



# Achmea Annual Results 2021

Zeist | 10 March 2022

## General overview

Bianca Tetteroo, Chair of the Executive Board

# Achmea posts strong operational result of €585 million over 2021

- Higher result Non-Health activities due to autonomous growth in the Netherlands and abroad, positive development of the real estate and equity markets
- Result Health activities affected by the €392 million contribution of reserves to limit increases in premiums
- Market leadership Health reinforced, market position Non-Life and asset management strengthened; AuM increased to €247 billion
- Raised sustainability ambitions with focus on accelerated climate-neutral business operations, investments and products
- Solvency ratio robust and increased to 214%, even after provisioning for setting 2022 health premiums and recent share buyback
- Free Capital Generation increased to €740 million based on strong results and positive financial markets developments

# Operational result 2021 €585 million, solvency increased to 214%

## Group key figures

Operational result

€585 million

2020: €630 million

Solvency (SII)

214%

2020: 208%

Net Result

€468 million

2020: €642 million

Sustainability (ESG Rating MSCI)<sup>2</sup>

2021: AA

2020: AA

Gross written premiums

€20,026 million

2020: €20,175 million

Number of employees in FTEs

16,824

2020: 17,267

## Main activities

Non-Life Netherlands

Gross written premiums

€3.8 billion

2020: €3.7 billion

Market position<sup>1</sup> #1

Health Nederland

Gross written premiums

€14.0 billion

2020: €14.3 billion

Market position<sup>1</sup> #1

Pension & Life Nederland

Gross written premiums

€0.9 billion

2020: €1.1 billion

Market position<sup>1</sup> #5

Retirement Services Nederland

Assets under Management

€247 billion

2020: €227 billion

Market position<sup>1</sup> #4

International

Gross written premiums

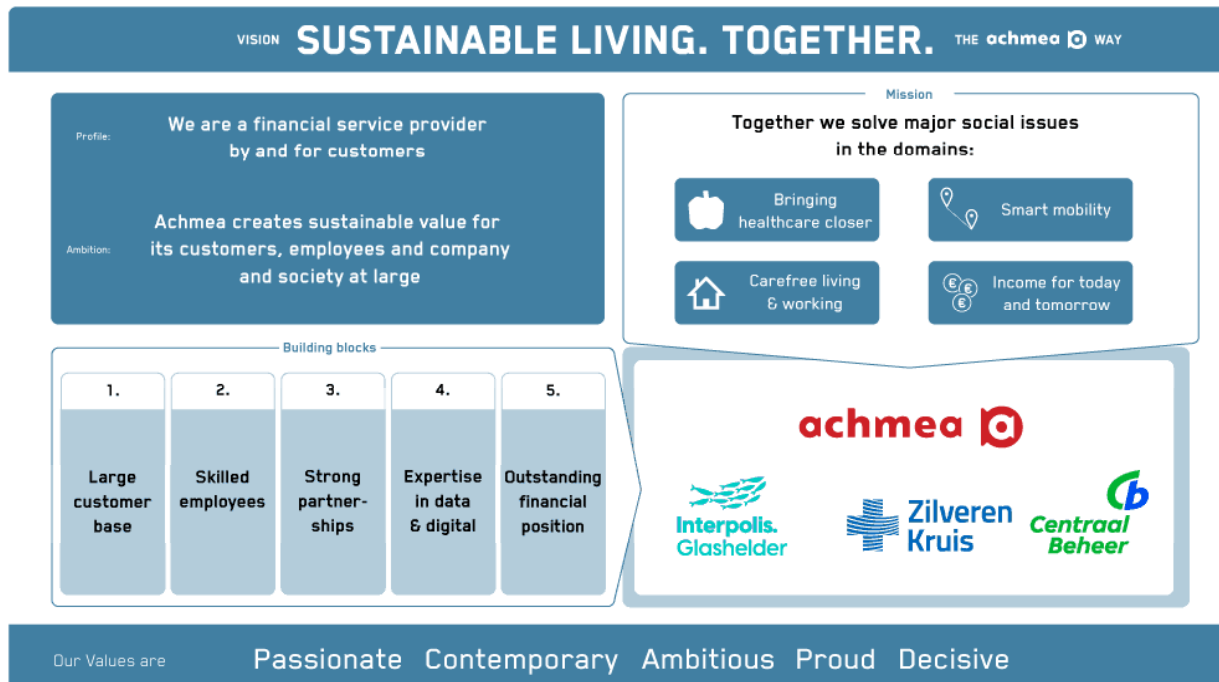
€1.3 billion

2020: €1.1 billion

Non-Life Greece #1  
Health Slovakia #3

# Achmea stands for Sustainable Living. Together.

Strategic acceleration based on a powerful vision and ambitious mission



## Large customer base

- Strong brands, continued high customer satisfaction and customer loyalty
- Leading positions in Health and Non-Life in the Netherlands strengthened, growth in Asset under Management, expansion InShared to Germany

## Skilled employees

- Collective Labour Agreement with climate budget, NPS of 33 on Achmea as employer
- Continued high employee engagement (8.2), despite Covid-19

## Strong partnerships

- Interpolis and Rabobank have leading position in bancassurance
- Partnership with PGB: first pension fund on new platform InAdmin RiskCo

## Expertise in data & digital

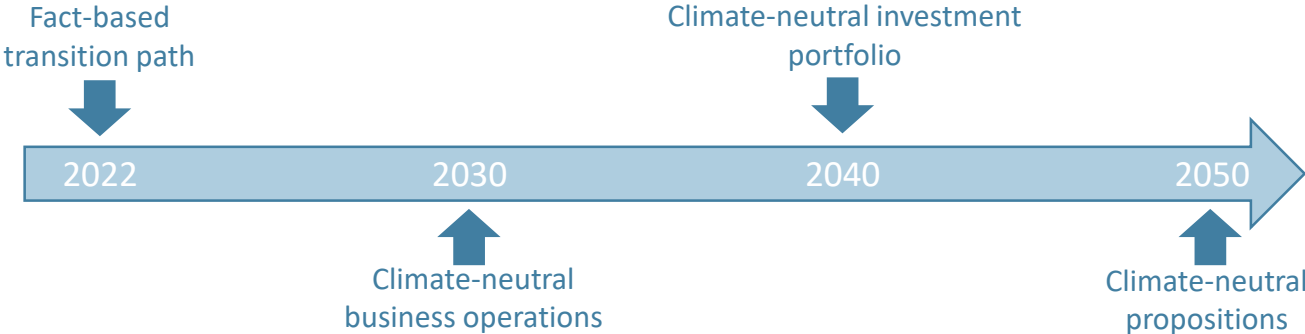
- Online client servicing expanded, good progress in cloud migration
- Implement innovations for clients in the Netherlands and internationally

## Outstanding financial position

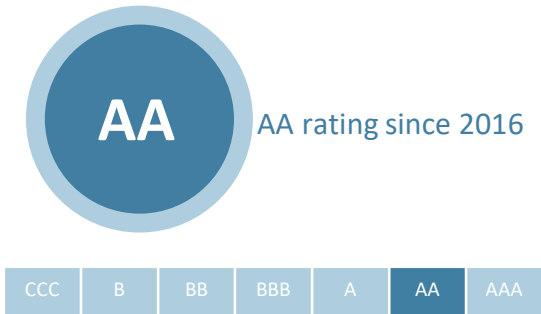
- Strong operational result, robust solvency, acceleration in synergy

# Achmea stands for Sustainable Living. Together.

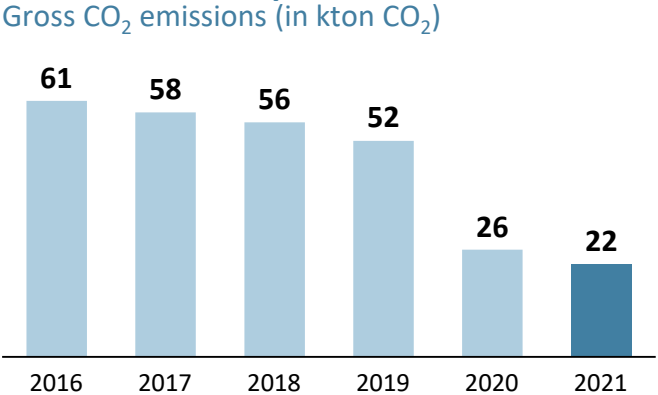
Raised ambitions regarding climate, diversity and inclusion



### MSCI ESG Rating



### Climate-neutral operations in 2030



### Raised sustainability ambitions

- Joined the Net-Zero Insurance Alliance
- Joined the Insured Emissions initiative of the Partnership for Carbon Accounting Financials
- Net zero targets established for business operations, investments, propositions
- Started developing a fact-based transition path
- Our aim is to make sustainability accessible to all
  - For example with the help of circular damage repair

### Sharpened ambitions on diversity and inclusion

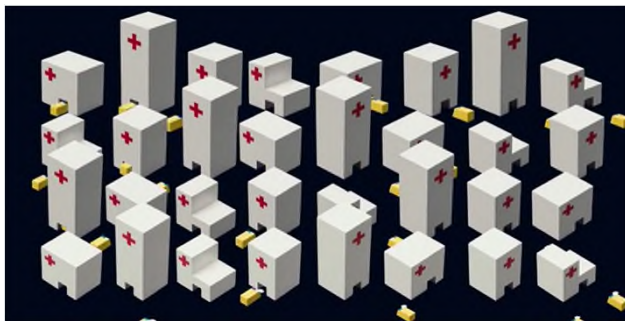
- Achmea strives for a diverse, inclusive organisation
- And we are committed to an inclusive society, for example:
  - Geldfit Zakelijk (financial assistance for entrepreneurs)
  - Priority for key occupations in rental housing
  - Appeal for fair distribution of Covid-19 vaccines
  - Employees as mentors for refugees in Refugee Talent Hub
  - Achmea Foundation

# Achmea stands for Sustainable Living. Together.

## We contribute to solutions for major social issues

Investors call on pharmaceutical companies to increase vaccine availability worldwide

Tan Tunali 6 januari 2022 Leestijd 1 minuut



Priority teachers, agents and care employees in new construction project Amsterdam



### Obligation to speak out

- As a financial services provider with a cooperative identity, we are owned by and available for our customers
- With many millions of customers, we have not only a right, but also an obligation to speak out
  - New Year's Eve campaign 2021

### More focus, more impact

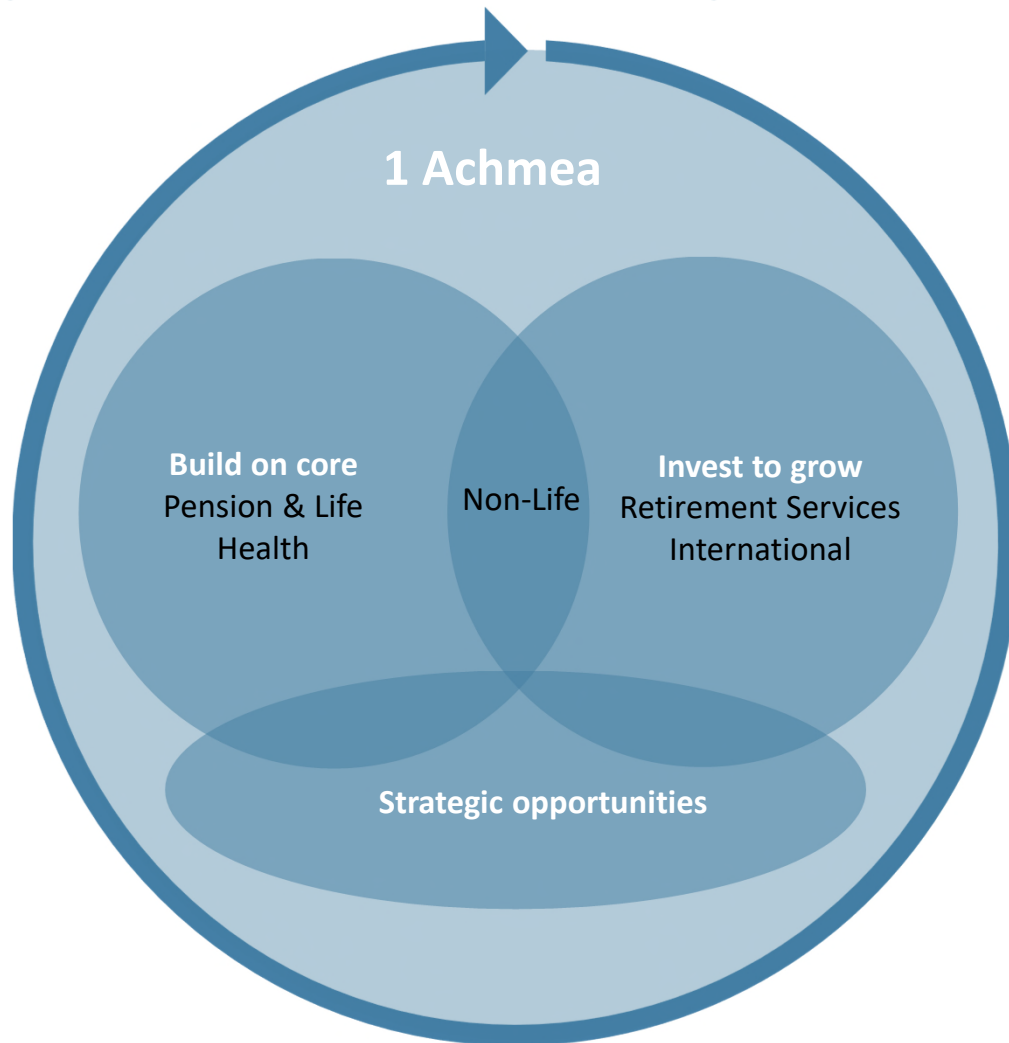
- We focus on 4 domains: bringing health closer to everyone, smart mobility, carefree living & working and income for today and tomorrow
- We make our brands more visible in society, for example:
  - In dialogue with companies and sectors in which we invest
  - Call on pharmaceutical industry to make Covid-19 vaccines more widely available worldwide

### Climate risks

- On site presence during settlement of water damages in Limburg
- Involvement with the Dutch Association of Insurers in making climate change damage more insurable, in cooperation with the government

# The Sum of Us: optimise, build and invest

Strategic acceleration aimed at creating more value for customers, employees and society



## Optimise from 1 Achmea

- Giving direction from a clear vision, mission and strategy
- Exploiting the group's synergy potential (including indirect costs, customer contact, data & digitalisation and balance sheet optimisation)

## Build on core business

- Portfolio changes due to run-off closed book Pension & Life
- Targeted growth in Non-Life, including retail and SME
- After substantial growth of 300,000 new policyholders in 2022, now retention of 5 million policyholders in Health

## Invest to grow

- Growth in Assets under Management and fee income from pension funds, resulting from the new pension legislation in the Netherlands and growth of Centraal Beheer financial services
- Growth abroad by deploying domestic competencies, e.g. through agricultural and the digital non-life market (InShared)

## Utilizing strategic opportunities

- Aimed at accelerating strategy and further increasing scale in the Netherlands and abroad



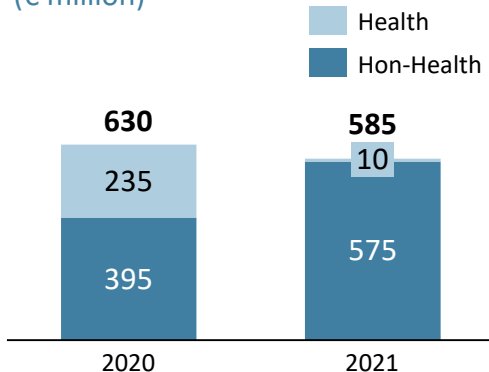
## Financial overview

Michel Lamie, Chief Financial Officer and Vice-Chair of the Executive Board

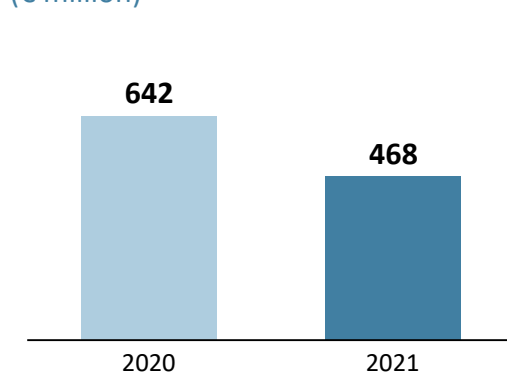
# Strong operational result 2021 of €585 million

Result Non-Health activities increased. Solvency robust.

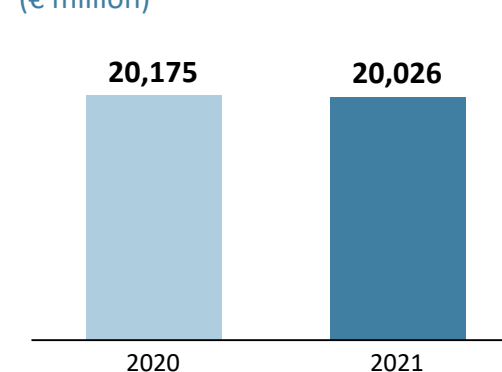
**Operational result**  
(€ million)



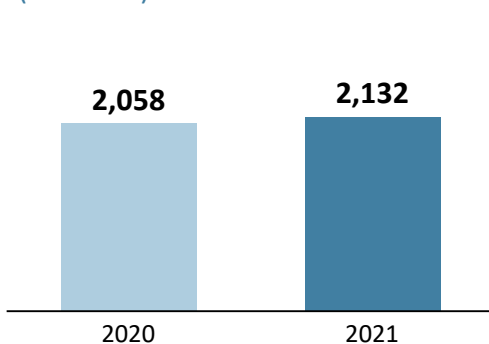
**Net result**  
(€ million)



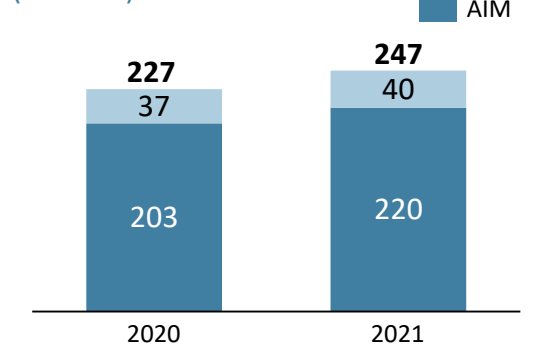
**Gross written premiums**  
(€ million)



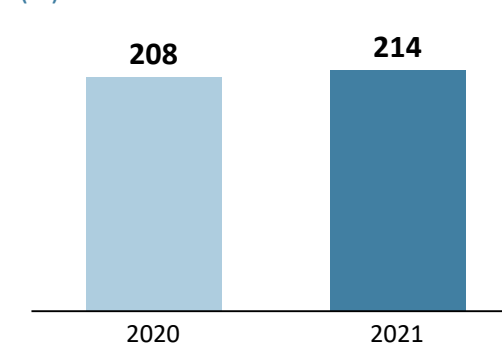
**Gross operating expenses**  
(€ million)



**AuM<sup>1</sup> AIM and SAREF**  
(€ billion)



**Solvency II (SII)<sup>2</sup>**  
(%)



- Result Non-Health increased strongly driven by autonomous growth and significantly higher investment result
- Result Health impacted by contribution reserves to limit increase in premiums
- Premium income decreased slightly due to lower contribution per policyholder from the Health Insurance Equalisation Fund and run-off service-book life, largely compensated by growth in Non-Life and International
- Operating expenses increased despite underlying improvement in efficiency due to higher personnel expenses deriving from indexations and higher pension contribution
- AuM increased due to new mandates
- Solvency robust and increased to 214%
- It is not yet possible to assess the exact impact from the consecutive storms in February 2022. First estimates are up to €200 million, after re-insurance the impact is about €100 million. The impact will be included in the results over the first half of 2022

# Strong operational result 2021 of €585 million

Result non-Health increased through autonomous growth and favourable development real estate and equity markets. Health result impacted by allocation of reserves to limit increases in premiums

Results by segment	2020	2021
Non-life NL	260	264
Pension & Life NL	253	392
Retirement services NL	22	18
International activities	23	47
Other activities	-163	-146
<b>Operational result (excl. Health NL)</b>	<b>395</b>	<b>575</b>
<hr/>		
<b>Health Netherlands</b>	<b>235</b>	<b>10</b>
Basic	69	-130
Supplementary	166	140
<b>Operational result</b>	<b>630</b>	<b>585</b>

## Non-Life Netherlands

- Premium growth through strong online distribution and highly-rated customer services
- Stable operational result of €264 million; combined ratio 93.9%
- Decreasing expense ratio due to further digitisation and efficiency improvements

## Pension & Life Netherlands

- Significantly higher result from positive developments on the real estate and equity markets
- Growth in written premiums for term life insurance, operating expenses further reduced

## Retirement Services Netherlands

- AuM increases to €247 billion; again, more pension funds opted for our services in 2021
- Well-positioned for further growth through investments in efficient IT-systems and data-driven customer services

## International activities

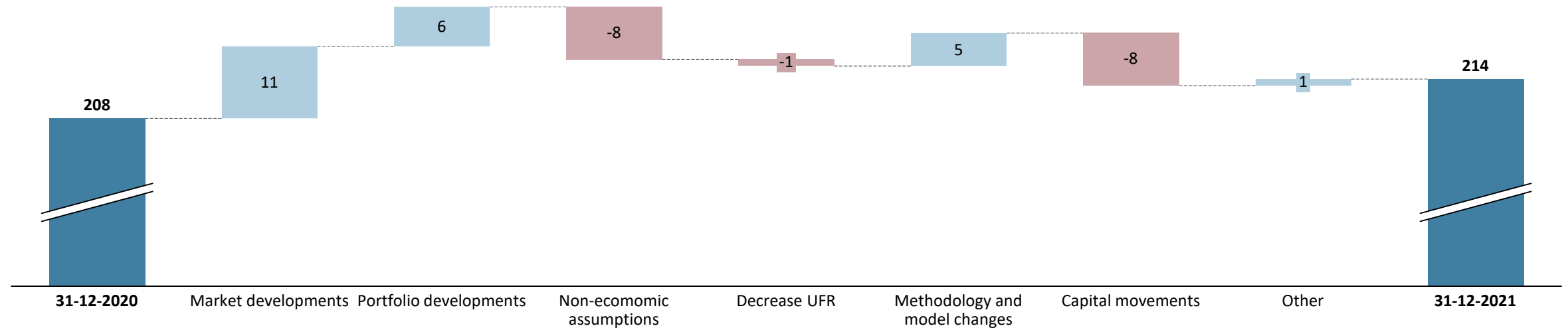
- Result grows to €47 million, with higher contributions from Slovakia and Greece
- Strong premium growth with slightly higher expenses
- Acquisitions of price comparison website InsuranceMarket.gr and Poštová poisťovňa completed, with focus on online distribution and growth

## Health Netherlands

- Positive result despite allocation of reserves to limit increases in premiums
- Further reduction in operational costs owing to ongoing focus on efficient business operations, resulting in lowest costs per policyholder
- Number of customers up by 300,000 to 5.1 million in 2022

# Solvency robust and increased to 214%, even after provisioning for setting 2022 health premiums and recent share buy-back

## Solvency II (Partial Internal Model) (%)

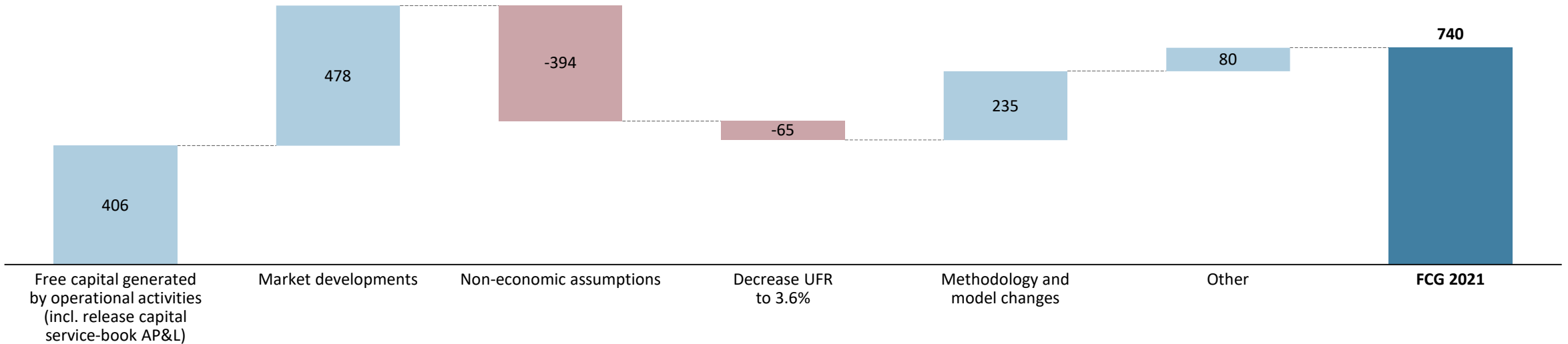


- Solvency increased driven by positive market developments, including equity and real estate prices and tightened mortgage spreads
- Operational results and portfolio developments, including capital release from the service-book, contributed positively also after allocation of our reserves to limit the increase in health premiums for 2022
- This was partly mitigated by non-economic assumptions, in particular an increase in inflation expectations, and the reduction of the UFR at 1 January 2021
- The negative impact of capital movements consists of the buy-back of own shares and expected dividend and coupon payments

# Free capital generation increased to €740 million

Increase driven by operational result and financial markets

## Free Capital Generation (€ million)

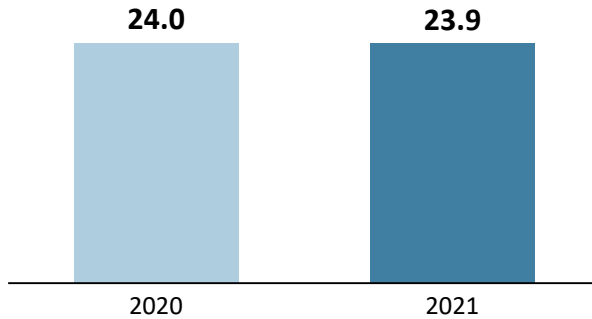


- FCG increase driven by increased capital generation from operational activities and positive market developments such as equity and real estate prices and tightened mortgage spreads
- The operational result of our Dutch health activities is not included in the Free Capital generation
- Methodology and model changes contributed positively to FCG
- Non-economic assumptions, in particular increased inflation expectations, had a negative impact on FCG

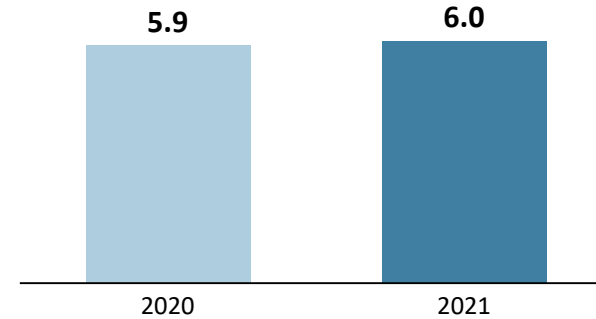
# Strong balance sheet with sufficient financial flexibility

Financial ratios and holding liquidity are adequate

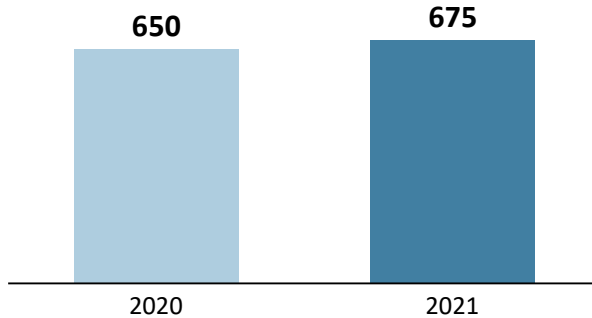
## Debt leverage (%)



## Fixed charge coverage ratio (X)



## Liquidity holding (€ million)



## Ratings core insurance activities



## Financial ratios

- The debt leverage ratio improved to 23.9% driven by increase in total equity versus an unchanged debt position
- FCCR improved to 6.0 due to decreased interest expenses following refinancing in 2020

## Liquidity

- Holding liquidity increased to €675 million and is well above the internal ambition of €250 - €400 million

## Ratings

- Ratings have a 'stable' outlook reflecting leading market positions in Dutch P&C and Health market, and a strong capitalisation and profitability

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- Solvency ratio robust and increased to 214%, even after provisioning for setting 2022 health premiums and recent share buyback
- Free Capital Generation increased to €740 million based on strong results and positive financial markets developments

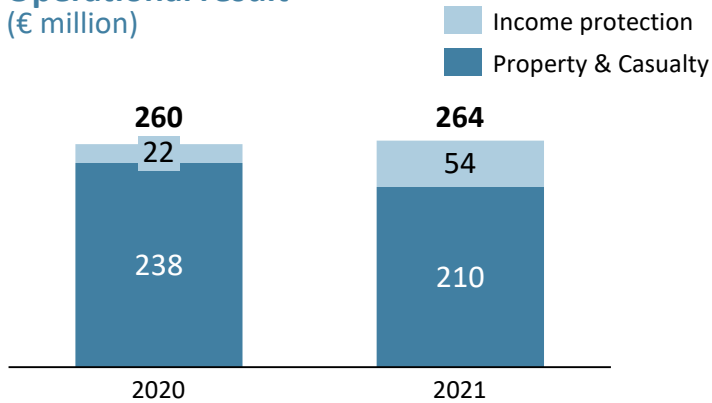
# Appendix



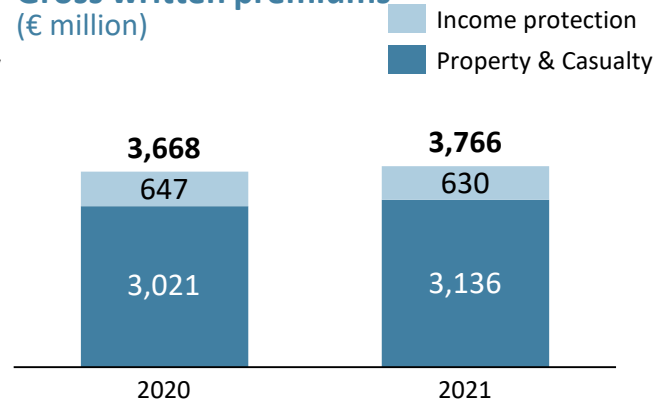


# Non-life: stable operational result of €264 million; combined ratio 93.9%

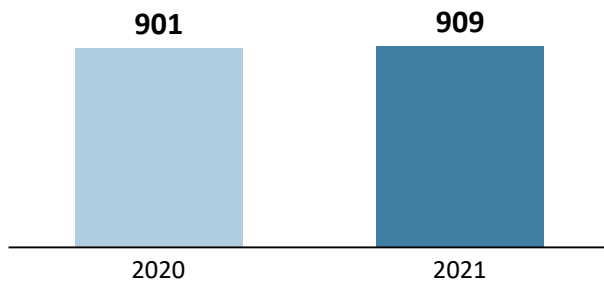
## Operational result (€ million)



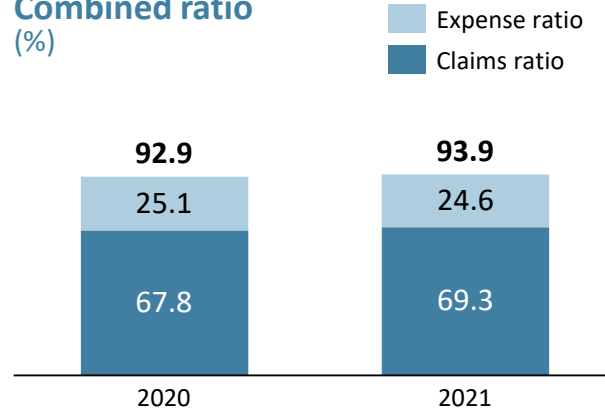
## Gross written premiums (€ million)



## Operating expenses (€ million)



## Combined ratio (%)



- Premium growth driven by an increase in the number of retail and SME customers at P&C based on strong online distribution and highly-rated customer propositions
- Operational result increased due to good results at income protection and higher investment result
- The expense ratio decreased due to ongoing digitisation, efficiency improvements and increased revenues

## Property & casualty

- Lower P&C result due to higher cost of claims as a result of snowstorm Darcy, floodings in Limburg and additional provisions for personal injury claims from previous years partly owing to continued low market interest rates
- Fewer reported claims caused by a decrease in the number of break-ins and traffic accidents partly due to Covid-19

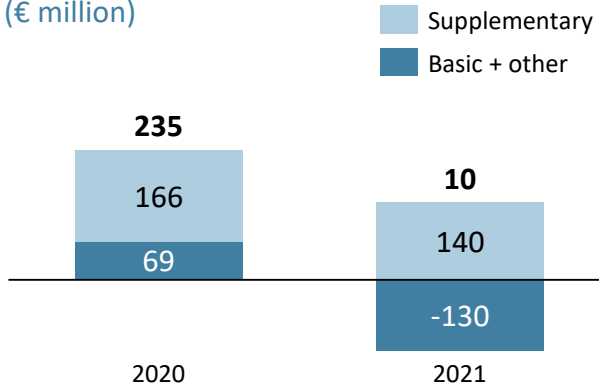
## Income

- Higher result income protection driven by improvements in disability insurance for the self-employed thanks to ongoing focus on timely recovery
- Higher result sickness insurance due to premium and portfolio adjustments

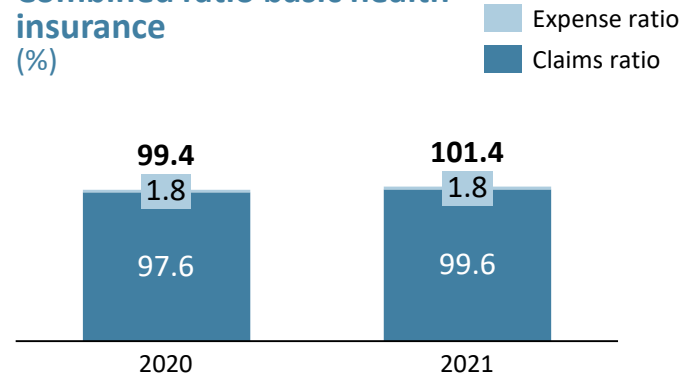


# Health: positive result despite allocation of reserves to limit increases in premiums

## Operational result (€ million)



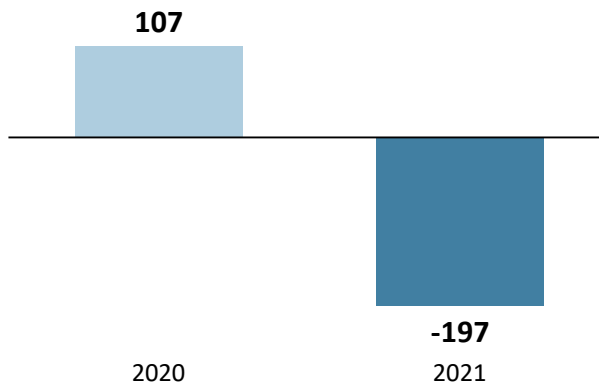
## Combined ratio basic health insurance (%)



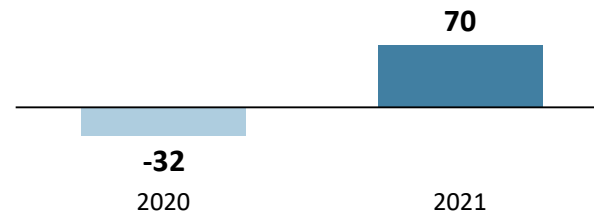
## Basic health insurance

- Lower result basic health insurance due to contribution reserves (€392 million) to limit basic health premium increase
- On balance limited impact Covid-19 on the result
- Decreases premium income due to drop in the number of policyholders in 2021 and a lower contribution per policyholder from the Health Insurance Equalisation Fund
- Further reduction in operational costs because of ongoing focus on efficient business operations

## Basic health result in current year<sup>1</sup> (€ million)



## Basic health result on prior years (€ million)

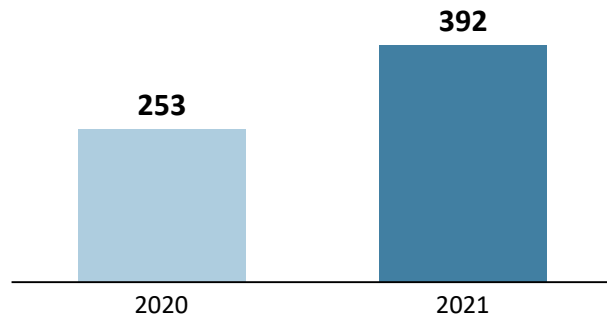


## Supplementary health insurance

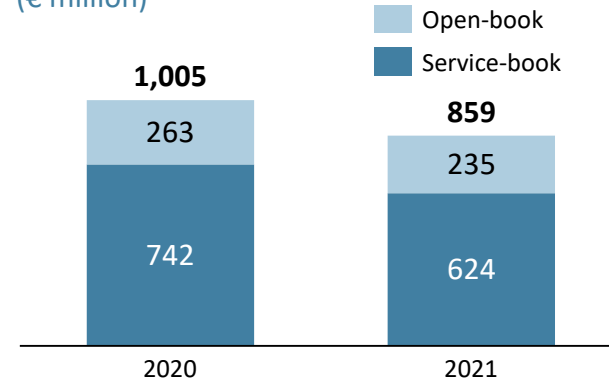
- Slight decrease in result due to higher claims prior years (mainly dental care) and less impact of Covid-19 on elective care in 2021
- Share of basic health customers with supplementary insurance 74% (2020: 75%)

 Pension & Life: significantly higher result from positive development on the real estate and equity markets and further reduction operating expenses

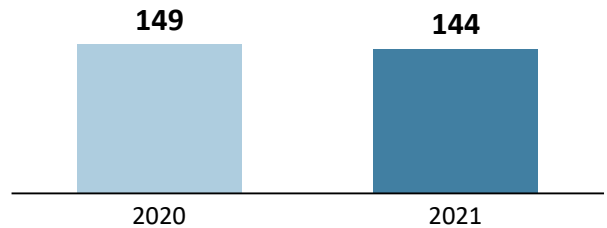
**Operational result**  
(€ million)



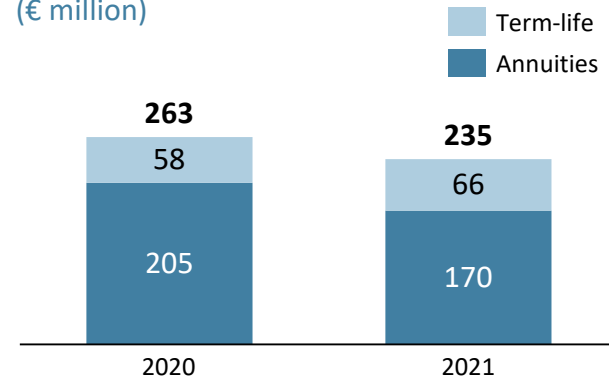
**Gross written premiums**  
(€ million)



**Operating expenses**  
(€ million)



**GWP term-life and annuities**  
(€ million)



- Higher operational result driven by higher investment income
- Reduction operating expenses due to previous IT investments. To accomplish this, we invested in migration to a smaller number of systems
- Covid-19 had a minor impact on the technical result in both 2021 and 2020

**Service-book Pension & Life**

- Development portfolio in line with our service-book strategy

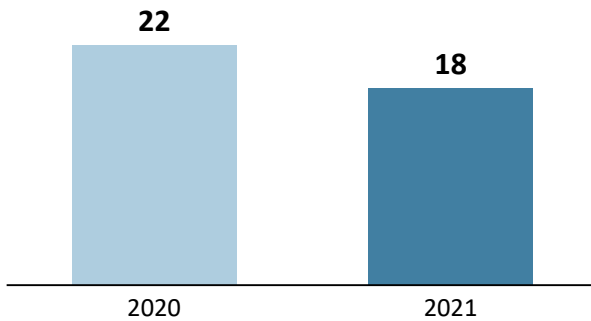
**Term-life and annuities**

- Slight growth open-book realised in term life insurance, reduction in revenues in immediate annuities and pensions

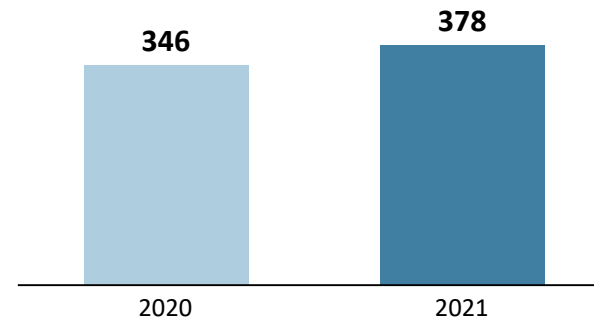


# Retirement Services: Assets under Management increased to €247 billion, again more pension funds opted for our services in 2021

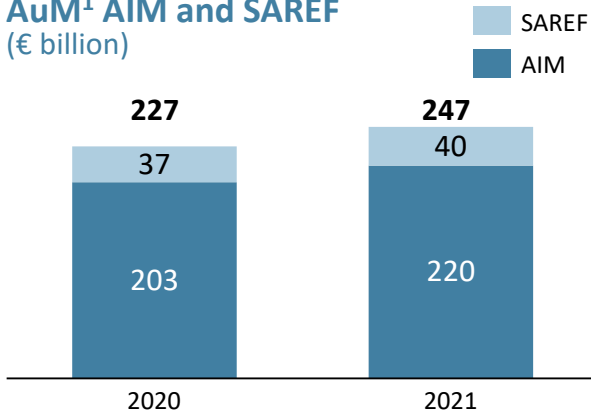
## Operational result (€ million)



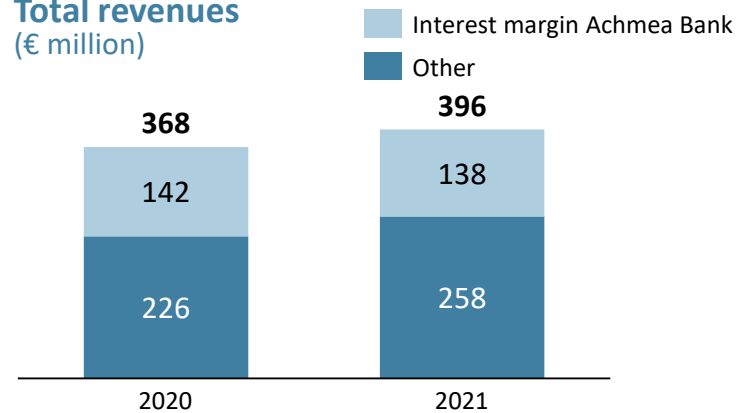
## Operating expenses (€ million)



## AuM<sup>1</sup> AIM and SAREF (€ billion)



## Total revenues (€ million)



## Achmea Bank

- Result increased to €41 million (2020: €35 million) driven by compensation for early redemptions, lower expenses and lower loan loss provisions

## Achmea Investment Management

- Assets under management increased to €220 billion due to inflow new clients
- Operational results decreased to €4 million (2020: €12 million) owing to higher cost allocation and IT investments aimed at further growth

## Achmea Pension Services

- Result decreased to €28 million negative (2020: €26 million negative) because of increased investments in pension platform

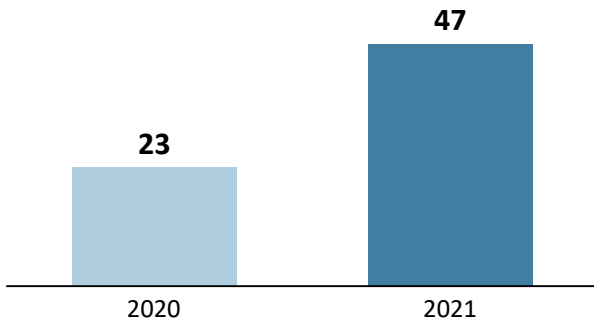
## Syntrus Achmea Real Estate & Finance

- Assets under management increased to €40 billion
- Total revenues increased to €123 million (2020: €101 million)
- Operational result amounted to €1 million in 2021 (2020: €1 million)

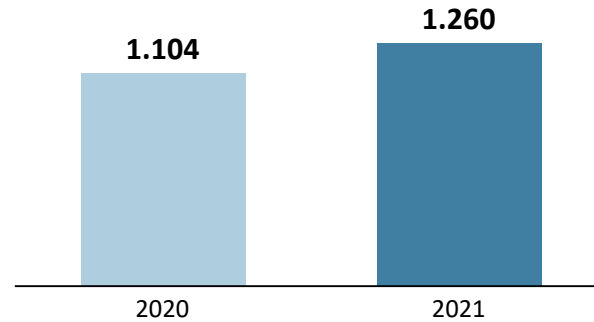


# International: result grows to €47 million, strong premium growth with slightly higher expenses

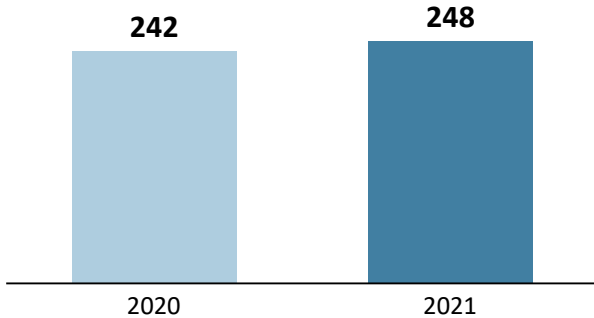
**Operational result**  
(€ million)



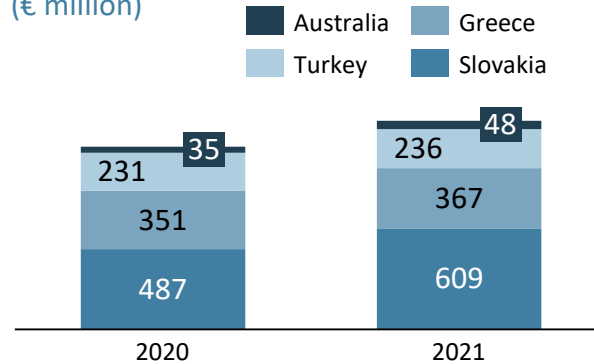
**Gross written premiums**  
(€ million)



**Operating expenses**  
(€ million)



**Gross written premiums per country**  
(€ million)

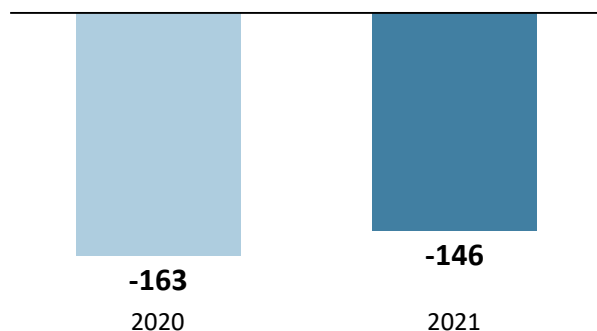


## International activities

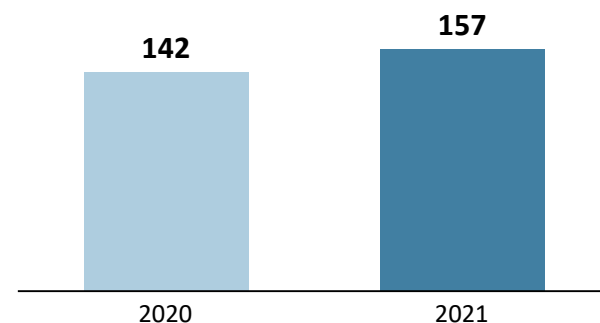
- Operational result grows to €47 million, with higher contributions from Greece and from Slovakia
- Premium growth of 14%, supported by growth in all countries
- Operating expenses amounted to €248 million in 2021, an increase of 2% compared to 2020 (€242 million) and significantly lower than the premium growth of 14%
- Acquisitions of price comparison website InsuranceMarket.gr and Poštová poisťovňa completed, with focus on online distribution and growth

# Other activities: Improved result due to lower financing charges and higher result Achmea Reinsurance

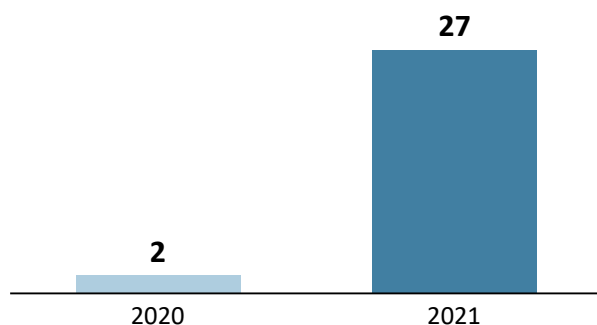
**Operational result**  
(€ million)



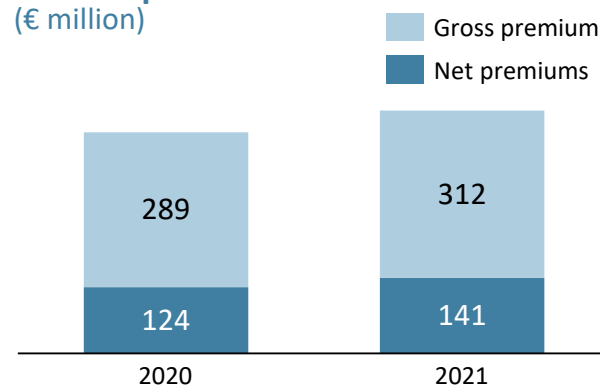
**Operating expenses**  
(€ million)



**Operational result Achmea Reinsurance**  
(€ million)



**Written premiums Achmea Reinsurance**  
(€ million)



## Other activities - Holding

- Other activities comprises the results of non recharged holding and shared service center expenses and financing costs of the group

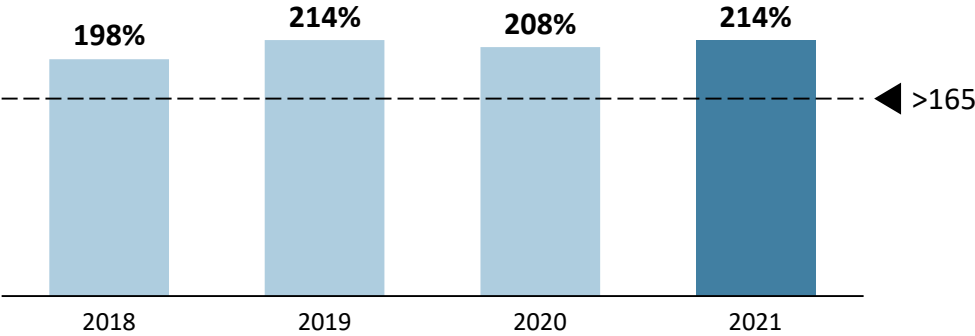
## Other activities - Achmea Reinsurance

- Improved result Achmea Reinsurance due to higher investment results and fewer claims in the Achmea portfolio
- Increase in gross written premiums is mainly driven by higher written premiums from Achmea portfolios following further integration of the reinsurance programmes of the International activities in the group reinsurance programme, portfolio growth and rising reinsurance premiums

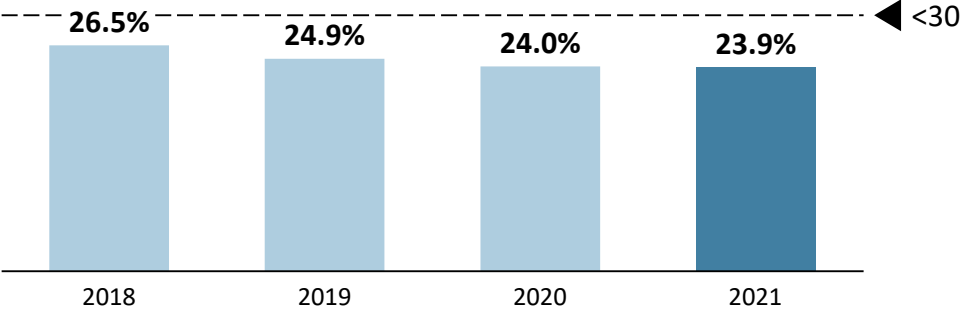
# Solvency robust and increased to 214%, well above the minimal ambition

All balance sheet metrics comfortably meet our ambitions

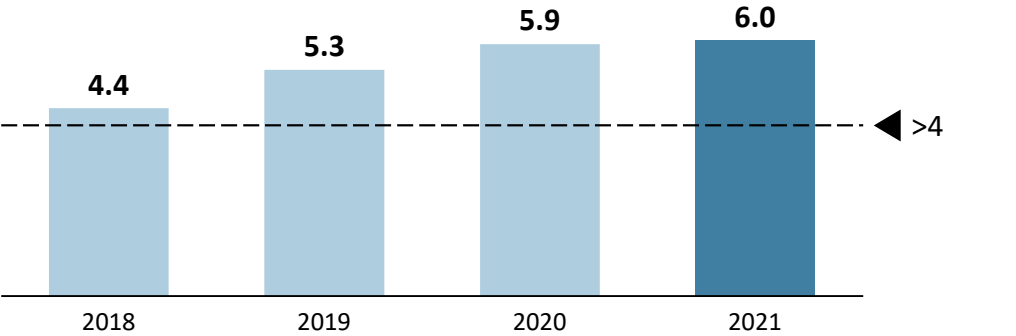
### Solvency II ratio (%)



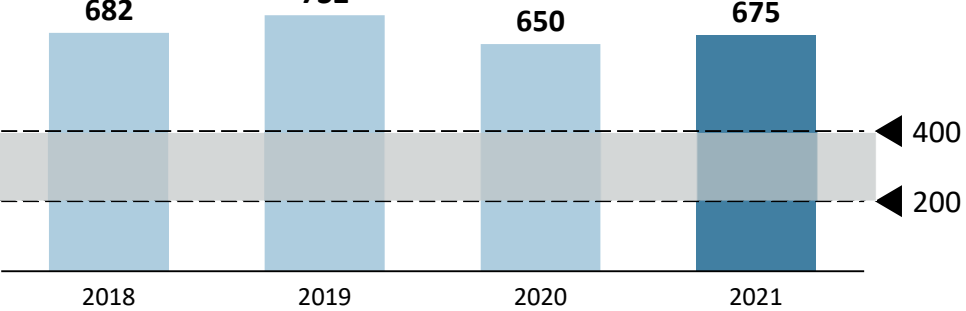
### Debt leverage ratio (%)



### Fixed-Charge Coverage ratio (FCCR) (X)



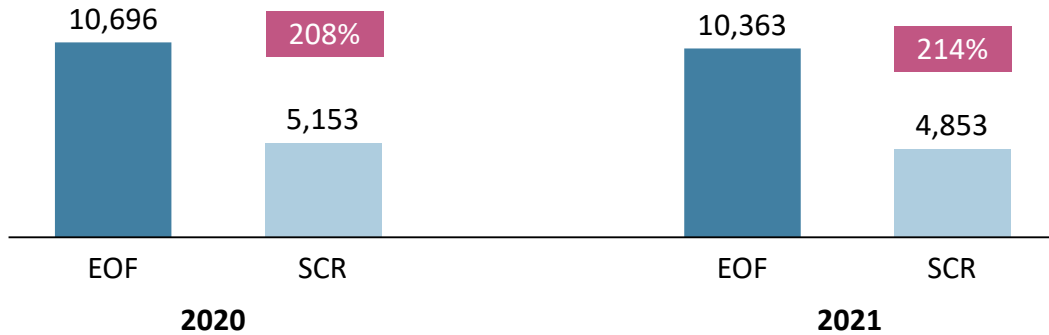
### Holding cash position (€ million)



# Strong Solvency II position

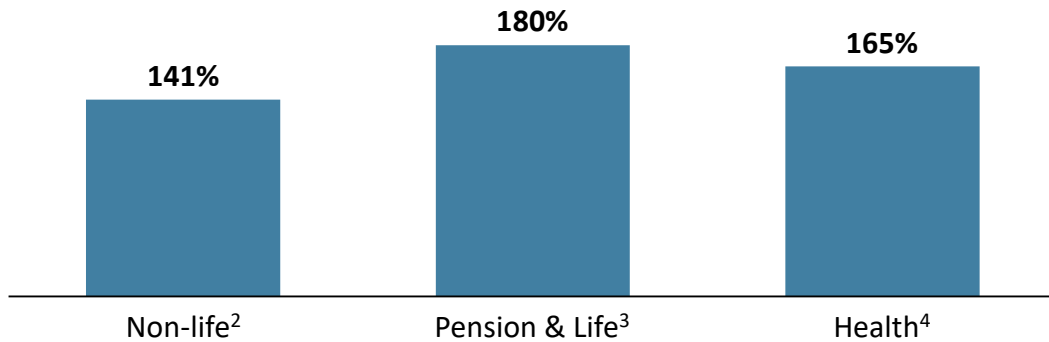
## Solvency II ratio (PIM)<sup>1</sup>

(€ million, Group)



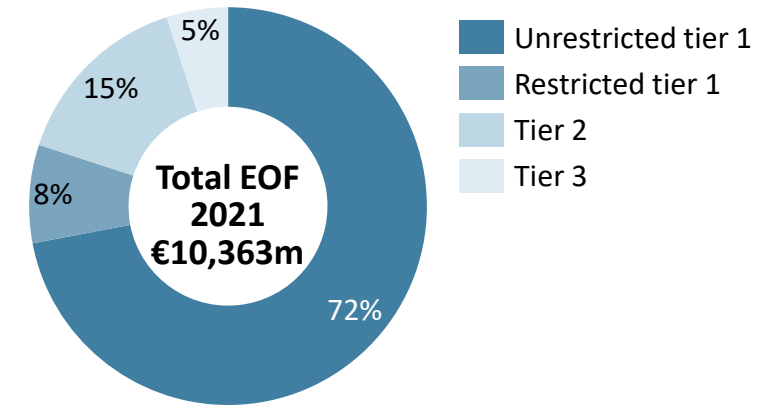
## Solvency II ratio (PIM)

(2021, legal entities)



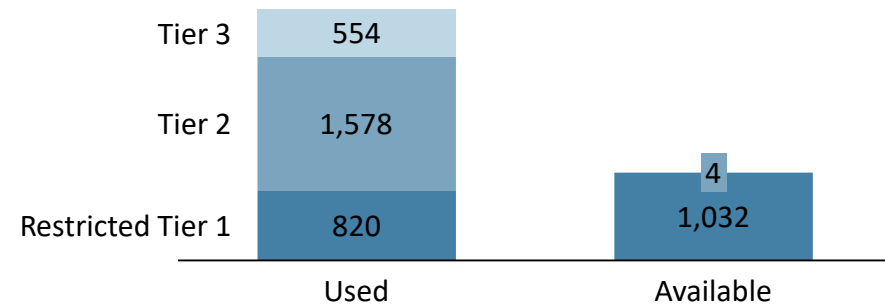
## Tiering of capital

(%)



## Available issuance capacity within tiering limits

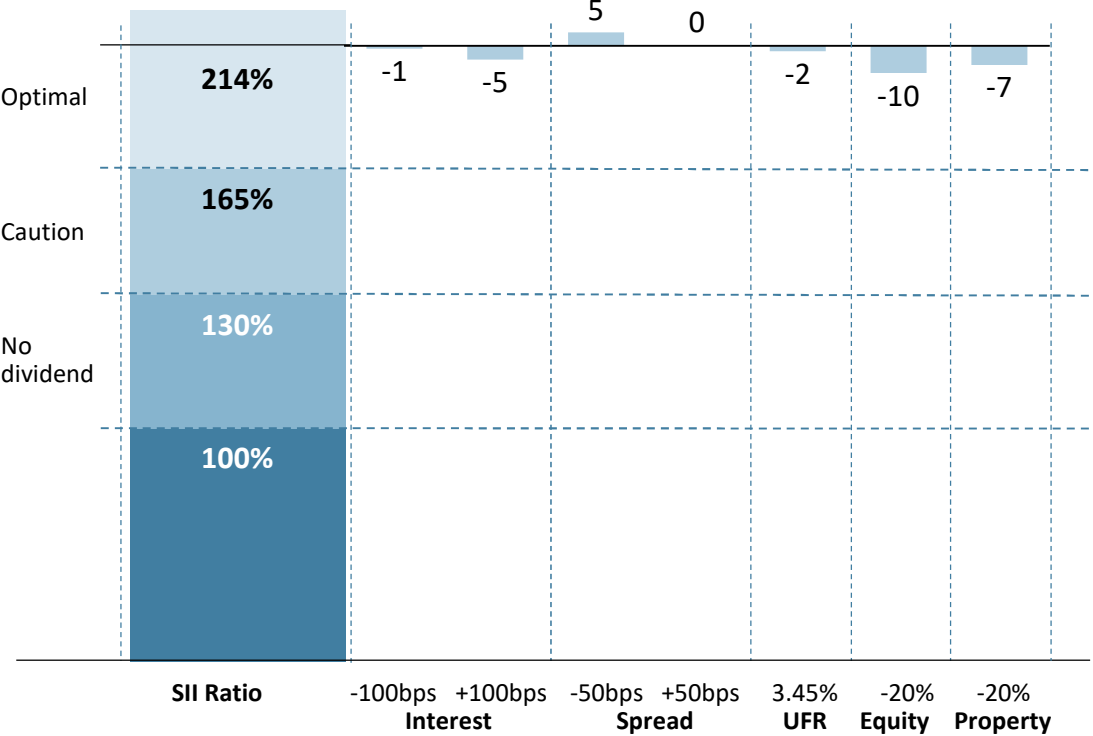
(2021, € million)





# Solvency II ratio sensitivities are well within tolerance levels

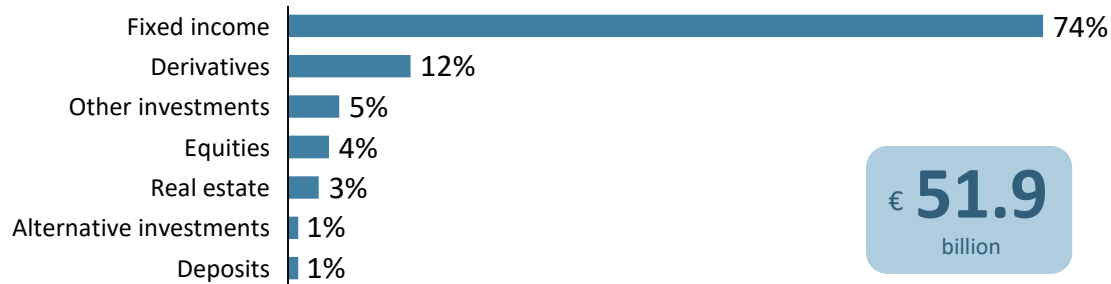
**Solvency II Sensitivities per 31 December 2021**  
(change in %-pt)



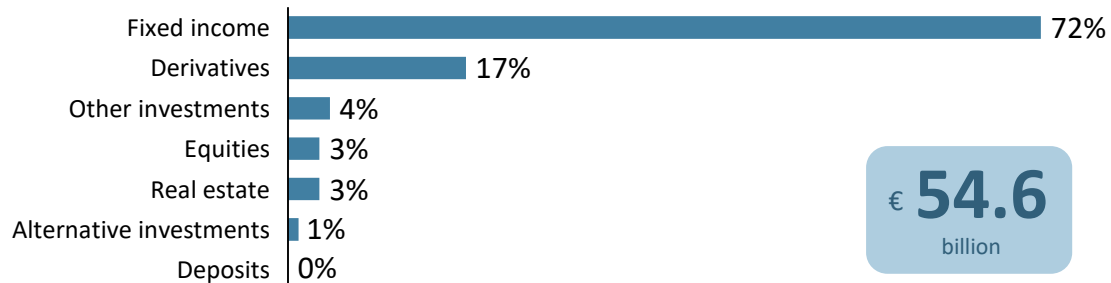
- Sensitivities are calculated based on the partial internal model which includes market risk as of 1 July 2018
- Spread sensitivities are calculated using parallel shocks. The sensitivities can be different in case of disparity in the spread movements
- Interest rate sensitivities are limited and in line with our policy bandwidth
- Limited spread sensitivity as spread impact on assets is mitigated by impact VA on liabilities

# Gradual optimisation of our investment portfolio

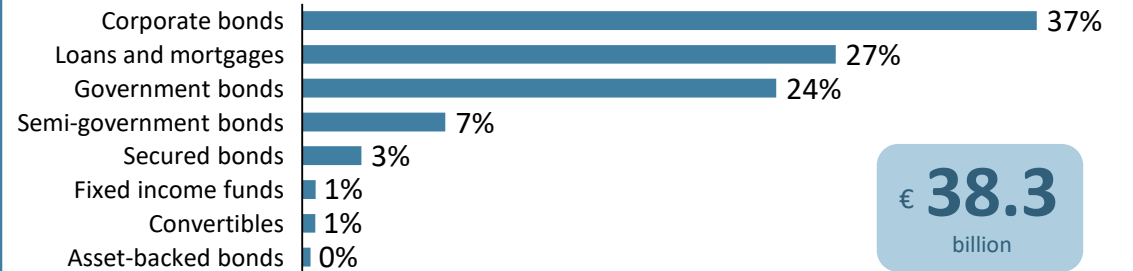
## Total investment portfolio (31-12-2021, %)



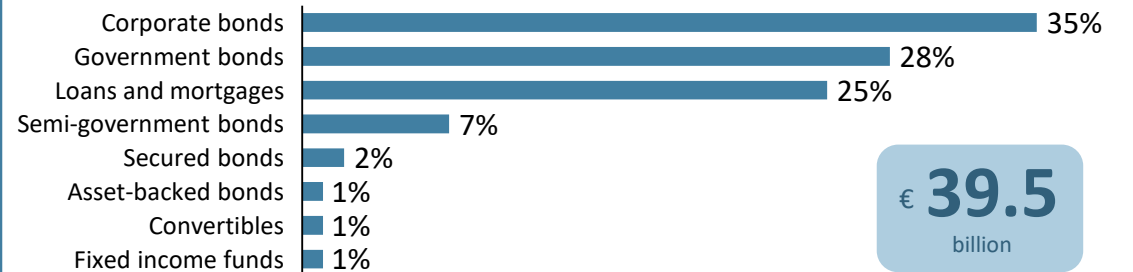
## Total investment portfolio (31-12-2020, %)



## Fixed income portfolio (31-12-2021, %)

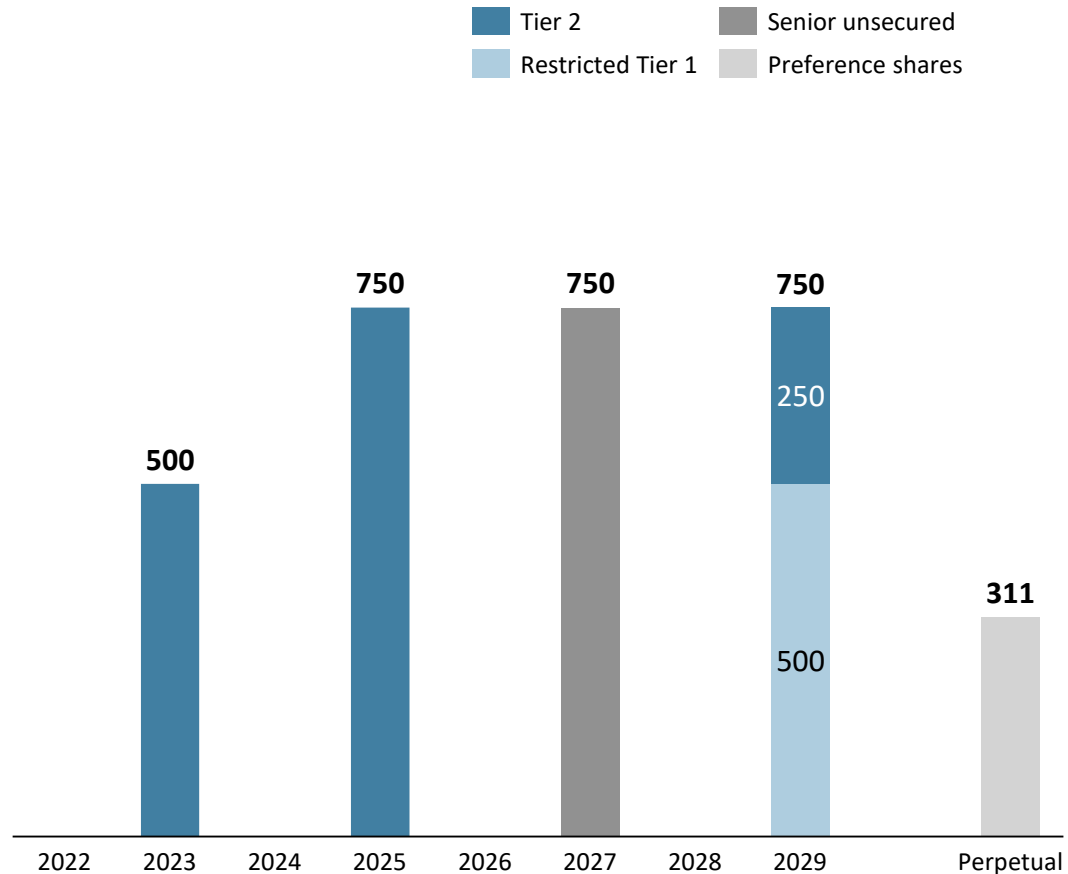


## Fixed income portfolio (31-12-2020, %)



# Well-distributed maturity profile and good access to capital markets

No refinancing needs until 2023



Instrument	Tiering under SII	Comments
Subordinated debt €500 mln @ 6.0%	Tier 2 (grandfathered)	Maturity April 2043. Callable as of April 2023
Perpetual €750 mln @ 4.25%	Tier 2	Callable from February 2025
Senior Unsecured €750 mln @ 1.5%	Debt	Maturity May 2027
€500 mln Perpetual Restricted Tier 1 @ 4.625%	Tier 1	Callable as of March 2029
€250 mln Tier 2 @2.5%	Tier 2	Maturity September 2039 Callable as of June 2029
Preference shares €311 mln @ 5.5%	Tier 1 (grandfathered)	Coupon reset in January 2024
Credit facility €1,000 mln (undrawn)	Debt	Maturity March 2026. Replacement of the previous €750 mln credit facility

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