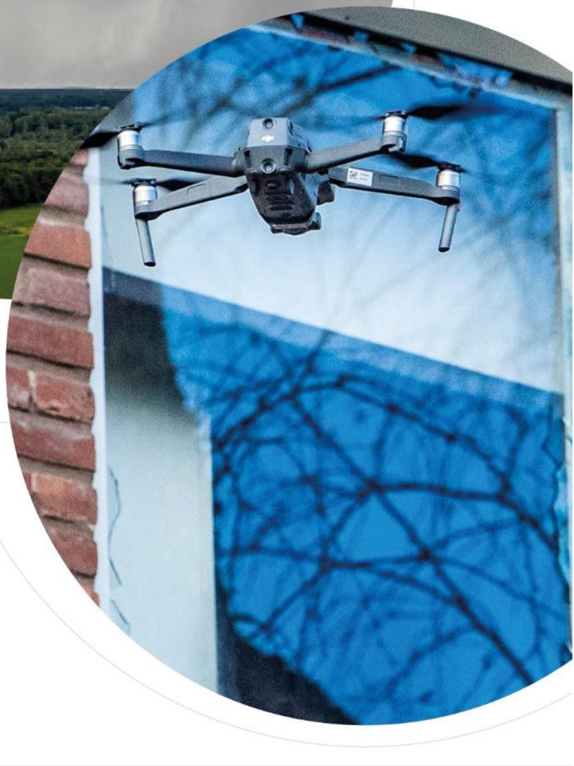
Achmea half year report

2022



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INTERIM RESULTS 2022

Bianca Tetteroo, Chair of the Executive Board:

Today we present the results over the first half of 2022. A period in which a lot happened in the world around us. The war in Ukraine has been going on for almost six months and a solution is not expected any time soon. The economic conditions are challenging. The first half of the year there was high inflation, a rapid rise in interest rates on the capital markets and falling share prices. In addition, the pressure in the healthcare sector remains high due to Covid-19 catch-up care, the labour market is tight, and we increasingly face extreme weather conditions. All these circumstances also had an effect on our business operations and financial results in the first half of the year. In addition, further development of the financial markets, inflation and interest rates provide uncertainty for our financial results in the second half of the year.

Results first half year
The result for the first half of 2022 is €115 million. This is lower than the result for the same period last year (€362 million). Investment income is €170 million lower than in the first half of 2021 due to the development of the financial markets. In addition, there is a lower result on our health insurance business, partly due to higher healthcare costs as care is fully restarted and because there is no longer an additional contribution from the Covid-19 catastrophe scheme. The underlying insurance result, on the other hand, is at a good level and is supported by broad portfolio growth, again showing commercial growth in Health, Non-Life, Retirement Services and our International activities. As a result, our premium income grew by more than €1 billion.

Portfolio growth, combined with lower operating expenses and a good underwriting result, helped us to absorb more than €100 million in claims (after reinsurance) from the February storms and further improved the combined ratio of our Property & Casualty business to 92.0%.
Pension & Life experienced a significantly lower investment result due to the effects of increased interest rates and lower share prices. In line with our strategy, no new insurance contracts are concluded in our pension portfolios and therefore the decrease in premium income is the result of the run-off of the portfolio. Cost reduction initiatives and earlier IT investments have resulted in cost reductions in line with our targets and decline of the portfolio.
In Retirement Services there is a lower result. Especially Achmea Bank reported a lower result due to rising interest rates, which had a negative impact on the interest margin and a lower valuation of part of the mortgage portfolio. Income of Syntrus Achmea Real Estate & Finance, Achmea Investment Management and Achmea Pension Services increased by €14 million, among others due to new pension fund clients and price development of real estate. Total assets under management at Achmea Investment Management and Syntrus Achmea Real Estate & Finance declined to €201 billion, despite the addition of several new pension funds, due to lower valuations as a result of increased interest and development of the financial markets.
At International, strong premium growth of 14% was realised. Despite this growth, the result decreased. In Greece and Slovakia, the result is lower due to higher claims through calamities and a lower contribution to health care. In addition, at Group level, we have made an impairment of the remaining intangible assets for our activities in Turkey given the economic developments and hyperinflation.

Strong position
We are well on our way to realising our strategy 'The Sum of Us'. Our solid capital position gives us room for continuous investment in growth and customer service, and in helping to solve societal issues. To achieve our goals, we operate as one Achmea. We will strengthen the synergies within the company, optimise our balance sheet, continue to invest in the development of our committed employees, and achieve economies of scale in the areas of data and technology, innovative solutions and indirect costs.

In addition to growth opportunities in Health and Non-Life, we see plenty of opportunities in Retirement Services. In early May, we announced the acquisition of ABN AMRO's premium pension institution. In doing so, we capitalise on the opportunities offered by the new pension agreement and to strengthen our position in the employer market with our Retirement Services. We support our institutional clients in the transition to the new pension system with both asset management solutions and pension services. With new, innovative products and solutions, we continue to improve services to our millions of clients. In addition, we are further expanding our international activities with a focus on organic growth in the direct distribution channels, additional targeted acquisitions and the roll-out of InShared in Germany.

Our position to realise our strategic ambitions is and will remain as strong as ever. Despite market developments, the Group's solvency remains robust at 200%. In terms of market position and customer satisfaction, we remain in the top tier, and we are also well regarded as an employer in various surveys. Employees and customers value our initiatives to make ourselves and society more sustainable.

EXECUTIVE BOARD REPORT

Achmea stands for Sustainable Living Together
Together with our customers, Vereniging Achmea, Rabobank and other strategic partners, we work on solutions to societal challenges in the areas of health, living and working, mobility and income for today and tomorrow. This is how we create sustainable value for customers, employees, the company and society. We are doing this, for example, in the housing market by developing life-proof housing, such as the large De Nieuwe Sint Jacob residential complex in Amsterdam, which we opened in April. In twenty years' time, there will be twice as many people in the Netherlands aged 75 or over. To continue to meet the need for care and housing, customisation is a must. This requires about 500,000 new life-course resistant homes. Making homes life-course resistant can reduce the pressure on (informal) care and improve the flow on the housing market. From our expertise in real estate, health care and pensions, we work together with partners to find solutions.

Achmea has strong climate ambitions. We are on our way to a climate neutral business in 2030, climate neutral investments in 2040 and climate neutral products and services in 2050. The gross CO_2 footprint of our business operations in the first half of 2022 amounts to 10,7 kton and is considerably lower than the target. In the first half year, Achmea improved its score on the Eerlijke Verzekeringswijzer (“Fair Insurance Guide”) to 7.4 and thus maintained its top-3 position. In the area of biodiversity, we are committed to investing in the environment in and around our premises, such as the Apeldoorn campus, and Achmea Investment Management actively promotes the preservation and improvement of biodiversity through its own investment funds.

Many thanks to our customers and employees
Although Covid-19 is unfortunately not yet behind us, we were fortunately able to go to the office more often in the past six months. It gives energy to meet each other more often in person again. I am proud of all our employees for all their efforts in the past period. I am particularly proud of my colleagues who have put in a lot of extra hours in order to settle the more than 80,000 storm damage claims as quickly as possible. Of course, I would also like to thank our customers for their understanding when it sometimes took a bit longer to settle these claims and for their continued trust in our services.

Overview of group results,
Achmea earned an operational result of €115 million in the first half of 2022 (H1 2021: €362 million). The lower result is mostly due to the lower investment income and a lower result at our health insurance business. Non-Life posted a sound operational result despite the storm-related claims and a decrease in the investment results. At Pension & Life the lower result was primarily driven by lower investment results. The result from our health business decreased compared to last year because of higher medical expenses, lower investment income and a higher contribution to the solidarity scheme. Moreover, last year we still received a contribution from the statutory emergency scheme. The lower result at Retirement Services is mainly due to the decrease of the result at Achmea Bank, which in turn is the result of a lower valuation of part of the mortgage portfolio driven by increased interest rates and a lower interest margin. At the International activities the result decreased driven by a higher cost of claims in Greece and a lower government contribution to Health in Slovakia.

The operational result at Non-Life Netherlands increased marginally to €106 million in the first half of 2022 (H1 2021: €103 million). The combined ratio improved to 92.0% (H1 2021: 95.8%). Despite the claims relating to the severe storms in February this year, the insurance results were higher thanks to fewer regular vehicle, burglary and major fire claims. Furthermore, in the first half of 2021 the result was adversely affected by additional provisions for personal injury claims from previous years, partly owing to the continued low market interest rates at that time. Negative trends on the financial markets and higher interest rates led to substantially lower investment results.

The total claim amount for Achmea from the series of storms that swept across the Netherlands in February of this year came to more than €200 million. After reinsurance the negative impact on Achmea’s result is in excess of €100 million.

Health Netherlands earned a result of €17 million in the first half of 2022 (H1 2021: €147 million). The result for supplementary health insurance was €80 million (H1 2021 €63 million), while the result for basic health insurance was €62 million negative (H1 2021: €84 million). The lower result for basic health insurance is due to higher medical expenses, lower investment income, and a higher contribution to the solidarity scheme for health insurers. The contribution from the emergency scheme that was in place the previous two years was ended by law in 2022.

The operational result of Pension & Life Netherlands decreased to €97 million in the first six months of 2022 (H1 2021: €170 million). This was mainly due to a downturn in the investment results caused by negative trends on the financial markets.

The operational result of Retirement Services decreased to €8 million negative in the first half of 2022 (H1 2021: €10 million). This decrease was largely owing to a lower result at Achmea Bank due to market circumstances and the strong increase in interest rates. Due to the strong increase in mortgage rates the market value of a closed book Interpolis portfolio was negatively adjusted. Following the group-wide implementation of IFRS 9 as of 2023 this portfolio will be valued at amortised cost and such changes in market value

EXECUTIVE BOARD REPORT

will no longer occur. In addition the interest margin on previously closed mortgages with a lower mortgage rate has decreased, in combination with higher prepayments.

The International activities realised a strong premium growth. The operational result decreased by €24 million to €1 million negative (H1 2021: €23 million). This was primarily driven by a decrease in the results in Greece and Slovakia caused by a higher number of claims arising from natural disasters and a lower government contribution to Health. Given the economic developments and hyperinflation in Turkey the remaining intangible assets of the Turkish activities of €8 million have been marked down to zero.

The result for Other activities decreased by €5 million to €96 million negative, mainly due to the decrease in the result at Achmea Reinsurance caused by lower investment income and higher (storm related) claims. The result for our Other activities is negative because many of the expenses from the holding company and shared service activities, as well as the financing charges for the bonds issued by Achmea, are shown in this segment.

OPERATIONAL RESULTS SEGMENTS (€ MILLION)

	H1 2022	H1 2021
Non-Life Netherlands	106	103
Pension & Life Netherlands	97	170
Retirement Services Netherlands	-8	10
International activities	-1	23
Other activities	-96	-91
Operational result (excl. Health)	**98**	**215**
Health Netherlands	17	147
Operational result	**115**	**362**
Corporate income tax expenses	**21**	**57**
Net result	**94**	**305**

Net result

The net result amounted to €94 million in the first half of 2022 (H1 2021: €305 million). At €21 million (18.3%) the effective tax expenses were €9 million lower than the nominal tax expenses mainly as a result of charging the interest payments on perpetual bonds to equity and the tax exempt revenues of our Dutch health business.

Income

Gross written premiums increased by 6% to €18,474 million in the first six months of 2022 (H1 2021: €17,402 million).

Premium income at Non-Life Netherlands grew by 4% to €2,472 million (H1 2021: €2,384 million) owing to autonomous growth in the business segment in particular. At our international non-life business, premium income increased by 20% to €337 million (H1 2021: €280 million), with premium growth in all the markets.

Premium income within Health Netherlands increased by 6% to €14,726 million (H1 2021: €13,838 million) thanks to a higher number of policyholders in 2022, higher average premiums and a higher contribution per policyholder from the Health Insurance Equalisation Fund. Premiums from our international health business also grew by 7% to €351 million (H1 2021: €327 million).

Premium income from pension and life insurance policies declined by 2% to €501 million (H1 2021: €512 million), mainly due to lower premiums at Pension & Life Netherlands. This decrease is in line with our service-book strategy.

At Retirement Services, due to the combination of a lower interest margin at Achmea Bank and an increase in revenues at Achmea Investment Management, Achmea Pension Services and Syntrus Achmea Real Estate & Finance revenues decreased by 4% to €189 million in the first half of 2022 (H1 2021: €196 million). Even though several new pension funds were welcomed, the total assets under management at Achmea Investment Management and Syntrus Achmea Real Estate & Finance declined to €201 billion due to a decrease in the value of the investments caused by higher interest rates. The assets under management at Syntrus Achmea Real Estate & Finance remained the same as in the corresponding period last year. Expansion of existing mandates and acquisition of new mandates, despite the lower market value for mortgages, Existing mandates were expanded and new mandates acquired have compensated on balance the lower valuation of mortgage investments due to increased mortgage rates.

EXECUTIVE BOARD REPORT

GROSS WRITTEN PREMIUMS

(€ MILLION)

	H1 2022	H1 2021	Δ
Non-Life	2,897	2,725	6%
Health	15,076	14,165	6%
Pension & Life	501	512	-2%
Total gross written premiums	**18,474**	**17,402**	**6%**

Operating expenses

Gross operating expenses declined by 1% to €1,063 million in the first half of 2022 (H1 2021: €1,076 million). This was on balance due to a combination of lower pension charges based on a lower agreed contribution and higher personnel expenses deriving from wage increases under the Collective Labour Agreement.

The total number of employees grew slightly to 17,034 FTEs (year-end 2021: 16,824 FTEs). In the Netherlands, the number of FTEs increased to 13,790 (year-end 2021: 13,672 FTEs) owing to commercial growth and additional project deployment.

The total number of employees outside the Netherlands increased to 3,244 FTEs (year-end 20213: 3,152 FTEs), among others because of the roll-out of the InShared activities to Germany and commercial growth.

Investments

In the first half of 2022, investment income from our own risk investment portfolio was €396 million (H1 2021: €565 million). The decrease in investment income is mostly related to lower indirect income on equities (H1 2022: €18 million; H1 2021: €132 million). In the first six months of the year, equity prices were under pressure due to rising interest rates and inflation combined with the higher risk of a global recession arising from the war in Ukraine. This led to a lower sales result on equities of €63 million than in the same period last year. In addition, impairments on equities amounted to €40 million (H1 2021: €4 million). Finally, the downturn on the equity markets had a negative impact on convertible bond valuations, which decreased by €36 million compared to last year.

A strong upturn in interest rates was visible on the capital markets. The main reasons for this are the sharply higher inflation expectations and the expectation that the ECB and its US counterpart, the Fed, will raise policy interest rates. This served to push up government bond yields. The greater risk of a recession caused spreads on corporate bonds to widen sharply as well. The sales result for bonds was consequently €93 million lower than last year (H1 2022: €53 million negative, H1 2021: €40 million). Another consequence of the rising bond yields is higher impairments on bonds (H1 2022: €8 million, H1 2021: zero). These negative trends are partially offset by a €35 million higher price gain than last year on interest rate derivatives .

The direct real estate portfolio consists entirely of Dutch properties, mostly residential plus some retail and office properties. Ongoing strong demand on the housing market led to the portfolio’s revaluation turning out even better in 2022 (€62 million) than in the same period of 2021 (€24 million).

EXECUTIVE BOARD REPORT

Capital Management

Total equity

Achmea's equity decreased by €902 million to €9,583 million in the first half of 2022 (year-end 2021: €10,485 million). This decrease was largely due to a drop in the revaluation reserves caused by the increase in interest rates. In addition the defined benefit liability has decreased on balance with €297 million driven by the interest rate and inflation developments, which results in an increase in equity. The investments related to this defined benefit liability have also decreased in value due to the lower interest rates, which is included in the decreased revaluation reserve. In addition equity decreased due to the dividend payment over 2021 and coupon payments.

DEVELOPMENT OF TOTAL EQUITY (€ MILLION)

Total equity 31-12-2021	**10,485**
Net result	94
Movement in revaluation reserve	-1,046
Movement in exchange difference reserve	-7
Revaluation of net defined benefit liability	297
Dividends and coupon payments to holders of equity instruments	-233
Minority interest	-7
Total equity 30-06-2022	**9,583**

Solvency II

The solvency position of Achmea Group, partly based on internal models for calculating the required capital for the insurance risks of the property & casualty and income protection insurance and for market risks, decreased in the first half of 2022 from 214% at the end of 2021 to 200% at the end of June. Portfolio developments, including the run-off of the Pension & Life Netherlands service-book and the result of Non-Life Netherlands, contributed positively. Market developments on balance had a negative impact driven by the decrease in share prices, increased interest rates and spreads. This was partly mitigated by a decrease in required capital for market risk and life risk due to increased interest rates. Due to the decrease in the required capital a larger part of Tier 3 capital was no longer eligible to be included in the eligible own funds. In addition, a pension indexation liability and the decrease in the UFR as of 1 January 2022 had a negative impact on the solvency.

SOLVENCY II RATIO FOR ACHMEA GROUP (€ MILLION)

	30-6-2022	31-12-2021	Δ
Eligible Own Funds under Solvency II	9,017	10,363	-1,346
Solvency Capital Requirement	4,516	4,853	-338
Surplus	4,501	5,510	-1,008
Solvency II Ratio	**200%**	**214%**	**-14%-pt**

EXECUTIVE BOARD REPORT

UNCERTAINTIES IN THE SECOND HALF YEAR OF 2022

What will happen in the near future with respect to the geopolitical situation, the financial markets and Covid-19 remains uncertain. In addition, our activities involve inherent uncertainties, as do the related investments. The risks related to financial markets are managed as much as possible via the investment policy and the restrictions it contains. The impact and volatility are kept within specific bandwidths based on the set limits for the different investments and interest rate sensitivities.

In addition, interest rate developments could have a significant impact on our provisions and in turn on future results and total equity. The surplus in the liability adequacy test has decreased as a result of the strong increase in interest rates and is very limited. In case of a further increase in the yield curve and/or spreads, it is realistic that given the limited remaining room the surplus will turn negative, resulting in an increase in the insurance liabilities at the expense of the result. This can have a material impact on the result. On the other hand, higher interest rates have a positive effect on the results in the longer term. An increase in inflation can also impact our result. Given the nature of our activities, there is always a risk of potential catastrophes. This final risk is restricted by means of reinsurance agreements.

The result from our Dutch health business depends to an extent on the further evolution and duration of the Covid-19 pandemic, the potential catch-up care that is required and setting of premiums for 2023, partly in relation to health care cost inflation and termination of the market-wide group discounts. Based on existing schemes, a significant portion of medical expenses can be offset using retrospective correction of total costs.

Zeist, 10 August 2022

Bianca Tetteroo

Chairman of the Executive Board of Achmea B.V.

EXECUTIVE BOARD REPORT

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board prepared the condensed consolidated interim financial statements of Achmea B.V. for the period ending on 30 June 2022 (hereinafter: the interim financial statements).

The Executive Board declares that, to the best of its knowledge, the Interim Financial Statements give a true and fair view of the assets, liabilities, financial position and net result of Achmea B.V. These Interim Financial Statements have been prepared in accordance with the International Financial Reporting Standards as at 30 June 2022 as adopted by the European Union, specifically IAS 34 'Interim Financial Reporting'. The Executive Board is of the opinion that the information contained in these Interim Financial Statements has no omissions likely to significantly modify the scope of any statements made. Furthermore, the Executive Board declares that, to the best of its knowledge, the Executive Board Report includes a fair view of the information required pursuant to section 5:25d of the Dutch Financial Markets Supervision Act (Wet op het financieel toezicht).

Zeist, 10 August 2022

Executive Board

B.E.M. (Bianca) Tetteroo, Chairman
M.A.N. (Michel) Lamie, Vice-Chairman and CFO
M.G. (Michiel) Delfos, CRO
D.C. (Daphne) de Kluis
R. (Robert) Otto
L.T. (Lidwien) Suur

ACHMEA B.V.

CONDENSED CONSOLIDATED

INTERIM FINANCIAL STATEMENTS

30 JUNE 2022

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	30 JUNE 2022	31 DECEMBER 2021
Assets			
Intangible assets		736	748
Associates and joint ventures		43	41
Property for own use and equipment		396	473
Investment property	4	1,065	1,028
Investments	5		
Investments own risk		43,414	50,895
Investments for account and risk of policyholders		12,908	15,305
Banking credit portfolio		11,352	11,932
Deferred tax assets		687	610
Income tax receivable		9	
Amounts ceded to reinsurers		843	737
Receivables and accruals		13,487	6,211
Cash and cash equivalents		1,549	1,569
Assets classified as 'Held for sale'		10	7
Total assets		**86,499**	**89,556**
Equity			
Equity attributable to holders of equity instruments of the company		9,581	10,476
Non-controlling interest		2	9
Total equity		**9,583**	**10,485**
Liabilities			
Liabilities related to insurance contracts	6		
Insurance liabilities own risk		42,727	41,539
Insurance liabilities where policyholders bear investment risks		12,520	14,629
Other provisions		985	1,205
Financial liabilities	7	17,885	20,083
Derivatives		2,779	1,427
Deferred tax liabilities		20	32
Income tax payable			156
Total liabilities		**76,916**	**79,071**
Total equity and liabilities		**86,499**	**89,556**

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	FIRST HALF YEAR 2022	FIRST HALF YEAR 2021
Gross written premiums	9	18,474	17,402
Outgoing reinsurance premiums		−215	−185
Change in provision for unearned premiums and current risks (net of reinsurance)		−7,860	−7,394
Net earned premiums		**10,399**	**9,823**
Income from associates and joint ventures		−6	−5
Investment income	10	−4,477	187
Other income		230	218
Total income		**6,146**	**10,223**
Gross expenses from insurance contracts		4,902	8,657
Share of re-insurers		−200	−102
Net expenses from insurance contracts	**11**	**4,702**	**8,555**
Fair value changes and benefits credited to investment contracts		−18	8
Interest and similar expenses		96	100
Operating expenses		1,172	1,160
Other expenses		79	38
Total expenses		**6,031**	**9,861**
Result before tax		**115**	**362**
Income tax expenses		21	57
Net result		**94**	**305**
Net result attributable to:			
Holders of equity instruments of the company		94	304
Non-controlling interest		0	1
Average number of outstanding ordinary shares		375,685,702	390,002,711
Earnings per share (in euro)		0.09	0.63

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	FIRST HALFYEAR 2022	FIRST HALFYEAR 2021
Items that will not be reclassified to the Income statement[1]		
Remeasurements of net defined benefit liability[2]	297	-5
Unrealised gains and losses on property for own use[3]	2	-7
	299	**-12**
Items that may be reclassified subsequently to the Income statement[1]		
Currency translation differences (including realisations) on subsidiaries, associates, goodwill and joint ventures[4]	-7	-4
Share in other comprehensive income of Associates and joint ventures[3]		1
Unrealised gains and losses on financial instruments 'Available for sale'[3]	-3,887	-299
Changes in the Provision for discounting of insurance liabilities from unrealised investment income[3]	2,823	458
Gains and losses on financial instruments 'Available for sale' reclassified to the Income statement on disposal[3]	-9	-284
Reclassification to the Income statement as Provision for discounting of insurance liabilities from realised investment income[3]	-14	162
Impairment charges on financial instruments 'Available for sale' reclassified to the Income statement on disposal[3]	39	3
	-1,055	**37**
Net other comprehensive income	**-756**	**25**
Net result	94	305
Comprehensive income	**-662**	**330**
Comprehensive income attributable to:		
Holders of equity instruments of the company	-662	329
Non-controlling interest		1

1 The net position (including taxes) is shown within this overview.
2 Accounted for as part of Retained earnings.
3 Accounted for as part of Revaluation reserve.
4 Accounted for as part of Exchange difference reserve.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL/ PREMIUM	OWN SHARES	LEGAL RESERVES	REVALUA-TION RESERVE	EXCHANGE DIFFE-RENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	EQUITY ATTRIBUT-ABLE TO HOLDERS OF EQUITY INSTRU-MENTS	**SUBTOTAL EQUITY**[1]	NON-CON-TROLLING INTEREST	TOTAL EQUITY
Balance at 1 January 2022	**11,357**	**-466**	**55**	**1,159**	**-517**	**-7**	**-2,822**	**467**	**1,250**	**10,476**	**9**	**10,485**
Net other comprehensive income			15	-1,046	-22		297			-756		-756
Net result								94		94		94
Comprehensive income			**15**	**-1,046**	**-22**		**297**	**94**		**-662**		**-662**
Appropriations to reserves			8	125			334	-467				
Dividends and coupon payments							-233			-233		-233
Movement Minority's											-7	-7
Balance at 30 June 2022	**11,357**	**-466**	**78**	**238**	**-539**	**-7**	**-2,424**	**94**	**1,250**	**9,581**	**2**	**9,583**

1 Subtotal equity refers to equity attributable to holders of equity instruments of the company.

(€ MILLION)

	SHARE CAPITAL/ PREMIUM	OWN SHARES	LEGAL RESERVES	REVALUA-TION RESERVE	EXCHANGE DIFFE-RENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	EQUITY ATTRIBUT-ABLE TO HOLDERS OF EQUITY INSTRU-MENTS	**SUBTOTAL EQUITY**[1]	NON-CON-TROLLING INTEREST	TOTAL EQUITY
Balance at 1 January 2021	**11,357**	**-335**	**65**	**1,069**	**-475**	**-7**	**−3,014**	**642**	**1,250**	**10,552**	**7**	**10,559**
Adjustment opening balance[2]							−149			−149		−149
Balance at 1 January 2021	11,357	-335	65	1,069	-475	-7	−3,163	642	1,250	10,403	7	10,410
Net other comprehensive income				34	-4		-5			25		25
Net result								304		304	1	305
Comprehensive income				**34**	**-4**		**-5**	**304**		**329**	**1**	**330**
Appropriations to reserves			-9	13			638	-642				
Dividends and coupon payments							-210			-210		-210
Balance at 30 June 2021	**11,357**	**-335**	**56**	**1,116**	**-479**	**-7**	**−2,740**	**304**	**1,250**	**10,522**	**8**	**10,530**

1 Subtotal equity refers to equity attributable to holders of equity instruments of the company.
2 The indexation of the pension provision has been changed retrospectively. As a result, the Total equity as of 1 January 2021 changed by €-149 million. For more information, please refer to the General Accounting Principles.

Share capital/premium includes €10,923 million share premium (30 June 2021: €10,923 million). In the first half of 2022 €233 million was paid out, €43 million in coupon payments and €190 million in dividend. The €43 million (first half of 2021: €43 million) are coupon payments on Other Equity Instruments. This amount is recognised in Dividend and coupon payments.

With regard to the result for 2021, €173 million was distributed to holders of common shares in 2022. In 2022 an amount of €20 million was distributed in dividend on preference shares of which Achmea B.V. received €3 million for dividend in respect of the depositary receipts it holds in Stichting Administratiekantoor Achmea Tussenholding.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	2022	2021
Net cash and cash equivalents at 1 January	1,569	2,184
Cash flow from operating activities		
Result before tax	115	362
Adjustments of non-cash items and reclassifications	5,267	984
Changes in assets and liabilities	-4,695	-2,994
Cash flow operating items not reflected in result before tax	-100	1,914
Total cash flow from operating activities	**587**	**266**
Cash flow from investing activities		
Acquisitions and investments	-43	-56
Divestments and disposals	4	8
Dividends received	4	5
Total cash flow from investment activities	**-35**	**-43**
Repayment of loans and funds drawn down	-303	0
Dividends and coupon payments	-233	-210
Interest paid	-24	-25
Paid lease liabilities	-12	-14
Total cash flow from financing activities	**-572**	**-249**
Net cash flow	**-20**	**-26**
Net cash and cash equivalents at 30 June	**1,549**	**2,158**
Cash and cash equivalents include the following items:		
Cash and bank balances	1,549	2,158
Cash and cash equivalents at 30 June	**1,549**	**2,158**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

GENERAL INFORMATION

Achmea B.V. is a private company with limited liability 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. The Condensed Consolidated Interim Financial Statements are part of the Half year report which also includes the Executive Board report.

1. ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The Interim Financial Statements of Achmea B.V. have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as adopted by the European Union. The accounting policies, used to prepare these Interim Financial Statements, are in accordance with the International Financial Reporting Standards, including International Accounting Standards (IAS) and Interpretations as at 30 June 2022 and as adopted by the European Union. The Interim Financial Statements should be read in conjunction with the Achmea Consolidated Financial Statements 2021. The Achmea Consolidated Financial Statements 2021 of Achmea are available at www.achmea.com. All amounts in the Interim Financial Statements are in millions of euros unless stated otherwise. Income tax for the first half year of 2022 is determined based on the estimated effective income tax rate for 2022.

B. CHANGES IN ACCOUNTING POLICIES

In the first half year of 2022 the following standards, changes to IFRS-EU standards or interpretations issued by the International Accounting Standards Board (IASB) became effective. These have no significant impact on Total equity as per 30 June 2022, Net result in the first half year of 2022 and comparative figures of Achmea:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities, and Contingent Assets; and Annual Improvements 2018-2020 (effective date 1 January 2022).

C. CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

In the first half of 2022, apart from those included in Achmea B.V.'s Consolidated Financial Statements 2021, no amendments to standards have been published that have not been applied by Achmea in the preparation of the Consolidated Interim Financial Statements.

During the first half year of 2022, the EU has approved the following amendments with a future application date, which, when applied, have no impact on Total equity or Net result, and have no impact or only a limited impact on the presentation and notes of Achmea:

- Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (effective date 1 January 2023);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective date 1 January 2023).

PROGRESS IN IMPLEMENTING IFRS 9 AND IFRS 17

With the adoption of IFRS 9 and 17, the current reporting principles for financial instruments and insurance contracts change. Achmea expects that the initial application of these standards will have a significant impact on Achmea's consolidated financial statements, because the valuation and determination of results for both insurance contracts and financial instruments will be substantially different. The implementation of these new standards is ongoing. This involves extensive computations and analyses of the impact of the new standards on the opening balance sheet and the results of the comparative financial year. In the coming period, the results will be used in part to test and refine the preliminary choices made in 2021 on key policy decisions and to define the opening balance sheet. For this reason, explaining a quantitative impact on the transition balance is not yet possible at this stage.

The following notes summarise the assumptions and choices made in the valuation of insurance contracts and financial instruments.

The main change concerns the measurement of insurance liabilities under IFRS 17. The interpretation of the term 'insurance contract' has remained almost the same as the current definition under IFRS 4 and the classification of contracts and of insurance risks remains unchanged.

IFRS 17 will be applied to all insurance activities within the Achmea Group. These include life and pension insurance, property & casualty insurance, health insurance and insurance contracts within the reinsurance business. In addition, contrary to current reporting, insurance-related receivables and payables will be considered in the measurement of insurance liabilities. The life and pension insurance contracts are long-term in nature, therefore the General Measurement Model or the Variable Fee Approach will

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

be applied. For the insurance contracts within the non-life and the healthcare business, the simplified valuation model ('Premium Allocation Approach') will be applied as much as possible. This is because the term of these contracts for which insurance coverage is provided is mostly less than one year.

The grouping of the insurance portfolio follows the classification under Solvency II as much as possible with a further subdivision under IFRS 17 according to the way these contracts are managed and/or the risk profile of the contracts. In the application of IFRS 17, the exception permitted in the European Union regarding the grouping in annual cohorts for certain insurance contracts ("annual cohort – exemption") will not be used.

For the valuation of insurance contracts under IFRS 17, existing and already applied actuarial assumptions and parameters are utilised where possible. This includes assumptions used in and for the cash flows and for determining the contract boundaries. This also applies to the determination of the Risk Adjustment based on the 'Cost of Capital' methodology.

Under IFRS 17, Achmea no longer uses the valuation of insurance contract liabilities based on tariff rates, valuation of loss provisions on nominal value and the methodology of the Provision for discounting of insurance liabilities within the Dutch insurance business. The results can therefore be more volatile than under the current basis, IFRS 4.

The discount curve to be applied is one of the key accounting policy choices under IFRS 17. Extensive (sensitivity) analyses are carried out on the methodology to be applied and the parameters to be used. These analyses have not yet been completed. Based on the results of these analyses, final policy choices will be determined.

A new element under IFRS 17 is the Contractual Service Margin (CSM) in the case of valuation of an insurance contract under the general measurement model. For profitable contracts, this margin is included in the valuation. In accordance with the provisions of IFRS 17, the CSM will be released to the result going forward.

The financing result on insurance contracts will be determined by recognising the effect of changes in interest rates and valuation in the income statement for the majority of the portfolios of the insurance contracts. The realised and unrealised changes in valuation of related investments combined with the changes in valuation of the insurance liabilities will be recognised as the financing result.

Depending on the availability and reproducibility of the necessary actuarial data, the 'full retrospective method' will be used to determine the value of the insurance liabilities at transition date (and hence the CSM) to determine the comparative figures for the 2022 financial year under IFRS 17. This means that the comparative figures are restated as if IFRS 17 had always been applied. Specifically for the life and pensions business, the required information is not sufficiently available and reproducible for all portfolios and reporting years due to system and data conversions. Therefore, the value of the related insurance liabilities on the transition balance sheet will be determined according to the fair value approach for the relevant reporting years of these portfolios.

Achmea intends to prepare the comparative figures for the 2022 financial year for the valuation of financial instruments in accordance with IFRS 9 and will use the so-called 'classification overlay approach'. Therefore the result on financial instruments in fiscal year 2022 will be prepared similarly to fiscal year 2023.

IFRS 9 contains specific tests, amongst others focusing on the business model under which a financial instrument is held and the cash flow characteristics of the financial instrument. The results of these tests determine the classification and thus measurement under IFRS 9. IFRS 9 also offers the possibility to opt for measurement at fair value with value changes recognised in the result if this reduces an 'accounting mismatch'.' Achmea intends to use this option mainly for bonds to avoid an accounting mismatch between the movements in investments and insurance liabilities due to the valuation models under IFRS 17.

The results of the testing activities on the impact of IFRS 9 on the investment portfolio show that IFRS 9 is not expected to result in a material impact on equity as most instruments recorded on the balance sheet will not be measured differently under IFRS 9 as compared to IAS 39. On the other hand, Achmea does expect an impact on its equity due to the application of IFRS 17. This impact is currently further analysed in relation to the policy choices made.

D. CHANGES IN ACCOUNTING POLICIES, PREVIOUS PERIOD ERRORS AND CHANGES IN PRESENTATION

In the first half of 2022 there were no material amendments relating to accounting policies on valuation, changes in presentation or corrections to previous periods compared with the Achmea B.V. Consolidated Financial Statements 2021 with the exception of the following:

Starting in 2022, a pension provision will be included for the conditional indexation on the accrued rights of a number of (former) employees in the Netherlands who are insured with Achmea Pensioen- en Levensverzekeringen N.V. and SBZ. In the past, this indexation was carried out by Stichting Pensioenfonds Achmea in the form of an indexation as part of the Collective Labour Agreement and administration agreement. The implementation of this supplement was paid from the available equity of the pension fund. The collective labour agreement and the administration agreement with the pension fund stipulated that Achmea's obligation did not go beyond payment of premium for the collective fixed contribution scheme. The administration agreement between Achmea and the pension fund was concluded for a fixed term, however, Achmea's assumption was that the agreements between Achmea and the pension fund in the context of this conditional indexation promise would be extended in continuity. As a result, the decision was made in the past (2013/2014) to no longer recognise a pension obligation on the balance sheet and to recognise this conditional indexation obligation as part of the termination of the pension scheme as part of the transition to the collective defined contribution (CDC) scheme.

Consultation between Achmea and the pension fund concerning the existing administration agreement in light of the new collective labour agreement and the recent developments regarding the (proposed) amendments in the Pension Act have made it clear that the pension fund has always intended the financing of the conditional indexation commitment to be temporary and was willing to implement this until 2024. This means that, as of 1 January 2025, the conditional indexation commitment and obligation is for the account of Achmea and as a result of this the conditional indexation commitment on the rights insured elsewhere should have remained on Achmea's balance sheet as an obligation since 2014.

In accordance with the relevant accounting standard, the impact of this correction has been incorporated in the comparative figures for 2021. This means that the equity and result for 2021 have been adjusted. These changes have a €-149 million effect on Total Equity at the beginning of 2021 and €-148 million at the end of 2021; a €199 million effect on Other Provisions (Pension Provisions) at the beginning of 2021 and €198 million at the end of 2021; a €50 million effect on Deferred Tax Assets and €50 million effect at the end of 2021; a €1 million effect on Net Income for 2021; and no effect on earnings per share in 2021.

CLASSIFICATION TURKEY AS COUNTRY IN HYPERINFLATION

During the first half of 2022, the 3-year cumulative inflation rate in Turkey exceeded 100%. As a result, Turkey is considered to be a country in hyperinflation for the purpose of the preparation of Achmea B.V.'s Interim Financial Statements 2022. Due to this, in the Interim Financial Statements 2022, Achmea is obligated to account for its capital interests in Turkey adjusted for purchasing power adjustment to the position of 30 June 2022. The main effects of this on Achmea's Interim Financial Statements are:

- The balance sheet and income statement items of the capital interests in Turkey are expressed in purchasing power units of their functional currency (Turkish Lira) as of 30 June 2022. The positive effect related to the restatement of non-monetary balance sheet items measured at amortised cost amounts to €6,5 million and is recognised as part of other comprehensive income and added to the exchange difference reserve. The effect of the conversion to purchasing power units in the Income Statement amounts to €3.5 million. Based on the accounting principles, the effect of the conversion is recognised in Other income and is does not have an impact on net result.
- The hyperinflation-adjusted half year figures have been converted into Achmea's presentation currency (Euro) at the exchange rate as at 30 June 2022. The resulting foreign currency differences have been recognised as part of other comprehensive income and in the equity on the exchange difference reserve.
- The cumulative effect of the application of hyperinflation accounting for the capital interests in Turkey on the previous financial years has been recognised in other comprehensive income at the start of financial year 2022.
- In preparing the Consolidated Statement of Cash Flows for the first half of 2022, hyperinflation adjusted figures have been used for the capital interests in Turkey.

E. CHANGES IN ACCOUNTING ESTIMATES

The preparation of these Interim Financial Statements involves the use of estimates and assumptions that may differ from the actual outcome. The nature of the assumptions and estimates made in applying Achmea B.V.'s accounting policies and the key sources of estimation uncertainty for the preparation of the Consolidated Interim Financial Statements 2021 are the same as those used in the Achmea B.V. Consolidated Financial Statements 2021 with the exception of three changes that were made in the parameters for performing the liability adequacy test for the insurance liabilities of Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Groep.

In accordance with the principles used by Achmea, a liability adequacy test (LAT) is carried out at each reporting date. In assessing the adequacy of the insurance liabilities and related assets for the activities related to Life Insurance, three changes have been made for Achmea Pensioen- en Levensverzekeringen N.V. Due to the changes, the outcomes of the LAT better match Achmea's current insights and analyses. The changes have a significant positive effect on the outcome of the LAT. The determination of the Risk Margin has been changed. Starting in 2022, Achmea includes time diversification when determining the Risk Margin, in accordance with the EIOPA proposal for adjustment of the Solvency II regulations. The application of time diversification leads to a more accurate estimate

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

of the liability and thus gives a better picture of the LAT results. Achmea has also refined the Volatility Adjustment (VA). The VA after amendment is equal to the VA in the partial internal model for market risk that is also used for calculating the solvency capital requirement. Up until 2021, Achmea still used an approximation of the Achmea VA in the form of the VA that EIOPA prescribes when determining the insurance liabilities in the Solvency II reporting. Achmea has changed the VA to be used because it believes that the proxy of the VA used until 2021 does not accurately reflect the characteristics of Achmea's insurance liabilities. Finally, the parameter for the calculation of cost inflation has been recalibrated. As a result, the short-term trend in inflation expectations is given less weight. This change is more in line with the ECB's long-term inflation expectations. Taking into account the changes made, the LAT outcome as of 30 June 2022 is close to zero, but positive.

In the first half of 2022, a refinement was made to the calculation of the fair value of the savings deposits, which are part of both the Investments and the Liabilities related to insurance contracts. This resulted in a higher valuation of both the Investments and the Liabilities of €104 million and has no impact on equity. The higher valuation is caused by setting an average discount rate per part of the savings securities, where previously a discount rate was set for the total portfolio.

F. CONSOLIDATION AND ACCOUNTING FRAMEWORK

The Interim Financial Statements comprises of Achmea B.V. and its subsidiaries, associates and joint ventures. The accounting policies and calculation methods as used for the preparation of the Interim Financial Statements are the same as applied to the 2021 Achmea Consolidated Financial Statements with exception of the aforementioned adjustments.

G. SEASONALITY

Inherent in the insurance business and the contractual commitments of Achmea there is a certain degree of seasonality. Gross written premiums and the related Change in provision for unearned premiums (net of reinsurance) are based on the contractual annual premium for the insurance contracts. The inception of a major part of the insurance contracts is the first of January of a financial year with a contractual term of a year. Gross written premiums are based on the whole contractual term. The premium for the future coverage period is included in the Insurance liabilities for unearned premiums, as part of the liabilities related to insurance contracts. The related balance sheet item Receivables and accruals shows the same seasonality and has increased with €7.1 billion in the first half year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

2. CAPITAL AND RISK MANAGEMENT

These notes provide an update on the capital and risk management at Achmea as disclosed in the financial statements 2021.

CAPITAL POSITION

Achmea has a solid capital position. As at 30 June 2022 the solvency ratio under Solvency II was 200% (31 December 2021: 214%).

The calculation of the solvency ratio as at 30 June 2022 is based on our current insights regarding the economic situation and the information available to us, and represents our best estimate. The calculated amount of the Solvency Capital Requirement (SCR) and Solvency II eligible own funds (EOF) is in accordance with the principles set by EIOPA and further interpretation by Achmea.

For calculating the solvency capital requirement under Solvency II, Achmea uses a partial internal model approved by the College of Supervisors. Through the partial internal model, the risks are calculated partly via an internal model and partly using the Solvency II standard formula. The internal models are used to calculate the solvency capital requirement for the insurance risks for property & casualty and income protection insurance and for the market risk. For an explanation of the scope of the internal model, please refer to Note 2 Capital and Risk Management in the Achmea B.V. Consolidated Financial Statements 2021.

The table below shows the Solvency II outcomes as at 30 June 2022.

SOLVENCY RATIO

(€ MILLION)

	30 JUNE 2022[1]	31 DECEMBER 2021[2]
Eligible Own Funds Solvency II	9,017	10,363
Solvency Capital Requirement	4,516	4,853
Surplus	**4,501**	**5,510**
Ratio (%)	200%	214%

1 The parameter for the calculation of cost inflation has been updated and has an impact of +3%-pt, as explained in Note 1 Accounting Policies.
2 The impact of the adjustment for the conditional indexation commitment, as explained in Note 1 Accounting Policies, is not included in the comparative figures. If this adjustment had been recognised, the ratio as at 31 December 2021 would have been 209%.

The solvency ratio increased to 200% in the first half of the year. The Eligible Own Funds decreased due to lower share values, higher interest rates (including UFR decline) and spreads resulting from developments in the financial markets and inflation. The required capital decreases in particular due to lower Market risk and Life risk. Market risk decreases due to lower equity and bond values resulting from, amongst others, higher interest rates and widened spreads. The capital requirement for Life risk decreases due to higher interest rates.

The table below shows the composition of the eligible own funds under Solvency II. This capital serves as a buffer for absorbing risks and financial losses. It consists of the available equity (on economic principles) and subordinated loans qualifying as equity, taking into account the Tier restrictions within Solvency II.

ELIGIBLE OWN FUNDS SOLVENCY II

(€MILLION)

	30 JUNE 2022[1]	31 DECEMBER 2021
Tier 1	7,058	8,231
Tier 2	1,481	1,578
Tier 3	478	554
Total eligible own fund Solvency II	**9,017**	**10,363**

1 As of 30 June 2022, not all available own funds qualifies as eligible own funds based on the applicable regulations, for a sum of €310 million.

The composition of Equity under the Solvency II regulations is not the same as Equity for IFRS purposes. Valuation differences and the impact of possible restrictions must be taken into account. The table below shows the composition of eligible own funds under Solvency II and the relationship with IFRS Equity.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

RECONCILIATION BETWEEN EQUITY FINANCIAL STATEMENTS AND SOLVENCY II ELIGIBLE OWN FUNDS

(€MILLION)

	30 JUNE 2022	31 DECEMBER 2021
Equity Financial statements	**9,583**	**10,633**
Solvency II valuation and classification differences	493	846
Not qualifying equity and foreseeable dividends	-1,059	-1,116
Eligible own funds Solvency II	**9,017**	**10,363**

The Solvency II revaluations and reclassifications amount to €493 million (31 December 2021: €846 million). Under Solvency II all items must be measured at economic value, which leads to a different valuation than under IFRS. The Solvency II valuation differences are comprised in addition of items that are not recognised under Solvency II, including goodwill and capitalised acquisition costs. Also in contrast to the position under IFRS, under Solvency II subordinated loans are included in available own funds.

The table below provides an overview of the Solvency Capital Requirement under Solvency II.

SOLVENCY CAPITAL REQUIREMENT

(€MILLION)

	30 JUNE 2022	31 DECEMBER 2021
Market Risk	2,138	2,315
Counterparty Risk	180	202
Life Risk	1,355	1,849
Health Risk	1,975	1,800
Non Life Risk	1,074	1,014
Diversification	-2,453	-2,602
Basic Solvency Capital Requirement	**4,269**	**4,578**
Loss absorbing capacity of Expected Profit (LAC EP)	-328	-217
Loss absorbing capacity of Deferred tax (LAC DT)	-634	-682
Operational Risk	610	596
Solvency Capital Requirement (Consolidated)	**3,917**	**4,275**
SCR Other Financial Sectors & Other entities	599	578
Solvency Capital Requirement	**4,516**	**4,853**

Update Compliance

This section provides an update on compliance risk and related ongoing investigations by regulators as disclosed in the Achmea Consolidated Financial Statements 2021.

Supervisory investigations focus among others on international legislation such as EU legislation on duty of care, Outsourcing, CDD and Sustainability. Achmea uses short-cycle monitoring to ensure compliance with laws and regulations. Where appropriate, proactive coordination is sought with supervisory bodies.

As a result of the short-cycle monitoring, points of attention have been identified in the areas of CDD, Privacy, Cybersecurity and Outsourcing. Action plans have been drafted and implemented in consultation with DNB. The recommendations regarding risk classifications and risk scenarios from DNB's on-site investigation at the division of Achmea Pensioen- en Levensverzekeringen N.V. regarding compliance with the Money Laundering and Terrorist Financing Prevention Act have been followed up. In Q3 2022, the follow-up of the recommendations will be discussed with DNB. The marginal deviations in remuneration identified in the context of the WNT for the financial year 2021 have been adjusted. Internal control measures to prevent this from occurring in the future have been implemented.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Update legal proceedings

Achmea B.V., its subsidiaries and participating interests are involved in a number of legal and arbitration proceedings. These proceedings relate to submitted claims arising from regular business activities. On 14 June 2022, Achmea Bank N.V., like several other banks, received a letter from Stichting Compensatie Zwitserse Frank Leningen (CZFL) in which the latter stated that the foundation wants to initiate legal proceedings on behalf of several clients with regard to the mortgages provided in Swiss Francs and breach of the duty of care. According to our internal assessment, there is no breach of the duty of care, Achmea feels supported by previous rulings by judges and Kifid. To date, no formal claim has been made and given our assessment of any potential complaint or claim on the grounds stated in CZFL's letter, no provision has been made.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

3. SEGMENT REPORTING

Achmea's activities are divided into segments which are regularly reviewed by the Executive Board to allocate resources to and assess the performance of each segment. The division into segments and the manner in which information on segments has been determined has remained unchanged compared with the Achmea B.V. Consolidated Financial Statements 2021.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTERNATIONAL ACTIVITIES	OTHER ACTIVITIES	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	643			6	65	22		736
Associates and joint ventures	13				26	4		43
Property for own use and equipment	1	3			54	338		396
Investment property			1,027		5	33		1,065
Investments								
Investments own risk	7,081	5,592	29,388	311	997	1,256	−1,211	43,414
Investments for account and risk of policyholders			12,880		133		−105	12,908
Banking credit portfolio				11,352				11,352
Deferred tax assets			552	1	36	136	−38	687
Income tax receivable	95		147	19			−252	9
Amounts ceded to reinsurers	503		70		300	367	−397	843
Receivables and accruals	1,830	10,668	387	143	324	440	−305	13,487
Cash and cash equivalents	98	212	89	768	259	133	−10	1,549
Assets classified as 'Held for sale'			10					10
Total assets	**10,264**	**16,475**	**44,550**	**12,600**	**2,199**	**2,729**	**−2,318**	**86,499**
Equity								
Equity attributable to holders of equity instruments of the company	1,486	3,396	4,301	846	385	−833		9,581
Non-controlling interest			1			1		2
Total equity	**1,486**	**3,396**	**4,302**	**846**	**385**	**−832**		**9,583**
Liabilities								
Liabilities related to insurance contracts								
Insurance liabilities own risk	8,044	11,917	21,981		1,265	673	−1,153	42,727
Insurance liabilities where policyholders bear investment risks			12,501		19			12,520
Other provisions	24		2	4	78	120	757	985
Financial liabilities	640	1,157	3,389	11,365	437	2,529	−1,632	17,885
Derivatives	12	5	2,375	385		2		2,779
Deferred tax liabilities	58						−38	20
Income tax payable					15	237	−252	
Total liabilities	**8,778**	**13,079**	**40,248**	**11,754**	**1,814**	**3,561**	**−2,318**	**76,916**
Total equity and liabilities	**10,264**	**16,475**	**44,550**	**12,600**	**2,199**	**2,729**	**−2,318**	**86,499**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTERNATIONAL ACTIVITIES	OTHER ACTIVITIES	INTERSEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	641			11	71	25		748
Associates and joint ventures	6				28	7		41
Property for own use and equipment	78	3			50	342		473
Investment property		2	988		5	33		1,028
Investments								
Investments own risk	7,484	4,568	37,732	62	1,070	1,184	−1,205	50,895
Investments for account and risk of policyholders			15,252		156		−103	15,305
Banking credit portfolio				11,932				11,932
Deferred tax assets			670		23	30	−113	610
Amounts ceded to reinsurers	421		73		294	231	−282	737
Receivables and accruals	1,398	4,133	275	122	297	194	−208	6,211
Cash and cash equivalents	99	183	102	897	251	54	−17	1,569
Assets classified as 'Held for sale'					7			7
Total assets	**10,127**	**8,889**	**55,092**	**13,024**	**2,252**	**2,100**	**−1,928**	**89,556**
Equity								
Equity attributable to holders of equity instruments of the company	1,943	3,548	4,514	893	456	−878		10,476
Non-controlling interest	7		1			1		9
Total equity	**1,950**	**3,548**	**4,515**	**893**	**456**	**−877**		**10,485**
Liabilities								
Liabilities related to insurance contracts								
Insurance liabilities	7,347	4,219	29,507		1,207	481	−1,222	41,539
Insurance liabilities where policyholders bear investment risks			14,608		21			14,629
Other provisions	24	1	2	3	57	180	938	1,205
Financial liabilities	642	1,118	5,360	11,787	492	2,215	−1,531	20,083
Derivatives	11	3	1,072	339		2		1,427
Deferred tax liabilities	143			2			−113	32
Income tax payable	10		28		19	99		156
Total liabilities	**8,177**	**5,341**	**50,577**	**12,131**	**1,796**	**2,977**	**−1,928**	**79,071**
Total equity and liabilities	**10,127**	**8,889**	**55,092**	**13,024**	**2,252**	**2,100**	**−1,928**	**89,556**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT PER SEGMENT FIRST HALF YEAR 2022

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICE NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	2,472	14,726	429		709	225	−87	18,474
Outgoing reinsurance premiums	−111	−1	−18		−88	−88	91	−215
Change in provision for unearned premiums and current risks (net of reinsurance)	−564	−7,175	7		−59	−65	−4	−7,860
Net earned premiums	**1,797**	**7,550**	**418**		**562**	**72**		**10,399**
Results from associates and joint ventures	1				−1	−6		−6
Investment income	−16	8	−4,625	132	10	15	−1	−4,477
Share of re-insurers	14	63		135	21	14	−17	230
Total income (excluding non-operational items)	**1,796**	**7,621**	**−4,207**	**267**	**592**	**95**	**−18**	**6,146**
Gross expenses from insurance contracts	1,362	7,339	−4,375		537	213	−174	4,902
Share of re-insurers	−134				−91	−149	174	−200
Net expenses from insurance contracts	**1,228**	**7,339**	**−4,375**		**446**	**64**		**4,702**
Fair value changes and benefits credited to investment contracts					−18			−18
Interest and similar expenses	1	2	3	78		30	−18	96
Operating expenses related to insurance activities	440	179	68		129	28		844
Operating expenses for non-insurance activities	19	59		190	3	57		328
Other expenses	2	25		7	33	12		79
Total expenses (excluding non-operational items)	**1,690**	**7,604**	**−4,304**	**275**	**593**	**191**	**−18**	**6,031**
Result before tax	**106**	**17**	**97**	**−8**	**−1**	**−96**	**0**	**115**
Income tax expenses	26	0	25	−2	4	−32		21
Net result	**80**	**17**	**72**	**−6**	**−5**	**−64**	**0**	**94**
Expense ratio[1]	24.2%	2.4%			21.8%			
Claims ratio[1&2]	67.8%	97.2%			83.3%			
Combined ratio[1&2]	92.0%	99.6%			105.1%			
Amortisation charges	1	1		5	11	24		42
(Reversal of) impairment losses	10	14	19			4		47

1 The ratios of segment International activities include both Non-life and Health insurance business.
2 The ratios of the segment Non-life are adjusted by correcting Movements in insurance liabilities where policyholders bear investment risks (included in Net expenses from insurance contracts) by €-6 million for the unwinding of discount of the provisions for income products. This unwinding of discount took place based on the rate as applied to set the premiums of these contracts (so-called contract rate).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT PER SEGMENT FIRST HALF YEAR 2021

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICE NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	2,384	13,838	457		621	182	−80	17,402
Outgoing reinsurance premiums	−101	−1	−18		−67	−79	81	−185
Change in provision for unearned premiums and current risks (net of reinsurance)	−536	−6,782	7		−38	−44	−1	−7,394
Net earned premiums	**1,747**	**7,055**	**446**		**516**	**59**		**9,823**
Results from associates and joint ventures					−1	−4		−5
Investment income	70	35	−115	157	25	16	−1	187
Other income	14	62	2	124	17	18	−19	218
Total income (excluding non-operational items)	**1,831**	**7,152**	**333**	**281**	**557**	**89**	**−20**	**10,223**
Gross expenses from insurance contracts	1,329	6,766	93		439	78	−48	8,657
Share of re-insurers	−57		−3		−45	−43	46	-102
Net expenses from insurance contracts	**1,272**	**6,766**	**90**		**394**	**35**	**−2**	**8,555**
Fair value changes and benefits credited to investment contracts					8			8
Interest and similar expenses	2	1	3	82		29	−17	100
Operating expenses related to insurance activities	435	183	70		116	26		830
Operating expenses for non-insurance activities	17	58		186	3	66		330
Other expenses	2	−3		3	13	24	−1	38
Total expenses (excluding non-operational items)	**1,728**	**7,005**	**163**	**271**	**534**	**180**	**−20**	**9,861**
Result before tax	**103**	**147**	**170**	**10**	**23**	**−91**		**362**
Income tax expenses	28	0	42	3	7	−23		57
Net Result	**75**	**147**	**128**	**7**	**16**	**−68**		**305**
Expense ratio[1]	24.8%	2.6%			22.3%			
Claims ratio[1&2]	71.0%	95.9%			75.8%			
Combined ratio[1&2]	95.8%	98.5%			98.1%			
Amortisation charges	1	1		2	10	28		42
(Reversal of) impairment losses	1	1	2					4

1 The ratios of segment International activities include both Non-life and Health insurance business.
2 The ratios of the segment Non-life are adjusted by correcting Movements in insurance liabilities where policyholders bear investment risks (included in Net expenses from insurance contracts) by €22 million for the unwinding of discount of the provisions for income products. This unwinding of discount took place based on the rate as applied to set the premiums of these contracts (so-called contract rate).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

4. INVESTMENT PROPERTY

(€ MILLION)

	30 JUNE 2022	31 DECEMBER 2021
Residential	728	676
Retail	161	168
Offices	174	180
Other	2	4
Total	**1,065**	**1,028**

In the first half year of 2022, the fair value movements related to Investment property amounted to €62 million (first half year 2021: €24 million). These are presented as part of Realised and unrealised gains and losses in Investment income in the Consolidated income statement.

5. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS		INVESTMENTS - AVAILABLE FOR SALE		INVESTMENTS - LOANS AND RECEIVABLES		TOTAL	
	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021	30 JUNE 2022	31 DECEMBER 2021
Investments own risk								
Equities & similar investments	85	86	3,343	3,293			3,428	3,379
Fixed income investments	2,206	2,669	30,775	35,788	3	2	32,984	38,459
Derivatives	4,806	6,363					4,806	6,363
Other financial investments	51	56	1,123	1,517	1,022	1,121	2,196	2,694
Investments for account and risk of policyholders								
Equities & similar investments	3,202	3,831					3,202	3,831
Fixed income investments	4,103	4,711					4,103	4,711
Derivatives	79	154					79	154
Other financial investments[1]	5,524	6,609					5,524	6,609
Banking credit portfolio								
Fixed income investments	122	146			11,230	11,786	11,352	11,932
Total	**20,178**	**24,625**	**35,241**	**40,598**	**12,255**	**12,909**	**67,674**	**78,132**

[1] Other financial investments include cash and cash equivalents relating to investments for account and risk of policyholders (in funds/deposits) and investments for account and risk of policyholders.

The decrease of Fixed income investments and Derivatives under Investments own risk is mainly attributable to higher interest rates on all terms. For more information please refer to Note 10 Investment income.

At 30 June 2022 an amount of €583 million (31 December 2021: €501 million) related to property investment funds is included in Equities & similar investments as part of Investments own risk.

Impairment losses related to investments in the first half of 2022 amounted to €47 million (first half of 2021: €4 million), which are recognised in the Income Statement under Realised and unrealised changes in value.

For more information on fair value and changes in fair value see Note 8 Fair value hierarchy.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FIXED INCOME INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	30 JUNE 2022	31 DECEMBER 2021
Government and government related guaranteed bonds	9,526	11,987
Securitised bonds[1]	1,553	1,482
Corporate bonds	12,583	14,121
Convertible bonds	264	251
Mortgages	7,663	8,818
Loans, deposits with credit institutions	187	388
Investment loans	1,196	1,405
Other	12	7
Total	**32,984**	**38,459**

[1] Securitised bonds include €138 million (31 December 2021: €163 million) asset backed securities (collateralised).

6. LIABILITIES RELATED TO INSURANCE CONTRACTS

(€ MILLION)

	30 JUNE 2022		31 DECEMBER 2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
Non-life insurance				
Unearned premiums	2,094	126	1,427	118
Provision for unexpired risks	31		34	
Outstanding claims (including IBNR)	6,901	636	6,753	539
Profit sharing and bonuses for policyholders	31		27	
Total Non-life insurance	**9,057**	**762**	**8,241**	**657**
Health insurance				
Unearned premiums	7,402	4	29	
Provision for unexpired risks	201		394	
Outstanding claims (including IBNR)	4,481	1	3,960	1
Total Health insurance	**12,084**	**5**	**4,383**	**1**
Life insurance				
Provision for life policy liabilities	18,771	76	19,209	79
Provision for discounting of insurance liabilities	2,815		9,706	
Insurance liabilities where policyholders bear investment risk	12,520		14,629	
Total Life insurance	**34,106**	**76**	**43,544**	**79**
Total	**55,247**	**843**	**56,168**	**737**

During the first half of 2022, the Provision for discounting of insurance liabilities decreased significantly. This decrease is mainly the result of the decrease in the market value of the related fixed-income securities and interest rate derivatives as a result of the increased market interest rates.

The LAT outcome for the insurance liabilities of the life and pension business has declined over the past six months due to rising interest rates and negative spread developments, but is still positive as at 30 June 2022. A further rise in interest rates or negative spread developments will put further pressure on the LAT outcome and it is deemed realistic that the LAT outcome becomes negative given the limited surplus, with the result that the insurance liabilities will have to be increased with a charge to the result. Depending on the development of the interest curve, a further increase of the interest or negative spread developments can have a material impact on the result.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

7. FINANCIAL LIABILITIES

(€ MILLION)

	30 JUNE 2022	31 DECEMBER 2021
Investment contracts	207	226
Banking customer accounts	6,795	6,745
Loans and borrowings	5,244	5,653
Operational Leases	139	147
Other liabilities	5,501	7,312
Total financial liabilities	**17,886**	**20,083**

LOANS AND BORROWINGS CLASSIFIED BY FINANCING ACTIVITY

(€ MILLION)

31 DECEMBER 2016	30 JUNE 2022	31 DECEMBER 2021
Secured bank loans	2,446	2,228
Unsecured loans	1,761	2,612
Subordinated loans	749	749
Others	288	64
Total loans and borrowings classified by financing activity	**5,244**	**5,653**

Due to changes because of fair value hedge accounting, secured bank loans decrease by €208 million. In May 2022, subsidiary Achmea Bank N.V. issued €500 million in Soft Bullet Covered Bonds with a maturity of 7 years and an end date of 24 May 2029. The bonds are listed on Euronext Amsterdam. This movement has been accounted for under the secured bank loans.

In addition, in the first half of 2022 Achmea Bank N.V. repaid part of the unsecured loans for an amount of €851 million. The main part relates to the repayment of Senior unsecured loan notes for €635 million and the purchase of Commercial Papers for €200 million.

Others increases in the first half of 2022 due to the collection of deposits and increased collateral on derivatives.

Other Liabilities

Other Liabilities decreased by €1,811 million mainly due to a €1,495 million decrease in the value of collateral on European Market Infrastructure Regulation (EMIR) derivatives. This decline in collateral is caused by interest rate increases and negative price movements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

8. FAIR VALUE HIERARCHY

This note provides an overview of financial instruments that, after initial recognition, are measured at fair value, classified into three levels based on the significance of the observable inputs used in making the fair value measurements (fair value hierarchy). This hierarchy consists of the levels as used in the Consolidated Financial Statements of Achmea B.V. 2021.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS AS AT 30 JUNE 2022

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Recurring fair value measurements				
Investments				
Equities and similar investments	5,151	407	1,072	6,630
Fixed income investments	25,394	4,022	7,790	37,206
Derivatives	68	4,817		4,885
Other financial investments	512	6,186		6,698
Cash and cash equivalents	1,549			1,549
Total financial assets measured at fair value on a recurring basis	**32,674**	**15,432**	**8,862**	**56,968**
Financial liabilities				
Recurring fair value measurements				
Financial liabilities				
Investment contracts		207		207
Loans and borrowings		1		1
Derivatives	5	2,774		2,779
Total financial liabilities measured at fair value on a recurring basis	**5**	**2,982**		**2,987**

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS AS AT 31 DECEMBER 2021

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Financial assets				
Recurring fair value measurements				
Investments				
Equities and similar investments	6,076	282	852	7,210
Fixed income investments	30,683	3,664	8,967	43,314
Derivatives	98	6,419		6,517
Other financial investments	769	7,413		8,182
Cash and cash equivalents	1,569			1,569
Total financial assets measured at fair value on a recurring basis	**39,195**	**17,778**	**9,819**	**66,792**
Financial liabilities				
Recurring fair value measurements				
Financial liabilities				
Investment contracts		226		226
Loans and borrowings		1		1
Derivatives	5	1,422		1,427
Total financial liabilities measured at fair value on a recurring basis	**5**	**1,649**		**1,654**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

No significant changes in the fair value hierarchy during the first half of 2022

At each reporting date Achmea assesses the classification of the financial instruments 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 market activity. In case of inactive markets, judgement is required on the used valuation techniques in order to determine the fair value. In addition an assessment of the level interpretations of the used (market) data is required. 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. No significant changes were made to the classification of financial assets and financial liabilities in the first half of 2022.

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

Depending on the specific financial instruments, Achmea has set valuation policies and procedures for determining the fair value. The valuation policies and procedures for determining the fair value are the same as applied to in the Consolidated Financial Statements of Achmea B.V. 2021.

Movement schedule for Level 3 Financial instruments measured at fair value on a recurring basis

FINANCIAL ASSETS / FINANCIAL LIABILITIES 2022 (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	ASSETS TOTAL	DERIVATIVES	LIABILITIES TOTAL
Balance at 1 January	**852**	**8,967**	**9,819**		
Investments and loans granted	243	1,025	1,268		
Divestments and disposals	−65	−550	−615		
Fair value changes included in Income statement	−8	−11	−19		
Fair value changes included in Other comprehensive income	47	−1,644	−1,597		
Changes due to reclassification	3		3		
Changes in fair value hierarchy (transfers to level 3)		3	3		
Balance at 30 June	**1,072**	**7,790**	**8,862**		

FINANCIAL ASSETS / FINANCIAL LIABILITIES 2021 (€ MILLION)

	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	ASSETS TOTAL	DERIVATIVES	LIABILITIES TOTAL
Balance at 1 January	**713**	**8,747**	**9,460**	**19**	**19**
Investments and loans granted	112	406	518		
Divestments and disposals	−133	−447	−580		
Fair value changes included in Income statement	2	−2			
Fair value changes included in Other comprehensive income	49	7	56		
Changes in fair value hierarchy (transfers to level 3)	11		11		
Balance at 30 June	**754**	**8,711**	**9,465**	**19**	**19**

Fair value changes included in Other comprehensive income related to Equities and similar investments and Fixed income investments are presented as part of the Revaluation reserve. Fair value changes related to Equities and similar investments and Fixed income investments included in the Income statement are presented as part of Investment income.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AT 30 JUNE 2022

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UN-OBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investments					
Equities and similar investments	1,072	Net Asset Value	N/A	N/A	N/A
Fixed income investments					
Own account	7,667	Discoun-ted cash flows	Total spread	105 - 210 (bp)	An increase has no direct impact in the Income statement or total equity, but is transferred to the Provision for discounting of insurance liabilities through a direct adjustment in equity.
Banking credit portfolio	123	Discoun-ted cash flows	Total spread	110 - 305 (bp)	An increase of 10 basis points will result in a €0.4 million lower income in the Income statement

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AT 31 DECEMBER 2021

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UN-OBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investments					
Equities and similar investments	852	Net Asset Value	N/A	N/A	N/A
Fixed income investments					
Own account	8,822	Discoun-ted cash flow	Total spread	118 - 356 (bp)	An increase has no direct impact in the Income statement or total equity, but is transferred to the Provision for discounting of insurance liabilities through a direct adjustment in equity.
Banking credit portfolio	145	Discoun-ted cash flow	Total spread	56 - 170 (bp)	An increase of 10 basis points will result in a €0.4 million lower income in the Income statement

Equities and similar investments mainly consist of private equity investment portfolio, amounting to €235 million (31 December 2021: €257 million), property funds, amounting to €545 million (31 December 2021: €449 million), and Infrastructure funds, amounting to €108 million (31 December 2021: €115 million). The private equity investments have a highly diversified nature in terms of sector, geographical region and type of investment. For the main part of these investments, the fair value is determined using the Net Asset Value as reported by the fund manager or general partner and therefore, there is no significant unobservable input or combination of inputs that can be used to perform a sensitivity analysis.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Financial instruments not measured at fair value for which the fair value is disclosed

The table below provides an overview of the financial instruments that are not measured at fair value, but for which the fair value is disclosed in the Notes.

(€ MILLION)

	CARRYING AMOUNT AS AT 30 JUNE 2022				FAIR VALUE AS AT 30 JUNE 2022
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets					
Investments					
Fixed income investments	11,233		460	10,580	11,040
Other financial investments	1,022		1,064		1,064
Receivables	13,448		13,298		13,298
Liabilities					
Banking customer accounts	6,795		6,919		6,919
Loans and borrowings	5,243	1,493	3,717		5,210
Other liabilities	5,501		5,492		5,492

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2021				FAIR VALUE AS AT 31 DECEMBER 2021
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets					
Investments					
Fixed income investments	11,788		572	11,518	12,090
Other financial investments	1,121		1,230		1,230
Receivables	6,175		6,194		6,194
Liabilities					
Banking customer accounts	6,745		6,906		6,906
Loans and borrowings	5,652	1,493	4,191		5,684
Other liabilities	7,312		7,318		7,318

9. GROSS WRITTEN PREMIUMS

BREAKDOWN GROSS WRITTEN PREMIUMS

(€ MILLION)

	FIRST HALF YEAR 2022	FIRST HALF YEAR 2021
Non-life insurance		
Accident	616	609
Motor liability	556	536
Motor hull	456	424
Transport/aviation liability	38	37
Property	877	794
General liability	222	209
Legal assistance	109	108
Other	23	8
Gross written premiums Non-life	**2,897**	**2,725**
Health		
Basic health insurance	6,084	5,579
Contribution from Health insurance fund	7,417	7,048
Supplementary health insurance	1,225	1,211
Other health insurance	350	327
Gross written premiums Health	**15,076**	**14,165**
Life		
Single premium policies own risk	146	155
Annual premium policies own risk	184	177
Single premium policies where policyholders bear investment risks	29	25
Annual premium policies where policyholders bear investment risks	142	155
Gross written premiums Life	**501**	**512**
Total gross written premiums	**18,474**	**17,402**

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

10. INVESTMENT INCOME

(€ MILLION)

	INVESTMENTS -AT FAIR VALUE THROUGH PROFIT OR LOSS[1]		INVESTMENTS - AVAILABLE FOR SALE		INVESTMENTS - LOANS AND RECEIVABLES		TOTAL	
	FIRST HALFYEAR 2022	FIRST HALFYEAR 2021	FIRST HALFYEAR 2022	FIRST HALFYEAR 2021	FIRST HALFYEAR 2022	FIRST HALFYEAR 2021	**FIRST HALFYEAR 2022**	FIRST HALFYEAR 2021
Direct income from investments								
Investments own risk	160	178	257	228	22	27	439	433
Investments for account and risk of policyholders	128	122					128	122
Banking credit portfolio					133	154	133	154
Investment expenses	−7	−8	−6	−7			−13	−15
Direct operating expenses investment property	−7	−9					−7	−9
	274	**283**	**251**	**221**	**155**	**181**	**680**	**685**
Realised and unrealised gains and losses on financial assets and derivatives								
Investments own risk	−3,440	−1,500	178	603			−3,262	−897
Investments for account and risk of policyholders	−1,970	377					−1,970	377
Banking credit portfolio	212	59			−214	−56	−2	3
Impairment losses on investments								
Investments own risk			−47	−4			−47	−4
Foreign currency differences[2]	64	21	60	2			124	23
	−5,134	**−1,043**	**191**	**601**	**−214**	**−56**	**−5,157**	**−498**
Total income from investments	**−4,860**	**−760**	**442**	**822**	**−59**	**125**	**−4,477**	**187**

1 Investments at fair value through profit or loss include investment income from property investments. The realised and unrealised gains and losses on financial assets and derivatives for Investments for own account of €-3.4 billion primarily comprise unrealised results on interest rate derivatives.
2 The Foreign currency differences are hedged for an important part by currency derivatives. The currency derivative positions are recognised in Realised and unrealised gains and losses – Investments own risk and Investments for account and risk of policyholders.

Total income from the investment portfolio amounts to €-4.5 billion in the first half of 2022 (2021: €0.2 billion). The decrease in income of €4.7 billion is mainly caused by a decrease in realised and unrealised gains and losses for Investments own risk and Investments for account and risk of policyholders. The decrease in Investments own risk is mainly caused by increased interest rates in 2022 due to the development in the financial markets. The decrease in Investments for account and risk of policyholders is mainly due to the decrease in share prices in 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

11. NET EXPENSES FROM INSURANCE CONTRACTS

(€ MILLION)

	FIRST HALF YEAR 2022 GROSS	FIRST HALF YEAR 2022 REINSURANCE	FIRST HALF YEAR 2021 GROSS	FIRST HALF YEAR 2021 REINSURANCE
Non-Life				
Claims paid	1,406	59	1,233	40
Changes in insurance liabilities own risk	186	135	224	54
Claim handling expenses	115		116	
Recoveries	−96		−81	
Changes in insurance liabilities due to granted profit sharing rights	5		9	
	1,616	**194**	**1,501**	**94**
Health				
Claims paid	7,099	5	6,374	4
Changes in insurance liabilities own risk	521		647	
Claim handling expenses	37		37	
Recoveries	−18		−16	
	7,639	**5**	**7,042**	**4**
Life				
Benefits paid own risk	821	11	942	15
Benefits paid for insurances where policyholders bear investment risks	626		715	
Changes in insurance liabilities own risk	−460	−10	−473	−11
Changes in insurance liabilities where policyholders bear investment risks	−2,109		−125	
Amortisation interest surplus rebates	1		1	
Surplus interest and profit sharing to policyholders	−125		82	
Changes to Provision for discounting of insurance liabilities due to realised gains and losses on related investments in fixed income securities through Equity	−19		217	
Changes to Provision for discounting of insurance liabilities due to (un)realised gains and losses on related investments in fixed income securities and derivatives through Income statement	−3,103		−1,271	
Changes to Provision for discounting of insurance liabilities due to granted profit sharing rights and other changes	15		26	
	−4,353	**1**	**114**	**4**
Total expenses from insurance contracts	**4,902**	**200**	**8,657**	**102**

The decrease in the Changes in insurance liabilities for which policyholders bear investment risk and Changes in the Provision for discounting of insurance liabilities is mainly due to increased interest rates across all maturities.

12. CONTINGENCIES

Achmea provides mortgage loans for its own account and for the risk and account of its clients (pension funds). In this capacity Achmea has commitments arising from offers for mortgage loans. If the clients accept the offers, Achmea is obliged to provide €1,5 billion (2021: €1 billion) in mortgage loans. This liability corresponds with a received guarantee of €171 million (2021: €164 million). The increase is connected with increased demand for mortgage products in the first half of 2022.

On 3 May 2022, it was announced that Achmea is entering the market of premium pension institutions through the acquisition of ABN AMRO Pensioeninstelling N.V. The acquisition by Achmea B.V. has been submitted for approval to the supervisory authority *De Nederlandsche Bank*. The transaction is expected to be completed in the third quarter of 2022.

Moreover, the off-balance sheet rights and obligations as at 30 June 2022 have not changed significantly compared to 31 December 2021.

13. RELATED PARTY TRANSACTIONS

In the first half of 2022, the nature of related party transactions was similar to related party transactions in 2021. For an overview of transactions with related parties in 2021, please refer to Note 33 Related party transactions in the Achmea B.V. Consolidated Financial Statements for 2021.

14. SUBSEQUENT EVENTS

There are no events after the balance sheet date to be reported in the Interim Financial Statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AUTHORISATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Zeist, 10 August 2022

The Executive Board
B.E.M. (Bianca) Tetteroo, Chairman

M.A.N. (Michel) Lamie, Vice-Chairman and CFO

M.G. (Michiel) Delfos, CRO

D.C. (Daphne) de Kluis

R. (Robert) Otto

L.T. (Lidwien) Suur

The Supervisory Board
J. (Jan) van den Berg, Chairman

W.H. (Wim) de Weijer, Vice-Chairman

T.R. (Tjahny) Bercx

M.R. (Miriam) van Dongen

P.H.M. (Petri) Hofsté

A.M. (Lex) Kloosterman

A.C.W. (Lineke) Sneller

R.Th. (Roel) Wijmenga

INDEPENDENT AUDITOR'S REVIEW REPORT

REVIEW REPORT

The following is an English translation of the independent auditor's report issued 10 August 2022

Independent auditor's review report

To: the shareholders and supervisory board of Achmea B.V.

Our conclusion

We have reviewed the condensed interim financial information included in the half year report of Achmea B.V. based in Zeist for the period from 1 January 2022 to 30 June 2022.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim financial information of Achmea B.V. for the period from 1 January 2022 to 30 June 2022, is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union.

The condensed interim financial information comprises:

- The consolidated statement of financial position as at 30 June 2022
- The following statements for the period from 1 January 2022 to 30 June 2022: the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in total equity and the condensed consolidated statement of cash flows
- The notes comprising of a summary of the significant accounting policies and selected explanatory information

Basis for our conclusion

We conducted our review in accordance with Dutch law, including the Dutch Standard 2410, "Het beoordelen van tussentijdse financiële informatie door de accountant van de entiteit" (Review of interim financial information performed by the independent auditor of the entity). A review of interim financial information in accordance with the Dutch Standard 2410 is a limited assurance engagement. Our responsibilities under this standard are further described in the Our responsibilities for the review of the condensed interim financial information 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, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

INDEPENDENT AUDITOR'S REVIEW REPORT

Responsibilities of management and the supervisory board for the condensed interim financial information

Management is responsible for the preparation and presentation of the condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting" as adopted by the European Union. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of the condensed interim financial information that is free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing Achmea's financial reporting process.

Our responsibilities for the review of the condensed interim financial information

Our responsibility is to plan and perform the review in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

The level of assurance obtained in a review engagement is substantially less than the level of assurance obtained in an audit conducted in accordance with the Dutch Standards on Auditing. Accordingly, we do not express an audit opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the review, in accordance with Dutch Standard 2410.
Our review included among others:

- Obtaining an understanding of Achmea B.V. and its environment, including its internal control, and the applicable financial reporting framework, in order to identify areas in the condensed interim financial information where material misstatements are likely to arise due to fraud or error, designing and performing analytical and other review procedures to address those areas, and obtaining assurance evidence that is sufficient and appropriate to provide a basis for our conclusion
- Obtaining an understanding of internal control as it relates to the preparation of condensed interim financial information
- Making inquiries of management and others within Achmea B.V.
- Applying analytical procedures with respect to information included in the condensed interim financial information
- Obtaining assurance evidence that the condensed interim financial information agree with, or reconciles to, Achmea's underlying accounting records
- Evaluating the assurance evidence obtained
- Considering whether there have been any changes in accounting principles or in the methods of applying them and whether any new transactions have necessitated the application of a new accounting principle
- Considering whether management has identified all events that may require adjustment to or disclosure in the condensed interim financial information
- Considering whether the condensed interim financial information has been prepared in accordance with the applicable financial reporting framework and represents the underlying transactions free from material misstatement

Amsterdam, 10 August 2022

Ernst & Young Accountants LLP

W.J. Smit