investment property reference is made to Note 5 'Fair value hierarchy'.

12. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2014
Equities and similar investments	2,658	444		3,102
Fixed income investments *	31,092	4,936	954	36,982
Derivatives		4,024		4,024
Other financial investments	227	201	2,601	3,029
	33,977	**9,605**	**3,555**	**47,137**

(€ MILLION)

	AVAILABLE FOR SALE	AT FAIR VALUE THROUGH PROFIT OR LOSS	LOANS AND RECEIVABLES	31 DECEMBER 2013
Equities and similar investments	2,081	632		2,713
Fixed income investments *	28,016	7,440	849	36,305
Derivatives		1,580		1,580
Other financial investments	110	188	2,790	3,088
	30,207	**9,840**	**3,639**	**43,686**

* *Excluding saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan. These are presented as part of Other financial investments.*

The investments designated as 'At fair value through profit or loss' as at 31 December 2014 amounted to €5,581 million (31 December 2013: €8,288 million). Derivatives are used for hedging purposes. Achmea holds no financial instruments for trading purposes.

Based on their contractual maturity, an amount of €35,825 million (2013: €33,906 million) of fixed income investments and other investments is expected to be recovered after twelve months after reporting date. All assets with no contractual maturity are presented as non-current, e.g. expected to be recovered after twelve months after reporting date.

The carrying value of securities lent as at 31 December 2014 amounted to nil (31 December 2013: €67 million). Achmea has a variety of collateral policies in place.

INVESTMENTS MEASURED AT FAIR VALUE

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	DERIVATIVES	OTHER FINANCIAL INVESTMENTS	TOTAL 2014	TOTAL 2013
Balance at 1 January	2,713	35,456	89	298	38,556	36,379
Acquisitions						
Disposals	–1	–46			–47	–21
Change in composition of the Group	**–1**	**–46**			**–47**	**–21**
Investments and loans granted	1,222	24,706	42	1,862	27,832	24,391
Divestments and disposals	–828	–26,833	–134	–1,917	–29,712	–23,679
Fair value changes	94	2,715	2,070	4	4,883	–1,678
Foreign currency differences	122	203	1		326	–182
Accrued interest		–79	59		–20	–21
Effect of change in benchmark rate			4		4	6
Changes due to reclassification	–220	–94	–3	181	–136	3,367
Other movements						–6
Balance at 31 December	**3,102**	**36,028**	**2,128**	**428**	**41,686**	**38,556**
Comprising						
Assets	3,102	36,028	4,024	428	43,582	40,047
Liabilities			1,896		1,896	1,491

Changes due to reclassification in 2014 contain two major reclasses. Due to the transfer of investments pools €251 million has been reclassed from equities and similar investments to fixed income investments. Due to the transfer of segregated investments €142 million has been reclassed from fixed income investments to other financial investments. Changes due to reclassification in 2013 are mainly changes between investments and investments backing linked liabilities and are caused by the adjustment of the contractual terms of a pension product.

EQUITIES AND SIMILAR INVESTMENTS

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Listed ordinary shares	1,143	869
Alternatives	1,123	1,004
Real estate funds	277	258
Fixed-income funds	333	306
Other	226	276
	3,102	**2,713**

Alternatives comprise of €366 million investments in commodities (31 December 2013: €313 million), €270 million investments in private equity (31 December 2013: €240 million) and €269 million investments in hedge funds (31 December 2013: €254 million).

FIXED INCOME INVESTMENTS

(€ MILLION)	31 DECEMBER 2014	31 DECEMBER 2013
Bonds		
Government and government related or guaranteed bonds		
Netherlands	10,825	10,727
Germany	3,138	3,321
France	1,417	1,797
Government guaranteed bonds	1,840	1,752
European governmental institutions	652	768
Other	2,760	2,399
Securitised bonds		
Asset backed	1,379	680
Covered	1,893	3,503
Corporate bonds	8,966	8,998
Convertible bonds	268	237
Loans and Mortgages		
Investment loans	593	197
Loans and mortgages to policyholders	19	19
Other loans and mortgages	1,595	56
Deposits with credit institutions		
Deposits within the European Union	533	785
Other	150	217
Total	36,028	35,456

Government and government related or guaranteed bonds include bonds issued by supranationals and (local) governments as well as sovereign bonds denominated in currencies other than the domestic currencies. Furthermore it includes government owned or sponsored entities and government guaranteed (corporate) bond issues.

Corporate bonds include investment grade bonds, that are relatively safe, having a high bond rating. Furthermore, corporate bonds include high yield bonds, having a lower rating than investment grade. These corporate bonds are not guaranteed by governments.

Deposits with credit institutions subject to restrictions amounted to €70 million (31 December 2013: €58 million). These restrictions are set to secure the policyholders for our obligations to them in case Achmea will have to discontinue its operations for any reason.

For more details regarding Achmea's risk management policies reference is made to Note 51 Risk management.

SECURITISED BONDS – ASSET BACKED

Achmea's unconsolidated structured entities such as mortgage backed, car leasing receivable backed and other ABS's are presented in the line item Investments - Securitised bonds (Asset backed). The composition of the structured entities portfolios of Achmea is widely dispersed looking at the individual amount per entity. For the main part Achmea invests in the senior rated interest of these Assets backed securities, limiting the potential credit losses. For the most significant structured entities the following table presents the maximum exposure to loss for Achmea as at 31 December 2014, which equals the carrying amount of the securities at that date. Furthermore, the table presents a comparison of Achmea's interest with the total amount of issued notes by the structured entity. The amount shown as total amount of issued notes is based on the deal size at inception of the notes.

INVESTMENTS IN UNCONSOLIDATED STRUCTURED ENTITIES

(€ MILLION)	MAXIMUM EXPOSURE TO LOSS	TOTAL AMOUNT OF ISSUED NOTES AT ISSUE DATE
Mortgage backed securities	903	536,408
Car leasing receivables backed securities	106	13,393
Future pensions backed securities	89	15,500
Other securities	281	
Carrying amount of interest in structured entity as at 31 December 2014	**1,379**	**565,301**

Achmea did not provide financial or other support to unconsolidated structured entities. Nor does Achmea have intentions to provide financial or other support to unconsolidated structured entities in which Achmea has an interest or previously had an interest.

DERIVATIVES

(€ MILLION)

	ASSETS	LIABILITIES	31 DECEMBER 2014
Interest rate derivatives	3,872	1,774	2,098
Currency derivatives	92	109	−17
Equity derivatives	54		54
Other derivatives	6	13	−7
	4,024	**1,896**	**2,128**
	ASSETS	LIABILITIES	31 DECEMBER 2013
Interest rate derivatives	1,303	1,472	−169
Currency derivatives	225	14	211
Equity derivatives	46		46
Other derivatives	6	5	1
	1,580	**1,491**	**89**

ANALYSIS BY ESTIMATED TIME TO MATURITY OF UNDISCOUNTED CASHFLOWS OF DERIVATIVES (LIABILITIES)

(€ MILLION)

2014	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	TOTAL
Interest rate derivatives*	267	327	309	781	1,684
Currency derivatives	109				109
Equity derivatives					
Other derivatives	8	2	2	1	13
	384	**329**	**311**	**782**	**1,806**
2013	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	OVER 5 YEARS	TOTAL
Interest rate derivatives*	95	256	251	691	1,293
Currency derivatives	12				12
Equity derivatives					
Other derivatives	2	4	3	2	11
	109	**260**	**254**	**693**	**1,316**

In 2013, Investments included in Other financial investments were related to cash collateral received in securities lending amounting to €64 million at 31 December 2013. Based on a securities lending programme, Achmea lent securities to borrowers, who in turn paid cash collateral. This cash collateral was invested in shares of money market funds.

The investments in the money market funds were not at the free disposal of Achmea as they could only be used to repay the collateral provided by the borrower for the securities lending transactions. The repayment obligation was included in other Liabilities. In 2014, this programme was terminated. The fair value of the accepted collateral related to securities which were lent amounted to nil at 31 December 2014 (31 December 2013: €69 million).

At 31 December 2014, interest rate derivatives liabilities related to the Banking activities amounted to €1,160 million (31 December 2013: €1,001 million). Interest rate derivatives liabilities amounting to €614 million (31 December 2013: €470 million) relate to Life operations. These derivatives have mainly a contractual remaining time to maturity of more than 5 years. For more details on the derivative instruments reference is made to Note 51 Risk Management.

* *The undiscounted contractual cash flows of derivative liabilities held for risk management exclude the cash flows of the back to back swaps. The fair value of the back to back swaps amounted to €219 million at 31 December 2014 (31 December 2013: €185 million).*

IMPAIRMENTS

(€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	BONDS	OTHERS	2014	2013
Impairment losses during the year	−15	−7	−1	−23	−24

Impairment losses in 2014 have occurred due to significant or prolonged decline of specific stock prices.

The nominal value of the impaired bonds amounts to €41 million (31 December 2013: €41 million). For 2014, interest income related to the impaired part of Bonds and Loans and mortgages was €0 million (2013: €0 million). Impairment losses are included in Realised and unrealised gains and losses.

INVESTMENTS MEASURED AT AMORTISED COST

(€ MILLION)

	2014	2013
Balance at 1 January	3,639	3,960
Investments and loans granted	212	
Divestments and disposals	−484	−430
Foreign currency differences	60	−30
Accrued interest	128	139
Changes due to reclassification		
Balance at 31 December	**3,555**	**3,639**

Investments measured at amortised cost are mainly savings accounts held at Rabobank Group, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan. These are presented as part of Other financial investments.

13. INVESTMENTS BACKING LINKED LIABILITIES

Investments backing linked liabilities comprise assets for insurance contracts with segregated investments, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under policies where the benefits are index-linked.

Investments backing linked liabilities are separated from other investments and are invested in accordance with the requirements towards holders of life insurance or investment contracts. Policyholders and holders of investment contracts are entitled to all gains recorded and to the total amount of the investments shown under this heading, but they also have to carry any losses. For this reason insurance liabilities on behalf of policyholders and investment contracts are related to this account. These investments are classified as 'At fair value through profit or loss'.

INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	BONDS AND OTHER FIXED-INCOME INVESTMENTS*	DERIVATIVES	CASH AND OTHER FINANCIAL INVESTMENTS	TOTAL 2014	TOTAL 2013
Balance at 1 January	**322**	**7,317**	**7,274**	**272**	**7,378**	**22,563**	**24,972**
Acquisitions							
Disposals		–3				–3	
Change in composition of the Group		**–3**				**–3**	
Investments and loans granted	54	3,754	4,338	71	460	8,677	13,184
Divestments and disposals	–171	–5,557	–7,856	–51	–525	–14,160	–13,720
Fair value changes recognised in profit or loss	49	893	105	93	507	1,647	1,319
Foreign currency differences		21	–16		1	6	–28
Accrued interest and rent			–59	–36	273	178	222
Changes due to reclassification		–11			6	–5	–3,556
Cash movements					–267	–267	231
Other movement		32	12			44	–61
Balance at 31 December	**254**	**6,446**	**3,798**	**349**	**7,833**	**18,680**	**22,563**

* *Excluding saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan. These are presented as part of Cash and other financial investments*

Investments backing linked liabilities are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of Achmea.

As of 1 January 2014, Achmea Pension fund Foundation no longer reinsures benefits, since the reinsurance contract combined with a segregated investment contract with Achmea's Dutch life insurance company ended at 31 December 2013. An amount of € 4.2 billion of Divestments and disposals relates to termination of the segregated investment contract.

Changes due to reclassification in 2013 are mainly changes between investments and investments backing linked liabilities and are mainly caused by the adjustment of the contractual terms of a pension product.

14. BANKING CREDIT PORTFOLIO

BANKING CREDIT PORTFOLIO CLASSIFIED BY NATURE

(€ MILLION)

2014	LOANS AND RECEIVABLES	AT FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
Credit institutions			
Loans and advances to banks	1,235		1,235
Cash advances, overdrafts and other balances due on demand	51		51
Loans*			
Secured by mortgages	13,190	314	13,504
Other loans and advances to private sector	440		440
Other corporate loans	113		113
Allowance account	116		116
Balance at 31 December	**14,913**	**314**	**15,227**

* *Of which non-performing loans €305 million*

(€ MILLION)

2013	LOANS AND RECEIVABLES	AT FAIR VALUE THROUGH PROFIT OR LOSS	TOTAL
Credit institutions			
Loans and advances to banks	1,250		1,250
Cash advances, overdrafts and other balances due on demand	51		51
Loans*			
Secured by mortgages	13,094	328	13,422
Other loans and advances to private sector	445		445
Other corporate loans	160		160
Allowance account	77		77
Balance at 31 December	**14,923**	**328**	**15,251**

* *Of which non-performing loans €250 million*

An amount of €1,032 million (2013: €1,261 million) is not available on demand, and consists of collateral for derivatives and reserve funds related to securitisation transactions.

An amount of €14,235 million (2013: €14,228 million) of the banking credit portfolio is expected to be recovered after twelve months after reporting date.

BANKING CREDIT PORTFOLIO

(€ MILLION)

	CREDIT INSTITUTIONS	LOANS	TOTAL 2014	TOTAL 2013
Balance at 1 January (excluding Allowance account)	1,301	13,699	15,000	16,331
Investments and loans granted		874	874	422
Divestments and disposals	−15	−966	−981	−1,421
Change in value due to fair value hedge accounting		136	136	−332
Changes due to reclassification				
Balance at 31 December (excluding Allowance account)	**1,286**	**13,743**	**15,029**	**15,000**
Balance at 1 January (Allowance account)		77	77	250
Additional allowances		52	52	43
Allowances used		−15	−15	−22
Amounts released		−3	−3	−10
Amounts recovered		1	1	
Additions/disposals due to acquired/sold portfolios				−187
Effect of changes in assumptions		4	4	3
Balance at 31 December (Allowance account)		**116**	**116**	**77**
Carrying amount				
At 1 January	1,301	13,622	14,923	16,081
At 31 December	**1,286**	**13,627**	**14,913**	**14,923**

The fair value of the banking credit portfolio measured at amortised cost at year-end is €14,853 million (2013: €14,511 million).

RESULTS ON HEDGE ACCOUNTING

(€ MILLION)

	GAINS	LOSSES	TOTAL 2014	TOTAL 2013
Fair value changes of the hedged item attributable to the hedged risk	171	-30	141	-281
Fair value changes of the related derivatives (including discontinuation)	32	-182	−150	297
Fair value changes of the hedging instrument - ineffective portion	203	-212	−9	16

The fair value of the derivatives designated as hedging instruments related to the banking credit portfolio amounted to €823 million as at 31 December 2014 (31 December 2013: €824 million).

In accordance with hedge accounting policies, Achmea designates the hedge relationship each month. The change in fair value of the banking credit portfolio that is determined to be the hedged item is recognised as part of the banking credit portfolio and is subsequently amortised to profit or loss over the remaining life of the hedging instrument. Amortisation is based on the effective interest rate method.

As at 31 December 2014, the carrying amount of the loans is affected by impairment losses amounting to €213 million (2013: €149 million). The carrying amount is reduced through use of an allowance account. The impairment loss is mainly a result of individual assessments of the expected cash flows in relation to the loans.

For 2014, the interest income related to impaired financial instruments is €9 million (2013: €8 million).

The fair value of the banking portfolio measured at fair value is subject to changes in creditworthiness of the issuer. The impact on the fair values of the banking credit portfolio is as follows:

FAIR VALUE CHANGE RELATED TO CHANGES IN THE SPREAD, INCLUDED CREDIT RISK COUNTERPARTY

(€ MILLION)

	2014	2013
Current period	2	−1
Cumulatively	21	19

To finance its banking activities, Achmea has issued several funding instrument, secured by pledges on (receivables from) Loans part of the Banking credit portfolio. Due to these pledges part of the Banking credit portfolio is not freely disposable. These pledges can be analysed as follows:

(€ MILLION)

	2014	2013
Pledge by means of trust arrangements	333	365
Third-party pledge	300	2,416
Pledge by means of securitisation	5,502	5,813
Balance at 31 December	**6,135**	**8,594**

As part of the pledges by means of trust arrangements, Achmea Bank (a fully owned subsidiary of Achmea) periodically pledges mortgage receivables to a Trustee as security for designated liabilities. In the event of default by Achmea Bank, investors can recover the debt from the pledged mortgage receivables.

Third-party pledges on loans are set up by means of covered bond programme, in which Achmea Bank acts as originator and issuer under the programme. The payment of the principal of interest on the bonds issued is guaranteed by a bankruptcy remote 'Special Purpose Vehicle' (SPV). The guarantee provided by this SPV is supported by mortgage receivables, pledged by Achmea Bank to the SPV. The outstanding amount of these transferred mortgage receivables will at all times be at least 33.3% higher than the bonds issued under the programme. In the event of default by Achmea Bank, an investor has recourse on the bank and the underlying mortgage portfolio. The liabilities related to these pledges are included in note 27 Loans and borrowings, as part of Secured bank loans. The pledges by trust arrangements and the covered bond programme are not classified as transferred assets as mentioned in IFRS paragraph 7.42.

Furthermore, Third-party pledges include a SPV-structure set up by Staalbankiers (a fully owned subsidiary of Achmea), named Acier 2011-I B.V. By means of this structure an amount of €0.4 billion of the loan portfolio was securitised at 31 December 2014 (31 December 2013: €0.4 billion). All of the notes issued by the SPV are held by Staalbankiers and the SPV is consolidated. Staalbankiers has pledged these notes issued by the SPV with the European Central Bank (ECB), in order to join ECB's Long Term Financing Operations (LTRO).

Achmea Bank uses securitisation as a funding source. In all these securitisation transactions, Achmea Bank assigns a portfolio of mortgage receivables to a special-purpose vehicle (SPV) which issues Notes on the capital markets. With the proceeds of the Notes the SPV can finance the assigned mortgage receivables and with the received interest on the mortgage receivables the SPV can pay the interest on the Notes.

The liabilities related to these securitisations are included in note 27 Loans and borrowings. The table below provides an overview of both the outstanding amount and the fair value of the Loans and advances to customers and the fair value of the related debt securities part of Debt securities issued. The assets transferred to the SPV's are classified as derecognised assets with ongoing exposure as mentioned in IFRS paragraph 7.42e.

(€ MILLION)

	31 DECEMBER 2014		31 DECEMBER 2013	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
Loans part of Banking credit portfolio included in securitisation	5,502	5,881	5,813	5,944
Related secured bank loans part of Loans and borrowings	−4,158	−4,165	−4,866	−4,434
Related deposits from credit institutions part of Loans and borrowings	−361	−372	−404	−417
Net position as at 31 December	**983**	**1,344**	**543**	**1,093**

The maximum loss for Achmea on the transferred assets and liabilities amounted to €882 million as at 31 December 2014 (31 December 2013: €876 million) and has been determined based on the Notes of the SPV's which are held by Achmea and the Deferred Purchase Price (excess margin).

15. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the year can be specified as follows:

(€ MILLION)

	BALANCE AT 1 JANUARY 2014	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2014
Intangible assets	154	–32			122
Property for own use and equipment	9	–1		8	16
Investments	–447	–1,047	–83	–20	–1,597
Deferred acquisition costs	16	–4		–6	6
Insurance liabilities	710	1,251		19	1,980
Post-employment benefits	–10	–3	7	7	1
Other provisions	4			–1	3
Amortisation	1				1
Other liabilities	–55	3	–2	20	–34
Loss carry-forwards	126	–16		–99	11
	508	**151**	**–78**	**–72**	**509**
Comprising:					
Deferred tax assets					528
Deferred tax liabilities					19

(€ MILLION)

	BALANCE AT 1 JANUARY 2013	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2013
Intangible assets	1	–10		163	154
Property for own use and equipment	–2	8		3	9
Investments	–1,052	572	31	2	–447
Deferred acquisition costs	24	–7		–1	16
Insurance liabilities	1,149	–445		6	710
Post-employment benefits	–19	–61		70	–10
Other provisions	6	–6		4	4
Amortisation	1				1
Other liabilities	–58	2		1	–55
Loss carry-forwards	282	3		–159	126
	332	**56**	**31**	**89**	**508**
Comprising:					
Deferred tax assets					523
Deferred tax liabilities					15

The tax rates used in calculating deferred tax assets and liabilities differ per jurisdiction, and in 2014 and 2013 ranged from 10.0% to 30.0%. Changes in tax rates substantively enacted as at 31 December 2014 are taken into account.

The other movements mainly relate to a decrease of the tax carry forward.

An amount of €510 million (2013: €507 million) of the Deferred tax assets and liabilities is expected to be recovered more than twelve months after reporting date.

In the measurement of the current income tax position, uncertainties regarding collectability have been taken into account.

Deferred tax assets amounting to €56 million (2013: €38 million), have not been recognised in respect of taxable losses of previous years. For these losses it is not probable that future taxable profits will be available, against which the temporary difference can be utilised. The unrecognised deferred tax assets do not expire under current tax legislation.

16. DEFERRED ACQUISITION COSTS

(€ MILLION)

2014	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	144	28	172
Acquisitions			
Disposals	-1		-1
Change in composition of the Group	**-1**		**-1**
Addition of deferred acquisition costs	11	6	17
Amortisation	-26	-9	-35
Impairment losses recognised in profit or loss	-14		-14
Changes due to reclassification			
Balance at 31 December	**114**	**25**	**139**

(€ MILLION)

2013	INSURANCE CONTRACTS	INVESTMENT CONTRACTS	TOTAL
Balance at 1 January	148	50	198
Addition of deferred acquisition costs	11	5	16
Amortisation	-38	-5	-43
Foreign currency differences	-1		-1
Changes due to reclassification	24	-22	2
Balance at 31 December	**144**	**28**	**172**

Due to a change in the product features a part of the deferred acquisition cost cannot be recovered out of future benefits. The uncovered amount has been impaired.

The changes due to reclassification in 2013 are related to a correction of two re-insurance contracts between group companies due to an incorrect application of the accounting policies since inception of these contracts.

An amount of €112 million (2013: €136 million) of the Deferred acquisition costs is expected to be recovered more than twelve months after reporting date.

17. RECEIVABLES AND ACCRUALS

(€ MILLION)

	2014	2013
Receivables from direct insurance	1,412	1,436
Receivables on reinsurance	42	49
Investment receivables	74	153
Contribution from Dutch Health insurance fund	1,662	967
Prepayments to Dutch hospitals	832	1,057
Payments related to Dutch short-term mental care (GGZ)	338	323
Other prepayments and accrued income	757	597
Non-insurance assets acquired by exercising rights to recoveries	55	65
Other	362	428
Balance at 31 December	**5,534**	**5,075**

An amount of €582 million (2013: €1,459 million) of the Receivables is expected to be recovered after twelve months after reporting date. For receivables expected to be recovered within twelve months after reporting date, the carrying amount is a reasonable approximation of the fair value. The fair value of receivables expected to be recovered after twelve months after the reporting date amounts to €582 million as at 31 December 2014 (31 December 2013: €1,459 million).

Impairment losses recognised in 2014 related to Receivables amounted to €44 million (2013: €30 million) and are included in 'Other expenses'.

18. CASH AND CASH EQUIVALENTS

(€ MILLION)

	2014	2013
Cash and bank balances	1,394	2,732
Call deposits	322	528
Balance at 31 December	**1,716**	**3,260**

Cash and cash equivalents subject to restrictions amounted to €158 million (2013: €94 million) and are related to our operating companies and banking activities; the restrictions are related to the minimum reserve to be maintained at De Nederlandsche Bank N.V. which amounted to €61 million (2013: €61 million) and to collateral €97 million (2013: €33).

19. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

The movements in Equity attributable to holders of equity instruments of the company are specified in the Consolidated Statement of Changes in Total equity.

SHARE CAPITAL AND SHARE PREMIUM

	NUMBER OF ORDINARY SHARES	NOMINAL VALUE ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	NOMINAL VALUE PREFERENCE SHARES	NUMBER OF A SHARES	NOMINAL VALUE A SHARES
	(PAR VALUE € 1 PER SHARE)	(€ MILLION)	(PAR VALUE € 1 PER SHARE)	(€ MILLION)	(PAR VALUE € 1 PER SHARE)	(€ MILLION)
Authorised	2,103,943,009	2,104	60,000,000	60	1	
Issued	410,820,173	411	23,904,060	24	1	
Available for issuance	**1,693,122,836**	**1,693**	**36,095,940**	**36**		
Shares issued 1 January 2013	410,820,173	411	23,904,060	24	1	
Shares issued in 2013						
Shares issued 31 December 2013	**410,820,173**	**411**	**23,904,060**	**24**	**1**	
Shares issued 1 January 2014	410,820,173	411	23,904,060	24	1	
Shares issued 31 December 2014	**410,820,173**	**411**	**23,904,060**	**24**	**1**	

Share rights, preferences and restrictions

Stichting Administratiekantoor Achmea is the holder of the A share. Special rights adhere to the A share. The majority of the decisions of Achmea's General Meeting of Shareholders can only be made after approval of the holder of the A share.

The holders of ordinary shares are entitled to receive dividends when declared and are entitled to one vote per share at Achmea's General Meeting of Shareholders.

The holders of preference shares are entitled to cumulative dividend and one vote per share at the General Meeting of Shareholders. Dividends paid are 5.5% per year on the share capital and share premium paid for those shares, but payment is subject to the approval of the General Meeting of Shareholders. Terms on the percentage will be reviewed every ten years. The first review will take place before 1 January 2024.

The preference shares have been issued to Achmea Tussenholding B.V. which exercises the voting rights attached to the preference shares. Achmea Tussenholding B.V. through Stichting Administratie-kantoor Achmea Tussenholding issues certificates of its ordinary shares to the ultimate investors. Certificates held by Achmea B.V., amounting to €45 million, are presented as Own shares within Total equity.

A list of Achmea shareholders as at 31 December 2014 is presented in Other information, Achmea shareholders at 31 December 2014.

Own shares

Shares issued by Achmea B.V. and purchased by Achmea B.V. amounted to €235 million on 31 December 2014 and are presented as Own shares, which consisted of 10,335,282 ordinary shares (amounting to €190 million) and 11,486,592 certificates of Achmea Tussenholding B.V. shares (amounting to €45 million).

Legal reserves

According to legal requirements in the Netherlands, a legal reserve has been set up for the non-distributable profits related to associates and joint ventures, recognised internally developed software and Health subsidiaries that are subject to regulatory requirements.

An amount of €621 million (31 December 2013: €618 million) of Total equity contributed by subsidiaries at year-end 2014 was subject to claims under provisions in the articles of association of a number of subsidiaries, stipulating that, in the event of liquidation, the equity of these companies must be used for the benefit of public health. So far this amount is not included in the revaluation reserve, it has been included in the legal reserves.

Amounts presented within the legal reserves cannot be distributed to shareholders.

Revaluation reserve

Based on the accounting principles used by Achmea, a revaluation reserve is formed when appropriate. Furthermore, based on Dutch regulations, Achmea should form a legal reserve for all positive unrealised fair value changes for assets that are not quoted on active markets and for which the unrealised fair value changes are included in the income statement (e.g. investment property and certain other financial instrument with level 3 fair value measurements). This part of the reserve may not be negative. This reserve is formed by transferring the required amounts from Retained earnings to the Revaluation reserve. Due to negative fair value movements of these assets in 2014, an amount of €12 million (2013: €23 million) is reallocated from the Revaluation reserve to the Retained earnings.

Part of the Revaluation reserve is related to property for own use. The revaluation surplus for property for own remained the same in 2014 at €12 million (2013: €12 million). The majority of the remainder of the revaluation reserve is related to available for sale investments.

The Revaluation reserve contains an amount of €227 million (31 December 2013: €128 million) relating to unrealised losses net of deferred taxes on assets carried at fair value. In determining the non-distributable revaluation reserve under Dutch regulations these losses cannot be deducted. Consequently, in relation to the Revaluation reserve an amount of €227 million (31 December 2013: €128 million) cannot be distributed to shareholders.

Exchange difference reserve

Assets and liabilities of foreign subsidiaries, with a functional currency other than the euro, are translated into euros at the exchange rates at reporting date. The income and expenses of such subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of reporting date exchange rates to the opening balance of the net assets and goodwill of such subsidiaries and to the results for the reporting period are recognised in the Exchange difference reserve.

Amounts presented within the Exchange difference reserve cannot be distributed to shareholders.

Hedging reserve

The amounts presented within the Hedging reserve cannot be distributed to shareholders. In 2014 and 2013 the Hedging reserve does not contain amounts related to unrealised losses on assets carried at fair value. In determining the non-distributable amounts under Dutch regulations these losses cannot be deducted. Consequently, in relation to the Hedging reserve an amount of €7 million (31 December 2013: €7 million) cannot be distributed to shareholders.

Retained earnings

Results within the Dutch Health Insurance business are reported as non-taxable results, based on the current tax laws. The tax exemption is applicable as far as these results are not distributed. When results are partly or fully distributed, the annual results of the Dutch Health Insurance business will no longer be tax exempted. The annual results will then be taxable against a tax rate of 25%.

The Retained earnings contains an amount of €-232 million relating to defined benefit plans (31 December 2013: €-202 million). Changes in measurement of plan assets and related liabilities of Achmea's defined benefit schemes are included in Other comprehensive income.

Total transaction costs related to the repurchase in 2014 of certain Other equity instruments that were charged directly to Retained earnings amounted to nil (2013: €2 million).

The Appropriation of results is presented in Other information, Statutory requirements for appropriation of results. According to this proposal nil dividend will be distributed to the holders of ordinary shares related to the financial year 2014.

Other equity instruments

On 1 November 2006, Achmea B.V. issued €600 million of Perpetual Capital Securities with a coupon of 6.0%, payable annually in arrears. Achmea has the option to redeem the Perpetual Capital Securities annually on the coupon payment date, starting on 1 November 2012. The Perpetual Capital Securities qualify as non-innovative hybrid capital instruments for regulatory solvency purposes.

On 24 June 2005, Achmea B.V. issued €500 million of Perpetual Capital Securities with an initial coupon of 5.125%, payable annually in arrears until the first call date in June 2015. If the issue is not called in 2015, the coupon will reset quarterly at an annual margin of 280 base-points over the 3-month EURIBOR. The Perpetual Capital Securities qualify as innovative hybrid capital instruments for regulatory solvency purposes. In March 2013, Achmea announced a cash tender offer to purchase up to €150 million aggregate principal amount. The cash tender offer resulted in a final acceptance amount of €133 million against a purchase price of 98.45%. Settlement took place in April 2013 and was charged to Other equity instruments, with the related transactions costs and the difference between issue and purchase price being charged to Retained earnings.

Coupon payments on Other equity instruments are at the discretion of Achmea and subject to other limitations as described in the prospectus and will be charged to Retained earnings, part of Total equity. The related tax is included within Other movements of Retained earnings, amounting to €14 million (2013: €12 million), part of Total equity.

20. NON-CONTROLLING INTEREST

(€ MILLION)

	2014	2013
Independer.nl N.V.	12	11
WagenPlan B.V.	6	7
Inshared Holding B.V.	−5	−4
Other	1	1
	14	**15**

In determining the Comprehensive income attributable to the Non-controlling interest, specific profit sharing rights relating to the different classes of shares are taken into account.

Net profit attributable to the non-controlling interest is €2 million (2013: €-3 million).

21. INSURANCE LIABILITIES

(€ MILLION)

	2014 GROSS	2014 REINSURANCE	2013 GROSS	2013 REINSURANCE
Non-life insurance				
Unearned premiums	1,294	81	1,326	71
Provision for premium deficiency and unexpired risks	64	1	75	1
Outstanding claims (including IBNR)	5,486	229	5,462	231
Profit sharing and bonuses for policyholders	63		63	
Total Non-life insurance	**6,907**	**311**	**6,926**	**303**
Health insurance				
Unearned premiums	22		26	
Provision for premium deficiency and unexpired risks	336		37	
Outstanding claims (including IBNR)	4,762	9	5,077	26
Total Health insurance	**5,120**	**9**	**5,140**	**26**
Life insurance				
Provision for life policy liabilities	25,810	1,116	25,564	575
Deferred interest surplus rebates	−37		−29	
Net provision for life policy liabilities	25,773	1,116	25,535	575
Profit sharing and bonuses for policyholders	6,745		2,150	
Total Life insurance	**32,518**	**1,116**	**27,685**	**575**
Total Insurance liabilities at 31 December	**44,545**	**1,436**	**39,751**	**904**

The table below shows the insurance liabilities analysed by estimated time to maturity. The Life insurance and Income Protection contracts are analysed, based on the discounted cash in- and outflows related to the insurance contracts; Property & Casualty and Health insurance contracts are analysed, based on undiscounted cash flows.

ANALYSIS BY ESTIMATED TIME TO MATURITY OF INSURANCE LIABILITY

(€ MILLION)

2014	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	475	1,157	1,151	357	3,140
Property & Casualty	1,377	1,641	719	30	3,767
Health insurance	4,834	286			5,120
Life insurance	1,312	3,302	10,316	17,588	32,518
Balance at 31 December	**7,998**	**6,386**	**12,186**	**17,975**	**44,545**

2013	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	410	1,092	1,199	413	3,114
Property & Casualty	1,480	1,705	600	27	3,812
Health insurance	4,800	340			5,140
Life insurance	1,567	4,318	12,405	9,395	27,685
Balance at 31 December	**8,257**	**7,455**	**14,204**	**9,835**	**39,751**

MOVEMENT TABLE NON-LIFE INSURANCE LIABILITES

(€ MILLION)

	2014 GROSS	2014 REINSURANCE	2013 GROSS	2013 REINSURANCE
PROVISION FOR UNEARNED PREMIUMS NON-LIFE				
Balance at 1 January	1,326	71	1,369	70
Acquisitions				
Disposals	−12	−1	−5	
Change in composition of the Group	**−12**	**−1**	**−5**	
Added during the year	3,688	227	3,794	252
Released to the Income Statement	−3,704	−218	−3,777	−230
Additions/disposals due to acquired/sold portfolios			3	
Foreign currency differences	−4	2	−58	−21
Changes due to reclassification				
Balance at 31 December	**1,294**	**81**	**1,326**	**71**

(€ MILLION)

	2014 GROSS	2014 REINSURANCE	2013 GROSS	2013 REINSURANCE
PROVISION FOR PREMIUM DEFICIENCY AND UNEXPIRED RISKS NON-LIFE				
Balance at 1 January	75	1	106	1
Added during the year	8		10	
Released to the Income Statement	−23		−41	
Changes due to reclassification	4			
Balance at 31 December	**64**	**1**	**75**	**1**
OUTSTANDING CLAIMS (INCLUDING IBNR) NON-LIFE				
Balance at 1 January	5,462	231	5,314	205
Acquisitions			29	4
Disposals	−17	−1	−18	−5
Change in composition of the Group	**−17**	**−1**	**11**	**−1**
Current period claims reported	2,593	68	2,776	71
Previous period claims reported/released	−13	18	−59	56
Plus claims reported	**2,580**	**86**	**2,717**	**127**
Current period claims paid	1,207	22	1,344	44
Previous period claims paid	1,245	69	1,083	37
Less claims paid	**2,452**	**91**	**2,427**	**81**
Additions/disposals due to acquired/sold portfolios			−46	
Foreign currency differences	−3	3	−17	−19
Unwinding of discount	−74		−73	
Effect of changes in assumptions	−6	1	−8	
Changes due to reclassification	−4		−9	
Balance at 31 December	**5,486**	**229**	**5,462**	**231**
PROFIT SHARING AND BONUSES FOR POLICYHOLDERS				
Balance at 1 January	63		102	
Additions/Disposals due to acquired/sold portfolios			−46	
Net movements during the period			7	
Balance at 31 December	**63**		**63**	
TOTAL NON-LIFE INSURANCE LIABILITIES	**6,907**	**311**	**6,926**	**303**

The table below shows the claims development table for Non-Life before and net of reinsurance.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE (€ MILLION)

(BEFORE REINSURANCE)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,593	2,776	2,733	2,594	2,848	2,825	2,828	2,709	2,235	3,289	
One year later		2,541	2,482	2,468	2,633	2,857	2,827	2,596	2,215	3,193	
Two years later			2,437	2,443	2,504	2,650	2,709	2,564	2,155	3,211	
Three years later				2,439	2,471	2,539	2,538	2,448	2,129	3,169	
Four years later					2,477	2,509	2,515	2,422	2,000	3,158	
Five years later						2,530	2,468	2,359	2,070	3,027	
Six years later							2,481	2,326	2,061	3,358	
Seven years later								2,333	2,033	3,231	
Eight years later									2,055	3,238	
Nine years later										3,260	
Estimate of cumulative claims	**2,593**	**2,541**	**2,437**	**2,439**	**2,477**	**2,530**	**2,481**	**2,333**	**2,055**	**3,260**	**25,146**
Cumulative payments	–1,207	–1,764	–1,769	–1,872	–2,024	–2,124	–2,160	–2,106	–1,829	–2,951	–19,806
	1,386	**777**	**668**	**567**	**453**	**406**	**321**	**227**	**226**	**309**	**5,340**
Insurance liabilities claims prior years (<2005)											867
Effect of discounting											–721
Outstanding claims at 31 December 2014											**5,486**

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE (€ MILLION)

(NET OF REINSURANCE)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,525	2,673	2,692	2,524	2,773	2,736	2,726	2,508	2,191	3,263	
One year later		2,416	2,433	2,399	2,572	2,768	2,726	2,387	2,171	3,164	
Two years later			2,402	2,374	2,439	2,571	2,614	2,356	2,114	3,188	
Three years later				2,400	2,407	2,457	2,446	2,214	2,089	3,145	
Four years later					2,450	2,438	2,422	2,246	1,965	3,134	
Five years later						2,505	2,384	2,163	2,036	3,002	
Six years later							2,368	2,159	2,027	3,532	
Seven years later								2,158	1,998	3,205	
Eight years later									2,018	3,212	
Nine years later										3,231	
Estimate of cumulative claims	**2,525**	**2,416**	**2,402**	**2,400**	**2,450**	**2,505**	**2,368**	**2,158**	**2,018**	**3,231**	**24,473**
Cumulative payments	–1,185	–1,668	–1,761	–1,855	–2,007	–2,106	–2,100	–1,938	–1,793	–2,923	–19,336
	1,340	**748**	**641**	**545**	**443**	**399**	**268**	**220**	**225**	**308**	**5,137**
Insurance liabilities claims prior years (<2005)											841
Effect of discounting											–721
Outstanding claims at 31 December 2014											**5,257**

MOVEMENT TABLE HEALTH INSURANCE LIABILITES

(€ MILLION)

	2014 GROSS	2014 REINSURANCE	2013 GROSS	2013 REINSURANCE
PROVISION FOR UNEARNED PREMIUMS HEALTH				
Balance at 1 January	26		30	
Acquisitions				
Disposals	−2			
Change in composition of the Group	**−2**			
Added during the year	13,605	33	13,608	246
Released to the Income Statement	−13,606	−33	−13,612	−246
Foreign currency differences	−1			
Balance at 31 December	**22**		**26**	
PROVISION FOR PREMIUM DEFICIENCY AND UNEXPIRED RISKS HEALTH				
Balance at 1 January	37		18	
Added during the year	335		36	
Released to the Income Statement	−36		−17	
Balance at 31 December	**336**		**37**	
OUTSTANDING CLAIMS (INCLUDING IBNR) HEALTH				
Balance at 1 January	5,077	26	5,659	48
Acquisitions				
Disposals	−1			
Change in composition of the Group	**−1**			
Current period claims reported	12,551	259	12,777	423
Previous period claims reported/released	−169	−190	−289	−154
Plus claims reported	**12,382**	**69**	**12,488**	**269**
HKC premiums related to current period claims reported		−248		−409
HKC premiums related to previous claims reported		221		167
HKC premiums related to claims reported		**−27**		**−242**
Current period claims paid	8,114	6	8,165	
Previous period claims paid	4,584	859	4,905	830
Less claims paid	**12,698**	**865**	**13,070**	**830**
HKC premiums related to previous claims paid		−806		−781
Less HKC premiums related to claims paid		**−806**		**−781**
Effect of change in benchmark rate	2			
Balance at 31 December	**4,762**	**9**	**5,077**	**26**
TOTAL HEALTH INSURANCE LIABILITIES	**5,120**	**9**	**5,140**	**26**

The balance for reinsurance amounting to €9 million (2013: €26 million) consists of a receivable on the Health Care Insurance Board (CVZ) amounting to €1,209 million (2013: €2,005 million) and a liability to CVZ amounting to €1,200 million (2013: €1,979 million). The composition of the receivable and liability is based on premiums, claims and other movements by underwriting year.

The claims development table for Health is presented before reinsurance only, as a claims development table after reinsurance would be in line with the table presented below.

The technical provision for outstanding claims at 31 December 2014 in relation to claims year 2012 shows a negative balance due to the fact that Achmea closed several contracts with health care institutions based on lump sum. These contracts will be settled in 2015.

CLAIMS DEVELOPMENT TABLE FOR HEALTH

(€ MILLION)

(BEFORE REINSURANCE)	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	12,551	12,777	12,840	11,907	11,101	10,368	10,466	10,775	7,504	2,057	
One year later		12,598	12,553	11,679	11,163	10,672	10,699	10,532	6,936	2,087	
Two years later			12,641	11,706	11,023	10,612	10,656	10,522	6,904	2,119	
Three years later				11,626	10,997	10,614	10,491	10,836	6,329	2,073	
Four years later					10,997	10,611	10,486	11,871	6,330	1,867	
Five years later						10,611	10,488	11,771	6,216	1,858	
Six years later							10,488	11,771	6,211	1,750	
Seven years later								11,711	6,211	1,750	
Eight years later									6,211	1,750	
Nine years later										1,750	
Estimate of cumulative claims	**12,551**	**12,598**	**12,641**	**11,626**	**10,997**	**10,611**	**10,488**	**11,771**	**6,211**	**1,750**	**101,244**
Cumulative payments	–8,114	–12,178	–12,736	–11,626	–10,997	–10,611	–10,488	–11,771	–6,211	–1,750	–96,482
Insurance liabilities claims prior years (<2005)											
Outstanding claims at 31 December 2014	**4,437**	**420**	**–95**								**4,762**

MOVEMENT TABLE FOR LIFE INSURANCE LIABILITIES

(€ MILLION)

	2014 GROSS	2014 REINSURANCE	2013 GROSS	2013 REINSURANCE
FOR PROVISION FOR LIFE POLICY LIABILITIES				
Balance at 1 January	25,564	575	23,169	641
Acquisition				
Disposals	−27		−2	
Change in composition of the Group	**−27**		**−2**	
Benefits paid	−2,406	−192	−2,653	−128
Net premiums received	1,598	728	1,508	228
Technical result	−336	16	−245	−152
Foreign currency differences	5		−2	
Unwinding of discount	870		489	
Cost withdrawal	−129	−12	−129	−11
Effect of changes in assumptions	269		64	
Effect of fair value changes	223		−133	
Changes due to reclassification	179	1	3,498	−3
Balance at 31 December	**25,810**	**1,116**	**25,564**	**575**
DEFERRED INTEREST SURPLUS REBATES				
Balance at 1 January	−29		−50	
Rebates granted	−15		11	
Foreign currency differences	−1			
Amortisation	8		10	
Balance at 31 December	**−37**		**−29**	
PROFIT SHARING AND BONUSES FOR POLICYHOLDERS				
Balance at 1 January	2,150		3,289	
Net movements during the period	4,738		−1,258	
Changes due to reclassification	−143		119	
Balance at 31 December	**6,745**		**2,150**	
TOTAL LIFE INSURANCE LIABILITIES	**32,518**	**1,116**	**27,685**	**575**

The discount rate used to determine the life policy liabilities whose cash flows are based on locked assumptions related to Dutch activities ranges between 3% and 4%. Life policy liabilities related to Dutch activities whose cash flows are discounted using market based interest rates are based on the Euro swap curve, including an illiquidity premium depending on the profit sharing features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR), currently 4.2%. The UFR is the risk-free discount rate after the last liquid point in the Euro swap market and based on a long-term equilibrium rate of historical data. The life policy liabilities for foreign operating companies are generally calculated based on discounting at the interest rate guaranteed for the product or in some cases based on projected returns on related investments.

In previous years, an issue has arisen in the Netherlands regarding the costs included in investment insurance policies (beleggingsverzekeringen), such as the life insurance policies with unit-linked alternative. It is generally alleged that the cost of some of these products are disproportionally high, that in some cases a legal basis for such costs is lacking and that the information provided to the insured regarding these costs has not been transparent which is considered an alleged misselling issue (woekerpolissen issue). In the past, Achmea reached agreement with certain customer interest groups in the Netherlands. The discussion related to these investment insurance policies is still continuing. In determining the insurance liabilities, these discussions are taken into account.

The provision for life policy liabilities includes an amount of €17.3 billion (2013: €16.3 billion) related to insurance contracts with participating features. The provision for life policy liabilities includes an amount of €1.9 billion (2013: €2.3 billion) related to non-participating contracts that is calculated using current discount rates. Furthermore, €2.3 billion (2013: €2.0 billion) of the provision is based on discount rates of projected returns of related investments.

The net changes due to reclassification in 2014 relate to a changed classification of a group of contracts towards insurance liabilities where policyholders bear investment risk due to changed contractual conditions.

Changes due to reclassification in 2013 are mainly caused by changes in a pension contract, leading to the transfer of the investment risk from the policyholders to Achmea.

Net movements in Profit sharing and bonuses for policyholders mainly relate to rights that have not yet been credited to policyholder accounts related to fair value changes in investments.

22. INSURANCE LIABILITIES WHERE POLICYHOLDERS BEAR INVESTMENT RISKS

The insurance liabilities where policyholders bear investment risks are linked to the Investments backing linked liabilities.

MOVEMENT TABLE INSURANCE LIABILITIES WHERE POLICYHOLDERS BEAR INVESTMENT RISKS

(€ MILLION)

	2014	2013
Balance at 1 January	19,387	22,259
Benefits paid	−5,000	−1,855
Net premiums received	1,110	1,315
Technical result	−13	−23
Unwinding of discount	112	227
Cost withdrawal	−65	−86
Effect of changes in assumptions		2
Effect of fair value changes related to financial assets	1,544	1,087
Changes due to reclassification	−61	−3,539
Balance at 31 December	**17,014**	**19,387**

The increase in benefits paid compared to 2013 is mainly caused by the termination or transfer of insurance contracts with segregated investment contracts.

Changes due to reclassification are changes between insurance liabilities where policyholders bear investment risks and life policy liabilities.

The changes in 2013 are mainly caused by the adjustment of the contractual terms of a pension product.

ANALYSIS BY ESTIMATED TIME TO MATURITY

(€ MILLION)

	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
31 December 2014	424	1,101	3,892	11,597	17,014
31 December 2013	347	1,415	6,404	11,221	19,387

This table shows the insurance liabilities analysed by estimated time to maturity. The Life insurance contracts are analysed based on the discounted cash in- and outflows related to the insurance contracts.

23. INVESTMENT CONTRACTS

MOVEMENT TABLE INVESTMENT CONTRACTS

(€ MILLION)

	2014	2013
Balance at 1 January	2,015	2,123
Acquisition		
Disposals	–3	
Change in composition of the Group	**–3**	
Consideration received	404	326
Consideration paid	–473	–492
Effect of fair value changes related to financial assets	160	157
Changes due to reclassification	55	–99
Balance at 31 December	**2,158**	**2,015**

Financial contracts with insignificant insurance risk are presented as investment contracts. The linked investments are presented as part of Investments backing linked liabilities.

An amount of €1,718 million (2013: €1,571 million) of the Investment contracts is expected to be settled more than twelve months after reporting date.

Changes due to reclassification are related to classification changes based on change in assessment of the underlying risk.

24. POST-EMPLOYMENT BENEFITS

(€ MILLION)

31 DECEMBER 2014	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	1,008	135	1,143
Fair value of total investments backing defined benefit obligation	–1,006	–82	–1,088
Fair value of non-qualifying investments backing defined benefit obligation	934		934
Unfunded status	**936**	**53**	**989**
Effect of asset ceiling			
Net defined benefit liability	**936**	**53**	**989**

(€ MILLION)

31 DECEMBER 2013	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	5,812	103	5,915
Fair value of total investments backing defined benefit obligation	–5,824	–70	–5,894
Fair value of non-qualifying investments backing defined benefit obligation	772		772
Unfunded status	**760**	**33**	**793**
Effect of asset ceiling			
Net defined benefit liability	**760**	**33**	**793**

Achmea maintains defined benefit retirement plans in The Netherlands, Ireland and Greece. These plans provide benefits that are related to the remuneration (mainly based on average remuneration) and service of employees upon retirement. Benefits related to medical costs are not included in these plans.

Annual contributions related to defined benefit plans are paid to adequately finance the accrued liabilities during year of the plans calculated in accordance with local legal requirements. Furthermore, if applicable, additional contributions are paid so that defined benefit plans comply with applicable local regulations concerning investments and funding levels.

The pension plan for Dutch employees is executed by Stichting Pensioenfonds Achmea (Achmea Pension fund Foundation) and for a smaller part by Stichting Bedrijfstakpensioenfonds Zorgverzekeraars (SBZ). Achmea does not have control over the Achmea Pension fund Foundation. As part of the collective labour agreement in the Netherlands, Achmea reached agreement with the labour unions relating an adjustment of the pension scheme which is 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 replaces the current defined benefit retirement plans. The financial and actuarial risks are 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. The obligation of Achmea is limited to pay the agreed premium for the current years of service. The legal and constructive obligations related to this former pension scheme (defined benefit) were settled in 2014 based on the position at 1 January 2014. The result on settlement amounted to €-8 million and is accounted for as part of Operating expenses, pensions. Due to this settlement, the Present value of defined benefit obligation and Fair value of total investments backing defined benefit obligation decreased as compared to 31 December 2013. The remaining part of the Net defined benefit liability as at 31 December 2014 relates to pension schemes executed by Achmea group companies and for a smaller part by SBZ. The non-qualifying plan assets consist of insurance policies issued by these Achmea group companies.

Pensions for the Irish employees are provided by the Friends First Group Retirement and Death Benefits Scheme. In 2013, Friends First reached agreement to change the benefits provided by, and funding of, the Scheme. Amongst others, accrual of defined benefits have ceased as of 2014, the retirement age was brought in line with the retirement age for state pension benefits in Ireland and the accrued rights of the participants in the scheme were revalued based on price inflation rather than remaining linked to salary levels. Furthermore, agreement was reached that Friends First employees will accrue pension entitlements on a defined contribution basis.

Certain group companies sponsor defined contribution pension plans in 2014. Contributions are generally determined as a percentage of pay. As a consequence of the new pension scheme in the Netherlands the amount incurred in 2014 was € 292 million compared to €10 million in 2013.

Post-employment benefits are essentially of a long-term nature.

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS

(€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	EFFECT OF ASSET CEILING	NET DEFINED BENEFIT LIABILITY 2014	NET DEFINED BENEFIT LIABILITY 2013
Balance at 1 January	5,915	−5,122		793	755
Current service costs	6			6	156
Net interest expense on net defined benefit liability	33	−4		29	22
Remeasurement of net defined benefit liability					
Return on plan assets, excluding amounts included in net interest expense		−20		−20	343
Actuarial gains and losses arising from changes in demographic assumptions	4			4	−13
Actuarial gains and losses arising from changes in financial assumptions	222			222	11
Experience gains and losses	−5			−5	−62
Past service costs and settlements	−5,001	4,999		−2	−54
Contributions paid					
Employees	1	−1			1
Achmea group companies		−9		−9	−336
Benefits paid by the plan					
Benefit payments	−32	3		−29	−29
Other changes					−1
Balance at 31 December	**1,143**	**−154**		**989**	**793**

The effect of asset ceiling covers certain pension plans where the plan assets exceed the defined benefit obligation. When Achmea is not unconditionally entitled to the surplus within the pension plan, the surplus is not recognised as a receivable on the Statement of Financial Position.

The future contributions from employees to the pension plans are taken into account in determining the defined benefit obligation and current service costs.

SIGNIFICANT ACTUARIAL ASSUMPTIONS AT REPORTING DATE (EXPRESSED AS WEIGHTED AVERAGE ASSUMPTIONS)

	2014		2013	
	THE NETHERLANDS	OTHER COUNTRIES	THE NETHERLANDS	OTHER COUNTRIES
Discount rate	2.10	2.20	3.63	2.19
Future salary increases	2.00	1.00	2.00	2.38 - 3.00
Future pension increases	1.80	1.95	1.70	2.50
Future pension increases for in-payment benefits	0.80		1.34	
Rates of employee turnover	3.00	2.00	8.35	

The rate used to discount the defined benefit obligation is determined by reference to market yields on high quality corporate bonds. Achmea applies the Towers Watson Rate:Link curve without any adjustments.

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each territory. To determine the defined benefit obligation ‘the AG prognosetafel 2012-2062’ has been applied in the Netherlands. These assumptions translate into an average life expectancy in years for a pensioner retiring at the age as defined in the respective pension plans:

	2014		2013	
	THE NETHERLANDS	OTHER COUNTRIES	THE NETHERLANDS	OTHER COUNTRIES
Retiring at the end of the reporting period:				
- Male	22	19	22	22
- Female	24	21	24	23
Retiring 20 years after the end of the reporting period:				
- Male	24	21	24	25
- Female	26	23	25	26

The weighted average duration of the Defined Benefit Obligation is 21 years (2013: 21 years).

MATURITY ANALYSIS OF EXPECTED UNDISCOUNTED CASH FLOWS RELATED TO DEFINED BENEFIT OBLIGATION

(€ MILLION)

	2014	2013
Less than 10 years	351	1,493
10 - 30 years	884	6,456
30 - 50 years	488	5,541
Over 50 years	58	863
Balance at 31 December	1,781	14,353
Impact of discounting	−639	−8,438
Defined benefit obligation	**1,142**	**5,915**

The investments backing defined benefit obligation mainly comprise insurance policies issued by these Achmea group companies, that do not qualify as plan assets. The plan assets mainly consist of listed instrument of a highly diversified nature, primarily investments in Equity instruments and similar investments amounting to €45 million (31 December 2013: €214 million) and Debt instruments amounting to €92 million (31 December 2013: €599 million).

The table below shows the impact of changes in assumptions on the defined benefit obligations.

IMPACT FOR THE REMAINING DEFINED BENEFIT OBLIGATION

(€ MILLION)

2014	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	−183	241
Future salary increase	1%	48	−39
Future pension increase for in-payment benefits	1%	168	−82
Mortaility improvement	1 year	37	−38
Rates of employee turnover	1%	-3	1

1) The change in percentage of the assumptions listed in the table above are in absolute amounts. This means that the assumption changes with 100 bp.

2) The change in the mortality rate of 1 year means that the life expectancy of the participants will increase or decrease with 1 year.

(€ MILLION)

2013	CHANGE IN ASSUMPTION	INCREASE IN ASSUMPTION	DECREASE IN ASSUMPTION
Discount rate	1%	−148	191
Future salary increase	1%	12	−10
Future pension increase for in-payment benefits	1%	145	−116
Mortaility improvement	1 year	30	−27
Rates of employee turnover*	1%	-1	1

** Adjusted for comparison reasons*

The sensitivity analyses are based on a change in an assumption while holding all other assumptions unchanged. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the Defined Benefit Obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the Consolidated Statement of Financial Position. Furthermore, the mitigating impact of any changes in the value of the plan assets is not taken into account.

Achmea expects to pay €12 million in contributions to defined benefit plans in 2015.

25. OTHER PROVISIONS

(€ MILLION)

2014	RESTRUCTURING	LEGAL CLAIMS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	33	109	32	40	60	274
Acquisitions						
Disposals						
Change of composition of the group						
Additions	267	20	6	9	36	338
Usage	–62	–20	–13	–1	–38	–134
Released	–5	–27	–2	–4	–11	–49
Changes due to reclassification	–16	–5		–5	10	–16
Balance at 31 December	**217**	**77**	**23**	**39**	**57**	**413**
Non-current	158	22	15	37	15	247
Current	59	55	8	2	42	166
Balance at 31 December	**217**	**77**	**23**	**39**	**57**	**413**

(€ MILLION)

2013	RESTRUCTURING	LEGAL CLAIMS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	44	90	34	59	55	282
Acquisitions						
Disposals						
Change of composition of the group						
Additions	48	34	15	6	7	110
Usage	–49	–15	–11	–1	–9	–85
Released	–5	–14	–9	–7	–6	–41
Changes due to reclassification	–5	14	3	–17	13	8
Balance at 31 December	**33**	**109**	**32**	**40**	**60**	**274**
Non-current	26	96	15	34	31	202
Current	7	13	17	6	29	72
Balance at 31 December	**33**	**109**	**32**	**40**	**60**	**274**

Changes due to reclassification in 2013 and 2014 are mainly related to presentation changes.

Restructuring

In December 2013, Achmea announced that it will accelerate the adjustments to its organisation, in order to further increase customer focus, reduce costs for customers and facilitate investments in its online services. This will result in a gradual reduction in staffing levels of around 4,000 FTE's over the next years, of which a major part will be declared redundant. In 2014 restructuring plans were further formalised and communicated. As a result, restructuring provisions were accounted for in 2014 amounting to €224 million which were partly used as at 31 December 2014. The most important assumptions used in determining this restructuring provision relate to the average salary, the reassignment period and the probability of a reassignment to another position within Achmea or elsewhere.

In 2014, Achmea's health insurance company in the Netherlands announced that it was developing a new policy designed to maintain the health and vitality of its customers and other people in the Netherlands. Under the new policy, 12 Achmea Health Centers, along with the head office, will be closed. As a result of the new policy provisions were recognised. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months.

Legal claims

Legal claims include liabilities related to legal claims and possible compensations in relation to insurance and non-insurance activities of Achmea. Due to the nature of these liabilities, the expected maturity is uncertain, but the main part is expected to have a maturity of more than twelve months. The value of Legal claims is determined based on management judgement, external professional assessment and experience.

In 2014, a pension fund and former client of Syntrus Achmea Vermogensbeheer B.V. ("SAVB")", a wholly-owned regulated subsidiary of Achmea B.V., has served a writ of summons on SAVB in which it holds SAVB liable for breach of its duty of care and its contractual obligations to the pension fund under an asset management agreement and a fiduciary management agreement. The amount claimed by the pension fund significantly exceeds the maximum coverage of SAVB's liability insurance. If the claim would be adjudicated this could have an impact on client relationships of other companies in the Group. Achmea B.V. and SAVB strongly believe that the pension fund's claims have no merit. In addition, the agreements contain a limitation of liability, limiting SAVB's liability to the fees due to SAVB in the relevant years. This contractual limitation is fully covered by the Groups liability insurance cover. Disclosure of all the information required is expected to prejudice the position of Achmea seriously. Hence, the disclosure on this claim is limited..

Onerous contracts

Onerous contracts mainly include liabilities related to rented unused office premises and other premises and IT-related contracts. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months. The value of Onerous contracts is determined, based on contractual agreements, taking into account any economic benefits expected to be received under the contract.

Employee benefits (excluding post-employee benefits)

Employee benefits provisions include liabilities related to employee benefits, including provisions for long-service benefits. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months. The value of Employee benefits provisions is determined, based on management judgement, external professional assessment and experience.

Other

Other provisions consist of liabilities related to the activities of health insurance and various other minor liabilities. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months. The value of Other provisions is determined based on management judgement, external professional assessment and experience.

26. BANKING CUSTOMER ACCOUNTS

BANKING CUSTOMER ACCOUNTS (€ MILLION)

	2014	2013
Balance at 31 December	**6,306**	**5,981**

The fair value of Banking customer accounts measured at 'Amortised cost' at year-end is €6,327 million (2013: €6,000 million).

The fair value measurement is mainly based on inputs from observable market data.

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY (INCLUDING ACCRUED INTEREST) (€ MILLION)

	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 2014	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 2013
Less than 3 months	3,120	36	3,156	3,901	1	3,902
3-12 months	468	41	509	401	3	404
1-5 years	1,457	186	1,643	961	73	1,034
Over 5 years	1,261	84	1,345	718	42	760
	6,306	**347**	**6,653**	**5,981**	**119**	**6,100**

27. LOANS AND BORROWINGS

LOANS AND BORROWINGS CLASSIFIED BY NATURE (€ MILLION)

2014	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Deposits from credit institutions		101	101
Secured bank loans		2,663	2,663
Unsecured loans		3,470	3,470
Subordinated loans		527	527
Others	19	231	250
	19	**6,992**	**7,011**

2013	LOANS AT FAIR VALUE	LOANS AT AMORTISED COST	TOTAL
Deposits from credit institutions		909	909
Secured bank loans		5,340	5,340
Unsecured loans		4,268	4,268
Subordinated loans		526	526
Others	19	69	88
	19	**11,112**	**11,131**

The fair value of loans and borrowings measured at amortised cost at year-end is €7,274 million (31 December 2013: €11,244 million). The nominal amount of loans measured at fair value is €19 million (31 December 2013: €19 million).

MOVEMENT TABLE LOANS AND BORROWINGS

(€ MILLION)

	DEPOSITS FROM CREDIT INSTITUTIONS	SECURED BANK LOANS	UNSECURED LOANS	SUBORDINATED LOANS	OTHER	TOTAL 2014	TOTAL 2013
Balance at 1 January	909	5,340	4,268	526	88	11,131	9,623
Money deposited			965		2,069	3,034	3,749
Money withdrawn	–808	–2,547	–1,875		–1,907	–7,137	–2,169
Amortisation			1			1	
Foreign currency differences			3			3	2
Change in value due to fair value hedge accounting		–32	48	1		17	–72
Accrued interest		–87	49			–38	26
Changes due to reclassification		–11	11				–28
Balance at 31 December	**101**	**2,663**	**3,470**	**527**	**250**	**7,011**	**11,131**

As at 31 December 2014, total loans outstanding to finance the banking activities were €5,268 million (2013: €8,979 million).

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY

(€ MILLION)

	LOANS AND BORROWINGS	INTEREST	TOTAL 2014	LOANS AND BORROWINGS	INTEREST	TOTAL 2013
Less than 3 months	685	25	710	1,668	64	1,732
3-12 months	1,468	69	1,537	2,626	35	2,661
1-5 years	3,427	177	3,604	5,165	138	5,303
Over 5 years	1,431	71	1,502	1,672	51	1,723
	7,011	**342**	**7,353**	**11,131**	**288**	**11,419**

Deposits from credit institutions

Deposits from banks contains deposits from both central banks (ECB) as other commercial banks. In 2014, part of the ECB's LTRO facility which Achmea had entered into in the past was redeemed.

Secured bank loans

The banking activities of Achmea are also funded by loans secured by pledges on mortgage receivables. Secured bank loans include debentures issued by Achmea Bank N.V. under its €10 billion Secured Debt Issuance Programme, its €10 billion Covered Bond Programme, and various Residential Mortgage Backed Securities, issued by special purpose entities controlled by Achmea Bank N.V. These debentures are in various base currencies and are collateralised by residential mortgage loans. In February 2014 an amount of €1.5 billion of the Covered Bond Programme was redeemed. The carrying amount of these residential mortgage loans is €5.8 billion (31 December 2013: €8.2 billion).

UNSECURED LOANS AND BORROWINGS (€ MILLION)

	2014	2013
State Guaranteed Loans Achmea Bank N.V.		1,053
Senior Unsecured Bond Achmea Bank N.V.	2,386	1,422
Commercial Paper	174	138
Senior Unsecured Notes Achmea B.V.		750
Debt instruments Achmea B.V.	744	744
Senior Unsecured Notes Achmea B.V.	166	161
	3,470	**4,268**

The unsecured loans and borrowings included a five-year liability of $3.25 billion (€2.4 billion), which was raised with support of the 2008 Credit Guarantee Scheme of the Dutch government. These notes were redeemed at the end of 2014.

In February 2014 Achmea's subsidiary Achmea Bank N.V. successfully completed the first issuance of €750 million of Senior Unsecured Notes with a coupon of 2.75%. These Notes have a maturity of 7 years (maturity date is 18 February 2021). The Notes are listed on the Irish Stock Exchange.

The total outstanding amount under the unsecured EMTN programme amounts to €2.3 billion, of which €214 million Private Placements (31 December 2013: €122 million).

Achmea's subsidiary Achmea Bank N.V set up a French commercial paper programme of €1.5 billion. With this programme Achmea Bank N.V is able to access the international money markets to further diversify its funding mix. At the end of 2014 the programme has been used resulting in a total outstanding amount of commercial paper of €174 million. (31 December 2013: €138 million)

In June 2014, Achmea B.V. redeemed €750 million notes (at 7.375%) under its €2.5 billion programme for the issuance of debt instruments.

In November 2013, Achmea B.V. completed the issuance of €750 million (transaction costs are included in the carrying amount) of Senior Unsecured Notes. The Notes have a maturity of 7 years (maturity date is 19 November 2020). The coupon on the Notes equals 2.5%. The Notes are listed on the Irish Stock Exchange.

In May 2013, Achmea B.V. completed the issuance of CHF200 million (€166 million) of Senior Unsecured Notes with a coupon of 1.5%. These Notes have a maturity of 6 years (maturity date is 19 June 2019). The Notes are listed on SIX Swiss exchange.

The syndicated credit facility of Achmea B.V. has a maximum size of €750 million which will mature in 2019. At year-end 2014, the committed credit lines (€750 million) were undrawn.

Subordinated loans

In April 2013, Achmea B.V. issued €500 million of Subordinated Notes with a coupon of 6%. These Subordinated Notes have a maturity of 30 years (maturity date is 4 April 2043) with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland.

The subordinated loans are subordinated to all other current and future liabilities and they are all equal in rank. The average interest rate for 2014 was 5.9% (2013: 5.8%).

28. OTHER LIABILITIES

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Liabilities out of direct insurance:		
Policyholders	955	2,171
Agents	125	99
Prepaid premiums	411	49
Liabilities related to cash collateral received in securities lending		69
Other investment liabilities	280	267
Reinsurance liabilities	74	71
Taxes and social security premiums	173	159
Creditors	245	318
Post-employment benefits	33	36
Accruals and deferred income	277	318
Other	374	444
	2,947	**4,001**

The decrease of liabilities out of direct insurance is decreased mainly due to the termination of several insurance contracts with segregated investment contracts.

An amount of €430 million (2013: €569 million) of the Other liabilities is expected to be settled more than twelve months after reporting date. For other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value. The fair value of liabilities expected to be settled after twelve months after the reporting amounts to €429 million as at 31 December 2014 (31 December 2013: €569 million).

29. OPERATING LEASES

The future rental commitments linked to operational lease contracts are as follows:

OPERATING LEASES AND RENTAL CONTRACTS (€ MILLION)

	2014	2013
Less than one year	22	36
Between one and five years	27	65
More than five years	258	294
	307	**395**

In 2014, €0,7 million is recognised as an expense in the Income Statement in respect of operating leases (2013: €1,1 million). The income from subleases is €4,6 million in 2014 (2013: €5 million).

30. CONTINGENCIES

Legal procedures

Achmea B.V. and companies forming part of Achmea are involved in lawsuits and arbitration proceedings. These proceedings relate to claims instituted by and against these companies arising from ordinary operations and mergers, including the activities carried out in their capacity as insurers, credit providers, service providers, employers, investors and tax payers. Although it is not possible to predict or define the outcome of pending or imminent legal proceedings, the Executive Board believes that it is unlikely that the outcome of the actions will have a material, negative impact on the financial position of Achmea B.V.

CONTINGENT LIABILITIES (€ MILLION)

	2014	2013*
Guarantees	264	270
Commitments related to investments	830	425
	1,094	**695**

* *Adjusted for comparison reasons*

The Netherlands-based insurance companies of Achmea provided the 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V'. with guarantees to a maximum of €87 million (2013: €89 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks related to terrorism.

Achmea B.V. has provided Vereniging Achmea with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

In addition, Achmea B.V. has provided Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Rabobank as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

Contingencies related to shares subject to repurchase agreement

Pursuant to certain share repurchase agreements, several shareholders of Achmea B.V. have the right to sell their shares on market-based conditions during a certain timeframe to certain third parties which are not related to Achmea B.V. When an option is exercised, Achmea B.V. has the subsequent right to purchase these shares or to enter into a derivative transaction with the purchasing third party. Pursuant to this transaction Achmea B.V. will pay the purchaser an upfront premium equal to the settlement amount due by the purchaser to the selling shareholder under the related option. During the life of the derivative transaction, which has no fixed maturity, Achmea B.V. will receive all dividends distributed to the third party in return for a fixed fee. Upon unwinding of the derivative transaction, Achmea B.V. will receive from the purchaser the upfront premium paid plus part of the change in value of the Achmea B.V. shares held by the third party during the life of the derivative transaction.

NUMBER OF OUTSTANDING OPTIONS

	OUTSTANDING AS AT 31 DECEMBER 2014	OUTSTANDING AS AT 31 DECEMBER 2013
Schweizerische Mobiliar Holding AG	2,769,246	2,769,246
Gothaer Allgemeine Versicherung AG	1,849,108	1,849,108
Gothaer Finanz Holding AG	2,206,482	2,206,482
	6,824,836	**6,824,836**

The exercise price of the options is Achmea's share price as determined by the Achmea Valuation Model. The last valuation was performed in 2012 and at that time Achmea's share price was determined at €15.56.

Contingent assets

Conflict between the Slovak Republic and Achmea B.V.

In contradiction to an agreement for encouraging investments between The Slovak Republic and The Netherlands, The Slovak Republic has enforced a ban on profit on the Slovak health insurers, including Achmea's Slovak subsidiary Union, in the period between 2007 and August 2011.

Due to this enforcement Achmea set its activities in its Slovak subsidiary in hibernation during this period. Achmea sought compensation for the incurred loss via an international arbitral tribunal. In December 2012 the arbitral tribunal decided in favour of Achmea. According to this decision The Slovak Republic is required to compensate Achmea for damages incurred, due to the enforcement of the ban on profit with an amount of approximately €25 million. Given the public announcement of the Slovak Government that it disagrees with the decision of the arbitral tribunal, Achmea considers the receivable amount is not sufficiently certain in order to recognise it as an asset.

31. RELATED PARTY TRANSACTIONS

Identity of related party transactions

Parties are considered to be related if one party has the ability to control (e.g. subsidiaries) or exercise significant influence over the other party in making financial or operating decisions. Achmea also considers its defined benefit plan (Stichting Pensioenfonds Achmea) as a related party. Members of the Executive and Supervisory Board and their close family members are also considered related parties to Achmea. Achmea has various types of ordinary transactions course relations (particularly in the area of insurance, banking and asset management), in the normal course of business, with related companies and parties. Besides this, the related party transactions comprise of transactions with associates, joint ventures, key management personnel and close family members of related parties. The transactions with those parties are not considered material to Achmea, either individually or in the aggregate. A list of Achmea’s principal subsidiaries is presented in Note 4 Interests in subsidiaries.

Entities controlled by the Executive Board and Supervisory Board

Achmea could enter into economic transactions with entities controlled by its Executive Board or Supervisory Board members or their close family members. There are no such transactions or related parties in 2014 and 2013.

Remuneration of the Executive Board and the Supervisory Board

The remuneration of the Executive Board is related to the content and responsibilities of their respective positions. The various positions are weighted on aspects such as impact and responsibilities of the position, complexity of the administrative context in which they operate and the necessary knowledge.

The remuneration package 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 apply to previous performance year. Part of the variable remuneration is deferred for five years. These awards of variable remuneration are included as part of the Long-term employee benefits. In 2014 and 2013 no awards of variable remunerations were granted related to the previous performance year because of the Bonus Prohibition for State Supported Entreprises Act (‘Wet Bonusverbod Staatsgesteunde ondernemingen’).

In addition to their salaries, Achmea makes contributions to defined benefit plans that provide pension benefits for members of the Executive Board upon retirement. These plans are based on an average salary. As of 2014, the conditions of the pension scheme for the members of the Executive Board have been aligned with the directors and employees of Achmea (e.g. retirement age, accrual rate, the deductible) and also to comply with the revised tax legislation as of 1 January 2014.

For the determination of the defined benefit liability Achmea uses similar assumptions and methods as used for the other defined benefit plans as disclosed in Note 24 Post-employment benefits. The Post-employment benefits as included in the table below are calculated in accordance with the general methodology used to determine the pension costs.

TOTAL REMUNERATION OF THE EXECUTIVE BOARD (AVERAGE NUMBER OF MEMBERS 2014: 5.8; 2013: 4.6)

(€ MILLION)

	2014	2013
Executive Board members as at 31 December:		
Fixed remuneration	4.4	3.4
Other short-term employee benefits		
Other non-current employee benefits		0.2
Post-employment benefits active board members		
Current service costs	1.7	1.0
Interest expense on Defined Benefit Obligation	0.7	0.9
Return on Plan assets	–0.6	–0.8
Past service costs and result on plan amendment	–5.6	
Total remuneration Executive Board	**0.6**	**4.7**
Former Executive Board members as at 31 December:		
Post-employment benefits former board members		0.3
Termination benefits		0.8
Total remuneration former board members		**1.1**
Total remuneration	**0.6**	**5.8**

Post-employment benefits calculation for 2014 has been refined and has been calculated based on the pension benefit agreements with the individual board members, whereas in 2013 the costs are calculated in accordance with the pension plan for the Executive Board members collectively.

The post-employment benefits are impacted by the interest rates applied for measurement of the Defined Benefits Obligation and plan assets. The amount of current services costs is a good proxy of the accrued rights of the members of the Executive Board during the year. Due to the change in fiscal rulings on post-employment benefits in the Netherlands, as from 1 January 2015 the pensionable income for Executive Board members is capped to an amount of €100,000. Due to this plan amendment the related provisions for employee benefits are released to the income statement for an amount of € 5.6 million.

In 2014, Achmea as an employer had to pay a crisis levy of 16% over wages earned in 2013 to the extent these wages were higher than €150,000. The total amount of crisis levy related to the remuneration in 2013 was €0.8 million for all board members. The amount of crisis levy is not included in the total remuneration of the Executive Board. In 2015, this fiscal measure was not extended and therefore no crisis levy will have to be paid by Achmea.

In 2014, no adjustments or claw back of remunerations to members of the Executive Board related to remunerations in former years were accounted for (2013: nil).

Fixed remuneration

In 2014, the following amounts related to fixed remuneration were granted to the individual Executive Board members:

FIXED REMUNERATION OF EXECUTIVE BOARD MEMBERS IN 2014

(€ MILLION)

	2014
Executive Board members as at 31 December:	
W.A.J. (Willem) van Duin, Chairman	0.97
H. (Huub) Arendse, CFO	0.72
J.A.S. (Jeroen) van Breda Vriesman	0.72
D. (Danny) van der Eijk	0.72
R. (Roelof) Konterman	0.72
H. (Henk) Timmer, CRO*	0.58

* *Henk Timmer joined the Executive Board on 1 March 2014*

Current Service Costs

The amount of current services costs is a good proxy of the accrued rights of the members of the Executive Board during the year. In 2014, the following amounts related to current service costs were recognised in the income statement related to the individual board members:

CURRENT SERVICE COSTS OF EXECUTIVE BOARD MEMBERS IN 2014 (€ MILLION)

	2014
Executive Board members as at 31 December:	
W.A.J. (Willem) van Duin, Chairman	0.33
H. (Huub) Arendse, CFO	0.33
J.A.S. (Jeroen) van Breda Vriesman	0.22
D. (Danny) van der Eijk	0.25
R. (Roelof) Konterman	0.33
H. (Henk) Timmer, CRO*	0.25

* *Henk Timmer joined the Executive Board on 1 March 2014*

Loans provided to the Executive Board members amounted to €3 million (2013: €4 million). The weighted average interest rate of these loans is 4.5% (2013: 4.3%). These loans and accrued interest are presented as part of the Banking credit portfolio and Receivables and accruals.

Remuneration of supervisory board members

The following table gives an overview of the remuneration to the Supervisory Board members, both in their capacity as Supervisory board member and committee member.

Mr. Minderhoud, who acted as vice-chairman until 1 January 2014, resigned as of 31 December 2014. Mr. Van der Weg, resigned as of 20 March 2014.

The Supervisory Board members received a total remuneration of €0.7 million (2013: €0.9 million), excluding VAT. The Supervisory Board members are not entitled to any bonuses.

REMUNERATION OF SUPERVISORY BOARD MEMBERS IN 2014 (€ MILLION)

	2014
Supervisory Board members as at 31 December 2014:	
E.A.J. van de Merwe (Chairman)	0.13
S.T. van Lonkhuijzen	0.07
M. Lückerath	0.08
P.F.M. Overmars	0.06
A.C.W. Sneller	0.09
A.W. Veenman	0.11
A.J.A.M. Vermeer	0.08
Former Supervisory Board members as at 31 December 2014:	
M. Minderhoud	0.11
B.J. van der Weg	0.02

Rabobank

For its operations, Achmea uses various regular banking services of the Rabobank Group. All services and transactions with Rabobank are in an orderly transaction and based on regular market rates.

Distribution channel

Local Rabobanks offices are a major distribution channel for Achmea's Dutch insurance products. For the distribution of insurance products Achmea has paid commissions of €229 million to local Rabobanks over 2014 (2013: €233 million). Affiliated members ('aangesloten leden') of the Rabobank are granted a 10% discount on the basic health insurance premiums and a discount between a scale from 10% till 25% for premiums for the supplementary health insurance.

Facility services

Amongst others, Achmea in The Netherlands obtains ICT services from Rabofacet, the facility service unit within the Rabobank Group. For these services Achmea paid fees in 2014 amounting to €6.4 million (2013: €8 million).

Insurance services delivered to Rabobank

Rabobank has insured several risks with Achmea, including a group Health insurance contract with Zilveren Kruis Achmea. The premiums related to this insurance coverage over 2014 are €73 million (2013: €81 million).

Investment transactions

In 2014 Achmea bought mortgage loans amounting to €1,093 million from the Rabobank. The purchase price, based on the fair value of the mortgage loans at transaction date, was settled in cash in 2014.

Balances and Commitments as of 31 December 2014 with Rabobank Group

Balances with Rabobank Group comprise commodity notes (Note 12), saving accounts that are backing liabilities for policyholders (Note 13) and a credit facility that is reported as Loans and borrowings (Note 27).

Stichting Pensioenfonds Achmea

The pension plan for Dutch employees is executed by Stichting Pensioenfonds Achmea (Achmea Pension fund Foundation). Until 2013, the pension fund entered into a reinsurance contract (guarantee contract) combined with a segregated investment contract with Achmea's Dutch life insurance company. Achmea does not have control over Stichting Pensioenfonds Achmea, but considers it as a related party. As of 2014, Stichting Pensioenfonds Achmea no longer reinsures its obligations with Achmea’s Dutch life insurance company. For the post-employment benefit plans, reference is made to Note 24 Post-employment benefits.

Stichting Achmea Foundation

Achmea has obliged itself for an indefinite time to fund yearly 0.5% of its net profit to Stichting Achmea Foundation (Achmea Foundation). Achmea Foundation employes these funds to finance projects around the world for sustainable improvement of economic and/or social environment of groups of help-needed in the society. Achmea Foundation rents office and personnel for free from Achmea.

32. GROSS WRITTEN PREMIUMS NON-LIFE

(€ MILLION)

	2014	2013
Accident	685	708
Motor liability	667	669
Motor other	740	801
Transport/aviation	61	61
Property	1,082	1,110
General liability	260	253
Legal assistance	188	188
Other	5	4
	3,688	**3,794**

33. GROSS WRITTEN PREMIUMS HEALTH

(€ MILLION)

	2014	2013
Basic health insurance	4,551	5,087
Contribution from Health insurance fund	7,330	6,738
Supplementary health insurance	1,359	1,410
Other health insurance	365	373
	13,605	**13,608**

34. GROSS WRITTEN PREMIUMS LIFE

(€ MILLION)

	SINGLE PREMIUM	ANNUAL PREMIUM	TOTAL 2014	TOTAL 2013
Individual Life insurance				
Policies own risk	296	700	996	1,089
Policies where policyholder bears investment risks	45	634	679	793
	341	**1,334**	**1,675**	**1,882**
Group Life insurance				
Policies own risk	161	442	603	419
Policies where policyholder bears investment risks	252	179	431	522
	413	**621**	**1,034**	**941**
	754	**1,955**	**2,709**	**2,823**

35. INCOME FROM ASSOCIATES AND JOINT VENTURES

(€ MILLION)

	2014	2013
Garanti Emeklilik ve Hayat A.S.	6	5
Other	–3	–2
	3	**3**

36. INVESTMENT INCOME

INCOME FROM INVESTMENTS BASED ON THE ACCOUNTING TREATMENT OF INVESTMENTS

(€ MILLION)

	2014	2013
Investment property	81	78
Investments 'Available for sale'	744	657
Investments 'At fair value through profit or loss'	133	179
Investments 'Loans and receivables'	128	139
	1,086	**1,053**
Investment expenses	–21	–19
Direct operating expenses investment property	–27	–31
	1,038	**1,003**

Direct operating expenses investment property related to investment property that generated rental income during 2014 amounted to €27 million (2013: €31 million) and related to investment property that did not generate income during 2014 amounted to nil (2013: nil).

INCOME FROM INVESTMENTS BASED ON THE NATURE OF INVESTMENTS

(€ MILLION)

	2014	2013
Investment property	81	78
Direct income from investments:		
Equities and similar investments	56	59
Fixed income investments	880	903
Derivatives	63	4
Other financial investments	6	9
	1,086	**1,053**

INCOME FROM INVESTMENTS BASED ON THE NATURE OF THE INCOME

(€ MILLION)

	2014	2013
Interest:		
'Available for sale'	688	598
'At fair value through profit or loss'	133	179
'Loans and receivables'	128	139
Rental income	81	78
Dividends	56	59
	1,086	**1,053**

37. REALISED AND UNREALISED GAINS AND LOSSES

(€ MILLION)

	2014	2013
Realised and unrealised gains and losses on financial assets:		
Investment property	−32	−58
Investments 'Available for sale'	740	631
Investments 'At fair value through profit or loss'	2,786	−570
Impairment losses on investments	−24	−24
Foreign currency differences	311	−128
	3,781	**−149**
Realised and unrealised gains and losses on financial liabilities:		
Derivatives	−1	9
Foreign currency differences	−1	1
	3,779	**−139**

Realised and unrealised gains and losses arising from Investment property is divided in Residential 27% (2013: 23%), Retail 47% (2013: 27%), Offices 17% (2013: 50%) and Other 9% (2013: 0%).

The increase of the 'At fair value through profit or loss' is mainly due to a decrease of the interest rate and therefore the increase of value of derivatives and bonds. Realised and unrealised gains and losses arising from financial assets designated at initial recognition as 'At fair value through profit or loss' amounted to €402 million (2013: €-725 million). Realised and unrealised gains and losses arising from financial assets and financial liabilities, which are attributable to banking operations are presented under Banking income (Note 39).

Impairment losses on investments related to investments classified as 'Available for sale' and 'Loans and receivables' amounted to €24 million (2013: €24 million) and €0 million (2013: €0 million) respectively.

A total of €2,395 million (2013: €-506million) of the unrealised results from fair value changes is related to investments which are measured using a valuation technique. These are mainly related to investment property, unlisted derivatives and equities.

38. INCOME FROM INVESTMENTS BACKING LINKED LIABILITIES

(€ MILLION)

	2014	2013
Direct income from:		
Investment property	16	24
Equities and similar investments	72	104
Bonds and other fixed-income investments	39	131
Derivatives	–36	21
Cash and other financial investments	303	299
	394	**579**
Net foreign currency differences	6	–29
Realised and unrealised gains and losses:		
Investment property	49	–8
Equities and similar investments	893	1,059
Bonds and other fixed-income investments	105	–227
Derivatives	93	–265
Cash and other financial investments	507	760
	1,647	**1,319**
Investment expenses	–3	–50
	2,044	**1,819**

Realised and unrealised gains and losses arising from financial assets designated at initial recognition as 'At fair value through profit or loss' amounted to €1,505 million (2013: €1,592 million).

Direct income from Cash and other financial investments includes interest income related to savings accounts.

39. BANKING INCOME

(€ MILLION)

	2014	2013
Interest income	634	634
Realised and unrealised gains and losses	5	25
Commission income	15	15
Fee Income from trust and other fiduciary activities	4	2
	658	**676**

40. FEE AND COMMISION INCOME, AND INCOME FROM SERVICE CONTRACTS

(€ MILLION)

	2014	2013
Fee income from trust and other fiduciary activities	345	346
Income from service contracts	86	87
	431	**433**

41. OTHER INCOME

(€ MILLION)

	2014	2013
Net foreign currency differences	1	3
Other income	85	67
	86	**70**

42. CLAIMS AND MOVEMENTS IN INSURANCE LIABILITIES

(€ MILLION)

	2014 GROSS	2014 REINSURANCE	2013 GROSS	2013 REINSURANCE
Non Life				
Claims paid	2,452	91	2,427	81
Changes in insurance liabilities	51	−5	231	52
Claim handling expenses	233		215	
Recoveries	−165		−163	
	2,571	**86**	**2,710**	**133**
Health				
Claims paid	12,698	864	13,070	830
Premiums paid related to HKC				
Changes in insurance liabilities	−313	−795	−579	−559
Claim handling expenses	151		146	
Recoveries	−26		−21	
	12,510	**69**	**12,616**	**271**
Life				
Benefits Paid	7,410	192	4,508	128
Changes in insurance liabilities	143	544	2,389	9
	7,553	**736**	**6,897**	**137**
Total claims and movements in insurance liabilities	**22,634**	**891**	**22,223**	**541**

43. PROFIT SHARING AND BONUSES FOR POLICYHOLDERS

(€ MILLION)

	2014	2013
Amortisation interest surplus rebates	8	9
Profit sharing	3,170	−6
Benefits policyholders	213	252
	3,391	**255**

The increase of Profit sharing for policyholders compared to 2013 is primarily the result of unrealised gains of interest rate derivatives due to a decrease of interest rates.

44. FAIR VALUE CHANGES AND BENEFITS CREDITED TO INVESTMENT CONTRACTS

(€ MILLION)

	2014	2013
Fair value changes credited to investment contracts	160	157
Other benefits credited to investment contracts	−1	−1
	159	**156**

45. OPERATING EXPENSES

(€ MILLION)

	2014	2013
Salaries	1,007	1,033
Social security charges	98	94
Pensions	207	148
Other	709	547
Staff costs	**2,021**	**1,822**
Amortisation charges Property for own use and equipment	62	55
General expenses	724	759
Gross operating expenses	**2,807**	**2,636**
Commissions paid and accrued	647	687
Reinsurance profit sharing and commission	−53	−57
	3,401	**3,266**
Less: Allocated Claims handling expenses	420	404
Less: Allocated Investment expenses	6	5
	2,975	**2,857**

NUMBER OF EMPLOYEES (AT THE END OF THE YEAR, BASED ON FTE)

ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	FRIENDS FIRST	OTHER	**TOTAL 2014**	TOTAL 2013
14,110	528	494	1,134	263	27	**16,556**	18,424

The number of employees mentioned above only includes employees with which Achmea has an employment contracts. Employees with temporary contracts and external employees are not included. A FTE is based on a labour week of 38 hours.

Included in General expenses are expenses related to the audit firm performing the audit of the annual accounts of Achmea B.V. and its subsidiaries which are summarised in the table below.

EXPENSES RELATED TO THE AUDIT:

(€ MILLION)

	2014	2013
Audit annual accounts	6	5
Other audit services	2	1
Other services		1
	8	**7**

As from 2011 PricewaterhouseCoopers Accountants N.V. is appointed as independent auditor of Achmea.

The amounts included in the table on the left are based on expenses related to the audit of the financial statements of the related financial year, whether or not the services by the independent auditor and the audit firm have already been provided during that financial year. The expenses on the left include VAT.

Expenses related to audit firms other than PricewaterhouseCoopers Accountants N.V. are as follows: audit related services €2 million (2013: €2 million), other services €10 million (2013: €9 million) mainly relating to advisory and consulting services.

46. BANKING EXPENSES

(€ MILLION)

	2014	2013
Interest expenses	442	485
Other fee and commission expenses	1	1
Other banking expenses	49	31
	492	**517**

Staff costs and other operating expenses related to banking activities are included in Operating expenses (Note 45).

47. OTHER EXPENSES

(€ MILLION)

	2014	2013
Amortisation charges on intangible assets	120	132
Impairment losses on intangible assets	144	232
Other expenses	56	81
	320	**445**

Impairment losses recognised in 2014 related to Receivables amounted to €44 million (2013: €30 million) and are included in Other expenses.

48. INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2014	2013
Profit before tax	−8	281
Domestic corporation tax rate	25.0%	25.0%
Income tax using the domestic corporation tax rate	−2	70
Effect of tax rates in foreign jurisdictions		−1
Tax effect on:		
Non-deductible expenses	36	66
Tax exempt revenues	−90	−138
Participation exemption	−4	−7
Non-deductible losses	35	5
Tax losses utilised	−2	−1
Tax benefit related to liquidation of group companies		−34
Other	−4	−27
Under/(over) provided in prior years	7	−1
Effective tax amount	**−24**	**−68**

The effective tax rate in 2014 amounts to 291.7% (2013: -24.2%).

INCOME TAX EXPENSES

(€ MILLION)

	2014	2013
Current tax expense		
Current year	120	−11
Under/(over) provided in prior years	7	−1
	127	**−12**
Deferred tax expense		
Origination and reversal of timing differences	−151	−56
Total income tax expense in Income Statement	**−24**	**−68**

49. NET OTHER COMPREHENSIVE INCOME

(€ MILLION)

	2014			2013		
	OTHER COMPREHENSIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	**NET OTHER COMPREHENSIVE INCOME**	OTHER COMPREHENSIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHENSIVE INCOME
Remeasurements of net defined benefit liability	−38	1	−37	−325	34	−291
Unrealised gains and losses on property for own use				−1		−1
Currency translation differences on intangible assets, associates and joint ventures	33		33	−95		−95
Unrealised gains and losses on available for sale investments	2,549	−632	1,917	−742	191	−551
Share in other comprehensive income of associates and joint ventures	−6		−6	−26		−26
Transfer from Provision for profit sharing and bonuses for policyholders	−2,058	514	−1,544	783	−195	588
Gains and losses on available for sale investments reclassified to the Income Statement on disposal	−118	25	−93	−182	35	−147
Impairment charges on available for sale investments reclassified to the Income Statement	23	−5	18	23	−5	18
Total other comprehensive income for the period	**385**	**−97**	**288**	**−565**	**60**	**−505**

50. EARNINGS PER SHARE

NET PROFIT ATTRIBUTABLE TO ORDINARY SHAREHOLDERS

(€ MILLION)

	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	**TOTAL 2014**	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL 2013
Net profit	16		16	349		349
Dividends on non-redeemable cumulative preference shares	−26		−26	−26		−26
Coupon payments on other equity instruments	−55		−55	−79		−79
Tax on coupon payments on other equity instruments	14		14	20		20
Net profit attributable to ordinary shareholders	**−51**		**−51**	**264**		**264**

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2014	2013
Issued ordinary shares at 1 January	400,484,892	400,484,892
Weighted average number of ordinary shares	**400,484,892**	**400,484,892**

Earnings per share are calculated as the quotient of Net profit attributable to ordinary shareholders and the weighted average number of ordinary shares.

EARNINGS PER SHARE

	2014	2013
Earnings per share continuing operations	−0.13	0.66
Earnings per share discontinued operations		
Basic earnings per share	**−0.13**	**0.66**

The diluted earnings per share equal the earnings per share from continuing operations.

51. RISK MANAGEMENT

INTRODUCTION

In the following sections we outline Achmea's approach to risk management for the following risk types:

A. Insurance risk
B. Market risk
C. Counterparty default risk
D. Liquidity risk
E. Operational risk
F. Compliance

For each risk category a description is given of the risk profile, our risk response and a sensitivity analysis when relevant. For a description of our risk management framework including a description of our risk appetite and risk governance we refer to the Risk Management section of the Executive Board Report.

A INSURANCE RISK

Insurance risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from inadequate pricing and provisioning assumptions and encompasses life risk, non-life risk and health risk. Catastrophe risk and concentration risk, if present, are included separately in the risk types mentioned.

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

The Insurance Risk Policy describes how insurance risks are managed, our 'risk response'. A key ingredient is the Product Life Cycle (PLC) approach. This is described first. Subsequent sections cover each insurance risk type, providing more detail on the risk profile, the risk response and sensitivities.

PRODUCT LIFE CYCLE (PLC) APPROACH

The Product Life Cycle (PLC) approach is used in order to set down details of the management of insurance risk. This cycle encompasses various phases:

- Business planning
- Product development
- Underwriting
- Reinsurance
- Policy management
- Claim process and reserving
- Assessment of assumptions
- Reporting & Analysis
- Product Review & Portfolio Analysis

For the introduction of new insurance products, Achmea has formulated a Product Approval and Review Policy. In the product development process the target group and the their needs are used to determine the coverage, the conditions, the price and the underwriting criteria. These are used to calculate the anticipated loss burden which establishes the risk premiums. For the financial expectations and to quantify the risks, a profit test is performed.

The type of reinsurance used within Achmea is mainly on an excess-of-loss basis. Risks that exceed the treaty limit are covered on a facultative basis. Achmea uses a multi-layered reinsurance structure, focusing on Group-wide retention levels aiming at reducing overall costs by leveraging increased risk-carrying capacity and combined purchasing power. Within Achmea all purchased reinsurance of the Dutch entities is managed by Achmea Reinsurance Company N.V. (hereinafter Achmea Reinsurance). Achmea Reinsurance retains some of this risk and places the risk that exceeds the retention levels on the reinsurance market. The non-Dutch operating companies (hereinafter OpCos) operate their own reinsurance programme. Achmea Reinsurance participates as a reinsurer in most programmes of the OpCos.

The Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. (NHT) covers all claims on Dutch policies related to terrorism attacks of up to €1 billion. Achmea in the Netherlands pays annual premiums to the NHT and guarantees an amount of €87 million in the total capacity of the group. Terrorism claims above this maximum are excluded in Achmea's Dutch policies.

Within Non-life, catastrophe risk is the largest risk. This risk is quantified annually using mostly externally developed catastrophe models. For Life and Disability, pandemic applies as catastrophe risk. This risk is not specifically reinsured, but is evaluated every three years to assess whether additional reinsurance is needed. In Health insurance in the Netherlands, because of the risk-absorbing effect of the settlement of health costs, reinsurance currently does not play a role.

Achmea has an active policy to settle claims. In general, as soon as reasonably possible, an arrangement is made with the claimant, so that the risk of further growth of claims is mitigated. For each claim a provision is made where the objective is that the average run-off result is positive. The Insurance liabilities are tested at least twice a year for adequacy, and more often if deemed necessary.

Assumptions are used in pricing, product development and the liability adequacy test. On an annual basis an assumptions study is carried out where each assumption is evaluated. The study is based on both our own history, portfolio data in line with the strategy of the Business Plan phase, and on the external publications from, for example, the Association of Insurers, 'College voor Zorgverzekeringen' and 'Zorgverzekeraars Nederland', the 'Actuarieel Genootschap' and the 'Uitvoeringsinstituut werknemersverzekeringen'.

Other important phases in the management of insurance risk are the business plan process, underwriting process, policy management and reporting and analyses.

- The business plan sets out the plans for developing the portfolio over the next three years.
- The underwriting process consists of assessing, accepting (under possible conditions) and pricing individual risks within existing product ranges.
- Policy management deals with the administration of individual policies as well as portfolios.
- Finally, all aspects are subject to a periodic analysis, review and reporting.

LIFE RISK

Life risk is the risk of loss, or of adverse change in the value of insurance liabilities, resulting from:

- the changes in the level, trend or volatility of the underlying risk drivers (mortality rates, expenses, lapse rates).
- the significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events.

It encompasses mortality, longevity, lapse and expense risk. Longevity and lapse risk are predominant within Achmea's life risk.

Risk profile

The Netherlands is the main market where Achmea is exposed to life risk. Ireland, Greece and Slovakia are the Life markets outside the Netherlands where Achmea operates .

LIFE PORTFOLIO ANALYSES

(€ MILLION)

	2014		2013	
	LIABILITIES	%	LIABILITIES	%
Insurance with profit participation	17,336	35%	15,472	33%
Other life Insurance	15,182	31%	12,213	26%
Where the policyholders bear investment risks (unit-linked)	17,014	34%	19,387	41%
	49,532	**100%**	**47,072**	**100%**

Life insurance with profit participation are traditional life products with profit participations, like savings, Group contracts and unit linked guarantee funds. These products create an exposure to market risk and to mortality / longevity risk for Achmea.

Other Life insurance consists of traditional products without profit participation like term insurance, both stand-alone and linked to mortgages (mortality risk) and annuities (longevity risk).

In Index-linked and unit-linked insurance Investment risks are taken by the policyholder. For unit-linked insurance, mass lapse is an important risk for Achmea, as it contains significant embedded value. Lapse risk premiums for new business are annually updated (based on country rates adjusted for Achmea-specific factors per product class). Other mitigating measures are retention plans and alternative product offers.

For Life, concentration risks are an unexpected increase of the life expectation and a pandemic. As longevity risk is predominant in life risk this exposure is closely monitored. A pandemic is not reinsured, but is evaluated every three years to assess whether reinsurance is needed.

Risk response

For new business, premiums are updated annually (based on country specific mortality tables adjusted with Achmea-specific factors).

For life insurance acceptance, medical checks are required. Tariffs are differentiated by risk category (smoking / non-smoking). For individual contracts in the Netherlands there is an 'en bloc' clause which allows the insurer in extreme cases to increase the premium. With this instrument, the consequences of adverse mortality and expenses can be mitigated. This would only be applied in exceptional circumstances.

The Insurance liability for Life is tested each quarter for adequacy. The development of the liability adequacy test for Life (both group and individual) is monitored monthly at current market rates. In carrying out this test, use is made of estimates of future contractual cash flows, based on current developments regarding mortality, morbidity, policyholder behaviour (surrender), future distribution and management costs and, where relevant, results from investments covering these provisions. The mortality tables used in the Netherlands and Ireland take into account the longevity risk because a margin for mortality improvement is included. Elsewhere, to ensure adequacy, standard mortality tables are adjusted in various ways, such as age adjustments. The resulting best estimate cash flows are discounted using the ECB AAA curve including the Ultimate Forward Rate (UFR).

Reinsurance is used to limit catastrophe risk assumed on individual lives or groups of lives. Achmea, Friends First and Interamerican Greece were all protected by reinsurance for large sums. The reinsurance covers of the Dutch portfolios are integrated into one programme with a high deductible. A part of the Achmea portfolio is reinsured on a reciprocal basis by external reinsurers to reduce the solvency requirements of the Life entities and diversify mortality risk across the Group.

Sensitivities

The table below summarises the impact on profit before tax for changes in expenses and mortality. The impact on equity is comparable, where the result needs to be adjusted for tax. For each sensitivity factor, all other assumptions are unchanged. The influence of lapse on the result is positive, since the provision is always greater than the surrender value.

LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES 10%	INSURANCE MORTALITY 5%	ANNUITY MORTALITY -5%
2014	−20	−4	−8
2013	−14	−3	−7

The sensitivities only relate to a change in expenses and mortality for the relevant year and are not related to a change in future expense levels or life expectancy. Increase or decrease of the shock, as presented in the sensitivity table, will result in a proportional increase or decrease in the result. The assumptions for mortality and longevity in the calculation of the insurance provisions will remain unchanged, unless the life expectancy rises significantly. Based on a Liability Adequacy Test, the insurance liability is tested for adequacy each quarter. An important element in this is the best estimate assumption for mortality and longevity. This assumption will always be kept up to date.

NON-LIFE RISK

Non-life risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from: fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements.

– significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events

It encompasses premium, reserve, lapse and catastrophe risk.

Risk profile

The risks covered by Achmea are within the typical lines of business, such as motor (hull and liability), transport / aviation, fire and natural events, general liability and legal asistance.

NON-LIFE PORTFOLIO ANALYSES

(€ MILLION)

	2014			2013		
	LIABILITIES	GWP	%	LIABILITIES	GWP	%
Motor liability	1,509	667	22%	1,514	669	22%
Motor other	377	740	25%	438	801	26%
Transport / aviation	90	61	2%	93	61	2%
Property	835	1,082	36%	910	1,110	36%
General Liability	739	260	9%	647	253	8%
Legal Assistance	211	188	6%	201	188	6%
Other	6	5	0%	9	4	0%
	3,767	**3,003**	**100%**	**3,812**	**3,086**	**100%**

Within Non-life, catastrophe risk is the largest risk. Mainly the property and motor hull insurance lines are exposed to catastrophe risk. The predominant natural perils are wind damage and hail risk in the Netherlands and, to a lesser extent, earthquake risk in our operations in Greece (Interamerican) and Turkey (Eureko Sigorta). Motor hull in the Netherlands includes the risk of flood.

An occurrence of a catastrophic event, which results in increased claims expenses, is also referred to as concentration risk.

The following table provides an overview of the effect of catastrophe risk in property and motor business lines on profit before tax, based on the insurance portfolio, reinsurance and price level at year-end. The derived loss probabilities resulting from natural disasters in the table are based on models and on historical data, where Achmea makes use of (mostly external) catastrophe models.

CATASTROPHE RISK

(€ MILLION)

	2014			2013		
Territory	Netherlands	Greece	Turkey	Netherlands	Greece	Turkey
Dominant peril	Windstorm	Earthquake	Earthquake	Windstorm	Earthquake	Earthquake
Scenario with exceedance probability: 0.5%*						
- Impact on result before reinsurance	−1,606	−190	−89	−1,647	−206	−102
- Impact on profit before tax	−201	−8	−16	−257	−17	−17
Total retention	201	7	14	202	2	16
Reinsurance capacity purchased externally	1,405	217	234	1,445	209	234

* *Once in 200 years; based on catastrophe model calibration used for the internal model for internal purposes*

LARGEST LOSS NETHERLANDS (€ MILLION)

	2014 LARGEST LOSS IN PAST 10 YEARS	2013 LARGEST LOSS IN PAST 10 YEARS
Impact on result before reinsurance	−70	−69
Impact on profit before tax	−20	−25
Highest retention	20	20

In the table that presents the exposure of the largest loss in the past 10 years, the reinsurance capacity is not displayed, as the risks that exceed the treaty capacity are covered on a facultative basis. The historical claims are indexed on price inflation. In 2014 the largest claim the Dutch division faced was a claim of €6.7 million.

Risk response

The categories on which the direct and indirect business insurance focuses are medium-sized industrial and commercial risks, with a normal maximum limit of €40 million based on the maximum expected loss. In the Netherlands Achmea does not underwrite heavy industrial risks, such as airports or power plants. In Turkey, these types of risks are underwritten on a strategic basis. The risks are either 100% fronted or with a very minimal retention using high quality reinsurers. In Russia a portfolio of industrial risks has been underwritten the last few years. However, these risks are fully reinsured and the portfolio itself is in run-off.

For most products, claim settlements take place in a short timeframe. Only in motor liability and general liability insurance and some special insurance long settlements could occur. In lines of business such as general liability and motor liability (mainly bodily injury) with long settlements, the claims reserve is exposed to the risk of inflation. This risk is accurately monitored periodically, making use of actuarial liability adequacy tests and ALM studies.

The Insurance liabilities for Non-life consists of already reported claims and an 'incurred but not (enough) reported' IBN(E)R provision. These claims are either determined case-by-case or statistically. The insurance liabilities for Non-life include a margin for prudency on top of the 'best estimate' which is calculated based on a confidence level of 98.5%. The Insurance liabilities are tested at least twice a year for adequacy. If the liability adequacy test shows that the insurance liability Non-life is not within the range of 10% below or above the prudency margin, the parameters with which the provisions are established will be evaluated and adjusted when necessary. The test also verifies the adequacy of the provision for claims handling expenses and unearned premium.

Catastrophe risk is annually quantified using mostly externally developed catastrophe models. Based on this quantification, Achmea determines how much reinsurance capacity must be purchased in accordance with the reinsurance policy to hedge this risk. Following the approval of the FRC, the programme is placed in the reinsurance market.

The primary application of reinsurance is to manage exposure to weather-related events, natural disasters, events involving multiple victims, major fires and large claims in general and motor third-party liability. Reinsurance has significant effects driven by type of reinsurance chosen and the agreed retention and limits. Exposure to natural disasters is limited by the use of catastrophe excess-of-loss reinsurance. In general, catastrophe risks and large individual risks are covered in reinsurance treaties. Individual risks that exceed the treaty limit of the "per risk" programmes are covered on a facultative basis.

The catastrophe reinsurance covers and retentions for property and motor hull in the Netherlands and Greece are based on the calibration of the internal model. For 2014 and 2015 the reinsurance upper limit is based on at most a 0.5% exceedance probability for all catastrophe programmes. In 2014, the total catastrophe retention for Dutch catastrophe risk was €200 million and the highest retention per risk was €20 million (unchanged compared to 2013). The retention in the Netherlands on both the property catastrophe programme and the property per risk programme is protected for multiple large losses through layers with an annual aggregate deductible. The retention is based on the risk appetite and is mainly based on an assessment of the costs of reinsurance and the maximum acceptable annual retained loss. Eureko Sigorta has reinsured its largest catastrophe risk, earthquake risk, partly through the Turkish Catastrophe Insurance Pool and proportional treaties. The retention is covered through a catastrophe excess of loss programme.

Sensitivities

The sensitivity of the insurance liability for changes in the expenses and the cost of claims on the profit before tax is shown below. The impact on equity is comparable, where the result needs to be adjusted for tax. For each sensitivity factor, the other assumptions remain unchanged. The sensitivities of a 10% increase in costs or 5% increase in claims would have had the following impact.

NON-LIFE INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	GROSS CLAIM RATIOS + 5%
2014	−81	−80
2013	−80	−80

For this table, models based on an economic base are used (best estimates with a risk margin). For the purpose of sensitivity to costs, the costs from the source files are increased by 10% and the model is recalculated. For the purpose of sensitivity for claims, payments from the previous year are increased by 5%. The provisions are disregarded in this respect because shocks and disasters will probably be focused on events during the year, and would not have much impact on the provisions formed in the past. For premium risk, reserve risk and the risk due to massive lapses, we have developed internal risk models.

HEALTH RISK

Health risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from:

- changes in the level, trend, or volatility of the expenses incurred in servicing insurance contracts,
- fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements
- significant uncertainty of pricing and provisioning assumptions related to outbreaks of major epidemics, as well as the unusual accumulation of risks under such extreme circumstances
- the changes in the level, trend or volatility of the underlying risk drivers (longevity rates, incidence rates, lapse rates, expenses, recovery and revision rates) for disability insurance.

Health risk is present in disability insurance (Health SLT) and in medical expenses (Health NSLT) in the Netherlands.

DISABILITY

Risk profile

DISABILITY PORTFOLIO ANALYSES

(€ MILLION)

	2014			2013		
	LIABILITIES	GWP	%	LIABILITIES	GWP	%
Income protection	3,140	685	100%	3,114	708	100%

Disability products cover the risk of a reduction in income resulting from inability to work due to disability (long-term, Health SLT). Sickness and accident insurance (short-term, Health NSLT) are also included in this overview.

Achmea offers disability products based on local regulatory requirements. In the Dutch regulations there is a distinction between employers (including self-employed) and employees. For employers and the self-employed there is no public insurance and a full private insurance is available. For employees there is a public insurance, the Work and Income according to Ability Labour capacity (Wet werk en inkomen naar arbeidsvermogen) which consists of two covers: the income provision in case of full and permanent disability (Inkomensvoorziening Volledig en duurzaam Arbeidsongeschikten, IVA) and the return to work provision in case of partial or non permanent disability (Werkhervatting Gedeeltelijk Arbeidsgeschikten,WGA). There are two types of private insurance: supplements to the public insurance and (re)insurance of the WGA, since a company can choose to bear the WGA risk itself and exit the public insurance.

Risk response

Within disability, after the initial claims report a customer follows a reintegration program that assesses whether interventions by external service providers may be valuable. This consists of workplace adjustment or waiting list mediation.

Insurance liabilities related to income protection insurance are sensitive to changes in legislation, changes in medical cost levels, the level of absenteeism due to illness, the frequency and the extent to which people are considered to be disabled, the rate of recoveries from disability, and the level of interest and inflation rates.

An important part of the portfolio has a contract period of three to five years, allowing exposure to the above risks. In the vast majority of the agreements with maturities longer than one year the premium can be adjusted according to a clause in the policy conditions. The possibility of high claims per single risk for disability is mitigated by limiting the insured income and, in some cases, the use of reinsurance.

The Insurance liabilities for Disability consists of already reported claims and an ‘incurred but not (enough) reported’ IBN(E)R provision. These claims are either determined case-by-case or statistically. In addition to determining a best estimate provision, a prudency policy is defined. As a result negative deviations from the best estimate provisions should be absorbed.

The Insurance liabilities are tested at least twice a year for adequacy. The liability adequacy test for disability is based on cash flows. In determining the present value, the premium interest rate is used. Non-economic assumptions are based on a mix of industry standards and own experiences.

In Ireland, disability insurance is an important business line written on a standalone basis, but these products are also offered as part of life insurance products (PHI). The PHI contracts guarantee the premium rates for the duration of the contract for individual policyholders and for a limited period in the case of group contracts.

Sensitivities

The sensitivity of the insurance provisions for changes in the cost, the claims and incidence and recovery rates on the profit before tax is shown below. The impact on equity is comparable, where the result needs to be adjusted for tax. For each sensitivity factor, the other assumptions remain unchanged. The sensitivities of the percentages in the table would have in the book year the following impact:

DISABILITY INSURANCE SENSITIVITIES, IMPACT ON PROFIT BEFORE TAX (€ MILLION)

	MAINTENANCE EXPENSES + 10%	GROSS CLAIM RATIOS + 5%	INCIDENCE RATE +10%*
2014	-23	-24	-45
2013	-21	-24	-43

* *The scenario 'Incidence rate +10%' also includes a 10% lower recovery expectation on the new claims*

For the -10% sensitivity of the recovery rate an estimate is made based on last years' result and amounts € -58 million. For this table, models based on an economic base are used (best estimates with a risk margin). For the purpose of sensitivity to costs, the costs from the source files are increased by 10% and the model is recalculated. For the purpose of sensitivity for claims, payments from the previous year are increased by 5%. The provisions are disregarded in this respect because shocks and disasters will probably be focused on events in the year, and would not have much impact on the provisions formed in the past.
At the end of 2012 it became clear that the WGA insurance, and especially the product for own-risk bearers developed unfavourably, and measures were taken to limit any risk. Main uncertainties in the WGA insurance are inflow and the duration of the disability. WGA-Uitstap is still followed closely, but in 2013 and 2014 our expectation was confirmed that the additional measures that were taken in 2012 proved to be adequate.

MEDICAL EXPENSES

Risk profile

The health insurance system in the Netherlands consists of two components: a basic and a supplementary health insurance. Achmea offers both basic and supplementary health insurance to individual and group policyholders. For the basic health insurance Achmea offers the direct settlement ('natura'), the refund ('restitutie') and the combination policy. For the supplementary health insurance a refund policy is offered.

HEALTH PORTFOLIO ANALYSES (€ MILLION)

			2014			2013
	LIABILITIES	GWP	%	LIABILITIES	GWP	%
Basic Health insurance	4,916	11,881	87%	4,874	11,825	87%
Supplementary Health insurance	113	1,359	10%	171	1,410	10%
Other	91	365	3%	95	373	3%
	5,120	**13,605**	**100%**	**5,140**	**13,608**	**100%**

The basic insurance is mandatory for anyone who lives or works in the Netherlands and must be bought with a health insurer in the Netherlands. Each insurer has a duty to accept. It covers the basic standard of care and Achmea offers three kinds of insurance policies (direct settlement, refund and the combination). Premiums for the basic health insurance are largely influenced by political decision-making. The Dutch government determines the extent of coverage under the basic insurance package and the conditions applicable to the basic insurance package, including enrolment and the maximum discount for group contracts (10% of the gross premium). In addition, the government determines the payments from the health insurance equalisation fund to insurers and the standard nominal premium, the sum of which should be sufficient to cover the initially expected nationwide costs.

In addition to the health insurance premiums received from customers, Achmea receives compensation from the equalisation fund that is financed by employers and the Dutch government. Payments by this fund depend on the risk profile of the portfolio of insured customers. In combination with the standard nominal premium, payments from this fund are expected to equalise the claims level for all insurers. Therefore, in such a system with risk-compensation measures, the risk of a non-average portfolio of insured customers is in general supposed to be limited. These risks cover among others age, gender, medical status, type of employment, socio-economic status and geographic location, as well as an increase in the overall cost of health care.

On average, the total premium (including fund payments) of homogeneous risk groups should equal their costs. Thus in this regard health insurance is not different from non-life and additional health insurance. However, for some costs, there still exist ex-post compensating mechanisms which reduce the risk, namely for mental health care and hospital care (as of 2014). But these mechanisms will be greatly reduced in the following years.

Supplementary health insurance offers policyholders an opportunity to expand the cover provided by the basic health insurance. This insurance is optional and is comparable in nature and method to non-life insurance. The cover provided by these insurances is not tied to government stipulations and the insurer has the opportunity to differentiate the premium. Achmea offers a variety of general and dedicated supplementary health insurance packages. Premiums for supplementary health insurance are tailored to the cover offered.

As of 2015, the long-term care from the AWBZ is transferred to the Basic Health Risk (Health Insurance Act). For all insurers and for Achmea the transfer of the AWBZ entails considerable financial risks. It provides an increase in the capital requirement under Solvency I and also under Solvency II (both Standard Model and Partial Internal Model).

The uncertainties for a health insurer are specifically in basic health insurance, and occur for various reasons.

- Political decisions, such as transfer of the AWBZ.
- The equalization model is not suitable for the long-term care.
- Increasing market mechanism in healthcare.
- The settlements with Zorginstituut Nederland (ZN) per occurrence year, and the clearing of over and under-funding. The uncertainty of health-related costs is due to timeliness of invoice processing by health care providers, revenue settlement and the availability of reliable historical data.

In the process of estimating insurance liabilities and income from the health insurance equalisation fund uncertainties are still present, due to the transfer of the longterm care and the reduction of the ex-post compensating mechanism. Also for earlier years there are uncertainties on the amount of income received by the health insurer from the equalisation fund. Uncertainty arises because standard amounts per insurance item in the budget provision are based on incomplete data. Furthermore, a number of budget parameters can only be partially determined because the information needed has to be collected by the health insurer before it can be analysed. Additionally, national healthcare costs can be determined after they have been incurred and therefore the combined budget provision for all insurers can only be determined at a later date.

The uncertainties surrounding the estimates will take a number of years to clarify, as several years have passed since the introduction of the new health insurances system (2006), more data is becoming available on macro-incurred losses. This data is sourced from bodies representative of the health sector. On the other hand, due to the reduction of the ex-post compensating mechanism more risk is transfered to the insurer. Also yearly changes in legislation increases the uncertainty.

Risk response

Measures have been taken to mitigate the uncertainties on the amount of income stated above. Information from past years basic insurance claims is available for study and to determine standard amounts in the ex-ante risk equalisation model. Some portion of uncertainties is reduced through provisional information made available by ZN on budget parameters.

Achmea has taken a number of measures to mitigate the uncertainties on cost of care. The Insurance liabilities for outstanding claims and receivable from ZN are based on best estimates of expected amounts taking into account a prudent approach to uncertainties. Claim estimates are generated periodically by both care procurement and actuaries in order to gain insight into relevant developments and the adequacy of insurance liabilities. Achmea also uses a customer value model. With the customer value model the result of existing and possible new group contracts (prospects) is estimated and uncertainty of the result is reduced. In addition to these measures, there is more information available on a national level about the macro claims. Furthermore Achmea reduced the upward potential of the financial risk for hospital claims by contracting hospitals for maximum amounts in 2014 and 2015.

Based on annual evaluations, it has been decided not to re-insure the health risks, other than the legal obligations as HKC (high cost compensation, for the years up to and including 2011) and MHK (‘meerjaren hoge kosten’) from 2012.

Sensitivities

Both the division “Zorg & Gezondheid” and “De Friesland Zorg” perform a sensitivity analysis. An impact analysis is performed around the many uncertainties that Achmea has to deal with under the basic health insurance. Primarily, these are the uncertainties surrounding the forecasting of the health care costs and estimating the various budget components from the risk equalisation.

There are several insurance uncertainties (including macro costing and revenue offsetting the greatest impact) and scenarios are calculated in terms of the impact on the net result.

For the calculation of the maximum impact (in other words, based on the worst-case scenario) on the net result that may occur over a horizon of one year a certainty level of 99.5% is assumed for both the budget components and the cost of care.

The table below lists the results of this impact analysis of Basis Health Insurance. They are compared with the available capital including prudence margin in Insurance liabilities. If the change between budget items and the cost of care can be absorbed with the capital (including prudence) then the capital with a certainty of 99.5% is sufficient for the worst-case situation.

RESULTS IMPACT ANALYSES COMPARED TO AVAILABLE SOLVENCY (€ MILLION)

	2014	2013
Total available capital Basic Health Insurance	3,007	2,898
Results impact analyses	1,313	1,799
Available capital Basic Health Insurance in worst case	**1,694**	**1,099**

The performed impact analyses at the end of 2014 have shown that the existing capital of Achmea in conjunction with the prudence margin is more than sufficient to undergo the Worst Case (with a confidence level of 99.5%) in a one year horizon.

B MARKET RISK

Market risk is the risk of loss resulting from the level or volatility of market prices of financial instruments which have an impact upon the value of the assets and liabilities. It encompasses equity risk, interest rate risk, property risk, spread risk and currency risk. Achmea is exposed to market risk in its insurance and banking operations. Specific risk events which could have a significant impact are extreme shocks on the financial markets and an extreme increase of the interest rates.

ALM Framework

For its Dutch insurance companies, Achmea manages market risk positions within an Asset & Liability Management (ALM) framework developed to achieve long-term investment returns in excess of its obligations under insurance and investment contracts. The ALM’s key objective is to maximise the risk versus expected returns within the defined risk appetite. The total investment portfolio of Achmea is split into a matching-portfolio and a return-portfolio for generating investment income by taking market risks. A risk budget for market risk of the return portfolio is set based on the ALM study. The budget for market risk is determined on the basis of Achmea’s risk appetite which sets limits in terms of the relation of available capital to required capital, the maximum loss accepted, the maximum share of capital allowed for financial risks and a targeted credit rating. In the ALM study different asset mixes are tested for their effect on expected profit and these limits of the risk appetite. This research is executed at least annually or more frequently when appropriate. Following this an optimal return portfolio (the strategic investment mix) is determined that fits the set risk budget and provides the highest return given additional restrictions on, for example, liquidity and minimum size per asset class. Periodic monitoring is in place, focussing on deviations from the strategic mix, and managing the interest rate exposure. Investment decisions are taken at Group level, but the limits have to be adhered to by each distinct regulated entity for which a separate portfolio of assets is maintained.

For the insurance entities outside the Netherlands, an ALM and Investment Plan process is followed, based on central guidance from Group. Local investment policies are based on a periodic ALM study to safeguard that the investments best balance the risk positions that originate from the liabilities. In general, very limited market risk is taken above the level needed to balance the risk from the insurance liabilities.

Embedded options

Achmea sells products that contain embedded options in its insurance operations, such as minimum guarantees and profit sharing (see the product range under life risk). The total amount of related Dutch traditional life insurance liabilities subject to embedded options is €15.3 billion (2013: €14.4 billion). Less than fifteen percent of disability insurance liabilities in the Netherlands are related to products with profit sharing on technical results. In Ireland, there is a significant amount of with-profits business where generated profits are distributed to policyholders as reversionary or terminal bonuses. Irish with-profit business is based on the United Kingdom-model, where discretionary regular and terminal bonuses are given, dependent on returns on the Participating Fund. The total amount of the related insurance liabilities is €1.7 billion (2013: €1.5 billion). In general, profit sharing in Greece and Slovakia is a percentage of the excess investment return above the guaranteed rate. The related insurance liabilities are considered small at Group level. The decreasing market interest rates have led to higher premiums in group contracts and increasing provisions for interest rate guarantees.

The following sections provide when relevant more detail per risk type, where a distinction is made between insurance and banking operations.

Equity risk

Equity risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of equities. Achmea's exposure to equity risk is divided among the following sectors: Consumer (€216 million), Energy (€66 million), Financials (€2.037 million), Healthcare (€101 million), Industries (€86 million), Information Technology (€85 million), Materials and Construction (€46 million), Services (€72 million) and other sectors (€393 million).

Sensitivity of equities and alternative investments for a change in market value of +10% is €255 million (2013: €208 million) and -10% is €-251 million (2013: €-204 million). As Achmea's equity investments are mainly classified as 'Available for sale' this will in general only affect total equity as, besides impairment losses, changes in market values are only reflected in Total equity and not in Net profit. Total equity will be 2.6% lower if equity investments decline by 10%, and solvency will be 6.4% lower. In these figures the sensitivity of future profits to fees and charges in the unit-linked portfolio, which are related to unit-linked asset value, is not taken into account.

Interest rate risk

Interest rate risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to Changes in the term structure of interest rates (both nominal and real) or in the volatility of interest rates. Interest rate risk is present in the insurance and banking operations of Achmea.

Interest rate risk within insurance

Risk profile

Both the guarantees and profit participation in the insurance products create an exposure to interest rate risk for Achmea, see the section on embedded options.

Risk response

Achmea's interest rate policy for the Dutch insurance entities is to manage the interest rate risk of investments and liabilities on an economic basis using different scenarios for parallel shifts in the interest rate curves. The negative change in the difference between assets and liabilities must remain within an allowed bandwidth; changes in the composition of the investment portfolio are implemented to correct mismatches. Interest rate derivatives are used to improve the matching of insurance liabilities as part of this process. The interest rate sensitivity of the net position is assessed on a monthly basis, both on regulated entity and Achmea Group level. For this assessment, parallel shocks are applied to the replicating portfolios and the related actual investment portfolios. The sensitivity for a shock of 40 basis points and 100 basis points has to be within certain bandwidths for both Life and Non-life. These are respectively -1.5% and -4% of available capital for Life and -1% and -3% of available capital for Non-life. For Hagelunie N.V. this bandwidth is specifically set at -1.5% and -4.5%, given the size of the investment portfolio.

Achmea hedges interest rate risk that originates from the insurance liabilities, by means of an overlay management process that makes use of interest rate derivatives (swaps and swaptions). Achmea has entered into a number of long-term interest rate derivative contracts within its Life business. These derivatives are supplementary to the conventional fixed-income investments and the primary aim of the derivatives is protection of economic value. Achmea applies hedge accounting when necessary to decrease the volatility in the Consolidated Income statement. The total value of the interest rate derivative position is €2.944 million (2013: €549 million) with a notional amount of €22.8 billion (2013: €19.8 billion).

The following table shows the notional amounts and the positive (assets) and negative (liabilities) fair values of Achmea's interest rate derivative contracts. The exposure through derivatives is fully collateralised.

INTEREST RATE DERIVATIVES (INSURANCE)

(€ MILLION)

	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
2014			
Interest derivatives	22,756	3,558	614
Future interest cash flow of the liability interest derivatives	720		
2013			
Interest derivatives	19,800	1,020	471
Future interest cash flow of the liability interest derivatives	440		

Sensitivities

For internal monitoring and management, Achmea uses scenarios of interest rate sensitivity shocks with the effect presented on the capital position. The impact on the technical provision in this calculation is measured on an economic basis, using the swap curve excluding the ultimate forward rate. The result of Achmea may be influenced depending on the accounting classification of affected balance sheet items or recognition of impairments and the impact of the curve used performing the liability adequacy test. In this test a discount rate is used based on the AAA-government bond curve which is extrapolated by means of an ultimate forward rate (UFR), currently 4.2%. The UFR is the risk-free discount rate after the last liquid point in the Euro swap market and based on a long-term equilibrium rate of historical data. The impact of an increase in interest rates of 1% measured at the economic basis at year-end 2014 was €-44 million. The impact of a similar size decrease was approximately €-126 million. Sensitivities only relate to parallel shifts in the interest rate curves.

SCENARIO INTEREST RATE SHOCKS

(€ MILLION)

	EFFECT INTEREST RATE SHOCK -1%	EFFECT INTEREST RATE SHOCK -0.4%	EFFECT INTEREST RATE SHOCK +0.4%	EFFECT INTEREST RATE SHOCK+1%
2014	**−126**	**−18**	**−8**	**−44**
2013	−191	−67	57	149

Achmea's foreign subsidiaries apply a duration matching approach within bandwidths, which is monitored locally via committees. On an annual basis a full ALM study is carried out, which includes, in addition to duration matching, sensitivities on available capital for different scenarios for shifts in the interest rate curves. This is discussed at both local and Group level.

Interest rate risk within bank

Risk profile

The banking operations of Achmea are exposed to fluctuations in interest rates both economically (market value of assets and liabilities) and in terms of earnings. Risk taking and managing risk as a source of profitability is a core business activity for a bank. However, excessive interest rate risk can pose a significant threat to a bank's capital and earnings. Accordingly, an effective risk management process that maintains interest rate risk within prudent levels is essential for the safety and soundness of a bank. The focus of the banking activities of Achmea is on retail banking products (mortgages, deposits, savings and current accounts). The majority of these products or services generate interest rate risk.

Risk response

This risk is mitigated by using derivatives (interest rate swaps and forward rate agreements). Within Achmea's banking activities no use is made of non-linear derivatives, such as swaptions, caps and floors.

The following table shows the notional amounts and the positive (assets) and negative (liabilities) fair values of Achmea's interest rate derivative contracts related to banking activities.

SENSITIVITIES BANKING ACTIVITIES

(€ MILLION)

	2014 ACHMEA BANK	2014 STAALBANKIERS	2014 FRIENDS FIRST FINANCE	2013 ACHMEA BANK	2013 STAALBANKIERS	2013 FRIENDS FIRST FINANCE
Income at Risk +100 basis points	6	1		12	1	
Value at Risk	72	–5		53	7	
Stress test -100 basis points	10	3		28	4	
Stress test +100 basis points	–31	–3		-26	-4	

INTEREST RATE DERIVATIVES (BANKING ACTIVITIES)

(€ MILLION)

	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
2014			
OTC - Interest swaps	15,938	314	1,160
Future interest cash flow of the liability interest derivatives	964		
2013			
OTC - Interest swaps	11,785	283	1,001
Future interest cash flow of the liability interest derivatives	1,037		

Property risk

At year-end, total investment property amounted to €1.125 million (2013: €1.200 million) (2.4% of the total investment portfolio(2013: 2.7%)). The greater part is invested in direct real estate in the Netherlands. An overview of the composition of the investment property portfolio is given in Note 11 Investment property.

The impact of a 10% decrease in the value of real estate would result in a 1.1% decrease (2013: 1.1%) in Total equity and a 2.9% decrease (2013: 2.5%) in the solvency ratio. In these figures the sensitivity of future profits to fees and charges in the unit-linked portfolio, which are related to unit-linked asset value, is not taken into account.

Spread risk

Spread risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of credits spreads over the risk-free interest rate term structure. Achmea's main exposure to spread risk is from investment grade credits (€8.547 million, 2013: €8.407 million), convertible bonds (€315 million, 2013 €308 million) and emerging market debt (€138 million, 2013: €156 million). Achmea mitigates the spread risk through a conservative investment strategy that balances the exposure types (corporates, financials, covered bonds, government related bonds and asset backed securities), the maturity profile and the regional allocation. The credit rating of the fixed income instruments is presented in the counterparty default risk paragraph.

Currency risk

Currency risk is the risk resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of currency exchange rates.

Risk profile

The exchange rate risk table below shows the total exposure to the major currencies at year-end.

EXCHANGE RATE RISK (€ MILLION)

	2014 TOTAL EXPOSURE	2014 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	**2014 NET EXPOSURE**	2013 TOTAL EXPOSURE	2013 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2013 NET EXPOSURE
Assets						
US dollar	2,791	2,536	255	4,049	3,091	958
Pound sterling	1,359	378	981	1,073	239	834
Polish zloty	117		117	110		110
Swiss franc	346	346		747	552	195
Turkish lira	403		403	387		387
Russian ruble				119		119
Other	483	533	−50	545	400	145
	5,499	**3,793**	**1,706**	**7,030**	**4,282**	**2,748**
Liabilities						
US dollar	65	13	52	982	73	909
Pound sterling	981		981	849	1	848
Polish zloty	112		112	225		225
Swiss franc	−120	−121	1	163		163
Turkish lira				−11		−11
Other	6		6		2	−2
	1,044	**−108**	**1,152**	**2,208**	**76**	**2,132**
Net position						
US dollar	2,726	2,523	203	3,067	3,018	49
Pound sterling	378	378		224	238	−14
Polish zloty	5		5	−115		−115
Swiss franc	466	467	−1	584	552	32
Turkish lira	403		403	398		398
Russian ruble				119		119
Other	477	533	−56	545	398	147
	4,455	**3,901**	**554**	**4,822**	**4,206**	**616**

Risk response

Achmea's policies on foreign currencies and hedging strategies do not aim to fully hedge foreign currency exposure. In general, Achmea does not hedge the net investment in, or the income streams from, its non-euro subsidiaries, because the operations of these subsidiaries are regarded as part of Achmea's long-term strategy. Exposure in the investment portfolio is generally hedged. Achmea is exposed to currency risk, specifically in US dollars, as part of the regular investment portfolio (equities, fixed-income investments and listed real estate). In 2014, the investment portfolio, denominated in US dollars, was hedged to a large extent. Other significant long-term exposures are the Turkish lira, through the investments in Eureko Sigorta and Garanti Emiklilik.

The table below summarises the notional amounts of Achmea's currency derivatives and the fair values of these derivatives.

CURRENCY DERIVATIVES (€ MILLION)

	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
2014			
Forward exchange contracts	3,494	28	109
Currency/cross currency swaps	407	64	
Total currency derivatives	3,901	92	109
2013			
Forward exchange contracts	2,683	42	14
Currency/cross currency swaps	1,523	183	
Total currency derivatives	4,206	225	14

Achmea applied fair value hedge accounting for the portfolios exposed to foreign currency risk. Fair value hedge accounting implies that the fair value movements from the hedging instrument and the fair value movements from the hedged item that are attributable to the hedging risk are recognised in the income statement. Foreign exchange contracts are used as hedging instruments.

The fair value of a foreign exchange contract varies identically with the foreign exchange rate and this equals the fair value changes related to foreign currency differences of an investment in a foreign currency. Therefore, hedge accounting related to foreign exchange can be 100 per cent effective. These results are presented in the table on the right.

RESULTS ON HEDGE ACCOUNTING (€ MILLION)

FOREIGN CURRENCY FAIR VALUE HEDGES	2014	2013
Fair value changes of the hedged item attributable to the hedged risk	-62	31
Fair value changes of the related derivatives	80	-37
Net result	**18**	**-6**
Fair value of derivatives used for hedging at year end	-46	-22

Sensitivities

Achmea uses scenario analysis to assess the effect of changes in foreign currency exchange rates against the euro on Total equity and Profit before tax. The table below shows the impact of a change in foreign exchange rates on total equity and profit before tax based on the situation at year-end. In these figures the sensitivity of future profits to fees and charges in the unit-linked portfolio, which are related to unit-linked asset value, is not taken into account.

EURO VERSUS ALL OTHER FOREIGN CURRENCIES + 10 % (€ MILLION)

	2014 TOTAL EQUITY	2014 PROFIT BEFORE TAX	2013 TOTAL EQUITY	2013 PROFIT BEFORE TAX
Financial instruments	−10	−15	-16	-22
Associates and joint ventures	−6		-5	
Subsidiaries	−24		-33	
	−40	**−15**	**-54**	**-22**

On the basis that all other variables remain stable, a 10% decrease of the euro against all other foreign currencies at 31 December 2014 would have had the opposite effect on the amounts shown in the table on the left.

C COUNTERPARTY DEFAULT RISK

Counterparty default risk is the risk of loss resulting from unexpected default, or deterioration in the credit standing (e.g. migration), of the counterparties and debtors of Achmea over the forthcoming 12 months. Achmea is exposed to counterparty risk in the area of investments, treasury, banking, reinsurance, healthcare providers, intermediaries, and policyholders.

Risk profile

Achmea is exposed to counterparty risk in the above mentioned areas. Financial assets as presented in the Consolidated Statement of Financial Position and related Notes, represent the maximum exposure to credit risk.

The following table provides information on the aggregated counterparty risk exposure for the financial investments categorised by external rating and assets not rated.

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

2014	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Bonds	14,621	2,953	4,949	5,759	4,025	249	582	33,138
Loans and mortgages		254		57			1,896	2,207
Deposits with reinsuers					954			954
Deposits with credit institutions		5	39	235	4	98	302	683
Derivatives			2	372	1		3,649	4,024
Other financial investments*			2,609				420	3,029
Investments backing linked liabilities								
Bonds and other fixed-income investments	2,819	554	207	72	109	29	8	3,798
Derivatives			4	114	93	60	78	349
Cash and other financial investments			7,049	5			779	7,833
Banking credit portfolio			140	1,014	50		14,023	15,227
Amounts ceded to reinsurers		12	508	638	7		271	1,436
Receivables and accruals		1,623	17	4	1		3,889	5,534
Cash and cash equivalents		–42	110	393	11	35	1,209	1,716

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, and other financial instruments. For overview of other investments reference is made to Note 12.*

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

2013	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Bonds	15,353	3,909	4,451	4,507	4,451	269	1,242	34,182
Loans and mortgages				56			216	272
Deposits with reinsurers							849	849
Deposits with credit institutions			135	174	8	128	557	1,002
Derivatives			92	367		1	1,120	1,580
Other financial instruments*		3	2,790	50			245	3,088
Investments backing linked liabilities								
Bonds and other fixed-income investments	3,458	568	378	278	224	21	2,347	7,274
Derivatives					231		41	272
Cash and other financial investments			6,529	15			834	7,378
Banking credit portfolio		15	407	674	195		13,960	15,251
Amounts ceded to reinsurers		43	70	550	2		239	904
Receivables and accruals		943	19	19	1		4,093	5,075
Cash and cash equivalents		231	541	−482	13	27	2,930	3,260

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, investments related to cash collateral received in securities lending, and other financial instruments. For overview of other investments reference is made to Note 12.*

Part of the unrated reinsurance assets amounting to €0 million (2013: €849 million) is a deposit with reinsurers resulting from a specific reinsurance treaty. Under this treaty, Achmea has the right to offset certain amounts due to, and from, a cedant in the event of insolvency.

The table below provides an overview of asset and liabilities subject to offsetting, enforceable master netting agreements and similar agreements.

FINANCIAL ASSETS SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

(€ MILLION)

2014	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET OFF IN THE STATEMENT OF FINANCIAL POSITION	NET AMOUNTS OF FINANCIAL ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives	4,024		4,024	758		3,266
Banking credit portfolio	15,227		15,227			15,227
Cash and cash equivalents	4,456	2,740	1,716			1,716
2013						
Derivatives	1,590	10	1,580	479		1,101
Banking credit portfolio	15,251		15,251			15,251
Cash and cash equivalents	7,352	4,092	3,260			3,260

FINANCIAL LIABILTIES SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

(€ MILLION)

2014	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES SET OFF IN THE STATEMENT OF FINANCIAL POSITION	NET AMOUNTS OF FINANCIAL ASSETS PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives	−457	703	−1,160	664		−1,824
2013						
Derivatives	1,483	−8	1,491	479		1,012

The following table provides impairment charges for bonds categorised by external credit ratings.

IMPAIRMENT CHARGES BONDS RECOGNISED IN INCOME STATEMENT

(€ MILLION)

	2014	2013
AAA		
BBB		
Below BBB	7	2
Unrated	2	
Total impairments recognised in the Consolidated Income Statement	**9**	**2**

The following table provides an overview of the carrying amounts of financial assets that have been impaired and the ageing of financial assets.

FINANCIAL ASSETS, THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

	NEITHER PAST DUE NOR IMPAIRED	PAST DUE BUT NOT IMPAIRED					IMPAIRED ASSETS	TOTAL CARRYING AMOUNT
			AMOUNTS PAST DUE					
2014	CARRYING AMOUNT	CARRYING AMOUNT PRINCIPAL	0-3 MONTHS	3 MONTHS – 1 YEAR	1 YEAR	MORE THAN ONE YEAR PAST DUE	CARRYING AMOUNT AFTER IMPAIRMENT	
Investments								
Bonds	33,126	3					9	33,138
Loans and mortgages	2,206						1	2,207
Deposits with reinsurers	954							954
Deposits with credit institutions	683							683
Derivatives	4,024							4,024
Other financial investments*	3,029							3,029
Investments backing linked liabilities								
Bonds and other fixed-income investments	3,798							3,798
Derivatives	349							349
Cash and other financial investments	7,833							7,833
Banking credit portfolio	14,875	207	2	1	2		140	15,227
Amounts ceded to reinsurers	1,436							1,436
Receivables and accruals	3,537		301	106	486	893	211	5,534

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, and other financial instruments. For overview of other investments reference is made to Note 12.*

FINANCIAL ASSETS, THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

2013	NEITHER PAST DUE NOR IMPAIRED	PAST DUE BUT NOT IMPAIRED					IMPAIRED ASSETS	TOTAL CARRYING AMOUNT
			AMOUNTS PAST DUE					
	CARRYING AMOUNT	CARRYING AMOUNT PRINCIPAL	0-3 MONTHS	3 MONTHS - 1 YEAR	1 YEAR	MORE THAN ONE YEAR PAST DUE	CARRYING AMOUNT AFTER IMPAIRMENT	
Investments								
Bonds	34,165	2					15	34,182
Loans and mortgages	272							272
Deposits with reinsurers	849							849
Deposits with credit institutions	1,002							1,002
Derivatives	1,580							1,580
Other financial investments*	3,088							3,088
Investments backing linked liabilities								
Bonds and other fixed-income investments	7,274							7,274
Derivatives	272							272
Cash and other financial investments	7,378							7,378
Banking credit portfolio	14,836	230	4	1	2	7	178	15,251
Amounts ceded to reinsurers	821						83	904
Receivables and accruals	2,686		906	350	955	2,211	178	5,075

* *Other financial investments include saving accounts linked to life insurance contracts, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan, investments related to cash collateral received in securities lending, and other financial instruments. For overview of other investments reference is made to Note 12.*

Receivables include €847 million (2013: €1,057 million), which are payments to hospitals regarding the delayed invoicing. Reference is made to Note 17 Receivables and accruals.

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 Bank and Staalbankiers. In 2014 we started to build a mortgage lending exposure in life insurance. The credit risk in mortgage lending is managed by applying credit approval criteria and subsequently monitoring repayment criteria. Any non-standard conditions imposed on borrowers require the approval of the Credit Committee. Procedures are in place to monitor interest and repayment arrears. Achmea is actively pursuing a policy of enhancing the risk profile of the banking credit portfolio by improving risk assessments and by securitisation of existing mortgage credit portfolios.

Achmea's banking activities provide primarily loans with real estate as collateral (mortgage backed loans) and / or with a security deposit as collateral. The total amount of loans with collateral of €13,503 million is part of the maximum credit exposure, presented as banking credit portfolio in the table above. Furthermore, these loans are issued only to counterparties which have been approved by the Credit Committee.

The credit risk of mortgage loans is broken down into categorised mortgages with a low risk profile (guaranteed mortgages in the Netherlands by the Dutch government) and securitised mortgages with an average risk profile (all other mortgages receivables and purchased own bonds) and with a high risk profile (the part of mortgage receivables above loan to foreclosure value of 75%). This classification is in line with the reporting standards of De Nederlandsche Bank (DNB).

RISK MORTGAGES PORTFOLIO

(€ MILLION)

	2014 ACHMEA BANK	2013 ACHMEA BANK	2014 STAALBANKIERS	2013 STAALBANKIERS	2014 PENSION & LIFE NETHERLANDS	2013 PENSION & LIFE NETHERLANDS
High risk	5,517	5,569	212	155	1,099	
Medium risk	4,035	4,423	798	835	89	
Low risk	2,941	2,372			389	
Total mortgage portfolio	**12,493**	**12,364**	**1,010**	**990**	**1,577**	

Risk response

The counterparty risk group level governance framework is defined in the Counterparty Risk Policy by explicitly describing roles and responsibilities, the process for initiating transactions with new counterparties, the limit distribution per counterparty within Achmea departments and legal entities and the limit revision and exposure control process. The principles of this policy are linked to the Achmea Capital Adequacy Policy. In this way, exposure concentrations are ensured to be conservatively less than capital surplus on both Group level and legal entity level within Achmea.

The main 'prevention' objective in managing counterparty risk is to prevent concentrations, ensure that portfolios are well diversified and ensure that risks are sufficiently reduced or mitigated. Alternatively, the main contingency objective in managing counterparty risk is to ensure that recovery processes are well organised and capital surplus is sufficient to withstand credit events.

An important element in the Counterparty Risk Policy is to require ratings from multiple agencies and use the second-best rating to offset subjectivity. Furthermore, Achmea monitors the credit default swap (CDS) spread of financial institutions on a daily basis and lowers the exposure limit if the CDS spread stays too high for too long. Concentration limits enforce diversification across counterparties. Additionally, investment management requirements ensure further diversification across counterparties, regions and sectors on investment portfolio level.

At the heart of this policy is a rating-based system of exposure limits per counterparty as given in the following table:

MAXIMUM GROUP-LEVEL EXPOSURE

(€ MILLION)

RATING	SUPRA NATIONALS AND GOVERNMENTS	OTHER COUNTERPARTIES
AAA	(no limit)	500
AA+, AA, AA-	500	350
A+, A, A-	300	225
BBB+	200	150
BBB	150	100
BBB-	75	50

Achmea decided that these maximum Group-level exposure limits do not apply to the exposure towards the Rabobank Group. This exposure mainly consists of saving accounts held at Rabobank Group related to life insurance policies in force (Note 12 Investments) and a credit facility that is reported as Loans and borrowings (Note 27).

Derivative transactions are only initiated with counterparties that meet Achmea's rating requirements and collateral requirements. ISDA master agreements (International Swaps and Derivative Association) are in place between Achmea entities and its derivative counterparties. The policy defines collateral requirements that must be specified in the individually negotiated Credit Support Annexes. Only government bonds issued by highly rated countries and cash collateral in Euros, US dollars, British pounds and Swiss francs are accepted as collateral. Independent valuation of derivatives, daily settlement of collateral and increasing haircuts related to remaining maturity of the received collatoral, further reduces the counterparty default risk.

In response to European Market Infrastructure Regulation (EMIR), Achmea has an explicit policy in place for both centrally cleared OTC derivative contracts and non-centrally cleared derivative contracts. There is an explicit policy for managing counterparty risk from the portfolio of government bonds in the 'core' of Achmea's investment portfolio, and improved exposure measurement accuracy with respect to counterparty risk as a result of guarantees provided by Achmea to clients in the 'unit-linked' portfolio's. The process for counterparty authorisation of Achmea's Operating Companies via Achmea's international division is further streamlined.

With respect to counterparty risk of receivables regarding private persons unable to pay their health premiums there are procedures are in place. The Dutch government has a policy that obliges the insurer to provide all Dutch citizens with health insurance. As a consequence, private persons who are unable to pay their premium must be provided health care by law. Hence, on the liability side we cannot terminate this risk. To enable insurers to manage this risk, the Dutch government has put in place regulations through the Health Care Insurance Board (NHCI)), which compensates for all unpaid premiums due for more than six months. This risk for Achmea is therefore limited to at most six months of unpaid premiums per private person. In addition to this, Achmea holds capital to buffer for the risk of more private persons failing to make their payments.

D LIQUIDITY RISK

Liquidity risk is the risk that actual and potential payments and collateral obligations cannot be met when due. Achmea distinguishes between funding liquidity risk and market liquidity risk. The first type of liquidity risk is defined as the risk that a company will not be able to meet efficiently both expected and unexpected current and future cash flows and collateral needs without affecting either daily operations or the financial condition of the company. The latter is defined as the risk that the company cannot easily offset or eliminate a position at the market price because of inadequate market depth or market disruption.

Risk profile

The table below presents the liquidity risk as managed by the banks locally, including intercompany transactions as this reflects liquidity risk within Achmea's banking entities more appropriately,

LIQUIDITY RISK EXPOSURE BANKING (€ MILLION)

2014	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Assets					
Investments	2	463	272	135	872
Banking credit portfolio	707	702	3,242	10,580	15,231
Cash and cash equivalents	215				215
Other assets	1			2	3
Total assets	**925**	**1,165**	**3,514**	**10,717**	**16,321**
Liabilities					
Banking customer accounts	3,165	811	1,281	1,084	6,341
Loans and borrowings	464	1,463	2,443	896	5,266
Derivatives	132	57	449	522	1,160
Other liabilities	29				29
Total liabilities	**3,790**	**2,331**	**4,173**	**2,502**	**12,796**
Net liquidity gap	**–2,865**	**–1,166**	**–659**	**8,215**	**3,525**

The amounts disclosed in the maturity analysis are the contractual undiscounted cash flows. Therefore, the table above does not reconcile to the discounted cash flows in the Consolidated Statement of Financial Position.

Maturity analyses of the insurance liabilities are presented in Note 21 Insurance liabilities and Note 22 Insurance liabilities where policyholders bear investment risks.

Risk response

Achmea's funding strategy is based on assuring access to international capital and credit markets at low cost, underpinned by credit ratings in line with its peers. In general, each operation is responsible for funding its own activities. Access to capital and credit markets are arranged both at legal entity and at holding level. The holding may be involved in financing the operations of certain subsidiaries, through capital increases or subordinated loans. Funding at holding level could come from dividends from subsidiaries, issuance of debt and committed and uncommitted credit lines with a number of national and international banks. At the end of 2014, sufficient funding was available. At the end of 2014 the committed credit lines (€ 750 million) were undrawn.

Linked to the business plan, liquidity planning takes place at both subsidiary and holding level. Those plans are updated on a monthly basis and more often if necessary. Reporting to the FRC on the liquidity position takes place on a quarterly basis. A liquidity contingency plan is drafted describing the procedures and options to arrange liquidity in times of stress. This plan describes possible actions and sources of funds taking into account the behaviour of other counterparties.

Achmea has defined relevant metrics for each of its legal entities as well as the Holding. The metrics aim to provide a forward looking view on Achmea's liquidity position and liquidity risk exposure for various time horizons under normal conditions as well as for a range of moderate and extreme stress events. Combined with limits, they support Achmea to satisfy its risk appetite statements as defined by the FRC and provide early warning signs when Achmea runs the risk of having insufficient liquidity to meet its liabilities. Furthermore, they enable Achmea to provide quantitative information about its liquidity position on different levels to supervisors and market participants. With regard to extreme scenarios, several contingency actions are defined in order to generate liquidity.

Insurance specific liquidity risk is managed by divisions and foreign subsidiaries. In their liquidity planning, cash inflows and outflows from insurance activities are taken into account. Huge distortions could arise in case of a catastrophe, when payments to clients have to be made, while corresponding payments are not yet received from reinsurers, and for payments from health pooling organisations in the Netherlands. Liquidity risk within Achmea's insurance operations is mitigated through the availability of cash, credit facilities and investments in liquid assets.

Achmea's banking entities main funding sources are securitisations, covered bonds, unsecured funding and retail funding (deposits and savings accounts). Achmea strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. Achmea continuously assesses liquidity risk by identifying and monitoring changes in funding required to meet overall strategic business goals and targets.

For its banking activities, Achmea manages its liquidity risk as part of its internal liquidity adequacy assessment process (ILAAP) at different levels:

- In the short-term (overnight to one month), the bank's cash position is managed on a daily basis.
- In the medium-term, Achmea measures the net funding requirement (NFR) against different scenarios to control its liquidity risk. The NFR measures the amount of funding needed to fulfil obligations, including any refinancing requirement in the capital market and net increase in assets of the retail business (e.g. mortgages).
- For the long-term, the bank strives for a well diversified funding base both in terms of maturity and funding sources.

Furthermore, the banking units have adequate liquidity contingency plans available.

A liquidity barometer is in place to calculate all assets, liabilities and off balance sheet exposures under stress scenarios. The maximum cash outflow is calculated with scenario-based stress tests over the short term (30 - 90 days). Important metrics for the banking entities are the liquidity coverage ratio (LCR), defined as the stock of high quality liquid assets divided by the net cash outflow over a 30-day period, and the net stable funding ratio (NSFR), defined as the available amount of stable funding divided by the required amount of stable funding. Both indicators should be above 100%.

E OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

Risk profile

Operational Risk includes the following 7 categories of risk events and management actions: 1. Internal Fraud, 2. External Fraud, 3. Execution, delivery and process-management, 4. Clients, products and business practice, 5. Business disruption and system failure, 6. Damage to physical assets and 7. Employment practices and workplace safety.

Achmea recognizes from strategic assessment several material operational risks, and for each measures have been taken. Specific operational risks which could have a significant impact on short term are information security and inadequate responses to increase consumers' trust. The ambition to become the most trusted insurer puts increasing pressure on the organisation. From various programs such as customer centricity, trusted communication and new customer service concepts further interpretation is given. The Product Approval and Review Process is improved. A dedicated team for product approval is available to assist where necessary. Further improvement of the process is necessary. ICT systems are essential in realising the ambition to e-insurer. There is a risk that too little speed in the realisation of target architecture is made. The sophistication and frequency of cybercrime are increasing. The risk is that attacks are not recognised in time and are insufficient decisively handled. Measures have been taken in the form of setting up a Security Operating Centre, phasing out of outdated infrastructure and streamlining security processes. An Information Risk Management Policy is published and being implemented. Changing customer behaviour and (new) competition necessitate to continuous adjustments. There is a risk that the organisation does not realise these adjustments sufficiently fast. Integrity and behaviour of staff is an inherent risk. Attracting and retaining staff with the right skills and talents is challenging.

Risk response

Operational Risk Management (ORM) is the process that aims to identify the uncertain events that can impede the achievement of the business objectives and to manage them within the limits of operational risk appetite of the organisation. In this way the ORM process supports the organisation in achieving its objectives. Achmea's management is responsible for managing and monitoring operational risks (first line). They are supported by a professional ORM function (second line) which provides policy framework, facilitates, monitors and reports the operational risks and if necessary, escalates.

The ORM process supports management when compromising between operational risks, commercial interests and efficiency. Operational risks are mainly identified and assessed in Risk Self Assessments, supported by scenario's analysis and analysis of internal and external loss data. The business units identify their risks, on a planned and ad hoc manner. This is with respect to strategic, tactical and operational aspects of business and projects and programs. Part of the decision making process is that the management assesses the risks against commercial interests and efficiency and then comes up with a proposal to deal with the risk (risk response). The selection is based on the extent to which management is willing to accept the risk as part of the strategy of the organisation and the costs of prevention.

To support the implementation of, and compliance with, the Operational Risk Management Policy, the first and second line, periodically discuss policy compliance and, where necessary, take action.

To ensure the continuity of our service during (major) crises, critical chains are identified based on business impact analysis. Where necessary, additional measures are taken. The crisis communication plan ensures clear communication with the stakeholders taking into account all forms of media. Information risks are managed in cooperation between the business units, information management and ORM column.

For regaining the public's trust in the sector, Risk and Compliance participated in the drafting, implementation and enforcement of the controlled remuneration policy. Risk takers were identified, a risk analysis on the remuneration policy was performed and risk adjustment in the performance management process was taken care of.

In 2014 the Risk departments facilitated the assessment of strategic risks. These Strategic Risk Assessments were performed in each business unit and on group level. Management kept oversight of the identified risks and the way to mitigate these as part of the business plans. The results of the Strategic Risk Assessments are also used as input for the selection of scenarios and stress tests in the context of ORSA and the assessment of the accuracy of the Operational Risk capital. The performance of risk assessments is an ongoing process during the year enriched with the outcomes of Operational Risk scenario's which focus on further quantifying and mitigating the biggest operational risks.

F COMPLIANCE

Achmea defines a compliance risk as the risk of loss (including legal or regulatory sanctions) resulting from failure to comply with laws, regulations, rules, related self-regulatory organization standards, and codes of conduct applicable to its activities. Failing to comply may result in legal- or regulatory sanctions, material financial loss, or reputational damage. Compliance directly contributes to the ambition of Achmea to become the most trusted insurer. This ambition includes a strong focus on customer interests. Compliance will enable and supervise management to comply with laws, regulations and internal codes of conduct. Compliance has translated the most important legal provisions into compliance themes within the Achmea Control Framework and based on these themes management performes self assessments.

Achmea's Laws & Regulation Committee identifies new and amended legislation and determines the impact on the organisation. Implementation is the responsibility of operational management. In case of profound impact on Achmea, the committee will advise the Executive Board to start a comprehensive implementation project.

Within the organisation, the compliance function is identified at the level of group entities (including OpCo's) and at the level of Group holding.

Risk & Compliance on group level is responsible for the identification of compliance issues, creating compliance awareness, providing compliance advice and the communication and monitoring of the compliance risks. Risk & Compliance has incorporated frameworks for policies and procedures. Another important element of its activities is the communication with regulators. Together with the Board Office, Risk & Compliance coordinates all contacts with the regulators.

Compliance is the responsibility of Operational Management, supported by the Divisional Compliance Officer. To support the Executive Board and the coordination group, the central staff department Risk & Compliance is in charge. The Division Compliance Officer is hierarchically under the direction of the division and is functionally controlled by the Group Compliance Officer (GCO).

The local Compliance Officers provide all compliance related matters to Risk & Compliance. Risk & Compliance consolidates all these items into a consolidated report to the Executive Board and Audit & Risk Committee of the Supervisory Board.

There is a vast and growing amount of supervisory investigations with a huge impact on the business. Not only from local regulations but also international legislation that becomes applicable such as FATCA, UK Bribery act, European legislation on privacy etc. Much effort is required to assist the regulators in their investigations and this is coordinated by the Laws & Regulation Committee. It will be important to demonstrate that improvements from reported issues are shown according to plan.

A number of initiatives from the integrated cross-divisional change agenda enhanced the focus on customers' interests. With the assistance of the compliance department the customer policy information has been clarified, the product development process and customer advise processes, including Execution Only, has been improved.

A relatively increasing number of incidents relates to privacy issues. This can be explained by the move of Achmea toward a digital insurer and society's increased focus on privacy issues. Risk & Compliance will give more attention to the monitoring of privacy issues and the preparation for the coming European legislation on privacy, including big data initiatives.

Continuous monitoring is an important instrument to provide assurance that compliance with legal provisions is guaranteed.

52. CAPITAL MANAGEMENT

Achmea's strategy on funding is based on safeguarding the access to international capital and credit markets at low cost, underpinned by credit ratings in line with our peers. Actual funding activities are centralised and are coordinated at Holding level, even though, in principle, each business is responsible for financing its own business. Achmea can participate in financing the operations, usually through subordinated debt funding and other forms of capital and loans. Other forms of capital instruments such as perpetual hybrid instruments are classified as Other equity instruments in equity and part of Achmea's capital management.

According to regulations on the supervision of financial conglomerates (based on European Union directives, the so called Financial Conglomerates Directive (FCD)), Achmea's available capital should at least be equal to the sum of required capital of the regulated entities. Different sector rules apply for insurance activities and banking activities. In addition, Achmea has set internal requirements, well above the regulatory requirements.

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Total equity	9,818	9,702
Deductions	−1,060	−1,436
Subordinated loans	527	526
Available capital	**9,285**	**8,792**
Required capital insurance activities	3,923	3,947
Required capital banking activities	354	380
Required capital	**4,277**	**4,327**
Surplus capital	**5,008**	**4,465**
Ratio available/required capital	**217%**	**203%**

Achmea's available capital is made up of ordinary equity, preference shares of €311 million (31 December 2013: €311million), Other equity instruments consisting of perpetual hybrid instruments amounting to €967 million (31 December 2013: €967 million) and Subordinated loans, part of Loans and borrowings, amounting to €527 million (31 December 2013: €526 million). Part of the assets is not eligible as capital and these are presented as Deductions in calculating Available capital.

Deductions include amongst others Intangible assets with an infinite useful life, other prudential filters and a deficit in the WFT Liability Adequacy Test (LAT).

Insurance activities

European Union directives have been issued on capital requirements of insurance companies in order to protect the interests of policyholders. Achmea measures its capital position, based on these requirements and applies more stringent requirements for internal purposes. The internal target levels are set at minimum coverage ratios equal to 175% and 185% of the minimum regulatory solvency requirements for its Dutch Life and Non-life businesses, respectively. For Dutch Health insurance, the minimum coverage ratio is 135% for the basic health insurance entities and 140% for supplementary insurance coverage. The target solvency levels are 200% for Achmea Reinsurance, 175% for Friends First and 130% for the other foreign subsidiaries. In 2014, these internal Solvency I target levels were met except for one minor operating company, part of segment International. For this entity the Solvency I level is above the required capital level.

A target solvency level of 190% has been defined for the Achmea Group, based on the Insurance Group Directive, i.e. with deconsolidation of the banking entities.

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Available capital	8,440	7,954
Required capital	3,923	3,947
Surplus capital	**4,517**	**4,007**
Ratio available/required capital	**215%**	**202%**

Achmea's solvency position based on the Insurance Group Directive (i.e. excluding banking operations) increased to 215% at year-end 2014 (year-end 2013: 202%). Available capital increased by €486 million, while required capital decreased by €24 million. This increase is the net outcome of a combination of developments. Revaluations and foreign exchange effects resulted in a rise of €330 million of available capital, the adjustment of intangible assets was €173 million lower compared to 2013 and the deficit of the Liability Adequacy Test (LAT) reduced by €200 million 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. A negative impact on available capital were dividend and coupon payments (€200 million).

Banking activities*

The European Union has issued directives on capital requirements of banks, based on the Guidelines developed by the Basel Committee on banking supervision. Based on these directives, the Dutch Central Bank has issued minimum capital requirements. As of 1 January 2014, banking capital requirements are governed by the Capital Requirements Regulation CRR) as well as the Capital Requirement Directive IV (CRDIV). Achmea uses the Standardised Model to determine its credit risk. The Total Capital Ratio (TCRI) based on CRR/CRDIV increased to 19.2% compared to 16.1% in 2013, primarily due to the decrease in the risk weighted assets and a rise of qualifying capital. As of 2014 our banking activities include Achmea Bank, Staalbankiers, Syntrus Achmea Real Estate & Finance and Syntrus Achmea Vermogensbeheer. These last two entities are added in 2014 to the table below.

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013*
Core capital - Tier 1	817	740
Supplementary capital - Tier 2	28	28
Qualifying capital	**845**	**768**
Risk-weighted assets	4,410	4,757
Tier-1 Ratio	18.5%	15.6%
BIS Ratio	19.2%	16.1%

* *In 2014, Achmea Bank reassessed the calculation of the solvency ratios. Comparative figures have been adjusted accordingly.*

53. SUBSEQUENT EVENTS

February 2015

In February 2015, Achmea B.V. completed the issuance of €750 million of Hybrid capital securities with a coupon of 4.25%. These Hybrid capital securities are undated with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland. These instruments qualify as Other equity instruments.

In addition, pursuant to a cash tender offer, Achmea B.V. purchased €229 million in principal amount of its outstanding €367 million 5.125% Perpetual Capital Securites at a purchase price of 101.5%.

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

Zeist, 5 March 2015

The Supervisory Board
E.A.J. (Erik) van de Merwe, Chairman
H.M. (Petri) Hofsté
J.S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
P.F.M. (Paul) Overmars
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
A.J.A.M. (Antoon) Vermeer
R.T. (Roel) Wijmenga

The Executive Board
W.A.J. (Willem) van Duin, Chairman
H. (Huub) Arendse, CFO
J.A.S. (Jeroen) van Breda Vriesman*
D. (Danny) van der Eijk*
R. (Roelof) Konterman
H. (Henk) Timmer, CRO

* *These Consolidated Financial Statements are not signed by Mr. Van Breda Vriesman, member of the Executive Board of Achmea B.V. Mr. Van Breda Vriesman has temporarily stepped down from his responsibilities as a member of the Executive Board, as communicated to public and media in Achmea's press release dated 4 September 2014.*

* *Due to a period of sabbatical leave, Mr. Van der Eijk was not involved in the preparation of these Consolidated Financial Statements and therefore these Consolidated Financial Statements are not signed by Mr. Van der Eijk.*

COMPANY FINANCIAL STATEMENTS OF ACHMEA B.V.

BALANCE SHEET (BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2014	31 DECEMBER 2013
Assets			
Intangible assets	4	971	1,110
Financial fixed assets	5	9,980	10,009
Deferred tax assets	6	115	120
Total fixed assets		**11,066**	**11,239**
Receivables	7	346	723
Cash and cash equivalents	8	670	494
Total current assets		**1,016**	**1,217**
Total assets		**12,082**	**12,456**
Shareholders' equity			
Issued share capital		434	434
Share premium		10,923	10,923
Share capital		**11,357**	**11,357**
Own shares		−235	−235
Legal reserve		670	662
Revaluation reserve		871	576
Exchange difference reserve		−225	−260
Hedging reserve		−7	−7
Retained earnings		−3,608	−3,725
Profit for the year		14	352
		8,837	**8,720**
Other equity instruments		967	967
Equity attributable to holders of equity instruments of the Company	**9**	**9,804**	**9,687**
Liabilities			
Other provisions	10	58	81
Long-term liabilities	11	1,627	2,206
Short-term liabilities	12	593	482
Total liabilities		**2,278**	**2,769**
Total equity and liabilities		**12,082**	**12,456**

PROFIT AND LOSS ACCOUNT

(€ MILLION)

	NOTES	2014	2013
Result of subsidiaries, associates and joint ventures (after tax)		181	737
Other results (after tax)	13	−167	−385
Net profit		**14**	**352**

1. ACCOUNTING POLICIES

General

In the Company Income Statement of Achmea B.V., use has been made of the exemption pursuant to Section 402 Book 2, part 9 of the Dutch Civil Code.

Concerning the Company cash flow statement of Achmea B.V., use has been made of the principle according to Section 360.106 of the Dutch Accounting Standards (RJ).

The legally required list of participations as set forth in articles 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register Midden Nederland.

Principles for the measurement of assets and liabilities and the determination of the result

Achmea B.V. makes use of the option provided in section 362 (8) Book 2, part 9 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of Net profit applied in the Company Financial Statements of Achmea B.V. are the same as those applied in the Consolidated Financial Statements. By making use of this option the Equity attributable to holders of equity instruments is equal in both the Consolidated Statement of Financial Position and the Company Balance sheet. Investments in subsidiaries are recognised at net asset value with goodwill, if any, recorded under intangible assets. The Company Financial Statements have been prepared in accordance with Book 2, part 9 of the Dutch Civil Code.

The comparative figures of the Financial Fixed Assets, Equity attributable to holders of equity instruments of the Company and Other results are adjusted due to a change in accounting policy, amendments related to accounting policies and prior period corrections which were applied retrospectively in the Consolidated Financial Statements.

Reference is made to Note 1 Accounting policies in the Consolidated Financial Statements for a description of the accounting principles used.

All amounts in the Company Financial Statements are in millions of euros unless stated otherwise.

2. ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Eureko Romania

On 28 January 2013, Achmea signed an agreement to sell Eureko Romania's life and pension activities, by way of a transfer of assets and liabilities. At that time, Achmea expected that this agreement would be effected in 2013. However, local regulatory requirements took more time. In 2014, the sale of Eureko Romania's life activities and part of the sale of the pension activities (the so called Pillar II pension activities) were effected. The sale resulted in a gain of €3.3 million and €2.5 million respectively, which were presented as part of 'Other expenses'. It is expected that the sale of the remainder part of the pension activities (the so called Pillar III pension activities) will be effected in 2015.

Interpolis Kredietverzekeringen

On 22 December 2014, Achmea signed a transfer agreement to sell its capital interest in N.V. Interpolis Kredietverzekeringen (IKV) to the other joint venturer. IKV is a credit insurance company that operates in the Dutch market and sells insurance products and services related to default risk. The sale resulted in a gain of €1 million , which is presented as part of 'Other income'. The joint venture in IKV was accounted for as part of the segment Other.

3. BUSINESS COMBINATIONS

There are no business combinations in 2014.

4. INTANGIBLE ASSETS

(€ MILLION)

	INTERNALLY DEVELOPED SOFTWARE	DISTRIBUTION NETWORKS	BRAND NAME	VALUE OF BUSINESS ACQUIRED	GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL 2014	TOTAL 2013
Cost								
Balance at 1 January	44	238	134	635	1,292	94	2,437	2,521
Acquisitions								
Disposals								
Change in composition of the Group								
Foreign currency differences		6			4		10	−62
Other movements					2		2	−22
Balance at 31 December	**44**	**244**	**134**	**635**	**1,298**	**94**	**2,449**	**2,437**
Amortisation and impairment losses								
Balance at 1 January	40	138	104	540	467	38	1,327	1,074
Amortisation charge for the year	3	14	11	43		5	76	86
Impairment loss		5			71		76	200
Foreign currency differences		3					3	−15
Other movements	1				−4	−1	−4	−18
Balance at 31 December	**44**	**160**	**115**	**583**	**534**	**42**	**1,478**	**1,327**
Carrying amount								
At 1 January	4	100	30	95	825	56	1,110	1,447
At 31 December		**84**	**19**	**52**	**764**	**52**	**971**	**1,110**

The impairment loss in 2014 relates to Pension Services. Reference is made to Note 8 Intangible assets in the Consolidated Financial Statements.

5. FINANCIAL FIXED ASSETS

(€ MILLION)

	SUBSIDIARIES	ASSOCIATES AND JOINT VENTURES	EQUITIES AND SIMILAR INVESTMENTS	BONDS	DERIVATIVES	LOANS	TOTAL 2014	TOTAL 2013
Balance at 1 January	9,692	80	21	220	−4		10,009	9,570
Disposals		−5					−5	
Investments and loans granted	186			943			1,129	4,201
Sales and disposals			−9	−1,160	−2		−1,171	−3,992
Annual Results	176	5					181	732
Fair value changes	283		−4	−3	−1		275	−123
Dividend received	−412						−412	−121
Foreign currency differences	28	3					31	−66
Accrued interest								3
Unrecognised actuarial gains and losses on employee benefits	−30						−30	−189
Other changes	−27						−27	−6
Balance at 31 December	**9,896**	**83**	**8**		**−7**		**9,980**	**10,009**

Equities and similar investments, Bonds and Derivatives are measured at fair value. The fair value of those investments based on quotes in an active market (listed) amounts to €-1 million (2013: €237 million).

The purchase price as per 31 December 2014 of Equities and similar investments amounts to €11 million (31 December 2013: €21 million).

In 2014, a pension fund and former client of Syntrus Achmea Vermogensbeheer B.V. ("SAVB", a wholly-owned regulated subsidiary of Achmea B.V.) has served a writ of summons on SAVB in which it holds SAVB liable for breach of its duty of care and its contractual obligations to the Pension Fund under an asset management agreement and a fiduciary management agreement. Reference is made to note 25 Other provisions in the Consolidated Financial Statements for more information. Achmea B.V. has not guaranteed the alleged liabilities of SAVB, whether under the relevant agreements or generally. Therefore, the exposure for Achmea B.V. is limited to the investment in the subsidiary SAVB which amounts to €32 million.

6. DEFERRED TAX ASSETS

Deferred tax assets are attributable to the following items:

(€ MILLION)

	BALANCE AT 1 JANUARY 2014	RECOGNISED IN INCOME STATEMENT	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2014	BALANCE AT 1 JANUARY 2013	RECOGNISED IN INCOME STATEMENT	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2013
Intangible assets	90	−23	17	84	−85	−12	187	90
Investments	30		1	31	10	30	−10	30
	120	**−23**	**18**	**115**	**−75**	**18**	**177**	**120**

Achmea B.V. and the majority of its Dutch subsidiaries together form a fiscal unity for corporate income tax and VAT. As a consequence the company is liable for all deferred and current liabilities relating to corporate income tax and VAT.

7. RECEIVABLES

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Subsidiaries	316	378
Deposits with credit institutions	2	230
Income tax receivables	22	115
Other receivables	6	
	346	**723**

In line with 2013, Receivables are expected to be mature within one year after reporting date.

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances and short term deposits. Cash and cash equivalents are not subject to any restrictions.

9. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2014	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY
Balance at 1 January	**11,357**	**–235**	**662**	**576**	**–260**	**–7**	**–3,725**	**352**	**967**	**9,687**
Net other comprehensive income				289	36		–37			288
Net profit								14		14
Comprehensive income				**289**	**36**		**–37**	**14**		**302**
Appropriations to reserves			8	–12			356	–352		
Dividends and coupon payments							–200			–200
Other movements				18	–1		–2			15
Balance at 31 December	**11,357**	**–235**	**670**	**871**	**–225**	**–7**	**–3,608**	**14**	**967**	**9,804**

COMPANY STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

2013	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY
Balance at 1 January	**11,357**	**–235**	**678**	**690**	**–152**	**–7**	**–3,661**	**468**	**1,325**	**10,463**
Impact of the implementation of IFRS 10 and IFRS 11 on Total equity				–7			7			
Adjusted balance at 1 January	**11,357**	**–235**	**678**	**683**	**–152**	**–7**	**–3,654**	**468**	**1,325**	**10,463**
Net other comprehensive income				–102	–112		–291			–505
Net profit								352		352
Comprehensive income				**–102**	**–112**		**–291**	**352**		**–153**
Appropriations to reserves			–16	–23			507	–468		
Dividends and coupon payments							–273			–273
Issue, repurchase and sale of equity instruments									–358	–358
Other movements				18	4		–14			8
Balance at 31 December	**11,357**	**–235**	**662**	**576**	**–260**	**–7**	**–3,725**	**352**	**967**	**9,687**

Reference is made to Note 19 Equity attributable to holders of equity instruments of the company in the Consolidated Financial Statements for more information.

10. OTHER PROVISIONS

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Other provisions	58	81
	58	**81**

Movements in Other provisions are as follows:

(€ MILLION)

	2014	2013
Balance at 1 January	81	67
Additions	9	31
Usage	−12	−5
Released	−17	−12
Changes due to reclassifications	−3	
Balance at 31 December	**58**	**81**

Other provisions mainly relate to legal cases. In line with 2013 Other provisions are of a long-term nature.

11. LONG-TERM LIABILITIES

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Loans and borrowings	1,627	2,206
	1,627	**2,206**

In June 2014, Achmea B.V. redeemed €750 million notes (at 7.375%) under its €2.5 billion programme for the issuance of debt instruments.

In November 2013, Achmea B.V. completed the issuance of €750 million (transaction costs are included in the carrying amount) of Senior Unsecured Notes. The Notes have a maturity of 7 years (maturity date is 19 November 2020). The coupon on the Notes equals 2.5%. The Notes are listed on the Irish Stock Exchange.

In May 2013, Achmea B.V. completed the issuance of CHF200 million (€166 million) of Senior Unsecured Notes with a coupon of 1.5%. These Notes have a maturity of 6 years (maturity date is 19 June 2019). The Notes are listed on SIX Swiss exchange.

The syndicated credit facility of Achmea B.V. has a maximum size of €750 million which will mature in 2019. At year-end 2014, the committed credit lines (€750 million) were undrawn

12. SHORT-TERM LIABILITIES

(€ MILLION)

	31 DECEMBER 2014	31 DECEMBER 2013
Subsidiaries	501	364
Other	92	118
	593	**482**

In line with 2013, Short-term liabilities are expected to mature within one year after reporting date.

13. OTHER RESULTS

(€ MILLION)

	2014	2013
Other income	11	2
Other expenses	178	387
	−167	**−385**

Information concerning remuneration of the Executive Board and the Supervisory Board is included in Note 31 Related party transactions of the Consolidated Financial Statements.

Included in Other expenses are expenses related to audit firms that carry out the audit of the financial statements of Achmea B.V. (reference is made to Note 45 Operating expenses of the Consolidated Financial Statements).

Impairments included in Other expenses relate to the goodwill and other intangible assets of Pension Services and amounts to €76 million (2013: €200 million). Reference is made to Note 8 Intangible assets in the Consolidated Financial Statements. There are no reversals of impairments included in Other expenses (2013: nihil).

Interest expenses included in Other expenses relate to the issued notes and amounts to €85 million (2013: €90 million).

14. CONTINGENCIES

Contingent liabilities

Achmea B.V. has issued guarantees on behalf of subsidiaries that relate to the activities of these subsidiaries, carried out in their capacity as insurers, credit providers, service providers, employers, investors and tax payers.

Achmea B.V. issued guarantees as mentioned in article 403 Book 2 of the Dutch Civil Code, in respect of two investment companies within the group. In addition, Achmea B.V. has given a guarantee that the liquidity and solvency of three subsidiaries will be sufficient to continue their operations. Achmea B.V. also issued guarantees, as part of specific tenders for non-life insurance contracts for local Dutch governments, related to the fulfilment of the obligations resulting form these contracts in case of non performance by the non-life insurance group company.

Achmea B.V. has provided Vereniging Achmea with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

In addition, Achmea B.V. has provided Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Rabobank as a shareholder in one of the ultimate parents of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified.

In the table below an overview is given of all the contingent liabilities provided by Achmea B.V. on behalf of its subsidiaries. No material losses are expected in respect of these guarantees and indemnities.

CONTINGENT LIABILITIES (€ MILLION)

	2014	2013
Guarantees	821	396
	821	**396**

Contingent assets

Conflict between the Slovak Republic and Achmea

In contradiction to an agreement for encouraging investments between The Slovak Republic and The Netherlands, The Slovak Republic has enforced a ban on profit on the Slovak health insurers, including Achmea's Slovak subsidiary Union, in the period between 2007 and August 2011.

Due to this enforcement Achmea set its activities in its Slovak subsidiary in hibernation during this period. Achmea sought compensation for the incurred losses via an international arbitral tribunal. In December 2012 the arbitral tribunal decided in favour of Achmea. According to this decision The Slovak Republic is required to compensate Achmea with an amount of approximately €25 million for damages incurred due to the enforcement of the ban on profit.

Given the public announcement of the Slovak Government that it disagrees with the decision of the arbitral tribunal, Achmea considers the receivable amount is not sufficiently certain in order to recognise it as an asset.

15. REGISTERED SEAT

Achmea B.V. is seated at Handelsweg 2 in Zeist, the Netherlands, and registered at the Chamber of Commerce, trade register Midden Nederland 33235189.

16. NUMBER OF EMPLOYEES

Other than the Executive Board members, there is no personnel employed by Achmea B.V. in either 2014 or 2013.

17. SUBSEQUENT EVENTS

February 2015

In February 2015, Achmea B.V. completed the issuance of €750 million of Hybrid capital securities with a coupon of 4.25%. These Hybrid capital securities are undated with a first call option after 10 years. The Notes are listed on the Irish Stock Exchange in Dublin, Ireland. These instruments qualify as Other equity instruments.

In addition, pursuant to a cash tender offer, Achmea B.V. purchased €229 million in principal amount of its outstanding €367 million 5.125% Perpetual Capital Securites at a purchase price of 101.5%.

AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

Zeist, 5 March 2015

The Supervisory Board
E.A.J. (Erik) van de Merwe, Chairman
H.M. (Petri) Hofsté
J.S.T. (Joke) van Lonkhuijzen-Hoekstra
M. (Mijntje) Lückerath-Rovers
P.F.M. (Paul) Overmars
A.C.W. (Lineke) Sneller
A.W. (Aad) Veenman
A.J.A.M. (Antoon) Vermeer
R.T. (Roel) Wijmenga

The Executive Board
W.A.J. (Willem) van Duin, Chairman
H. (Huub) Arendse, CFO
J.A.S. (Jeroen) van Breda Vriesman*
D. (Danny) van der Eijk*
R. (Roelof) Konterman
H. (Henk) Timmer, CRO

* *These Company Financial Statements are not signed by Mr. Van Breda Vriesman, member of the Executive Board of Achmea B.V. Mr. Van Breda Vriesman has temporarily stepped down from his responsibilities as a member of the Executive Board, as communicated to public and media in Achmea's press release dated 4 September 2014.*

* *Due to a period of sabbatical leave, Mr. Van der Eijk was not involved in the preparation of these Company Financial Statements and therefore these Company Financial Statements are not signed by Mr. Van der Eijk.*

Other information

OTHER INFORMATION

STATUTORY REQUIREMENTS FOR APPROPRIATION OF RESULTS

The Achmea's Articles of Association contain the following requirements regarding appropriation of results:

The profit will be distributed pursuant to Article 34 of the Articles of Association of Achmea B.V. The provisions can be summarised as follows:

The profit shall be at the free disposal of the General Meeting of Shareholders.

Achmea may only make distributions to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law.

If the General Meeting of Shareholders decides on the distribution of dividends, first of all, if possible, a dividend equal to 5.5% of the nominal amount shall be paid to preference shareholders.
Subject to the approval of the Supervisory Board, the Executive Board shall be authorised to increase the above mentioned percentage determined at the time of issue each year with a maximum of 1.8%.

If no dividend in cash is distributed, a dividend in the form of preference shares can be resolved upon.

If the General Meeting of Shareholders decides on the distribution of dividends and dividend on preference shares has not been paid in previous years, cash dividends shall first be paid to preference shareholders on these previous years, before any distribution can take place on other shares.

The 2013 financial statements were adopted in the General Meeting of Shareholders held on 20 March 2014. The General Meeting of Shareholders appropriated the distribution of the 2013 net profit in accordance with the proposal of the Executive Board.

TOTAL NET PROFIT IS PROPOSED TO BE DISTRIBUTED AS FOLLOWS:

(€ MILLION)

	2014
Profit after non-controlling interest	14
Dividend on preference shares	26
Coupon payments on other equity instruments	55
Tax on coupon payments on other equity instruments	–14
	–53
To be distributed as follows:	
Proposed final dividend on ordinary shares	
Distribution to retained earnings	–53
	–53

ACHMEA SHAREHOLDERS AT 31 DECEMBER 2014

COMPANY	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PREFS)
Vereniging Achmea directly and via Stichting Administratiekantoor Achmea	The Netherlands	261,537,249	65.30%	61.63%
Rabobank of which				
Coöperatieve Centrale Raiffeisenboerenleenbank B.A.	The Netherlands	116,993,237	29.21%	27.57%
BCP Group of which				
Bitalpart B.V.	The Netherlands	1,000	0.00%	0.00%
Fundo de Pensões de Grupo Banco Comercial Português	Portugal	11,076,699	2.77%	2.61%
Stichting Beheer Aandelen Achmea of which				
Stichting Beheer Aandelen Achmea	The Netherlands	3,665,253	0.92%	0.86%
Gothaer Group of which				
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0.52%	0.49%
Gothaer Finanz Holding AG	Germany	2,370,153	0.59%	0.56%
Swiss Mobiliar of which				
Schweizerische Mobiliar Holding AG	Switzerland	2,769,246	0.69%	0.65%
Achmea Tussenholding B.V. (preference shares)	The Netherlands	23,904,060		5.63%
Total ordinary shares		**400,484,892**	**100.00%**	
Total ordinary shares and preference shares		**424,388,952**		**100.00%**

The number of shares held by Stichting Administratiekantoor Achmea include one A share. Achmea has only issued one A share. There are special rights entitled to the A share. Significant decisions of Achmea's General Meeting of Shareholders can only be made with the approval of the holder of the A share. The Board members of Stichting Administratiekantoor Achmea are Mr. P.F.M. Overmars, Mrs. J.L.A. Boogerd-Quaak and Mr. H.J. Snijders.

TRUSTEE REPORTS OTHER EQUITY INSTRUMENTS

Trustee Report

EUR 367,080,000 Fixed-to-Floating Rate Perpetual Capital Securities ("the Securities"), ISIN Code NL0000117224, issued by Achmea B.V. ("the Issuer").

Pursuant to article 17 of the trust deed dated 24 June 2005, the undersigned hereby reports on its work during the year ended 31 December 2014.

The Securities are perpetual securities and have no fixed redemption date. The Securities may be redeemed in whole but not in part at the option of the Issuer, at their principal amount together with any Outstanding Payments on the Coupon Payment Date falling on 24 June 2015 (the ‘‘First Call Date’’) or any Coupon Payment Date thereafter, subject, after the Issuer becoming subject to Capital Adequacy Regulations, to the prior consent of the Dutch Central bank.

The Securities bear a fixed rate of interest of 5.125 per cent. per annum on their outstanding principal amount until (but excluding) the First Call Date and thereafter a floating rate of interest. Interest will be payable, in respect of the Fixed Rate Period, annually in arrear on 24 June of each year and thereafter quarterly in arrear on 24 March, 24 June, 24 September and 24 December of each year, subject to Conditions 4 and 5.

Payments (such term does not include principal) may be deferred, as more fully described in Condition 4.

In the year 2014 the interest on the Securities was paid in accordance with the Conditions

Amsterdam, 4 February 2015
Amsterdamsch Trustee's Kantoor B.V.

Trustee Report

EUR 600,000,000 6 per cent Capital Securities ("the Securities"), ISIN Code NL0000168714, issued by Achmea B.V. (“the Issuer")

Pursuant to article 17 of the trust deed executed on 5 October 2006, the undersigned hereby reports on its work during the year ended 31 December 2014.

The Securities are perpetual securities and have no fixed redemption date. The Securities bear interest as is specified in the relevant Final Terms. Such interest subject to Conditions 2(b)(i), 2(b)(ii), 4(a), 4(b) and 6(d) will be payable in arrear on each Coupon Payment Date as indicated in the relevant Final Terms.

Subject to Condition 2(b)(i) or 2(b)(ii) the Issuer may redeem all, but not some only, of the Securities on each Coupon Payment Date.

In the year 2014 the interest on the Securities was paid in accordance with the Conditions and the relevant Final terms.

Amsterdam, 4 February 2015
Amsterdamsch Trustee's Kantoor B.V.

Statement of the Executive Board of Achmea B.V.

The Executive Board of Achmea B.V. is responsible for the preparation of the Annual Report 2014, including the Financial Statements 2014. The Consolidated Financial Statements 2014 are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') as at 31 December 2014. The Company Financial Statements 2014 and the Executive Board Report 2014 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 Achmea B.V.'s Consolidated Financial Statements 2014 and Company Financial Statements 2014 on 20 February 2015 and authorised them for submission to the Supervisory Board.

The Executive Board of Achmea B.V. declares that, to the best of its knowledge, the Achmea B.V. Consolidated Financial Statements 2014 and Company Financial Statements 2014 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 omissions likely to significantly modify the scope of any statements made.

The Executive Board of Achmea B.V. also declares that the Executive Board Report 2014 gives a true and fair view of the situation as at 31 December 2014, the development and performance during 2014 and describes the principal risks of the businesses of the Group. The Achmea B.V. Consolidated Financial Statements 2014 and Company Financial Statements 2014 will be submitted to the Annual General Meetings of Shareholders for approval on 26 March 2015.

Zeist, 5 March 2015

The Executive Board
W.A.J. van Duin, Chairman
H. Arendse
J.A.S. van Breda Vriesman*
D. van der Eijk**
R. Konterman
H. Timmer

* *This integrated report (consisting of the Annual Report, the Financial Statements and Other information of Achmea B.V) is not signed by Mr Van Breda Vriesman, member of the Executive Board of Achmea B.V. Mr Van Breda Vriesman has temporarily stepped down from his responsibilities as a member of the Executive Board, as communicated to public and media in Achmea's press release dated 4 September 2014.*

** *Due to a period of sabbatical leave, Mr Van der Eijk was not involved in the preparation of this integrated report (consisting of the Annual Report, the Financial Statements and Other information of Achmea B.V.) and therefore this integrated report is not signed by Mr Van der Eijk.*

INDEPENDENT AUDITOR'S REPORT

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

RERORT ON THE FINANCIAL STATEMENTS 2014

OUR OPINION

In our opinion:

- the consolidated financial statements give a true and fair view of the financial position of Achmea B.V. and its subsidiaries ('the group') as at 31 December 2014 and of its result and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code;
- the company financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2014 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the financial statements 2014 of Achmea B.V., Zeist ('the company'). The financial statements include the consolidated financial statements and the company financial statements.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the following statements for the year then ended: the consolidated income statement and the consolidated statements of comprehensive income, changes in equity and cash flows; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The company financial statements comprise:

- the balance sheet as at 31 December 2014;
- the profit and loss account for the year then ended; and
- the notes, comprising a summary of the accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is EU-IFRS and the relevant provisions of Part 9 of Book 2 of the Dutch Civil Code for the consolidated financial statements and Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

THE BASIS FOR OUR OPINION

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

We are independent of Achmea B.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence requirements in the Netherlands. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

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

OUR AUDIT APPROACH

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Executive Board made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits, we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud. Because business operations and financial processes of the group are highly automated, the IT General Controls ('ITGC') were particularly important in our audit. Therefore we addressed in our audit the continued proper operation of policies and procedures that are used to manage the IT activities.

Materiality

- Overall materiality: €43 million which represents 1% of required capital of the group. This required capital is determined based on Solvency I for the insurance activities and the CRD IV requirements for the banking activities.

Audit scope

- We conducted audit work covering all significant segments in both the Netherlands and abroad.
- Regular update calls were held with the responsible auditors of all significant operations. Furthermore, meetings were held with the chief financial officers of all significant operations.

Key audit matters

- Impairment testing of goodwill
- Non listed assets and liabilities measured at fair value valued using market information and significant unobservable input
- Defined benefit pension plan obligations
- Recognition and valuation of claims and litigation
- Uncertainties in the valuation of assets and liabilities arising from insurance contracts
- Restructuring provision

Materiality

The scope of our audit is influenced by the application of materiality. Our audit opinion aims on providing reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered to be material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on our opinion.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall group materiality	€43 million
How we determined it	1% of required capital of the group. This required capital is determined based on the sum of the required capital of the licensed operations. The required capital is determined based on the Solvency I requirements for the insurance activities and the CRD W requirements for the banking activities.
Rationale for benchmark applied	We have applied this benchmark, a generally accepted auditing practice, based on our analysis of the information needs of users of the financial statements and as this is important information for stakeholders, in particular for the regulator (Dutch Central Bank). On this basis we believe that required capital of the company is an important metric for the financial performance of the company. The materiality level applied represents less than 0.5% of the equity of the group and less than 0.05% of the balance sheet total. The profit before tax, because it is relatively low, is not considered to be a suitable benchmark for determining materiality. We assessed the appropriateness of this consideration by comparing the determined materiality with the materiality amount allocated to our audit for shareholder reporting purposes in the instructions issued by the auditors of the main shareholders of the company.

We also take misstatements and/or possible misstatements into account that, in our judgment, are material for qualitative reasons. We agreed with the Supervisory Board that we would report to them misstatements identified during our audit above €2.15 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

The scope of our group audit

Achmea B.V. is head of a group of entities. The financial information of this group is included in the consolidated financial statements of Achmea B.V.
Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.

The group audit focused on the significant components in the Netherlands and abroad. These components include group entities which are individually financially significant. Each of these components required an audit of their complete set of financial information. For components that are not individually financially significant but that are important to achieve sufficient coverage on individual items, specified audit procedures were performed. For the remaining components (being 2% of total assets) the group team performed review procedures. For the significant components in the Netherlands we performed the audit work. For the international components we used component auditors from other PwC network firms who are familiar with the local laws and regulations to perform this audit work.

Where the work was performed by component auditors, we as group auditor determined the level of involvement we needed to have in the audit work at those functions to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. The group engagement team visits the component teams on a rotational basis and has update calls with the component auditors. In the current year the group engagement team met with the chief financial officers of all significant operations. Regular calls were held with the auditors of the significant components (both domestically and abroad). In addition, the group engagement team reviewed the audit work on high risk areas in the files of auditors of the components in scope.

The group consolidation, financial statement disclosures and a number of complex items are audited by the group engagement team at the head office. These include IT General Controls. The group engagement team is involved with the assessment of the accounting treatment of significant reporting items such as change in pension schemes, restructuring activities, specific claims and valuation of mortgage portfolios.

By performing the procedures above at components, combined with additional procedures at group level, we have obtained sufficient and appropriate audit evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the Supervisory Board, but they are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Impairment testing of goodwill *Refer to note 8 to the consolidated financial statements for the related disclosures.* The company is required to, at least annually, test goodwill for impairment. This area was important to our audit because of the limited headroom last year (specifically in the cash generating units Pension Services and Oranta Russia) and the assessment process which is complex, judgmental and based on assumptions that are affected by unexpected future market or economic conditions, particularly those relating to the cash flow forecast and the applied discount rate. The company has recognised an impairment charge of €136 million in 2014 relating to the Pension Services and Oranta Russia cash generating units, leaving a balance of €772 million of goodwill on the balance sheet. The remaining goodwill relates to businesses for which the company assessed that there is substantial headroom. We focused on the risk that the recognised impairment may not be accurate or complete and that the remaining balance may be overstated.	Given the limited headroom in the prior year we focused on procedures on the forecast revenue and the discount rate and we challenged, in particular, assumptions about market developments for assets under management (relating to the Pension Services business) and the Russian operations. We compared these assumptions with external information. Furthermore we focused on the adequacy of the disclosures concerning assumptions as well as the outcome of the impairment test. In the evaluation of the assumptions as disclosed in note 8 as well as the methodologies used (discounted dividend model and discounted cash flow model) by the company, we used PwC valuation experts to assist us in evaluating methodology and models used. We evaluated and challenged the company's future cash flow forecasts in a discussion with the management of the business involved, and the process by which they were drawn up, and tested the underlying value in use calculations. We compared the company's forecast to the latest Board approved plans and we performed back testing as these would give an indication of the quality of the forecasting process. We evaluated and challenged the Executive Boards' discount rate used by, amongst others, comparing the rates used to comparable organisations and market information. We performed a sensitivity analysis around the key assumptions above mentioned to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired. We assessed the adequacy of the disclosures, particularly on sensitivities.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Non listed assets and liabilities measured at fair value, valued using market information and significant unobservable input *Refer to note 5 to the financial statements for the related disclosures.* The company has unlisted assets and liabilities measured at fair value, valued using market information and significant unobservable input, of which €18,160 million represents level 2 assets, €4,073 million represents level 2 liabilities and €3,456 million represents level 3 assets. Further, the company has €472 million of assets valued at fair value on a non-recurring basis. These assets and liabilities are significant in the context of both the overall balance sheet and the results of the group. The valuation of Property for own use, Investment property and non-listed investments is important to our audit as it is highly dependent on estimates (various assumptions and techniques) which contain assumptions that are not observable in the market. In respect of Investment property, the Executive Board uses external appraisers to support its determination of the individual fair value of the properties. All individual properties are valued externally on a yearly basis. The appraised values are determined based on valuation models. Because limited representative transactions in the current market exist it is challenging to validate the appraisal values with transactions and therefore an inherent risk in the appraised values remains.	We tested the operating effectiveness of controls in place over recording the fair values of assets and liabilities measured at fair value valued using significant unobservable input. Amongst others, we have considered the objectivity, independence and expertise of the external appraisers, assessed the correctness of the property related data as used by the external appraisers and used our PwC valuation experts to assist us in analyzing the external valuations and determining our own valuation. In respect of the portfolio of direct and fund investments in private equity and alternative investments we evaluated and tested the procedures to determine the fair value of these investments. The procedures include the assessments of fund net asset value based on the fair value of the underlying investment, valuation statements, independent broker quotes, evidence of underlying financial data and back testing based on information audited by external auditors that becomes available at a later stage. In respect of the banking credit portfolio the procedures are focused on the determination of the future cash flows from this portfolio which includes the non performing risk. We tested the pricing models and inputs used by the company including comparison with market data based on the specific portfolio characteristics. In respect of the mortgage loan portfolio valued at fair value, we focused on testing the appropriateness of the applied discount rate. We assessed whether inputs are obtained from market observables where available. For other inputs we have evaluated the assumption setting process that was followed and tested the information used to set these assumptions. We tested the operating effectiveness of the procedures that assure that the information of the individual loans as used in the valuation is adequate. We assessed the adequacy of the disclosures, particularly on completeness and accuracy of level 2 and 3 assets and liabilities and related sensitivities.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Defined benefit pension plan obligations *Refer to note 1 and 24 to the financial statements for the pension disclosures and the related accounting policies, judgements and estimates.* The company has defined benefit pension plans in the Netherlands, Ireland and Greece, giving rise to defined benefit obligations totalling €989 million. This area was important to our audit because of the adjusted pension scheme resulting in a settlement in 2014, the magnitude of the amounts, the judgment and the technical expertise required as significant assumptions are used in the calculations (including salaries increase, inflation, discount rates, and mortality) to determine the pension liability.	We involved PwC pension experts to assist us in evaluating the actuarial and demographic assumptions and valuation methodologies used by the group to assess the pension obligations. We assessed whether the key actuarial assumptions are reasonable, and evaluated the rationale for any changes. We agreed the discount and inflation rates used in the valuation of the pension liability to our internally developed benchmarks. We compared the assumptions around salary increases and mortality to national and industry averages. We also tested the membership census data used in the actuarial models to the payroll data. In addition, we assessed the application of the guidance in IAS19R in its classification of pension schemes, the calculations and disclosures. We addressed the settlement by assessing the terms and conditions of the adjusted pension scheme and the calculation of the settlement result. Further, we assessed the adequacy of the disclosures particularly on the sensitivities.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Recognition and valuation of claims and litigation *Refer to note 25, 28 and 30 to the financial statements for the disclosures of the related judgements and estimate.* The company is faced with claims and litigation primarily in respect of the application of tax rules and use of tax exemptions and in respect of pension management services provided. Claims (including those litigation-related) are either provided for as a liability or reflected as contingent liabilities in the notes to the financial statements, depending on the actual legal positions and the expectations of the Executive Board. The company updated the legal positions with the use of its internal tax advisors and external legal experts where applicable. As a part of our audit, we considered the claims and litigation important given the related subjectivity and uncertainty in the outcomes of the positions.	We have read the internal position papers and external legal opinions. We also obtained lawyers' letters to the extent considered necessary for our audit. For all (potentially) material claims we test the facts and circumstances that were relevant to the legal advisors assessments. We have tested management judgments in respect of the existence of potential present obligations. We assessed the best estimate of outflows as determined by the Executive Board. We tested the completeness and adequacy of the related disclosures in line with the accounting standards. In respect of one claim, the company used the exemption as allowed in paragraph 92 of IAS 37 which allows that disclosures may be limited where this might prejudice the position of the company. We agreed that the specific circumstances allow the use of this exemption. We used PwC tax specialists to assist us in evaluating the status of the claims and litigation in respect of tax positions.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Uncertainties in the valuation of assets and liabilities arising from insurance contracts *Refer to note 17, 21, 22, and 51 to the financial statements for the disclosures of the related judgements and estimates.* The calculation of the assets and liabilities arising from insurance contracts is complex, highly judgmental and is based on assumptions which are affected by future economic and political conditions and is also affected by government regulations, in particular regarding healthcare insurance. The assumptions used for the life and pension business relate to risks regarding mortality, longevity, lapse and expense and assumptions used in the liability adequacy test. Furthermore the valuation of liabilities arising from life and pension insurance contracts is affected by market discussions on alleged misselling issues on investment linked contracts. The assumptions used for non-life business relate to risks regarding catastrophe, lapse, incidence & recovery rates and expense and those used in the liability adequacy test. Furthermore the valuation of the assets and liabilities arising from non-life insurance contracts is affected by government regulations, in particular regarding the (timeliness) disability assessment that leads to claims for the company from workers' compensations insurance (WGA). The main uncertainty in respect of the Healthcare provision results from the declarations to be received from Healthcare providers in respect of legitimate treatments that started before the balance sheet date. The measurement of receivables regarding the Health Insurance Fund is an inherently uncertain process, involving assumptions for national healthcare costs and allocation of healthcare costs to budget parameters. Any change in the assumptions could have an impact on the settlement with the Dutch government (Health Insurance Fund). Furthermore, the measurement of the Onerous Contracts Provision is an inherently uncertain process, involving the budget result 2015 which is highly uncertain as previous years (2012, 2013 and 2014) are not yet settled and include significant uncertainties. The assumptions and uncertainties also apply for the reinsured part. The assumptions require significant Executive Board's judgment. The company has comprehensive procedures and internal controls in place to determine the value of the assets and liabilities arising from insurance contracts and in performing liability adequacy tests.	We performed tests on the operating effectiveness of the company's procedures to ascertain that the sense data used in the actuarial valuation is adequate and complete. These procedures include data analysis based on business rules and follow up procedures on exemptions. We performed comprehensive testing of the company's procedures regarding the determination of the assumptions, based on market observable data and actuarial analysis of the technical results during the year compared with the expected outcome based on the used assumptions. We discussed the outcome of the internally prepared analysis with the internal actuaries and the external (certifying) actuary. We challenged the assumptions used, making use of PwC actuarial experts. Our main focus in this area has been on the assumptions used in respect of mortality and future expenses in respect of the life insurance business, the assumptions on future incidence and recovery in disability and worker compensation insurance and the assumptions used to estimate the budget contribution in respect of health insurance business. In respect of the alleged misselling issues on investment linked contracts we tested the existence of agreements reached with consumer organisations and the processing of product changes. We evaluated the procedures applied by the company to identify actual misselling issues and the assessment if these have been appropriately taken into account when setting the provisions. We have tested the company's procedures to estimate the ultimate Healthcare claims to be received. The procedures contain both actuarial projections based on claim development patterns where we have tested the claim data used and an estimated outcome based on the Healthcare contracts agreed with the providers, where we have tested the data used to the contracts. The measurement of receivables is tested by reconciling the information used to internal sources in respect of the profile of the insured population and confirmations received from the Health Insurance Fund in respect of the budget parameters. Furthermore we tested the assumptions with public information such as, for example macro information from Zorgverzekeraars Nederland and how this was translated into the expected impact on budget. With respect to the provision for onerous contracts in the health insurance activities, we tested the assumption setting process that was followed to estimate the claims and future expenses to determine the budget result for each type of policy. We tested the projected expenses to confirm that they did not include expenses already incurred before the balance sheet date. We also tested the accuracy and completion of the provision assuring that a proper number of anticipated policies for only those categories that are expected to be loss making are included. Furthermore, we assessed the adequacy of the disclosures.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE MATTER
Restructuring provision *Refer to note 25 to the financial statements for the disclosures of the related judgements and estimates.* The recognition and valuation of the provisions in respect of restructuring is highly judgmental and assumptions based. The potential amount is very significant based on the restructuring as announced in late 2013 aimed to result in an approximately 25% reduction of the staff base. The determination of whether or not a present obligation exists is a judgemental process. The actual future expenses to complete the restructuring requires significant estimates.	We have tested management judgments in respect of the existence of a constructive obligation. In this respect we tested the decision making process, the existence of sufficiently detailed plans and the communications in this respect. In respect of the valuation we have tested the assumptions as set by management by amongst others, confirming consistency with the expenses involved in prior restructurings within the company. These assumptions comprise the number of staff that cannot be reassigned within the group and will leave under the arrangement, the arrangement used, and the expected reassignment period, the probability of a reassignment to another position externally and the average expenses per staff . Furthermore, we assessed the adequacy of the disclosures.

RESPONSIBILITIES OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD

The Executive Board is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code, and for
- such internal control as the Executive Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

The Supervisory Board is responsible for overseeing the company's financial reporting process.

OUR RESPONSIBITITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our responsibility is to plan and perform an audit engagement to obtain sufficient and appropriate audit evidence to provide a basis for our opinion. Our audit has been performed with a high but not absolute level of assurance which makes it possible that we did not detect all frauds or errors.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OUR REPORT ON THE EXECUTIVE BOARD REPORT AND THE OTHER INFORMATION

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Executive Board report and other information):

- We have no deficiencies to report as a result of our examination whether the Executive Board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Executive Board report, to the extent we can assess, is consistent with the financial statements.

OUR APPOINTMENT

We were appointed as auditors of Achmea B.V. on 29 April 2011 by the Executive Board following the passing of a resolution by the shareholders at the annual meeting held on 6 April 2011 and has been renewed annually by shareholders representing a total period of uninterrupted engagement appointment of 4 years.

Amsterdam, 5 March 2015
PricewaterhouseCoopers Accountants N.V.

Original signed by drs. G.J. Heuvelink RA

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2014 OF ACHMEA B.V.

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

THE AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including, if any, significant deficiencies in internal control that we identify during our audit. We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Independent assurance report

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

The Board of Management of Achmea B.V, (hereafter: 'Achmea' or 'the Company') engaged us to provide assurance on the Achmea Annual Report 2014 as presented on page 1 to 91 ('the Report'). Our engagement consisted of providing a combination of limited assurance over the Report (leading to a 'conclusion'), as well as providing reasonable assurance on the chapters 'Our employees' on page 30 to 33 and 'Our financial results' on page 41 to 68 (leading to an 'opinion'). We believe these procedures fulfil the rational objective as disclosed by Achmea on page 7.

OUR CONCLUSION

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Report for the year ended 2014 does not provide a reliable and appropriate presentation of Achmea's financial and non-financial policies, activities and performance during the reporting year, in accordance with the Reporting Criteria.

OUR OPINION

Based on the procedures we have performed and the evidence we have obtained, in our opinion the chapters 'Our employees' on page 30 to 33 and 'Our financial results' on page 41 to 68 of the Report are, in all material respects, presented reliably and adequately, in accordance with the Reporting Criteria.

THE BASIS FOR OUR CONCLUSION AND OPINION

What we are assuring

We have reviewed the Report as presented on page 1 to 91 of Achmea B.V., Zeist. The Report comprises a representation of Achmea's financial and non-financial policies, activities and performance during the reporting year 2014. The disclosures made by management with respect of the scope of the Report are included on page 7 to 8 ('About this report').

Limited assurance procedures are substantially less in scope than reasonable assurance procedures in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

In addition to our review procedures, we have performed reasonable assurance procedures over the chapters 'Our employees' on page 30 to 33 and 'Our financial results' on page 41 to 68 of the Report.

Limitations in our scope

The Report contains prospective information, such as ambitions, strategy, targets, expectations and projections. Inherent to this information is that actual future results may be different from the prospective information and therefore it may be uncertain. We do not provide any assurance on the assumptions and feasibility of this prospective information.

Furthermore, the following information has been excluded from our assurance scope:

- The Report contains references to information on the Achmea website. This information is excluded from our assurance scope.
- The Report includes information Solvency II (page 65) and new business (page 3, 49 to 50). All data and graphs related to this information have not been reviewed and are excluded from our assurance scope.
- The report includes the chapter 'Report of the Supervisory Board' (page 70 to 78) and 'Biographies Board Members' (page 88 to 91). These parts have not been reviewed and are excluded from our assurance scope.

The auditor is not expected to, and cannot, reduce audit risk to zero and cannot therefore obtain absolute assurance that the information is free from material misstatement due to fraud or error. This is because there are inherent limitations of an assurance engagement, which result in most of the audit evidence on which the auditor bases the auditor's opinion being persuasive rather than conclusive.

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 'About this report' on page 7 to 8 of the Report.
We consider the reporting criteria to be relevant and appropriate for our examination.

Understanding reporting and measurement methodologies

The information in the scope of this engagement needs to be read and understood together with the reporting criteria, for which Achmea is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw, to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

OUR ASSURANCE APPROACH

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Sustainability Information. Our main procedures included the following:

- performing an external environment analysis and obtaining an understanding of the relevant social issues, relevant laws and regulations and the characteristics of the organisation;
- evaluating the acceptability of the reporting policies and consistent application of these, such as assessment of the outcomes of the stakeholder dialogue and the process for determining the material subjects, the reasonableness of estimates made by management, as well as evaluating the overall presentation of the sustainability information;
- evaluating the design and implementation and testing of the operating effectiveness of the systems and processes for data gathering and processing of information as presented in the Report;
- interviews with management and relevant staff at corporate (and business/division/local) level responsible for the sustainability strategy and policies;
- interviews with relevant staff responsible for providing the information in the Report, carrying out internal control procedures on the data and the consolidation of the data in the Report;
- investigating internal and external documentation, in addition to interviews, to determine whether the information in the Report is adequately substantiated;
- performing analytical review of the data and trend explanations submitted for consolidation at group level;
- assessing the consistency of the sustainability information and the information in the Report not in scope for this Assurance Report;
- assessing whether the sustainability information has been prepared in accordance with the Sustainability Reporting Guidelines version G4 of GRI.

In addition to the procedures mentioned above, for the information in the chapters 'Our employees' and 'Our financial results' we performed the following:

- assessing the systems and processes for data gathering, including testing the design, existence and the effectiveness of the relevant internal controls during the reporting year;
- conducting analytical procedures and substantive testing procedures on the relevant data;
- assessing the processing of other information, such as the aggregation process of data into the information as presented in the sustainability information;
- corroborating internal and external documentation to determine whether the information is substantiated adequately.

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

Professional and ethical standards applied

We conducted our assurance engagement in accordance with Dutch law, including Standard 3000 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' (hereafter 'Standard 3000') and Standard 3810N 'Assurance engagements relating to sustainability reports' (hereafter 'Standard 3810N'). Our responsibilities under this standard are further described in the "Our responsibilities" section of this report.

We are independent of Achmea in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA) and other relevant regulations.

RESPONSIBILITIES

The Board of Management's responsibilities

The Board of Management of Achmea is responsible for the preparation of the Report in accordance with the reporting criteria, including the identification of the stakeholders and the determination of material subjects. Furthermore, the Board of Management is responsible for such internal control as the Board of Management determines is necessary to enable the preparation of the Report that is free from material misstatement, whether due to fraud or error.

Our responsibilities

Based on our assurance engagement in accordance with Standard 3000 and Standard 3810N, our responsibility is to:

- express a conclusion on the information in the Report; and
- express an opinion on information in the chapters 'Our employees' on page 30 to 33 and 'Our financial results' on page 41 to 68.

This requires that we comply with ethical requirements and that we plan and perform our work to obtain limited assurance about whether the report is free from material misstatement.

The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant for the preparation of the Report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Achmea's internal control. An assurance engagement aimed on providing limited and reasonable assurance also includes evaluating the appropriateness of the reporting framework used and the reasonableness of estimates made by management as well as evaluating the overall presentation of the Report.

Amsterdam, 5 March 2015
PricewaterhouseCoopers Accountants N.V.

Original signed by drs. G.J. Heuvelink RA

Appendices

APPENDICES

Governance Principles – Insurers' Code

Introduction
On 15 December 2010, the Dutch Association of Insurers published its Governance Principles, also known as the 'Insurer's Code'. This Code is in line with the basic principles of the Banking Code drawn up by the Dutch Banking Association. It sets out the principles of corporate governance, risk management, auditing and remuneration policy for Dutch insurance companies. As of 1 July 2013, two principles were added to the Insurers' Code; these focus on accountability for compliance with the Insurers' Code and compliance with laws and legislation.

The Insurers' Code applies to all insurers which have been granted a licence based on the Act on Financial Supervision (Wft). Insurers to which the Code applies and which form part of a group may apply sections of the Code at group level or at insurance group level. Insofar as they are applicable, the Insurers' Code principles apply to the relevant insurers in the group.

Achmea B.V. ('Achmea') has elected to report on compliance with the Insurers' Code at Group level because of the structure of the organisation and the Group's governance. With a view to unity of management, policy and supervision, Achmea's Executive Board is responsible for controlling, establishing and executing Achmea Group's strategy, group policy within the Achmea Group and the overall steering of the Achmea Group. Achmea's Supervisory Board monitors the entire group in order to guarantee that management and policy align with one another in all parts of the group.

The directors under the Articles of Association within the Achmea Group – in some cases overseen by their own supervisory boards – are responsible, in addition to their general and legal responsibilities towards their own company, for implementing group policies, provided that such policies must be implemented within the company in question.

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 Group level. The financial statements of the insurers within the Group refer to the report at Group level. Any differences in this regard at entity level are explained in the directors' report enclosed with the financial statements of the entity concerned.

The De Friesland Group insurance entities are beyond the scope of this consolidated reporting on compliance with the Insurers' Code . Given their independent position towards the Achmea Group, these entities are responsible for their own compliance with and reporting on the application of the Code, and are not covered in this publication. Achmea's banking units (Achmea Bank N.V and Staalbankiers N.V.) also report separately on their compliance with the Banking Code. These reports are published on their respective websites www.achmeabank.nl and www.achmeabank.com (under 'over achmea bank/code banken' and 'about Achmea Bank/Banking code' respectively) and www.staalbankiers.nl (under 'wie zijn wij/corporate governance/code banken'). The De Friesland Group's report is published on the website www.defriesland.nl (under 'onze-organisatie/resultaat/jaarverslagen').

For each principle in the Insurers' Code, the insurer reports how the relevant principle has been applied during the preceding year in its (group) annual report and on its (group) website. If the insurer does not comply with a principle, or only in part, it explains why. Achmea has included this publication as an annex to its 2014 Annual Report, published on the websites www.achmea.nl and www.achmea.com. This report and the Corporate Governance section of the 2014 Annual Report both explain which principles Achmea does not meet in full as of 2014.

Achmea is aware of the social aspects of doing business and of its role as an insurer in society. Achmea subscribes fully to the Insurers' Code and views it as a major step towards restoring confidence in the insurance industry, guaranteeing stability and safeguarding the interests of all the parties involved. The restoration of confidence in the sector requires a long-term approach and constant attention. In 2014, Achmea made major progress in further implementing the Insurers' Code principles where relevant. Yet this is a continuous process, whereby the needs of all those involved in the company are also subject to change and which also encompasses the implementation of the laws and legislation which overlap with the Insurers' Code. Achmea will therefore do its utmost to continue applying the Insurers' Code, not just to the letter but also according to its spirit.

PRINCIPLE		APPLICATION BY ACHMEA
Compliance with the Code and transparant 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 2014 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 (under 'organisatie/over ons/governance'). 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 2014, Achmea's Supervisory Board comprises five male and three female members; as of 1 January 2015 the Supervisory Board comprises five male and four female members. This means there is gender diversity in addition to diversity in terms of knowledge, expertise and age. Abridged biographies of the Supervisory Board members are published in the 2014 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. Although all members of Achmea's Supervisory Board are independent in 'mind' and 'appearance', as of 1 January 2015 three of the nine members of Achmea B.V.'s Supervisory Board are executive or supervisory board members of a party which holds a stake of over 10% in Achmea. 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. No group of Supervisory Board members nominated by individual shareholders or the Central Works Council holds a majority in the Supervisory Board, and 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 in 'mind' and 'appearance' and take part in the meetings without reference to or prior consultation with the parties that nominated them. 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. The abovementioned profile requirements 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.

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 comprised eight members as of 31 December 2014; as of 1 January 2015 it comprises nine members. As of 20 March 2014 and 31 December 2014 respectively, Mr Bé van der Weg and Mr Marinus Minderhoud left the Supervisory Board; Ms Petri Hofsté and Mr Roel Wijmenga joined the Supervisory Board effective 1 January 2015. 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.
2.1.4.	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 members per 1 January 2015 bring additional senior executive and supervisory experience, wide experience in the banking and insurance industries and experience in finance, risk management and asset management to the Supervisory Board. All the Supervisory Board members have been assessed with regards to reliability and suitability by De Nederlandsche Bank (DNB). The DNB has issued a positive assessment for all individual members of the Supervisory Board.
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.

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 2014. In 2014, 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. On 6 April 2011, Achmea's General Meeting of Shareholders set the current remuneration levels; these are periodically evaluated by the Supervisory Board and this last occurred in 2013. At that time it was concluded that additional tasks for the Supervisory Board relating to several companies under supervision in the group was reason to increase the remuneration; in 2014 the Supervisory Board concluded that, given the cost-cutting measures announced by the Executive Board at the end of 2013, it was not yet appropriate to raise the remuneration.
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 2014, in conjunction with the Chairman of the Supervisory Board, Achmea organised continuing education sessions on Information Security and Cybercrime, Strategic trends for banks and insurers, in the Netherlands and globally, Solvency II and the Partial Internal Model and a working visit was paid to the Direct distribution division, which included presentations on the division itself, retail distribution, business distribution, pension distribution and customer engagement value. 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 has been created for the Supervisory Board members who joined as of 1 January 2015, introducing the members 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 of the Supervisory Board conducted in June 2014. In the view of members of the Supervisory Board, permanent education was considered good and effective and had increased and broadened their expertise.
2.1.10.	In addition to the supervisory board's annual selfevaluation, 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, 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, informal contacts etc., were also considered.

PRINCIPLE		APPLICATION BY ACHMEA
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 was reformulated by the Executive Board in December 2014 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.
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 2014 Annual Report, which can be found on www.achmea.nl and www.achmea.com (under 'over ons/organisatie/governance'). These biographies show that members of the Executive Board are complementary in terms of their knowledge, experience and background. In the profile for the vacancy in the Executive Board in 2014, 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). The goal was to increase gender diversity; however, suitability and a balance of competences prevailed in the selection process. Although formal decision-making in the Executive Board is based on majority voting, from the perspective of collegial management the goal is to obtain a consensus.
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, the International Insurance Society and the International Federation of Health Plans.

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 2014, together with the Supervisory Board the Executive Board attended continuing education sessions on Information Security and Cybercrime, Strategic trends for banks and insurers, in the Netherlands and globally, Solvency II and the Partial Internal Model. Barring special circumstances, all members of the Executive Board participated in these sessions. 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. Barring special circumstances, 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 2013.
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 2014 Annual Report. The Supervisory Board Report looks at the continuing education sessions organised for Supervisory Board and Executive Board members in 2014.
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 was reformulated by the Executive Board in December 2014 and re-adopted with some changes 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 2014, brought up at each decision and has repercussions for the 2015-2017 Business Plan and the target-setting process for 2015.
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 CRO fulfils this role. 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, the CRO and to which two other Executive Board members belong), the Executive Board and if appropriate the Audit & Risk Committee and the Supervisory Board. In 2014, 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 2014.
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 CRO is safeguarded; the CRO has no commercial targets and bears no individual commercial responsibility for any of Achmea's business units.

PRINCIPLE		APPLICATION BY ACHMEA
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 targets are agreed taking into account six perspectives: customer interest, employees, collaboration with (business) partners, financial, process and society.
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 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. In order to achieve the objective of becoming the most trusted insurer, the company decided in 2013 to introduce a central programme organisation under the supervision of Achmea's Executive Board. The Customer Centricity programme is part of a wider approach to further improve customer focus, reduce costs for our customers and invest in digitisation and online services. Through the changes we are implementing, we are responding to our customers' constantly and rapidly changing needs. 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. Achmea continued to pursue this strategy in 2014 and a number of improvements have again been implemented. For instance, a large proportion of the core range of products for private individuals has since been rewritten using a clear language style and the Achmea-wide Trusted Communication strategy has been implemented. Customer Councils have now been set up for all the brands: this gives Achmea a unique instrument that tallies both with the cooperative mindset and the Achmea identity. These really do give customers a say and influence over their insurer and the link between the Customer Councils and the Members Board of Vereniging Achmea also restores customers to the role of corporate governance. Customer Centricity is further implemented through participation on the part of various brands in the Customer-Oriented Insurance quality seal. In 2014, Achmea is entitled to use the Customer-Oriented Insurance quality seal for the Centraal Beheer, Zilveren Kruis, Pro Life, OZF, Avéro Achmea, FBTO, Interpolis and InShared brands. In conjunction with the business, societal trends and changing customer needs (and the repercussions for 'insurance', security and the need for solidarity) are being translated into tangible products and services. Consequently, the company has made key progress since 2010 in long-term embedding to the extent aspired by Achmea, but there are areas in which we continue to make improvements, such as product development and advice on complex products. These actions are monitored through the central programme.

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 www.achmea.nl (under 'over ons/organisatie/governance').
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. In 2012 the Moral Ethics Statement was used as a basis for Achmea's General Code of Conduct. 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. 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. Implementation of the expansion to encompass the legal target group for the oath/affirmation is being prepared. On the basis of its cooperative identity, Achmea has elected to have all employees swear the oath/affirmation in 2015 rather than just the legal target group. This will also be included in the General Code of Conduct.
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 part of the CRO's portfolio. The CRO 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 2014; since the Risk Appetite was set in November 2013 no further changes have been made other than those taken to adjust it in December 2014.
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 report; 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 2014 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 2015-2017 Business Plan approved by the Supervisory Board in December 2014.

PRINCIPLE		APPLICATION BY ACHMEA
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. Although the quality of this process has been further improved this year, whereby many reviews have been conducted, the customer centricity aspects still require additional attention. The modus operandi was amended in the course of 2014, better embedding customer centricity aspects and making compliance with legal requirements much more visible. These improvements will be further rolled out in 2015.
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. Based on the risk analysis conducted jointly by Internal Audit and the external auditor and in line with the Audit Plan, Internal Audit carries out an annual audit of the performance of the product approval process and reports hereon to the Executive Board and the Supervisory Board's Audit & Risk Committee.
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 Management and Compliance fall within the second line of defence. They provide frameworks, monitor and report on the level of risk control and support the line management in taking decisions relating to risk control. The third line of defence is the Internal Audit function described under 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. 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. The director of Internal Audit also has a direct informing line to the other Executive Board members, in particular the Chief Risk Officer.
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 reports stipulated under principle 5.4 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 Annual Audit Plan compiled jointly by Internal Audit and the external auditor, including the risk analysis it contains, Internal Audit's Update Memorandum and Audit Memorandum and the external auditor's Management Letter.

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 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 the Audit Plan is discussed. The risk analysis conducted jointly by Internal Audit and the external auditor is discussed annually in a tripartite discussion with DNB, at which DNB's risk analysis is also discussed.
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 applies to the entire Group in the Netherlands and abroad. 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 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 is evaluated periodically and laid down by the Supervisory Board. 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. A revised version of the Achmea Remuneration Policy applies to 2014/2015, which includes explicit attention to the remuneration regulations from the Alternative Investment Fund Managers Directive (AIFMD), as well as the implementation of the 2014 Regulation on Sound Remuneration Policies and amendments relating to the imminent 2015 Financial Undertakings (Remuneration Policy) Act (WBFO).
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, senior managers and other Achmea Group employees. 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 2014, 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 www.achmea.nl and www.achmea.com (under investeerders/archief).

PRINCIPLE		APPLICATION BY ACHMEA
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. The Achmea Remuneration Policy includes the policy on retention, welcome and exit packages being evaluated and laid down by the Supervisory Board, on the recommendation of the Remuneration Committee. This includes periodical testing against new laws and legislation, within which this type of remuneration may be set taking into account the applicable governance regulations.
Executive Board member remuneration		
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 within and outside the financial sector.
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. Achmea applies this principle for members of the Executive Board appointed after 1 June 2008. Severance pay for these members of the Executive Board is capped at a maximum of one year's salary. As of 2014, 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 and whereby accrual of the years of service was frozen as of the end of 2012. This exception has been maintained for civil-law reasons and is fully explained in the Remuneration Report on our website. In anticipation of the enforcement of the Act on Remuneration Policies of Financial Undertakings, the member of the Executive Board concerned agreed in late 2014 to the possible severance pay being capped for him on the implementation of the Act on Remuneration Policies of Financial Undertakings on 7 February 2015.
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 and reaffirmed this in later versions of the Achmea Remuneration Policy (2014/2015). Target-setting for the Executive Board, directors and senior management is based on risk-adjusted key performance indicators (KPIs) and key risk indicators (KRIs). Solvency and liquidity levels are always tested prior to a decision on paying any bonuses. Specific circumstances, such as worse-than-expected earnings or a negative result, may also result in no bonuses being paid. 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. Payment takes place after the sustainability test has been conducted. In 2014, no bonuses were awarded over 2013, 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 March 2014, who was already employed by Achmea, relinquished his claim to a bonus over 2013 pursuant to the Act on the Ban on Bonuses on his appointment to the board. However, the last part of deferred bonuses over 2010 was paid out to the Chief Executive Officer and the other active Executive Board members in 2014.
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.	This principle does not apply to Achmea. 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 on www.achmea.nl and www.achmea.com (under 'investeerders/archief').

PRINCIPLE		APPLICATION BY ACHMEA
Bonuses		
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 for a period of five years; these deferred bonuses are paid out unconditionally no 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. Achmea's approach is detailed in the Remuneration Policy and in the Remuneration Report to be found on www.achmea.nl and www.achmea.com (under 'investeerders/archief').
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 2014, no bonuses were allocated to Executive Board members over 2013 pursuant to the Act on the Ban on Bonuses. This act also largely applied in 2014. Aside from the impact of the Act on the Ban on Bonuses, in 2014 the variable remuneration for an individual Executive Board member may not exceed 30% on achieving all targets; in the event of outperformance this may be raised to 45%.A similarly appropriate maximum fixed income/variable compensation ratio has also been established for all groups of employees. Details are published in the Remuneration Report on www.achmea.nl and www.achmea.com (under investeerders/archief).
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 Achmea as a whole (the Group) 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/social environment. 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. By applying systematic risk adjustment in target-setting for the Executive Board, directors and senior management and employees who come under the Collective Labour Agreement (CAO) with variable remuneration, 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 may decide not to award variable remuneration to an Executive Board member in any given year or not 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 from an Executive Board member awarded based on inaccurate financial data.

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 the Chief Risk Officer from the Achmea Executive Board (chair), Compliance, Legal Affairs, the Competence Centre Finance, the Customer Centricity Team, Public 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 and embedded in good time. To this end, the Committee collects all new laws and legislation and initiates general 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. This process was evaluated in Q4 2014. 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 – Compliance. This is reported on in the Compliance monitoring reports. This contains a separate section on new laws and legislation which Achmea will face within the next year and which looks at the context, impact for Achmea and any points for attention in implementation. 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. In addition to the abovementioned functions, Risk Management and actuarial officers are also involved in the process. Finally, the third line – Internal Audit – conducts audits on embedding the laws and legislation within Achmea.

Glossary

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 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 than 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. 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 refers to a combination of governing, managing, supervising and accounting for the company's policies to our stakeholders, including, customers, employees, business partners and shareholders.

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 benefit on retirement. The amount of 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 does 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 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.

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, excluding internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

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

Insurance Contract
A contract under which one party (the insurer) accepts an insurance risk from another party (the policyholder) by agreeing that the policyholder will receive compensation if a specific future event (i.e. the insured event) adversely affects the policyholder.

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 Standard 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.

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

Market risk
Market risk refers to the risk that an entire market or asset class declines, which can potentially affect the price and value of the assets in the portfolio.

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.

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. The principles and supervision on this policy are aimed at fighting the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected. Further information is available at www.afm.nl [link naar: www.afm.nl/nl/professionals/regelgeving/thema/beloningsbeleid/nieuws-naslag.aspx].

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.

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)
Solvency II is a European Union legislative initiative that will become effective in all EU Member States on 1 January 2016. The initiative will introduce a new, standardised regulatory regime for insurers across Europe and contains legislation regarding solvency and risk convergence.

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 focuses mainly on four stakeholder groups: our customers, our employees, our partners and our shareholders.

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

Supplementary health insurance
The supplementary health insurance is a voluntary supplement to the basic insurance policy, covering medical expenses.

Third-party companies
Third-party companies include the following Achmea subsidiaries the social and environmental aspects of which are not registered at central level:
- 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.
- 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
Life insurance contracts where savings are invested in investment funds by purchasing units in the investment fund. 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.

Additional information regarding complaint procedures and customer surveys (in relation to the Customer-Oriented Insurance quality seal) is available on the websites of participating insurance brands (web links are included in the table).

CUSTOMER SATISFACTION SURVEYS (commissioned by the Dutch Association of Insurers (Verbond van Verzekeraars))

	CUSTOMER-ORIENTED INSURANCE QUALITY SEAL	consumer market						business market					
		NON-LIFE		HEALTH*		LIFE		NON-LIFE		INCOME		LIFE	
		2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Agis**		-	-	7.9	7.5	-	-	-	-	-	-	-	-
Avéro Achmea	KKV	7.5	7.5	7.6	7.7	7.1	6.4	7.3	7.2	7.1	7.3	6.4	6.4
Centraal Beheer	KKV	7.7	7.8	-	-	6.6	6.7	7.7	7.6	7.2	7.3	7.1	7.3
De Friesland		-	-	7.9	7.9	-	-	-	-	-	-	-	-
FBTO	KKV	7.7	7.8	7.9	7.8	7.5	7.5	-	-	-	-	-	-
InShared	KKV	-	-	-	-		-	-	-	-	-	-	-
Interpolis	KKV	7.8	7.6	7.8	7.8	7.6	7.3	7.3	7.4	7.2	7.4	-	7.0
OZF Achmea	KKV	-	-	8.2	8.1	-	-	-	-	-	-	-	-
Pro Life	KKV	-	-	8.2	7.9	-	-	-	-	-	-	-	-
TakeCareNow!**		-	-	7.5	7.6	-	-	-	-	-	-	-	-
Zilveren Kruis	KKV	-	-	7.7	7.6	-	-	-	-	-	-	-	-
Average of Achmea brands		**7.7**	**7.7**	**7.9**	**7.8**	**7.2**	**7.0**	**7.4**	**7.4**	**7.2**	**7.3**	**6.8**	**6.9**
Average for all insurers		**7.7**	**7.7**	**7.9**	**7.8**	**7.0**	**7.0**	**7.3**	**7.4**	**7.1**	**7.2**	**6.5**	**6.7**

** source: market response, Klantenmonitor Zorgverzekeringen (Survey of Dutch health insurance consumers), 2013 and 2014. In previous years the source was the survey of the Dutch Association of Insurers*

*** these brands will start operating under the name 'Zilveren Kruis' effective 1 January 2015.*

HEADCOUNT AS AT 31 DECEMBER	2014		2013		2012	
	FTES	EMPLOYEES	FTES	EMPLOYEES	FTES	EMPLOYEES
Achmea staff employed by De Friesland	78	92	79	93	66	78
Achmea Corporate Relations (formerly Division Large Corporates)	44	45	137	143	138	145
Achmea Bank	297	332	259	294	228	260
Centraal Beheer Achmea (formerly Divisions Direct and Broker Distribution)	853	971	858	986	902	1048
Central Services	1,264	1,429	1,282	1,450	1,316	1,497
International Division	34	33	37	36	40	39
Pension & Life (including Service Organisation for Life)	789	890	678	763	992	1,124
Non-Life & Income Division	2,269	2,562	2,344	2,647	2,403	2,721
Health Division	2,378	2,788	2,630	3,104	2,745	3,277
Finances	370	392	399	423	421	444
IM&IT	1,752	1,817	1,792	1,853	1,702	1,768
Interpolis (formerly Banking Distribution and Friesland Bank Assurantiën)	383	419	475	455*	458	469*
Human Resources	133	142	205	226	201	221
Staalbankiers	135	145	135	144	141	151
Syntrus Achmea	1,131	1,196	1,217	1,296	1,333	1,429
Miscellaneous	807	918	937	1,060	694	764
Subtotal for Achmea in the Netherlands, excluding third-party companies	**12,717**	**14,171**	**13,464**	**14,973**	**13,779**	**15,435**
De Friesland	514	606	491	-	499	-
EuroCross International	22	25	21	-	20	-
Independer	186	214	181	-	155	-
InShared	34	35	31	-	22	-
Customer Contact Services	508	695	248	-	166	-
OZF	24	32	25	-	25	-
Pim Muller	10	12	15	-	29	-
Winnock	96	124	96	-	96	-
Divested business units	0	0	342	-	379	-
Subtotal for third-party companies	**1,394**	**1,743**	**1,450**	**-**	**1,391**	**-**
Subtotal for Achmea in the Netherlands	**14,110**	**15,914**	**14,914**	**-**	**15,170**	**-**
Achmea Australia	27	27	-	-	-	-
Eureko Sigorta	528	530	-	-	-	-
Friends First	263	268	-	-	-	-
InterAmerican Greece	1,134	1,156	-	-	-	-
Union	494	494	-	-	-	-
Subtotal for international subsidiaries	**2,446**	**2,475**	**3,510**	**-**	**3,735**	**-**
Total	**16,556**	**18,389**	**18,424**	**-**	**18,905**	**-**

* *On account of the reorganisation which was largely completed in 2014, it is not possible to compare this business unit on a year-over-year basis in the table above. Since 2014, reports for third-party companies and international subsidiaries also include headcount information.*

HEADCOUNT BY AGE CATEGORY AS AT 31 DECEMBER

	2014		2013		2012	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
15-19	3	5	0	0	0	1
20-24	93	270	32	52	40	63
25-29	590	893	406	520	449	580
30-34	1,078	1,330	798	966	852	1,054
35-39	1,286	1,443	1,140	1,229	1,227	1,347
40-44	1,637	1,693	1,445	1,526	1,520	1,568
45-49	1,643	1,472	1,395	1,207	1,348	1,180
50-54	1,279	1,073	1,156	867	1,197	879
55-59	1,089	660	974	584	939	581
60-64	482	341	401	262	361	238
65-69	19	9	10	2	6	4
70-75	1	0	1	0	1	0

Average age as at 31 December

TURNOVER BY AGE CATEGORY, AS AT 31 DECEMBER

	2014		2013		2012	
	NEW HIRES	EXITS	NEW HIRES	EXITS	NEW HIRES	EXITS
15-19	19	5	0	0	1	1
20-24	324	104	44	4	57	34
25-29	481	231	193	77	195	142
30-34	243	223	127	120	167	184
35-39	126	235	79	123	111	248
40-44	133	308	79	185	89	281
45-49	90	250	70	154	70	294
50-54	58	201	25	137	47	267
55-59	21	165	14	136	16	239
60-64	3	149	3	133	1	188
65-69	0	20	1	33	0	27
70-75	0	0	0	0	0	0

This table does not include staff at our international subsidiaries.

The information contained on the following pages does not include employees employed by third-party companies and international subsidiaries.

Sickness absence rate

DIVERSITY

We belief 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 includes a self-evident 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: Dna (Achmea Diversity Network), Young Achmea (for Achmea employees aged 35 and younger) and HoLA! (the platform for lesbian, gay, bisexual and transgender individuals [LGBT people]). Achmea signed the Declaration of Amsterdam, an initiative designed to bring about real improvements for LGBT people in the workplace. Further information about the declaration is available at www.workplacepride.org.

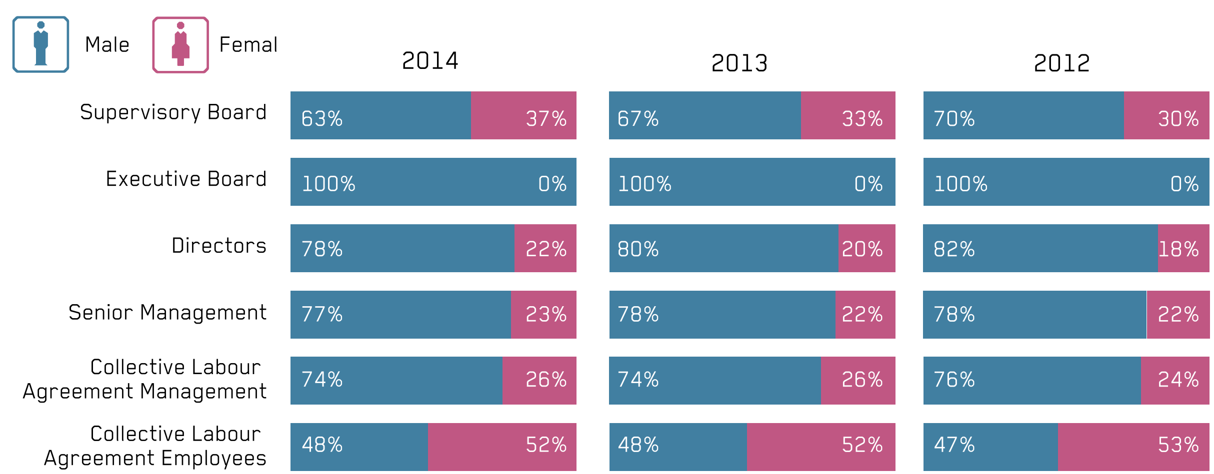
Achmea has signed the ‘Talent to the Top’ charter and devotes explicit attention to gender diversity in its Management Development policy. Partly due to the shrinking organisation, the growth in the number of women in key positions was less than aimed for in 2014. Achmea deliberately strives to achieve gender diversity in its teams and takes measures to promote diversity in the recruitment, selection and appointment of key positions. There is a focus on personal development and career opportunities for women, and on combining work with care tasks.

Achmea makes additional work experience positions available for disadvantaged job seekers every year. The programme provides a springboard for these workers, preparing them for meaningful careers either at Achmea or elsewhere. In light of the Dutch Participation Act, we are in the process of normalising the presence of employees with disabilities. In fact, it is our objective to hire applicants who fall into this category directly for regular positions. We feel it is not the employee’s disability that matters, but rather the talent they bring to the table.

INAPPROPRIATE CONDUCT

The company employs 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 Inappropriate Conduct policies. In some cases, the company may 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 17 cases in 2014, involving a total of 18 employees. None of these cases concerned inappropriate conduct; 17 cases related to the individual right of complaint. One complaint was found to be inadmissible, while eight others were subsequently withdrawn. The remaining eight complaints were all handled by the company.

Male/female ratio at our Dutch offices as at 31 December (in %)

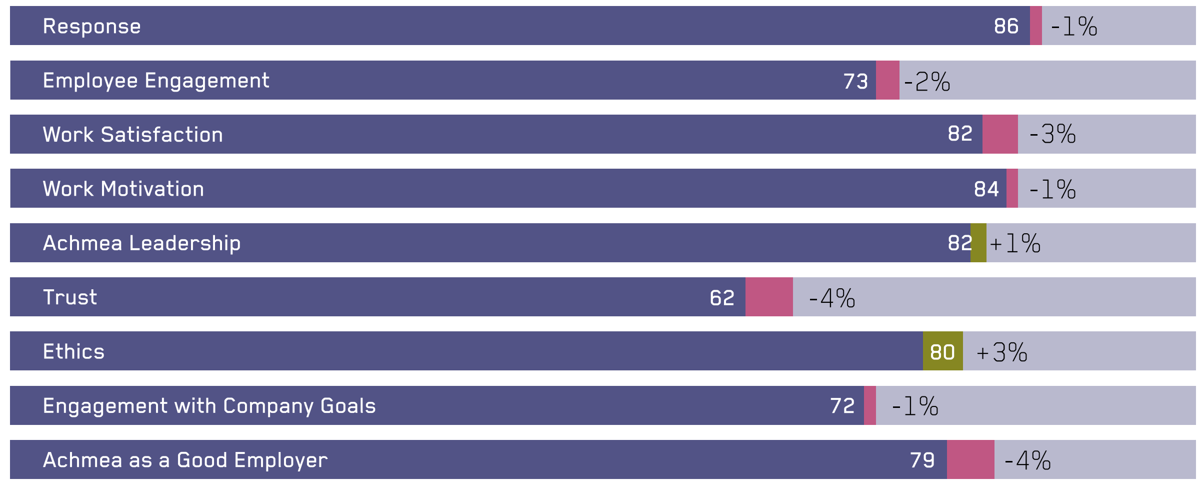


CONSULTATION WITH PARTICIPATION BODIES AND TRADE UNIONS

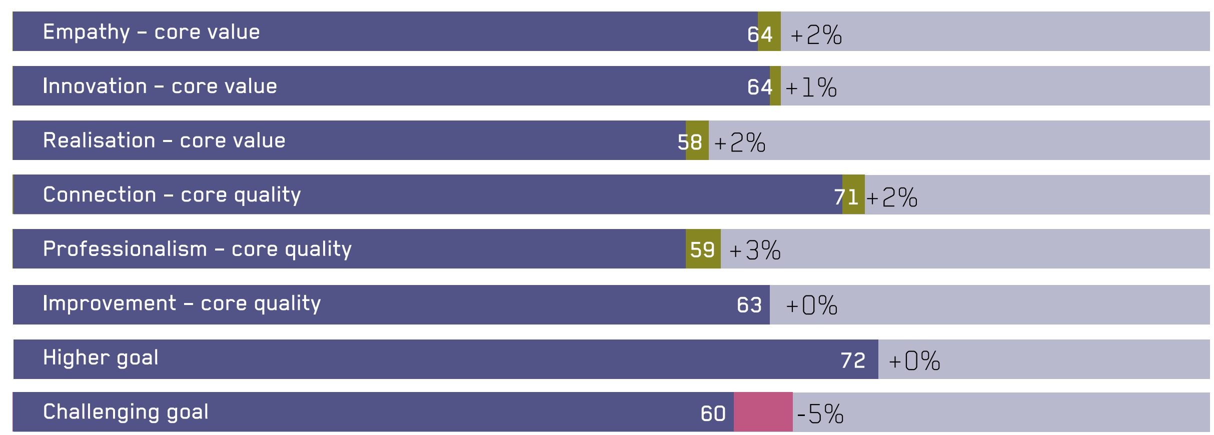
Achmea's participation bodies held various consultative meetings with the directors in 2014. The Central Works Council and trade unions regularly liaised on a formal and informal basis and exchanged information, while the trade unions also consulted with the management bodies on a regular basis. In addition, 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 32 requests for advice and one request for consent in 2014.

FOCUS ON SCORES EMPLOYEE ENGAGEMENT SURVEY

Employee Engagement Survey (in % and the difference relative to 2013*)



Identity section of Employee Engagement Survey (in % and the difference relative to 2013*)



** The 2013 figures have been recalculated in order to allow comparison*

Tailor employee benefits package to employees' needs and requirements

NUMBER OF EMPLOYEES WHO HAD OPTED TO INCREASE OR REDUCE THEIR WORKING HOURS AS AT 31 DECEMBER

	2014	2013	2012
4 more hours	1,431	1,520	1,400
3 more hours	43	55	49
2 more hours	1,489	1,677	1,698
1 more hour	91	86	94
Standard weekly working hours	10,230	10,753	11,291
1 hour less	118	118	112
2 hours less	712	710	739
3 hours less	5	9	7
4 hours less	52	45	45

NUMBER OF EMPLOYEES WHO OPTED FOR MORE OR FEWER LEAVE HOURS ON 31 DECEMBER

	2014	2013	2012
Over 40 hours more	0	0	0
31-40 hours more	1134	1,155	1,259
21-30 hours more	502	497	536
11-20 hours more	180	232	238
1-10 hours more	71	64	62
Standard: 11% of the average working hours	11,776	12,447	12,776
1-10 hours less	8	7	10
11-20 hours less	30	29	38
21-30 hours less	34	46	42
31-40 hours less	436	496	474
More than 40 hours less	0	0	0

SUSTAINABLE BUSINESS OPERATIONS

Achmea's operations have been carbon neutral since 2011 thanks to our carbon offset policy. For offsetting the net carbon emissions, Achmea purchased VCS-certified credits from the Cevizlik Hydroelectric Power Plant in Turkey. We offset the heating of our buildings, business car mileage driven and our paper and other waste products of Achmea in the Netherlands (excluding third-party companies).

Carbon emissions in the Netherlands (in kilotons)

	2010	2011	2012	2013	2014	
Natural gas	12.5	12.5	10.7	6.9	4.0	Scope 1
Fuel for power generation	0.0	0.0	0.0	0.0	0.0	Scope 1
Cooling agents (in CO_{2eq})	0.1	0.7	0.7	1.0	1.4	Scope 1
Car fuels – lease	20.8	19.6	18.7	16.2	15.6	Scope 1
Electricity	0.7	0.8	0.7	1.5	1.3	Scope 2
Flights	0.8	0.9	1.0	1.0	1.0	Scope 2
Car fuels – business mileage	2.6	3.5	3.1	2.9	2.6	Scope 2
Public transport – business mileage	0.0	0.0	0.1	0.0	0.0	Scope 2
Paper	2.2	2.1	2.1	2.1	1.8	Scope 3
Waste	2.4	2.3	1.6	1.5	1.6	Scope 3
Gross total	42.1	42.5	38.6	33.1	29.4	
Emissions already offset	16.4	17.0	17.6	15.9	13.3	
Net total	25.6	25.5	21.0	17.3	16.1	

Relative gross carbon emissions in the Netherlands (excluding third-party companies) in 2014 amounted to approximately 2.2 tons of carbon per FTE (versus 2.4 in 2013). Agis has been included in this calculation 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) is used for most footprint conversion factors. For paper the Envirometer of Foundation Stimular is used. For flights, our travel agent uses the GHG Protocol. And our waste processor uses conversion factors of CE Delft.
The CO2-footprint of electricity in 2013 has been recalculated.

TAKING RESPONSIBILITY IN THE CLIMATE DEBATE

The number of disasters caused by extreme weather conditions is increasing, and these disasters - in addition to the undesired increase in human suffering - 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 precipitation damages for our customers. Through our property insurances, we expect an increase in claims from our customers. Based on climate scenarios up to 2050 of the Royal Netherlands Meteorological Institute (KNMI), damage caused by each torrential downpour in the context of buildings insurance is expected to increase by 6% to 22%.

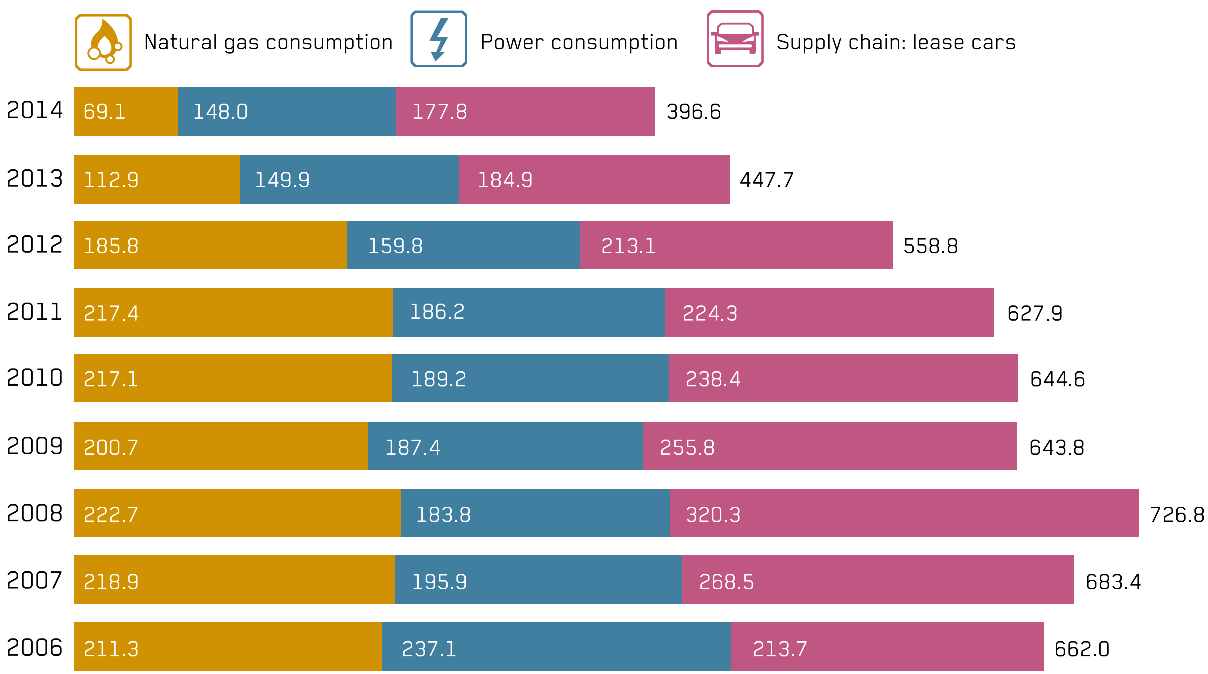
There is a general consensus in the scientific community that there is a link between the emission of greenhouse gases such as carbon dioxide and climate change. The business community, of which Achmea is a member, has now taken steps to identify and reduce greenhouse gas emissions. The company has taken the next step by annually compensating for its residual carbon emissions.

In 2013 we have challenged our to come up with solutions for how our company can further reduce carbon emissions. One of the winning ideas in 2014 was implemented by providing employees with information about solar panels and offering them a user-friendly and affordable solar panel system in conjunction with homeowners' association Vereniging Eigen Huis. A total of about 80 employees took advantage of this offer.

Energy conservation

Achmea is aiming to reduce its energy consumption by an average of 2% each year over the period from 2005-2020; by 20% overall through more efficient energy consumption in the buildings and by 10% in the supply chain. In so doing, the company complies with the obligations arising from the signing of the Dutch long-term agreement on energy efficiency, which runs from 2005 to 2020. However, Achmea is using 2006 as the base year on account of the merger with Interpolis in late 2005. During the period from 2006 to 2014, average energy consumption decreased by approximately 5.0% 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 2014 was approximately 30.1 megajoules per FTE (versus 33.0 in 2013). Agis has been included in this calculation since 2011.

From Waste to Raw Material

We produce nearly two million kilos of waste at Achmea each year, half of which is incinerated as residual waste. Many valuable raw materials are lost during waste incineration, and this is resulting in a global shortage. Achmea implemented a series of measures in early 2014 to facilitate the transition from waste management to raw materials management. By the end of 2016, a minimum of 80% of the total waste produced by Achmea can be reused as raw materials: this is both good for the environment and enables Achmea to achieve long-term cost savings.

Achmea's manufacturers, suppliers, purchasers and employees are all links in the chain, and, indeed, our caterers, cleaning companies and raw materials processing partners work together in order to carefully segregate all waste products, dispose of them separately and convert them into green energy and new products. This is how all these links in the chain contribute to the transition to a circular economy.

Responsible procurement

Achmea is a large organisation that spends approximately €1 billion on procurement to support its business operations. Price, quality and functionality are important criteria in this regard, and sustainability, too, is increasingly being included as a criterion. The policy is twofold. First, we work with suppliers that endorse Achmea's sustainability goals and, second, we purchase products that meet additional sustainability criteria (see box). Since we are a large organisation, we can also cut costs by purchasing at favourable rates and identifying innovative procurement concepts together with our suppliers.

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

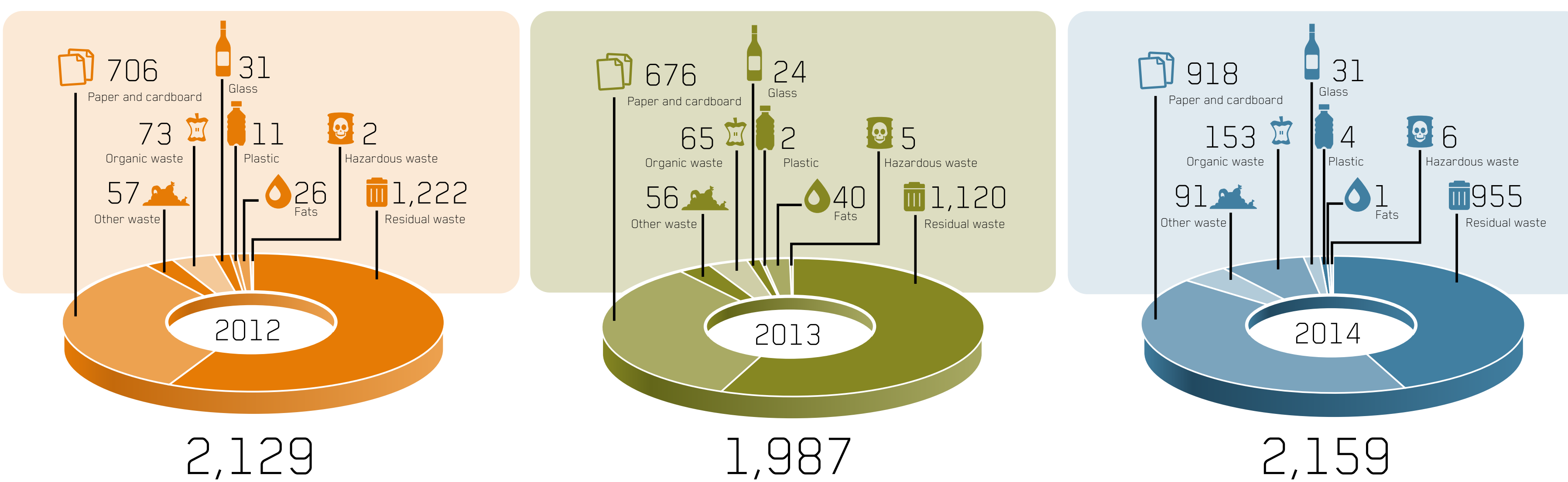
Sustainability Statement for suppliers

Achmea's General Purchase Conditions were amended in 2015. The company and its suppliers have agreed to a clearer set of rules regarding packaging materials, and the system for segregating raw materials on the receipt of goods has been improved. As an additional measure, the Sustainability Statement was added as an appendix to the General Purchase Conditions. The Sustainability Statement for preferred suppliers and the General Purchase Conditions can be consulted at www.achmea.com.

Sustainability criteria for products

Criteria that apply to each product group impose additional requirements regarding sustainability and quality. Achmea formulated additional criteria for coffee, multifunction 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.

Collected waste (in 1,000kg)



Relative waste in the Netherlands in 2014 was approximately 165 kilograms per FTE (versus 146 in 2013).

SUSTAINABLE INVESTMENTS ON 31 DECEMBER

(X € 1 MLN.)

	TOTAL INVESTMENTS			INVESTMENTS ASSESSED FOR SUSTAINABLE INVESTED*			INVESTMENTS SUITABLE FOR SUSTAINABLE INVESTING			INVESTMENTS THAT ARE SUSTAINABLE INVESTED			% OF SUITABLE INVESTMENTS THAT ARE INDEED RESPONSIBLE INVESTED		
	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012	2014	2013	2012
Investments for risk and expense of Achmea															
Shares	€ 3,102	€ 2,759	€ 2,692	€ 2,608	€ 2,554	€ 2,525	€ 2,554	€ 2,087	€ 659	€ 2,554	€ 1,399	€ 554	100	67	84
Bonds	€ 33,139	€ 33,337	€ 30,492	€ 27,387	€ 30,598	€ 26,755	€ 27,387	€ 27,531	€ 26,590	€ 27,387	€ 27,531	€ 25,792	100	100	97
Real estate	€ 1,125	€ 1,200	€ 1,172	€ 1,015	€ 1,092	€ 1,172	€ 670	€ 1,092	-	€ 670	€ 721	-	100	66	-
Loans	€ 2,207	€ 3,084	€ 3,074	€ 434	€ 1,249	€ 842	€ 434	-	-	€ 434	-	-	100	-	-
Deposits / derivatives	€ 5,661	€ 4,267	€ 5,573	€ 53	€ 2,724	€ 2,225	€ 53	-	-	€ 53	-	-	100	-	-
Other Financial investments	€ 3,029	€ 118	€ 170	€ 2,614	€ 71	€ 141	-	-	-	-	-	-	-	-	-
Total	**€ 48,262**	**€ 44,765**	**€ 43,173**	**€ 34,111**	**€ 38,288**	**€ 33,660**	**€ 31,098**	**€ 30,710**	**€ 27,249**	**€ 31,098**	**€ 29,651**	**€ 26,346**	**100**	**97**	**97**
Fiduciary investments of Syntrus Achmea**															
Shares	€ 17,224	€ 14,476	-	€ 17,224	€ 14,476	-	€ 17,224	€ 7,333	-	€ 6,418	€ 5,453	-	37	74	-
Bonds	€ 25,296	€ 21,735	-	€ 25,296	€ 21,735	-	€ 25,296	€ 14,377	-	€ 14,594	€ 13,132	-	58	91	-
Indirect real estate	€ 740	€ 594	-	€ 740	€ 594	-	€ 740	€ 187	-	€ 0	€ 0	-	0	0	-
Alternatives	€ 4,990	€ 3,808	-	€ 4,990	€ 3,808	-	€ 4,719	€ 2,116	-	€ 1,791	€ 664	-	38	31	-
Liquidities	€ 199	€ 242	-	€ 199	€ 242	-	€ 199	€ 214	-	€ 110	€ 214	-	55	100	-
Subtotal	€ 48,448	€ 40,855	€ 47,542	€ 48,448	€ 40,855	€ 47,542	€ 48,178	€ 24,227	€ 47,542	€ 22,912	€ 19,463	€ 24,246	48	80	51
Real estate (direct)	€ 4,916	€ 7,810	€ 9,455	€ 4,916	€ 7,810	€ 9,455	€ 4,469	€ 6,546	€ 8,015	€ 3,615	€ 5,566	€ 5,691	81	85	71
Total	**€ 53,364**	**€ 48,665**	**€ 56,997**	**€ 53,364**	**€ 48,665**	**€ 56,997**	**€ 52,648**	**€ 30,773**	**€ 55,557**	**€ 26,527**	**€ 25,029**	**€ 29,937**	**50**	**81**	**54**
Investments for risk and expense of policy holders															
Shares	€ 6,446	€ 9,529	-	€ 3,724	€ 7,693	-	€ 1,540	€ 5,813	-	€ 1,540	€ 3,677	-	100	63	-
Bonds	€ 3,798	€ 5,054	-	€ 1,720	€ 4,153	-	€ 1,720	€ 4,016	-	€ 1,720	€ 3,979	-	100	99	-
Real estate	€ 254	€ 324	-	-	€ 5	-	-	€ 50	-	-	€ 33	-	-	66	-
Liquidities	€ 7,512	€ 6,983	-	€ 7,415	€ 433	-	€ 138	€ 332	-	€ 138	€ 332	-	100	100	-
Derivatives	€ 348	€ 271	-	€ 71	€ 36	-	€ 71	-	-	€ 71	-	-	100	-	-
Other financial investments	€ 323	€ 370	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	**€ 18,680**	**€ 22,563**	**-**	**€ 12,930**	**€ 12,365**	**-**	**€ 3,469**	**€ 10,211**	**-**	**€ 3,469**	**€ 8,021**	**-**	**100**	**79**	**-**

* *For the investments for risk and expense of Achmea and the fiduciary investments of Syntrus Achmea, we chose to assess that part that is invested by two, for Achmea most important, asset managers. Investments are accounted for as responsible investments if at least one investment vehicle is used. These instruments are: country exclusions (bonds), company exclusions, (enhanced) engagement (shares, debt securities), applying ESG integration in the primary investment process (shares, debt securities), impact investments, voting at shareholder meetings (shares). Direct real estate investments (Dutch real estate) are recognized as responsible if the invested object has energy label A, B or C. Indirect real estate investments (international real estate) are recognized as responsible if at least engagement with the fund managers is conducted.*

** *Because in this overview the investments that Syntrus Achmea executes for Achmea (included in "investments for risk and expense of Achmea" and "investments for risk and expense of policy holders") and the mortgage portfolio is not included in this overview, the total amount that Syntrus Achmea invests is different than the reported amounts in the annual report and the financial statements of Achmea.*

In 2012, Achmea signed the Principles for Sustainable Insurance (PSI). We would like to provide justification regarding the implementation of these principles in a transparent manner via the reference tables below. More information about the PSI can be found at: www.unepfi.org/psi.

PRINCIPLE 1 - WE WILL EMBED IN OUR DECISION-MAKING ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES RELEVANT TO OUR INSURANCE BUSINESS.

Possible actions: Company strategy	**Details/reference**
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Achmea Annual Report 2014 - Strategy
Dialogue with company owners on the relevance of ESG issues to company strategy	www.verenigingachmea.nl
Integrate ESG issues into recruitment, training and employee engagement programmes	Achmea Annual Report 2014 - Corporate governance. Next to that, especially trainees and candidates for management development can work on micro insurance projects as part of their development process
Possible actions: Risk management and underwriting	**Details/reference**
Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions	Achmea Annual Report 2014 - Our societal results and Our financial results
Integrate ESG issues into risk management, underwriting and capital adequacy decision making processes, including research, models, analytics, tools and metrics	Achmea Annual Report 2014 - Our financial results
Possible actions: Product and service development	**Details/reference**
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	Achmea Annual Report 2014 - Our societal results
Develop or support literacy programmes on risk, insurance and ESG issues	Achmea Annual Report 2014 - Our societal results
Possible actions: Claims management	**Details/reference**
Respond to clients quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	Achmea Annual Report 2014 - Our Customers
Integrate ESG issues into repairs, replacements and other claims services	Achmea Annual Report 2014 - Our processes
Possible actions: Sales and marketing	**Details/reference**
Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns	www.volgensnederland.nl
Make sure product and service coverage, benefits and costs are relevant and clearly explained and understood	Achmea Annual Report 2014 - Our Customers
Possible actions: Investment management	**Details/reference**
Integrate ESG issues into investment decision-making and ownership practices (e.g. by implementing the Principles for Responsible Investment)	Achmea Annual Report 2014 - Our financial results

PRINCIPLE 2 - WE WILL WORK TOGETHER WITH OUR CLIENTS AND BUSINESS PARTNERS TO RAISE AWARENESS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, MANAGE RISK AND DEVELOP SOLUTIONS.

Possible actions: Clients and suppliers	Details/reference
Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Achmea Annual Report 2014 - Our societal results and Our processes
Provide clients and suppliers with information and tools that may help them manage ESG issues	Achmea Annual Report 2014 - Our societal results and Our processes
Integrate ESG issues into tender and selection processes for suppliers	Achmea Annual Report 2014 - Our processes
Encourage clients and suppliers to disclose ESG issues and to use relevant disclosure or reporting framework	Achmea Annual Report 2014 - Our processes
Possible actions: Insurers, reinsurers and intermediaries	**Details/reference**
Promote the adoption of the Principles	Achmea Annual Report 2014 - Our societal results
Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry	Achmea Annual Report 2014 - Our societal results

PRINCIPLE 3 - WE WILL WORK TOGETHER WITH GOVERNMENTS, REGULATORS AND OTHER KEY STAKEHOLDERS TO PROMOTE WIDESPREAD ACTION ACROSS SOCIETY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES.

Possible actions: Governments, regulators and other policymakers	Details/reference
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	Achmea Annual Report 2014 - Our societal results and Our financial results
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	www.volgensnederland.nl
Possible actions: Other key stakeholders	**Details/reference**
Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise	Achmea Annual Report 2014 - Our societal results
Dialogue with business and industry associations to better understand and manage ESG issues across industries and geographies	Achmea Annual Report 2014 - Strategy
Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business	Achmea Annual Report 2014 - Our societal results
Dialogue with media to promote public awareness of ESG issues and good risk management	www.volgensnederland.nl

PRINCIPLE 4 - WE WILL DEMONSTRATE ACCOUNTABILITY AND TRANSPARENCY IN REGULARLY DISCLOSING PUBLICLY OUR PROGRESS IN IMPLEMENTING THE PRINCIPLES.

Possible actions	Details/reference
Assess, measure and monitor the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	With annual reporting
Participate in relevant disclosure or reporting frameworks	Achmea Annual Report 2014 - Our societal results
Dialogue with clients, regulators, rating agencies and other stakeholders to gain mutual understanding on the value of disclosure through the Principles	No activities in 2014

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
Strategy and Analysis				
G4-1	Statement from the most senior decision-maker about the relevance of sustainability to the organization and the organization's strategy for addressing sustainability.	pp. 10-12		Yes
G4-2	Provide a description of key impacts, risks and opportunities.	pp. 15-19		Yes
Organizational Profile				
G4-3	Report the name of the organization.	Achmea B.V		Yes
G4-4	Report the primary brands, products, and services.	p. 2 and p. 14		Yes
G4-5	Report the location of the organization's headquarters.	Zeist, the Netherlands		Yes
G4-6	Report the number of countries where the organization operates, and names of countries where either the organization has significant operations or that are specifically relevant to the sustainability topics covered in the report.	pp. 7-8 and p. 14		Yes
G4-7	Report the nature of ownership and legal form.	pp. 7-8 and p. 237		Yes
G4-8	Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries).	pp. 2-3 and p. 14		Yes
G4-9	Report the scale of the organization.	pp. 2-3 and p. 14		Yes
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender c. Report the total workforce by employees and supervised workers and by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries).	pp. 2-3, pp. 30-33 and pp. 273-277	We do not report all indicators per gender as we consider this not applicable to Achmea. Our stakeholders do not request us to report on such information.	Yes
G4-11	a. Report the percentage of total employees covered by collective bargaining agreements.	13,483 employees are covered by the collective bargaining agreement of Achmea Interne Diensten N.V. A total of 18,389 employees are employed at Achmea.		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-12	Describe the organization's supply chain.	p. 16 and pp. 55-57		Yes
G4-13	Report any significant changes during the reporting period regarding the organization's size, structure, ownership, or its supply chain.	p. 140		Yes
G4-14	Report whether and how the precautionary approach or principle is addressed by the organization.	pp. 58-63		Yes
G4-15	List externally developed economic, environmental and social charters, principles, or other initiatives to which the organization subscribes or which it endorses.	p. 7, p. 55, pp. 79-81, p. 275 and pp. 278-280		Yes
G4-16	List memberships of associations (such as industry associations) and national or international advocacy	Among others Verbond van Verzekeraars, Zorgverzekeraars Nederland, Nederlandse Vereniging van Banken, Vereniging van Bedrijfstakpensioenfondsen, Stichting Ondernemingspensioenfondsen and Unie van Beroepspensioenfondsen		Yes
Identified Material Aspects and Boundaries				
G4-17	a. List all entities included in the organization’s consolidated financial statements or equivalent documents. b. Report whether any entity included in the organization’s consolidated financial statements or equivalent documents is not covered by the report.	p. 7 and p. 128. See overview below this GRI index		Yes
G4-18	a. Explain the process for defining the report content and the Aspect Boundaries. b. Explain how the organization has implemented the Reporting Principles for Defining Report Content.	p. 7 and p. 18		Yes
G4-19	List all the material Aspects identified in the process for defining report content.	p. 18		Yes
G4-20	For each material Aspect, report the Aspect Boundary within the organization	See overview below this GRI index where we consider the information with relevance to our stakeholders, whereby employees and shareholders are considered as within the organization.		Yes
G4-21	For each material Aspect, report the Aspect Boundary outside the organization.	See overview below this GRI index where we consider the information with relevance to our stakeholders, whereby customers and partners are considered outside the organization.		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-22	Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements.	Not applicable		Yes
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries.	Not applicable		Yes
Stakeholder Engagement				
G4-24	Provide a list of stakeholder groups engaged by the organization.	p. 7 www.volgensnederland.nl		Yes No
G4-25	Report the basis for identification and selection of stakeholders with whom to engage.	p. 7 www.volgensnederland.nl		Yes No
G4-26	Report the organization's approach to stakeholder engagement, including frequency of engagement by type and by stakeholder group, and an indication of whether any of the engagement was undertaken specifically as part of the report preparation process.	p. 7 www.volgensnederland.nl		Yes No
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting. Report the stakeholder groups that raised each of the key topics and concerns.	p. 7, p.18 and overview below this GRI index www.volgensnederland.nl		Yes No
Report Profile				
G4-28	Reporting period (such as fiscal or calendar year) for information provided.	2014		Yes
G4-29	Date of most recent previous report (if any).	20 March 2014		Yes
G4-30	Reporting cycle (such as annual, biennial).	Annually		Yes
G4-31	Provide the contact point for questions regarding the report or its contents.	p. 296		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-32	a. Report the 'in accordance' option the organization has chosen. b. Report the GRI Content Index for the chosen option (see tables below).	The annual report is in accordance with the core option. The core option requires to report on at least one Indicator related to each identified material Aspect. For several aspects we voluntarily report additional indicators for the aspect. For the additional indicators we have included information on whether omissions apply, but we have not included the reason for omission as these indicators are not required due to the core option.		Yes
G4-33	a. Report the organization's policy and current practice with regard to seeking external assurance for the report. b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided. c. Report the relationship between the organization and the assurance providers. d. Report whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report.	pp. 7-8		Yes
Governance				
G4-34	Report the governance structure of the organization, including committees of the highest governance body. Identify any committees responsible for decision-making on economic, environmental and social impacts.	pp. 82-86 Our organizational chart can be found on www.achmea.nl/en/about-us/organisation.		Yes No
G4-38	Report the composition of the highest governance body and its committees.	pp. 82-86		Yes
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members.	pp. 77-78 and pp. 82-86		Yes
G4-41	a. Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. b. Report whether conflicts of interest are disclosed to stakeholders.	pp. 82-86	Omissions apply. Refer to G4-32.	Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-51	a. Report the remuneration policies for the highest governance body and senior executives. b. Report how performance criteria in the remuneration policy relate to the highest governance body's and senior executives' economic, environmental and social objectives.	p. 77 www.achmea.com		Yes No
G4-52	Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization.	p. 77 www.achmea.com		Yes No
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable.	p. 77 www.achmea.com		Yes No
Ethics and Integrity				
G4-56	Describe the organization's values, principles, standards and norms of behavior such as codes of conduct and codes of ethics.	pp. 81-82		Yes
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines.	pp. 81-82		Yes
MATERIAL ASPECTS				
Management approach and indicators				
ECONOMIC PERFORMANCE				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 41. See overview below this GRI index		Yes
G4-EC1	a. Report the direct economic value generated and distributed (EVG&D) on an accruals basis including the basic components for the organization's global operations as listed below. If data is presented on a cash basis, report the justification for this decision and report the basic components. b. To better assess local economic impacts, report EVG&D separately at country, regional, or market levels, where significant. Report the criteria used for defining significance.	pp. 42-44	Omissions apply. Refer to G4-32.	Yes
G4-EC2	a. Report risks and opportunities posed by climate change that have the potential to generate substantive changes in operations, revenue or expenditure.	p. 62		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
G4-EC3	a. Where the plan's liabilities are met by the organization's general resources, report the estimated value of those liabilities. b. Where a separate fund exists to pay the plan's pension liabilities, report: - The extent to which the scheme's liabilities are estimated to be covered by the assets that have been set aside to meet them - The basis on which that estimate has been arrived at - When that estimate was made c. Where a fund set up to pay the plan's pension liabilities is not fully covered, explain the strategy, if any, adopted by the employer to work towards full coverage, and the timescale, if any, by which the employer hopes to achieve full coverage. d. Report the percentage of salary contributed by employee or employer. e. Report the level of participation in retirement plans (such as participation in mandatory or voluntary schemes, regional or country-based schemes, or those with financial impact).	Annual report Stichting Pensioenfonds Achmea on www.pensioenfondsach-mea.nl/over-ons/jaarver-slagen-0		No
G4-EC4	a. Report the total monetary value of financial assistance received by the organization from governments during the reporting period. b. Report the information above by country. c. Report whether, and the extent to which, the government is present in the shareholding structure.	www.achmea.nl/over-ach-mea/achmea-en-belonen/Paginas/achmea-en-staatssteun.aspx		No
MATERIALS				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and pp. 278- 280. See overview below this GRI index		Yes
G4-EN1	Materials used by weight or volume	p. 38 and pp. 278-280		Yes
G4-EN2	Percentage of materials used that are recycled input materials	p. 38 and pp. 278-280	Omissions apply. Refer to G4-32.	Yes
ENERGY				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and pp. 278- 280. See overview below this GRI index		Yes
G4-EN3	Energy consumption within the organization	pp. 278-280		Yes
G4-EN5	Energy intensity	pp. 278-280		Yes
G4-EN6	Reduction of energy consumption	pp. 278-280		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
EMISSIONS				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and pp. 278- 280. See overview below this GRI index		Yes
G4-EN15	Direct greenhouse gas (ghg) emissions (scope 1)	pp. 278-280		Yes
G4-EN16	Energy indirect greenhouse gas (ghg) emissions (scope 2)	pp. 278-280		Yes
G4-EN17	Other indirect greenhouse gas (ghg) emissions (scope 3)	pp. 278-280		Yes
G4-EN18	Greenhouse gas (ghg) emissions intensity	pp. 278-280		Yes
G4-EN19	Reduction of greenhouse gas (ghg) emissions	pp. 278-280	Omissions apply. Refer to G4-32.	Yes
EFFLUENTS AND WASTE				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and pp. 278- 280. See overview below this GRI index		Yes
G4-EN23	Total weight of waste by type and disposal method	pp. 278-280		Yes
EMPLOYMENT				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 30. See overview below this GRI index		Yes
G4-LA1	Total number and rates of new employee hires and employee turnover by age group, gender and region.	pp. 273-277		Yes
TRAINING AND EDUCATION				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 30. See overview below this GRI index		Yes
G4-LA10	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	pp. 31 and p.33		Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
DIVERSITY AND EQUAL OPPORTUNITY				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 30. See overview below this GRI index		Yes
G4-LA12	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	p. 275	We do not report all proposed indicators of diversity as we consider this not applicable to Achmea. Our stakeholders do not request us to report on such information.	Yes
ANTI-CORRUPTION				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 81. See overview below this GRI index		Yes
G4-SO3	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	Achmea performs an integrity due diligence for large contracts or if Achmea participates in the share capital of a trading partner. To evaluate potential partners for cooperation, 2 Integrity Due Diligence studies were executed.	Omissions apply. Refer to G4-32.	Yes
G4-SO4	Communication and training on anti-corruption policies and procedures	The General Code of Conduct Achmea applies to every employee (internal and external) of the Dutch entities of Achmea. The Sustainability Statement applies to all suppliers of Achmea in the Netherlands.		Yes
G4-SO5	Confirmed incidents of corruption and actions taken	At Team Integrity, 25 incidents involving suspected internal fraud or integrity breaches were reported (47 in 2013).	Omissions apply. Refer to G4-32	Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
COMPLIANCE				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 58. See overview below this GRI index		Yes
G4-SO8	a. Report significant fines and non-monetary sanctions in terms of: - Total monetary value of significant fines - Total number of non-monetary sanctions - Cases brought through dispute resolution mechanisms b. If the organization has not identified any non-compliance with laws or regulations, a brief statement of this fact is sufficient. c. Report the context against which significant fines and non-monetary sanctions were incurred.	We had one significant fine in 2014 of which more can be read on http://nieuws.achmea.nl/proces-jaarstaten-binnen-achmea--verbeterd		No
PRODUCT AND SERVICE LABELLING				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 23. See overview below this GRI index		Yes
G4-PR8	Results of surveys measuring customer satisfaction	p. 26 and p. 272		Yes
CUSTOMER PRIVACY				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 23. See overview below this GRI index		Yes
G4-PR8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	There are 21 (5 in 2013) known substantiated complaints regarding breaches of customer privacy. No customer data was lost.		Yes
Sector disclosures				
PRODUCT PORTFOLIO				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 23. See overview below this GRI index		Yes
FS6	Percentage of the portfolio for business lines by specific region, size (e.g. micro/SME/large) and by sector.	p. 2		Yes
FS7	Monetary value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	pp. 28-29, not expressed in monetary value	Omissions apply. Refer to G4-32	Yes
FS8	Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	pp. 28-29, not expressed in monetary value	Omissions apply. Refer to G4-32	Yes

INDICATOR		DETAILS/REFERENCE	OMISSIONS	EXTERNAL ASSURANCE
ACTIVE OWNERSHIP				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and pp. 55-56. See overview below this GRI index		Yes
FS10	Percentage and number of companies held in the institution's portfolio with which the reporting organization has interacted on environmental or social issues.	p. 55 and pp. 281-282		Yes
FS11	Percentage of assets subject to positive and negative environmental or social screening.	p. 55 and pp. 281-282		Yes
LOCAL COMMUNITIES				
DMA	a. Report why the Aspect is material. Report the impacts that make this Aspect material. b. Report how the organization manages the material Aspect or its impacts. c. Report the evaluation of the management approach.	p. 18 and p. 27. See overview below this GRI index		Yes
FS13	Access points in low-populated or economically disadvantaged areas by type.	p. 14 and p. 29		Yes
FS14	Initiatives to improve access to financial services for disadvantaged people.	p. 14 and p. 29		Yes

IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES

SOCIETAL DEVELOPMENT	PRIMARY PARTY FROM FOUR STAKEHOLDER MODEL THAT RAISED THE SUBJECT	REFERENCE TO ANNUAL REPORT 2014	CORRESPONDING GRI G4 ASPECT	BOUNDARY OF INFORMATION IN ANNUAL REPORT 2014	RELATED ACHMEA KPI
Shifting sense of solidarity; more selective	Customers	p. 29	Product portfolio	Achmea in the Netherlands, excluding third companies	-
Economic recovery	Customers	p. 10	Economic performance	Achmea in the Netherlands, excluding third companies	-
Shifting risk from the government to individuals and insurers	Customers	pp. 11	Economic performance, Product portfolio	Achmea Group	-
Financial situation of customers	Customers	pp. 25-26 and p. 29	Product and service labelling, Product portfolio	Achmea in the Netherlands, excluding third companies	-
Customer satisfaction and high-quality services	Customers	p. 26 and p. 113/Annex C	Product and service labelling	Achmea in the Netherlands, excluding third companies	Customer satisfaction and maintaining Customer-Oriented Insurance quality seals
Future of healthcare and pension systems	Shareholders	pp. 47-50	Product portfolio	Achmea in the Netherlands	-
Use of technology	Customers and Partners	pp. 37-39	-	Achmea in the Netherlands, excluding third companies	Level of digitisation
Capital position given introduction of Solvency II versus discussion on socially accepted returns	Shareholders	p. 48	Economic performance	Achmea Group	Insurance activities solvency ratio (IGD)
Rising healthcare cost	Shareholders	pp. 47-48	Economic performance	Achmea in the Netherlands	-
Cost of execution	Shareholders	pp. 42-44	Economic performance	Achmea Group	-
Increasing regulatory burden	Shareholders	p. 18	Compliance	Achmea Group	-
From ownership to use by consumers	Customers	p. 28	Product portfolio	Achmea Group	-
Flexibilisation of labour market	Employees	p. 30-33	Employment, Training and education, Diversity and equal opportunity	Achmea in the Netherlands, excluding third companies	-
Climate change	Customers, Partners and Shareholders	p. 62 and p. 119/Annex E	Energy, Emissions, Materials	Achmea in the Netherlands, excluding third companies	Reduction in energy consumption
Responsible investment	Customers and Shareholders Customers and Shareholders	p. 55 and pp. 122-123/ Annex F	Active ownership, Product portfolio, Anti-corruption	Achmea Group	Position on benchmark of the Dutch Association of Investors for Sustainable Development (VBDO) and Fair Insurance Guide
Health: living at home for longer	Customers	p. 28	Product portfolio	Achmea in the Netherlands	-
Need for safety & security	Customers	pp. 23-26	Customer privacy, Product and service labelling	Achmea Group	-

This is the 2014 Annual Report from Achmea. A Dutch translation is also available. In case of differences between the English and Dutch version, the English version prevails. The annual report will be published digitaly on 26 March 2015 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.

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