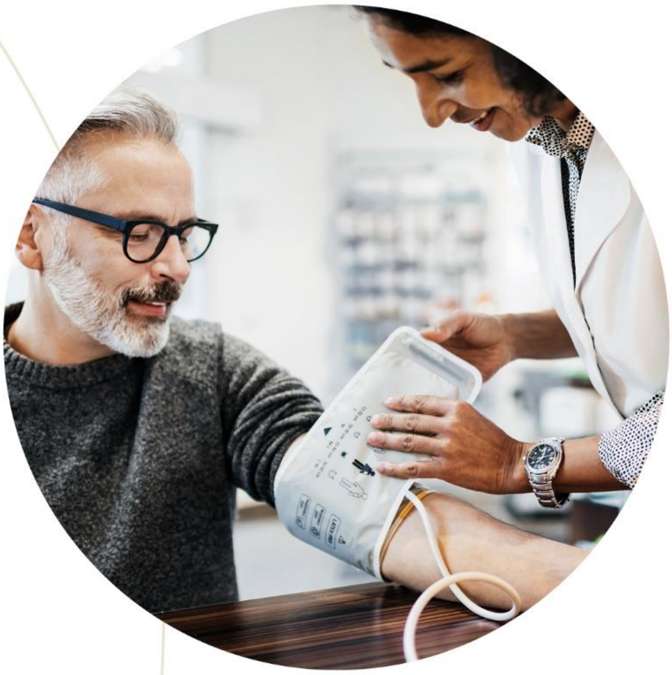
SOLVENCY AND FINANCIAL CONDITION REPORT 2022



achmea

Achmea 2022

Single Group Wide

Solvency and Financial Condition Report

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1. Summary

1.1. INTRODUCTION

Achmea's approach to the Solvency and Financial Condition Report

Achmea Group (hereafter 'Achmea') discloses its solvency position, governance and risk management practices by means of a Single Group-Wide Solvency and Financial Condition Report (SGW-SFCR). The information in the SGW-SFCR consists of the solvency position of Achmea B.V., the supervised insurance and reinsurance entities and all other legal entities belonging to Achmea.

The Quantitative Reporting Templates ('QRTs'), which are required to be publicly disclosed and which provide quantitative information in accordance with Solvency II as at 31 December 2022, are included in the Appendix 6 to this SFCR.

All amounts in this report and in the tables are presented in millions of euros, unless stated otherwise. Due to this, rounding differences may occur.

Achmea Partial Internal Model (PIM)

Entities within Achmea and Achmea as group are using either the Standard Formula or a Partial Internal Model[1].

- The Dutch Health insurance entities, Union Poist'ovňa A.S. (Slovakia), Eureko Sigorta A.S. (Turkey) and Interamerican Hellenic Life Insurance Company S.A. (Greece) are using the Standard Formula;
- The other insurance entities and the group are using a Partial Internal Model (PIM);
- Achmea Bank N.V. uses the standardised approach as laid down in the Capital Requirements Directive and CRR Regulation.

The scope of the Partial Internal Model to calculate the Solvency Capital Requirement:

- Non-Life Underwriting Premium and Reserve Risk stemming from the Greek and Dutch Non-Life insurance activities. Achmea Reinsurance Company N.V. does not use an internal model for Non-Life underwriting Premium and Reserve Risk;
- NSLT Health Underwriting Premium and Reserve Risk[2] stemming from the Greek and Dutch Non-Life insurance activities;
- Non-Life Natural Catastrophe Risk stemming from the Greek and Dutch insurance activities (excluding external incoming reinsurance contracts, only business stemming from entities within Achmea B.V.);
- Health Underwriting Risk SLT stemming from the Dutch Non-Life insurance activities;
- Interest Rate Risk, Equity Risk, Property Risk and Spread Risk for the Dutch insurance entities[3] and Achmea (stemming from the entities using an internal model for Market Risk, Market Risk stemming from the legal entity Achmea B.V. and Market Risk stemming from the Dutch Health insurance entities is included in the consolidated data).

Other risks and risk types are calculated using the Standard Formula (SF).

1.2. BUSINESS AND PERFORMANCE

The solvency ratio of Achmea Group decreased to 209% in 2022 from 214% in 2021. The solvency ratio is based on the approved Partial Internal Model.

Market developments had a mixed impact on the solvency ratio. Total Own Funds decreased due to lower equity prices, higher interest rates and spreads, this was mitigated by a decrease in the Required capital for Market Risk, Life Underwriting Risk and Non-Life Underwriting Risk due to the higher interest rates. Portfolio developments, including the run-off of the Pension & Life Netherlands service book and the result of Non-Life Netherlands, contributed positively. The increase in the inflation curve and adjusted assumptions for mortality, expenses and lapses had a negative impact on the solvency position. The acquisition of ABN AMRO PPI and expected coupon payments likewise had a negative effect. Due to the decrease in the required capital, the part of the Tier 3 capital no longer eligible for inclusion in the Own Funds increased. In addition, a pension indexation liability and the decrease in the UFR as of 1 January 2022 had a negative effect on the solvency position.

[1] The Standard Formula is the Solvency Capital Requirement calculated by means of the method embedded in the Solvency II legislation and which is available to all insurers across Europe. The partial Internal Model is a methodology which is unique for the insurer which complies with all the principles of Solvency II and which can only be used after explicit endorsement of the supervisor(s).

[2] Health Not Similar to Life Techniques risks are present in sickness and accident insurance (short-term).

[3] For Dutch Health entities no Partial Internal Model for Market Risk is used at entity level.

On 28 February 2023, Achmea announced its intention to exercise the call option on € 500 million Tier 2 bonds, with a first call date of 4 April 2023. This is expected to reduce the Solvency II ratio by 8 percentage points.

At Non-Life, the result on Property & Casualty insurance decreased in 2022. The higher insurance results did not offset the lower investment results. In general, the insurance results had a positive development. However, in some Lines of Business some adverse events/developments were seen. Increased mobility related claims are observed due to an increase in mobility intensity compared to 2021 as a result of the abandonment of the Covid-related measures across Europe. Higher number of burglary claims and large fire-related claims were recognised. Additional provisions were made for personal injury claims from previous years. The February storm generated a high cost of claims.

At Health, the result increased in 2022. The result on Dutch supplementary health insurance and the healthcare service companies is positive. This compensated for the marginally negative result on Dutch basic health insurance. Medical expenses were higher than last year, mostly as a result of increased personnel costs, other healthcare expenses and the higher number of policyholders in 2022. These effects were mitigated by the release of the provision for loss-making contracts that had been made at the end of 2021 for the loss-making 2022 premium, higher premium income and a higher-than-expected contribution from the Dutch Health Insurance Equalisation Fund. The result of Greece was positively impacted by the release of provisions for new healthcare legislation, while Slovakia noted higher medical expenses in 2022 due Covid-19.

The result on Income Protection insurance is lower than last year due to both lower investment income and lower insurance results. For the provisions in the WIA (group disability) insurance portfolio the Dutch government’s decision to raise the minimum wage by 10.15% as of 1 January 2023 has been taken into account. The Disability and Sickness insurance portfolios displayed slightly higher levels of absenteeism. In the insurance results only a minor impact from the long-term effects of Covid-19 on the income protection products is observed.

Pension & Life manages a growing open-book portfolio containing term life insurance policies, individual pension and annuity products. In addition, the Pension & Life service organisation manages a service-book portfolio containing group pension contracts and traditional savings and life insurance products. The service organisation has the ambition of earning a stable result with positive capital generation combined with a high level of customer satisfaction. The total Technical Provisions are evolving in line with the development of the portfolio but are at the same time affected by volatility on the financial markets.

Inflation

In 2022, difficulties in the supply chain were recognised due to Covid-19 lockdowns and geopolitical tensions. These developments resulted in further increases in energy prices and, increased inflation.

Impact on the Technical Provisions

The increase in the inflation rate has resulted in increased Best Estimates across the countries in which Achmea operates. For the Dutch and Greek Life business, inflation is primarily reflected in higher wages and increased handling costs. For the Dutch Non-Life insurance, the increased inflation resulted in an upward pressure for claim handling expenses part of the Best estimate. In Slovakia, the rising inflation was a determining factor in the repricing of the insurance products that were most affected by inflation (Motor, Property). For the Greek Non-Life insurance, an alternative reserving method was assessed for Motor and GTPL lines targeting to quantify and reflect the higher inflation burden on the portfolio of already occurred cases. An adjustment was made in Q4 2022 to allow for the impact. In Turkey, additional inflation reserves were calculated and added to the Best Estimate to account for the extraordinary inflationary environment. For the Dutch Health insurance, healthcare inflation has been incorporated in the fees for 2023 that have been agreed upon with the healthcare providers. The healthcare inflation has also been taken into account in the insurance premiums set for 2023. For long-term Greek hospitalisation products, an excess inflation index on top of the Best Estimate medical inflation assumption has been applied to reflect the high inflation environment.

Impact on the SCR

For Life business, Inflation Risk related to operational expenses is included in Life Underwriting Risk. An increase in expected expense inflation leads to an increase in Expense Risk. Because the expense assumptions are higher, the Best Estimate value increased which also increased the related capital requirements. For Non-Life Underwriting Risk, the increased Best Estimate has an impact on the volume measure of the Non-life underwriting Reserve Risk and SLT Health Recovery Risk. These volume measures have increased by approximately 2% due to higher inflation. The future expected claim amounts will likely be higher due to the high inflation. As a result, the volume measure for Non-Life Underwriting Premium Risk and SLT Health Incidence Risk has been adjusted accordingly.

Impact on banking activities
The increase in the interest rates as a result of the Central Banks' actions to curb the high inflations environment resulted in a shift to Dutch mortgage loans with a shorter durations.

Geopolitical tensions

In 2022, Russia invaded Ukraine. The geopolitical tension resulted in unprecedented increases in inflation, a high volatility on the financial markets and additional economic uncertainties. The stock markets in general had a downward trend, while spreads and interest rates increased. These developments are reflected in the financial and solvency position of Achmea and her subsidiaries.

Other

In 2022, Achmea acquired ABN AMRO Pensioeninstelling N.V. ABN AMRO Pensioeninstelling N.V. will operate under the new name Centraal Beheer PPI N.V. ABN AMRO Pensioeninstelling N.V. (trading as ABN AMRO Pensioenen) has a licence from De Nederlandsche Bank to operate as a PPI. ABN AMRO Pensioeninstelling N.V. has been administering defined contribution (DC) schemes since 2012 and currently has approximately 955 employers and approximately 190,000 members from the SME and major corporates markets as its clients. Assets under management total approximately € 3.5 billion.

1.3. SYSTEM OF GOVERNANCE

Change in AMSB of Achmea

On 1 March 2022, Henk Timmer resigned from the Executive Board of Achmea. As of 12 April 2022 Michiel Delfos was appointed as member of the Executive Board of Achmea and appointed as Chief Risk Officer after endorsement of the meeting of shareholders.

Achmea has appointed Karin Bos as chair of the Non-Life division from 9 May 2022. She has been Director P&C Insurance Retail in the division since 2016. Ms Bos has succeeded Michiel Delfos, who joined the Executive Board of Achmea. Arthur van der Wal has been appointed chair of Achmea's Pensions division with effect from 1 October 2022. For the past four years he has been divisional chair of Syntrus Achmea Real Estate & Finance.

Sustainability

In Q4 of 2022, Achmea published their first Climate Transition Plan[4].

The Climate Transition Plan describes the climate transition plan for Achmea, concerning the business operations, investments and financing, and the insurance business of the Dutch entities. Achmea Bank N.V. has published their specific Climate Transition Plan[5] (in Dutch).

Developments around Achmea are moving fast. There is a constant stream of new climate insights, new legislation and technological advances. Methods for measuring CO_2 and setting reduction targets are under development. Availability and quality of data is a challenge. The number and quality of available data are expected to improve in the coming years. This will create new insights that could lead Achmea to adjust targets and plans in the coming years. Achmea will therefore update these plans annually.

1.4. RISK PROFILE

Achmea's overall Risk Profile, including the material risks as identified by the Executive Board of Achmea, showed a limited number of material changes as compared to 2021. Changes in the Risk Profile are caused by economic developments including increase in the interest rates and higher inflation.

Full details on Achmea's Risk Profile are described in Chapter C. Risk Profile.

[4] https://nieuws.achmea.nl/download/1310409/klimaattransitieplan.pdf
[5] https://www.achmeabank.nl/-/media/achmea-bank/documenten/over-ons/esg/achmea-bank---klimaattransitieplan-jan23-def.pdf

1.5. VALUATION FOR SOLVENCY PURPOSES

Achmea values its Solvency II Balance Sheet items on a basis that reflects their economic value. In case IFRS valuation principles are consistent with Solvency II requirements, Achmea follows the IFRS principles as endorsed by the European Union for valuing assets and liabilities.

There are no major changes in the valuation principles as applied by Achmea with the exception to the manner in which inflation is included in the valuation of the Best Estimate. In 2022, the inflation assumption methodology was improved in the Netherlands, Greece and Slovakia. The inflation assumption was based on inflation related investments. As a result the development in time of the inflation curve was sensitive to market sentiment, leading to (inappropriate) volatility following the current geopolitical turmoil.

The composition of Own Funds under the Solvency II legislation is not the same as equity for IFRS purposes. For the calculation of the group solvency under Solvency II there are valuation differences and restrictions. The table below presents the composition of Eligible Own Funds (EOF) under Solvency II and equity under IFRS.

RECONCILIATION BETWEEN EQUITY FINANCIAL STATEMENTS AND SOLVENCY II ELIGIBLE OWN FUNDS € MILLION

	2022	2021
Equity Financial statements	9,278	10,633
Solvency II valuation and classification differences	1,097	846
Not qualifying equity and foreseeable dividends	-1,179	-1,116
Eligible Own Funds Solvency II	**9,195**	**10,363**

Full details on Achmea's Eligible Own Funds are described in Chapter D. Valuation for solvency purposes.

1.6. CAPITAL MANAGEMENT

SOLVENCY RATIO € MILLION

	2022	2021	Δ
Eligible Own Funds	9,195	10,363	-1,167
Total Group Solvency Capital Requirement	4,410	4,853	-443
Surplus	4,786	5,509	-724
Ratio (%)	209%	214%	5%-pt

On 9 November 2021, DNB published a Q&A in which they indicated that individual disability insurance (AOV) products qualify as long-term contracts under Solvency II. Achmea still labelled these products as short-term contracts at the end of 2022. As of 1 July 2023, beginning with the Quantitative Reporting Templates (QRT's) for Q2 2023, insurers must include AOV products in their Solvency II calculations in accordance with the Q&A.

Pro forma calculations for the modified treatment of individual disability insurance (AOV) products show an increase in solvency ratio based on the current assumptions. The Solvency II Eligible Own Funds would increase by approximately € 325 million to € 9,520 million and the Solvency Capital Requirement by approximately € 94 million to € 4,503 million. This impact has not been incorporated into the Solvency II ratio at year-end 2022.

1.6.1. ELIGIBLE OWN FUNDS

ELIGIBLE OWN FUNDS € MILLION

	2022	2021	Δ
Tier 1	7,321	8,230	-909
Tier 2	1,467	1,578	-111
Tier 3	408	554	-147
Total Eligible Own Funds	9,195	10,363	-1,167

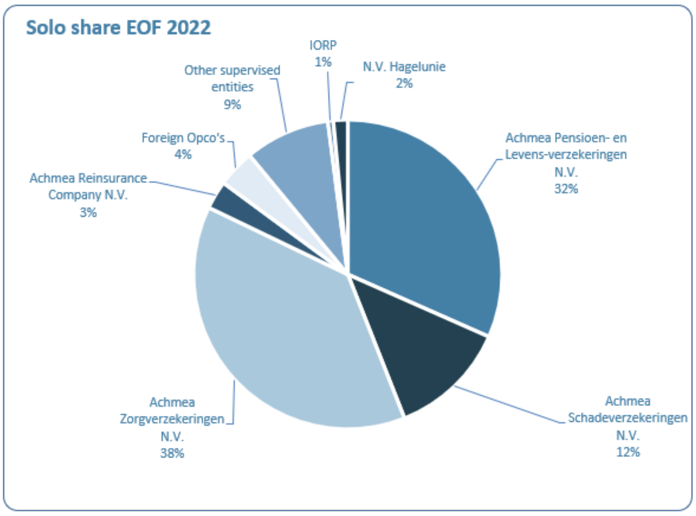
The Tier 1 capital decreased due to:

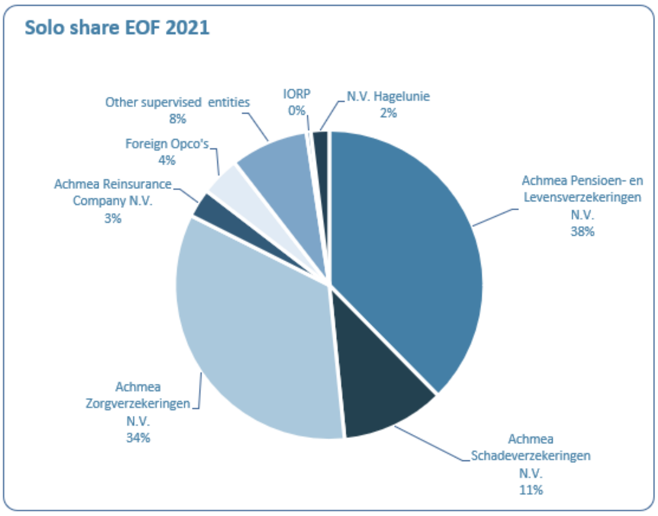
- The effects of the lower value of equity investments due to negative development of the stock markets;
- The combined negative effect of the higher interest rates and higher spreads on the economic value of the fixed income investment s and the technical Provisions;
- The Best Estimate cashflows were higher due to adjustments for inflation and mortality assumptions;
- The purchase of share certificates in Achmea Tussenholding B.V.

Tier 2 capital decreased due to the impact of increased interest rates on the economic value of the capital instruments.

As of 31 December 2022, Tiering limits have been exceeded because of which an amount of € 298 million of Tier 3 capital cannot be used to cover the Solvency Capital Requirement (2021: nil). The Tiering is based on the capital requirement as laid down in the Solvency II legislation for the insurance entities and other entities part of the group excluding the sectoral capital requirements for the Other Financial Service-entities.

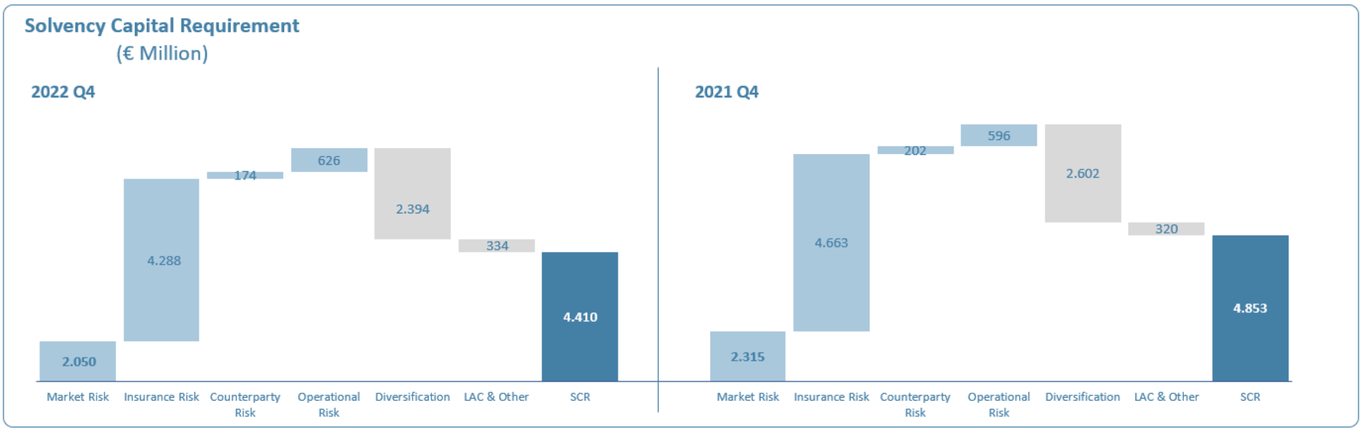
The Eligible Own Funds can be divided to the various legal entities of Achmea:





Similar to 2021, Achmea Zorgverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V. contributed the most with respect to the Total Eligible Own Funds. The share of Achmea Zorgverzekeringen N.V. increased, while the share of Achmea Pensioen- en Levensverzekeringen N.V. decreased in contribution. Due to the service book portfolio and the increase in the Interest Rate the share of Achmea Pensioen- en Levensverzekeringen N.V. decreased.

1.6.2. SOLVENCY CAPITAL REQUIREMENT



The Total Group Solvency Capital Requirement (SCR) of Achmea is determined based on a consolidated Economic Balance Sheet including all the legal entities and participations of Achmea. Due to the acquisition of the ABN AMRO Pensioeninstelling N.V. (Centraal Beheer PPI N.V.) in 2022, Achmea has included the capital requirement (€ 6 million) with respect to this entity as part of the SCR Other Financial Sectors.

The capital requirements for Market Risk decreased by € 265 million mainly due to effects of higher interest rates, widened credit spreads and effects of the annual risk calibration of the Partial Internal Model.

The capital requirement for Underwriting Risk decreased by € 375 million. The higher interest rate resulted in a decrease of the Best Estimate of the Insurance obligations and subsequently a decrease of Life Underwriting Risk as the Best Estimate is the main input in the calculation of this risk. Health Underwriting Risk mainly increased due to the received contribution from the Dutch catastrophe arrangement in relation to the Covid-19 pandemic (previously, the expected contribution was netted with the Claim provision) and an increase in the number of insured in 2022 which both increased the value of the Best Estimate and subsequently the NSLT Health Premium- and Reserve Risk. Non-Life Underwriting Risk increased due to the calibration of risk factors and correlations in the Partial Internal Model and increased value of the Best Estimate within the Line of Business Income protection and Fire (February storm). Catastrophe Risk increased due to effects of the renewal of the reinsurance program per July, 1st, 2022.

The capital requirements for Counterparty Default Risk decreased by € 28 million. Type 1 exposures decreased mainly due to a decreased exposure of derivatives and securities lending as a result of the higher yield curve. Type 2 exposures increased mainly due to higher volumes of receivables.

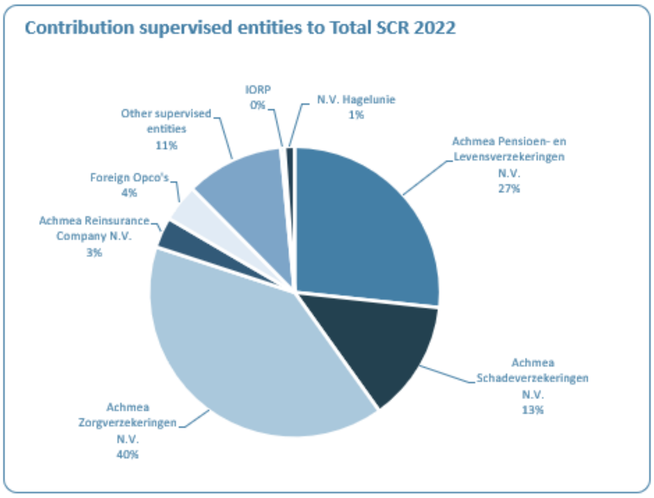
The capital requirement for Operational Risk increased with € 30 million. Operational Risk is calculated based on the most onerous scenario of earned premiums or Technical Provisions. Achmea is sensitive to the scenario based on earned premiums. The increase is a consequence of the increased premium volumes in 2022 compared to 2021.

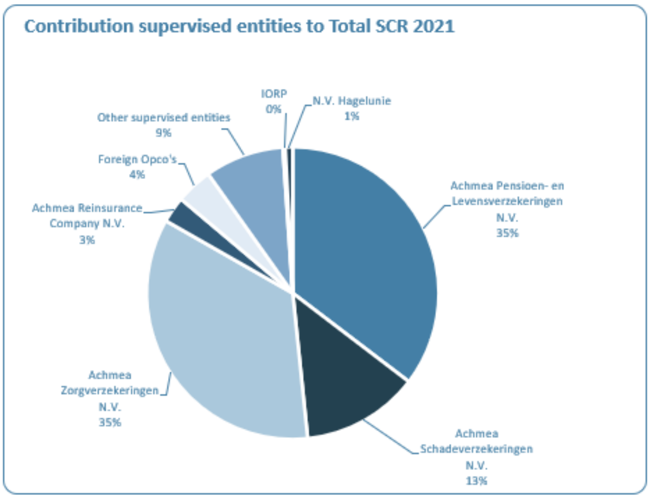
The impact of the Adjustments increased by € 95 million. Due to the higher yield curves the Loss Absorbing Capacity of Expected Profits for Underwriting Risk and Market Risk increased. The Loss Absorbing Capacity of the Deferred Taxes decreased because of the lower Risk Profile of the underlying insurance entities.

The impact of the capital requirements for Other Financial Entities increased by € 81 million mainly due to the acquisition of several mortgage portfolios and new production within Achmea Bank N.V. and the acquisition of ABN AMRO Pensioeninstelling N.V. in 2022 Q3.

Solvency Capital Requirement per major legal entity

Similar to 2021, Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Zorgverzekeringen N.V. contributed the most with respect to the Total Solvency Capital Requirements. The share of Achmea Pensioen- en Levensverzekeringen N.V. has decreased, while the share of Achmea Zorgverzekeringen N.V. has increased in contribution. Due to the service book portfolio of Achmea Pensioen- en Levensverzekeringen N.V. and the increase in the relevant risk-free Interest Rate the share of Achmea Pensioen- en Levensverzekeringen N.V. decreased.





Solvency Position excluding the use of the Volatility Adjustment

Achmea applies the Volatility Adjustment (VA)[6]. The VA is not applied by the Dutch Health insurance legal entities, Achmea Reinsurance Company N.V. and Interamerican Assistance General Insurance Company S.A. (based on proportionality reasons). No VA is determined for Turkey by EIOPA based on the characteristics of the local bond market. Therefore the VA is not applied to the insurance liabilities stemming from Eureko Sigorta A.S.

For those entities where the VA is applied and where a Partial Internal Model Risk (PIM) for Market Risk is used, a Dynamic Volatility Adjustment (DVA)[7] is included within the calculation of the capital requirement for Spread Risk. For these entities, Achmea also includes a capital requirement for government bonds and mortgage loans in the Spread Risk module.

IMPACT OF VOLATILITY ADJUSTMENT ON SOLVENCY RATIO

€ MILLION

	INCLUDING VOLATILITY ADJUSTMENT		EXCLUDING VOLATILITY ADJUSTMENT		IMPACT VA	
	2022	2021	2022	2021	2022	2021
Eligible Own Funds	9,195	10,363	8,996	10,269	200	94
Total Group Solvency Capital Requirement	4,410	4,853	5,506	6,149	-1,096	-1,295
Surplus	4,786	5,509	3,490	4,120	1,296	1,389
Ratio (%)	209%	214%	163%	167%	46%-pt	47%-pt

The VA is published by EIOPA and endorsed by the European Commission. Ultimo 2022, a VA of 19 bps (2021: 3 bps) has been applied. Compared to 2021, the impact of the VA on the Solvency II ratio of Achmea has remained stable (2022: 46%-pt; 2021: 47%-pt).

Excluding the VA and DVA would result in changes in the valuation of the insurance liabilities due to the adjusted discounting curve and changes in the capital requirements for Market Risk. As a result of the change in valuation, the asset mix is not aligned with the insurance liabilities leading to a disproportionate increase of the capital requirement for Market Risk. Furthermore, the Risk Profile of the government bonds and mortgage loans are not in line with the capital requirements i.e. the capital requirements are extremely high compared to the actual risks embedded in these exposures. Therefore, Achmea is of the opinion that the resulting capital requirement without VA and DVA is not an appropriate reflection of the Risk Profile.

[6] The VA is a mechanism to mitigate the exaggeration of bond spreads. The mitigation is done by an adjustment of the relative risk-free interest rate. The VA reflects the Asset and Liability management (ALM) of an insurer. The VA is published by EIOPA and is based on Solvency II legislation.

[7] The DVA has the same function as the VA, but is calculated based on a 1:200 year scenario, similar to the principles of all the Solvency Capital Requirements.

1.6.3. MINIMUM CAPITAL REQUIREMENT

MINIMUM CAPITAL REQUIREMENT PARTIAL INTERNAL MODEL

€ MILLION

	2022	2021	Δ
SCR Consolidated	3,750	4,274	-524
MCR	2,096	2,342	-246
MCR/SCR consolidated (%)[8]	56%	55%	1%

The group Minimum Captial Requirement (MCR) is the sum of the solo MCR without taking into account any diversification benefits and the impact of Intra-Group transactions. The MCR at solo insurance level is subject to a corridor of 25%-45% of the SCR.

The net decrease in MCR is mainly caused by a decrease in the underlying MCR of Achmea Pensioen- en Levensverzekeringen N.V. (€- 303 million) and Achmea Schadeverzekeringen N.V. (€- 19 million) and an increase in the underlying MCR of Achmea Zorgverzekeringen N.V. (€ 70 million).

IMPACT OF VOLATILITY ADJUSTMENT ON THE MCR

€ MILLION

	INCLUDING VA		EXCLUDING VA		IMPACT VA	
	2022	2021	2022	2021	2022	2021
SCR Consolidated	3,750	4,274	4,845	5,569	1,096	1,295
MCR	2,096	2,342	2,234	2,446	138	105
MCR/SCR Consolidated (%)	56%	55%	46%	44%	13%	8%

Applying the VA has an impact on the MCR because the value of the Best Estimate is higher when the VA is not applied.

1.6.4. SOLVENCY POSITIONS SUPERVISED LEGAL ENTITIES

SOLVENCY POSITIONS SUPERVISED LEGAL ENTITIES

€ MILLION

	2022			2021		
	SOLVENCY CAPITAL REQUIREMENT	ELIGIBLE OWN FUNDS	SOLVENCY II RATIO	SOLVENCY CAPITAL REQUIREMENT	ELIGIBLE OWN FUNDS	SOLVENCY II RATIO
Achmea Pensioen- en Levensverzekeringen N.V.*	1,514	3,096	204%	2,188	3,946	180%
Achmea Schadeverzekeringen N.V. *	763	1,215	159%	805	1,136	141%
N.V. Hagelunie *	63	147	234%	50	201	398%
Achmea Reinsurance Company N.V. *	193	291	150%	179	315	176%
Achmea Zorgverzekeringen N.V. consolidated	2,266	3,732	165%	2,158	3,568	165%
Achmea Zorgverzekeringen N.V.	848	3,731	440%	792	3,567	450%
Zilveren Kruis Zorgverzekeringen N.V.	1,580	2,268	144%	1,483	2,039	138%
FBTO Zorgverzekeringen N.V.	137	200	146%	115	157	136%
Interpolis Zorgverzekeringen N.V.	80	132	165%	73	125	170%
De Friesland Zorgverzekeraar N.V.	237	387	163%	230	297	129%
Union Poist'ovna A.S.	30	35	116%	23	37	162%
Eureko Sigorta A.S.**	53	77	145%	55	70	126%
Interamerican Hellenic Life Insurance Company S.A.	80	140	176%	102	161	158%
Interamerican Assistance General Insurance Company S.A.	10	15	150%	10	17	177%
Interamerican Property & Casualty Insurance Company S.A.*	63	117	186%	60	144	239%

* Legal entities using a Partial Internal Model

** Based on Turkish prudential legislation

At year-end 2022, Achmea and its entities were adequately capitalised in accordance with statutory requirements.

[8] The SCR consolidated is the capital requirement of Achmea excluding the capital requirements for the Other Financial Services.

In the table, the Solvency II position for Achmea Zorgverzekeringen N.V. consolidated is determined on a sub consolidated basis i.e. a look through is applied for the insurance participations included in the Economic Balance Sheet (except for the 'Zorgkantoren' owned by Achmea Zorgverzekeringen N.V.).

Achmea Bank N.V. is subject to the requirement of the Capital Requirements Directive and Regulation.

CRD RATIO ACHMEA BANK N.V.

€ MILLION

	2022	2021	Δ
Risk-weighted Assets	4,264	3,717	547
TCR	18.2%	20.90%	-0
CET 1-Ratio	18.9%	20.90%	-0
Capital requirements	571	498	73
Own Funds	776	779	-3

Achmea Investment Management B.V. and Syntrus Achmea Real Estate & Finance B.V. are subject to requirements of the Investment Firms Directive and Regulation. For Achmea Investment Management B.V., Achmea applies a required capital of € 28 million based on ICAAP rules[9]. This required capital is higher than the requirements based on the IFR/IFD Regulation, mainly due to the larger scope of the assets under management taken into account within ICAAP 2022 (including mutual funds).

Achmea has a Health legal entity, Union Zdravotna Poisťovňa A.S., which is subject to Slovakian supervisory prudential requirements and is not subject to the Solvency II legislation. The total capital requirement based at Slovakian legislation at 2022 year-end amounts to € 17 million (2021: € 17 million), the Own Funds are € 43 million (2021: € 48 million). These amounts are included in the Solvency position of Achmea without the recognition of diversification effects.

Achmea acquired ABN AMRO Pensioeninstelling N.V., known as Centraal Beheer PPI N.V. (CB PPI) within Achmea, in 2022 Q3. The capital requirement for the CB PPI is 0.2% of the managed capital (€ 3,128 million) for the pension liabilities. The Own Funds included are € 13 million. The CB PPI has an eligible liability insurance.

REQUIREMENTS OTHER FINANCIAL SECTORS

€ MILLION

ENTITY	FIXED COST REQUIREMENT		PERMANENT MINIMUM		K-FACTOR		CAPTIAL REQUIREMENTS		OWN FUNDS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Achmea Investment Management B.V.	25	19	0.1	0.1	20	21	25	19	53	41
Syntrus Achmea Real Estate & Finance B.V.	18	18	0.2	0.2	0.3	0.3	18	18	46	35
Union Zdravotna Poist'ovna A.S.							17	17	43	48
Centraal Beheer PPI N.V.							6	n.a.	13	n.a.

1.7. MATERIALITY AND SUBSEQUENT EVENTS

Materiality

Achmea published its Solvency II position of 209% on 9 March 2023. This Solvency position is based on the aggregation of the data of all underlying legal entities and related parties.

Subsequent events

No new information has emerged since the publication of the Solvency position which may result in a material different Solvency position for Achmea as calculated for the reference date of 31 December 2022.

9 In the calculation of the Total Solvency Capital Requirement, the capital requirement was incorrectly derived from the three components. Instead, the ICAAP outcome should have been used in its place. The impact on the group ratio is not material.

1.8. FORWARD LOOKING STATEMENT

Development next year

Achmea expects the Solvency position at the end of 2023 to be above the internal target limits. The expected Solvency II ratio per year-end 2023 under the assumption of constant financial markets based on year-end 2022 will not change significantly. The outcome will be dependent on developments of the inflation rate, the development of the financial markets, the monetary actions of the Central Banks and the continuing (secondary) effects of the war between Ukraine and Russia.

ODV

In 2023, Achmea will implement a new operational management structure for Achmea's Retirement Services. In order to enhance cooperation between the Retirement Services companies, to increase agility and to improve customer service, operational management will be organised along 4 clusters: Mortgages & financial services, Pensions, Investments and Real Estate. The scope of the Retirement Services business includes Achmea Pensioenservices N.V., Achmea Investment Management N.V., Achmea Bank N.V., Syntrus Achmea Real Estate & Finance N.V., Achmea Pensioen- en Levensverzekeringen N.V., Centraal Beheer PPI N.V. and the financial services activities of Centraal Beheer. The effect of the changes to the operational management structure on legal and regulatory responsibilities, in particular with regards to responsibilities and obligations towards supervisory authorities, will remain limited to the spin-off of Achmea Hypotheken from Achmea Real Estate (previously Syntrus Achmea Real Estate & Finance).

Inflation

Inflation influences the results of insurance business due to higher wages and higher costs of spare parts and other costs used to restore any insured damages.

For Achmea employees the existing agreement with unions (CAO) are still applicable with a limited increase of wage levels. Due to the higher inflation it can be expected that future agreements may increase due to higher future inflation rate expectations.

According to the Central banks and other economic institutions such as the IMF and World bank, (core) inflation will remain high in the Eurozone and the Netherlands. The ongoing high inflation will have an upward pressure on the expenses. The higher then desired inflation will provide a further incentive for Central banks to increase their policy rates which will have an upward pressure for the short term interest rates. It is expected that further increases of interest rates will take place. The increased interest rates if these are translated in the capital markets, will result in general in both a lower economic value of assets and lower economic value of liabilities. However, as recently seen, the capital markets expected in the medium or longer term a negative economic development. This resulted in a more inverse discount rate. Achmea keeps monitoring the development of the economic variables.

Geopolitical tensions

The war between Ukraine and Russia and the developments will remain a key focus for the markets in general. Achmea expects the volatility and uncertainty still to be high and therefore Achmea will continue to monitor the developments closely.

Earthquake Turkey and Syria

In February 2023, a severe earthquake took place in Turkey and Syria which will result in claims for Eureko Sigorta A.S. and Achmea Reinsurance Company N.V. (especially reinsurance of business Eureko Sigorta A.S.). The financial impact is considered not to be material for Achmea.

Solvency II review 2020

The European negotiations regarding the status of the Solvency II Review 2020 are still in their early stages. The European Commission has submitted their proposals for change in the Solvency II Directive in 2021. The European Council, subsequently, adopted a general approach in June 2022, setting out their perspective on the proposal of the European Commission. At this moment the ECON committee of the European Parliament is still negotiating to arrive at their perspective enabling the trialogue discussion to start. Achmea still expects the trialogue partners to get an agreement in 2023. Enforcement will be unlikely to be before 2025. The main elements for Achmea in the proposals are the change in methodology to extrapolate the relevant risk-free interest rate, the calculation of the Volatility Adjustment, introduction of the enhanced prudency principle and the calculation of the Risk Margin. The impact of the proposals on Achmea depend on the actual outcome of the trialogues and the economic circumstances. Achmea monitors the ongoing European discussions.

Countercyclical capital buffer Achmea Bank

Per 2023 Q2, DNB enforces the Countercyclical buffer (CCyB) of 1% of the risk weighted assets (RWA) in the capital requirements of Achmea Bank. This will increase required capital of Achmea Bank and will likely reduce Achmea's group solvency.

Contract boundary AOV

On 9 November 2021, DNB published a Q&A in which they indicate that individual disability insurance (AOV) products qualify as long-term contracts under Solvency II. Achmea Schadeverzekeringen N.V. still labels these products as short-term contracts at the end of 2022. DNB will include the new interpretation in its supervision as of 1 July 2023.

To implement this change, in 2022, Achmea Schadeverzekeringen N.V. translates the requirements to the underwriting systems and the Internal Models used in the Solvency II processes. Pro forma calculations for the modified treatment of individual disability insurance (AOV) products show a limited increase in solvency ratio. The Solvency II capital would increase by approximately € 325 million to € 9,520 million and the Solvency Capital Requirement by approximately € 94 million to € 4,503 million. This impact has not been incorporated into the Solvency II ratio at year-end 2022.

Developments after closing date

Acquisition of Horizon by Interamerican Hellenic Life assurance company DAC

On the 1st of February 2023, Interamerican Hellenic Life Insurance Company S.A. acquired the composite Insurer Horizon. In 2022, Interamerican Hellenic Life Insurance Company S.A. made a prepayment of € 8 million which served as a capital injection for Horizon as required by the Bank of Greece. The prepayment is included as exposure in the Counterparty Default Risk module. For the SCR of 2022, no other changes to the capital requirements are made with respect to this acquisition. The acquisition was endorsed by the Bank of Greece.

Call of € 500 million Tier 2 capital securities

On 28 February 2023 Achmea announced that it would call € 500 million Tier 2 capital securities issued in 2013 with a first call date on 4 April 2023. This will result in a decrease of Own Funds of about € 345 million (based on € 155 million Tier 2 overflow per 2022 Q4). In November 2022, Achmea issued € 500 million senior debt to enable this call. The final decision to call was taken by the Achmea Executive Board on 27 February 2023. Approval from DNB was received on 21 February 2023.

Capital injection Union Poist'ovna A.S.

In February 2023 a € 4.9 million dividend payment took place from Union Zdravotna Poist'ovna to Achmea B.V. followed by a capital injection of € 4.9 million from Achmea B.V. to Union Poist'ovna A.S. This increased the Union Poist'ovna A.S. solvency level above the 130% target level. Actions will be taken to further improve the Union Poist'ovna A.S. solvency position.

A. BUSINESS AND PERFORMANCE

A.1. BUSINESS

LEGAL FORM

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 comprises Achmea B.V. and the entities it controls. Achmea is a financial services provider with insurance activities in the field of Non-Life, Health, Income and Life. Furthermore Achmea offers banking services, asset management and pension management services, and other services.

DNB is responsible for the Group prudential supervision of Achmea. Each supervised legal entity has a local prudential supervisor.

AUDIT

The external auditor of the Group Achmea is Ernst & Young Accountants LLP (EY). The information disclosed in this SGW-SFCR is unaudited. The following Quantitative Reporting Templates of Achmea Group are audited:
- S.02.01. Balance Sheet
- S.05.01. Premiums, Claims and Expenses by Line of Business
- S.23.01. Own Funds
- S.25.02. Solvency Capital Requirement SF and PIM

SHAREHOLDERS

SHAREHOLDERS OF ACHMEA B.V. AT 31 DECEMBER 2022

	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PRES)
Vereniging Achmea directly and via Stichting Administratie-Kantoor Achmea [a]	The Netherlands	251,481,012	66.94%	62.94%
Coöperatieve Rabobank U.A.	The Netherlands	116,993,237	31.14%	29.28%
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0.55%	0.52%
Gothaer Finanz Holding AG	Germany	2,370,153	0.63%	0.59%
Schweizerische Mobiliar Versicherungsgesellschaft AG[c]	Switzerland	2,769,246	0.74%	0.69%
Total ordinary shares [b]		**375,685,703**	**100.00%**	
Achmea Tussenholding B.V. (preference shares)	The Netherlands	23,904,060		5.98%
Total ordinary shares and preference shares		**399,589,763**		**100.00%**

a. *Including 1 A-share.*
b. *Excluding 35,134,471 units of own shares held by Achmea B.V.*
c. *Schweizerische Mobiliar Holding AG transfered its shares on 21 December 2022 to Schweizerische Mobiliar Versicherungsgesellschaft AG.*

In 2022, Achmea bought certificates for Achmea Tussenholding B.V. shares from RBS AA Holdings (Netherlands) B.V. for € 41 million. As the certificates indirectly relate to the Achmea B.V. preference shares, the purchase has been accounted for as purchase of own shares.

LEGAL STRUCTURE (SUMMARY)

Achmea B.V.

Achmea Pensioen- en Levensverzekeringen N.V.	Achmea Bank N.V.	Inshared Holding N.V.	Eureko Sigorta A.S.
Achmea Schadeverzekeringen N.V.	Achmea Interne Diensten N.V.	Achmea Investment Management N.V.	Interamerican Hellenic Life Company S.A.
N.V. Hagelunie	Achmea Services N.V.	Achmea Pensioenservices N.V.	Union Poist'ovna A.S.
Achmea Zorgverzekeringen N.V.	Zilveren Kruis Health Services N.V.	Syntrus Achmea Real Estate & Finance B.V.	Union Zdravotna Poist'ovna A.S.
Achmea Reinsurance Company N.V.		Achmea Innovation Fund B.V.	Onlia Holding INC

The above presented organisation structure is a summary and does not present all the entities which are part of the group Achmea.

OUR PURPOSE

'Sustainable Living Together' the Achmea way

Achmea was founded more than 210 years ago when a group of farmers banded together to make themselves more resilient in the event of disaster striking. We are still by and for our customers even today. We are evolving from an insurer into a broad financial service provider. This is our way of responding to today's needs within society.

In keeping with our cooperative identity we strive to create a society in which everyone can participate. We believe that this will ultimately yield greater happiness for the individual and for all of us. Sadly, this so often turns out not to be the case. Too many groups find themselves excluded for all kinds of reasons. We believe change is possible and work to achieve this.

Although we literally live together in our densely-populated country, our sense of community seems to be dwindling. There is growing polarisation in the once tolerant Netherlands. This is leading to greater conflict and less social well-being. We witnessed this in 2022 in the fierce debate on and protests against the government's nitrogen emissions policy.

We want to bring people closer together again. And we want everyone to be able to participate in our society. Life is more enjoyable, healthier and safer that way. This is Sustainable Living. Together. The Achmea way.

Social issues in four domains

Our ambition is to create sustainable value for our customers, our employees, our company and society. We do this based on our mission to solve major social issues together. In doing so we focus on four domains:

- Bringing healthcare closer;
- Smart mobility;
- Carefree living & working;
- Income for today and tomorrow .

These domains are aligned with our activities and competencies. Within these domains we periodically select a number of tangible social issues for closer scrutiny. Here, we target issues that affect large numbers of people and have a significant impact.

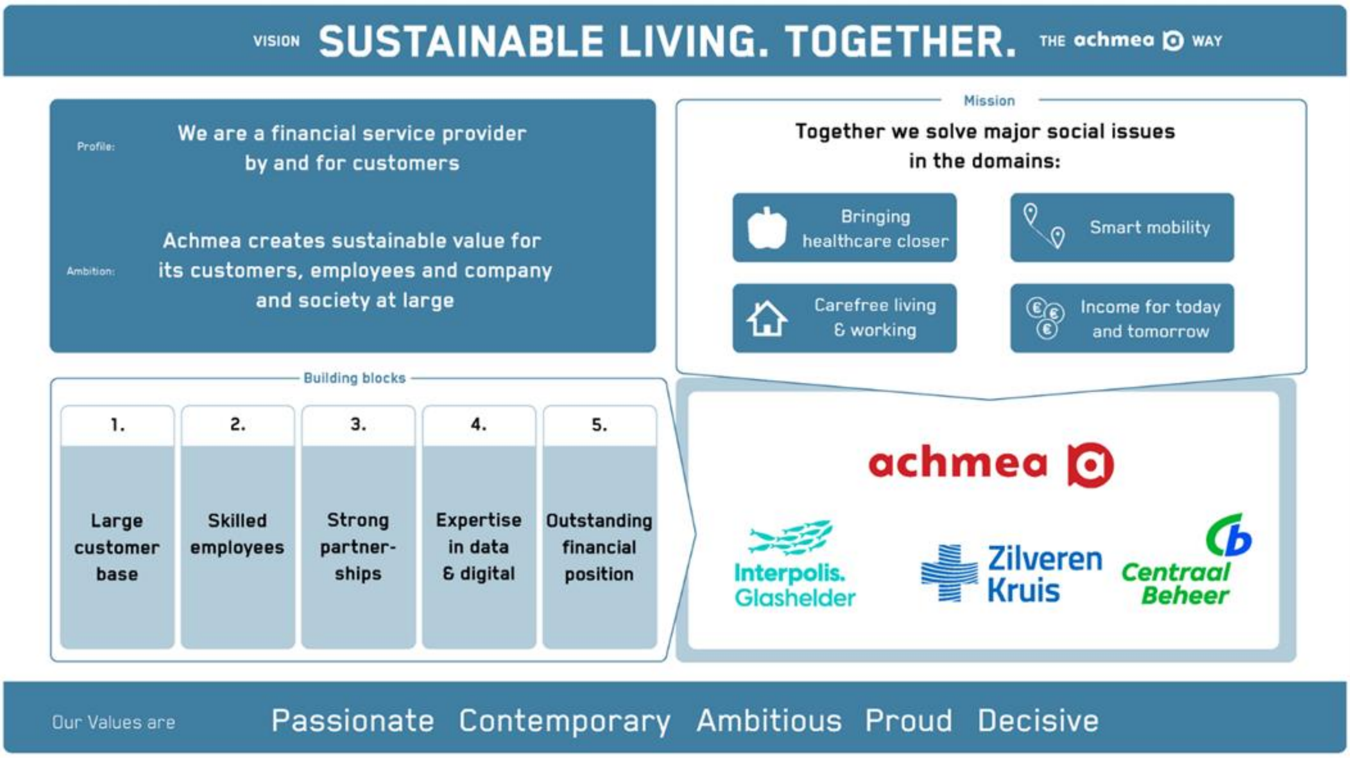
We adopt a visible position on the selected social issues from our four strong brands Interpolis, Zilveren Kruis, Centraal Beheer and Achmea. Of course we cannot solve every single issue in one go and certainly not alone. We enter into dialogue with our customers and partners and challenge ourselves to come up with solutions.

Climate, diversity and inclusion

Climate, diversity and inclusion are inextricably linked with Sustainable Living. Together. Climate change is generating major social, economic and financial challenges. The effects of climate change are visible all around the world and occurring with increasing frequency. Examples of extreme weather in 2022 include the flooding in Pakistan and Nigeria, the very hot summer in Europe and the prolonged and excessively low groundwater levels in the Netherlands. It is essential to restrict the increase in global temperatures to 1.5-2 °C compared to 1990 in order to avoid the risks becoming uncontrollable. Sustainable value creation means, among other things, that we want to contribute to achieving the global climate goals. As a broad financial service provider, we contribute to resilience to the risks posed by climate change and want to support the energy transition.

Sustainable Living. Together also means working on diversity and inclusion. Everyone is entitled to equal opportunities and to equal treatment. As an employer, we want to be an accurate reflection of society and aim to create an inclusive culture in which we embrace diversity.

In our interpretation of Sustainable Living. Together we take into account the expectations our stakeholders have of us. Sustainable & safe living environment, healthcare & health, financial well-being, sustainable & safe mobility, customer centricity, climate change and good employment practices are the most material topics in our stakeholder survey (see also the section In dialogue with our stakeholders). These topics therefore also help to determine the solutions we seek to social issues in the four domains.



Sustainable Development Goals

By striving to solve social issues and via our sustainability programme, we contribute to achieving the United Nation's Sustainable Development Goals (SDGs). These 17 SDGs form the 2030 Agenda for Sustainable Development. We believe it is important to participate in this agenda. We place the emphasis on 3 SDGs that are closely related to the four domains we focus on, are close to the core of our company and can encourage innovation and growth. These are SDG 3 (Good health and well-being), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action).

Our building blocks

We work on accomplishing our mission on the basis of five building blocks. Our ambition is to create sustainable value and solve major social issues. We have a *large client base* of customers who generally rate us highly. We serve these customers via our brands. We have skilled employees who display a high level of engagement. It is our belief that this benefits the service to our customers. You can achieve more together than you can alone; this is why we like to work with partners and build strong partnerships. Expertise in data & digital is essential to be able to continue serving customers properly in the future as well. We also use this expertise to work digitally in a safe and secure manner. An outstanding financial position is necessary to being able to achieve the long-term ambitions of Sustainable Living. Together. We want to have the financial capacity to be able to invest in growth and innovation and to be able to solve social issues.

Our Achmea values

The Sustainable Living. Together vision contains a number of values that form the basis for our actions: Passionate, Contemporary, Ambitious, Proud and Decisive. These values demonstrate how we work as Achmea, how we treat each other, what we want to be and what we challenge each other on.

We are moving from working together to restrict risk to living together to accomplish tangible results for customers and society. By being passionate and contemporary but also decisive. By displaying ambition and being proud of our company. We stand for Sustainable Living. Together. This is what we are, this is Achmea.

OUR STRATEGY

The Sum of Us

The Sum of Us is the strategy through which we aim to put our Sustainable Living. Together vision into practice. One component of our strategy involves investing in technology, customer service and services, in proposition development and innovations, both in the core business and in our key growth areas. This enables us to continue serving our customers to the best of our ability and to create sustainable value for our stakeholders. We do this based on five building blocks that we strengthened further in 2022. The sections on Group and Segment Performance and Our value creation contain more information on the results over 2022 that provide insight into progress on the building blocks.

Large client base

Achmea occupies a robust position in the market. Our brands and broad product portfolio enable us to reach and retain an extremely large group of customers. We are excellently placed in mobile, online and banking services and proud that our customers generally rate our services highly. It is precisely because of our size that we are able to achieve synergy and efficiency and create capacity to invest in the ongoing development of products and services. This is how we stay in tune with our customers' needs, and it enables us to attract more customers who deliberately opt for one or more of our brands, buy more products from us and are even more satisfied with our services.

Skilled employees

The commitment and professionalism of all our employees is crucial to accomplishing our strategy. In 2022, we talked to employees in all parts of our organisation about Sustainable Living. Together and the Achmea values. We put our employer commitment into practice and aim to remain an attractive employer through our modern terms and conditions of employment. Recruiting and retaining employees is of crucial importance in a tight job market, especially now that we are moving towards a new balance involving more hybrid working and working from home than before.

Strong partnerships

We work together with partners in order to assist customers better and boost our future distribution capacity. This is why Rabobank is and will remain an important partner for us in strengthening our joint position in the market together with Interpolis. We also work with partners to provide solutions to social issues. For instance, we work closely with municipalities and healthcare institutions to develop housing combined with healthcare services for senior citizens.

Expertise in data & digital

Use of data and technology is crucial to serving our customers properly, now and in the future. We are therefore expanding our expertise on data and digitisation by applying a single working method throughout our entire organisation.

Our technology platform based on the Microsoft Azure cloud forms the basis for managing and sharing information. We are digitising our processing, for example by increasing the amount of Straight Through Processing (STP) used for processing retail customer insurance claims. We are also developing knowledge and expertise for using data, such as in personalising customer service for Centraal Beheer customers.

The basic principle is that we handle the data entrusted to us carefully and transparently. We aim to use data in an ethically-sound manner, so that our customers can conduct their business safely and securely. This is one of the reasons why Achmea has an Ethics Committee, which discusses ethical issues.

Outstanding financial position

We need a sound financial basis in order to expand our core business, finance our growth and accomplish our social ambitions. Our customers, employees, shareholders, regulators and rating agencies expect us to occupy a robust financial position, so that they can be certain of our ability to meet our obligations when claims are submitted. We therefore seek to further improve our financial results, generate more capital and - backed up by balance sheet optimisation - free up a larger amount of capital.

A.2. UNDERWRITING PERFORMANCE

The Non-Life business in the Netherlands consists of the entities:

- Achmea Schadeverzekeringen N.V.;
- N.V. Hagelunie

Achmea Schadeverzekeringen N.V. and N.V. Hagelunie do sell insurance contracts outside the Netherlands via branches.

The Health business in the Netherlands consists of the entities:

- Achmea Zorgverzekeringen N.V.;
- De Friesland Zorgverzekeraar N.V.;
- FBTO Zorgverzekeringen N.V.;
- Interpolis Zorgverzekeringen N.V.;
- Zilveren Kruis Zorgverzekeringen N.V.

The Life and Pension business in the Netherlands consists of the entity Achmea Pensioen- en Levensverzekeringen N.V.

Our International business consists of the entities:

- Interamerican Assistance General Insurance Company S.A. (Non-Life) – Greece;
- Interamerican Property & Casualty Insurance Company S.A (Non-Life) – Greece;
- Interamerican Hellenic Life Insurance Company S.A. (Composite) – Greece;
- Union Poist'ovňa A.S. (Composite) – Slovakia;
- Eureko Sigorta A.S. (Non-Life) – Turkey.

Achmea operates in various countries globally through branches amongst others Australia, Belgium, Cyprus and Germany. In total insurance related cashflows are recognised in 19 different countries.

Achmea Reinsurance Company N.V. is mentioned separately.

Overview of group results

Achmea earned an operational result of € 174 million in 2022 (2021: € 585 million). The underlying insurance results are developing well, with premium growth in the Health, Non-Life and International segments. The main reason for the lower result is the € 453 million decrease in investment income caused by the exceptional market conditions that resulted in a strong increase in interest rates. The Non-Life segment noted sound insurance results. The result from our health business is higher than last year thanks to a strong improvement in the result of basic health insurance. The lower result at Achmea Bank was the main reason for the decrease in the result at Retirement Services. At International activities the result was lower owing to hyperinflation in Turkey, a higher cost of claims in Greece and a lower government contribution in relation to Health activities in Slovakia.

The operational result at Non-Life Netherlands decreased to € 190 million in 2022 (2021: € 264 million), driven by lower investment results caused by trends on the financial markets. The sharply higher inflation also had a negative impact. The insurance results were robust in 2022, with the Combined Ratio improving to 93.0% (2021: 93.9%). We are seeing increased traffic intensity compared to 2021 and in turn a higher number of traffic and burglary-related claims as well as large fire claims. Claims arising from February's storm amounted to € 100 million. In 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 the time.

Health Netherlands earned a result of € 121 million in 2022 (2021: € 10 million). The result for supplementary health insurance was € 126 million (2021: € 140 million), while the result for basic health insurance was € 6 million negative (2021: € 127 million negative). Medical expenses were higher than last year, mostly as a result of the higher number of policyholders, increased personnel expenses for medical personnel and higher other healthcare expenses. In contrast to 2021, no provision was made for loss-making contracts in 2022. Furthermore, premium income increased and there was a higher-than-expected contribution from the Health Insurance Equalisation Fund.

The operational result of Pension & Life Netherlands decreased to € 69 million in 2022 (2021: € 392 million). This decrease was mainly driven by the impact of the financial markets. The investment income declined by € 276 million due to the downturn in equity markets, higher interest rates, spread movements and a less positive market sentiment in real estate. A further allocation of € 39 million was made to the provision for policyholder liabilities as a result of trends in interest rates and the higher life expectancy.

The operational result of Retirement Services[10]decreased to € 14 million negative in 2022 (2021: € 18 million). This decrease was mainly the results of a lower result at Achmea Bank. The sharply higher interest rates led to a drop in mortgage prepayment compensations together with higher funding expenses, which led to a lower result. Furthermore, the fair value result declined by a one-off amount of € 10 million following a downward adjustment to the market value of an older mortgage portfolio. Mortgage production tripled to € 2,044 million in 2022 (2021: € 771 million). The result at Achmea Investment Management decreased from € 4 million in 2021 to € 1 million negative in 2022 because of increased expenses relating to investments in new sustainability legislation, the transition to the new pension system and transformation into a new operating model. At Syntrus Achmea Real Estate & Finance the result improved from € 1 million in 2021 to € 9 million in 2022, mainly thanks to an increase in revenue caused by growth in both real estate and mortgages.

The operational result for the International activities decreased by € 55 million to € 8 million negative in 2022 (2021: € 47 million). The negative result is partly due to the effect of the accounting for hyperinflation in Turkey (€ 14 million negative). This decrease was also driven by a lower result in Greece arising from a higher number of claims in the motor portfolio and a lower government contribution to Health in Slovakia.

The result for Other activities decreased by € 38 million to € 184 million negative in 2022, mainly due to the € 40 million lower result at Achmea Reinsurance caused by lower investment income and higher (storm-related) claims, as well as by higher cost of claims in our external reinsurance programme. 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 included in this segment.

Achmea acquired ABN AMRO PPI on 1 September 2022 and continued the business under the name Centraal Beheer PPI N.V. A part of the activated goodwill relating to this acquisition has been written off with € 29 million and does not form part of the operational result. This write-off relates to the increase in interest rates.

Net result

The net result amounted to € 105 million in 2022 (2021: € 468 million). The effective tax expenses amounted to € 40 million (27.6%), € 3 million higher than the nominal tax expenses because of a combination of exempt results from our health business, non-deductible expenses and the write-down of a deferred tax asset.

[10] Through Retirement Services, Achmea provides (financial) solutions for employers, institutional and retail customers for today and tomorrow.

Income

GROSS WRITTEN PREMIUMS IN THE NETHERLANDS AND ABROAD (€ MILLION)

	2022	2021	Δ
Non-Life	4,674	4,399	6%
Health	15,505	14,689	6%
Life	909	938	-3%
Gross written premiums	**21,088**	**20,026**	**5%**

Gross written premiums increased by 5% to € 21,088 million in 2022 (2021: € 20,062 million).

Written premiums at Non-Life Netherlands grew by 3% to € 3,881 million (2021: € 3,766 million) owing to autonomous growth in the business segment in particular. At our international property & casualty business, written premiums increased by 24% to € 695 million (2021: € 560 million), mainly due to strong premium growth in Turkey and growth in the client base in Australia.

Written premiums at Health Netherlands increased by 5% to € 14,790 million (2021: € 14,025 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 grew by 8% to € 715 million (2021: € 664 million), largely owing to growth in Slovakia.

Premium income from pension and life insurance policies declined by 3% to € 909 million (2021: € 938 million), mainly owing to lower premiums at Pension & Life Netherlands. This decrease is in line with our expectations for the development of the service-book.

At Retirement Services, revenues decreased by 1% on balance to € 391 million in 2022 (2021: € 396 million) due to a combination of a lower interest margin at Achmea Bank on the one hand, partly offset by an increase in revenues at Achmea Investment Management B.V., Achmea Pension Services N.V. and Syntrus Achmea Real estate and Finance B.V.

Assets under management at Achmea Investment Management B.V. decreased to € 166 billion (2021: € 220 billion) as the higher interest rates and other developments on the financial markets led to a decrease in the value of the investments. Assets under management at Syntrus Achmea real estate and Finance B.V. increased to € 41 billion (2021: € 40 billion). This growth was driven by the expansion of existing mandates and acquisition of new mandates.

Operating expenses

Gross operating expenses increased by 2% to € 2,174 million in 2022 (2021: € 2,132 million). This limited increase was the result of project expenses and acquisitions.

The total number of employees grew to 17,526 FTEs (year-end 2021[3]: 16,824 FTEs). In the Netherlands, the number of FTEs increased to 14,075 (year-end 2021[3]: 13,672 FTEs) owing to commercial growth, additional project deployment and the acquisition of ABN AMRO PPI.

The total number of employees outside the Netherlands increased to 3,451 FTEs (year-end 2021[11]: 3,152 FTEs) through further growth and a number of small-scale acquisitions.

[11] The number of FTEs is based on a working week of 34 hours.

DEVELOPMENTS IN NON-LIFE INSURANCE IN THE NETHERLANDS (IFRS ACCOUNTING, INCL. IFRS 4)

RESULTS			(€ MILLION)
	2022	2021	Δ
Gross written premiums	3,881	3,766	3%
Operating expenses	941	909	4%
Insurance result	215	149	44%
Investment result	-25	115	-122%
Operational result	**190**	**264**	**-28%**

NON-LIFE NETHERLANDS	2022	2021	Δ
Claims ratio	68.4%	69.3%	-0.9 pp
Expense ratio	24.6%	24.6%	0 pp
Combined ratio	**93.0%**	**93.9%**	**-0.9 pp**

General Information

Achmea is market leader in Property & Casualty insurance and ranks in the top three in Income Protection insurance in the Netherlands. We provide our retail and commercial customers with car insurance, fire insurance, liability insurance and travel insurance. In addition, we offer income protection insurance against sickness and disability. We use innovative services that, for example, give our customers insight into the risks to which they are exposed. In doing so, we help them to prevent and/or restrict damage or loss as much as possible. We distribute our products and services directly through our brands Centraal Beheer, FBTO and InShared, which gives us a strong position in the retail market. Interpolis is the brand for Rabobank customers, and via Avéro Achmea we have an excellent partnership with intermediaries and insurance brokers. Our focus is on maintaining a high level of customer satisfaction, cost efficiency and digitisation of processes. Based on Achmea's Sustainable Living.

Together vision, we are devoting ever greater attention to sustainability and climate change. Our services increasingly enable us to help customers with solutions relating to sustainability and the energy transition. Examples of this include sustainable repairs, the Duurzaam Woongemak website (sustainability of homes) and Verduurzamen van uw VvE proposition (assistance on sustainability for homeowner associations), as well as improving the long-term employability of our customers' workforce. All these propositions are greatly appreciated by our customers, as shown by the high customer satisfaction scores.

Gross written premiums

Gross written premiums increased by 3% to € 3,881 million in 2022 (2021: € 3,766 million). This comes from autonomous growth in the business segment in particular, in part driven by the strong online market propositions at all our brands.

Gross written premiums for Property & Casualty insurance increased to € 3,247 million (2021: € 3,136 million). This growth is largely due to the increased number of customers in the commercial lines at both Centraal Beheer and Interpolis.

At € 634 million, gross written premiums from the Income Protection insurance business were more or less the same as in 2021.

Operating expenses

Operating expenses increased slightly to € 941 million (2021: € 909 million), in line with premium growth, while the expense ratio remained stable at 24.6%. The continued digitisation of business operations leads to improved efficiency and contributed to the expense ratio remaining stable despite the rising inflation and shortages on the labour market.

Operational result

The operational result for Non-Life decreased to € 190 million in 2022 (2021: € 264 million), driven by lower investment results caused by developments on the financial markets and higher interest rates. The strong insurance results on balance displayed an improvement, which resulted in a combined ratio of 93.0% (2021: 93.9%).

The result on Property & Casualty insurance decreased to € 172 million in 2022 (2021: € 210 million), with the higher insurance results partially offsetting the lower investment results. The combined ratio for the Property & Casualty insurance business improved to 92.8% (2021: 94.4%). We are seeing increased traffic related claims due to an increase in traffic intensity compared to 2021 and also a higher number of burglary and large fire-related claims. Additional provisions were made for personal injury claims from previous years in 2021. Conversely, February's storm generated a high cost of claims. The settlement of the large number of storm-related claims resulted in a high operational workload and presented organisational challenges. The dedication and flexibility of our employees enabled us to handle all these claims, although this sometimes took us longer than usual. Customer satisfaction declined marginally as a result of this, yet remains high. Despite the tight labour market, in collaboration with the companies carrying out the repairs and after a great deal of hard work from our employees we succeeded in settling the vast majority of these storm-related claims over the course of 2022.

The result for Income Protection insurance was € 18 million over 2022 (2021: € 54 million) and is less than last year due to both lower investment income and lower insurance results. For the provisions in the WIA (group disability) insurance portfolio we have taken into account the Dutch government's decision to raise the minimum wage by 10.15% as of 1 January 2023. The Disability and Sickness insurance portfolios displayed slightly higher levels of absenteeism. In the insurance results we only observe a minor impact from the long-term effects of Covid-19 on the income protection products. We help employers and the self-employed to keep absenteeism to a minimum by devoting continued attention to the recovery process. As a result of these developments, the combined ratio increased to 94.0% in 2022 (2021: 91.1%).

BREAKDOWN OF NET PROFIT ACHMEA SCHADEVERZEKERINGEN N.V. AND N.V. HAGELUNIE

	2022		2021	
	ACHMEA SCHADEVERZEKERINGEN NV	N.V. HAGELUNIE	ACHMEA SCHADEVERZEKERINGEN NV	N.V. HAGELUNIE
Gross written Premiums	3,842	122	3,732	116
Reinsurers' Share	227	51	199	55
Net written Premiums	**3,615**	**71**	**3,533**	**61**
Change in Provision unearned Premiums	22	-2	19	3
Net earned Premiums	**3,593**	**73**	**3,514**	**58**
Gross Claims Incurred	2,606	84	2,567	71
Reinsurers' Share	148	36	86	28
Net Claims Incurred	**2,458**	**48**	**2,481**	**43**
Investment Income Technical Account	58	0	-0	0
Other Technical Income/ Expenses	6	-1	7	1
Profit Sharing and Rebates	13	0	9	0
Operating Expenses	927	24	908	16
Result on Technical Account	**259**	**1**	**123**	**0**
Investment Income Non-Technical Account	-82	-2	118	5
Other Income and Expenses	-0	0	-4	-0
Profit before Tax	178	-1	237	5
Taxes	47	-0	62	2
Net Profit	131	-1	175	3

For a breakdown of premiums, claims and expenses per major line of business see Appendix 3

DEVELOPMENTS IN HEALTH INSURANCE IN THE NETHERLANDS (IFRS ACCOUNTING)

RESULTS

(€ MILLION)

	2022	2021	Δ
Gross written premiums	14,790	14,025	5%
Operating expenses	492	469	5%
Operational result	**121**	**10**	**n.m. ***
Result current year	134	-47	n.m. *
Result prior years[a]	-13	57	n.m. *

BASIC HEALTH	2022	2021	Δ
Claims ratio	98.0%	99.6%	-1.6 pp
Expense ratio	1.7%	1.8%	-0.1 pp
Combined ratio	**99.7%**	**101.4%**	**-1.7 pp**

SUPPLEMENTARY HEALTH	2022	2021	Δ
Claims ratio	78.7%	79.2%	-0.5 pp
Expense ratio	10.3%	10.0%	0.3 pp
Combined ratio	**89.0%**	**89.2%**	**-0.2 pp**

*n.m.: not meaningful

[a] Results for prior years refer to earnings from health expenses and/or equalisation from previous book years.

General information

Zilveren Kruis Zorgverzekeringen N.V., Pro Life, De Friesland Zorgverzerkeraar N.V., Interpolis Zorgverzerkeringen N.V. and FBTO Zorgverzekeringen N.V. offer basic and supplementary health insurance. The Eurocross Assistance Company provides healthcare services worldwide. To ensure that healthcare remains affordable in the future, Zilveren Kruis Zorgverzekeringen N.V. and Achmea's other health insurance brands focus on preventing illness and promoting a healthy lifestyle. Zilveren Kruis Zorgverzekeringen N.V. aims to bring good healthcare closer to everyone. Our ambition is to be able to provide healthcare online and at customers' homes (zorg digitaal en thuis). Home-based care gives policyholders greater control and reduces the impact of treatments, improves the quality of life and helps keep healthcare accessible. Initiatives such as Gezond Ondernemen (Healthy Enterprise) and the Actify lifestyle platform enable us to help our customers live and work more healthily and motivate them to lead a healthy lifestyle.

As of the start of 2023, the number of policyholders with basic health insurance was about 200,000 lower than at the start of 2022. This gives Achmea an estimated market share of 28% in 2023 (2022: 29%).

Covid-19

In 2020 and 2021, the Covid-19 pandemic had an enormous impact on society, healthcare providers and health insurers. Covid-19 had not disappeared in 2022 but partly thanks to the milder Omicron variant and vaccinations it had less of a disruptive impact than in 2020 and 2021. Society has now returned more or less to normal and the treatment of Covid-19 patients is increasingly a regular component of healthcare.

The two-year statutory catastrophe scheme no longer applies as of 1 January 2022. This means that Covid-19-related expenses are part of regular medical expenses, with the financial risk of exceeding the medical expenses estimated by the government being restricted by retrospective correction of total costs in 2022.

Gross written premiums

Gross written premiums from basic and supplementary health insurance were € 14,790 million and therefore higher than last year (2021: € 14,025 million). Gross written premiums from basic health insurance amounted to € 13,567 million (2021: € 12,816 million). Premiums increased by about 6% as the number of policyholders grew by about 300,000 in 2022 and because of higher average premiums owing to higher medical expenses and a higher contribution per policyholder from the Health Insurance Equalisation Fund.

Gross written premiums from supplementary health insurance improved slightly to € 1,223 million (2021: € 1,209 million). This is mainly due to the growth in the number of policyholders and higher average premiums compared to 2021.

Operating expenses

The total operating expenses of our health activities increased to € 492 million (2021: € 469 million). This increase can largely be explained by higher commission charges as a result of the higher number of policyholders and higher expenses for the Long-term Care Act (Wlz), caused in part by an expansion of the statutory duties. These effects are mitigated by lower HR expenses from unfilled job vacancies or vacancies that were filled at a later date owing to the tight labour market and by further digitisation of customer contacts in particular. The sharp upturn in the number of policyholders and ongoing digitisation have resulted in lower operating expenses per policyholder versus last year.

Operational result

The operational result from our health business amounted to € 121 million in 2022 (2021: € 10 million). The result on supplementary health insurance and the healthcare service companies is positive. This compensated for the marginally negative result on basic health insurance.

Basic health insurance

The operational result from our basic health insurance amounted to € 6 million negative over 2022 (2021: € 127 million negative). The operational result in the current underwriting year was € 10 million (2021: € 197 million negative).

Medical expenses were higher than last year, mostly as a result of increased personnel and other healthcare expenses and the higher number of policyholders. These effects were mitigated by the release of the provision for loss-making contracts that had been made at the end of 2021 for the loss-making 2022 premium, higher premium income and a higher-than-expected contribution from the Health Insurance Equalisation Fund.

When the premium for 2023 was announced in November 2022, a capital deployment of € 35 million was taken into account, but the most recent insights into the expected result for 2023 mean that this will no longer be necessary.

The result from previous years was € 16 million negative (2021: € 70 million). This decrease is mainly due to lower subsequent results from the catastrophe scheme and solidarity schemes relating to the Covid-19 pandemic. The improvement in the result is also reflected in the improvement in the combined ratio of basic health insurance to 99.7% (2021: 101.4%).

Supplementary health insurance

Supplementary health insurance policies account for € 126 million of the operational result from the health business (2021: € 140 million); € 123 million of this derives from the current underwriting year (2021: € 153 million). There was also a result from previous underwriting years of € 3 million (2021: € 13 million negative).The percentage of basic health insurance policyholders with supplementary coverage (supplementary and/or dental cover) stands at 79% in 2022 (2021: 80%). The combined ratio of supplementary health insurance policies improved marginally in 2022 and stood at 89.0% (2021: 89.2%).

Other (healthcare offices and services)

The Other category relates to healthcare offices that implement the Long-term Care Act (Wlz) and the healthcare service companies. The healthcare service companies, particularly the Eurocross Assistance Company, aim to assist customers if they urgently require healthcare when abroad, travelling in the Netherlands or at home, and to help people to improve their vitality at work and in everyday life. The operational result of Other over 2022 improved compared to last year and amounted to € 1 million (2021: € 3 million negative). This is largely thanks to higher revenue at the Eurocross Assistance Company as the number of travel movements has increased again after the Covid-19 pandemic. The higher expenses at the Healthcare offices are offset by higher reimbursements.

BREAKDOWN OF NET PROFIT HEALTH INSURANCE

€ MILLION

	2022				
	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ACHMEA ZORGVERZEKERINGEN N.V.	FBTO ZORGVERZEKERINGEN N.V.	DE FRIESLAND ZORGVERZEKERAAR N.V.
Gross written Premiums	10,574	543	1,223	861	1,589
Reinsurers' Share	1	0	0	0	0
Net written Premiums	10,573	543	1,223	861	1,589
Change in Provision Unearned Premiums	-291	-21	-0	-31	-48
Net earned Premiums	10,865	564	1,223	892	1,637
Gross Claims Incurred	10,706	548	963	845	1,584
Reinsurers' Share	0	0	0	0	0
Net claims Incurred	10,706	548	963	845	1,584
Investment Income Technical Account	44	2	3	3	7
Other Technical Income/ Expenses	-50	-0	-6	-2	-2
Profit Sharing and Rebates	0	0	0	0	0
Operating Expenses	174	13	126	26	29
Result on Technical Account	-21	5	132	22	29
Investment Income Non-Technical Account	-41	-2	-6	-5	-4
Other Income and Expenses	9	0	-8	0	1
Profit before Tax	-53	3	118	17	26
Taxes	0	0	0	0	0
Net Profit	**-53**	**3**	**118**	**17**	**26**

BREAKDOWN OF NET PROFIT HEALTH INSURANCE

€ MILLION

	2021				
	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ACHMEA ZORGVERZEKERINGEN N.V.	FBTO ZORGVERZEKERINGEN N.V.	DE FRIESLAND ZORGVERZEKERAAR N.V.
Gross written Premiums	10,282	524	1,209	577	1,434
Reinsurers' Share	1	0	0	0	0
Net written Premiums	10,281	524	1,209	577	1,434
Change in Provision Unearned Premiums	188	14	-0	22	32
Net earned Premiums	10,092	509	1,209	556	1,401
Gross Claims Incurred	10,022	500	958	541	1,440
Reinsurers' Share	1	0	0	0	0
Net claims Incurred	10,022	500	958	541	1,440
Investment Income Technical Account	0	0	0	0	0
Other Technical Income/ Expenses	-0	0	-7	-0	5
Profit Sharing and Rebates	0	0	0	0	0
Operating Expenses	177	13	121	14	28
Result on Technical Account	-108	-3	123	1	-62
Investment Income Non-Technical Account	26	1	-108	-0	6
Other Income and Expenses	12	0	-0	0	-1
Profit before Tax	-70	-2	15	1	-56
Taxes	0	0	0	0	0
Net Profit	**-70**	**-2**	**15**	**1**	**-56**

DEVELOPMENTS IN PENSION AND LIFE INSURANCE IN THE NETHERLANDS (IFRS accounting, incl. IFRS4)

RESULTS (€ MILLION)

	2022	2021	Δ
Gross written premiums	813	859	-5%
Operational expenses	140[a]	144	-3%
Operational result	**69**	**392**	**-86%**

[a] Operating expenses in 2022 excluding a one-off € 7 million write-off of Deferred Acquisition Costs in relation to the deficit on the liability adequacy test.

General information

Achmea manages a growing open-book portfolio containing term life insurance policies and individual pension and annuity products. In addition, the Pension & Life service organisation manages a service-book portfolio containing group pension contracts and traditional savings and life insurance products. The service organisation has the ambition of earning a stable result with positive capital generation combined with a high level of customer satisfaction.

We pool our resources via the Centraal Beheer, FBTO and Interpolis brands and aim to accomplish growth in our open-book portfolio through capital-light products.

The total Technical Provisions are evolving in line with the development of the portfolio but are at the same time affected by volatility on the financial markets.

Gross written premiums

Total gross written premiums decreased by 5% to € 813 million in 2022 (2021: € 859 million). Of this amount, € 202 million came from the open book and € 611 million from the service book.

The open-book portfolio noted a 5% increase in written premiums from term life insurance policies to € 69 million (2021: € 66 million). Production of individual annuities and pensions decreased to € 133 million in 2022 (2021: € 170 million).

Written premiums on our service-book pension portfolio increased to € 111 million in 2022 (2021: € 64 million), while total written premiums on our service-book life insurance portfolio amounted to € 500 million (2021: € 559 million). In line with our strategy, no new insurance contracts are being sold in these portfolios. The decline in premium income is in line with expectations and the result of the natural portfolio development.

Operating expenses

Operating expenses decreased by € 4 million to € 140 million in 2022. Expenses are moving in line with our ambitions and the run-off of the service-book portfolio, with cost-cutting initiatives and IT investments leading to a structural reduction in expenses. We have also successfully completed rationalisation programmes and are fully committed to digital customer service and further execution on rationalisation roadmaps.

Operational result

The operational result decreased to € 69 million in 2022 (2021: € 392 million). This decrease was mainly driven by developments on the financial markets. The investment result declined by € 276 million due to the downturn on the equity markets, interest rate and spread movements and less positive market sentiment in the real estate portfolio. In addition, there was an impact on the result of € 39 million arising from a deficit on the liability adequacy test ('LAT'). This was primarily caused by the sharp increase in interest rates in 2022. The increase in life expectancy had a negative impact on the LAT outcome as well. The technical result was € 10 million lower in 2022 compared to last year. This was due to lower risk premiums. Lower operating expenses had a positive effect of € 4 million on the result over 2022.

BREAKDOWN OF NET PROFIT ACHMEA PENSIOEN- EN LEVENSVERZEKERINGEN N.V. € MILLION

	2022	2021
Gross Written Premiums	822	864
Reinsurers' Share	16	18
Net Written Premiums	805	845
Gross Claims Incurred and Changes in Insurance Liabilities	-941	2,163
Reinsurers' Share	0	5
Net Claims Incurred and Changes in Insurance Liabilities	-941	2,158
Investment Income Technical Account	-7,011	285
Other Technical Income/ Expenses	1	1
Profit Sharing and Rebates	-4,646	-1,040
Operating Expenses	139	144
Result on Technical Account	-757	-130
Investment Income Non-Technical Account	773	477
Other Income and Expenses	1	1
Profit Before Tax	16	347
Taxes	-13	27
Net Profit	29	320

INTERNATIONAL ACTIVITIES

RESULTS (€ MILLION)

	2022	2021	Δ
Gross written premiums	1,453	1,260	15%
Operating expenses	284	248	15%
Operational result	**-8**	**47**	**n.m.***

GROSS WRITTEN PREMIUMS PER MAJOR COUNTRY	2022	2021	Δ
Slowakia	688	609	13%
Greece	392	367	7%
Turkey	314	236	33%
Australia	59	48	23%

* n.m.: not meaningful

General information

Achmea’s international activities focus on Non-Life and Health insurance products, distributed via the online (direct) and banking channels. Achmea pursues an international growth strategy by exporting knowledge and digital expertise gained in the Netherlands to other countries. This strategy is executed selectively in specific international markets.

Gross written premiums

Gross written premiums increased by 15% to € 1,453 million (2021: € 1,260 million).

In Slovakia, written premiums in the health business increased by 7%. Premiums from the property & casualty and life insurance business grew by 55% as a result of a temporary incoming reinsurance contract and the portfolio acquired from Slovakian insurer Poštová poisťovňa, combined with premium growth in the motor portfolio and travel insurance owing to the return to normality in the travel industry after the lifting of Covid-19 restrictions.

In Greece, premium income at Interamerican increased by 7%. This was driven by higher production in the motor portfolio and commercial product lines. The health business realised 8% growth in gross written premiums, largely thanks to modular healthcare product ‘BeWell’.

Premium growth in Turkey was 118% in local currency, although the devaluation of the Turkish lira meant this was 33% when converted into euros. This growth was mainly driven by Turkey's high rate of inflation, whereby premium growth should cover higher claims and expenses.

In Australia, gross written premiums grew by about 20% in local currency thanks to premium measures and portfolio growth, in part owing to its unique 'All-in-One Farm Pack' product. When converted to euros, this translates into a growth rate of 23%. This premium growth was made possible by the existing partnerships with Rabobank and Angus Australia.

In Canada, Onlia continued to grow via its digital business model. Our partnership with Fairfax has been expanded and Achmea therefore now also shares in the technical results.

Operating expenses

Operating expenses amounted to € 284 million in 2022, an increase of 15% compared to 2021 (€ 248 million) and in line with the premium growth of 15%.

Operational result

The total operational result of € 8 million negative is € 55 million lower than in 2021 (€ 47 million). The negative result is partly due to the accounting for hyperinflation in Turkey, which had a negative impact of € 14 million. In addition, in Greece there was an increase in claims in the motor portfolio as a result of heavier commuter traffic after Covid-19 restrictions were lifted and inflation led to higher claims expenses (€ 27 million negative), some of which was offset by the release of provisions for new healthcare legislation. Slovakia noted higher medical expenses in 2022 owing to Covid-19 PCR tests. Furthermore, in 2021 there was a one-off positive correction of € 18 million in the health segment. Finally, other effects had a combined positive impact of € 3 million.

DEVELOPMENTS ACHMEA **REINSURANCE COMPANY N.V. (IFRS ACCOUNTING)**

RESULTS (€ MILLION)

	2022	2021	Δ
Gross written premiums	376	312	21%
Operational result	**-13**	**27**	**n.m.***

* n.m.: not meaningful

General information

As Achmea's reinsurance expert, Achmea Reinsurance Company N.V. (Achmea Reinsurance) has three roles: advisor, purchaser and risk carrier. In its role as group reinsurer and risk carrier, Achmea Reinsurance provides reinsurance coverage to the group's Dutch and foreign insurance entities. In addition, Achmea Reinsurance has a reinsurance portfolio covering global risks for third parties.

Gross written premiums

Gross written premiums amounted to € 376 million in 2022, an increase compared to 2021 (€ 312 million). This increase is mainly driven by higher written premiums from Achmea portfolios following further integration of the reinsurance programmes of the International activities into the group reinsurance programme, portfolio growth, the stronger US dollar and hardening of the insurance market. Achmea Reinsurance's overall Risk Profile remained more or less unchanged.

Operational result

The operational result was € 13 million negative in 2022 (2021: € 27 million). The lower result is mostly due to € 20 million in claims from February's storm and a number of other major claims in our internal reinsurance programme in 2022. In addition, claims in our external reinsurance programme are higher than in 2021, mostly because of natural disasters, although this is partially mitigated by the higher premiums resulting from the hardening of the market and stronger US dollar.

ACHMEA REINSURANCE COMPANY N.V.

BREAKDOWN OF NET PROFIT ACHMEA REINSURANCE COMPANY N.V. — € MILLION

	2022			2021		
	NON-LIFE	LIFE	TOTAL	NON-LIFE	LIFE	TOTAL
Gross written premiums	309	68	377	254	58	313
Reinsurers' share	178	15	193	153	15	168
Net written premiums	130	53	184	101	43	144
Change in provision unearned premiums	14	1	15	3	0	4
Net earned premiums	117	52	169	98	43	141
Gross claims incurred	277	21	298	135	20	155
Reinsurers' share	155	8	163	60	7	68
Net claims incurred	122	13	135	74	13	87
Investment income technical account	3	-4	-1	2	-1	2
Other technical income/ expenses	1	0	1	-1	0	-1
Operating expenses	25	32	57	24	28	52
Result on technical account	-26	3	-22	1	1	2
Investment income non-technical account			8			23
Other income and expenses			2			1
Profit before tax			-13			27
Taxes			-3			7
Net profit			-10			20

A.3. INVESTMENT PERFORMANCE

In the table below, the direct investment income on the investment portfolio of Achmea is reported. The direct investment income is divided into three parts: received dividends on equity and similar investments, received rent on property and received interest on fixed income securities such as bonds and loans.

INVESTMENT INCOME — € MILLION

	2022	2021
Dividends	145	134
Rent	42	47
Interest	1,032	1,122
Bonds	326	334
Mortgages and loans	219	227
Derivatives	257	295
Other	231	265

Compared to 2021, dividend income increased with € 11 million. This is mainly caused by € 26 million higher dividend received from regular equity investments, mostly quoted on a stock market.

Dividends pay-outs from participations decreased with € 15 million (Achmea Bank N.V. € 42 million; 2021 € 56 million, Union Zdravotna Poist'ovna A.S. € 5 million; 2021 € 0 million and Achmea Investment Management B.V. € 0 million; 2021 € 5 million.

Under the Economic Balance Sheet of Achmea under Solvency II, the above mentioned entities are included as participation because they are either CRD IV/IFD/IFR/IORP covered entities or non-ancillary entities. The first category is not included in the IFRS financial statements as participation but included on a line-by-line basis. Therefore, the dividend received differs under Solvency II. In the table, Achmea has included the distributions from group companies towards the ultimate parent. Where distributions have been made, similar adjustments have been made in the table where Achmea presents the 'gains and losses'. In total, the net impact is zero. The negative effect on the valuation of the participations are presented in the table 'Gains and Losses' under Equity investments in the table below.

The rental income decreased in 2022. The total amount for direct property decreased for an amount of € 159 million which was primary caused by a net derecognition of € 195 million and a positive revaluation amounting to € 36 million.

Interest income decreased in 2022. The received interest on bonds decreased due to derecognition. In accordance with the investment plan, a shift has taken place from government bonds to corporate bonds and mortgage loans. Despite the expansion in loans and mortgage portfolio, income decreased slightly due to a lower weighted average interest rate of the mortgage portfolio.

In 2022, total net economic value of the derivatives decreased by an amount of € 4,048 million. This is mainly recognised in interest rate derivatives. Increased interest rates in combination with a change in the portfolio mix (receivers and payers) resulted in a decrease in the economic value of the interest rate derivatives. Decreasing volume resulted in lower interest income.

The decline in other interest income is mainly caused by lower interest income from savings relating to mortgage products.

GAINS AND LOSSES (REALISED AND UNREALISED)

€ MILLION

	2022	2021
Equity investments	-1,663	1,233
Bonds	-4,038	-885
Loans and Mortgages	-2,651	-146
Other	-4,214	-1,437

Inflation's surge to 40-year highs led the Central Banks to an unprecedented series of interest-rate increases, cratering the bond market and sending stocks into a bear market that continued into the end of 2022.

The war in Ukraine and China's 'zero-COVID' policy contributed to last year's challenging global growth and inflationary environments. European economies were particularly hard hit by the energy supply shock. Consumer discretionary spending was squeezed by high food and energy prices.

Stock market indices decreased by 20% in 2022 – the MSCI World index dropped -19.5% and the AEX Index -13.7%.

In 2022 risk-free interest rates increased: 2 year German government up to 2.48% (2021: -0.69%), 5 year German government up to 2.51% (2021: -0.47%), 10 year German government up to 2.55% (2021: -0.21%) and 20 year German government up to 2.59% (2021: 0.02%).

These developments had a large negative effect for the performance of the investments of Achmea throughout 2022.

From the gains and losses in equity investments €- 1,354 million is attributed to Achmea Pensioen- en Levensverzekeringen N.V. From this result, an amount of €- 1,211 million can be attributed to investment funds that are held for Unit Linked or Index Linked contracts. Gains and losses in equity investments are also recognised in the other insurance legal entities , Achmea Zorgverzekeringen N.V. (€- 75 million), Achmea Schadeverzekeringen N.V. (€- 63 million), Achmea Reinsurance Company N.V. (€- 18 million), and Interamerican Greece (€- 16 million).

Negative gains and losses on bonds are primarily caused by increased interest rates in 2022. From the gains and losses on bonds, an amount of €- 3,055 million can be attributed to bonds held by Achmea Pensioen- en Levensverzekeringen N.V., of which €- 178 million is generated by bonds held for Unit Linked or Index Linked contracts. The other gains and losses on bonds are mainly recognised within the legal entity Achmea Schadeverzekeringen N.V. (€- 675 million), Achmea Zorgverzekeringen N.V. (€- 139 million), Interamerican Greece (€- 88 million), Union Zdravotná Poist'ovna A.S. (€- 27 million) and Achmea Reinsurance Company N.V. (€- 26 million).

Gains and losses on loans and mortgages were €- 2,651 million. This is caused within the mortgage portfolios due to increasing interest rate. The gains and losses on loans and mortgages in 2021 are mainly present in entities Achmea Pensioen- en Levensverzekeringen N.V. (€- 1,045 million), Achmea Woninghypotheken I B.V.(€- 833 million), Achmea Woninghypotheken II B.V. (€- 561 million), Achmea Woninghypotheken B.V.(€- 140 million) and Tellius (€- 69 million).

Gains and losses on Other investments are €- 4,214 million. €- 4,236 million is attributed to Achmea Pensioen- en Levensverzekeringen N.V. The result is mainly related to revaluations of Interest Rate Swaps for €- 3,303 million and Call options for €- 1,296 million. These were partly compensated by Futures of € 723 million. The other gains and losses on other investments are mainly recognised within the legal entity Achmea Schadeverzekeringen N.V. (€ 33 million) and Achmea Zorgverzekeringen N.V. (€- 17 million).

A.4. PERFORMANCE OF OTHER ACTIVITIES

RETIREMENT SERVICES

RESULTS (€ MILLION)

RETIREMENT SERVICES	2022	2021	Δ
Total income	391	396	-1%
Of which: administration and management fees pension administration	276	251	10%
Operating expenses[a]	405	378	7%
Operational result	**-14**	**18**	**-n.m.**

ACHMEA BANK	2022	2021	Δ
Net interest margin	118	138	-14%
Fair value result[b]	-6	4	n.m.*
Operating expenses	105	101	4%
Change to loan loss provisions	-2	-2	0%

	31 December 2022	31 December 2021	Δ
Common Equity Tier 1 ratio	18.2%	20.9%	-2.7%-pt

(€ BILLION)

ASSETS UNDER MANAGEMENT[C]	31 December 2022	31 December 2021	Δ
Achmea Investment Management	166	220	-54
Syntrus Achmea Real Estate & Finance	41	40	1
Total Assets under Management**	**194**	**247**	**-53**

* Not-meaningful

** Total Assets under Management after eliminations

a. Operating expenses including other expenses and excluding transaction results.

b. The fair value result is an accounting result that is compensated for in other financial periods, in line with the value development of the underlying derivatives. Derivatives are used to restrict the Interest Rate Risk. This explicitly comprises the result relating to the activities of Achmea Bank.

c. The Assets under Management (AuM) include a derivatives (overlay) portfolio.

General information

Through Retirement Services, Achmea provides (financial) solutions for employers, institutional and retail customers for today and tomorrow. We do this via Achmea Bank, Achmea Investment Management, Achmea Pension Services, Syntrus Achmea Real Estate & Finance (Syntrus Achmea) and Centraal Beheer PPI N.V.

In the employer and retail customer market we position ourselves via the Centraal Beheer brand as a financial service provider that offers a wide range of pension, savings, investment, mortgage and insurance products. With our retail solutions we serve 423,000 customers. In 2022 the number of clients increased with 2%. The segments work together to realise our commercial growth ambitions in the institutional market.

Achmea Pension Services administers pension funds, including the Centraal Beheer General Pension Fund (APF), and supports and advises employers on issues relating to retirement services.

Achmea acquired ABN AMRO’s PPI in September 2022. This PPI, or Pension Premium Institution, will continue under the new name Centraal Beheer PPI N.V.

Achmea Investment Management offers products for asset accrual and supports via strategic and portfolio advice. In addition, Achmea IM manages investments on behalf of Achmea Group, pension funds including the Centraal Beheer APF and institutional investors. Here we opt for sustainable investments that yield good financial and positive returns for society.

Thanks to our knowledge of both pension administration and asset management within Retirement Services, we are excellently positioned to service our clients on implementation of the new pension agreement.

The savings products and some of the mortgages are managed by Achmea Bank. Furthermore, Achmea Bank conducts transactions with institutional parties and works with external partners with a view to expanding services and achieving economies of scale.

Syntrus Achmea manages real estate and mortgages on behalf of pension funds and other institutional investors. Syntrus Achmea Real Estate & Finance also acts as a central platform for issuing mortgages within Achmea.

As a leading player, we actively contribute to a CO2 neutral society. In 2022, Achmea IM published the CO2 preferred approach. In it we state, among other things, that we want to reduce the carbon footprint of the Achmea IM investment funds by 50% in 2030 compared to 2020. In addition, with the launch of the Achmea IM Climate Infrastructure Fund, we are giving clients even more opportunities to make their investment portfolios more sustainable. Achmea IM scored a No. 1 position on ShareAction's ranking of asset managers worldwide when it comes to sustainable voting activity at shareholder meetings.

In 2022, Syntrus Achmea participated in the international sustainability benchmark GRESB. Syntrus Achmea's average overall score of 89 points is stable compared to 2021 and well above the benchmark of 74 points. All our Dutch funds and portfolios achieved the highest rating of 5 stars and our German funds achieved a rating of 4 stars. The knowledge and expertise of Achmea IM and SAREF are also used to achieve the targets in our own investment portfolio.

ACHMEA BANK

Due to developments on the financial markets the operational result over 2022 for Achmea Bank decreased by € 37 million to € 4 million (2021: € 41 million). In the short term, the rapid increase in interest rates resulted in a lower interest result (€ 20 million). This was caused by higher financing expenses and lower mortgage prepayment compensations as a result of fewer re-mortgaging transactions. Furthermore, the fair value result declined by € 10 million following a downward adjustment in the market value of an older mortgage portfolio. Operating expenses were € 4 million higher than they were last year.

In underlying terms the market has moved towards shorter mortgages at higher rates, which has led to an increase in inflow volumes on the mortgage balance sheet at improved returns. This is reflected in the significant upturn in mortgage production, which stood at € 2,044 million in 2022 (2021: € 771 million). On top of this, mortgage portfolios were acquired in 2022 for a total of € 944 million (2021: € 500 million).

ACHMEA INVESTMENT MANAGEMENT

The operational result of Achmea IM amounted to € 1 million negative in 2022 (2021: € 4 million). This is mainly due to an increase in expenses of € 7 million caused by higher HR and project expenses for investments in implementing new sustainability legislation, the transition to the new pension system and transformation into a new operating model.

Developments on the financial markets, especially the higher interest rates, led to a sharp decrease in assets under management at Achmea IM. As a result, as of year-end 2022 these stood at € 166 billion (2021: € 220 billion). Despite this reduction in assets under management, revenue grew by about € 2 million in 2022. This was thanks to higher one-off revenue and the expansion of services to existing and new customers.

Achmea made a capital injection of € 10 million to fund the abovementioned investments. This capital injection is part of the reason that Achmea Investment Management enjoys a robust and solid solvency position. The ICLAAP ratio stood at 187% as of 31 December 2022.

ACHMEA PENSION SERVICES

The result for Achmea Pension Services amounted to € 26 million negative in 2022 (2021: € 28 million negative). A € 10 million increase in revenue was realised. Conversely, expenses increased by € 8 million from investments in new IT systems and further preparation for implementing the Future of Pensions Act.

Achmea Pension Services took important steps in the development towards achieving its ambition of becoming a high-quality digital service provider that puts the customer experience first. In 2022 we started to administer the pension schemes of two new clients: Stichting Pensioenfonds Huisartsen (SPH) and Stichting Pensioenfonds Ahold Delhaize (ADP). The new RAP pension platform has been operational for DC (Defined Contribution) schemes since the start of 2022. The AllVida platform for DB (Defined Benefit) schemes is expected to be operational in early 2023.

Clients award Achmea Pension Services a score of 7.6. All of Achmea Pension Services' existing clients will continue to use its services in 2023.

SYNTRUS ACHMEA REAL ESTATE & FINANCE

The operational result of Syntrus Achmea Real Estate & Finance (SAREF) grew to € 9 million in 2022 (2021: € 1 million).

Total revenue increased to € 137 million (2021: € 123 million), with growth in both real estate and mortgages, despite the impact of higher mortgage rates on revaluations. In addition, a higher number of acquisition and development projects were realised in 2022. The higher inflation, combined with the nitrogen emissions crisis, is causing delays in the realisation and start-up of new construction projects.

The assets under management in real estate and mortgages increased to € 41 billion (2021: € 40 billion). This growth was driven by the expansion of existing mandates and realisation of new mandates, mainly via growth in the CB Leef Hypotheek but also via PHF and Attens. The size of the real estate investments has grown largely thanks to higher real estate valuations in 2022, even though valuations declined again in the final quarter of the year.

Expenses increased due to accelerated depreciation costs as part of outsourcing the back office for all mortgage activities. This outsourcing will be completed in Q2 2023. With an ICLAAP ratio of 199%, the capital position is strong, thereby allowing SAREF to continue its investment and growth as a leading asset manager specialising in real estate and mortgages.

CENTRAAL BEHEER PPI N.V.

Centraal Beheer PPI N.V. is included in the Retirement Services segment. Achmea has the ambition to expand the PPI over the next few years. To achieve this, we will use our extensive distribution network and work intensively with the professional pension consultancy market. The focus will be on employers that want to offer their employees a Defined Contribution (DC) pension scheme.

CB PPI's customers now comprise approximately 950 employers and about 190,000 members from small and medium-sized enterprises and the major corporates market. Assets under management totalled € 3.2 billion as of year-end 2022.

B. SYSTEM OF GOVERNANCE

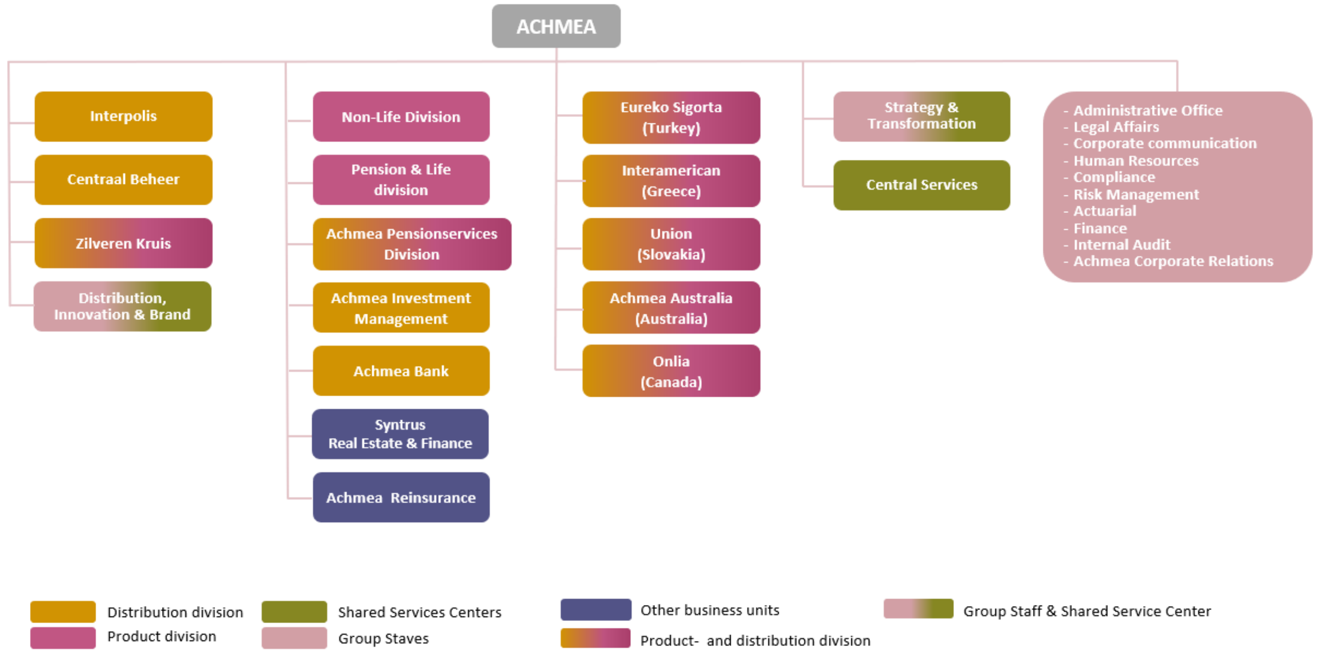
B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

Organisational structure

Achmea has an organisational set-up with a divisional structure. This operational organisational model contains distribution divisions, product divisions, shared services centres, policy-making departments and other business units that all report to the Executive Board of Achmea.

All activities of the distribution divisions, product divisions, shared services centres, policy-making departments and other business units are carried out at the risk and expense of a legal entity. Critical and important functions/activities are being carried out on the basis of a cooperation agreement or an outsourcing agreement.

The figure below represents Achmea's general organisational model in 2022. The figure shows which distribution divisions, product divisions, policy-making departments, shared services centres and other business units are recognised in the organisational model.



Management within Achmea

The Executive Board of Achmea is responsible for the group management of Achmea on the basis of the operational model. Given the statutory responsibilities, the Management Boards of the group companies within Achmea are responsible for the legal entities. In the organisational model the members of the Management Boards of the group companies are usually members of the product division boards as well or members of the local supervisory boards.

On 1 March 2022, Henk Timmer resigned from the Executive Board of Achmea. As of 12 April 2022 Michiel Delfos is appointed as member of the Executive Board of Achmea and appointed as Chief Risk Officer after endorsement of the meeting of shareholders.

Achmea has appointed Karin Bos as chair of the Non-life division from 9 May 2022. She has been Director P&C Insurance Retail in the division since 2016. Karin Bos succeeds Michiel Delfos, who joined the Executive Board of Achmea. Arthur van der Wal has been appointed chair of Achmea's Pensions division with effect from 1 October 2022. For the past four years he has been divisional chair of Syntrus Achmea Real Estate & Finance.

Marteyn Roose has been appointed chair of the Centraal Beheer division with effect from 1 September 2022. For the past five years he has been Director Retail at Centraal Beheer. Marteyn Roose succeeds Albert Spijkman, who has held the position of chair since 2017. Albert Spijkman will become the chair of Achmea's new Distribution, Innovation & Brands division. Babs Dijkshoorn has been appointed director of CSR & Sustainability from 1 September 2022, she succeeds Liesbeth van der Kruit who is retiring.

On 1 May 2022, Fred Schuurman stepped down as finance director and board member of the Non-Life division, On 1 June 2022 Lucas Kuijsters succeeds Fred Schuurman.

If there is a conflict of interests or positions between group companies and business units, the Executive Board of Achmea will facilitate a process that should lead to decision-making based on consensus between all the parties involved (including the Executive Board of Achmea). If this proves impossible, the Executive Board of Achmea has the decisive vote.

At strategic level there are supplementary management bodies, that support decision making by the executive board or the statutory boards of the group companies:

- Group Committee (GC): The objective of the Group Committee is to increase Achmea's group strengths, to supervise the programmes and issues with significant strategic or financial impact that exceed the level of division or group company and to achieve coordinated management;
- Group Risk Committee (GRC): The Group Risk Committee is an executive and advisory committee within the policy framework as set forth by the Executive Board of Achmea, consisting of the policy makers of Achmea. The objective of the GRC is to manage and advice on the policy frameworks and risk management system including internal control and the identification, review and monitoring of the main risks;
- Asset Liability Committee (ALCO): The Asset Liability Committee is an executive and advisory committee, consisting of the policy makers of Achmea. The ALCO focuses on Market Risk (including interest rate- and currency hedging), Counterparty Risk (including collateral management and concentration risk) and Liquidity Risk. The objective of the Asset Liability Committee is to monitor the aforesaid risks as well as to optimize the capital- and liquidity position and investments of Achmea, within the policy framework as set forth by the GRC and the Executive Board of Achmea;
- Management team Distribution & Innovation (Directieteam Distributie & Innovatie) is a composed team of an Executive board member, the chair of Centraal Beheer PPI N.V., the chair of Interpolis Zorgverzekeringen N.V., the Commerce director of Zilveren Kruis Zorgverzekeringen N.V., the chair of Achmea Corporate Relations & Partnerships, the financial director of the distribution division, the IT director of the distribution divisions and the manager Market strategy & Innovation. The objective of this management team is to fully exploit the strengths of several Achmea brands with a joint distribution strategy, to be able to provide services which meet the evolving needs of our customers. Furthermore, this team stimulates the development of new propositions across divisions;
- A more detailed outline of the management within Achmea and the responsibilities under the articles of Association is described in the Main Outlines of the Organisation and Management of Achmea.

Achmea Remuneration

The members of the Executive Board of Achmea are directors of Achmea B.V., holding key management positions at Group Level.

The remuneration of the Executive Board of Achmea is related to the content and responsibilities of their respective positions. The various positions are weighted on aspects such as impact and nature of the responsibilities of the position, complexity of the managerial context in which they operate and the necessary knowledge, experience and competencies.

For more detailed information, reference is made to the Annual report of 2022[12].

Transactions with shareholders

In 2022, the General Meeting decided to pay a dividend of € 192 million (2021: € 169 million). Subsequently in April 2022 a distribution was made from the other reserves to holders of ordinary shares for the amount of € 172 million (2021: € 150 million), and to holders of preference shares for the amount of € 20 million (2021: € 20 million). Achmea B.V. received € 3 million (2021: € 3 million) thereof on the depositary receipts it holds in Stichting Administratiekantoor Achmea Tussenholding.

[12] Annual Report – Financial Statements, note 33 Related Parties Transactions, paragraph Remuneration of the Executive Board

B.2. FIT AND PROPER REQUIREMENTS

Statutes on supervision, such as the Dutch Financial Supervision Act (see ss. 3:8/3:9 and 4:9/4:10) and the Dutch Pension Act, require Supervised Companies to do the following before an appointment may actually be effectuated:

- Intended appointments of day-to-day policymakers, co-policymakers and members of supervisory bodies must be notified to the supervisory authorities the DNB and/or the Autoriteit Financiële Markten ('AFM') (depending on which authority supervises the company).
- The supervisory authorities DNB and/or AFM must ascertain the dependence of the day-to-day policymakers, co-policymakers and members of supervisory bodies.
- The supervisory authorities DNB and/or AFM must ascertain the suitability of day-to-day policymakers, co-policymakers and members of supervisory bodies.
- The supervisory authorities DNB and/or AFM must ascertain the dependence of key officers (those with ultimate responsibility for key functions) and the institution itself must ascertain their suitability.

Achmea complies with the abovementioned requirements by notifying the supervisory authorities and by effectuating appointments after receiving the approval of the supervisory authorities.

Supervised Companies outside the Netherland are required by local law to follow similar rules and regulations regarding fit and proper requirements and procedures before appointing day-to-day policymakers, co-policymakers and members of supervisory bodies. Where applicable, these Supervised Companies comply with these specific local law requirements'.

B.3. RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESMENT

The Achmea risk management system including the Own Risk and Solvency Assessment (ORSA) and the Internal Capital Adequacy Assessment Process (entities subject to CRD-legislation) sets out how the risks at Achmea level and for each main risk are managed. Capital Management forms an integral part thereof.

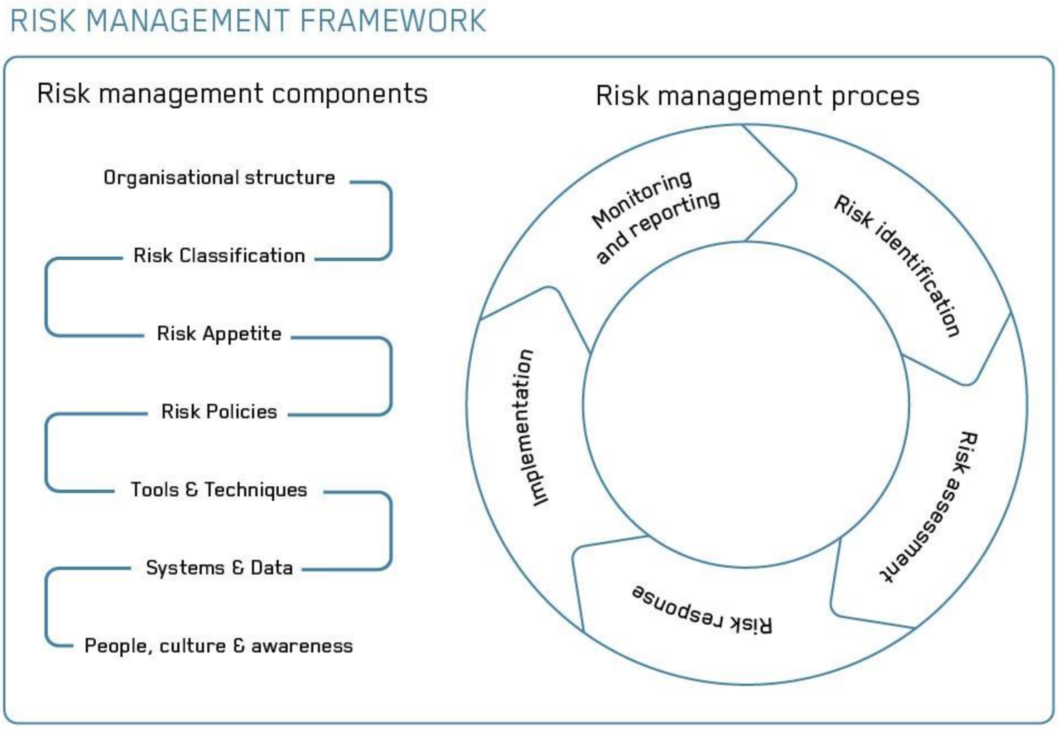
For an adequate risk management system at Achmea, there needs to be understanding and clarity of the key principles for risk management in the organisation, with these principles being followed uniformly and completely. The Achmea risk strategy sets out the main principles:

- Principles pertaining to risk appetite such as maintaining a solid capital and liquidity position that is sufficient for Achmea to meet its obligations, now and in the future.
- Principles pertaining to the risk management structure and the chosen integrated approach for the management of risks. Achmea assesses the various risk types and the risks inherent in the various operating companies and supervised entities in conjunction with another.
- Principles pertaining to the culture such as the encouragement by the Executive Board of Achmea and management of an open culture in which risks can be openly discussed and where decision making is based on an appropriate balance between risk, capital and expected return.

The Integrated Risk Management Framework (IRMF) describes the risk management system of Achmea and sets out in more detail the principles of the risk strategy.

INTEGRATED RISK MANAGEMENT FRAMEWORK

The IRMF describes how the risks at Achmea are managed when striving to realise the business objectives. The IRMF ensures that risk information is generated and reported correctly and that it is used as the basis for decision making and accountability at all relevant organisation levels. The IRMF also supports Achmea in managing its risks effectively by applying the risk management process at different levels and within specific contexts in the Achmea organisation.



The IRMF consists of seven risk management components that support the risk management process in the necessary steps to identify, assess, mitigate, monitor and report the risks of all risk categories on a permanent basis.

THREE LINES MODEL

Achmea's governance structure is based on the 'Three Lines' model, the main features of which are set out in the diagram below.

FIRST LINE	SECOND LINE	THIRD LINE
IMPLEMENTATION AND MANAGEMENT - Executive Board and risk committees at Group Level - Business management and decentralised risk committees within the business units	SUPPORT, MONITORING AND CONTROL - The Compliance, Risk Management and Actuarial departments. International insurance entities have their own compliance, risk management and actuarial functions. - Some entities have their own compliance and risk management departments due to different legal requirements, specific knowledge or efficiency.	ASSESSMENT AND REVIEW • The Internal Audit staff department works at both group and business unit level.

Achmea's line organisation, the first line, is primarily responsible for risk management. The Executive Board ensures a sound basis for the design and execution of the risk management system. The presence of a Chief Risk Officer on the Executive Board helps ensure a permanent focus on risk management in our business operations. The Executive Board renders account to the Supervisory Board and the general meeting of shareholders of Achmea. The first line is supported by the second line, which also monitors the execution by the first line and reports periodically on Achmea's Risk Profile. The third line complements these activities by carrying out periodic testing of the effectiveness of internal control, governance and risk management and reporting on this.

RISK COMMITTEES

Achmea has Risk Committees both at Group Level and within the business units:
- The Audit & Risk Committee assists the Supervisory Board in its supervision of, amongst other things, financial, administrative organisational and compliance matters, as well as on the Risk Profile and the effectiveness of the risk management system.
- The Group Risk Committee (GRC) provides a framework and advises the Executive Board. It is a platform for Achmea policymakers and consists of members of the Executive Board, the management of some business units and the key function holders of Compliance, Risk Management and Actuarial for the management, monitoring and advising with regard to the Achmea risk management system, including the internal control and key risks.
- The GRC has instituted as subcommittees the Model Approval Committee (MAC), the Privacy Board and the Information Security Board. The MAC has a delegated responsibility for approving risk models.
- The Asset Liability Committee (ALCO) is an executive and advisory committee of the Executive Board. It is a platform for Achmea policymakers and consists of members of the Executive Board, the management of some business units and staff departments for monitoring and optimising the capital- and liquidity position and investments of Achmea within the policy frameworks set by the GRC and the Executive Board.
- Aligned with the GRC at Group Level, there are Risk Committees within the operating companies that discuss and manage risks, possibly complemented by specific committees such as the Product Approval and Review Processes (PARP) Committees, the Underwriting Committee at Achmea Reinsurance Company N.V. and the Asset & Liability Committee and the Credit Committee at Achmea Bank N.V.

RISK MANAGEMENT WITHIN OUR OTHER FINANCIAL SERVICE ENTITIES

The entities subject to CRD/IFR/IFD/IORP -legislation are managed in a similar manner as the insurance entities and are included in the IRMF. As Achmea is a Mixed Financial Holding Company and Financial Conglomerates, the various sectoral based legislation is applied at solo level and integrated at the Group Level.

Risk governance and risk management committee structure Achmea Bank

The Executive Board is responsible for defining and executing the Bank's strategy. An important element of the Bank's strategy is risk management for Liquidity Risk, Counterparty Risk, Credit Risk, Interest Rate Risk, Foreign Currency Risk, Operational Risk and Capital Management.

The Executive Board is responsible for setting up effective processes that enable the Bank to hold sufficient capital and liquidity with respect to its objectives and the regulatory capital and liquidity adequacy requirements. Within this scope, the Executive Board delegated specific tasks to different committees (F&RC, Credit Committee, ALCO and Technical Committee).

The Credit Committee, ALCO and the Technical Committee are sub-committees of the Group Risk Committee, which is the ultimate decision-making body for new and amended policies regarding financial risks. At least one of the Executive Board members have a seat in all of these committees.

The ALCO focuses on the management of Interest Rate Risk, Foreign Currency Risk, professional Counterparty Risk (retail Counterparty Risk is the focus of the Credit Committee), Liquidity Risk, Funding Risk and Capital Management. The ALCO bases its decisions partly on standard reports in which actual as well as forecasted figures with several (stress) scenarios are presented. In addition, the ALCO supervises compliance with the relevant regulatory guidelines, especially with regard to capital, funding, liquidity and Market Risk. The ALCO is chaired by the CFRO of Achmea Bank. Other members of the ALCO are representatives of Balance Sheet Management & Financial Risk, Control, (Group) Corporate Finance and (Group) Treasury.

SOLVENCY II KEY FUNCTIONS

The Three Lines model has been set up for all supervised entities. The compliance function, the risk management function, the actuarial function and the internal audit function have been set up in line with the Solvency II requirements at Group Level and for the insurance entities under supervision:

- At Group Level the compliance, risk management and actuarial functions are fulfilled within the staff departments Compliance, Risk Management and Actuarial. These functions report to the Chief Risk Officer of the Executive Board, and have direct and unlimited access to the management of the business units, the Executive Board, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board, the Audit & Risk Committee and the Supervisory Board.
- The internal audit function at Group Level is fulfilled by the Internal Audit department. This function reports to the chair of the Executive Board, has a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board, and has direct and unlimited access to business units.
- The compliance, risk management, actuarial and internal audit functions have also been set up for the insurance entities under supervision. In the case of the Dutch insurance entities, these functions are performed by the relevant staff departments. Additionally, Achmea Reinsurance Company N.V. has its own risk management and compliance department. These functions report to the entities' boards of directors and have a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board as well as direct, unlimited access to all business units.
- As of 1 September 2022, Centraal Beheer PPI N.V. is part of Achmea Group. For this entity, the required key functions of Compliance, Risk Management and Internal Audit have been set up at Group Level.

The key functions on compliance, Internal Audit and actuarial are described in more detail in respectively section B.4. Internal Control System, section B.5. Internal audit function and section B.6. Actuarial function.

RISK MANAGEMENT FUNCTION

For the risk management function for the insurance activities a distinction is made between the Group and the Dutch and foreign insurance entities:

- The risk management function on Group Level and for the Dutch insurance entities is carried out by the Risk Management department at Group Level with the exception of Achmea Reinsurance Company N.V. which has its own risk management and compliance department.
  - The director Risk Management is the Risk Management Function Holder at Group Level. The Risk Management Function Holder reports to the Chief Risk Officer in the Executive Board of Achmea but also has direct access to the business, the entire Executive Board of Achmea, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board of Achmea, the Audit & Risk Committee, the Supervisory Board as well as regulators.
  - Senior managers of the Risk Management department are the Risk Management Function Holders for the Dutch supervised entities with the exception of Achmea Zorgverzekeringen N.V. for which the director Risk Management is also the Risk Management Function Holder. They report to the chair of the Statutory Board but also have direct access to the business, the entire management, as well as a formal escalation line to the chairs of the Statutory Board, the Audit & Risk Committee, the Supervisory Board as well as regulators.
- For the foreign insurance entities within the EEA the risk management function is implemented locally. The Risk Management Function Holder for the insurance entity/operating company has direct access to the business, the Executive Board of Achmea, the Audit & Risk Committee and the Supervisory Board of the supervised undertaking. Eureko Sigorta A.S., as a non-EEA insurance entity, does not require a Risk Management Function Holder.

The risk management function is defined in the Charter Compliance, Risk Management & Actuarial of Achmea. The risk management function has the following main tasks:

1. Management and communication related to the Integrated Risk Management Framework (IRMF). Elements of this are:
   - To facilitate and provide advice regarding the risk strategy and risk appetite statements at Group Level and for the individual supervised undertakings.
   - Management of and advice on the IRMF policy documents at Group Level and supporting documents such as guidelines with respect to risk management.
   - Design, implementation, documentation, evaluation and communication on the performance and validation of the partial internal model for Solvency II
2. Support the Executive Board and line management in their execution of the risk management process, consisting the identifying and assessing risks, risk response and implementing the risk control measures and the monitoring and reporting on the risks in the business units.
3. Responsible for the identification and assessment of emerging risks.
4. The following responsibilities apply to monitoring and reporting:
   - Monitoring the execution of the IRMF;
   - Monitoring the general Risk Profile;
   - To report to the Executive and Supervisory Boards (and the A&RC of the Supervisory Board), the supervised undertakings, the Group Risk Committee, the management and internal and external stakeholders including regulatory authorities about:
     - the consolidated Risk Profile;
     - the effectiveness of the IRMF;
     - developments in risk management and in the area of expertise.
   - To support the Executive Board and Statutory Boards of the supervised undertakings in preparing the SGW Own Risk and Solvency Assessment (ORSA) Report with a review role on the underlying processes of the ORSA.
5. To provide solicited and unsolicited review/expert assessments on important decisions and developments with respect to risk management issues including strategic matters such as the strategy of the company, mergers and acquisitions and important projects and investments.
6. To increase risk awareness within the organisation.
7. Functional steering of the decentral second line function with respect to risk management. Monitoring the execution of the second line role. Advice and support if necessary.
8. Anticipate on developments in the risk management practice area, best practices and (inter)national rules and regulations with respect to risk management.

MODEL GOVERNANCE

The Model Management and Validation Policy sets out that the development, management and change of models (such as value and capital models) with respect to, amongst other things, risk measurement, financial and business management calculations is subject to strict model governance. This ensures that the models are managed properly. The Risk Profile of models is assessed and it is compulsory for the models with a (very) high gross risk to be documented, implemented, tested and periodically validated by the independent model validation function of the staff department Risk Management and approved by the MAC. Part of the management is that model changes are implemented and approved in accordance with a controlled change procedure.

Besides the approval in the Model Approval Committee (MAC), the partial internal model Solvency II is also approved by the Executive Board, the boards of the entities that use the model, the Audit & Risk Committee and the Supervisory Board. After the internal governance is completed newly developed models will be submitted for approval to the College of Supervisors. Following approval by the MAC, major model changes will be submitted to the College of Supervisors for approval and are only used for determining Achmea's capital position after approval.

RISK APPETITE

Risk appetite reflects Achmea's attitude to taking risks and gives an indication of its willingness to accept a high or a low risk level. Risk appetite consists of a number of principles as part of the risk strategy with an elaboration in qualitative statements and corresponding Key Risk Indicators (KRIs) to monitor whether the Risk Profile is within the limits of the risk appetite.

An overview is given below of the risk appetite principles as part of Achmea's risk strategy and their translation into KRIs.

Financial	Principles	KRI's
Returns, result and volatility of result	Achmea realises a sustainable result that ensures a continuous access to the capital market. Extreme fluctuations in the economic result are avoided.	• Fixed Charge Coverage Ratio
Capital	Achmea has a strong capital position.	• Solvency ratio Solvency II • Capital surplus S&P • Capital Surplus Fitch • Economic solvency Achmea Pensioen- en Levensverzekeringen N.V. • Debt ratio • Double leverage ratio
Liquidity	Achmea's current and future liquidity position is sufficient to meet its obligations.	• Available liquidity in a going concern situation • Liquidity capacity after a stress situation
Financial Risk Policy	Achmea knows as an insurer its financial risks and pursues an adequate financial risk policy that aims to avoid undesired risk concentrations. Achmea utilises an important part of its risk capital for insurance risk.	• Market Risk budget variance • Impact interest rate shock Solvency II • Impact interest rate shock Economic solvency Achmea Pensioen- en Levensverzekeringen N.V • Counterparty limit breaches • Amount of SCR for insurance risks • Deviation from expected annual result due to catastrophic events

Non-Financial	Principles	KRI'S
Product quality and services	Achmea offers a secure and transparent solution to clients that continuously meet the clients' needs, at a fair price.	• Customer Centricity Score
Operational Risk / internal control	Achmea knows as an insurer and service provider its Operational Risks and has an adequate Operational Risk policy aimed at the prevention of material financial losses due to insufficient or failing internal processes or personnel and systems or external events.	• Internal Control Framework • Reputational score • Financial loss because of Operational Risks • Very urgent issues • Disruption of business-critical chains
Compliance	Achmea has an adequate compliance policy to comply with laws and regulations. Employees, clients, suppliers and other partners of Achmea operate with integrity.	• Violations of laws and regulations • Implementation of laws and regulations • Integrity violations
Sustainability	Achmea realises its corporate objectives in a socially responsible manner and aims at providing a demonstrable social added value through its insurance and investment activities. Achmea remains relevant on this topic by reacting adequately to social developments.	• MSCI ESG rating • Benchmark of the Dutch Association of Investors for Sustainable Development • Inquiries of the 'Fair Insurance Guide'

Risk appetite is explored here in terms of the perspectives of the financial and non-financial statements, with the principles of the financial statements giving substance to the financial perspective and the principles of the non-financial statements giving substance to the other perspectives of Achmea's strategy map. Risk appetite also covers all the main risks in Achmea's risk classification.

RISK MANAGEMENT PROCESS

The risk management process is applied both at individual level per risk and at aggregated risk level to identify, assess, mitigate, monitor and report the risks.

This section provides more information on the risk assessments performed during the year and on the process of monitoring and reporting. The risk response is described in more detail below and the main risks are detailed.

During the year various risk assessments are performed:

- Risk Self Assessments focus on areas such as strategy, projects and operational risks. This includes, amongst others, a qualitative risk assessment with the boards of the operating companies and the Executive Board, in which the key risks are identified and assessed.
- Achmea uses risk models to make a quantitative estimate of the Risk Profile, including the Solvency II partial internal model. These risk models are among those used in the planning & control cycle, product development and pricing, determining the reinsurance programme, preparing the investment plan and balance-sheet management.
- Finally, scenarios and stress tests provide insight into what happens under extreme circumstances or when several factors occur simultaneously. These scenarios and stress tests are used as part of the periodic monitoring of the Risk Profile. Annually, they are used to analyse the key risks in greater depth.

The Strategic Risk Analysis is performed annually at Group Level and for the business units, with a qualitative assessment by management of the most important risks. The insights from this Strategic Risk Analysis are used to manage the specifically identified most important risks, to recalibrate the set of scenarios and stress tests for the ORSA and to review the Achmea Preparatory Crisis Plan, and can lead to evaluation of the strategy. Additionally, a detailed insight into the integral risk profile of Achmea, supervised entities and business units is obtained by consolidating the output of all risk management processes, instruments and techniques used within Achmea at strategic, tactical and operational level and assessing them in conjunction in the Integral Risk Analysis.

Periodically, aggregate-level reports are drafted for the Executive Board, the Audit & Risk Committee and the Supervisory Board. For the main risk types, line management periodically verifies that the risk is still within the risk limits set on the basis of the risk appetite. Line management also monitors the management of the main risks. Finally, an Internal Control Framework is used to systematically monitor key controls throughout the organisation. Cross-references are included in the framework to the information security assessment framework and Solvency II, among other things.

OWN RISK & SOLVENCY ASSESSMENT (ORSA)

In addition to the periodic monitoring of our Risk Profile, a group-wide Own Risk and Solvency Assessment (ORSA) report is prepared annually. The report is provided annually to the college of supervisors and local regulators for the non-Dutch entities.

The Single Group-Wide (SGW) Own Risk and Solvency Assessment (ORSA) report provides insight into, and an assessment of the development of the Risk Profile, solvency and liquidity during the planning period, both under regular and under stressed circumstances. Currently specific attention is being paid to ESG risks. This report is provided annually to the College of Supervisors and local regulators for the non-Dutch entities. The extent to which the existing and future capital and liquidity position are considered to be adequate under normal and under extreme circumstances is laid down in the ORSA report. The appropriateness of the PIM is also assessed in the ORSA.

Overall outcome of the SGW ORSA is that Achmea Group's solvency position can withstand all the singular and most combined shocks in 2022 without immediately falling short of the target level of 165%. The scenarios new pandemic and stagflation have the most significant impact on the Solvency position of Achmea Group. Long-term climate change scenarios are also included in the ORSA. These scenarios are in an early development stage and contain a relatively high level of uncertainty. Regarding long-term climate change, scenario's focus on Non-Life and Investments. For Non-Life indicative calculations have been further developed for Windstorm and Hail. Regarding our investments, the total financial losses do not seem material for Achmea based on current assumptions in the model. Financial losses are most influenced by future CO_2-pricing.

There were no developments in 2022 that required further analysis by means of a non-regular ORSA.

PREPARATORY CRISIS PLAN

Achmea's Preparatory Crisis Plan provides insight on the effectivity of the measures which both Achmea as a Group and the individual supervised entities can apply in response to severe (financial) developments. Achmea's Preparatory Crisis Plan is prepared in line with the Act on the recovery and resolution of insurers ('Wet herstel en afwikkeling van verzekeraars').

B.4. INTERNAL CONTROL SYSTEM

INTERNAL CONTROL FRAMEWORK

For identified risks and control measures an Internal Control Framework is used, which is based on the COSO model and common market standards and uses key risks and key controls. Annually, after the risk analyses are performed, the key risks and key controls of the framework are updated. Subsequently the framework is used to systematically monitor the effectiveness of control measures throughout the organisation. Cross-references are included in the framework to information security of DNB and Solvency II. In addition an organisation-wide systematic issue and incident management process has been set up.

COMPLIANCE FUNCTION

Compliance risk is the risk of diminishing reputation or current or future threats to the capital or result of an organisation as a result of a failure to comply with laws and regulations, and insufficient adherence to values, norms and (supervisory) rules. Failing to comply may result in legal or regulatory sanctions, material financial loss, or reputational damage.

As described in section B.3. the compliance function is part of the second line in our three lines system.

For the compliance function for the insurance activities a distinction is made between the Group and the Dutch and foreign supervised undertakings:

- The compliance function on Group Level and for the Dutch supervised undertakings is carried out by the Compliance department at Group Level with the exception of Achmea Reinsurance Company N.V. which has its own risk management and compliance department.
    - The director Compliance is the Compliance Function Holder at Group Level. The Compliance Function Holder reports to the Chief Risk Officer in the Executive Board of Achmea but also has direct access to the business, the entire Executive Board of Achmea, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board, the Audit & Risk Committee, the Supervisory Board as well as regulators.
    - Senior managers of the Compliance department are the Compliance Function Holders for the Dutch supervised entities. They report to the chair of the Statutory Board but also have direct access to the business, the entire management, as well as a formal escalation line to the chairs of the Statutory Board, the Audit & Risk Committee, the Supervisory Board as well as regulators.
- For the foreign supervised undertakings within the EEA the compliance function is implemented locally. The Compliance Function Holder for the supervised undertaking/operating company has direct access to the business, the Executive Board of Achmea, the Audit & Risk Committee and the Supervisory Board of the supervised undertaking. Eureko Sigorta A.S., as a non-EEA insurance entity, does not require a Compliance Function Holder.

The reporting of the compliance function is part of the quarterly risk management & compliance reporting process. Additionally an annual Compliance report is prepared which provides an integrated overview of the compliance risks at Group Level.

The Compliance Policy, which was updated in 2022, describes how compliance risk is managed. Additional policies and regulations are available covering specific compliance topics such as CDD (Customer Due Diligence), privacy, competition, whistle blower regulations and insider regulations. Compliance is closely involved in monitoring compliance with the Money Laundering and Terrorist Financing (Prevention) Act (Wwft), the Sanctions Act 1977, privacy dilemmas and compliance with the General Data Protection Regulation (GDPR), including big data initiatives and ethical issues associated with artificial intelligence. The Integrity Risk as part of compliance risk is set out in the Achmea Code of Conduct and the Integrity & Fraud Policy. In this code of conduct the core values, core qualities and rules of conduct of Achmea are stated. These general rules of conduct are applicable to all Achmea employees. The Integrity & Fraud Policy contains the principles on which substance is given to controlling integrity risks in operational management, such as: anti-corruption, gifts, side-line activities, contracting third parties and the execution of the Systematic Integrity Risk Analysis. The effectiveness of fraud control measures is assessed on a quarterly basis using the Internal Control Framework.

Annually risk analyses are performed to identify the compliance risks within Achmea. Important risk analyses performed by Compliance are the Integrated Risk Analysis (IRA), which forms the basis for the annual plan, and the annual Systematic Integrity Risk Analysis (SIRA). Also during the year risk analyses are conducted at various levels and on various topics. With regard to compliance with laws, regulations and internal rules of conduct, the most important legal provisions are translated into risks. For the internal control of the identified risks and control measures an Internal Control Framework and issue and incident management process are used in accordance with the Internal Control Framework.

Achmea’s Laws & Regulation Committee identifies new legislation and forthcoming amendments and determines the impact on the organisation. Implementation is the responsibility of operational management. In case of profound impact on Achmea, the committee will advise the Executive Board to start a comprehensive implementation project. Achmea ensures detection of developments in laws and regulations through a specific module in the Internal Control Framework and monitors proper and timely implementation.

Supervisory investigations have a major impact on the business. These investigations arise not only from local regulations but also from international legislation such as EU legislation on the duty of care, outsourcing, CDD and sustainability. Much effort is required to assist the regulators in their investigations and this is coordinated by the Supervision Committee.

Privacy and CDD were the main focus areas for the compliance function in 2021. Short-cycle monitoring is used to monitor compliance with laws and regulations. Where appropriate, proactive coordination is sought with supervisory authorities. Any compliance issues identified by this monitoring are addressed by the responsible management, to be handled within the established frameworks for the defined compliance and integrity risk appetite. Regarding Privacy and CDD Achmea has established additional governance in the form of a Task Force consisting of Executive Board members and chairs of the divisions. In these Task Forces, the approach to cross-divisional issues or issues with material IT dependencies is coordinated in order to enhance progress.

Compliance assessments and monitoring

Short-cycle monitoring is used to ensure compliance with laws and regulations, and instances of non-compliance may occur.

Customer Die Diligence (CDD)
CDD is a top priority within Achmea. Improving the controls remains important in the coming year as well. This involves continuous learning from developments in the business units, from audits, from fines imposed on other companies, reports from regulators or court rulings. For Achmea as a whole, a CDD Task Force has been set up, which focuses on the additional management of being in control with high-quality and demonstrable solutions, where the final responsibility remains within the supervised entities. Where possible and necessary, developments will be accelerated.

A preliminary analysis has been launched into the establishment of a KYC Centre within Achmea with the aim of centralising operational CDD activities.

For Achmea Pensioen- en Levensverzekeringen N.V., findings from the 2021 on-site investigation carried out by DNB regarding compliance with the Act on the Prevention of Money Laundering and Terrorism Financing have been followed-up on. DNB reported findings on SIRA, risk classification and the CDD customer files. These findings led to a number of improvement actions: the SIRA and risk classifications have been adjusted. The design of the customer file has been adjusted, the demonstration of effectiveness for several periods is ongoing. After this, the findings are expected to have been followed-up appropriately. By the end of 2022, this progress was discussed with DNB.

In 2022, AFM started an investigation at the business unit Syntrus Achmea Real Estate & Finance B.V. regarding the Prevention of Money Laundering and Financing of Terrorism Act (Wwft) with the aim of gaining insight into the reporting of an unusual transaction that SAREF made to the Financial Intelligence Unit (FIU). The requested information was delivered at the end of 2022.

Privacy
Achmea attaches great importance to privacy compliance. Within the entire organisation, points of attention have been identified regarding the handling and control of unstructured data environments. Internal control was further improved in certain areas during 2022. Various improvement projects are in progress that relate to excessive data processing and data storage.

Cyber security
Cyber security risk remains high due to such factors as external (ransomware) cyber threats and required improvements for ransomware recovery. With planned measures regarding improvements in backups and increasing recovery capability, the risk exposure is being reduced.

Outsourcing
Internal controls regarding outsourcing have been further improved. Point of attention is the demonstrability and recording. The periodic evaluation of outsourcing was continued in 2022; this is done annually or biannually, depending on the importance of the outsourcing.

All Risk Management and Compliance reports and the first-line points of attention and additional control measures identified in them have been provided to regulators. In 2022, there were no significant instances of non-compliance with laws and regulations at the business units.

B.5. INTERNAL AUDIT FUNCTION

The assessment by Internal Audit focuses, against the background of the Risk Profile of Achmea, on the following:
- The defined risk appetite and the determination thereof;
- The design and effectiveness of the governance, including the effectiveness of risk management. Within the framework of evaluating the functioning of the governance structure, the functioning of the Executive Board of Achmea and senior management is evaluated. Here the example set by the directors (tone at the top) is explicitly looked at. Where it is possible and desirable, the functioning of the Supervisory Board can also form part of the evaluation of the governance structure.
- The internal control over critical business processes and projects, in particular management of the identified key risks associated with these processes and/or projects by making use of the defined key controls.
- The effectiveness and reliability of data processing processes aimed specifically at the Executive Board of Achmea, important (financial) management information for senior management and key (external) reporting.

- Compliance with (behavioural typical) laws and regulations including the functioning of the compliance function.
- Internal control is supported by appropriate behaviour and culture for Achmea.
- Safeguarding the assets of Achmea.

The scope of Internal Audit covers all entities and processes of Achmea, including outsourced activities. Internal Audit has a functional line with the local internal audit functions.

The internal audit function is defined in Achmea's Internal Audit Charter. In this charter Internal Audit's mission, function, independence, objectivity and expertise as well as the scope, authorities and responsibilities are defined. The charter also defines the applicable behaviour and professional conduct rules and the relationship with external parties, as well as the current international standards for the professional practice of internal auditing and the requirements set by the external regulators for the internal audit function. The charter is reviewed annually and updated if necessary. Based on the most recent review, some adjustments related to professional guidelines are made.

To fulfil this task Internal Audit systematically evaluates the processes related to governance, risk management and internal control and thereby has a pro-active signalling role with regard to the risks. In this way Internal Audit contributes to the improvement of the business operations and the achievement of the strategic and other objectives of Achmea.

As described in section B.3. the internal audit function is the third line in the three lines model. At Group Level the staff department Internal Audit covers the internal audit function. The Internal Audit Director is the Internal Audit Function Holder at Group Level and reports to the chair of the Executive Board of Achmea, has a formal information and escalation line to the chairs of the Audit & Risk Committee and Supervisory Board and direct, unlimited access to all business units. For the Dutch supervised undertakings the role of Internal Audit Function Holder is delegated to the responsible member of the management team. For the foreign supervised undertakings this role is executed locally.

Internal Audit is an independent department within Achmea. Its independence is guaranteed as Internal Audit does not form part of the (daily) internal control measures and safeguarding of assets/liabilities. Internal Audit is not responsible for the design and implementation of measures related to risk management, compliance and internal control. Senior management may request Internal Audit to give an opinion on the internal control measures which are implemented or should be complied with.

After discussion with the management concerned, Internal Audit reports on the outcome of its investigation directly to both the responsible management and/or the Executive Board of Achmea and its chair, depending on the circumstances. At least once a year, Internal Audit reports by means of the Audit Memorandum on the internal control of high risks. Internal Audit provides an overview of the outcome of audits on a quarterly basis, including the most important findings noted in the recent period and the progress and adequacy of the implementation of the recommendations noted by Internal Audit, external accountant and/or regulators.

B.6. ACTUARIAL FUNCTION

In line with Solvency II legislation the actuarial function has four main tasks:

1. Coordination and supervision of the calculation of the Technical Provisions, including the following specific tasks:
    - Ensuring the appropriateness of the methodologies and underlying models used and of the assumptions made in the calculation of Technical Provisions;
    - Assessing the sufficiency and quality of the data used in the calculation of Technical Provisions;
    - Comparing Best Estimates with actual outcomes;
    - Expressing an opinion on the reliability and adequacy of the calculation of the Technical Provision;
2. Expressing an opinion on the overall underwriting policy;
3. Expressing an opinion on the reinsurance policy and programme;
4. Contributing to the effective implementation of the risk management system, in particular with regard to calculation of the SCR, MCR and ORSA.

As part of this role, the actuarial function performs an assessment of the RSR and SFCR.

The actuarial function also provides an assessment and opinion on:
- The Economic Balance Sheet;
- The SCR and therefore the solvency position;
- All constituent parts of the SCR;
- The prospective solvency position, using business planning, stress tests and scenario tests;
- Distribution of dividends in relation to discretionary benefits.

The group actuarial function performs these tasks at the level of Achmea Group and has a specific responsibility to provide advice and an opinion on asset/liability aspects.

On an annual basis the Actuarial Function Holder Report is prepared both at Group Level and for the insurance entities. This report provides the opinions and conclusions of all assessments performed by the Actuarial Function in the year over the tasks mentioned above, the main findings and recommendations.

The actuarial function is defined in the Actuarial Function Policy of Achmea. This policy defines the scope, duties, responsibilities and position of the actuarial function based on Achmea's interpretation of Solvency II legislation and internal governance, described in the Charter Compliance, Risk Management & Actuarial of Achmea.

As described in section B.3. the actuarial function is a Solvency II key function and forms part of the second line in our three lines system:
- The staff department Actuarial at Group Level covers the actuarial function for the group and for the insurance entities in the Netherlands. The Director for Actuarial is the Actuarial Function Holder (AFH) at Group Level and the senior managers are the AFH's for the insurance entities in the Netherlands. The AFH's have a formal escalation line to the chairs of the Executive Board of Achmea, Audit & Risk Committee and Supervisory Board, based on the independent role of the actuarial function;
- For Achmea International entities within the EEA, the actuarial function is implemented locally. Within Actuarial a senior manager has the role of Single Point of Contact for the Operating Companies.

B.7. OUTSOURCING

As mentioned in section B.1, Achmea has outsourced several internal operations. The main reasons for outsourcing are efficiency, specialisation or quality considerations of long-term services. The requirements imposed on internal outsourcing are in line with those applicable to external outsourcing. In addition to that, group relations should be considered in order to take advantage of synergy-elements within the Achmea-group. Procurement is a centralised staff department and supports the contracting of most of the COI and Standard outsourcing contracts in association with Legal Affairs. Achmea has a central administration of the contracts in place within the Procurement department.

Achmea has an outsourcing policy that applies to all Dutch legal entities, international entities and majority interests of Achmea. A distinction is made between Critical or Important Outsourced functions or processes (COI), standard outsourcing or no outsourcing. The policy applies to internal and external outsourcing. In 2022 this policy was updated with minor impact for the business. In 2023 the Digital Operational Resilience Act (DORA) will be implemented. This legislation will bring additional requirements regarding IT-security including outsourcing to IT-service providers.

For all outsourcings to service providers within the Achmea the following outsourcing policy is:
- Each Achmea process / activity which is intended to be outsourced has a contract owner and sourcing director. In consultation with Legal Affairs contracts are to be classified as: COI, Standard or Purchase;
- Depending on the classification, requirements are applicable to the outsourcing;
- An outsourcing goes through four phases: analysis, initiation, management and evaluation;
- In the analysis phase, a business case must be made, a risk assessment must be carried out and a service provider must be selected. In case of cloud/external hosting an extra risk assessment is mandatory;
- During the initiation phase, contract partners must agree on the contract, a Service Level Agreement and, if applicable of a security- and privacy agreement. In addition, in some cases a separate business continuity plan and an exit plan are mandatory;
- In the management and evaluation phase the above-mentioned contract agreements are to be monitored and evaluated on a regular basis.

B.8. ANY OTHER INFORMATION

The System of Governance is assessed periodically and if necessary adjustments are made. In particular, all policies of our risk management system are reviewed and adjusted if necessary at least once per year, with a view to every substantial change in the external environment or in the field that it pertains to.

SUSTAINABILITY

In Q4 of 2022, Achmea has published their first Climate Transition Plans.

The Climate Transition Plan describes the climate transition plan for Achmea, concerning the business operations, investments and financing, and the insurance business of the Dutch entities. Achmea Bank N.V. has also published their specific Climate Transition Plan.

Developments around Achmea are moving fast. There is a constant stream of new climate insights, new legislation and technological advances. Methods for measuring CO_2 and setting reduction targets are under development. Availability and quality of data is a challenge. The number and quality of available data are expected to improve in the coming years. This will create new insights that could lead Achmea to adjust targets and plans in the coming years. Achmea will therefore update these plans annually.

There is no other material information regarding our System of Governance that should be explicitly mentioned in this section.

C. RISK PROFILE

Quantitative Risk Profile

The Solvency Capital Requirement provides a quantification of the Risk Profile. For calculating the capital requirements, Achmea uses a Partial Internal Model (PIM). The following table provides a summary per insurance legal entity were PIM or SF is used.

PIM – SF

	MARKET RISK[A]	LIFE RISK	NON-LIFE RISK	HEATLH RISK	COUNTERPARTY DEFAULT RISK [C]	OPERATIONAL RISK
Achmea B.V.	PIM	SF	PIM	PIM	SF	SF
Achmea Pensioen- en Levensverzekeringen N.V.	PIM	SF	n.a.	n.a.	SF	SF
Achmea Zorgverzekeringen N.V and subsidiaries	SF	n.a.	n.a.	SF	SF	SF
Achmea Reinsurance Company N.V.	PIM	SF	PIM	SF	SF	SF
Achmea Schadeverzekeringen N.V.[(b)]	PIM	n.a.	PIM	PIM	SF	SF
N.V. Hagelunie	PIM	n.a.	PIM	n.a.	SF	SF
Interamerican Property & Casualty Insurance Company S.A.	SF	n.a.	PIM	SF	SF	SF
Interamerican Hellenic Life Insurance Company S.A.	SF	SF	n.a.	SF	SF	SF
Interamerican Assistance General Insurance Company S.A.	SF	n.a.	SF	SF	SF	SF
Union Poist'ovna A.S.	SF	SF	SF	SF	SF	SF
Eureko Sigorta A.S.	SF	n.a.	SF	n.a.	SF	SF

[a] For Interamerican Property & Casualty Insurance Company S.A. Market Risk is still determined by the Standard Formula. Inflation Risk is assessed on a stand-alone basis whether the Interest Rate Risk scenario has to be adjusted. If the assessment present a too significant deviation, a capital correction is added to the outcome of the Market Risk calculations.

[b] Within Achmea Schadeverzekeringen N.V. several insurance portfolios are classified in the Lines of Business Income Protection. This is also included in the Health NSLT section. For this Line of Business the Internal Model is used.

[c] Where a Partial Internal Model is used, the Risk mitigation effect within the Type 1 exposures are determined by reference to the outcomes of the PIM

The risk taxonomy as presented in the graph in chapter E.2.2 is used. Other Financial Service-entities (Achmea Bank N.V., Achmea Investment Management B.V., Syntrus Achmea Real Estate and Finance B.V,, Union Zdravotna Poist'ovna A.S. and Centraal Beheer PPI N.V.) are included in the Solvency II consolidation for Achmea Group based on their sectoral capital requirements. Achmea bank N.V. uses the Standardised approach.

C.1. UNDERWRITING RISK

For a description of Underwriting Risk, including Life Risk, Non-Life Risk and Health Risk, we refer to the Achmea Year Report 2022, section E Insurance Risk.

C.2. MARKET RISK

For a description of Market Risk, including Interest Rate Risk, Equity Risk, Property Risk, Spread Risk and Currency Risk, we refer to the Achmea Year Report 2022, section F Market Risk.

C.2.1. PRUDENT PERSON PRINCIPLE

Achmea complies with the prudent person principle as set out in the Solvency II regulation, which includes sustainability (ESG) requirements. Additionally, the Market Risk Policy and Counterparty Risk Policy contain principles on:
- investment plan;
- mandate asset managers;
- new asset classes or instruments;
- Derivatives;
- Asset classes without adequate benchmark.

In the prudent person principle, the Sustainability principles as mentioned by Achmea are applied. An exclusion list is maintained for countries and counterparties that do not adhere to our socially responsible investing policy.

C.2.2. INTEREST RATE RISK

The sensitivity of the solvency position under Solvency II to various changes in the underlying assumptions is included below.

SENSITIVITIES

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	9,195	4,410	209%	214%
Without Volatility Adjustment	8,996	5,506	163%	167%
Last liquid point 30 years	8,729	4,521	193%	177%

SENSITIVITIES INTEREST

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	9,195	4,410	209%	214%
Interest -100 bps	9,562	4,553	210%	213%
Interest +100 bps	8,995	4,335	208%	208%
Interest -50 bps	9,354	4,470	209%	214%
Interest +50 bps	9,086	4,379	207%	211%

C.2.3. EQUITY RISK

SENSITIVITIES EQUITY

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	9,195	4,410	209%	214%
Equity prices -20%	8,522	4,328	197%	204%

C.2.4. PROPERTY RISK

SENSITIVITIES PROPERTY

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	9,195	4,410	209%	214%
Property Prices - 20%	8,840	4,400	201%	207%

C.2.5. SPREAD RISK

SENSITIVITIES SPREAD

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO	SOLVENCY RATIO
	2022	2022	2022	2021
Baseline	9,195	4,410	209%	214%
All Spreads -50 bps	9,320	4,439	210%	219%
All Spreads +50 bps	9,135	4,375	209%	213%

SENSITIVITIES SPREAD

€ MILLION

	OWN FUNDS	
	2022	2021
Credit Spread excluding mortgage loans+50 bps	9,250	10,520
Mortgage loans -50 bps	9,480	10,648
Mortgage loans +50 bps	8,927	10,008
Spreads Government -50 bps	9,103	10,578
Spreads Government +50 bps	9,344	10,421

In Appendix 2, the relevant sensitivities per insurance legal entity are presented.

C.2.6. MARKET CONCENTRATION RISK

Market Concentration Risk is the risk of loss resulting from the lack of diversification in investments and liabilities for Market Risk or due to an increased sensitivity to bankruptcy of an individual counterparty or group of affiliated counterparties.

The balance sheet of Achmea does not comprise any material Market Concentration Risks above the thresholds as used by the Solvency II legislation.

C.2.7. LOAN PORTFOLIO

For detailed information on the loan portfolio reference is made to Chapter D.1.6. Under the Loan portfolio Achmea includes loans and mortgages provided to individuals and companies. The loan portfolio recognised on the Economic Balance Sheet is backing the cashflows of the Technical Provisions.

C.2.8. COLLATERAL ARRANGEMENT

Within Achmea all derivative transactions and the related collateral postings have to adhere to the requirements and restrictions of the Counterparty Risk Policy. This policy is frequently updated and in line with the current EMIR-regulation regulation (European Market Infrastructure Regulation).

Achmea uses two Central Counterparties (LCH Clearnet and Eurex Clearing AG) and their appointed banks as Clearing Members (Barclays, Deutsche Bank, BNP Paribas and J.P. Morgan. Achmea also has bilateral OTC-agreements (ISDA contracts including CSA's) in place with financial institutions. For further details on collateral management, see C.6.1. use of derivatives.

Concerning mortgage loans, Achmea receives residential property as collateral.

As part of the Liquidity Risk management Achmea assess the impact of (stressed) interest rate changes on the collateral requirements and subsequently on the liquidity position.

The total amount of collateral:

COLLATERAL

€ MILLION

	2022	2021
Collateral held	26,379	27,549
Collateral pledged	1,074	924

C.2.9. SECURITIES LENDING

In 2022, there were no changes in the security lending program of Achmea. The economic value of the lended securities decreased to € 3,254 million (2021: € 3,743 million). This was caused by 1) a lower market demand for government bonds, 2) the sale, according to the investment plan, of government bonds by Achmea (due to expansion in mortgages and credits). As a result of the sale of government bonds, Achmea share of the total lendable pool of government bonds with our agent lender BNY Mellon has declined. In addition, Achmea itself has also used more government bonds as collateral.

C.2.10. BORROWING TRANSACTIONS

In May 2022, Achmea Bank N.V. placed € 500 million in Soft Bullet Covered Bonds with a maturity of 7 years, maturing on 24 May 2029. The bonds are listed on the Euronext Amsterdam.

In November 2022, Achmea Bank N.V. placed € 500 million of Subordinated Green Notes with a maturity of 3 years, maturing on 29 November 2025. The bonds are listed on the Euronext Dublin, Ireland. The coupon is 3.625%.

On 28 February 2023, Achmea announced that it will call € 500 million Tier 2 capital securities issued in 2013 with a first call date on 4 April 2023. In November 2022 Achmea issued € 500 million senior debt to be able to have sufficient liquidity to enable this call.

Achmea did not enter into other new borrowing transactions in 2022.

C.2.11. OTHER MARKET RISKS

For the short term, no substantial other Market Risks identified within Achmea. In the medium- to longer term, uncertainties could exist regarding the consequences of climate change for the investment portfolio of Achmea. This includes both physical climate-related risks and transition risks. Transition Risk can cause unforeseen and unexpected volatility in the economic value of investments due to instantaneous disruptive policy decision emerge as a consequence of the energy transition and/or changing social attitudes especially if the affected companies do not adapt to the change in climate and the preferences of their clients.

Achmea monitors the markets in which they operate for sustainability issues.

C.3. COUNTERPARTY DEFAULT RISK

For a description of Credit Risk we refer to the Achmea Year Report 2022, section G Counterparty Default Risk.

Derivatives are described in more detail in section C.6.2. Use of derivatives.

C.4. LIQUIDITY RISK

For a description of Liquidity Risk we refer to the Achmea Annual Report 2022, section H Liquidity Risk.

Expected profits in future premiums

Expected profits in future premiums (EPIFP) is defined as that part of future premiums Achmea expects to obtain from the policyholders over the duration of the contracts which relates to the profit margin. If the policyholder lapses or discontinues the contractual relationship before maturity Achmea will not receive any of these profits. In principle the EPIFP exists only for those contracts which have a recurring premium over the duration of the contract.

EPIFP	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	402	447
Achmea Schadeverzekeringen N.V.	188	111
Achmea Zorgverzekeringen NV consolidated	260	92
Achmea Reinsurance Company N.V.	46	35
Interamerican Hellenic Life Insurance Company S.A.	19	26
Union Poist'ovna A.S.	25	15
Interamerican Property & Casualty Insurance Company S.A.	6	6
Eureko Sigorta A.S.	2	3
N.V. Hagelunie	4	2
Group EPIFP	952	737
EPIFP % Tier 1 EOF	**13%**	**9%**

€ MILLION

EPIFP PER MAJOR LINE OF BUSINESS	2022	2021
Other Life without options and guarantees	426	476
Fire and other damage	166	107
Medical Expenses	262	95
Other	98	59
Total EPIFP	**952**	**737**

€ MILLION

Within Achmea Pensioen- en Levensverzekeringen N.V., the EPIFP has decreased by € 45 million during the year 2022. Due to increased interest rates the value of the future profits decreased. The contribution to EPIFP is mostly due to the risk- and mortgage-products. The oldest products have the largest contribution to the EPIFP.

For Achmea Schadeverzekeringen N.V. the increase in EPIFP is caused by an increase in profitability and an increase in premium volume.

For the Dutch Health insurance entities the expected profitability improved in 2023 within the basic health insurance portfolio. Year-end 2021 the Dutch Health entities expected a future loss for accident year 2022.

Within Union Poist'ovna A.S. the development of the EPIFP includes the impact of the acquisition of Groupama Poist'ovna A.S. in Q3 2022.

Within Interamerican Hellenic Life Insurance Company S.A. the expected profitability of the insurance portfolio decreased due to lower expected operational results and changes in economic and non-economic assumptions.

C.5. OPERATIONAL RISK

For a description of Operational Risk we refer to the Achmea Year Report 2022, section I Operational Risk.

C.6. OTHER MATERIAL RISKS

KEY RISK THEMES IN 2022

As mentioned in paragraph B3, the Executive Board and the boards of OpCo's carry out an integral assessment of the most important risk themes using the annual Strategic Risk Analysis. These risks are characterised by their specific nature and can have a major impact if they were to materialise without any risk management measures having been taken.

Achmea monitors these risks closely, as part of the periodic monitoring of the Risk Profile and the annual ORSA (Own Risk and Solvency Assessment) report.

For more detailed information on Climate Risk, reference is made to the Annual report of 2022[13].

Achmea's Key Risk Themes for 2022 are described below:

STRATEGIC RISK

Sustainability

Explanation	Control Measures
Sustainability risks are related to all ESG factors (Environmental, Social and Governance) and affect Achmea as an insurer, Achmea as an investor and financier and to Achmea's own business operations. These risks can have a negative impact on the cost of claims and investment income, among other things. Achmea is also exposed to reputational risk when it fails to act quickly enough in the energy transition and when it is unable to meet its sustainability targets either partially or fully.	The initiatives geared towards achieving our sustainability and climate change objectives have been brought together in one central programme, 'Achmea Sustainable Together', ensuring completeness and consistency in the measures to be taken. A central project organisation and expert group support the operating companies. Risk control measures within the various operating companies include adjusting the product and service range, tightening premiums and conditions and also reinsurance. Achmea has applied a Socially Responsible Investment (SRI) policy in its investment business (including an exclusion policy) for quite some time. Achmea is actively working towards achieving CO_2-neutral business operations. From a risk management perspective, steps have been taken to identify sustainability risks in more detail and further incorporate control of these into the risk management system. As part of the annual Own Risk and Solvency Assessment (ORSA), qualitative and quantitative analyses on climate-related risks (including stress and scenario testing) were carried out for both the Group and individual insurance entities. The risk classification has also been adjusted, with sustainability risk being defined as a transversal risk (see under C.7. Any other information).

Future earnings model

Explanation	Control measures
In light of the decreasing size of the service book within the pension and life business, it is important that Achmea renews its processes and products/services in a timely manner such that future free cashflows remain at an adequate level. New developments include the introduction of new distribution, product and/or service models. In addition, there are general developments such as demographics, laws and regulations (such as the pension agreement), changing social views, but also macro-economic trends with potential impact on the earnings model.	There are various group-wide initiatives in the field of technology, customer service, proposition development and innovations. Achmea's focus and implementation power has been strengthened by setting up the new DIM (Distribution, Innovation and Brand) department. The objective is to increase synergy and efficiency, and to structurally increase Achmea's operating result. Within the group strategy, growth is pursued in particular within retirement services, Non-Life and international activities.

[13] Annual Report, Executive Board report, chapter 'objectives and results' paragraph 'Our approach to climate change'

Geopolitical developments and inflation	
Explanation	Control measures
Geopolitical trends and inflation can lead to lower returns on investments, higher claims, higher personnel costs and decreasing sales of new insurance policies and mortgages and payment arrears, with consequently a negative impact on the profitability and solvency margins of the insurance entities. The high rate of inflation in 2022 raises an important question as to the extent to which there is structurally higher inflation versus the ECB's target rate of 2%. Within Achmea, inflation is primarily reflected in higher wage costs and a higher cost of claims, deriving from both wage inflation and price inflation. A specific item of attention is Achmea's activities in Turkey, where inflation is currently extremely high.	Achmea is monitoring developments closely. Inflation Risk is managed by such means as expense measures, premium adjustments and product management. We support our customers wherever possible in preventing and solving payment difficulties, partly in collaboration with the other parties involved. The investment portfolio contains natural hedges because of the correlation to interest rates, equities, real estate and commodities. For the Dutch entities, Achmea makes no use of inflation-linked investment instruments due to the substantial basis risk (only partial correlation between the hedged inflation and inflation in our liabilities).
Distribution partners	
Explanation	Control measures
Achmea uses various distribution partners for the sale of its products, with Intermediaries and Rabobank being the key strategic distribution partners. There is a risk of Achmea losing market share as a result of a reduced partnership. Therefore, Achmea sees this collaboration as an important and integral part of its business model.	Mutual expectations are permanently aligned to successfully work together as parts of the common value chain. The development of products and services that match the desired sales of the distribution partners is actively pursued using modern channels with digital and personal interaction.
Increasing legislative and regulatory requirements and political developments	
Explanation	Control measures
Achmea has to deal with many laws and regulations. There is a risk that Achmea's business operations, earnings model and more specifically the solvency requirements will be affected by politics increasing requirements from laws and (tax) regulations and / or by organizing solidarity in society differently. This risk affects all Achmea product lines. In addition, Achmea is exposed to Reputational Risk when it fails to comply with (forthcoming) laws and regulations.	Since increasing legislative and regulatory requirements are closely monitored, necessary measures can be initiated in time. In 2022, continued attention was paid to the implementation of current legislation and regulations on sustainability and climate (including external reporting), as well as the implementation of accounting standards IFRS 9 and IFRS 17.
Tight labour market	
Explanation	Control measures
Tightness on the labour market can have a direct and an indirect impact. The direct impact is the risk of Achmea being unable to attract and retain the talent required for innovation and business continuity. This can disrupt services and lead to Achmea incurring extra expenses. Use of external capacity can only partially absorb the impact. The indirect impact relates to the risk to services provided by other parties in the supply chain, such as a shortage of medical personnel or employees at contractors or repair workshops.	Several initiatives have been started within Achmea in response to these developments. These include further developing the sourcing policy. Furthermore, there is a strong focus on Strategic Workforce Management and stimulating internal employee mobility. Through further investments in the area of our building block 'Expertise in data & digital', the efficiency of business processes will be further improved, among other things with the aim of reducing the required deployment of both own personnel and indirect personnel in the chain.

MARKET RISK

Financial markets

Explanation	Control measures
As a financial services provider, Achmea has a large exposure to the financial markets because of its investment portfolio, products with minimum guarantees and profit-sharing provisions. Due to (geo) political instability, global economic developments and decisions by financial authorities, volatility can arise in the financial markets with consequences for the valuation of our investments and liabilities. Market interest rates started to climb in 2022 following a long period of extremely low rates. This rise in interest rates is expected to have a beneficial impact on the long-term protection of policyholders, in the shorter-term there is pressure on capital positions for rating agencies, the IFRS Liability Adequacy Test and IFRS net income. Despite this upward trend, the risk of a period of long-term low interest rates remains relevant, as the possibility remains that the trend will reverse. A specific current issue is the risk of decrease in value of investments within our portfolio due to the energy transition.	This risk is controlled by the risk management measures as described in Achmea Year Report 2022, section F Market Risk.

UNDERWRITING RISK

Longevity Risk

Explanation	Control measures
Given the long-term nature of pension and life insurance contracts, Achmea is exposed to Longevity Risk. Life expectancy has been rising for a number of decades, for example as a result of breakthroughs in medical science and changing lifestyle habits. This is also visible in the life expectancy tables published by the Dutch Society of Actuaries and has an impact on the future pay-out pattern of the life and pension activities. Due to the decreasing size of our service-book, this risk will decrease over time.	Longevity Risk is managed through active product management to ensure diversification of the life insurance and pension portfolios.

Natural Catastrophe

Explanation	Control measures
The risk that volatility in underwriting results manifests itself in the Non-Life and income portfolio due to higher than currently expected (injury) claims and/or deviations from estimated disability and rehabilitation probabilities.	Control measures include model development, reinsurance and contingency plans. Regarding the Non-Life and incoming reinsurance portfolios, these risks are also taken into account in product development and pricing. Achmea has close contacts with the companies that develop the catastrophe models and with universities and the Royal Netherlands Meteorological Institute (KNMI). This ensures that climate change is closely measured and its impact evaluated.

Portfolio Risk Non-Life and Income

Explanation	Control measures
The risk that volatility in underwriting results manifests itself in the Non-Life and income portfolio due to higher than currently expected (injury) claims and/or deviations from estimated disability and rehabilitation probabilities.	Risks in the Non-Life portfolio are managed by, among other things, promoting preventive measures and optimising acceptance guidelines and reinsurance. Specifically for personal injury claims, a claims monitoring system has been set up and predictive models are being developed. For the income portfolio, specific attention is paid to claims management and developments in laws and regulations and case law. Part of the income portfolio is reinsured.
Health results and -portfolio	
Explanation	Control measures
The risk of large fluctuations in the health results and -portfolio, for example due to the many uncertainties surrounding COVID-19, including the amount of catch-up care, the specific arrangements made and long Covid-19 effects. For 2023, specific uncertainties include the impact of the abolition of the group discount, high inflation and changes to the risk equalisation system.	This risk is managed through the regular process of healthcare cost estimation and procurement, product management, services and specific management measures from the government such as the retrospective correction of total costs at macro level, entailing partial settlement with health insurers of the difference between the national budget and actual healthcare costs.

OPERATIONAL RISK

Cybercrime	
Explanation	Control measures
Cybercrime is an increasingly important social issue which is also becoming increasingly relevantfor Achmea. Cybercrime refers to the risk of material damage arising from, for example, loss of data or unauthorised data processing, prolonged disruption of business operations, and hardware disruptions as a result of inadequate security measures. There is also the risk of damage to Achmea's reputation as a result of social media incidents and/or loss or theft of privacy-sensitive data.	Through a specific cyber maturity model, the level of security is assessed, also involving scenario analyses. For control purposes, an Integral Security Approach has been implemented , with a strong focus on awareness and outsourcing. Achmea's reputation is continuously monitored.In addition, Achmea has taken out its own cyber-risk insurance. With information security and privacy management measures in the control framework, the main security and privacy risks are managed.
Duty of care	
Explanation	Control measures
The risk of Achmea having to pay out or reimburse more due to changing social developments and/or possible liability claims.	Achmea monitors customer feedback, social and legal trends with regard to the duty of care. Key areas of focus in terms of the duty of care are product development, periodic reviews, distribution forms, and advertising and website communications.

C.6.1. USE OF DERIVATIVES

Achmea makes use of interest rate derivatives (swaps and swaptions) for the mitigation of Interest Rate Risk. For the mitigation of Currency Risk, Achmea uses foreign exchange contracts.

Derivative transactions are only initiated with counterparties that meet Achmea's rating requirements and collateral requirements. ISDA master agreements (International Swaps and Derivative Association) are in place between Achmea entities and its derivative counterparties. The Counterparty Default Risk Policy defines collateral requirements that must be specified in the individually negotiated Credit Support Annexes (CSA).

Only ‘prime collateral’ is accepted, comprised of government bonds issued by highly rated countries and cash collateral in euros, US dollars, British pounds and Swiss francs. Independent valuation of derivatives, daily settlement of collateral and improved valuation adjustments related to remaining maturity of the collateral received, further reduces the Counterparty Default Risk.

C.6.2. USE OF REINSURANCE AND FINANCIAL MITIGATION TECHNIQUES

Achmea Reinsurance Company N.V.

Achmea Reinsurance Company N.V. (hereinafter Achmea Reinsurance) is the reinsurance company of the group. As Achmea’s reinsurance expert, Achmea Reinsurance has three roles: advisor, purchaser and risk carrier. Achmea Reinsurance provides reinsurance cover to the Dutch and foreign insurance entities within Achmea. Part of the reinsurance contracts are retroceded to the external reinsurance market. The reinsurance portfolio on behalf of third parties has been created in order to diversify Insurance Risk and to increase earnings for Achmea.

Achmea has a Reinsurance Policy which is part of the Group Policy framework. The Reinsurance policy contains an overview of all responsibilities regarding the reinsurance process. Within the reinsurance process for the external Non-Life Group Reinsurance program there are specific roles: the Dutch entities decide on the level of retention within their risk appetite and the Underwriting Committee of Achmea Reinsurance decides on the retention for Achmea Reinsurance. After approval by the Reinsurance Delegates Committee and the Executive Board respectively the Group Non-life reinsurance program is placed in the market. Given a close cooperation between Achmea Reinsurance and the reinsurance departments of the non-Dutch entities, Achmea Reinsurance participates in parts of their reinsurance programs as a risk carrier.

The Group Non-Life reinsurance program mainly consists of catastrophe excess-of-loss contracts and per risk excess-of-loss contracts. Individual risks that exceed the treaty limit of the ’per risk’ programmes are covered on a facultative basis.

Dutch insurance entities

In general, Achmea has a Reinsurance Policy which is part of the Group Policy framework. The Reinsurance policy contains an overview of all responsibilities regarding the reinsurance process. The Reinsurance policy and Reinsurance process also has a link to the Counterparty Risk Policy as the credit worthiness of reinsurance counterparties is monitored according to this policy.

Reinsurance is used to limit Mortality and Catastrophe Risk within the SCR for Life Underwriting Risk. Achmea Reinsurance has a quota-share agreement with Achmea Pensioen- en Levensverzekeringen N.V. Part of this quota-share is placed in the reinsurance market.

Reinsurance is used to limit the impact of weather-related events, natural disasters, major fires, large claims in general and motor third-party liability within the SCR for Non-Life Underwriting Risk. Part of the retention is maintained at Achmea Reinsurance.

For SLT Health Risk reinsurance is used to protect capital and earnings. Achmea Reinsurance has WIA quota-share and stop-loss excess of loss agreements with Achmea Schadeverzekeringen N.V., which are placed in the reinsurance market.

Foreign insurance entities

Reinsurance is used at all Achmea’s foreign insurance entities to mitigate Underwriting Risk, in particular for Non-Life Catastrophe Risk. The level of Non-Life Catastrophe Risk is determined annually by the Reinsurance committee of the foreign supervised undertaking in accordance with the minimum requirements specified in the local Reinsurance Policy and risk appetite Statements of the foreign supervised undertaking. Each foreign supervised undertaking has its own risk appetite Statement that sets the level of desired Underwriting Risk relative to other risk types. The credit worthiness of reinsurance counterparties is monitored according to the local Counterparty Risk Policy. Achmea Reinsurance Company N.V. has the possibility to take a small participation in some of the Non-Life catastrophe reinsurance programmes of the foreign insurance entities.

C.6.3. USE OF FUTURE ACTIONS

On 9 November 2021 DNB published a Q&A describing that individual disability products (AOV) under Solvency II should be treated as contracts with a long duration. In the guidance accompanying the Q&A DNB says that the interpretation of those guidelines will be in the scope of supervision from 2023 Q2. Based on current insights, implementation of adjustments can lead to implementation of Future Management Actions in the course of 2023.

Within the determination of the Loss-Absorbing Capacity of Deferred Taxes (LACDT), the various legal entities describe Future Management Actions. Based on the underlying scenarios which constitutes the LACDT-shock, senior management of the legal entities and Achmea are committed to include the following major Future Management Actions to recover the Solvency position (where deemed appropriate and necessary):
- Executing the Committed Credit Line arrangements;
- Providing excess liquidity to the entities in need of capital;
- Premium measures;
- Cost measures;
- De-risking of Market Risk;
- De-risking of Underwriting Risk.

Senior management has assessed the appropriateness, realism and availability of the measures in the circumstance of the specific hypothetical LACDT-shock and concluded the Future Management Actions to be fit for use and within the remits of Achmea in the case of the emergence of the combination of the underlying scenarios as described in the calculations of the LACDT.

C.6.4. SIGNIFICANT RISK CONCENTRATIONS WITHIN THE GROUP

The most important exposure (value of the exposure) by counterparty and by type of exposure outside the scope of the re/insurance group. Significant exposure is exposure that supersedes a threshold of 10% of the SCR of Achmea € 441 million (2021: € 485 million).

SIGNIFICANT RISK CONCENTRATIONS

€ MILLION

COUNTERPARTY	TYPE	EXPOSURE
Coöperatieve Rabobank U.A.		
	Assets – Bonds	3
	Assets – others	6,036
The Kingdom of The Netherlands		
	Assets – Bonds	1,735
	Assets – others	3,207
Bundesrepublik Deutschland		
	Assets – Bonds	542
Republique Francaise		
	Assets – Bonds	1,026
Total		12,548

The majority of our risk concentration is related to exposures in government bonds (the Netherlands and Germany) and Achmea's relationship with the Rabobank (mortgage saving products, distribution channel, and shareholder). For the mortgage saving insurance products, Achmea and the Rabobank agreed on so called Cession/retrocession and sub-participation contracts. The transactions ensured that policyholders of the mortgage saving insurance contracts are even better protected in adverse circumstances which would affect the Rabobank as a counterparty of Achmea Pensioen- en Levensverzekeringen N.V.

Based on our analysis the liabilities (insurance liabilities, by Achmea issued loans/debts, others) and off balance sheet items (contingent assets and/ or liabilities) have no significant exposure and are therefore not disclosed in this paragraph.

C.6.5. RISKS WITHIN THE OTHER FINANCIAL SERVICE ENTITIES

Achmea Bank identifies the following types of material risks:
- Solvency Risk: Solvency risk defines the risk that the Bank cannot meet maturing obligations because it has a negative net worth, causing the market to lose its confidence in the bank;
- Liquidity Risk: Liquidity Risk is defined as the risk that the bank fails to fulfil its short and long-term liabilities. This includes the risk that the bank is not able to attract funding with appropriate maturities or at appropriate interest rates and the risk that the bank fails to liquidate assets at a reasonable price or within a reasonable period of time;
- Credit Risk: Credit Risk is defined as the risk that a counterparty cannot (fully) meet its obligations to Achmea Bank and comprises Retail Credit Risk and the Credit Risk related to exposures to professional counterparties;
- Interest rate risk on banking book: Interest rate risk is the present or future risk of a decline in equity or income due to changes in market interest rates;
- Operational Risk: Operational risks are possible losses as a result of inadequate or defective internal processes and systems, inadequate or incorrect human actions or external events and fraud;
- Strategic Risk: Strategic Risk is defined as risk that affects an entity's vital interests or execution of chosen strategy, whether imposed by external threats or arising from flawed or poorly implemented strategy.

The material risks of Achmea Investment Management B.V.[14] are Operational Risk, Concentration Risk, Market Risk (indirect) and Claim Risk. The material risks of Syntrus Achmea Real Estate & Finance B.V.[15] are Solvency Risk, Liquidity Risk, Credit Risk, Market Risk, Concentration Risk, Operational Risk and Strategic Risk. The material risk of Centraal Beheer PPI N.V. is Operational Risk (IT-Risk). The material risks of Union Poist'ovňa A.S. are Underwriting Risk, Market Risk and Counterparty Default Risk.

C.7. ANY OTHER INFORMATION

Sustainability in the Risk Taxonomy

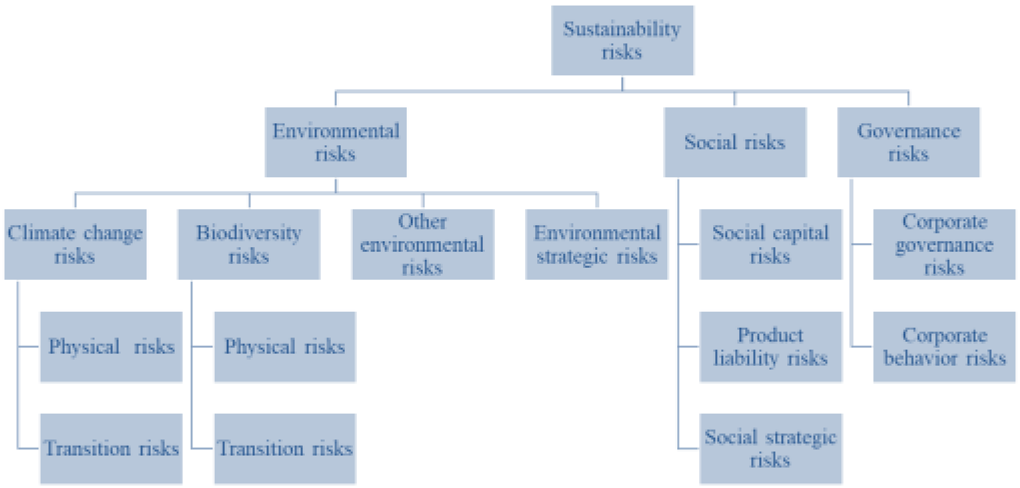
Achmea uses a risk taxonomy to govern all the quantitative and non-quantitative risks. As part of the adjustment to the Solvency legislation which came in force at 2 August 2022, Achmea has elaborated the risk taxonomy with Sustainability Risk.

Achmea recognises Sustainability Risk as a so called Transversal Risk. These are risks that manifest themselves through one or more of the risk types in the risk classification as identified by Achmea. Already identified Transversal Risks include Solvency Risk and Reputational Risk. For Sustainability Risk, Achmea has defined the following risk classification comprising Environmental, Social and Governance risks.

Sustainability Risk	Achmea is exposed to the risk of current or future negative effects of environmental (E), social (S) or governance (G) incidents or circumstances on Achmea, its counterparties, assets, investments, liabilities and operations.
Environmental Risk (E)	Achmea is exposed to the risk of current or future negative effects of environmental factors on its assets, acceptance and activities (including those caused by climate change or loss of biodiversity).
Social Risk (S)	Achmea is exposed to the risk of negative social implications in its direct or indirect treatment of different groups of stakeholders (society as a whole, communities and Achmea's employees). This can derive from the loss of social capital or product liability or failing to realise Achmea's social sustainability ambitions.
Governance Risk (G)	Achmea is exposed to the risk of negative governance effects as a result of the way in which Achmea and its value chain govern themselves through policy, processes and controls, e.g. by failing to monitor sustainability targets properly or not promoting a culture of sustainability.

[14] For more detailed information, reference is made to the Annual report 2022 of Achmea Investment Management B.V., Executive Board Report, Risk Management, page 18.
[15] For more detailed information, reference is made to the Annual report 2022 of Syntrus Achmea Real Estate & Finance B.V., Executive Board Report, Governance and Risk Management, page 29.

Sustainability Risk is further specified in more detailed categories. Note: As legislation and science do evolve, this taxonomy will also be subject to change.



In risk assessments both the overall risk classification and the specific risk classification for sustainability risk are used. An ESG risk assessment has been set up for Sustainability Risk, in which in addition to the ESG risk types, the risk type is identified in accordance with the overall classification.

D. VALUATION FOR SOLVENCY PURPOSES

CONSOLIDATED ECONOMIC BALANCE SHEET

The following Economic Balance Sheet information represents the entire Achmea Group including the legal entities consolidated by means of the sectoral requirements.

For detailed Economic Balance Sheet information for each Dutch legal entity, please refer to the public QRTs (for hyperlinks, see Appendix 1).

ECONOMIC BALANCE SHEET

€ MILLION

ASSETS	2022	2021
Intangible assets	0	0
Deferred Tax Assets	707	578
Property, plant & equipment held for own use	370	388
Investments (excl. Index Linked and Unit Linked funds)	36,468	43,911
Assets held for Index Linked and Unit Linked funds	7,615	9,520
Loans and mortgages	12,056	14,213
Reinsurance recoverables	674	625
Deposits to cedants	13	13
Insurance and intermediaries receivables	2,208	2,133
Reinsurance receivables	-1	5
Receivables	2,041	1,765
Own shares (held directly)	771	827
Cash and cash equivalents	790	569
Any other assets, not elsewhere shown	235	207
Total assets	**63,946**	**74,753**

ECONOMIC BALANCE SHEET

€ MILLION

LIABILITIES	2022	2021
Technical Provisions – Non-Life (excluding health)	3,849	3,861
Technical Provisions - health (similar to Non-Life)	5,261	4,640
Technical Provisions - health (similar to life)	2,226	2,806
Technical Provisions – life (excluding health and Index Linked and Unit Linked)	25,612	35,174
Technical Provisions – Index Linked and Unit Linked	7,133	8,777
Provisions other than Technical Provisions	87	95
Pension benefit obligations	780	860
Deposits from reinsurers	11	8
Deferred Tax Liabilities	24	47
Derivatives	3,911	1,087
Debts owed to credit institutions	2	11
Financial liabilities other than debts owed to credit institutions	1,344	888
Insurance & intermediaries payables	1,084	1,418
Reinsurance payables	39	35
Payables (trade, not insurance)	317	440
Subordinated liabilities in Basic Own Funds	1,899	2,088
Any other liabilities, not elsewhere shown	1,848	2,995
Total liabilities	**55,459**	**65,261**
Excess of assets over liabilities	**8,487**	**9,492**

D.1. ASSETS

D.1.1. KEY ASSUMPTIONS USED BY ACHMEA

Discount rate for non-insurance assets and non-insurance liabilities

Achmea uses the zero curve in order to calculate the economic value of non-insurance assets and non-insurance liabilities. The curve used for Solvency II purposes equals the curve used for IFRS purposes. The zero curve is derived from the Swap curve.

Achmea extrapolates after the last liquid point[16] by means of a constant 1-year forward and will base the zero rates on this forward rate.

D.1.2. INTANGIBLE ASSETS

Goodwill, deferred acquisition costs and intangible assets obtained by means of a business combination are valued at nil.

D.1.3. PROPERTY, PLANT AND EQUIPMENT HELD FOR OWN USE

Property for own use and Equipment are measured at their economic value. Achmea uses the values as reported in the IFRS Financial Statements as a proxy for the economic value. For more detailed information, Achmea refers to its Annual report of 2022[17].

Equipment and lease is measured at acquisition cost minus amortisation. Achmea assumes the amortisation amount to reflect the economic wear-down of the equipment in normal economic use.

PROPERTY, PLANT & EQUIPMENT FOR OWN USE — € MILLION

	2022	2021
Equipment and lease	61	59
Property for own use	309	329
Closing balance	370	388

EQUIPMENT AND LEASE (GEOGRAPHIC DISPERSION) — %.

	2022	2021
The Netherlands	71	83
Greece	11	11
Turkey	14	2
Slovakia	4	4
Total	100	100

In the Netherlands, Equipment has been recognised mainly in Ancillary Service Entities.

PROPERTY FOR OWN USE (GEOGRAPHIC DISPERSION) — %.

	2022	2021
The Netherlands	90	90
Greece	7	7
Turkey	2	2
Slovakia	1	1
Total	100	100

In the Netherlands, Property for own use has been recognised in Ancillary Service Entities, while in Turkey and Greece the Property for own use is recognised in the insurance entity.

[16] The Last Liquid Point is 50 years for the discount rate applicable to cashflows nominated in euro at the reference date.

[17] Annual Report – Financial Statements, note 15 Property for own use and equipment

D.1.4. INVESTMENTS

Achmea measures all investments at their economic value. The value is derived using the economic value hierarchy. Investments are either held directly or indirectly. Derivatives are shown for their net exposure including liabilities.

In section D4 more information on alternative valuation methods is explained including information on the economic value hierarchy for the major investment categories.

In the table below, the Investments (excluding Index Linked and Unit Linked funds) are recognised for an amount of € 32,556 million (2021: € 42,824 million). Derivatives are shown for their net balance (in the Economic Balance Sheet these are presented as separate assets € 5,345 million) (2021: € 6,569 million) and liabilities (€ 3,911 million) (2021:€ 1,087 million) where appropriate).

INVESTMENTS € MILLION

	PROPERTY (OTHER THAN FOR OWN USE) 2022	HOLDINGS IN RELATED UNDERTAKINGS 2022	EQUITIES 2022	BONDS 2022	COLLECTIVE INVESTMENTS UNDERTAKINGS 2022
Closing Balance	876	1,000	1,464	22,275	1,520

INVESTMENTS € MILLION

	DERIVATIVES (INCL LIABILITIES.) 2022	DEPOSITS 2022	OTHER 2022	TOTAL 2022	TOTAL 2021
Closing Balance	1,433	603	3,385	32,556	42,824

Investments have decreased with € 10,268 million. Increased interest rates in combination with portfolio developments resulted in a decrease in the economic value of the bonds (€ 5,548 million). The negative effect in changes in economic assumptions for bonds was € 3,869 million. Increased interest rates in combination with a change in the portfolio mix resulted in a decrease in the economic value of the interest rate derivatives (€ 4,049 million). The negative effect in changes in economic assumptions for derivatives was € 3,875 million.

The investments presented are recognised in the various insurance legal entities, Ancillary Service Entities and the Holding (excluding Intra-Group transactions). For an overview of the investments of the Dutch (re)insurance entities we refer to Appendix 4. A number of legal entities within Achmea Group disclose a Solvency and Financial Condition report. In Appendix 1 links to the individual reports are provided.

D.1.4.1. PROPERTY (OTHER THAN FOR OWN USE)

Achmea uses the property values as reported in the IFRS financial statements as a proxy for the economic value. Investment property which is still under construction and land are measured at their economic value.

Most (99%) of the direct property instruments are located in the Netherlands. Indirect property relates to exposure in investment funds and can be located anywhere in the world.

The table below presents the actual exposure to property based on a look-through basis.

PROPERTY (OTHER THAN FOR OWN USE) € MILLION

	2022	2021
Total direct Property	876	1,035
Total indirect Property	633	393
Total Investment Property	1,508	1,428

Direct investment property is recognised within Achmea Pensioen- en Levensverzekeringen N.V. (2022: € 841 million; 2021: € 988 million), Achmea Interne Diensten N.V. (2022: € 30 million;2021: € 33 million), Interamerican Greece (2022: € 5 million; 2021: € 11 million) and Achmea Zorgverzekeringen N.V. (2022: € 0 million; 2021: € 2 million).

D.1.4.2. HOLDINGS IN RELATED UNDERTAKINGS, INCLUDING PARTICIPATIONS

For Solvency II purposes, Achmea identifies the following 3 types of participations:
1. Subsidiaries which are legal entities subject to the Capital Requirement Directive (CRD IV), Institutions for Occupational Retirement Provisions legislation (IORP) or similar prudential legislation.
2. Participations where Achmea holds voting rights of more than 20% and less than 50%.
3. Other subsidiaries under the control of Achmea but which are not insurance or reinsurance entities, investment related undertakings or Ancillary Service Entities.

On the Economic Balance Sheet all these entities are presented in the balance sheet item Participations.

Participations are measured at their economic value using the economic value hierarchy. If no quoted price in an active market exists, the economic value will be derived by means of the ’adjusted equity method’. (The balance sheet is measured at their economic value following the Solvency II principles, Achmea uses their equity interest to derive the adjusted equity value). If Achmea is not able to derive the Economic Balance Sheet, it uses the net asset value as recognised under IFRS while zeroing goodwill and non-eligible intangible assets. The valuation of Participations in the first category is based on principles as laid down in the local sectoral prudential regimes.

In the solo entity Achmea Zorgverzekeringen N.V., investment exposures are managed in a specific legal entity. On the statutory Balance Sheet this is presented as a participation. In the Group Economic Balance Sheet this investment related entity is fully consolidated.

OTHER FINANCIAL ENTITIES

Achmea has control over the following entities which are governed by the CRD/CRR, IFD/IFR, IORP or similar (national) regimes. The valuation of these entities is based on their local sectoral valuation principles.

OTHER FINANCIAL ENTITIES

€ MILLION

	ASSET	LIABILITY	2022	2021
Syntrus Achmea Real Estate & Finance B.V.	65	11	54	47
Achmea Investment Management B.V.	68	16	53	44
Achmea Bank N.V.	13,931	13,155	776	779
Union Zdravotna Poist'ovna A.S.	215	172	43	48
Centraal Beheer PPI N.V.	15	1	13	0
Total Other Financial Service entities			938	918

The CRD/CRR, IFD/IFR, IORP or Similar legal entities increased in value in 2022 for an amount of € 20 million (2021: €- 53 million) due to an increase of the net asset value of these entities. Achmea acquired Centraal Beheer PPI N.V. formerly known as ABN AMRO Pensioeninstelling N.V.

PARTICIPATIONS

Achmea has significant influence over the following entities.

PARTICIPATIONS

€ MILLION

	SHARE %	STRATEGIC	2022	2021
Life Sciences Partners II B.V.	30	N	0	0
Health Innovation Fund I B.V.	35	N	0	0
Zorgmatch B.V.	50	Y	0	0
Grendel games B.V.	25	N	0	0
Laevo B.V.	-	N	0	0
Mofixx B.V.	45	N	0	0
Nextgen Ventures B.V.	25	N	2	1
On(t)roerend goed B.V.	25	N	0	0
PA Imaging Holding B.V.	28	N	0	0
Megatrust Olympic Business Consultants	20	N	0	0
De Vereende N.V.	20	Y	6	6
Catventures Games B.V.	50	N	0	0
Verheijen Resins Beheer B.V.	30	N	0	0
Land Life Company B.V.	21	N	8	0
Total Participations			16	8

Participations in which Achmea has significant influence increased in value for an amount of € 7 million. This is mainly a result of the investment in Land Life Company B.V. via the Achmea Innovation Fund.

OTHER SUBSIDIARIES

The participation is considered to be strategic if Achmea does not have the intention – based upon Investment Policy – to sell the participation in the near future, nor the market value showed less volatile movements compared to peer investments of the same risk type over the last years and the entities are included in the strategy of one or more insurance legal entities or Achmea Group. The strategic subsidiaries within The Netherlands are € 31 million and the non-strategic are €- 2 million. Within Canada the strategic subsidiary is € 14 million. The subsidiary in Turkey is strategic and within Ireland the subsidiary is non-strategic.

Achmea has control over subsidiaries in the following countries.

OTHER SUBSIDIARIES

	2022	2021
Other subsidiaries in I Netherlands	29	35
Other subsidiaries in Ireland	3	3
Other subsidiaries in Turkey	0	0
Other subsidiaries in Canada	14	13

Other subsidiaries decreased in value by an amount of € 5 million, mainly due to a decrease in value of Achmea Pensioenservices N.V.

D.1.4.3. EQUITY INVESTMENTS

The table below presents all financial instruments which are used as input to derive the capital requirement for Equity Risk. Achmea identifies the following categories:

1. Equity investments directly held;
2. Equity investments held within Collective Investment Undertakings which meet the criteria of the UCITS framework;
3. Participations, where the main risk driver is equity;
4. Equity derivatives, where the economic value is derived from its underlying assets which have an Equity type exposure;
5. Other, which comprises equity investment funds which do not meet the criteria of the UCITS framework.

The economic values for equities listed and unlisted in the table below reconcile with the values in the Economic Balance Sheet. The other categories are part of the line items Collective Investment Undertakings, Participations, Other subsidiaries and Other investments in the Economic Balance Sheet.

EQUITY INVESTMENTS

€ MILLION

	2022	2021
Equities	1,464	1,568
Equities, listed	1,341	1,450
Equities, unlisted	123	118
Equities in Investment Funds	624	544
Equity Participations	61	58
Equity Derivatives	-1	-0
Other	712	692
Total Equity Investments	**2,861**	**2,862**

The economic value of Equities listed and unlisted were affected by three factors in 2022:
- Decreased stock markets resulted in a negative revaluation amounting to € 181 million;
- Positive currency revaluation (effect € 13 million), is primary caused by the US dollar developments versus the Euro;
- Net balance of the recognition of new investments and derecognition of existing investments. The net balance amounted to € 65 million in accordance with the investment plan of Achmea

Investments in equities (listed and unlisted) are recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V. (2022: € 614 million; 2021: € 513 million), Achmea Zorgverzekeringen N.V. (2022: € 399 million; 2021: € 462 million), Achmea Schadeverzekeringen N.V. (2022: € 189 million; 2021: 302 million), Achmea Reinsurance Company N.V. (2022: € 98 million; 2021 € 123 million), Achmea B.V. (2022: € 47 million; 2021: 48 million), N.V. Hagelunie (2022: € 21 million; 2021: € 21 million) and Interamerican Greece (2022: € 12 million; 2021: € 14 million) and Eureko Sigorta A.S. (2022: € 1 million; 2021: 1 million).

Within the investment funds, exposure increased with € 80 million. This increase is primary caused by net recognition of € 179 million, decreasing stock markets resulting in a negative revaluation of € 99 million.

Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. invested in the Achmea IM Global Defensive Equity Fund (€ 59 million).

Equity participation increased with € 3 million, mainly due to Land Life Company B.V. The Achmea Innovation Fund has a significant minority interest in reforestation Land Life Company, making it the largest external investor in this company. With this, the Achmea fund supports Land Life Company's mission to help restore two billion hectares of degraded land worldwide.

The Non UCITS funds increased with € 20 million. This comprises mainly of negative effects due to changes in economic assumptions of € 87 million. In 2022, Achmea had a net recognition of € 107 million.

The categories Equities in Investment funds, Equity participations, Equity derivatives and Other will be discussed in their respective paragraphs.

Achmea uses foreign exchanges contracts for its hedging strategy to minimise the net currency exposure. These developments are discussed in the Derivatives section D.1.4.6.

D.1.4.4. BONDS

Bonds held by Achmea comprise three investment categories: government bonds, corporate bonds and collateralised securities.

BONDS

€ MILLION

	2022	2021
Government Bonds and related exposures	7,600	11,322
Corporate Bonds (including convertibles)	14,539	16,338
Collateralised Securities	137	163
Total Bonds	22,275	27,823

The economic value of the total bonds portfolio decreased with € 5,548 million in 2022. The decrease was caused by:
- A net derecognition of € 1,679 million. In accordance with the investment plan, a shift has taken place from government bonds to mortgage loans.
- Increasing interest rates (10-year German state +276 bps and 30-year +231 bps) and widening credit spreads (corporate index +72 bps, financials index +102 bps) had a negative effect of € 3,910 million.
- Positive foreign exchange results for € 41 million, mainly consisted of exposure in US dollar.

Investments in bonds are recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V. (2022: € 10,426 million; 2021: € 16,676 million), Achmea Schadeverzekeringen N.V. (2022: € 4,876 million; 2021 € 5,294 million), Achmea Zorgverzekeringen N.V. (2022: € 3,192 million; 2021: € 3,568 million), Achmea Reinsurance Company N.V. (2022: € 279 million; 2021: € 305 million), N.V. Hagelunie (2022: € 132 million; 2021: € 189 million), Achmea B.V. (2022: € 821 million; 2021: € 597 million), Interamerican Greece (2022: € 627 million; 2021: € 702 million), Eureko Sigorta A.S. (2022: € 67 million; 2021: € 33 million) and Union Zdravotná Poist'ovna A.S. (2022: € 93 million; 2021: € 111 million).

Achmea Pensioen- en Levensverzekeringen N.V. (€ 43 million) and Achmea Schadeverzekeringen N.V. (€ 22 million) have invested in the Achmea IM Green Bond Fund. Achmea Pensioen- en Levensverzekeringen N.V. (€ 44 million) and Achmea Schadeverzekeringen N.V. (€ 44 million) have invested in the Achmea IM Euro Corporate Bond Fund. Achmea Pensioen- en Levensverzekeringen N.V. (€ 51 million), N.V. Hagelunie (€ 6 million), Achmea Zorgverzekeringen N.V. (€ 16 million) and Achmea Reinsurance Company N.V. (€ 11 million) have invested in the Achmea IM Grondstoffen Fonds.

D.1.4.5. COLLECTIVE INVESTMENT UNDERTAKINGS

When determining the capital requirements for Market Risk, Achmea uses the 'look-through approach' as much as possible with respect to Collective Investment Undertakings (CIUs). The table below presents the classification of CIU's to its respective type.

COLLECTIVE INVESTMENT UNDERTAKINGS

€ MILLION

	2022	2021
Equity Funds	529	487
Debt Funds	263	266
Money Market Funds	11	0
Asset Allocation Funds	12	11
Real Estate Funds	633	393
Alternative Funds	0	0
Private Equity Funds	32	42
Infrastructure Funds	40	0
Other	0	3
Total Investment Funds	1,520	1,203

The underlying assets of the Equity Funds are mostly listed equity exposures (valuation hierarchy level 1). While stock prices change constantly whenever the markets are open, the net asset value of a mutual fund (which reflects the prices of whatever stocks it owns) is calculated only at the close of each business day. Equity funds comprised for € 431 million of Robeco QI Institutional Emerging Markets Enhanced Index fund.

The Debt Funds and Asset Allocation Funds are not daily quoted in an active market (valuation hierarchy level 2). The largest exposure is to M&G Active Euro Loan Fund (€ 263 million). Asset Allocation Funds where the underlying value is not quoted on a stock exchange (valuation hierarchy level 3). Asset Allocation Funds comprise of Triodos Microfinance Fund (€ 12 million).

The Real Estate Funds are reported as valuation hierarchy level 4. Real Estate Funds mainly comprise of several funds managed by Syntrus Achmea Real Estate & Finance B.V. (€ 597 million).

Private Equity Funds where the underlying value is not quoted on a stock exchange (valuation hierarchy level 3). Private Equity Funds mainly comprises of the LSP Health Economics Fund C.V. (€ 26 million).

The value of the CIUs increased with € 317 million in 2022. This attributable to portfolio developments of € 460 million. Revaluations within the CIU's were of €- 143 million.

Collective Investment Undertakings are recognised within the legal entities Achmea Pensioen- en Levensverzekeringen N.V. (2022: € 837 million; 2021: € 553 million), Achmea Schadeverzekeringen N.V. (2022: € 439 million; 2021: € 380 million), Achmea Zorgverzekeringen N.V. (2022: € 164 million: 2021: € 183 million), Achmea Reinsurance Company N.V. (2022: € 51 million; 2021: € 50 million), N.V. Hagelunie (2022: € 14 million; 2021: € 20 million), Interamerican Greece (2022: € 14 million; 2021: € 15 million) and Union Poist'ovna A.S. (2022: € 1 million; 2021: € 2 million).

D.1.4.6. DERIVATIVES

These instruments are valued at their economic value using the economic value hierarchy. Achmea holds derivatives for risk mitigation purposes.

The specification of the derivatives into the individual risk categories is as follows:

DERIVATIVES

€ MILLION

	2022		2021	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest Rate Derivatives	5,284	3,898	6,247	1,069
Currency Derivatives	57	7	8	18
Equity Derivatives	0	1	0	0
Credit Default Swaps	0	0	0	0
Other	3	5	315	0
Total Derivatives	5,345	3,911	6,569	1,087

The derivative portfolio is mainly held by the Dutch legal entities and for a small amount by the Greek legal entities. The interest rate derivatives are mainly held by Achmea Pensioen- en Levensverzekeringen N.V. for € 1,372 million which comprise plain vanilla interest rate swaps and swaptions. Net currency derivatives consists mainly of Achmea Pensioen- en Levensverzekeringen N.V. for € 32 million, Stichting Achmea Zorgverzekeringen Beleggingen for € 6 million and Achmea Schadeverzekeringen N.V. for € 9 million and Achmea Reinsurance Company N.V. for € 4 million. Currency derivatives and a large part of the interest derivatives are classified as valuation hierarchy level 2, since the valuation techniques are based on freely observable market inputs. Achmea owns interest rate and equity futures, which are presented under interest rate derivatives and equity derivatives respectively and are classified as fair value level 1, since these futures have a quoted price in an active market.

As part of the 'other' derivatives, Achmea includes the 'forward' parts of the mortgage saving insurance assets. This amounts to € 4 million.

In 2022, total net amount of derivatives (excluding collateral) decreased by an amount of € 4,048 million. This is mainly visible in interest rate derivatives. Increased interest rates in combination with a change in the portfolio mix (receivers and payers) led to a decrease in the value of the interest rate derivatives. This resulted in a negative effect in changes in economic assumptions (€ 4,555 million). Currency derivatives experienced negative revaluations mainly due to a stronger US dollar of € 88 million. Since the most of these contracts have a duration of three months, these positive revaluations are derecognised and caused an increase in the net market value of € 148 million. Due to increasing interest rates futures increased in value for € 773 million.

Achmea both has pledged and received collateral amounting to € 1,074 million and € 26,379 million respectively. A breakdown of the assets pledged/received is presented in the following table.

COLLATERAL

€ MILLION

	PLEDGED		RECEIVED	
	2022	2021	2022	2021
Cash	4	3	942	2,744
Government Bonds	1,070	921	3,243	5,579
Corporate Bonds	0	0	17	27
Equity Investments	0	0	835	910
Property	0	0	21,343	18,288 [a]
Total Collateral	1,074	924	26,379	27,549

[a] The comparative figures of 2021 are adjusted for € 4,355 million within the collateral for individual mortgages in the table above and the related tables in this paragraph.

COLLATERAL

€ MILLION

	PLEDGED		RECEIVED	
	2022	2021	2022	2021
On balance	4	3	941	2,744
Off balance	1,070	921	25,437	24,805 [a]
Total Collateral	1,074	924	26,379	27,549

Achmea and its counterparties receive and pledge collateral as assurance for the values on interest rate swaps, swaptions, futures, security lending, Oken (Canada RE) and loans and mortgages.

Achmea pledged € 1,070 million in government bond securities. The pledged collateral consists of Achmea Pensioen- en Levensverzekeringen N.V. (€ 1,067 million) and Achmea Schadeverzekeringen N.V. (€ 3 million). Achmea pledged an on-balance cash collateral of € 4 million. The pledged cash collateral consists of Achmea Schadeverzekeringen N.V. (€ 3 million) and Stichting Achmea Zorgverzekeringen Beleggingen (€ 1 million).

The on balance received cash collateral was € 941 million within Achmea Pensioen- en Levensverzekeringen N.V. and the off balance received cash collateral was € 0.3 million within Stichting Achmea Zorgverzekeringen Beleggingen.

In general, the total net collateral decreased from € 26,625 million in 2021 to € 25,305 million in 2022. The increase in the interest rates resulted a significant decrease in the received collateral (cash and Government bonds) related to cleared derivatives. In respect for the collateral received related to property, in 2021 the value of the collateral received was distorted by an error which resulted in a too low value being reported. The increase in received collateral in the mortgages portfolio is the result of the increase in the value of the residual property across the Netherlands.

The received off-balance collateral can be divided in the received collateral for the loans, mortgages (€ 18,677 million), security lending programme (€ 3,387 million), over-the-counter derivatives (€ 685 million), Rabobank savings (€ 2,666 million), reinsurance arrangements (€ 18 million) and for Friesland Campina (€ 5 million). The received collateral mainly consisted of Achmea Pensioen- en Levensverzekeringen N.V. (€ 21,445 million) and Achmea Schadeverzekeringen N.V. (€ 3,986 million).

D.1.4.7. DEPOSITS (OTHER THAN CASH EQUIVALENTS)

These assets are fixed income instruments where, given the short-term duration, the nominal value accumulated with accrued interest is deemed to be a good proxy for the economic value.

DEPOSITS - DURATION

€ MILLION

	2022	2021
Less than 1 month	113	200
Between 1 month and 3 months	65	188
Between 3 months and 1 year	18	18
More than 1 year	0	0
Other	408	518
Total Deposits	603	924

Achmea transfers the surplus on liquidities from insurance activities to short term deposits. Therefore, the exposure to deposits can deviate largely throughout the year. Exposure in deposits decreased with € 321 million due revaluations of €- 75 million and net recognition of €- 246 million.

As part of Other, Achmea has included the built-up/paid-in part of the mortgage saving assets where no guarantee is obtained from the counterparty. These are recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V. for € 408 million.

The other deposits are recognised within the legal entities Achmea Schadeverzekeringen N.V. (2022: € 15 million; 2021: € 15 million), Achmea Zorgverzekeringen N.V. (2022: € 31 million; 2021: € 195 million), Achmea B.V. (2022: € 74 million; 2021: € 75 million), Eureko Sigorta A.S. (2022: € 41 million; 2021: € 74 million), Interamerican Greece (2022: € 18 million; 2021: € 21 million) and Union Poist'ovna A.S. (2022: € 16 million; 2021: € 5 million).

DEPOSITS - MORTGAGE SAVING ASSETS

€ MILLION

	2022	2021
Rabobank	390	493
Achmea Bank	15	21
NIBC	3	3
Stater	1	1
Other	0	0
Total Other Deposits	408	518

The economic value is determined based on the expected cashflows discounted with the risk-free interest rate adjusted with a credit spread. The credit spread is based on the unsecured bond spreads of instruments with similar risk characteristics.

D.1.4.8. OTHER INVESTMENTS

Some investments are not readily classified into one of the categories mentioned above. For these exposures Achmea uses the category 'Other investments'.

OTHER INVESTMENTS

	2022	2021
Saving mortgage Rabobank U.A.	2,236	2,714
Saving mortgage Achmea Bank. N.V.	437	408
Non UCITS Investment Funds	712	692
Total Other Investments	3,385	3,813

Under Other investments, Achmea classifies the value of the 'Build-up part' related to mortgage saving products where Achmea has a (sub-) participation and where no look through is applied.

The Saving mortgage line items are recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V.

Achmea classifies investment funds which do not meet the UCITS criteria in the balance sheet item Other Investments.

Non-UCITS funds are recognised within the legal entities Achmea Pensioen- en Levensverzekeringen N.V. (2022: € 609 million; 2021: € 592 million), Achmea Schadeverzekeringen N.V. (2022: € 67 million; 2021: € 64 million), Eureko Sigorta A.S. (2022: € 17 million; 2021: € 16 million), Achmea Reinsurance Company N.V. (2022: € 16 million; 2021: € 14 million), Interamerican Property & Casualty Insurance Company Single Member S.A. (2022: € 2 million; 2021: € 2 million) and Achmea Zorgverzekeringen N.V. (2022: € 1 million; 2021: € 0 million).

D.1.5. ASSETS HELD FOR INDEX LINKED AND UNIT LINKED FUNDS

Investments backing linked liabilities comprise mainly investments funding Unit Linked life insurance policies and investments to cover obligations under policies where the benefits are Index Linked (performance linked contracts or 'Gesepareerde beleggingsdepots' (GBD)). Investments presented under this category have the specific feature that the Market Risks associated with them have impact on the policyholders and are not for risk of Achmea. The assessment should be made against the host insurance contracts (without assessing any additional options and guarantees).

ASSETS HELD FOR INDEX LINKED AND UNIT LINKED FUNDS

€ MILLION

	PROPERTY (OTHER THAN FOR OWN USE)	HOLDINGS IN RELATED UNDERTAKINGS	EQUITIES	BONDS	COLLECTIVE INVESTMENTS UNDERTAKINGS
Closing Balance	0	0	5,958	914	0

ASSETS HELD FOR INDEX LINKED AND UNIT LINKED FUNDS

€ MILLION

	DERIVATIVES	DEPOSITS	LOANS & MORTGAGES	OTHER	TOTAL 2022	TOTAL 2021
Closing Balance	108	234	0	399	7,615	9,520

Exposure of assets held for Index Linked and Unit Linked funds have decreased with € 1,905 million mainly due to negative revaluations of the Achmea IM funds due to the effect of decreasing stock markets and increasing interest rates of the underlying equity and fixed income securities.

ACHMEA PENSIOEN- EN LEVENSVERZEKERINGEN N.V.

€ MILLION.

	2022	2021
Achmea IM Funds management	5,939	7,594
GBD investments	1,097	1,219
Non UCITS equities	399	496
Closing balance	7,435	9,309

FOREIGN ENTITIES

€ MILLION.

	2022	2021
Equities	180	211
Closing balance	180	211

Interamerican Hellenic Life Insurance Company S.A. had in total investments in these categories for € 170 million (2021: € 207 million) and Union Poist'ovňa A.S. for € 10 million (2021: € 4 million), both invested in equities.

D.1.6. LOANS AND MORTGAGES

Loans and mortgages are valued at their economic value using the economic value hierarchy.

As part of the Mortgages to individuals, Achmea has included the mortgage saving products where Achmea has obtained a cession contract from the counterparty. Mortgage saving products where Achmea has obtained a cession contract resulting in mortgages transferred in the event the counterparty defaults, are presented as part of the Loans and Mortgages. The cashflows related to the built-up/already paid-in component are discounted using the risk-free interest rate. Following the look-through approach due to the cession contract, the counterparty of these assets are the individual policyholders. With respect to these policyholders, Achmea has similar insurance liabilities presented. The insurance policies are legally collateralised and additionally used to cover any default risk of the individual asset in excess of the mortgage value.

LOANS AND MORTGAGES

	2022	2021
Loans on policies	6	9
Loans and mortgages to individuals	10,772	12,795
Other Loans and Mortgages	1,278	1,409
Loans	1,274	1,405
Mortgages	0	0
Other	4	4
Total Loans and Mortgages	12,056	14,213

For an overview of the Loans and mortgages of the Dutch (re)insurance entities we refer to Appendix 4.

Achmea Pensioen- en Levensverzekeringen N.V. has € 11,119 million of the € 12,056 million in investments. This mainly consists of investments in loans and mortgages to individuals of € 9,855 million and other loans of € 1,264 million.

The mortgage loans are included for an amount of € 5,721 million in 'Investment Related Undertakings (IRU)' which are controlled by Achmea Pensioen- en Levensverzekeringen N.V. Achmea Pensioen- en Levensverzekeringen N.V. owns 95% of the mortgages within Achmea Woninghypotheken B.V. (€ 3,134 million), 100% of Achmea Woninghypotheken II B.V. (€ 2,080 million), 25% of Achmea Woninghypotheken III B.V. (€ 251 million) and 100% of Stichting Tellius Hypothekenfonds (€ 256 million).

The other mortgages portfolio to individuals from Achmea Pensioen- en Levensverzekeringen N.V. consist of two portfolios: CB Leef (€ 1.019 million) and mortgage saving products where Achmea Pensioen- en Levensverzekeringen N.V. has obtained a cession contract from the counterparty (€ 3,114 million).

The Loans and Mortgages of Achmea Schadeverzekeringen N.V. consist of € 917 million of Loans and Mortgages to individuals. The mortgage loans are included for an amount of € 917 million in 'Investment Related Undertakings (IRU)' which are controlled by Achmea Schadeverzekeringen N.V. Achmea Schadeverzekeringen N.V. owns 5% of the mortgages within Achmea Woninghypotheken B.V. (€ 165 million) and 75% of Achmea Woninghypotheken III B.V. (€ 752 million).

The loans portfolio comprises mainly the following components: senior real estate debt (€ 336 million, 2021: € 215 million), 'Waarborgfonds Sociale Woningbouw' (WSW) Loans (€ 716 million, 2021: € 1,055 million), ECA loans (€ 209 million, 2021: € 97 million) and Other loans (€ 23 million, 2021: € 51 million). WSW loans are investments in loans to housing associations guaranteed by WSW. The weighted average maturity date of the loans in the WSW portfolio is October 2041. The senior real estate debt and WSW loans are mainly held by Achmea Pensioen- en Levensverzekeringen N.V.

Criteria for impairing a mortgage loan are: arrears greater than four months in combination with economic mortgage loan value lower than nominal value. These criteria were applied and no significant impairments were processed.

The decrease in value of the mortgages portfolio to individuals is due to an overall increase in market interest rates and spreads. The discount rate has increased.

The weighted average coupon rate decreased slightly. Adjustment of the constant repayment rate to 4.48% (until 2022 Q3: 4.20%).

LOANS TO VALUE

€ MILLION	2022	2021
< 80%	7,237	8,374
80% - 100%	372	412
> 100%	48	36
Total	7,658	8,821

The amount of the Loans to value (LTV) reconciles with the mortgages to individuals excluding mortgage saving products where Achmea Pensioen- en Levensverzekeringen N.V. has obtained a cession contract from the counterparty (€ 3,114 million).

The LTV ratio expresses the ratio of a loan to the value of an asset purchased. The higher the ratio, the riskier the loan is for Achmea. In the table above only mortgage loans are included.

D.1.7. DEPOSITS TO CEDANTS

These instruments are valued at their economic value using the economic value hierarchy. These assets are not rated and are valued using a 'discounted cashflow' method using the discount rate for non-insurance assets and liabilities. This discount rate is adjusted with a credit spread based on either market observable information or prior published solvency ratios.

DEPOSITS TO CEDANTS

€ MILLION	2022	2021
Opening balance	13	5
Other	1	8
Closing balance	13	13

The deposits to cedants consist of Achmea Reinsurance Company N.V. and Achmea Schadeverzekeringen N.V.

D.1.8. RECEIVABLES

Receivables are measured at their economic value including the adjustment for expected default of the counterparty.

Receivables from direct insurance (policyholder receivables) which are not due are not included in Receivables as they are still included in the Best Estimate cashflows of the insurance obligations.

Under Other Achmea has included cash provided to counterparties as cash collateral. These assets are not directly on demand for Achmea.

RECEIVABLES

€ MILLION	2022	2021
Receivables from direct insurance	712	386
Receivables from salvage and subrogation	0	0
Contribution from Dutch Health insurance fund	1,573	1,792
Receivables on reinsurance	0	5
Investment receivables	276	87
Prepayments to healthcare providers	848	640
Receivables from healthcare providers	608	670
Other	232	323
Total	**4,248**	**3,903**

Receivables are recognised within all legal entities. For the main contribution to the receivables we refer to Appendix 4.

The contribution from the Dutch Health Insurances Fund includes the current account of Zorginstituut Nederland (ZIN). The current account ZIN mainly exists of the ex-ante budget contribution to be received from ZIN and the claims in relation to ZIN. The balance of these two items mainly concerns a timing difference: ZIN pays the budget spread over 24 months, while Achmea Zorgverzekeringen N.V. processes this in 12 months in the result and current financial account. With this chosen payment frequency ZIN is trying to follow the actual claims declaration flow.

Following the Solvency II principles, receivables are in principle discounted. However, receivables with a payment term less than three months are not discounted (proportionality reasons). This concerns the prepayments to hospitals, to mental healthcare institutions and other healthcare providers.

The paid amounts above contractual agreements with healthcare providers are presented as part of the receivables. These receivables are discounted with a duration that has been set at 3 years from the year in which the claim occurred.

In case of a negative net position, where the prepayments to healthcare providers are higher than the financial obligations, the prepayments should not only be discounted with the risk-free curve for the non-insurance assets, but a surcharge is calculated. The related prepayments are discounted with the risk-free curve for the non-insurance assets and a surcharge reflecting the adjustment for expected defaults is added.

The Other receivables are expected to be recovered within 3 months after reporting date. The current carrying amount is a reasonable approximation of the economic value.

Please note that the Reinsurance recoverables are described as part of the Technical Provisions.

D.1.9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of cash, bank balances and call deposits. This asset category is valued at the nominal amounts.

Cash provided as cash collateral is not included as part of Cash and cash equivalents but is included as Other receivables.

CASH AND CASH EQUIVALENTS

€ MILLION

	2022	2021
Cash and bank balances	790	569
Call deposits	0	0
Total	790	569

Cash and cash equivalents are mainly held with counterparties with an A / AA rating.

D.1.10. OWN SHARES

The valuation of the Own shares will be based on their economic value using the valuation hierarchy. For the shares of Achmea no quoted price in an active market is available.

Achmea has two types of shares: ordinary shares and preference shares.

Ordinary shares

Achmea will use the net adjusted equity value as the basis for the valuation of the Own shares. The adjusted equity value following the consolidated Balance Sheet from Achmea will be the basis (excluding subordinated liabilities). This basis will be recalculated to resemble 100% of the shares. Achmea's holding of the own shares will then be calculated. In this calculation, the economic value of the preference shares should be subtracted.

Preference shares

For the preference shares, Achmea will discount the expected dividend payments over the perpetual lifetime of the preference shares. The discount rate will be based on the swap curve adjusted with a relevant spread reflecting the risk of Achmea.

D.1.11. ANY OTHER ASSETS

All other asset balance sheet entries are presented under this heading. This includes Prepayments (not related to Investments or Investment property).

Other assets are measured at their economic value. Achmea considers the value as presented in the IFRS Financial Statements to be a good proxy for this economic value.

ANY OTHER ASSETS

€ MILLION

	2022	2021
Prepayments and accrued income	228	207
Other assets	7	1
Total	235	207

Prepayments and accrued income includes accrued commission costs. The term is less than one year.

Any other assets are recognised within all legal entities. For the main contribution to Any other assets we refer to Appendix 4.

D.2. TECHNICAL PROVISIONS

PARAMETERS SET BY EIOPA AND KEY ASSUMPTIONS USED BY ACHMEA

Basic risk-free interest rate term structure

When determining the Best Estimate of the (re-)insurance liabilities Achmea has to use the risk-free interest rate (RFR) as endorsed by the European Commission in an Implementing Act. This RFR is based on information as provided by EIOPA.

Achmea uses the following RFRs:

RISK-FREE INTEREST RATE

CURRENCY	CURVE	CREDIT RISK ADJUSTMENT	LAST LIQUID POINT	CONVERGENCE POINT	ULTIMATE FORWARD RATE
Euro	Swap	10 bps	20	60	3.45%
T lira	Swap	20 bps	9	60	5.50%
US dollar	Swap	10 bps	50	90	3.45%
UK pound	Swap	0 bps	30	70	3.45%

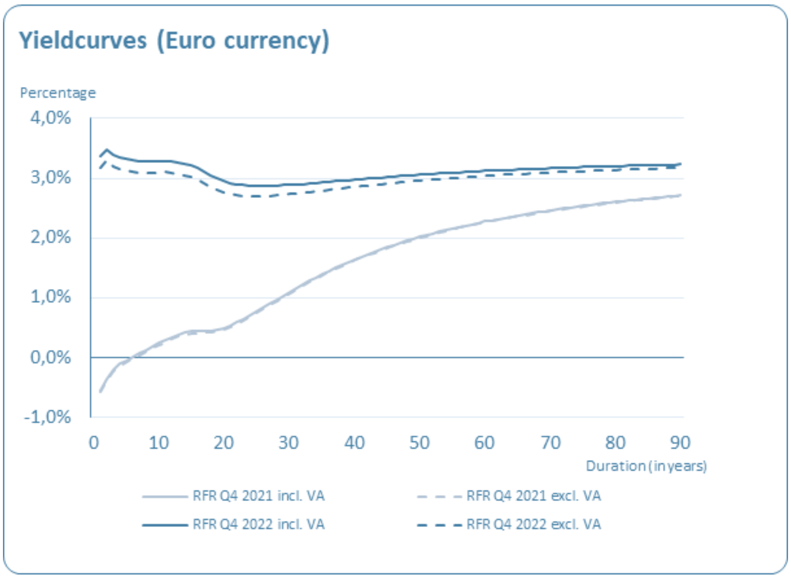
The methodology for deriving the relevant risk-free interest rate 2022 and the underlying assumptions have not changed compared with 2021 year-end. One of the major underlying assumptions is the use of the UFR. Currently, an UFR of 3.45% is used (2021: 3.60%).

Volatility Adjustment

Achmea uses the VA when determining the Best Estimate of several insurance portfolios stemming from underlying legal entities. The VA adjusts the relevant risk-free Interest Rate used by Achmea. Based on the Risk Profile, duration of Technical Provisions or proportionality reasons the VA is applied or not.

The VA for the euro at year-end was determined by EIOPA at 19 bps (2021: 3 bps).

Graphically the following discount rates were used for in Euro denominated Technical Provisions and directly related assets:



Risk Margin

The Risk Margin of the individual entities within Achmea is calculated by determining the cost of providing an amount of EOF equal to the SCR necessary to support the insurance and reinsurance obligations over the lifetime thereof. The rate used in the determination of the cost of providing that amount of EOF is called Cost-of-Capital rate. This rate is set at 6% by the Solvency II legislation. Within the individual entities the projection of the SCR is based on the 'approximation approach'. For this purpose, the entities use appropriate risk drivers like projected present values of future cash outflows (for portfolios with Longevity Risk), projected risk capitals (for portfolios with Mortality Risk) or premiums.

The Capital Requirement is calculated based on the relevant yield curve excluding VA. The Risk Margin of Achmea Group is equal to the sum of the Risk Margin of the individual legal entities before elimination of the intercompany positions.

BUSINESS SPECIFIC PARAMETERS AND ASSUMPTIONS USED

BEST ESTIMATE

Contract boundary

The contract boundary represents the end of the insurance contract based on an economic perspective. The contract boundary is that point in time where a changed Risk Profile of the insurance contracts can result in a change in premiums or benefits payable to the policyholder.

Health insurance contracts

For the Dutch Health insurance contracts, valued according to Non-Life actuarial techniques (NSLT), the contract boundary has been determined to be one year. Within the Health policies in Turkey the contract boundary is equal to the contractual end-date. For the Dutch Health contracts which are valued according to SLT techniques (SLT) the contract boundary is in general one year. The specific portfolio Self-Employed ('AOV') has the ability to use 'en bloc' clauses per end date of the contract. On 9 November 2021, DNB published a Q&A in which it addresses that individual disability insurances qualify as long-term contracts. DNB will take this amended interpretation of the Solvency II regulations into its supervision as from the 2023 Q2 quarterly statements.

To implement this change, in 2022, Achmea Schadeverzekeringen N.V. made a plan of how to translate the requirements to the underwriting systems and the (actuarial) Internal Models used in the Solvency II processes. Pro forma calculations for the modified treatment of individual disability insurance (AOV) products show a limited increase in solvency. The Solvency II capital would increase by approximately € 325 million to € 9,520 million and the Solvency Capital Requirement by approximately € 94 million to € 4,503 million. This impact has not been incorporated into the Solvency II ratio at year-end 2022. This would increase the solvency ratio by 2.9 percentage points

IMPACT CONTRACTBOUNDARY AOV SOLVENCY RATIO PARTIAL INTERNAL MODEL

€ MILLION

	CONTRACTBOUNDARY SHORT-TERM	CONTRACTBOUNDARY LONG-TERM	IMPACT CONTRACTBOUNDARY
Eligible Own Funds	9,195	9,520	325
Solvency Capital Requirement	4,410	4,503	94
Surplus	**4,785**	**5,017**	**231**
Ratio (%)	209%	211%	3%-pt

Non-life insurance contracts

For the Non-Life insurance contracts including SLT Health the majority of the contracts have a contract boundary of one year, besides a few specific exceptions in the Netherlands. For those insurance contracts the contractual maturity is used as contract boundary. The covers bundled with Motor policies in Greece have a clearly described duration. There are no commitments to extend the policy at a certain price. Within Marine (transportation) policies in Turkey single shipment policies insure a single shipment for the time shipment takes and the contract boundary is assumed to be three months.

Life insurance contracts

In general the contract maturity is used as contract boundary. For group contracts in the Netherlands the contract boundary restraint is used. Only the premiums until the end of contract date are taken into account in the calculations of the liabilities. Riders attached to the Life insurance host contract have generally the same duration as the host life insurance contract. For the Dutch mortgage saving life insurance product ('spaarhypotheken') the contract boundary will be derived by the terms and conditions as embedded in the contracts. The interest rate reset point will not act as a cut-off point for a Life insurance component to derive their specific contract boundary.

Unit Linked contracts

In general the contract maturity is used as contract boundary.

Life insurance and SLT health insurance: mortality tables

The Netherlands

For mortality / morbidity within Achmea Pensioen- en Levensverzekeringen N.V., the assumptions combine an assumption for general population mortality (AG2022 as published by the Dutch Royal Actuarial Association in September 2022) with an assumption for experience rate mortality to allow for different mortality in our own portfolio.

For all products the assumption for mortality experience rates are derived from the observations in our own portfolio.

Within Achmea Schadeverzekeringen N.V. the provision for periodic claim payments AOV, WIA and WAO is calculated on a case-by-case based cashflow method using mortality and recovery probabilities. For the WIA recovery probabilities and transition rates between WIA regimes, the 'Verbondsmodel 2019' is used, where the level of the rates is calibrated based on experience data of Achmea. The AOV recovery probabilities are entirely calibrated based on experience data of Achmea.

Greece

In Greece the mortality Best Estimate assumptions are derived by an investigation carried out separately for males and females for all ages, and for protection and saving business. The assumption is expressed as a percentage of the GR2005 tables. The mortality Best Estimate assumptions for Traditional and Unit Linked individual business are derived by an investigation carried out for the period 2006-2021. For Group business, the investigation has been carried out for the period 2006-2021.

Slovakia

On a regular basis Slovakia performs a mortality analysis by comparing the expected mortality and the actual mortality. The experienced mortality for the Union portfolio, which is based on the Slovak population mortality rates 1990-1994 or 1995-2003 depending on specific products, remained stable at 25% in 2022 (2021: 25%). For the former Poštová poisťovňa portfolio the expected mortality, based on Slovak population mortality rates 2012-2019, is unchanged in comparison to 2021:

- 50% (year 1-5), 80% (year 6+) for Traditional and Unit Linked insurance;
- 50% (year 1), 55% (year 2+) for Credit Protection Insurance (CPI);
- 50% for mortgages and other products.

Expense assumptions

The Netherlands

The basis for the expense assumptions of Achmea Pensioen- en Levensverzekeringen N.V. is the business plan for the period 2022-2025. The business plan was approved by the Board. The expense level of 2025 is the basis for the expense projection after the year 2025 for both Life and Pension products. An inflation curve is used.

The Best Estimate provision for claim handling expenses of Achmea Schadeverzekeringen N.V. is determined on the basis of the paid-to-paid methodology. This implies that the incurred claims handling per calendar year is expressed as a percentage of the claim payments. These are then multiplied by the provision for periodic claim payments.

Greece

The expenses used are based on the endorsed budget 2023, allowing for future expense inflation.

Slovakia

Expenses are split into back office and front office, where front office expenses (acquisition costs) are treated as initial costs and back office expenses (administration costs) as renewal costs. In 2022 a new allocation of costs within the company have been prepared by the finance department, which also considers the former Poštová poisťovňa portfolio. Hence, the expense assumptions have been updated for both Union and the Poštová poisťovňa portfolio. The expenses have decreased generally for most segments.

Turkey

The expenses are allocated to distribution channels, products and lines of business based on predefined allocation keys. The allocation keys per expense type are determined based on an allocation study. The allocation of the expenses are carried out on a quarterly basis.

Lapse assumptions

The Netherlands

The lapse assumptions used by Achmea Pensioen- en Levensverzekeringen N.V. are based on a yearly lapse investigation, which is carried out for the life products and for the pension products. The Lapse research is done on portfolio level. A distinction has been made between surrender, lapse and paid up. No relevant assumptions have been made about policyholder behaviour within Achmea Zorgverzekeringen N.V. Every policyholder (and Achmea Zorgverzekeringen N.V.) is basically bound by its contract until year-end. The exceptions (e.g. due to death or movement to a foreign country) lead to a lapse that is negligible.

Greece

The lapse assumptions are determined by taking into account the previous years' experience and the management expectations according to the latest business plan. The most recent lapse study is used (30 April 2022). The assumptions are determined per homogeneous risk group or per product where appropriate.

Slovakia

Union calculates lapse rates on a quarterly basis. Calculation is segmented into contract type – frequency of premium – distribution channel combination. Lapse rates in a first, second and third policy year are based respectively on the last 4, 5 and 6 years' experience. For all other policy years (4+) all historical data are used. Single premium contracts have an exception due to low volume. All historical data is used also for [a] 1st t[o] 3rd policy year and for other policy years there is just one lapse rate calculated; it is a weighted average of lapse rates in remaining years (4+). This is to avoid high fluctuation in higher policy years.

Turkey

The lapse assumptions are based on the annual business plan and the previous year's lapse experience.

Inflation assumptions

The Netherlands

Achmea Pensioen- en Levensverzekeringen N.V. uses an inflation curve to project the expenses in the Technical Provision. At the end of 2022, an inflation rate curve based on the Dutch price inflation is used, adjusted with -0.1%. The adjustment is a fixed charge for the difference between Dutch and European inflation and is based on the historical difference in de last 20 years. Achmea Pensioen- en Levensverzekeringen N.V. follows the theory that wage inflation consists of price inflation and a correction for labour productivity growth. The correction is based on the assumption that since this century, wage developments have been structurally lagging behind labour productivity growth. It is estimated that approximately 75% of the expenses are wage-related and that only a part of the intended benefit can be realised. The inflation curve includes a UFIR of 2.0% (ECB target) and is adjusted with a correction for Dutch inflation and a correction for labour productivity growth. The inflation curve, Achmea Pensioen- en Levensverzekeringen N.V. uses, will develop to 1.9% (2.0% + 0.1% - 0.2%).

Achmea Schadeverzekeringen N.V. changed the methodology for deriving Non-Life cashflows using ‘historic inflation correction curves’. Previously this was derived from the IFRS Liability Adequacy Test calculation based on explicit inflation. The IFRS LAT expires with the introduction of IFRS17. On the resulting cashflows, the actual inflation curves are applied. That part of the process is unchanged. A second change is the methodology for deriving inflation curves for the expected future inflation. In 2022 Achmea Schadeverzekeringen N.V. changed the inflation assumption methodology in line with Achmea Pensioen- en Levensverzekeringen N.V.

Greece

For long-term hospitalisation products an excess inflation on top of the Best Estimate medical inflation assumption is taken into account for the business plan years to reflect the high inflation environment. The inflation rate applied to future maintenance expenses per policy is determined by the EUR Inflation swap based on Eurostat as published by Bloomberg. A country margin and a salary margin have been applied. The EUR inflation swap is updated quarterly and the margins annually.

Slovakia

The expense inflation assumption has been changed during the year 2022. Instead of a flat rate an inflation curve is being used. This takes into account the recent spike in inflation as well as the long-term expectations. Although the inflation assumption for the nearest years has increased in long-term it has decreased (2022: 10.42%; 3.84% for 2023 -2025 and 2.82% afterwards). In 2021, a flat rate of 3.64% has been used.

D.2.1. TECHNICAL PROVISIONS ACHMEA GROUP

In the following table the gross Technical Provisions of Achmea Group are presented, including a specification to the several entities within the Group. The gross Technical Provisions are excluding intercompany positions with the exception of the Risk Margin.

TECHNICAL PROVISIONS ACHMEA GROUP (EXCLUDING INTERCOMPANY)

€ MILLION

	BEST ESTIMATE	RISK MARGIN	GROSS TECHNICAL PROVISIONS	REINSURANCE RECOVERABLES	NET TECHNICAL PROVISIONS
Achmea Pensioen- en Levensverzekeringen N.V.	31,356	955	32,311	52	32,259
Achmea Schadeverzekeringen N.V.	5,347	145	5,491	92	5,399
N.V. Hagelunie	77	4	81	-0	81
Achmea Reinsurance Company N.V.	94	38	132	282	-150
Achmea Zorgverzekeringen N.V.	91	14	105	0	105
Zilveren Kruis Zorgverzekeringen N.V.	3,641	114	3,755	0	3,755
FBTO Zorgverzekeringen N.V.	275	9	284	0	284
Interpolis Zorgverzekeringen N.V.	180	6	185	0	185
De Friesland Zorgverzekeraar N.V.	549	16	565	0	565
Union Po’st'ovna A.S.	111	7	118	4	113
Eureko Sigorta A.S.	295	18	312	216	96
Interamerican Hellenic Life Insurance Company S.A.	470	17	487	0	487
Interamerican Assistance General Insurance Company S.A.	6	1	6	0	6
Interamerican Property & Casualty Insurance Company S.A.	237	9	246	27	219
Total	**42,729**	**1,352**	**44,081**	**674**	**43,407**

D.2.2. TECHNICAL PROVISIONS NON-LIFE (EXCLUDING HEALTH)

TECHNICAL PROVISIONS – NON-LIFE (EXCL. HEALTH)

€ MILLION

	2022	2021	Δ
Best Estimate	3,679	3,681	-2
Risk Margin	169	180	-10
Total Gross Technical Provisions	3,849	3,861	-13

BEST ESTIMATE NON-LIFE (EXCL. HEALTH)

€ MILLION

	2022	2021	Δ
Gross Best Estimate Premium provision	320	370	-49
Gross Best Estimate Claim provision	3,359	3,312	47
Total Best Estimate Non-Life	3,679	3,681	-2

The decrease of the Best Estimate of € 2 million is mainly due to developments within Achmea Schadeverzekeringen N.V. (€- 130 million)), N.V. Hagelunie (€ 12 million), Achmea Reinsurance Company N.V. (€ 25 million) and Eureko Sigorta A.S. (€ 90 million).

The decrease within the Best Estimate of Achmea Schadeverzekeringen N.V. is due to a decrease in Premium provision of € 91 million and in Claim provision (€ 39 million). The Premium provision decreased mainly due to the existing business. In all Lines of Business the volume of profitable existing business yet to be invoiced and recognised business increased with an expected lower combined ratio. The Lines of Business' Motor Vehicle Liability and Fire are the most dominant Lines of Business. The decrease in Claim provision is mainly in Motor Vehicle Liability and General Liability Line of Business due to the increased yield curve. This effect is partly compensated by an increase in the bodily injury Claim provisions. Within Fire and Motor Other the Claim provision increased due to the increased inflation and the delay in the payment of claims from the February 2022 storm. The increase within N.V. Hagelunie is also due to the February storm.

The increase of € 25 million at Achmea Reinsurance Company N.V. is mainly due to accepted (Group) reinsurance for Property (proportional and non-proportional). This includes an increase due to the February 2022 storm and several natural disasters such as hurricanes and droughts. The impact of the increased yield curve is €- 15 million. Especially the long-tail claims such as bodily injury are interest-sensitive.

The increase within Eureko Sigorta A.S. is mainly due to decrease of the local yield curve, currency effects, inflation effects and significant growth of the insurance portfolio.

The decrease in Risk Margin is caused by Achmea Schadeverzekeringen N.V. (€- 1.4 million), Achmea Reinsurance Company N.V.

(€- 2.7 million), Eureko Sigorta A.S. (€- 5.7 million) and Interamerican Greece (€- 1.8 million) in line with the underlying risks.

D.2.3. TECHNICAL PROVISIONS HEALTH NSLT

TECHNICAL PROVISIONS – HEALTH (NSLT)

€ MILLION

	2022	2021	Δ
Best Estimate	5,095	4,462	632
Risk Margin	167	178	-11
Total Gross Technical Provisions	5,261	4,640	621

BEST ESTIMATE HEALTH NLST

€ MILLION

	2022	2021	Δ
Gross Best Estimate Premium provision	738	1,039	-301
Gross Claim provision	4,357	3,423	933
Total Best Estimate Health NSLT	5,095	4,462	632

The Best Estimate Premium provision consists mainly of the amount of premium paid in advance and the expected result for the coming period of the Dutch Health insurance entities. The Best Estimate Premium provision decreased due to a change from an expected future loss ultimo 2021 (for accident year 2022) to an expected future profit ultimo 2022 (for accident year 2023). The amount of premium paid in advance increased in 2022. Within Achmea Schadeverzekeringen N.V. the Premium provision decreased slightly. The combined ratio of the recognised business especially the absenteeism portfolio is expected to improve. The increased volume and the improved combined ratio lead to a lower Premium provision.

The Best Estimate Claim provision increased mainly caused by developments within the Dutch Health insurance entities (€ 955 million). The ex-post receivables are treated as part of the Best Estimate and as such increase the Best Estimate Claim provision. For FYR 2022 the amount of ex post was € 93 million, compared to € 595 million for FYR 2021. This was mostly due to received contributions from the catastrophe regulation for Covid-19 and the latest recalibration of the policies of the catastrophe regulation of September 2022, which were netted with the Claim provision previously. It further includes the impact of the solidarity arrangements 2020 and 2021 and the final settlement for the handling of international healthcare costs from 'Centraal Administratie Kantoor'.

The Best Estimate Claim provision also increased because the total claim amount for accident year 2022 was higher than that for accident year 2021 due to an increase in the number of insured by 6.6% and an increase in the healthcare costs per insured in 2022 (mainly because the mental healthcare had a one-off decrease in the total costs for accident year 2021, due to a new funding system per 2022). Due to technical issues with the new funding system on the side of the mental healthcare providers, a large amount of bills cannot be invoiced yet.

The remaining development in Claim provision is caused by Achmea Schadeverzekeringen N.V. (€- 32 million) and Interamerican Hellenic Life Insurance Company S.A. (€ 10 million). The decrease within Achmea Schadeverzekeringen N.V. is mainly due to reassessment of the mortgage protection portfolio, absenteeism portfolio and accident portfolio. The increased discount rate led to a decrease of the provision. Especially the bodily injury claims are interest-sensitive due to their long duration. But the reassessment of this Motor Personal Indemnity portfolio ('Schade Verzekering Inzittenden') portfolio leads to an increase of the Claim provision. The expected claims related to the absenteeism portfolio is higher due to longer duration of absenteeism which is compensated by the reassessment of the Covid-19 provision. The higher than expected claims relating to bodily injury claims are totally compensated by the reassessment of Best Estimate Claim provision of the other health NSLT portfolios. The increase within Interamerican Hellenic Life Insurance Company S.A. is due to growth of the portfolio.

The Risk Margin decreased in 2022 by € 11 million and is due to the decrease within the Dutch Health insurance entities (€- 7 million) and Achmea Schadeverzekeringen N.V. (€- 4 million). The main driver for the decrease of the Risk Margin is the increase of the yield curve.

D.2.4. TECHNICAL PROVISIONS HEALTH SLT

TECHNICAL PROVISIONS – HEALTH (SLT)

€ MILLION

	2022	2021	Δ
Best Estimate	2,181	2,738	-557
Risk Margin	44	67	-23
Total Gross Technical Provisions	2,226	2,806	-580

The Best Estimate Health SLT of Achmea Group decreased € 438 million due to the increase in the yield curve in 2022. The SLT portfolio within Achmea Schadeverzekeringen N.V. is interest-sensitive due to the durations of the disability (AOV) insurance portfolio (€- 410 million). The remaining impact is caused by Achmea Reinsurance Company N.V. (€- 19 million) and Interamerican Hellenic Life Insurance Company S.A. (€- 9 million). The yield curve effect is partly offset by the increased inflation curve. The remaining impact is mainly caused by portfolio developments within Achmea Schadeverzekeringen N.V. (€- 107 million).

The Risk Margin decreased due to Achmea Schadeverzekeringen N.V. and Achmea Reinsurance Company N.V. in line with the decrease in the underlying capital requirements. The impact within the other entities was not material.

D.2.5. TECHNICAL PROVISIONS LIFE

TECHNICAL PROVISIONS – LIFE (EXCL. HEALTH AND UNIT LINKED)

€ MILLION

	2022	2021	Δ
Best Estimate	24,671	33,575	-8,904
Risk Margin	941	1,599	-658
Total Gross Technical Provisions	25,612	35,174	-9,562

The Best Estimate decreased by € 7,614 million due to the change in economic assumptions. This includes the impact of the increased yield curve, the adjustment of the UFR from 3.60% to 3.45% and the changes in volatilities, which have an impact on the Time Value of Options and Guarantees (TVOG).

The change in non-economic assumptions had an effect of € 232 million and include changes in mortality, lapse, expense and investment expense assumptions. The change was mainly caused by changes of mortality assumptions (€ 101 million), increased inflation (€ 97 million) and increased expense assumptions (€ 13 million). Lapse assumptions were updated, leading to an increase in the Best Estimate of € 4 million. The investment expense assumptions increased and led to an increase of the Best Estimate with € 16 million.

The Best Estimate increased by an amount of € 36 million due to model changes mainly caused by methodological changes in the valuation of the Dutch mortgage saving life insurance product (‘spaarhypotheken’). Besides this there was a change in the calculation of the expense inflation and there were improvements in the valuation models.

The remaining decrease is mainly caused by the developments within the closed book portfolio of Achmea Pensioen- en Levensverzekeringen N.V.

The Risk Margin for the traditional Life portfolio decreased and was caused by developments within Achmea Pensioen- en Levensverzekeringen N.V. (€- 654 million) and Interamerican Hellenic Life Insurance Company S.A. (€- 4 million). The decrease is mainly due to the increase of the yield curve and the impact of the closed book portfolio.

D.2.6. REINSURANCE RECOVERABLES

D.2.6.1. REINSURANCE RECOVERABLES NON-LIFE (EXCLUDING HEALTH)

REINSURANCE RECOVERABLES – NON-LIFE (EXCL. HEALTH)

€ MILLION

	2022	2021	Δ
Recoverables Reinsurance Premium provision	102	101	1
Recoverables Reinsurance Claim provision	304	193	111
Total Reinsurance Recoverables Non-Life	405	294	112

The increase of the Best Estimate is mainly caused by the developments within Achmea Reinsurance Company N.V. and Eureko Sigorta A.S. due to portfolio developments (€ 91 million) and changes in economic assumptions (€ 15 million). The effect of changes in economic assumptions refers to the overall effect of the change of the yield curve and currency effects within Eureko Sigorta A.S.

D.2.6.2. REINSURANCE RECOVERABLES HEALTH (NSLT)

REINSURANCE RECOVERABLES HEALTH (NLST)

€ MILLION

	2022	2021	Δ
Recoverables Reinsurance Premium provision	2	1	0
Recoverables Reinsurance Claim provision	-0	1	-1
Total Reinsurance Recoverables Health NSLT	2	2	-0

D.2.6.3. REINSURANCE RECOVERABLES - HEALTH (SLT)

REINSURANCE RECOVERABLES HEALTH (SLT)

€ MILLION

	2022	2021
Closing Balance	207	250

The decrease was mainly due to the increase of the yield curve. This effect is partly compensated by the annual growth of the WGA/WIA contract.

D.2.6.4. REINSURANCE RECOVERABLES - LIFE (EXCLUDING INDEX AND UNIT LINKED)

REINSURANCE RECOVERABLES LIFE (EXCL. INDEX AND UNIT LINKED)

€ MILLION

	2022	2021
Closing Balance	60	80

D.2.7. TECHNICAL PROVISIONS EXCLUDING THE VOLATILITY ADJUSTMENT

Achmea Group uses the VA when determining the Best Estimate of the insurance contracts. For the Technical Provisions of the following legal entities the VA is not applied:

- The Dutch Health insurance entities;
- Achmea Reinsurance Company N.V.;
- Interamerican Assistance General Insurance Company S.A.;
- Eureko Sigorta A.S.

Year-end 2022, a VA of 19 bps (2021: 3 bps) has been used. The Solvency II Regulation does not allow the VA to be used in Turkey.

Not using the VA results in a higher Best Estimate due to a higher present value of cashflows, especially in the case of the long-tail liabilities (Life excluding Index Linked and Unit Linked). The VA is not used when determining the Risk Margin.

IMPACT OF VOLATILITY ADJUSTMENT ON TECHNICAL PROVISIONS (GROSS)

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VOLATILITY ADJUSTMENT	IMPACT VA
Technical Provisions (gross)	44,081	44,604	-523
Technical Provisions - Non-Life (excluding Health)	3,849	3,866	-18
Technical Provisions - Health (similar to Non-Life)	5,261	5,262	-1
Technical Provisions - Health (similar to Life)	2,226	2,251	-26
Technical Provisions - Life (excluding Health and Index Linked and Unit Linked)	25,612	26,083	-471
Technical Provisions - Index Linked and Unit Linked	7,133	7,141	-8

IMPACT OF VOLATILITY ADJUSTMENT ON RECOVERABLES FROM REINSURANCE

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VOLATILITY ADJUSTMENT	IMPACT VA
Recoverables from Reinsurance	674	678	-4
Technical Provisions - Non-Life (excluding Health)	405	406	-1
Technical Provisions - Health (similar to Non-Life)	2	2	-0
Technical Provisions - Health (similar to Life)	207	210	-3
Technical Provisions - Life (excluding Health and Index Linked and Unit Linked)	60	60	-0
Technical Provisions - Index Linked and Unit Linked	0	0	0

IMPACT OF VOLATILITY ADJUSTMENT ON TECHNICAL PROVISIONS MINUS RECOVERABLES FROM REINSURANCE

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VOLATILITY ADJUSTMENT	IMPACT VA
Technical Provisions minus Recoverables from Reinsurance	43,407	43,926	-519
Technical Provisions – Non-life (excluding Health)	3,443	3,461	-17
Technical Provisions - Health (similar to Non-Life)	5,259	5,261	-1
Technical Provisions - Health (similar to Life)	2,019	2,041	-23
Technical Provisions – Life (excluding Health and Index Linked and Unit Linked)	25,552	26,023	-470
Technical Provisions – Index Linked and Unit Linked	7,133	7,141	-8

D.3. OTHER LIABILITIES

D.3.1. TECHNICAL PROVISIONS - INDEX LINKED AND UNIT LINKED

TECHNICAL PROVISIONS - INDEX LINKED AND UNIT LINKED

TECHNICAL PROVISIONS – INDEX AND UNIT LINKED

€ MILLION

	2022	2021	Δ
Best Estimate	7,103	8,728	-1,625
Risk Margin	30	50	-20
Total Gross Technical Provisions	7,133	8,777	-1,644

The Best Estimate decreased by € 1,625 million.

The change of the yield curve had an effect of €- 90 million on the Unit Linked portfolio and only affects the future profits.

The impact of changes in assumptions for mortality, lapse, expense and investment expenses increased the Best Estimate by € 15 million. Regular updates of the expense and investment expense assumptions had an impact of €- 7 million on the Best Estimate. Update of the mortality assumptions had an impact of € 1 million. Lapse assumptions were updated leading to a decrease in Best Estimate of less than € 0.2 million. In 2022 the expense inflation curve increased in the Netherlands resulting in an increase in Best Estimate of € 21 million.

In addition there are portfolio development effects due to changes in operating experience variance (€- 1,533 million), mainly caused by change in value of the Unit Linked funds and the closed-book portfolio.

The Risk Margin for the Unit Linked portfolio decreased due to developments within Achmea Pensioen- en Levensverzekeringen N.V. in line with the development of the Best Estimate.

D.3.2. PROVISIONS OTHER THAN TECHNICAL PROVISIONS

The recognised 'Other Provisions' does resemble the 'Other Provisions' as described in the IFRS Financial Statements of Achmea. The values are the same and based on the present value. Achmea did not discount the 'Other Provisions' which are deemed to be current. See for more details the IFRS Financial Statements of Achmea[18].

[18] Annual Report – Financial Statements, note 19 Other Provisions

OTHER PROVISIONS

€ MILLION

	RESTRUCTURIN G	LEGAL CLAIMS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPOYMENT BENEFITS)	OTHER	2022	2021
Opening balance	18	9	0	42	25	95	97
Closing balance	12	7	0	44	24	87	95

For the contribution to the Other Provisions we refer to Appendix 4.

D.3.3. CONTINGENT LIABILITIES

The following non-material contingent liabilities are identified:

- Achmea B.V. and companies forming part of Achmea are involved in lawsuits and arbitration proceedings. These proceedings relate to claims instituted by and against these companies arising from ordinary operations and mergers, including the activities carried out in their capacity as insurer, credit provider, service provider, employer, investor and tax payer. Although it is not possible to predict or define the outcome of pending or imminent legal proceedings, the Executive Board of Achmea believes that it is unlikely that the outcomes of the actions will have a material, negative impact on the financial position of Achmea B.V.;
- Achmea B.V. has issued guarantees on behalf of subsidiaries that relate to the activities of these subsidiaries, carried out in their capacity as insurer, credit provider, service provider, employer, investor and tax payer. Achmea B.V. also issued guarantees and indemnities for third parties under sales transactions;
- The Netherlands-based insurance companies of Achmea provided the 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.' with guarantees to a maximum of € 38 million (2021: € 38 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks related to terrorism. In 2022 no terrorism claims incurred, therefore no liabilities are present to be recognised;
- Achmea provides mortgage loans for its own account and for the account and risk 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 mortgage loans in the amount of € 1,1 billion (2021: € 1 billion). This commitment is offset by a received guarantee of € 146 million (2021: € 164 million);
- Achmea B.V. has provided Vereniging Achmea and Rabobank with an indemnity for amounts imposed by the Australian supervisor related to the activities of the Australian branch of Achmea Schadeverzekeringen N.V. in case the Australian supervisor will impose on Vereniging Achmea and Rabobank as shareholder of the ultimate parent of Achmea Schadeverzekeringen N.V. additional obligations and responsibilities relating to these Australian activities. The possible maximum exposure of this indemnity has been estimated at nil (2021: 14 million). The probability of occurrence of the triggering event is nil;
- Achmea B.V. has given guarantees that the liquidity and capital of three subsidiaries will be sufficient to continue their operations (Achmea Investment Management N.V., Achmea Pensioenservices N.V., Syntrus Achmea Real Estate & Finance B.V.). We note that the probability of occurrence of the triggering event is near nil;
- Achmea B.V. has issued guarantees that two subsidiaries will fulfil their contractual payment obligations (Achmea Investment Management N.V., Achmea Pensioenservices N.V.);
- Autoriteit Financiële Markten (AFM) has set an indemnity for Stichting PFV Particuliere hypothekenfonds as a condition of being both a provider of mortgage loans and a custodian of an Alternative Investment Fund (AIF). Normally, an AIF custodian may not have other roles / activities than being the legal owner of the assets, in this case, mortgage receivables. This is in order not to expose the custodian's task to additional risks. Because these tasks cannot be separated in the case of this fund, AFM has set this condition. The consequence is that the indemnity given by Syntrus Achmea Real Estate & Finance B.V. must be maintained until the moment the fund is liquidated or Stichting PFV Particuliere hypothekenfonds is no longer a custodian or the law is amended on that point;

- Frexit Holding B.V. and Inshared Holding B.V. issued guarantees as mentioned in Section 403 of Book 2 of the Dutch Civil Code, in respect of 7 companies within the group (Frexit Assurandeuren B.V., Frexit Assurantiën B.V., respectively H.I. Services B.V., Inshared Nederland B.V., Inshared Services B.V., Legal Shared B.V. and Online Claims Services B.V.);
- Achmea B.V. has taken out directors' liability insurance for Executive Board of Achmea and Supervisory Board members of Achmea B.V. and its subsidiaries. Some board members are also indemnified against financial loss based on third-party claims, under certain conditions, insofar as this loss exceeds the insured cover. The abovementioned contingent liabilities are classified as 'remote' and have no material effect. Therefore these contingencies are currently not recognised on the Economic Balance Sheet.

The abovementioned contingent liabilities are classified as 'remote' and have no material effect. Therefore these contingencies are currently not recognised on the Economic Balance Sheet.

The estimated probability of occurrence of the event triggering an unlimited guarantee is assessed to be nil.

Achmea has one contingent liability on the Economic Balance Sheet recognised. This is based on the guarantee given by Achmea to Achmea Bank as part of the transfer of the Acier portfolio of the previous banking entity Staalbankiers to Achmea Bank. The contingent liability is based on a possible pay out from Achmea regarding the servicing of accountholders within the Acier portfolio. In previous years this was recognised as part of 'Debts owed to credit institutions' in line with the accounting company balance of Achmea. However, due to accounting considerations this liability is not recognised at the accounting company balance sheet of Achmea. Under Solvency II, the liability is still recognised as originally agreed with DNB at the date of the transaction.

Achmea did not have any other material contingent liabilities recognised on the Economic Balance Sheet at 31 December 2022.

D.3.4. PENSION BENEFIT OBLIGATIONS

Employee benefits are all obligations of the employer to the employee or former employee. Examples are post-employment benefits and retirement packages or long-term remuneration packages.

Achmea presents the short-term employee benefits (such as salaries, already declared bonuses) with an expected settlement less than 1 year as part of the Other liabilities; long-term remuneration packages (such as option schemes) are presented as part of Other provisions. All other employee benefits (such as pension schemes) with an expected settlement of more than 1 year are presented as part of this balance sheet entry.

The economic value of employee benefits is currently best estimated by reference to the value according to IAS 19, which is included in the IFRS financial statements.

Under IFRS, the value of the employee benefits recognised in 2021 was restated to reflect the changed perspective in the treatment of the inflation clauses in the employee benefits. Under Solvency II, the impact of this restatement is included in the 2022 figures.

PENSION BENEFIT OBLIGATIONS

€ MILLION

	2021	2021
Opening balance	**860**	**955**
Pension indexation restatement	198	0
Adjustment of valuation principles	0	-7
Interest on defined benefit obligations	13	6
Change in actuarial assumptions	-257	-61
Paid benefits	-33	-33
Closing balance	**780**	**860**

Achmea has a pension scheme for the major part of its employees. The pension scheme executed by Stichting Pensioenfonds Achmea, applicable to the major part of the 11,000 employees in the Netherlands, is a so-called Collective Defined Contribution (CDC) scheme. The obligation of Achmea related to the pension scheme is limited to payment of the agreed premium for the current year of service. In 2022 contributions paid to the CDC scheme amounted to € 229 million (2021: € 275 million). The contribution is determined as the actuarially required contribution for the acquired pension rights in that year, taking into account current interest rates.

Achmea's defined benefit obligation is mainly related to the accrued rights of a number of (former) employees under former defined benefit plans. These defined benefit plans were maintained in the Netherlands, and for a limited amount in Greece. Benefits related to medical costs are not included in these plans. The accrued rights of a number of (former) employees under former defined benefit schemes in the Netherlands have been insured with Achmea Pensioen- en Levensverzekeringen N.V. and so Achmea continues to hold the financial and actuarial risks. The investments related to the insurance contracts are accounted for as Investments (and do not qualify as Investments backing defined benefit obligation).

The change in actuarial assumptions in 2022 is caused by an increase in the average discount rate. The average discount rate increased from 1.1% to 3.7% (2021: from 0.6% to 1.1%). This resulted in a gain of approximately € 257 million.

D.3.5. DEPOSITS FROM REINSURERS

For the contribution to the deposits from reinsurers we refer to Appendix 4.

D.3.6. DEBTS OWED TO CREDIT INSTITUTIONS

Debts owed to credit institutions include all loans from external parties to Achmea, financial lease liabilities and financial reinsurance liabilities. Financial liabilities are valued at economic value, with the exception of the effect of changing Achmea's own creditworthiness since the recognition date. When the economic value is determined, Achmea adds this fixed 'initial' spread to the risk-free interest rate at the reporting date.

For very small loans (< € 1 million) with a limited remaining time to maturity (< 3 years) Achmea has not discounted the cashflows but retained the amortised cost value. Considering the discount rate this has a very small impact on the value of the Own Funds.

DEBTS OWED TO CREDIT INSTITUTIONS

€ MILLION

	SECURED LOANS	UNSECURED LOANS	OTHER	2022	2021
Closing balance	0	0	2	2	11

D.3.7. FINANCIAL LIABILITIES OTHER THAN DEBTS OWED TO CREDIT INSTITUTIONS

Financial liabilities other than debts owed to credit institutions include all loans from external parties to Achmea, financial lease liabilities and financial reinsurance liabilities. Financial liabilities are valued at economic value, with the exception of the effect of changing Achmea's own creditworthiness since the recognition date. When the economic value is determined Achmea adds this fixed 'initial' spread to the risk-free interest rate at reporting date.

FINANCIAL LIABILTIES OTHER THAN DEBTS OWED TO CREDIT INSTITUTIONS

€ MILLION

	2022	2021
Opening balance	888	931
Restatement	0	1
Effect of changes in economic assumptions	-90	-17
Portfolio development	545	-27
Closing balance	1,344	888

Financial liabilities other than debts owed to credit institutions consists of a unsecured loan of € 750 million (economic value amounts to € 653 million), subordinated green notes of € 500 million (economic value amounts to € 480 million) and a lease liability of € 135 million. The financial liability from Achmea Pensioen- en Levensverzekeringen N.V. (€ 2 million) is furthermore related to transferred pension obligations to other insurance companies.

D.3.8. PAYABLES

Payables are measured at economic value. The value according to the IFRS Financial Statements is deemed to be an adequate proxy for the economic value.

PAYABLES

€ MILLION

	2022	2021
Payables from direct insurance	1,084	1,418
Payables on reinsurance	39	35
Creditors	105	91
Taxes	178	316
Other	34	34
Total	**1,439**	**1,893**

Payables are recognised within all legal entities. For the main contribution to the payables we refer to Appendix 4.

D.3.9. SUBORDINATED LIABILITIES NOT IN BASIC OWN FUNDS

Any subordinated liabilities which do not qualify as being part of the EOF are presented as a separate Balance Sheet item. These subordinated liabilities are valued according to their economic value. The cashflows are discounted using the discount rate as used by Achmea including a credit spread as agreed at the inception date. This credit spread remains constant over time.

At the end of 2022 Achmea had no such subordinated liabilities (2021: nil).

D.3.10. ANY OTHER LIABILITIES

All other liability balance sheet entries are presented under this heading. This includes 'Accruals' (not related to 'Investments' or 'Investment property') and 'Other' as presented as part of the IFRS Financial Statements (not related to insurance contracts).

'Other liabilities' are measured at economic value. Achmea considers the value as presented in the IFRS Financial Statements to be a good proxy for this economic value.

ANY OTHER LIABILITIES

€ MILLION

	2022	2021
Accruals and deferred income	190	130
Other	1,659	2,866
Total	**1,848**	**2,995**

The total amount of Other consists mainly of repayment obligations of collateral received in the form of cash due to the EMIR regulation'. Achmea receives an amount of cash collateral depending on the current market value of the derivative. The economic value of the repayment obligation of collateral is € 840 million (2021: € 2,679 million).

Any other liabilities are recognised within all legal entities. For the main contribution to Any other liabilities we refer to Appendix 4.

D.3.11. DEFERRED TAXES

In the Economic Balance Sheet the principles as defined by IAS 12 are applied. The amounts already recognised on the IFRS Financial Statements are deemed to be recoverable. Due to the valuation principle employed by Solvency II, amounts are added to the Deferred Tax Assets/Liabilities following the Solvency II valuation principles. Achmea assesses the recoverability of these additions, in conjunction with the changes in the DTL (Deferred Tax Liability) and the Loss LACDT (recoverability analysis, in order to avoid double counting) per legal entity. Each addition to the deferred tax due to the valuation differences is calculated as that change in valuation multiplied by the enacted tax rate of the appropriate fiscal regime applicable to the Member State in which Achmea operates. In the recoverability analysis, Achmea includes an assessment with respect to uncertainties in the future projections and adjusts any amounts if necessary.

The enacted tax rate of Turkey has decreased from 25% to 23% for the year 2022 and further. The enacted tax rates in the other countries where Achmea operates remained unchanged compared to last year.

DEFERRED TAXES (ASSET = + ; LIABILITY = -)

€ MILLION

	OPENING BALANCE	CLOSING BALANCE
Intangible assets	13	11
Property for own use and equipment	0	0
Investments	-3.447	-986
Other assets	2	2
Insurance liabilities	4.016	1.458
Other provisions	3	2
Pension benefit obligations	-19	24
Other liabilities	-42	-56
Loss carry-forwards	7	227
Total	**531**	**683**
Of which Deferred Tax Assets	578	706
Of which Deferred Tax Liabilities	-47	-24

DEFERRED TAXES (ASSET = + ; LIABILITY = -) PER COUNTRY

€ MILLION
MILLION

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILTIES	TOTAL	PART OF FISCAL UNITY ACHMEA B.V.
Achmea Interne Diensten N.V.	61	0	61	Y
Achmea B.V.	167	0	167	Y
Achmea Schadeverzekeringen N.V.	-233	0	-233	Y
Achmea Pensioen- en Levensverzekeringen N.V.	741	0	741	Y
Achmea Reinsurance Company N.V.	-11	0	-11	Y
N.V. Hagelunie	0	13	-13	N
InShared Holding B.V.	10	0	10	N
Consolidation	-33	0	-33	N
Total Netherlands (25.8%)	**702**	**13**	**689**	
Slovakia (21%)	0	0	0	
Turkey (23%)	3	0	3	
Greece (22%)	1	11	-9	
Total	**706**	**24**	**683**	

D.4. ALTERNATIVE METHODS FOR VALUATION

In the table below the economic hierarchy for the main investments is presented:

VALUATION HIERARCHY MAIN INVESTMENT CATEGORIES

€ MILLION

	LEVEL 1		LEVEL 2		LEVEL 3		LEVEL 4		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Assets										
Property, Plant & Equipment held for own use							370	388	370	388
Property (other than for own use)							876	1,035	876	1,035
Holdings in related Undertakings					1,000	976			1,000	976
Equities	1,340	1,449	3	1	63	62	57	56	1,464	1,568
Bonds	19,939	26,118	2,331	1,702	5	3			22,275	27,823
Collective Investment Undertakings	476	443	327	312	85	55	633	393	1,520	1,203
Derivatives	271	98	5,073	6,158	1	313			5,345	6,569
Deposits other than Cash equivalents			557	901	46	23			603	924
Other Financial Investments	0	2	3,072	3,477	313	334			3,385	3,813
Loans and Mortgages			4,391	5,382	7,665	8,830			12,056	14,213
Assets held for Index Linked and Unit Linked contracts	2,194	2,565	5,276	6,954	145	0	0	0	7,615	9,520
Cash and Cash equivalents	790	569							790	569
Liabilities										
Debts owed to credit Institutions			2	11					2	11
Derivatives	30	5	3,876	1,082	5				3,911	1,087

For some investment exposures Achmea has to use alternative methods for valuation in case a quoted price in an active market is unavailable. Where possible Achmea uses best practice valuation approaches. For some exposures own techniques or expert judgment is used as a basis for the valuation. This section of the SFCR describes these alternative valuation approaches in more detail.

Property for own Use and Investment Property

The property for own use is valued using a discounted cashflow technique. The cashflows for the future twenty years are projected and discounted. In this projection information and parameters are used as suggested by the National association of appraisers (NVRT), for example the inflation scenario. After twenty years the terminal value is predicted which is subject to expert judgment. The valuation is performed by an external party. The value of the property is also compared to recent transactions in the same geographical area. Based on differences in location and characteristics of the building adjustments are made. This valuation is also benchmarked with the so-called 'capitalisation method'. The outcomes of both methods may not differ too much. If this is the case the external party and Achmea will have to make appropriate adjustments.

For investment property the main method is the capitalisation method which is benchmarked by the discounted cashflow method.

All the external parties involved have to adhere to the professional ISAE3402 standard. Each quarter 25% of the whole portfolio has to be appraised by the external party. The remainder of the portfolio is updated to reflect the circumstances at the reference date. Every three years the contracted external parties are changed for other external parties. In the valuation approach of the external parties recent transactions are taken into consideration.

For investment property related to residential property the highest value of continuous exploitation or direct sale is used.

The appraisal value is benchmarked with at least three reference objects with similar characteristics.

Equity participations

For venture capital investments and private equity Achmea uses the valuation principles as published by the International Private Equity and Venture Capital Valuation (IPEV).

In certain instances a discounted cashflow value can't be determined. Alternatively, the economic value is based on the net asset value, adjusted for goodwill and intangibles. For several participations in companies, an Economic Balance Sheet is not readily available at the reference date. In these instances reference is made towards the net asset value based on an earlier balance sheet date not exceeding one year and subject to expert judgement regarding possible adjusting intermediate events. Where appropriate the not-current net asset value of the participations is adjusted with a relevant index benchmark reflective of the nature of the participation.

Equity investments

Achmea recognises Equity investments at their economic value using the economic value hierarchy. For those investment where no quoted price in an active market is available, a valuation technique is used. The majority of listed equities are valued by their quoted prices (valuation hierarchy level 1). An amount of € 3 million is reported as economic valuation hierarchy level 2 as a result of staleness of prices in the last month.

Some Unlisted equities are classified as economic value level 4. These equities are valued using the acquisition price (valuation hierarchy level 4). This is deemed to be a good proxy for the economic value because additional value created by the fund is not forwarded to the shareholders. Another unlisted equity investment is Garanti BBVA Emeklilik. This is measured on the basis of a mix of a Counterparty Credit Assessment and Embedded Value calculation.

Bonds, loans and receivables

Achmea values the majority of the bonds using a quoted market price on debt markets (valuation hierarchy level 1). If no quoted price in an active market is available, Achmea uses the last known traded price in the market (valuation hierarchy level 2). The last known traded price is received from the custodian (BNY Mellon), and checked with Bloomberg prices. If the deviation of the two prices is more than 3%, the delivered price of the custodian is challenged and additional information is requested. Achmea challenges the received price and contacts the concerning asset manager (M&G in the case of collateralised securities such as ABS, CMBS and RMBS), who uses different pricing sources (Bloomberg, IDC and Markit). The detailed information on how the price is derived, is judged by the department Balance Sheet Management. Based on this information, Achmea decides whether the price and fair value used is appropriate. If the assessment shows that the information does not yield an appropriate price, adjustments to price and market values are made.

Achmea invests in certain exposures where no market information is readily available to really reflect the economic valuation. In these instances, Achmea uses the discounted cashflow method. The cashflows are projected and discounted with the swap curve adjusted with an adjustment for Default Risk. Achmea uses the same method as laid down for the economic valuation of 'amounts ceded to reinsurers' (Article 42 of Regulation 2015/35). Based on the Loss Given Default of the exposure and the probability of default a through the cycle adjustment is calculated.

Mortgage Saving assets

Classification on the balance sheet of identified components

Achmea splits the mortgage saving assets into three components:
1. Paid-in part ('opgebouwd deel'): Discounted value of the net cash outflow at the expected end date of the contract. The cashflows include the premiums and compounded interest and future interest to be received on this amount. This is the amount which would be paid at the end of the contract if no additional premiums would be received anymore.
2. Reinvestment part ('herbeleggingswaarde'): Discounted value of the net cashflows based on the discounted compounded interest on future interest payments (based on the amount based on contractual interest terms less the received interest payments).
3. Future part ('toekomstig deel'): Discounted value of the net cashflows based on future premiums and compounded interest thereon minus the premiums to be received according to the contractual terms).

Based on the existence of risk mitigation features, the paid-in part ('opgebouwd deel') is classified as:
- Deposits, if there are no risk mitigation features or other received guarantees in the contractual arrangements.
- Loans and mortgages to individuals, if there are risk mitigation features and a look-through is possible (Cession contracts / participation contracts concluded with securitisations based on a look-through approach on the Economic Balance Sheet).
- Other investments, if risk mitigation features are in place but a look through is not allowed (participation contracts concluded with securitisations of external parties).

In the classification under Solvency II and based on the Q&A of DNB issued at 1 September 2021, the second and third part are considered to be a 'forward contract' and classified as Other derivatives on the balance sheet with the provider of the credit (Bank or SPV) as counterparty. The notional amounts of derivatives are assumed to be equal to the economic valuation of the cashflows. Depending on the guarantees obtained and whether a look-through can be applied, the risk-free interest rate is adjusted with a spread. The spread is derived from the market by referring to spreads related unsecured bonds with the same characteristics. The forward contracts related to mortgage savings are classified as valuation hierarchy level 3.

Achmea classifies the mortgage saving assets where:
- Achmea has no risk mitigation arrangements with the Rabobank (Obvion and Term insurance contracts) and other smaller mortgage saving contracts.
- The mortgage saving products where a cession arrangement exist (Rabobank not embedded in securitisation vehicle 'Best' and Achmea Bank N.V.).
- The mortgage saving products where a participation arrangement ('Best' and securitisations of Achmea Bank) exists.

On the Liability side of the Economic Balance Sheet (see also Chapter 5), the paid-in part is considered to be part of the Technical Provisions, while the reinvestment part and future part are considered to be derivatives with the policyholder as counterparty.

Duration and assumptions

The cashflows of the mortgage saving asset should be based on the contractual terms and conditions and are adjusted to reflect policyholder behaviour such as lapses and mortality in an equal manner to the related insurance liability. If a policy lapses, the amounts as cash outflows (to the policyholder) mirrors the amount received as cash inflow (from the bank).

The mortality and lapse assumptions are aligned with the assumptions as used in valuing the Best Estimate cashflows. The contract boundary of the mortgage saving insurance products is equal to the duration assumed of the mortgage saving asset.

Many of the mortgage saving contracts involve a possibility of an interest rate reset after a certain number of years. This interest rate reset is at the initiative of the bank and involves an agreement between the bank and the policyholder. This interest rate reset is subsequently used in valuing both the insurance liability and mortgage saving asset. As this assumption is part of the economic value of the asset and liability, Achmea has to apply a best estimate of the interest rate after a future reset. Based on proportionality reasons, Achmea uses the agreed interest rate as per reporting date for the remaining period up to the expected end date of the contract. Interest rates will only amend after this is agreed upon by the policyholder and the bank. This new rate is communicated to Achmea and subsequently used in the valuation of the asset and liability; again mirroring the interest cashflows.

Assessment of Counterparty Default Risk

Achmea assesses the existence of Counterparty Default Risk within the mortgage saving asset. If there are no mitigating arrangements such as cession contracts or participation contracts, the mortgage saving asset is considered to be unsecured. The size of the risk is estimated by using a market observable spread: Achmea uses the unsecured bond spread included in the market yield of the bond of the counterparty (with the same duration) to estimate this risk.

For those mortgage saving products where risk mitigation arrangements exist (cession/retrocession contracts, (sub-)participant contracts), Achmea does not run Counterparty Risk at the paid-in/build-up part. Some Counterparty Risk (not obtaining the future guaranteed return) could exist if the counterparty would default and the liquidator/curator/resolution authority would not continue with the contractual arrangement. This is very difficult to predict. As a proxy, Achmea applies a spread to the reinvestment part and not to the future part. This is considered to be a prudent approach.

Based on the risk characteristics, the overview summaries the spread to be applied.

TYPE	PAID IN PART	REINVESTMENT PART	FUTURE PART
Unsecured	Yes	Yes	Yes
Cession	No	Yes	No
Participation	No	Yes	No

The applied spread is based on the remaining duration of the expected end date of the contract taking the policyholder behaviour into consideration. If the spread is not readily available, Achmea will interpolate the available spreads based on the available unsecured bonds of the counterparty.

Mortgages

Valuation of the mortgage portfolio is based on an economic value determined using an exit price, which results in a market-based, rather than an entity-specific measurement. The mortgage loans are valued using a discounted-cashflow-model where the cashflows are determined per mortgage loan part and discounted using the relevant discount rate. The discount rate using the top down approach is based upon the relevant mortgage rates in the market and characteristics of the loan part (maturity, LTV, etc.). Several parameters are used in the mortgage loan portfolio valuation model. The following section contains a summary of these parameters:

- The market rate is determined via the offered primary mortgage products at time of the valuation, excluding the loans that are classified as action rates. For the entire space of primary mortgage products, the Yield to Maturity (YTM) is calculated for each unique combination of repayment type, Loan to value, NHG/non-NHG (Nationale Hypotheek Garantie), fixed rate period and asset type (residential or buy-to-let consumer). In the calculation of the YTM automatic risk class adjustment of the primary market products is accounted;
- In 2022, the calculation method of the offer correction has been adjusted. An offer correction will be applied to the Yield to Maturity (YTM) of primary mortgage products, in order to get to a discount rate. Since the last update of the hedge prices market conditions have changed substantially. In particular, Swaption Implied Volatility has increased significantly for all tenors, but especially for the shorter tenors. Given the changed market conditions, new prices are requested from the hedge product provider that reflect current market conditions. The updated prices are used as a proxy for the implied offer premium. The positive effect of this adjustment is € 56 million;
- A prepayment curve is applied to account for the expected pre-payments. This depends on the Observed Prepayment Rate (OPR) and Long-Term Prepayment Rate (LTPR). The OPR is portfolio specific, the LTPR is based on market data. LTPR is 4.48% (2021: 4.20%);
- For non-NHG mortgage loan parts with a current loan to indexed market value above 106% there are no, or limited, primary market mortgage loan rates available. Therefore, for mortgage loan parts with a current loan to indexed market value (CILTMV) above 106% the interest rate charged to Dutch borrowers for unsecured personal loans is used for discounting the CILTMV part above 106%;
- Arrears are distributed across 5 buckets and per bucket a probability of default is set (0-30 days: 7%, 30-60 days: 12%, 60-90 days: 25%, >90 days: 55%).

D.5. ANY OTHER INFORMATION

Information about the valuation of assets and liabilities is stated in the notes to the Economic Balance Sheet.

E. CAPITAL MANAGEMENT

E.1. OWN FUNDS

E.1.1. CAPITAL ADEQUACY POLICY

The Achmea Capital Adequacy Policy is applicable for Achmea Group and its subsidiaries. Starting point for this policy is the Achmea risk appetite. The main principles of this policy are as follows:

1. The Executive Board of Achmea is responsible for the solvency position at Group Level and the statutory boards are responsible for the solvency position of the legal entities;
2. The Executive Board of Achmea is responsible for capital allocation between the legal entities;
3. All entities must be adequately funded, which involves having a buffer at entity level that is above the statutory minimum that is sufficient to be able to absorb setbacks;
4. Achmea aims to keep a capital buffer at Holding level. This will enable the Group to solve possible capital shortages of legal entities by simply transferring capital within the Group;
5. Solvency II is the leading capital regime for Achmea. The Solvency II capital limits are defined for the PIM approved by the College of Supervisors.

At Group Level, the minimum level is defined as the level where all entities are capitalised at 100% SCR based on the approved PIM.

On legal entity level, a buffer above the 100% SCR level is kept to absorb ’normal’ volatility. Around the target level a bandwidth is defined and the lower boundary of the bandwidth is the internal limit, below which measures to improve the solvency position are required. With a solvency level of 209% (2021: 214%) Achmea is in the green zone of the risk appetite. No action is required.

For the Dutch Operating Companies except the Health entities, the bandwidth is 5%-pt. For the non-Dutch Operating Companies and the Dutch Health entities the bandwidth is 10%-pt. At Group Level, Achmea strives to achieve a target Solvency II ratio of 165%.

Achmea monitors the solvency position and takes measures to restore solvency ratios within predefined time periods and to prevent solvency ratios from falling below the minimum levels. Applicable contingency plans will especially focus on the Group. For the insurance legal entities, in principle the entities need to identify stand-alone recovery measures. One of these measures can be a possible capital injection by Achmea B.V. to restore the capital above the internal limit levels. If specific trigger levels are breached, crisis governance comes into effect.

E.1.2. ELIGIBLE OWN FUNDS

The Solvency II ratio decreased by 5%-pt to 209% (2021: 214%). The decrease in the capital position resulted from a combination of a decrease of € 1,168 million in the Solvency II EOF to € 9,195 million (2021: € 10,363 million) and a decrease of € 443 million in the SCR to € 4,410 million (2021: € 4,853 million).

ELIGIBLE OWN FUNDS – GROUP

€ MILLION

	2022	2021	Δ
Tier 1 restricted	699	820	-121
Tier 1 unrestricted	6,622	7,410	-788
Tier 2	1,467	1,578	-111
Tier 3	408	554	-147
Total eligible Own Funds	9,195	10,363	-1,167

The Tier 1 capital has decreased due to

- The effects of the lower value of equity investments due to negative development of the stock markets;
- Higher interest rates, spreads and Volatility Adjustment on the investments and value of the Technical Provisions.
- The Best Estimate cashflows were higher due to adjustments for inflation and mortality assumptions.
- The purchase of share certificates in Achmea Tussenholding B.V.

Tier 2 capital decreased due to the impact of increased interest rates on the economic value of the capital instruments.

As of 31 December 2022, Tiering limits have been exceeded due to which an amount of € 298 million of Tier 3 capital cannot be used to cover the SCR.

On 9 November 2021, DNB published a Q&A in which they indicate that individual disability insurance (AOV) products qualify as long-term contracts under Solvency II. Achmea still labels these products as short-term contracts at the end of 2022. As of 1 July 2023, beginning with the Quantitative Reporting Templates (QRT's) for Q2 2023, insurers must include AOV products in their Solvency II calculations in accordance with the Q&A.

Pro forma calculations for the modified treatment of individual disability insurance (AOV) products show a limited increase in solvency. The Solvency II Eligible Own Funds would increase by approximately € 325 million to € 9,250 million and the Solvency Capital Requirement by approximately € 94 million to € 4,503 million. This impact has not been incorporated into the Solvency II ratio at year-end 2022.

Tier 1

Tier 1 consists of an unrestricted and a restricted part. The restricted part of Tier 1 may not exceed 20% of the Tier 1 capital and consists of two capital instruments:

- € 356 million Preference shares 5.5% (2021: € 356 million; nominal value: € 356 million, of which € 89 million held by Achmea B.V., grandfathered), issued in December 2003, having a coupon reset date every 10 years, with no option to call. Buy-in of preference shares is possible on a yearly basis;
- € 431 million Capital security 4.625% (2021: € 510 million; nominal value: € 500 million), issued in September 2019, no maturity date (perpetual), issuer call option annually, first call option is 24 March 2029. The valuation of this capital instrument is based on the initial credit spread of 4.45%.

Tier 2

The capital components included within Tier 2 consist of the following instruments:

- € 521 million Note 6% (2021: € 535 million; nominal value: € 500 million, grandfathered) 6% till April 2023, issued in 2013, initial credit spread 4.33%, having the maturity date in April 2043, issuer call annually, first call option in April 2023. On 28th of February 2023, senior management sent a notice to the holders to call this capital instrument;
- € 741 million Note 4.25% (2021: € 797 million; nominal value: € 750 million) 4.25% fixed rate up to February 2025, issued in 2015, initial credit spread 3.55%, no maturity date (perpetual), issuer call option annually, first call option in February 2025;
- € 205 million Capital security 2.5% (2021: € 246 million; nominal value: € 250 million) 2.5% issued in September 2019, initial credit spread 2.75%, having a maturity date in September 2039, issuer call annually, first call option in June 2039.

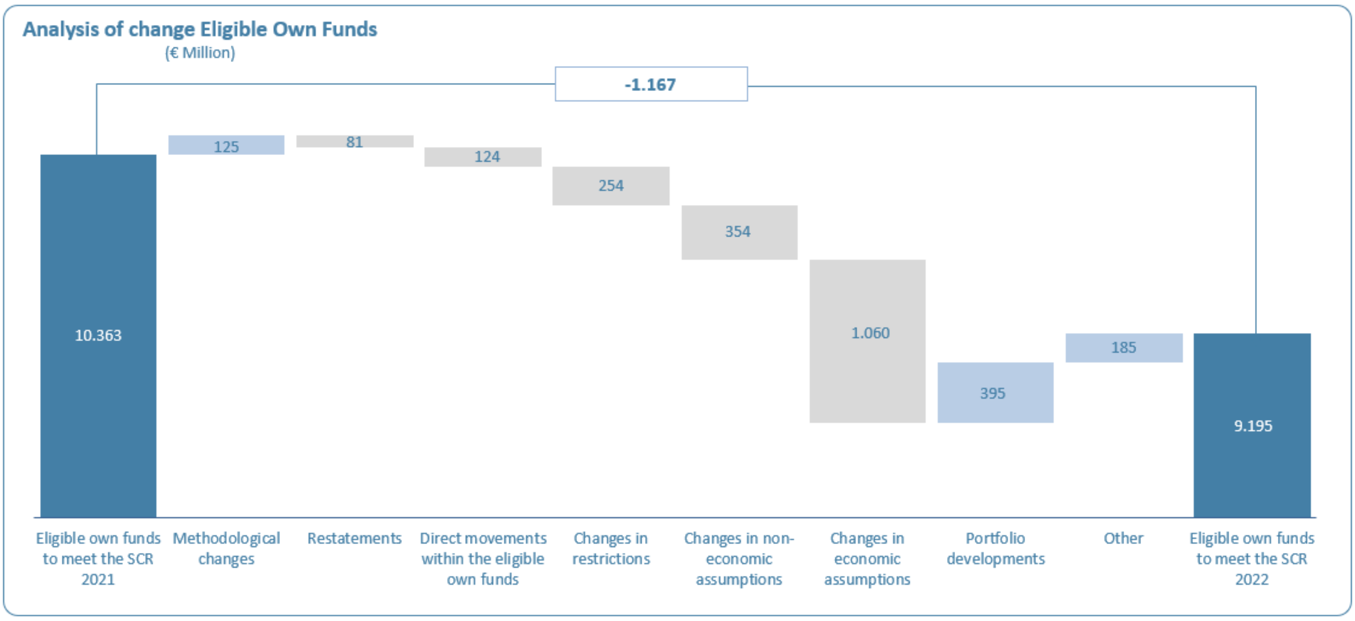
Tier 3

Within Tier 3 Achmea includes the netDTA as recognised on the Economic Balance Sheet maximised at 15% of the SCR. Any amounts exceeding this threshold are considered not eligible for covering the SCR. Achmea defines this as 'Relegation of Tier 3'. For the year-end 2022, the Relegation of Tier 3 was 298 million (2021: nil).

Own Funds to cover the Minimum Capital Requirement

Achmea also has to assess whether the capital components are able to cover the group MCR. Compared to the SCR, Tier 3 capital is not eligible to cover the MCR and Tier 2 capital components may not exceed 20% of total eligible capital. For covering the MCR, the relegation of Tier 2 was € 1,048 million (2021: € 1,110 million). The Own Funds eligible to meet the minimum consolidated Group SCR amounted at year-end 2022 € 6,812 million (2021: € 7,882 million).

ANALYSIS OF CHANGE IN THE ELIGIBLE OWN FUNDS



Methodological changes

The inflation related changes had a total positive effect of € 141 million:

- The expense inflation assumption by Achmea Pensioen- en Levensverzekeringen N.V.and Achmea Schadeverzekeringen N.V. was based on inflation related investments. As a result, the inflation curve was sensitive to market sentiment, leading to (inappropriate) volatility. As of 2022, a method change took place to limit the volatility in the inflation curve using an inflation Ultimate Forward Inflation Rate . The positive effect on the EOF was € 101 million.
- Achmea Schadeverzekeringen N.V. changed the methodology for deriving Non-Life cashflows using 'historic inflation correction curves'. Previously this was derived from the IFRS Liability Adequacy Test calculation based on explicit inflation (with the introduction of IFRS17, this methodology is not available anymore). This change impacted the EOF of the Group by € 40 million.

When determining the solvency ratio for the Financial Conglomerate Achmea B.V., the Eligible Own Funds of CRD entities have to be corrected for the impact of Intra-Group transactions, due to different valuation basis (sectoral valuation principles versus economic value). The implementation by AP&L of several changes to improve the valuation of the mortgages savings values resulted in a decrease of the EOF of the Group (€- 31 million).

Annually, Achmea refines projection models used to calculate the Technical Provisions based on back testing and forward-looking assessments. This resulted in changes in the Technical Provisions in the Netherlands and Greece. The impact on the EOF was € 15 million.

Restatements (change of perimeter)

Achmea acquired ABN AMRO Pensioeninstelling N.V. (renamed to Centraal Beheer PPI N.V.). The amount paid for goodwill and intangible assets is not recognised for Solvency II purposes. The cash outflow resulted in a decrease in the EOF of the Group.

Direct movements within the Eligible Own Funds

The coupon payments on preference shares (€- 15 million) and hybrid capital (€- 51 million) resulted in a decrease in the EOF. The coupon payment in 2022 of the Restricted Tier 1 Capital Security with a nominal value of € 500 million had an impact of €- 17 million on the EOF.

The purchase of the certificates for outstanding preference shares from The Royal Bank of Scotland had a negative impact of € 43 million on the EOF (nominal value). The economic value of the repurchased own shares was € 46 million.

Impact of changes in restrictions including relegation of Tiers

Achmea had to recognise a Relegation of Tier 3. The net DTA Achmea exceeded the 15% of the diversified SCR. The excess amount is deemed not to be eligible to cover the Solvency Capital Requirement. An amount of € 257 million (2021: nil) was not included as part of Tier 3 in the Eligible Own Funds.

Due to the reclassification of the DTA position from InShared Nederland B.V. to InShared Holding B.V., the parent company of the specific fiscal unity, the restrictions decreased with € 5.5 million.

Achmea has to maintain funds in Australia based on local prudential requirements of the Australian supervisor, capital not available to absorb losses elsewhere within the group. These restricted funds are allowed to be used to absorb related capital requirements of the Australian insurance liabilities. The increase of this restriction had an impact of €- 2.7 million on the EOF.

Lower non-distributable Own Funds of the Dutch care administration offices (‘Zorgkantoren’) resulted in a decrease in the restrictions (€ 1.1 million).

Impact of changes in non-economic assumptions

The developments in the non-economic assumptions were related to the revision of the inflation curve, expense assumptions, an adjustment in mortality assumptions, lapse assumptions and subsequent diversification effects.

The development in the non-economic assumptions was related to Achmea Pensioen- en Levensverzekeringen N.V. (€-260 million), Achmea Schadeverzekeringen N.V. (€-97 million), Interamerican Hellenic Life Insurance Company S.A. (€- 7 million), Achmea Interne Diensten N.V. (€- 3 million), Achmea Zorgverzekeringen N.V. (€-1 million), Interamerican Property & Casualty Insurance Company S.A. (€ 10 million) and Achmea Reinsurance Company N.V. (€ 4 million).

Impact of changes in economic assumptions

The changes in the economic assumptions during 2022 had an overall negative impact on the EOF. The main changes are:
- The equity markets decreased in 2022 (The MSCI World decreased with 19.5% and the AEX index with 13.7%). As a result the economic value of equities investments decreased, with a negative impact on the EOF. The property markets slightly increased in value over the whole of the 2022, mainly due to higher prices of residential property in the Netherlands (structural mismatch in supply and demand). This had a positive effect on the EOF.
- The total effect of the increase in interest rates, tightening of the Dutch mortgage spreads and increase in the government spreads resulted in a decrease in the value of the fixed income investments and consequently a decrease in the EOF.
- The increase of the relevant risk-free interest rate in 2022 including the decrease of the UFR to 3.45% (2021: 3.60%) resulted in a decrease in the economic value of the Technical Provisions. The increase in the VA from 3 bps to 19 bps resulted in a further decrease of the Best Estimates.
- The depreciation of euro against the US dollar had a positive impact on the investments denominated in US dollars, as a small part of this exposure is not hedged. The devaluation of the Turkish lira had a negative impact on the values in euros of the Turkish subsidiary and the participation.

Achmea Pensioen- en Levensverzekeringen N.V. economic developments had an impact of €- 1,136 million on the EOF of the Groep. Increased interest rates, the developments in the Volatility Adjustment during the year, the decrease of the UFR and the UFR-drag, in correlation with the increased interest rates and increased credit spreads had a combined effect of €- 1,126 million on the EOF. The changes in the economic environment resulted in an overall negative value changes for the other investments (€- 10 million), mainly caused by negative equity results, almost entirely dampened by positive results on alternatives and positive revaluation on property.

The impact of Achmea Zorgverzekeringen N.V. economic developments on the EOF of the Groep was €- 104 million. The effect of changes in economic assumptions was mainly driven by a decrease in the value of exposures listed on stock exchanges (€- 82 million), widened credit spreads (€- 16 million) and increased interest rates (€- 100 million), decrease in value over time (€ 24 million) and a depreciation of the euro (positive effect on instruments of € 10 million and a negative effect on currency derivatives of € 19 million). This is partly offset by direct investment revenues, interest earned (€ 33 million) and dividends received (€ 16 million). The advanced payments to hospitals, mental healthcare institutions and other healthcare providers with a duration longer than 3 months are discounted. The development in discounting was mainly due to an increase of the yield curve (€ 32 million). The developments in Technical Provisions had a positive influence on the Eligible Own Funds due to increased interest rates. The Eligible Own Funds increased with € 108 million. The net effect of the increased interest rates over assets and liabilities is € 8.6 million.

Other effects (€ 180 million) were mainly related to the increased interest rates which led to a decrease in value of the financial liabilities, impacting positively the EOF. The correction for Intra-Group transactions with the CRD-entities, due to different valuation basis, had a positive effect on the Group's EOF compared to the IGT effects already included in the EOF of 2021. The negative financial markets and the devaluation of Turkish lira contributed to a decrease in the EOF.

Impact of portfolio developments

Portfolio developments had a positive contribution to the EOF. The good insurance results in Non-Life business despite the February storm, injury and inflation, the positive developments in the expected result of 2023 in healthcare business and the decrease of Risk Margin in life business due to portfolio run-off, contributed to the increase of the EOF.

The portfolio developments mainly related to Achmea Schadeverzekeringen N.V. (€ 275 million), Achmea Zorgverzekeringen N.V. (€ 269 million), Achmea Pensioen- en Levensverzekeringen N.V. (€ 71 million), Ancillary Service Entities and Holding expenses (€- 220 million):

- The portfolio developments within Achmea Schadeverzekeringen N.V. increased the EOF with € 275 million. Despite the effects of the February storm, the additional claims within the Lines of Business Injury and the impact of inflation on the Best Estimate, the underlying technical result was better than expected. Within the Lines of Business Motor and Fire less weather-related claims were incurred and the claims had a lower level of costs in general.
- The portfolio developments within Achmea Zorgverzekeringen N.V. increased the EOF of Achmea with € 269 million. This was mainly driven by the development in the expected result of 2023 (€ 286 million), the change in the expected result 2022 (€ 2.2 million) and development in the expected result of prior years (€- 13 million) compared to year-end 2021. The development in the expected result of 2022 was the consequence of a decrease in the expected basic healthcare result (€- 18 million) and an increase in the expected supplementary healthcare result (€ 20 million). For prior years a decrease in the basic healthcare result (€- 16 million) and an increase in the supplementary healthcare result (€ 3.2 million) was expected. Due to investment expenses, the Eligible Own Funds decreased by € 6.5 million.
- The positive portfolio developments of Achmea Pensioen- en Levensverzekeringen N.V. (€ 71 million) were mainly the result of the portfolio run-off leading to a release in the Risk Margin (€ 80 million). This effect was partly offset by the portfolio developments in mortgages saving values (€- 9.5 million). The difference between actual expenses and the release of expenses in the Best Estimate (including expense overrun) not caused by the changes in the expense assumptions are almost nil.

Impact of other changes including deferred tax

Under IFRS, the value of the employee benefits recognised in 2021 was restated to reflect the changed perspective in the treatment of the inflation clauses in the employee benefits. Under Solvency II, the impact of this restatement is included in the 2022 data. The adjustment decreased the EOF with € 148 million. The impact on the Relegation of Tiers due to this restatement is €- 41 million.

The other components recognised under 'other' relate to changes in the deferred taxes resulting from changes in the economic value of the balance sheet items.

Expected developments Own Funds over the planning horizon

Over the business-planning period 2021 - 2025 the Own Funds will increase slightly. The Dutch life and pensions business shows a gradual decrease in Own Funds linked to the fact that the main part of the portfolio is closed book, partly compensated by the release of the related Risk Margin. This decrease is however offset by growth of the Own Funds of Non-Life and Health portfolios.

The preference shares have a coupon reset date per 1 January 2024. For those capital instruments Achmea investigates opportunities for refinancing, seen the ending of the grandfathering in 2026. On the 28th of February 2023, Achmea has sent a notice to the holders of the grandfathered Tier 2 capital instrument after approval had been received from DNB with the intention to call this instrument in April 2023.

EXPECTED DEVELOPMENT AVAILABLE OWN FUNDS OVER SII BUSINESS HORIZON

€ MILLION

	2023	2024	2025	2026	2027
Available Own Funds	9,134	9,888	10,584	11,284	11,984

E.1.3. BRIDGE OWN FUNDS FINANCIAL STATEMENTS – ECONOMIC BALANCE SHEET

RECONCILIATION EQUITY FINANCIAL STATEMENTS - BASIC OWN FUNDS SII

€ MILLION

	2022	2021	Δ
Equity Financial statements	9,278	10,633	-1,355
Subordinated liabilities in Basic Own Funds[a]	1,250	1,250	0
Own shares (held directly)	508	466	41
Total Financial statements excess of assets over liabilities (IFRS adjusted)	8,536	9,849	-1,313
Intangible assets and goodwill	-766	-728	-38
Investments	5	219	-214
Deferred Tax Assets	-37	17	-54
Deferred acquisition costs	-35	-36	1
Banking Credit Portfolio	0	0	0
Reinsurance recoverables	-130	-177	47
Receivables	-31	3	-34
Other assets	251	359	-108
Technical Provisions	469	36	432
Other provisions	7	0	7
Deferred Tax Liabilities	-4	-2	-2
Financial liabilities	228	-57	285
Payables	13	34	-21
Other liabilities	14	14	0
Total delta valuation Financial statements - SII	-49	-350	301
Other	0	-7	7
Total excess of assets over liabilities	8,487	9,492	-1,005

[a] The subordinated liabilities in basic Own Funds of € 1,250 million are the subordinated liabilities eligible for IFRS and are therefore deducted to calculate Total excess of assets over liabilities

The starting point for the Reconciliation is the IFRS consolidated balance sheet of Achmea Group as audited[19]. All balance sheet items are remeasured (where appropriate) according to Solvency II valuation principles. The 'Excess of assets over liabilities' has been calculated net of any Intra-Group positions except for the Intra-Group positions included in the entities which are classified as participations on the Economic Balance Sheet, such as the Credit institutions and Other entities within the meaning of the Capital Requirements Directive, the Institutions for Occupational Retirement Provisions (IORPs) and Non Ancillary Entities.

Intangible assets

All recognised intangible assets are valued at their economic value. Achmea uses the value as presented in the IFRS financial statements for such intangibles as a proxy for the value in the Economic Balance Sheet. Notwithstanding this definition, goodwill and intangible assets obtained by means of a business combination are valued at nil. The amount subtracted increased due to the acquisition of the PPI ABN AMRO Pensioenservices N.V.

Investments

In the Consolidated IFRS financial statements, Achmea either measures or discloses the fair value of its investments. For most of the financial investments, the fair value is deemed to be a good proxy for the economic value. For some of the investments the IFRS value is adjusted to reflect the economic value.

[19] Annual Report 2022 – Financial Statements, Consolidated financial statements Achmea B.V.

The remeasurement regards mainly:
- Some mortgage saving assets, which are measured according to amortised cost principles under IFRS. These assets are remeasured to their economic value.
- The unlisted equity investment in Garanti BBVA Emeklilik: Under IFRS, Garanti BBVA Emeklilik is recognised as a participation and measured on a net asset value basis. Under Solvency II, Garanti BBVA Emeklilik is classified as an investment as the equity interest is 15% and measured accordingly.

Deferred acquisition costs

The deferred acquisition costs are valued nil.

Receivables

The receivables and other assets 'due' are discounted based on their expected cashflows including an adjustment for CDR.

Other assets

Solvency II recognises 'Own Shares' as a separate asset. The own shares are measured at cost in the IFRS balance sheet and revalued at their economic value in the Economic Balance Sheet.

Financial liabilities

Financial liabilities that are measured at amortised cost in the IFRS balance sheet are revalued at their economic value, with the exception of the effect of changing Achmea's own creditworthiness since the recognition date. This component remains a constant.

Payables and Other liabilities

The remeasurement refers to insurance payables and other (related to insurance) liabilities which are 'not due' are recognised as part of the Best Estimate.

Deferred Tax Assets and Liabilities

Following the Solvency II valuation principles amounts are added to the DTA/DTL. Achmea assesses the recoverability of these additions, in conjunction with the changes in the Deferred Tax Liability and the LACDT (recoverability analysis, in order to avoid double counting). Each addition to the deferred tax due to the valuation differences is calculated as that change in valuation multiplied by the enacted tax rate of the appropriate fiscal regime applicable to the member State in which Achmea operates.

Technical Provisions and Reinsurance Recoverables

The main differences between IFRS4 and Solvency II Technical Provisions and reinsurance recoverables are given by:
- The Solvency II Technical Provisions are based on Best Estimates and a Risk Margin. IFRS takes into account a provision and a prudency margin based on IFRS accounting principles;
- The IFRS accounting principles include a reserve for capital gains on fixed interest assets;
- The Solvency II Technical Provisions are discounted with a yield curve whereas IFRS Technical Provisions are in general either discounted with a fixed interest rate or are not discounted;
- The IFRS Technical Provisions do not take lapses, expenses, future profit sharing to the expiration date into account, where Solvency II does;
- The following are all included under line item 'Other':
  - The Solvency II Fair value valuation of savings mortgages where those are measured at amortised cost;
  - Premiums paid in advance are an element of the Premium Provision under Solvency II;
  - IFRS reports expected loss in the Technical Provisions while under Solvency II the expected result (profit/loss) is reported;
  - The outcome from the catastrophe regulation and the solidarity arrangement of the Dutch Health entities is recognised in accident years 2020 and 2021. The part that has not been settled yet is incorporated in the Claims Provision.
  - Dutch healthcare institutions receive prepayments if they have (technical) problems with invoicing. These prepayments are temporary in nature and are generally short. They have been netted in the IFRS balance sheet with the Technical Provisions. Under Solvency II, however, netting with the Technical Provisions is not permitted;

- The Dutch ministry of VWS receives a discount for a number of expensive medicines (VWS arrangements). This discount is to be received by all health insurers. Netting in the IFRS balance sheet with the Technical Provisions is not permitted. Since there is a direct relation between the Technical Provisions and the discount, netting with the Technical Provisions under Solvency II is permitted;
- Reclassification of the 'Metaal construct Kleinmetaal' and 'Waarborgfonds'. In the IFRS Financial Statements these items are not qualified as insurance contracts.

BRIDGE TECHNICAL PROVISIONS IFRS-SII

€ MILLION

	2022	2021
IFRS Technical Provisions	44,492	56,742
Prudency margin	-1,202	-2,776
Discounting	-580	334
Risk Margin	1,352	2,073
Assumptions	0	0
Other	20	-1,115
SII Technical Provisions	**44,081**	**55,258**

E.1.4. SOLVENCY RATIO

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	9,195	10,363	-1,167
Total Group Solvency Capital Requirement	4,410	4,853	-443
Surplus	4,786	5,509	-724
Ratio (%)	209%	214%	5%-pt

E.1.4.1. ALTERNATIVE SCENARIOS

SOLVENCY POSITION EXCLUDING THE USE OF THE VOLATILITY ADJUSTMENT

Achmea applies the VA. The VA is not applied by the Dutch Health insurance legal entities, Achmea Reinsurance Company N.V. and Interamerican Assistance General Insurance Company S.A. (based on proportionality reasons). Applying the VA in Turkey is not allowed in accordance with the applicable Solvency II Regulation, therefore the VA is not applied by Eureko Sigorta A.S.

IMPACT OF VOLATILITY ADJUSTMENT ON SOLVENCY RATIO

€ MILLION

	INCLUDING VOLATILITY ADJUSTMENT		EXCLUDING VOLATILITY ADJUSTMENT		IMPACT VA	
	2022	2021	2022	2021	2022	2021
Eligible Own Funds	9,195	10,363	8,996	10,269	200	94
Total Group Solvency Capital Requirement	4,410	4,853	5,506	6,149	-1,096	-1,295
Surplus	4,786	5,509	3,490	4,120	1,296	1,389
Ratio (%)	**209%**	**214%**	**163%**	**167%**	**46%-pt**	**47%-pt**

The VA is published by EIOPA and endorsed by the European Commission. At year-end 2022 a VA of 19 bps (2021: 3 bps) is used.

The use of the VA has an impact on the value of the Best Estimate of the Insurance obligations. Not using the VA results in a higher value of the Best Estimate. The increase of the insurance liabilities also increases the DTA. The overall effect on the EOF is negative.

Not using the VA has impact on the capital requirements for Market Risk and Underwriting Risk. Achmea has modelled a DVA as part of the PIM for Market Risk. Not using the VA, implies that the DVA may not be used when calculating the Spread Risk. The increase in Best Estimate results in a higher capital requirement where the Best Estimate is used as input.

Excluding the VA and DVA would result in changes in the valuation insurance liabilities due to the adjusted discounting curve and changes in the capital requirements for Market Risk. As a result of the change in valuation, the asset mix is not aligned with the insurance liabilities leading to a disproportionate increase of the capital requirement for Market Risk. Furthermore, the Risk Profile of the government bonds and mortgage loans are not in line with the capital requirements i.e. the capital requirements are extremely high compared to the actual risks embedded in these exposures.

Therefore, Achmea is of the opinion that the resulting capital requirement without VA and DVA is not an appropriate reflection of the Risk Profile.

SENSITIVITIES ULTIMATE FORWARD RATE

The UFR is part of the relevant risk-free interest rate used to discount the Best Estimate. In the calculations per 31 December 2022, an UFR of 3.45% is used. The UFR will remain at 3.45% per 1 January 2023. As part of risk management activities the sensitivity of the Solvency position related to the underlying assumptions of the relevant risk-free interest discount rate is assessed.

The impact on the solvency ratio of using an UFR of 3.45% or not using an UFR is presented below.

IMPACT UFR SOLVENCY RATIO

€ MILLION

	ULTIMATE FORWARD RATE 3.45%	NO ULTIMATE FORWARD RATE
Eligible Own Funds	9,195	8,739
Total Group Solvency Capital Requirement	4,410	4,705
Surplus	4,786	4,033
Ratio (%)	209%	186%

The higher value of the Best Estimate has an increasing impact on the SCR. The impact of the UFR is mainly visible in the Life insurance portfolio (long-tail business in Life Underwriting Risk). The impact on the deferred taxes and SCRs also has an impact on the size of the LACDT.

E.1.5. SOLVENCY POSITIONS SUPERVISED LEGAL ENTITIES

Achmea determines a Solvency position for each individual supervised legal entity. The following Solvency positions are calculated for the supervised entities of Achmea.

LIFE INSURANCE ENTITY

Achmea Pensioen- en Levensverzekeringen N.V.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	3,096	3,946	-850
Solvency Capital Requirement	1,514	2,188	-674
Surplus	1,582	1,758	-176
Ratio (%)	204%	180%	24%

Changes in economic assumptions, such as increased interest rates and spread developments, are the main cause of the movement in the EOF in 2022. The change in economic assumptions led to a decrease in the EOF of € 1.136 million. Changes in non-economic assumptions (increased expense inflation €- 118 million; changes in mortality assumptions €- 102 million) and the dividend paid based on the performance of 2021 (€- 200 million) resulted in a decrease in the EOF in 2022. These effects were partly mitigated by the methodology change of the expense inflation curve (€ 103 million), portfolio developments (€ 71 million), a lower Relegation of Tier 3 (€ 174 million) and tax effects on aforementioned items (€ 314 million).

The increase of the interest rate and spread developments are the main causes of the decrease of the Solvency Capital Requirement. The decrease in the Solvency Capital Requirement of the Life Underwriting Risk (€- 615 million), Market Risk (€- 240 million) and the Loss Absorbing Expected Profits (€- 110 million), is partly offset by a lower diversification effect (€ 184 million) and a decrease of the LAC DT (€ 173 million).

NON-LIFE INSURANCE ENTITIES

Achmea Schadeverzekeringen N.V.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	1,215	1,136	79
Solvency Capital Requirement	763	805	-41
Surplus	452	331	121
Ratio (%)	159%	141%	18%

Eligible Own Funds increased € 79 million due to positive portfolio developments (€ 216 million), a positive realised and unrealised investment result (€ 15 million), dividend payment over 2021 paid out in 2022 (€- 90 million), increased restricted capital for the Australian operations (€- 3 million) due to local prudential requirements and other capital effects mainly related to corporate income tax (€- 59 million).

Required Capital decreased € 41 million due to a decrease of Market Risk, a decreased Health Underwriting Risk and a higher Loss Absorbing Capacity of Expected Profits (LACEP). The required capital increased due to an increase in Non-Life Underwriting Risk, a higher Counterparty Default Risk and a higher Operational Risk. Diversification effects are lower and as a result of lower BSCR the Loss Absorbing Capacity of Deferred Taxes (LACDT) also decreased.

Achmea has included 20% of the SII capital requirement of insurer De Vereende in the SCR Other entities (€ 3 million). The adjusted equity value corresponding to the 20% interest in the entity De Vereende was part of the EOF (€ 6 million). The solvency ratio of De Vereende year-end 2022 is 190%. De Vereende uses the Standard Formula, which is used as reference by Achmea in the addition of the capital requirement. De Vereende doesn’t use the Volatility Adjustment (VA) and doesn’t use any other transitionals.

Achmea Schadeverzekeringen N.V. also has a branch through which insurance products are sold in Australia. Via de InShared brand, insurance products are sold in Germany.

N.V. Hagelunie

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	147	201	-54
Solvency Capital Requirement	63	50	12
Surplus	84	150	-66
Ratio (%)	234%	398%	-164%

EOF mainly decreased as a result of paid-out dividend (€- 45 million) and negative investment results (€- 16 million), partly offset by positive underwriting results (€ 5 million). As a result of tax effects Own Funds increased by € 3 million.

Required capital has increased by € 12 million compared. The Catastrophe Risk increased by € 26 million. This is a result from the higher retention of the new reinsurance contract and the lower coverage of the new Annual Aggregate Deductible contract. This increase is partly compensated by a decrease in Market Risk of € 6 million and an increase in LACEP of € 4 million due to a growth of the portfolio related to higher insured sums for extension and growth of the portfolio in Canada.

The main markets where N.V. Hagelunie operates are the Netherlands and Belgium. In seven other countries are insurance products sold.

In 2023, N.V. Hagelunie is expected to be granted with a licence to operate as an insurer in Canada. When this license is granted a capital restriction of approximately € 14 million will be enforced by the local supervisor, which will be treated as such when assessing from the availability of the Own Funds of N.V. Hagelunie.

Eureko Sigorta A.S.

SOLVENCY RATIO

TL MILLION

	2022	2021	Δ
Eligible Own Funds	1,534	1,053	481
Solvency Capital Requirement	1,055	823	232
Surplus	479	229	450
Ratio (%)	145%	128%	19%

The available capital in Turkish lira increased due to IAS 29 inflation accounting, used as proxy for the economic valuation for a number of balance-sheet items, and positive operational and investment results.

In 2022 the required capital increased. Receivables are higher due increased premiums. However due to the amendments in the local solvency calculations the increase remained limited. The local regulator revised the factors within Asset Risk and Underwriting Risk used in the local solvency calculations in order to align with hyperinflation environment. The increased portfolio due to the depreciation of the TL and high inflation resulted in higher Premium Risk.

In February 2023, a severe earthquake took place in Turkey and Syria which will result in additional claims for Eureko Sigorta A.S. To a certain extent this will be covered by the reinsurance contracts used by Eureko Sigorta A.S.

Interamerican Property & Casualty Insurance Company S.A.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	117	144	-27
Solvency Capital Requirement	63	60	2
Surplus	54	84	-30
Ratio (%)	186%	239%	-53%

The foreseeable dividend for 2021 results increased from € 20 million to € 45 million, leading to a decrease of € 25 million in the Eligible Own Funds, compared with year-end 2021.

Eligible Own Funds decrease was mainly driven by the IAGPC's and its subsidiaries negative operating results – portfolio development – of about €- 9 million for year-end 2022, affected by higher claims from extraordinary events (especially natural calamities), claims frequency and inflation effects, € 1.9 million decrease of Risk Margin and a benefit from non-economic assumptions € 11 million. Additionally, economic assumptions had a negative impact of €- 2.4 million and model changes implemented in 2022 had a negative impact of €- 3.7 million, mainly related to inflation pressures.

No foreseeable dividend for year-end 2022 is included in the Solvency position as no proposal is made by the senior management of IAGPC.

Solvency Capital Requirement increased mainly due to Market Risk increase driven by updated Inflation Risk included in interest risk module. The increase in the capital requirement was reduced by the increased LACEP and LACDT.

Interamerican Assistance General Insurance Company S.A.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	15	17	-2
Solvency Capital Requirement	10	10	1
Surplus	5	7	-2
Ratio (%)	150%	177%	-27%

The EOF decrease is mainly driven by the entity's negative results as of lower investment results and higher claims. Solvency Capital Requirement remained practically stable.

Dividend distribution were performed in 2022 Q4, € 1.5 million to Interamerican Property & Casualty Insurance Company S.A. (IAGPC), which was foreseen at year-end 2021. No foreseeable dividend for year-end 2022 is taken in consideration as no proposal has been made by senior management.

HEALTH INSURANCE ENTITIES

In the Netherlands basic and supplementary healthcare insurance is offered via dedicated entities. Achmea manages these entities via one organisational division (division Zilveren Kruis). In this respect the consolidated solvency position of Achmea Zorgverzekeringen N.V. is calculated via a look-through approach (sub-consolidation).

Within Achmea Zorgverzekeringen N.V. the following insurance entities are consolidated: FBTO Zorgverzekeringen N.V., De Friesland Zorgverzekeraar N.V., Interpolis Zorgverzekeringen N.V. and Zilveren Kruis Zorgverzekeringen N.V., which offer basic healthcare insurance only. Achmea Zorgverzekeringen N.V. is the parent and offers supplementary healthcare insurance and is not deemed to be an Insurance Holding Company.

The SCR is calculated with the SF and no VA has been applied. No Internal Model is used.

Achmea Zorgverzekeringen N.V. (Consolidated)

The following table presents the solvency ratio of Achmea Zorgverzekeringen N.V. at year-end 2021 and year-end 2020.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	3,732	3,568	164
Solvency Capital Requirement	2,266	2,158	108
Surplus	1,466	1,410	56
Ratio (%)	165%	165%	0%

The solvency ratio relatively unchanged in comparison with last year. Both the Eligible Own Funds and the Required Capital increased, where the latter is the dominant factor in the limited decrease of the solvency ratio.

The increase of the EOF was mainly due to the expected positive result 2023 embedded in the insurance portfolio. This was offset by negative performance of the stock markets which reduced the value of the equity exposures of Achmea Zorgverzekeringen N.V.

The developments in the Solvency Capital Requirement of Achmea Zorgverzekeringen N.V. are summarised below:

- The SCR Market Risk decreased by € 76 million due to a decrease in Equity Risk because of a decrease in economic value of equity investments. Interest Rate Risk increased due to an increased mismatch between assets and liabilities. Spread Risk increased due to a higher volume of exposures. Market Concentration Risk also increased;
- The SCR Counterparty Default Risk increased by € 0.7 million due to an increase in type 1 exposures;
- The SCR Health Underwriting Risk increased by € 117 million, mainly due to an increase in Reserve Risk because of a preliminary settlement of the contribution from the legal catastrophe arrangement for Covid-19, which was netted with the Claim provision previously. Due to technical issues with a new funding system for mental healthcare per 2022, mental healthcare providers were unable to invoice all their services. Premium Risk also increased, mainly due to cost inflation, reflected in an increase of the premium per insured;
- The SCR Operational Risk increased by € 25 million, mostly due to an increase in the number of insured in 2022, but also because the Operational Risk for FYR 2021 was unusually low due to a substantial (but one-off) decrease in the mental healthcare cost in accident year 2021 (because of the introduction of a new funding system as at 2022).

The solvency ratios of the individual insurance legal entities of Achmea Zorgverzekeringen N.V. are as follows:

SOLVENCY RATIOS INDIVIDUAL HEALTH ENTITIES %

ENTITY	2022	2021
Achmea Zorgverzekeringen N.V.	440%	450%
FBTO Zorgverzekeringen N.V.	146%	136%
De Friesland Zorgverzekeraar N.V.	163%	129%
Interpolis Zorgverzekeringen N.V.	165%	170%
Zilveren Kruis Zorgverzekeringen N.V.	144%	138%

Achmea Zorgverzekeringen N.V. (non-look-through)

The EOF increased by € 164 million to € 3,731 million. This was mainly due to the expected positive result 2023.There were negative development in the stock markets.

The SCR of Achmea Zorgverzekeringen N.V. (non-look-through) increased by € 55 million compared to year-end 2021.

The SCR Market Risk increased by € 53 million, mainly due to an increase in Equity Risk. The economic values of equities investments not being participations decreased due to a decrease in stock markets. However, the value of the participations in the other health entities increased.

The SCR Counterparty Default Risk increased by € 7.9 million mainly due to an increase of type 1 exposures.

The SCR Health Underwriting Risk increased by € 2 million, mainly due to an increase in Premium Risk as a result of a higher premium volume for 2022.

FBTO Zorgverzekeringen N.V.

In September 2022 FBTO Zorgverzekeringen N.V. resubmitted their year-end 2021 Solvency figures, because the originally reported solvency ratio materially changed from 136% to 157%. This was the result of a higher than estimated growth of the insurance portfolio.

The net EOF increased by € 42 million to € 200 million. This was mainly due to an expected positive result 2023 and prior years. This was offset by a negative performance of the stock markets which reduced the value of the equity exposures of FBTO Zorgverzekeringen N.V.

The SCR of FBTO Zorgverzekeringen N.V. increased by € 36 million to € 137 million.

The SCR Market Risk increased by € 2.0 million, mainly due to an increase in Market Concentration Risk and an increase in Spread Risk due to a higher volume of exposures. Equity Risk decreased due to a decrease in economic value of equity investments.

The SCR Counterparty Default Risk increased by € 4.0 million due to an increase of type 1 exposures.

The SCR Underwriting Risk increased by € 21 million, mainly due to an increase in Premium Risk. The premium volume increased due to cost inflation, reflected in an increase of the premium per insured, and an increase in the number of insured. The Reserve Risk also increased, partly because of a preliminary settlement of the contribution from the legal catastrophe arrangement for Covid-19. Due to technical issues with a new funding system for mental healthcare per 2022, mental healthcare providers were unable to invoice all their services.

De Friesland Zorgverzekeraar N.V.

The EOF increased by € 90 million to € 387 million. This was mainly due to capital injection in March 2022 and June 2022 and an expected positive result 2023 and prior years. This was offset by negative performance of the stock markets which reduced the value of the equity exposures of De Friesland Zorgverzekeraar N.V.

The SCR of De Friesland Zorgverzekeraar N.V. increased by € 7.6 million to € 237 million.

The SCR Market Risk decreased by € 2.3 million, mainly due to a decrease in Equity Risk because of a decrease in economic value of equity investments. Spread Risk increased due to a higher volume of exposures. Market Concentration Risk also increased.

The SCR Counterparty Default Risk decreased by € 12 million, mainly due to a settlement of a temporary intercompany position from early 2022.

The SCR Health Underwriting Risk increased by € 8.8 million, due to an increase in Reserve Risk, partly because of a preliminary settlement of the contribution from the legal catastrophe arrangement for Covid-19. Due to technical issues with a new funding system for mental healthcare per 2022, mental healthcare providers were unable to invoice all their services. The premium volume decreased due to an decrease in the number of insured from 2022 to 2023.

Interpolis Zorgverzekeringen N.V.

The EOF decreased by € 7.9 million to € 132 million. This was mainly due to an expected positive result 2023 and prior years. This was offset by negative performance of the stock markets which reduced the value of the equity exposures of Interpolis Zorgverzekeringen N.V.

The SCR of Interpolis Zorgverzekeringen N.V. increased by € 6.9 million to € 80 million.

The SCR Market Risk decreased by € 0.4 million, mainly due to a decrease in Equity Risk because of a decrease in economic value of equity investments. Market Concentration Risk increased.

The SCR Counterparty Default Risk decreased by € 0.6 million, due to a decrease in both type 1 and type 2 exposures.

The SCR Underwriting Risk increased by € 6.6 million, due to an increase in both Premium Risk and Reserve Risk. The premium volume increased due to cost inflation, reflected in an increase of the premium per insured. The Reserve Risk increased, mainly because of a preliminary settlement of the contribution from the legal catastrophe arrangement for Covid-19. Due to technical issues with a new funding system for mental healthcare per 2022, mental healthcare providers were unable to invoice all their services.

Zilveren Kruis Zorgverzekeringen N.V.

The EOF increased by € 229 million to € 2,268 million. This was mainly due to agio deposits in March 2022 and June 2022 and an expected positive result 2023. This was offset by negative performance of the stock markets which reduced the value of the equity exposures of Zilveren Kruis Zorgverzekeringen N.V.

The SCR of Zilveren Kruis Zorgverzekeringen N.V. increased by € 98 million to € 1,580 million.

The SCR Market Risk decreased by € 36 million, due to a decrease in Equity Risk because of a decrease in economic value of equity investments. Interest Rate Risk increased due to an increased mismatch between assets and liabilities and Spread Risk increased due to a higher volume of exposures.

The SCR Counterparty Default Risk increased by € 8.4 million due to an increase in both type 1 and type 2 exposures.

The SCR Health Underwriting Risk increased by € 99 million, mainly due to an increase in Reserve Risk because of a preliminary settlement of the contribution from the legal catastrophe arrangement for Covid-19. Due to technical issues with a new funding system for mental healthcare per 2022, mental healthcare providers were unable to invoice all their services. Premium Risk increased, mainly due to cost inflation, reflected in an increase of the premium per insured.

COMPOSITE INSURANCE ENTITY

Interamerican Hellenic Life Insurance Company S.A.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	140	161	-21
Solvency Capital Requirement	80	102	-22
Surplus	61	59	2
Ratio (%)	176%	158%	18%

The EOF decreased compared with year-end 2021 mainly due to €- 4.8 million result from subsidiaries and €- 16 million from Life entity.

Positive Life results were driven from the Old Medical Cards model change (€ 13 million) and Risk Margin decrease (€ 8.2 million). These results were counterbalanced by the yield curves increase, equities decrease (€- 4.7 million), non-economic assumptions update €- 7.4 million, and the negative operating results (€- 9.2 million). Finally, the EOF was negatively affected by the DTA movement (€- 34 million), while the development in the Relegation of Tiers was on the positive side (€ 18 million). The latter is driven by the DTA write-off in 2022 Q4, with a net negative effect of €- 15 million.

No foreseeable dividend for year-end 2022 as no proposal is made by the senior management of IAGL.

Solvency Capital Requirement decreased compared to year-end 2021 mainly due to Life's and Health's Underwriting Risk decrease by €- 12 million and €- 9.4 million, respectively caused by the yield curves' increase and the Old Medical Cards model change. Market Risk also decreased by € 15 million compared to year-end 2021, mainly due to Equity Risk, driven mainly by lower participations value due to dividend upstream. Finally, CDR increased about € 6 million due to temporary higher cash allocation in Greek versus foreign banks as a result of a pending transaction of a new insurance entity acquisition.

On the 1st of February 2023, Interamerican Hellenic Life Insurance Company S.A. has bought the composite Insurer Horizon. In 2022, Interamerican Hellenic Life Insurance Company S.A. made a prepayment of € 8 million which served as a capital injection for Horizon. The prepayment is included as exposure in the Counterparty Default Risk module. For the SCR of 2022, no other changes to the capital requirements are made with respect to this acquisition. The acquisition was endorsed by the Bank of Greece.

Union Poist'ovňa A.S.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	35	37	-2
Solvency Capital Requirement	30	23	7
Surplus	5	14	-9
Ratio (%)	116%	162%	-46%

The Solvency II ratio decreased compared to year-end 2021, with 15% of this decrease coming from the acquisition of the Slovakian branch of Groupama Poist'ovna A.S. at the end of the year.

At the end of the year Union acquired the insurance company Groupama Poist'ovna A.S. This decrease in EOF was mainly created by the acquisition price of € 0.9 million and Capital movements (€- 3.7 million and € 2.8 million). The development of portfolio driven significantly by increase in Groupama Poist'ovna A.S. Technical Provision and growing Non-Life business, was reduced by the positive effect of the change in deferred taxes and the impact of non-economic assumptions, especially from the life portfolio. The change in the (relevant) risk-free interest rate had a significant impact on both assets and liabilities, but these compensated each other.

The increase in the Required Capital was driven by the acquisition of Groupama Poist'ovna A.S. (€ 3.3 million) where the Non-Life Underwriting Risk increased in particular. Life UWR also increased (€ 3.5 million), mainly due to life lapse mass-risk due to the significant increase of yield curve during the year. UWR Health increased (€ 1.5 million) thanks to a large contract for active health reinsurance. These business driven increases and also the reduction of LAC DT (€- 3.4 million) were partly compensated by the reduction of Market Risk (€- 5.6 million), where Market Concentration Risk was reduced (€- 4.2 million).

In February 2023, a € 4.9 million dividend payment took place from Union Zdravotna Poist'ovna to Achmea B.V. followed by a capital injection of € 4.9 million from Achmea B.V. to Union Poist'ovna A.S. This increased the Union Poist'ovna A.S. solvency level above the 130% target level.

REINSURANCE ENTITY

Achmea Reinsurance Company N.V.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	291	315	-24
Solvency Capital Requirement	193	179	14
Surplus	97	136	-38
Ratio (%)	150%	176%	-26%

The capital position was the result of a combination of decrease in the Eligible Own Funds and a higher Solvency Capital Requirement. The decrease in the Own Funds is due to the outcome of negative financial market developments and negative developments within the reinsurance and investment portfolio. The main reason of the increase of the Solvency Capital Requirement can be found in a higher Solvency Capital Requirement Non-Life. This was due to the renewals at the 1st of July 2022 and 1st of January 2023.

In February 2023 a severe earthquake took place in Turkey and Syria which will result in additional claims for Achmea Reinsurance N.V. (especially reinsurance of business Eureko Sigorta A.S.).

SOLVENCY POSITION LEGAL ENTITIES SUBJECT TO OTHER PRUDENTIAL SUPERVISION

Within Achmea 1 legal entity (Achmea Bank N.V. as credit institution) is subject to requirements of the Capital Requirements Directive (CRD).

CRD RATIO ACHMEA BANK N.V.

€MILLION

	2022	2021	Δ
RWA	4,264	3,717	547
TCR	18.2%	20.90%	-0
CET 1-Ratio	18.9%	20.90%	-0
Capital requirements	571	498	73
Own Funds	776	779	-3

Within Achmea two legal entities are subject to IFD/IFR requirements as asset managers (Syntrus Achmea Real Estate & Finance B.V. and Achmea Investment Management B.V.).

IFD/IFR REQUIREMENTS

ENTITY	FIXED COST REQUIREMENT		PERMANENT MINIMUM		K-FACTOR		CAPITAL REQUIREMENTS		OWN FUNDS	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Achmea Investment Management B.V.	25.2	19.4	0.1	0.1	19.9	21.0	25.2	24.4	52.6	40.9
Syntrus Achmea Real Estate & Finance B.V.	18.2	18.3	0.2	0.2	0.3	0.3	18.2	18.3	45.6	34.6

For Syntrus Achmea Real Estate & Finance B.V. and Achmea Investment Management B.V., Achmea has to apply the requirements of the IFR/IFD Regulation. The capital requirement is the highest of:
- 25% of the fixed overhead expenses of the preceding 12 months;
- The permanent minimum requirement following the IFR/IFD legislation;
- The 'k'-factor.

For Achmea Investment Management B.V. Achmea applies a required capital of € 28.2 million based on ICAAP rules[20]. This required capital is higher than the requirements based on the IFR/IFD Regulation, mainly due to the larger scope of the assets under management taken into account within ICAAP 2022 (including mutual funds).

The Intra-Group transactions between Achmea and the CRD-entities concerns short term deposit transactions and the allocation of costs. Achmea has also Intra-Group transactions with Achmea Bank N.V. regarding the mortgage savings. There are no capital transactions between Achmea and Achmea Bank N.V. All Intra-Group transactions with CRD-entities are not eliminated, therefore Achmea retains the original calculated capital requirement i.e. no elimination.

SOLVENCY POSITION OF LEGAL ENTITIES SUBJECT TO THE IORP OR SIMILAR ENTITIES

Centraal Beheer PPI N.V.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	13	n.a.	13
Solvency Capital Requirement	6	n.a.	6
Surplus	7	n.a.	7
Ratio (%)	211%	n.a.	211%

In 2022 Achmea acquired ABN AMRO Pensioeninstelling N.V. (Centraal Beheer PPI N.V.). Due to this acquisition being in 2022 no information is presented for 2021. The capital requirement for Centraal Beheer PPI N.V. is 0.2% of the managed capital (€ 3,128 million) for the pension liabilities. The CB PPI has an appropriate liability insurance in place.

Union Zdravotná Poisťovňa A.S.

SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	43	48	-5
Solvency Capital Requirement	17	17	0
Surplus	26	31	-5
Ratio (%)	256%	289%	-33%

The decrease in the Eligible Own Funds is related to the dividend payment in 2022 (€ 4.9 million) and lower results achieved compared to previous year.

The local capital requirements year-end 2022 were € 17 million and is a fixed legal amount.

NOTIONAL SOLVENCY POSITION

For the Mixed Financial Holding Company, Achmea B.V., a notional capital requirement has to be calculated. The holding company is as an individual company not subject to supervision. However, Achmea B.V. is part of the group supervision as executed by competent authority, DNB.

The notional capital position is calculated, based on the company Economic Balance Sheet and resulting notional SCR as if the Solvency II legislation would be applied. In this approach, all subsidiaries are presented as participations and Intra-Group positions are not eliminated. The participations of Achmea B.V. are included in the notional SCR under Market Risk based on the Standard Formula.

[20] The included capital requirement year-end 2022 for Achmea Group includes a capital requirement for Achmea Investment Management B.V. based on the IFR/IFD Regulation. The impact on the group ratio is not material.

Achmea B.V.

NOTIONAL SOLVENCY RATIO

€ MILLION

	2022	2021	Δ
Eligible Own Funds	9,582	10,684	-1,102
Total Group Solvency Capital Requirement	2,215	2,324	-109
Surplus	7,367	8,360	-994
Ratio (%)	433%	460%	-27%

The Notional Capital Requirement of Achmea B.V. consists mainly of a Notional Capital Requirements Market Risk. Notional Capital Requirements Market Risk was € 2.2 billion year-end 2022. Market Risk of the Notional Capital Requirement is dominated by Equity Risk on the strategic participations of Achmea. The amount of SCR related to Intra-Group transactions is € 2.1 billion (2021: € 2.3 billion) and decreased in line with the decrease in the net adjusted value of the underlying subsidiaries due to the changes in the risk-free interest rates, spreads and inflation.

E.2. SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

More detail regarding the Solvency Capital Requirements of the Dutch insurance legal entities can be found in the public Quantitative Reporting Templates (see Appendix A for hyperlinks).

E.2.1. KEY ASSUMPTIONS APPLIED OR USED BY ACHMEA

HRES Parameters

Achmea applies the HRES parameters (Health Risk Equalisation System) when determining the capital requirement for Premium- and Reserve Risk for the Line of Business Medical Expense. The HRES parameters are based on the Implementing Technical Standards that have been published by the European Commission. The HRES parameters are only applied to Dutch basic health insurances. For Premium Risk 2.7% is applied, for Reserve Risk 5.0%. The use of the HRES parameters is accompanied by the requirement to use the 'broad premium' definition e.g. all premiums and payments received by Achmea for the basic health insurance obligations, including payments received by Zorginstituut Nederland, are deemed to be premiums.

Commitments to invest in future exposures

In certain instances, Achmea provides commitments to counterparties to invest in issuance of equity or debt investments. Based on the contractual agreements, Achmea already has committed an economic value for these future investments. On the Economic Balance Sheet these commitments are not recognised e.g. the underlying exposure is not recognised. For the determination of the capital requirement, Achmea includes these commitments as input for the various sub-risk modules.

Economic assumptions

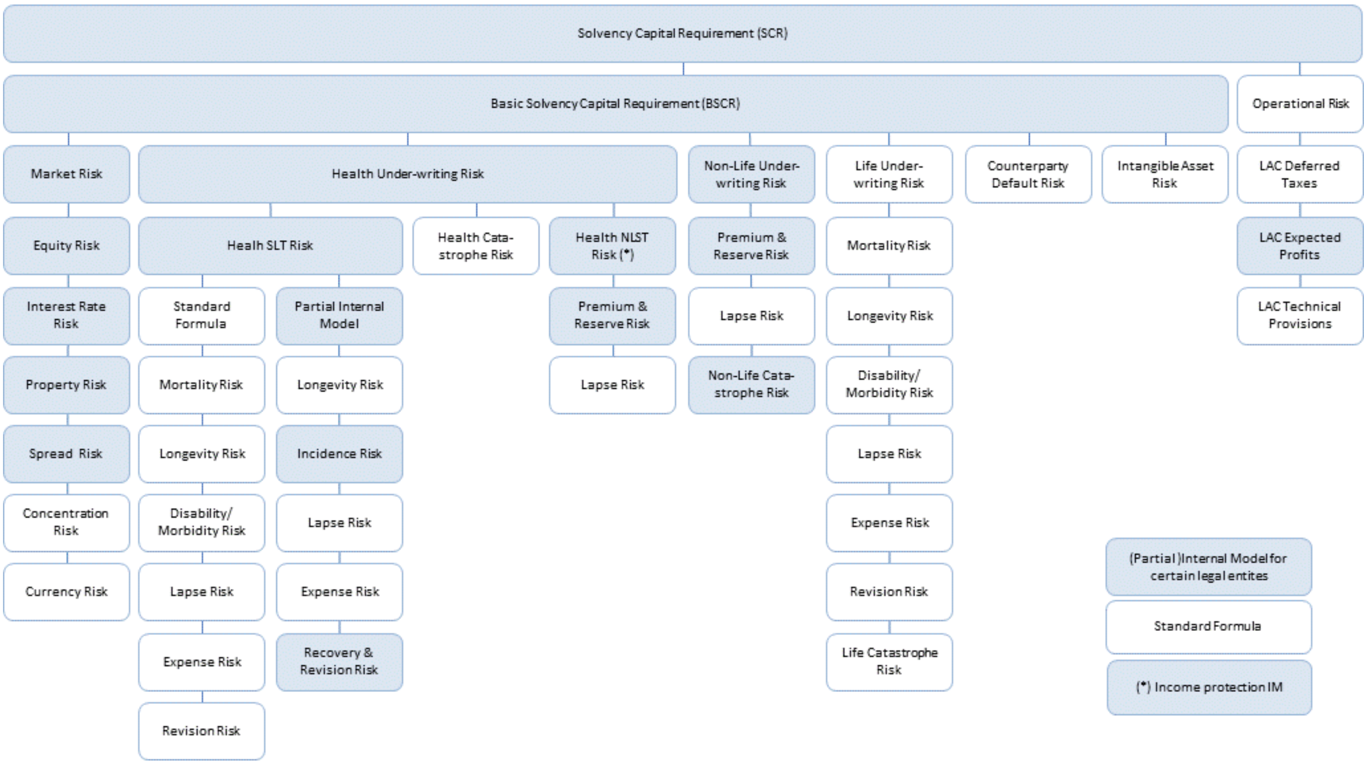
At the end of 2022 the application ratio used for the several legal entities using the Dynamic Volatility Adjustment is:

- Achmea Schadeverzekeringen N.V. and N.V. Hagelunie: 65% (2021: 65%);
- Achmea Pensioen & Levensverzekeringen N.V.: 58% (2021: 60%).

The discount rate used to calculate the Interest Rate Risk within the PIM for Market Risk is the German Bund curve (Euro Core).

E.2.2. STANDARD FORMULA VERSUS PARTIAL INTERNAL MODEL

Achmea uses an Internal Model for:
- Non-Life Risk the Premium and Reserve Risk of Achmea Schadeverzekeringen N.V. (excluding Achmea Australia), N.V. Hagelunie, Interamerican Property & Casualty Insurance Company S.A. and Achmea B.V.;
- Non-Life Risk the Natural Catastrophe Risk of Achmea Schadeverzekeringen N.V. (excluding Achmea Australia), N.V. Hagelunie (excluding Achmea Canada), Interamerican Property & Casualty Insurance Company S.A., Achmea Reinsurance Company N.V. (excluding incoming reinsurance contracts) and Achmea B.V.;
- Health Risk (Health Not Similar to Life Techniques, NSLT) the Premium and Reserve Risk for sickness and accident insurance of Achmea Schadeverzekeringen N.V., Interamerican Property & Casualty Insurance Company S.A. and Achmea B.V.;
- Health Risk (Health Similar to Life Techniques, SLT) the risks relating to disability, rehabilitation and revision percentages of Achmea Schadeverzekeringen N.V. and Achmea B.V.;
- Market Risk the risks related to Interest Rate Risk, Equity Risk, Property Risk and Spread Risk of Achmea Schadeverzekeringen N.V., N.V. Hagelunie, Achmea Reinsurance Company N.V., Achmea Pensioen- en Levensverzekeringen N.V. and Achmea B.V.



Achmea uses a PIM[21] to calculate the SCR. The SF components and Internal Model components are aggregated into a single SCR. The aggregation is done by means of :
- The 'Default approach' (use of the correlations as provided by the SF at the level of the main risk types and most sub-risk types;
- The 'Implicit correlation approach' for SLT Underwriting Risk and Non-Life Premium and Reserve Risk and the 'Implicit correlation' approach for Market Risk for the shocks under the SF for Interest Rate Risk/Spread Risk/Equity Risk and Property Risk on the one hand and Currency Risk/Concentration Risk on the other hand;
- The 'Simulation approach' to aggregate the Equity Risk/Property Risk/Interest Rate Risk and Spread Risk of those entities not using the PIM for Market Risk;
- For some sub-risk types Achmea aggregates data at a lower level than applied in the SF. Here the correlations are based on Achmea's data and expert judgment especially within Non-Life Underwriting Risk.

[21] Within Non-Life Cat Risk Man-made Risk is not included. For the foreign insurance entities (with the exception of Interamerican Property & Casualty Insurance Company S.A.) and Achmea Reinsurance Company N.V. no Internal Model is used for Premium and Reserve Risk.

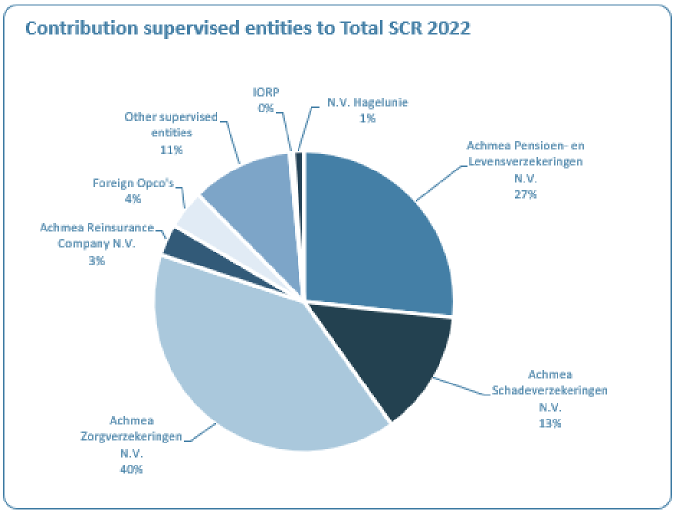
In addition to the Internal Model components Achmea has added a capital correction for Inflation Risk to the Interest Rate Risk within Market Risk for Interamerican Property & Casualty Insurance Company S.A. Achmea excluded the Inflation Risk from the Internal Model for Non-Life Underwriting and Health SLT Underwriting Risk. In order to capture this risk in the SCR, Achmea has determined a capital requirement in 'Pillar II' associated with this risk. Within 'Pillar I', the SCR for Inflation Risk is added at the level of 'Interest Rate Risk' by means of the 'simulation approach'.

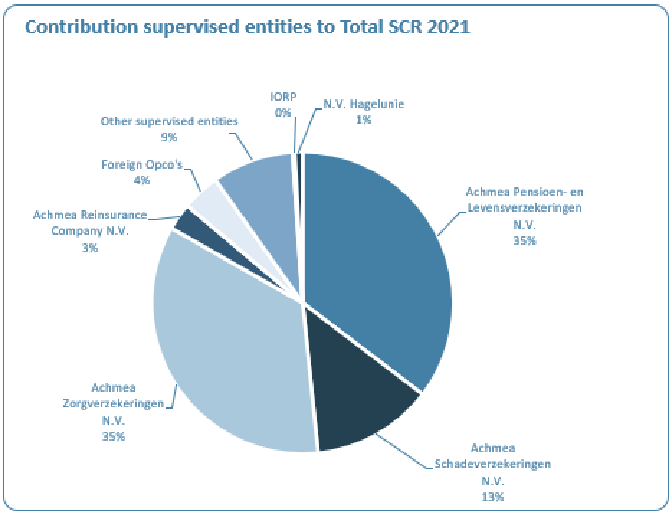
The SCR Counterparty Default Risk is impacted due to the Internal Model for Non-Life Catastrophe Risk and Market Risk. Following the differences between the SF and the PIM used, the outcome of the LACDT under the PIM differs from the outcome of the SF. Within the SF the LACEP is not applicable, because it is assumed that the impact is already included in the various SF parameters as laid down in the Solvency II legislation. In Achmea's PIM an adjustment factor for LACEP is applied to take future profitability into account within the PIM[22].

E.2.3. SOLVENCY CAPITAL REQUIREMENT

E.2.3.1. SOLVENCY CAPITAL REQUIREMENT

Solvency Capital Requirement according to major legal entities[23]:





The share of the various solo entities in the SCR group changed in 2022 compared to 2021. The share of Achmea Pensioen- en Levensverzekeringen N.V. has decreased, while the share of Achmea Zorgverzekeringen N.V. has increased in contribution. Due to the closed book portfolio of Achmea Pensioen- en Levensverzekeringen N.V. and the increase in the relevant Risk-free Interest Rate the share of Achmea Pensioen- en Levensverzekeringen N.V. decreased.

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[22] For Achmea's Non-Life Premium- and Reserve and Market Risk calculated using the PIM, the capital requirements are calculated as possible (99.5%) deviations from the expected figures. These capital requirements reflect (unexpected) deviations from the expected change in Own Funds for the forthcoming one-year period. The expected change in Own Funds serves as a first buffer to absorb unexpected deviations.

[23] Foreign OpCo's = supervised insurance entities outside the Netherlands and Other supervised entities = supervised banking and investment firms subject to CRD/IFR/IFD legislation.

The main SCR results based on the Partial Internal Model are:

TOTAL GROUP SOLVENCY CAPITAL REQUIREMENT

€ MILLION

	2022	2021	Δ
Market Risk	2,050	2,315	-265
Counterparty Default Risk	174	202	-28
Life Underwriting Risk	1,258	1,849	-591
Health Underwriting Risk	1,906	1,800	106
Non-Life Underwriting Risk	1,124	1,014	109
Diversification	-2,394	-2,602	208
Intangible Asset Risk	0	0	-0
Basic Group Solvency Capital Requirement	4,118	4,578	-460
Operational Risk	626	596	31
Loss-Absorbing Capacity of Expected Profits	-444	-217	-227
Loss-Absorbing Capacity of Technical Provisions	-0	-0	-0
Loss-Absorbing Capacity of Deferred Taxes	-550	-682	132
SCR Other Financial Sectors	638	557	80
SCR Other Entities	23	22	1
Total Group Solvency Capital Requirement	4,410	4,853	-443

Due to the acquisition of the ABN AMRO Pensioeninstelling N.V. (Centraal Beheer PPI N.V.), Achmea has also included the capital requirement with respect to this entity as part of the SCR Other Financial Sectors. The Solvency Capital Requirement of the individual entities on the situation as at 31 December 2022 is included in the following table.

SOLVENCY CAPITAL REQUIREMENT INDIVIDUAL ENTITIES

€ MILLION

	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	1,514	2,188
Achmea Schadeverzekeringen N.V.	763	805
Interamerican Assistance General Insurance Company S.A. (99.89%)	10	10
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	63	60
N.V. Hagelunie	63	50
Achmea Zorgverzekeringen N.V.	848	792
Interpolis Zorgverzekeringen N.V.	80	73
Zilveren Kruis Zorgverzekeringen N.V.	1,580	1,483
De Friesland Zorgverzekeraar N.V.	237	230
FBTO Zorgverzekeringen N.V.	137	115
Union Poist'ovna A.S. (99.97%)	30	23
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	80	102
Achmea Reinsurance Company N.V.	193	179
Achmea Bank N.V.	571	498
Syntrus Achmea Real estate & Finance	18	18
Achmea Investment Management	25	24
Total individual entities	6,214	6,651
Diversification, mixed financial holding company, investment related entities and ancillary entities	-1,804	-1,797
Total	**4,410**	**4,853**

The anticipated SCR of Achmea over its business planning time period based on the business strategy is given below. The small effects of the SCR are amongst others linked to the decrease of the Life portfolio in the Netherlands, partly mitigated by the increase of Non-Life Risk and Health NSLT Insurance Risk because of an increase of Health insurance claims. In this projection the consequences of future legislative changes in Solvency II and CRD legislation are not included.

DEVELOPMENT SCR OVER SII BUSINESS HORIZON

€ MILLION

	2023	2024	2025	2026	2027
Solvency Capital Requirements	4,807	5,073	5,275	5,475	5,675

E.2.3.2. MARKET RISK

Achmea uses a Partial Internal Model for the calculation of the Solvency Capital Requirements for Market Risk.

MARKET RISK

€ MLN.

	2022	2021
Interest rate	537	1.192
Equity	1.382	1.361
Property	489	486
Spread	834	1.124
Currency	128	128
Concentration	0	0
Diversification	-1.320	-1.976
SCR Market Risk	**2.050**	**2.315**

In 2022 the capital requirement for Market Risk decreased by € 265 million which was driven by the higher interest rates and widened credit spreads. The capital requirement is further decreased by the annual calibration of the Economic Scenarios and the adjustment of the DVA (in relation to mortgage spread).

INTEREST RATE RISK

The capital requirement for Interest Rate Risk is mainly recognised within Achmea Pensioen- en Levensverzekeringen N.V. Interest Rate Risk within the other supervised insurance entities is limited because of the Interest Rate Risk policy employed, such as duration matching and absolute limits used.

INTEREST RATE RISK

€ MILLION

	ECONOMIC VALUES BEFORE SHOCK				SCR		
	2022		2021		2022	2021	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Interest Rate Risk	37,601	44,013	51,368	55,485	537	1,192	-655

Achmea has included the Risk Margin in the calculation of the Interest Rate Risk (contrary to the Standard Formula) by modelling the Risk Margin as a separate cashflow. Interest Rate Risk decreased caused by the increase in interest rates, widened credit spreads and adjustment of the capital hedge.

EQUITY RISK

The capital requirements for Equity Risk is mainly driven by the Dutch legal entities. On a solo perspective Interamerican Hellenic Life Insurance Company S.A. and Interamerican Property & Casualty Insurance Company S.A. have recognised Equity Risk. However, the equity exposures are mainly the participation in subsidiaries.

Achmea has investments in so-called ‘Property investment funds’. If the leverage included in these funds exceeds 20% the investment fund is not included as part of Property Risk but is included within Equity Risk. This has been the case for funds with an economic value of € 2.4 million. These funds are recognised within the portfolio of Achmea Pensioen- en Levensverzekeringen N.V.

The capital requirement with respect to participations classified as ‘Other Entities’, ‘Other Financial Sectors’ or ‘Non-Controlled Participations’. These are presented as a separate line item part of the Solvency Capital Requirement. The capital requirement is added to the Solvency Capital Requirement: no diversification effects are recognised.

EQUITY RISK

€ MILLION

	ECONOMIC VALUES BEFORE SHOCK				SCR		
	2022		2021		2022	2021	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Equity Risk	3,342	3,659	3,369	4,525	1,382	1,361	21

The capital requirements for Equity Risk are sensitive to changes in the equity markets. Increase of the 1-year German government bond rate (€ 42 million) and annual calibration (€ 7 million) lead to bigger shocks and an increased Equity Risk. Due to negative returns on the equity markets the value of the equity portfolios decreased, despite positive returns on alternatives (particularly commodities).

PROPERTY RISK

Achmea has investments in so called ‘Property investment funds’. If the leverage included in these funds is lower than 20% the investment fund is included as part of Property Risk.

Achmea has certain Unit Linked insurance contracts where the fee earned by Achmea depends on the fund value (assets). These are shocked according to the scenarios and the adjusted value of the fee income is determined. The lower discounted value of the fee income is added to the capital requirements.

PROPERTY RISK

€ MILLION

	ECONOMIC VALUES BEFORE SHOCK				SCR		
	2022		2021		2022	2021	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Property Risk	1,792	149	1,737	198	489	486	4

Property Risk increased with € 16 million due to purchases and increased values. The annual calibration decreased Property Risk with € 28 million and is partly offset by an increased 1-year German government bond rate (€ 15 million).

SPREAD RISK

Achmea applies the Partial Internal Model for Spread Risk for all bonds and loans, government bonds and related exposures and for mortgage loans. EIONIA spread, Swap spread and the DVA are also part of the Spread Risk module. Hence the PIM for Spread Risk is also applied to the value of liabilities and derivatives. Achmea applies a ‘simulation integration’ technique in order to calculate the capital requirements for Spread Risk at the level of the group i.e. to aggregate standard formula parts and internal model parts.

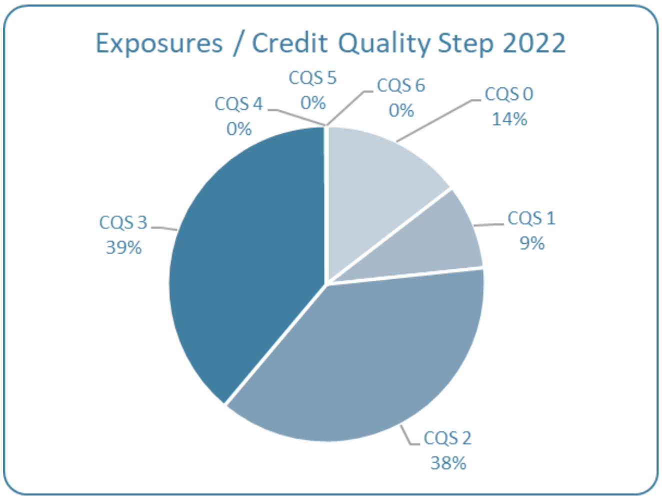
Credit Spread Risk is the risk that spreads increase, while the ratings remain unchanged. Migration and Default Risk address the risk of downgrades and defaults. The DVA is a (dynamic) adjustment to the basic risk-free curve to avoid pro-cyclical investment behaviour.

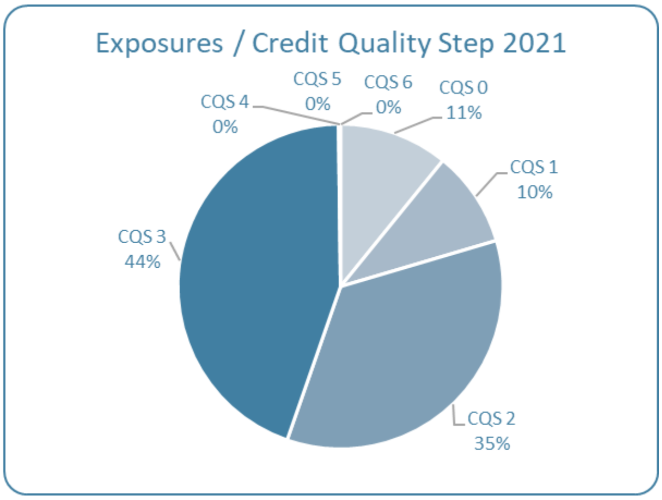
SPREAD RISK

€ MILLION

	ECONOMIC VALUES BEFORE SHOCK				SCR		
	2022		2021		2022	2021	Δ
Spread Risk	31,849	37,430	43,201	50,538	834	1,124	-290

The following graphs present the quality of the bond and loan portfolio (hence excluding Government bonds).





The average duration of the bond and loan portfolio decreased from 3.7 to 3.3 years.

Widening credit spreads decreased Spread Risk by € 237 million. Increased interest rates and movements according to the Investment Plan 2022 decreased Spread Risk by € 78 million. Other important effects are the adjustment of the DVA (€ 36 million), the annual calibration (€ 55 million) and the effect of the swap spread hedge (€ 5 million).

Within the Spread Risk sub risk, Achmea includes the DVA. The DVA results in a lower capital requirement. Achmea's DVA depends on the actual information regarding the fundamental spread at t=0 as published by EIOPA and Achmea's own application ratio.

MARKET RISK CONCENTRATIONS

A capital requirement for Market Concentration Risk is only recognised when the exposure to a single name exceeds the thresholds set by the Solvency II legislation. Government bonds and related exposures, exposures subject to the Counterparty Default Risk module, Unit Linked related exposures and certain legal entities part of the Group are not subject to this capital requirement.

At the end of 2022, Achmea had no exposure to any counterparty that exceeded the Concentration Risk threshold. Therefore the SCR Market Concentration remained zero.

Part of the legal entities have Concentration Risk on the level of the solo capital requirements.

CURRENCY RISK

The capital requirement for Currency Risk remained constant at € 128 million.

The largest non-euro exposure is on the USD, which has decreased due to falling equity markets. The largest non-euro operation is carried out by Eureko Sigorta A.S. in Turkey. This resulted in an exposure to the Turkish lira which is unhedged.

Most foreign currency exposures in insurance and investment portfolios are hedged using currency derivatives. Achmea Reinsurance Company N.V. has exposures in several currencies because of their incoming reinsurance activities outside the Eurozone. Achmea Schadeverzekeringen N.V. has Currency Risk related to the Australian dollar because of branch selling insurance products in Australia. N.V. Hagelunie has Currency Risk in Canadian dollar related insurance products sold in Canada. The other legal entities have some Currency Risk based on exposures denominated in other currencies than the euro embedded in the investment portfolio.

E.2.3.3. COUNTERPARTY DEFAULT RISK

The exposures to Counterparty Default Risk are the result of normal operations within Achmea. The scope of the CDR module includes risk mitigating contracts, such as reinsurance agreements and derivatives, receivables from intermediaries, as well as any other credit exposures which are not covered in the Market Risk sub module Spread Risk.

The following table specifies the SCR for the CDR.

COUNTERPARTY DEFAULT RISK

€ MILLION

	2022	2021	Δ
Reinsurance arrangements	25	24	2
Derivatives	22	57	-35
Other non-risk mitigating exposures	46	52	-6
Commitments depending on the credit standing of the counterparty	3	3	-0
Diversification	-11	-17	5
SCR CDR on Type 1 exposures	84	118	-34
Insurance and Intermediaries Receivables	13	14	-1
Other Credit exposures (excl. Mortgage Loans)	89	84	5
Mortgage loans	0	0	0
SCR CDR on Type 2 exposures	101	97	4
Diversification	-12	-14	2
SCR Counterparty Default Risk	174	202	-28

The decrease of the SCR CDR on Type 1 exposures is mainly due to a lower risk on derivatives and securities lending. The market value and the risk-adjusted collateral of the derivatives portfolio decreased due to the higher yield curve. Also the securities lending portfolio decreased mainly as a result of the higher yield curve.

The increase of the SCR CDR on Type 2 exposures is mainly due to higher volumes in policyholders receivables which are due and other receivables, mainly within Achmea Schadeverzekeringen N.V. This impact is partly compensated due to a decrease within the Dutch Health insurance entities of the negative net position with healthcare providers, in which the 'work in progress' position is lower than the prepayments to the healthcare providers.

Derivatives

Derivatives are used to hedge undesirable risks in the investment portfolio and for efficient portfolio management. Interest Rate Swaps, Swaptions and Bond Futures are used to hedge interest rate risks arising from the insurance liabilities. Forward exchange contracts (FX forwards) are used for hedging Currency Risk. In line with the counterparty policy, positions in derivatives are collateralised. Daily collateral is exchanged with the relevant counterparties. For OTC contracts, only high rated government bonds are accepted as collateral. For positions cleared through Central Clearing the variation margin is settled in cash.

The exposure on the derivatives decreased from € 5,092 million to € 1,200 million in 2022 due to the development of currency rates and interest rates (excluding the impact of mortgage savings). This decrease is mostly related to a decrease of the exposures on the derivatives. The lower exposure to the derivatives does not always lead to a lower Loss Given Default. This applies to situations where the collateral was sufficiently pledged to Achmea, as a result of which the Loss Given Default was already zero.

Derivatives which are centrally cleared are subject to different capital requirements than derivatives which are not centrally cleared.

VOLUME DERIVATIVES

€ MILLION

	2022	2021	Δ
Type 1	758	2,679	-1,921
Type 2			
Type 3	441	2,412	-1,971
Type 4	1	314	-313
Total derivatives subject to CDR module -type 1	1,200	5,405	-4,204

The derivatives are classified in four types. Type 1 derivatives consists of cleared interest rate swaps. Type 2 derivatives are comparable with Type 1, but Achmea is not required to be protected from losses in the event that the clearing member and another client of the clearing member jointly default. Type 4 derivatives consists of Bond Futures and mortgage saving products. All the other derivatives are classified as Type 3 derivatives. The above table shows the distribution over the different types.

COUNTERPARTY DEFAULT RISK INDIVIDUAL ENTITIES

€ MILLION

	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	58	83
Achmea Schadeverzekeringen N.V.	80	58
Interamerican Assistance General Insurance Company S.A. (99.89%)	2	2
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	9	7
N.V. Hagelunie	13	12
Achmea Zorgverzekeringen N.V.	18	10
Interpolis Zorgverzekeringen N.V.	1	1
Zilveren Kruis Zorgverzekeringen N.V.	35	27
De Friesland Zorgverzekeraar N.V.	3	15
FBTO Zorgverzekeringen N.V.	8	4
Union Poist’ovna A.S. (99.97%)	5	4
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	11	5
Achmea Reinsurance Company N.V.	14	13
Total individual entities	255	242
Diversification, mixed financial holding company, investment related entities and ancillary entities	-81	-40
Total	174	202

The impact of diversification includes the change in the intercompany positions within the Dutch Health insurance entities.

E.2.3.4. LIFE UNDERWRITING RISK

The following table sets out the composition of Achmea’s Life Underwriting Risk. This relates both traditional and Unit Linked policies. For the calculation of Life Underwriting Risk Achmea uses a simple sum to aggregate the outcomes of the legal entities by using a correlation 1, with the exception of Lapse Risk. When determining the Lapse Risk the various scenarios are aggregated. The most onerous scenario is used to determine the capital requirement, which regards mass lapse. Within Achmea Life Underwriting Risk is based on the SF.

LIFE UNDERWRITING RISK

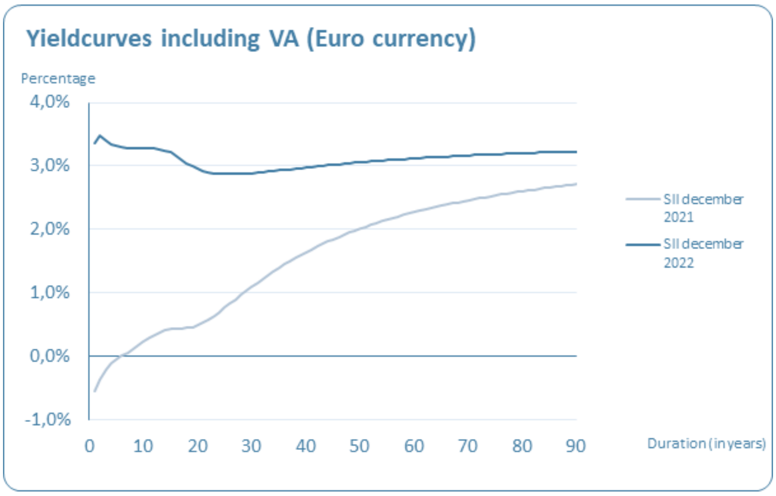
€ MILLION

	2022	2021	Δ
Mortality Risk	125	169	-44
Longevity Risk	931	1,414	-483
Disability/ Morbidity Risk	3	6	-3
Lapse Risk	203	208	-5
Expense Risk	464	717	-253
Catastrophe Risk	127	125	2
Diversification Risk	-595	-790	195
SCR Life	1,258	1,849	-591

Approximately 94% of Life Underwriting Risk is recognised within Achmea Pensioen- en Levensverzekeringen N.V., 3% within Achmea Reinsurance Company N.V., 2% within Interamerican Hellenic Life Insurance Company S.A. and 1% within Union Poist’ovna A.S.

Life Underwriting Risk decreased due to the higher yield curve leading to a decrease of the Best Estimate and a decrease of the required capital. The capital requirement decreased due to the decreasing insurance portfolio in the Netherlands and model changes compensated by an update of the non-economic assumptions due to increased expense inflation and adjustments of mortality and lapse assumptions.

The Life Underwriting Risk is very sensitive to movements in the relevant risk-free interest rate. A change will result in a change in the Best Estimate, which will influence the capital requirements for Life Underwriting Risk. In 2022, the relevant risk-free interest rate increased. Ceteris Paribus other developments, this results in a lower value of the Best Estimate and related capital requirements, because the average duration of Achmea's total Life portfolio is 10.7 years (2021: 12.3 years).



UNDERWRITING RISK LIFE INDIVIDUAL ENTITIES

€ MILLION

	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	1,258	1,873
Union Poist'ovna A.S. (99.97%)	10	7
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	26	38
Achmea Reinsurance Company N.V.	46	45
Total individual entities	1,340	1,963
Diversification	-82	-114
Total	1,258	1,849

Diversification includes mainly the impact of the Pension Benefit Obligations and the impact of other Intra-Group transactions. In the Netherlands, Slovakia and in Greece, the mass lapse scenario has the most onerous outcome of all the three scenarios. At Group Level, the mass lapse scenario also applies.

Mortality Risk

The SCR for Mortality Risk is determined by calculating the liabilities with mortality rates which are increased by 15% for future years.

The SCR for Mortality Risk has decreased by € 44 million to € 125 million and is mainly driven by Achmea Pensioen- en Levensverzekeringen N.V. (€- 43 million). The decrease in Mortality Risk is mainly caused by changes in non-economic assumptions and the increase in interest rate levels. Model changes and portfolio developments also contributed to the change in Mortality Risk. Reinsurance of Mortality Risk within Achmea Reinsurance Company N.V. (€- 0.8 million) has only a small effect on Mortality Risk. The remaining impact is caused by Interamerican Hellenic Life Insurance Company S.A. (€- 0.6 million).

Longevity Risk

The SCR for Longevity Risk is determined by calculating the liabilities with mortality rates that are decreased by 20% for future years.

The SCR for Longevity Risk decreased by € 483 million to € 931 million. This decrease is caused by Achmea Pensioen- en Levensverzekeringen N.V. due to changes in economic assumptions and portfolio developments. The change in economic assumptions was due to higher interest rate levels and the decrease due to portfolio developments is mainly caused by the closed book character of the portfolio. There was also a model change and furthermore the decrease was offset by an increase due to changes in non-economic assumptions.

Disability/Morbidity Risk
For the Disability/Morbidity Risk in the Netherlands the capital requirements are determined using an approximation agreed by the Actuarial Function Holder. The approximation is based on information provided by Achmea Schadeverzekeringen N.V. for portfolios with a similar risk type. The information is adjusted for differences in contract conditions and the portfolio.

The SCR for Disability/Morbidity Risk decreased by € 3.2 million to € 3.2 million within Achmea Pensioen- en Levensverzekeringen N.V. The Disability Risk decreased by € 3.1 million due to portfolio developments. Because of the closed book character of the portfolio the premium income for disability is decreasing.

Lapse risk
LAPSE RISK - LIFE

€ MILLION

	2022	2021	Δ
Lapse Increase	50	56	-6
Lapse Decrease	25	58	-33
Mass Lapse	203	208	-5
Scenario Used	Mass	Mass	

In line with recent years mass lapse is the dominant scenario for the Life portfolios on the level of the Group.

The outcome of the Mass lapse scenario decreased due to a decrease within the Life portfolio of Achmea Pensioen- en Levensverzekeringen N.V. (€- 14 million). The decrease in lapse shock is caused by:
- The decreasing portfolio.
- The impact due to the change in the valuation of the Dutch mortgage saving life insurance product (‘spaarhypotheken’).
- Changes in non-economic assumptions, mainly because of an update of lapse assumptions.
- The increase in interest rate levels.

The mass lapse scenario is the most onerous within all entities. Within Interamerican Hellenic Life Insurance Company S.A. Lapse Risk decreased by € 11 million due to the increase in yield curves and the portfolio run off. Within Union Poist’ovna A.S. Lapse Risk increased by € 5 million due to the increase in interest rate levels and the merged lapse portfolios of Union Poist’ovna A.S. and Poštová poisťovňa.

Expense Risk
The SCR for Expense Risk decreased by € 253 million to € 464 million. Expense Risk is determined by calculating the impact on the liabilities where the expenses are increased by 10% and the inflation rate has increased by 1%. The decrease in Expense Risk is driven by the developments within Achmea Pensioen- en Levensverzekeringen N.V. Changes in non-economic assumptions caused an increase, mainly due to the increase in inflation levels. The increase in interest rate levels, experienced variance/portfolio developments and model changes due to a methodology change in the calculation of the expense inflation caused a decrease in Expense Risk. Within Union Poist’ovna A.S. Expense Risk slightly decreased by € 1.3 million due to inflation and also by new cost allocation provided for merged portfolios of Union Poist’ovna A.S. and former Poštová poisťovňa.

Revision Risk
Revision Risk only applies to annuity payments related to claims for damage insurance. There are no such insurances in the Achmea portfolio. Accordingly, the Revision Risk is zero.

Catastrophe Risk
The SCR for Catastrophe Risk increased by € 2 million to € 127 million. Catastrophe Risk is mainly driven by developments within Achmea Pensioen- en Levensverzekeringen N.V. (€ 2 million). Achmea applies the prescribed method to increment the mortality rates in the first projection year by 0.15% for the group model and the individual model. At year-end 2021 Achmea still used a simplification method for the individual model.

The increase after reinsurance within Achmea Pensioen- en Levensverzekeringen N.V. is mainly due to model changes (€ 2.6 million). There was also an increase due to experience variance/portfolio developments (€ 0.7 million). Catastrophe Risk within Achmea Pensioen- en Levensverzekeringen N.V. is mitigated by a reinsurance contract with Achmea Reinsurance Company N.V. Within Union Poist'ovna A.S. Catastrophe Risk decreased by € 0.1 million. Within Interamerican Hellenic Life Insurance Company S.A. Catastrophe Risk remained unchanged.

Diversification effects

The impact of diversification effects between sub-risks decreased in 2022 by € 195 million due to the decrease of the underlying sub-risks.

E.2.3.5. HEALTH UNDERWRITING RISK

Health Underwriting Risk consists of three components: Health Similar to Life (SLT), Health Similar to Non-Life (NSLT) and Health Catastrophe Risk.

The Health SLT portfolio uses internal models for the Dutch disability portfolio for Disability/Morbidity and Revision Risk. This only relates to the legal entity Achmea Schadeverzekeringen N.V. The risk taxonomy of the PIM deviates from the risk taxonomy of the Standard Formula for Health SLT Underwriting Risk. Achmea first determines the SCR Health SF SLT and the SCR Health PIM SLT. These two outcomes are aggregated by means of implicit correlations.

For the Dutch Basic Health Insurance Obligations, Achmea used the HRES-parameters as put forward in the Implementing Technical Standard. For NSLT Premium Risk, the parameter/standard deviation is 2.7% and for Reserve Risk 5.0%.

Within the Incidence & Recovery Risk WIA model several minor model changes were processed to reach the status of fit for purpose for the 'WIA Uitstap' part of the model. The use of the model buffer for the 'WIA non-Uitstap' portfolio is justified, extra validation tools have been performed and the model documentation has been improved.

HEALTH UNDERWRITING

€ MILLION

	2022	2021	Δ
Mortality	0	1	-0
Longevity	19	28	-9
Disability/Morbidity/Revision	187	201	-13
SLT Lapse	28	22	6
Expense	28	34	-6
Diversification	-82	-84	2
SCR UR Health SLT	181	201	-20
NSLT Lapse	22	19	3
Premium and Reserve	1,791	1,674	117
Diversification	-22	-19	-3
SCR UR Health NSLT	1,791	1,674	117
Health catastrophe	64	61	3
Diversification	-131	-136	6
SCR UR Health	1,906	1,800	106

UNDERWRITING RISK HEALTH INDIVIDUAL ENTITIES

€ MILLION

	2022	2021
Achmea Schadeverzekeringen N.V.	239	264
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	1	1
Achmea Zorgverzekeringen N.V.	188	186
Interpolis Zorgverzekeringen N.V.	60	53
Zilveren Kruis Zorgverzekeringen N.V.	1,207	1,107
De Friesland Zorgverzekeraar N.V.	178	169
FBTO Zorgverzekeringen N.V.	98	93
Union Poist'ovna A.S. (99.97%)	7	5
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	34	43
Achmea Reinsurance Company N.V.	25	21
Total individual entities	2,036	1,942
Diversification	-130	-142
Total	1,906	1,800

The diversification includes the impact of Intra-Group transactions and the impact of diversification within NSLT Premium and Reserve Risk.

Health SLT

The Health SLT portfolio uses Internal Models for the Dutch disability portfolio for Disability/Morbidity and Revision Risk. This only relates to the legal entity Achmea Schadeverzekeringen N.V.

Mortality Risk SLT

There were no material portfolio developments within Interamerican Hellenic Life Insurance Company S.A. As a result Mortality Risk has remained € 0.5 million.

Longevity Risk SLT

Longevity Risk decreased by € 8.9 million due to a decrease within Achmea Schadeverzekeringen N.V. This decrease is caused by an update of the mortality probabilities and the impact of the increased interest rate.

Disability/Morbidity/Recovery Risk SLT

Disability/Morbidity Risk (incidence + recovery) decreased by € 13 million. Within the WIA portfolio of Achmea Schadeverzekeringen N.V. Recovery Risk SLT decreased by € 9.4 million due to the yearly expansion of the 50% Quota Share reinsurance arrangement for the 'WIA' portfolio and a lower volume due to an increased yield curve. Within Interamerican Hellenic Life Insurance Company S.A. Morbidity Risk decreased by € 3.5 million due to the increased yield curve and the Old Medical Cards model change allowing for a limited premium increase.

Lapse Risk SLT

In 2022 the 'lapse mass scenario' is the dominant scenario for Lapse Risk Health SLT on Group Level; in 2021 it was the 'lapse decrease scenario'. Within Interamerican Hellenic Life Insurance Company S.A. Lapse Risk decreased by € 10 million in the Decrease Lapse scenario due to the increase in the yield curve. Within Achmea Schadeverzekeringen N.V. Lapse Risk increased by € 10 million in the Mass Lapse scenario due to a higher expected profitability for disability insurance.

Expense Risk SLT

Expense Risk SLT decreased by € 5.8 million due to lower operating expenses within Achmea Schadeverzekeringen N.V. Within Union Poist'ovna A.S. and Interamerican Hellenic Life Insurance Company S.A. the impact was not material.

Health NSLT

Health NSLT consists of three lines of business, Medical Expenses, Income Protection and Workers' compensation. Achmea applies an Internal Model for Income Protection. Medical Expenses accounts for the vast majority of the required capital of Health NSLT.

Lapse Risk NSLT

Lapse Risk NSLT increased by € 3.2 million caused by the increased profitability of the recognised portfolio, especially absenteeism within Achmea Schadeverzekeringen N.V. (€ 2.8 million). Due to DNB guidelines for the LoB Medical Expenses Lapse Risk does not have to be taken into account for Achmea Zorgverzekeringen N.V. (consolidated) and its subsidiaries. The remaining impact is caused by Union Poist'ovna A.S. (€- 0.1 million), Interamerican Greece (€ 0.6 million) and Eureko Sigorta A.S. (€- 0.2 million).

Premium and Reserve Risk Health NSLT

The increase of Health NSLT Premium and Reserve Risk mainly consists of the Dutch Health insurance business (based on Standard Formula; € 117 million) and Achmea Schadeverzekeringen N.V. (based on Internal Model; €- 5.4 million). All the changes in the Premium and Reserve Risk arise from development of the portfolio, changes in expected cashflows and its effect on the discounting. The remaining impact was caused by Union Poist'ovna A.S. (€ 1.8 million), Interamerican Hellenic Life Insurance Company S.A. (€ 0.6 million) and Eureko Sigorta A.S. (€- 0.6 million).

The increase of the premium volume in the Dutch Health insurance business was mostly due to cost inflation, reflected in an increase of the premium per insured. The number of insured 2023 decreased by 233,000 as compared to 2022. Within Achmea Schadeverzekeringen N.V. the Premium Risk in 2022 increased by € 4 million. The underwriting agents absenteeism portfolio shows a further volume increase as the regular absenteeism portfolio does. The Motor Personal Indemnity portfolio, 'Schade Verzekering Inzittenden (SVI)', shows a decreasing volume.

The volume measure for Reserve Risk (which equals the Best Estimate Claim Provision) within the Dutch Health insurance business increased by € 955 million. This was mostly due to the settlement by Zorginstituut Nederland of € 705 million of the expected contributions from the catastrophe regulation for Covid-19, increasing the Best Estimate Claim Provision by the same amount. The total expected healthcare costs were lower in 2021 than in 2022, because of a lower number of insured and because mental healthcare had a one-off decrease in the total costs for accident year 2021, due to a new funding system per 2022. Furthermore, due to technical issues with this funding system on the side of the mental healthcare providers a large amount of bills could not be invoiced yet. The change in Claim Provision increased the SCR Premium and Reserve Risk by € 103 million.

Within Achmea Schadeverzekeringen N.V. Reserve Risk decreased by € 6 million. This is mainly caused by the increased interest rate (€- 4 million). The nominal volume change results in an impact of €- 1 million. Reassessment of the mortgage protection portfolio, release COVID-19 provision absenteeism portfolio and accident portfolio resulted in a release of provisions (€- 3 million). On the other hand the provisions Motor Personal Indemnity portfolio ('SVI') increased (€ 2 million).

The impact of the new risk factors bases on the regular calibration update caused a slight decrease (€ 1 million).

Health Catastrophe Risk

HEALTH CATASTROPHE RISK

€ MILLION

	2022	2021	Δ
Mass Accident Risk	19	16	3
Accident Concentration Risk	31	27	4
Pandemic Risk	53	52	1
Diversification	-39	-34	-4
SCR CAT Risk Health	64	61	3

Within Achmea Reinsurance Company N.V. Catastrophe Risk increased by € 4.5 million due to new contracts per January, 1st (€ 3.9 million) and Foreign currency exchanges rates (€ 0.6 million).

Within the Dutch Health insurance business the Catastrophe Risk increased by € 0.7 million. This was mostly due to an increase in the parameters for Mass Accident Risk and Pandemic Risk (increase of 6.0% and 6.6%, respectively). On the other hand, the number of insured decreased by 4.6%.

NON-LIFE UNDERWRITING RISK

The legal entities with a PIM for Non-Life Premium and Reserve Risk are Achmea Schadeverzekeringen N.V., N.V. Hagelunie and Interamerican Property & Casualty Insurance Company S.A. The legal entities with a PIM for Non-Life Catastrophe Risk (Natural) are Achmea Schadeverzekeringen N.V., N.V. Hagelunie, Interamerican Property & Casualty Insurance Company S.A. and Achmea Reinsurance Company N.V. The other legal entities within Achmea and the other (sub)Risks are based on the SF. In terms of PIM SCR 89% (2021: 83%) of Non-Life Underwriting Risk is based on the PIM (before diversification).

For reinsurance contracts issued in Turkey with Turkish counterparties where a Credit Quality Step lower than 3 is applicable, the risk mitigation capacity of these reinsurance contracts is not taken into consideration. Based on the Solvency II legislation (article 211 Regulation 2015/35) these reinsurance contracts may not be considered as effective risk mitigation.

Achmea has used the 'implicit correlation' approach to aggregate the capital requirements on Group Level.

NON-LIFE UNDERWRITING RISK

€ MILLION

	2022	2021	Δ
Lapse	179	144	35
Premium and Reserve	802	744	57
Catastrophe	592	513	79
Diversification	-449	-387	-62
SCR UR Non-Life	1,124	1,014	109

Approximately 49% of Non-Life Underwriting Risk is driven by Achmea Schadeverzekeringen N.V., 22% by Achmea Reinsurance Company N.V., 15% by Eureko Sigorta A.S., 9% by Interamerican Property & Casualty insurance Company S.A., 4% by N.V. Hagelunie and 1% by Union Poisťovňa A.S.

UNDERWRITING RISK NON-LIFE INDIVIDUAL ENTITIES

€ MILLION

	2022	2021
Achmea Schadeverzekeringen N.V.	807	717
Interamerican Assistance General Insurance Company S.A. (99.89%)	8	7
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	69	68
N.V. Hagelunie	72	46
Union Poist'ovna A.S. (99.97%)	18	15
Achmea Reinsurance Company N.V.	221	175
Total individual entities	1,195	1,029
Diversification	-71	-15
Total	1,124	1,014

The diversification includes the impact of diversification within Non-Life Premium and Reserve Risk, Non-Life Catastrophe Risk and the impact of Intra-Group transactions. The contribution of Eureko Sigorta A.S. as a non-EEA entity in the Group consolidation is included in line item diversification.

Lapse Risk

The SCR of Non-Life Lapse Risk is modelled according to the SF. In the Netherlands Lapse Risk increased by € 33 million within Achmea Schadeverzekeringen N.V. due to the growth of the recognised and profitable portfolio for Fire (accountable for 35% of the increase) and the increase in profitability of the Motor Liability portfolio (accountable for 35% of the increase), which means that the possible loss due to lapse has increased. Lapse Risk within Interamerican Property & Casualty Insurance Company S.A. decreased by € 0.9 million as a result of the addition of lapse rates in the calculation of Best Estimate Premium Provisions.

Premium & Reserve Risk

The most important reason for the increase of Premium and Reserve Risk in the Netherlands is the increase in volumes and risk factors. The development in Premium and Reserve Risk is mainly caused within Achmea Schadeverzekeringen N.V. (€ 59 million) and Interamerican Property & Casualty Insurance Company S.A. (€- 0.4 million) where Premium and Reserve Risk is modelled according to the Internal Model of Achmea. The impact of Premium and Reserve Risk within N.V. Hagelunie (€ 0.4 million), Achmea Reinsurance Company N.V. (€ 5.2 million), Union Poist'ovna A.S. (€ 3,6 million) and Eureko Sigorta A.S. (€- 6.7 million) is modelled according to the SF. The change is mainly caused by increased volume and risk factors.

The most important reason for the increase of Premium and Reserve Risk within Achmea Schadeverzekeringen N.V. is the increase in Premium Risk (€ 37 million) due to higher volume and risk factors. The volume increased due to expected cost of claims in particular for Fire property offset by the increased interest rate. Reserve Risk increased by € 31 million due to higher risk factors and volume (nominal). The update of the risk factors Reserve risk, include surcharge for bodily injury, cause for approximately 45% of the increase. In particular the bodily injury Lines of Business' Motor and General Liability are responsible for this increase. Increase in the volume of provisions caused approximately 55% of the increase. The Fire and Hull (Motor Other) homogenous groups increased as a result of the triplet storm. Due to the settlements during 2022 this effect has already partly been reduced.

The three-yearly calibration of the expert correlations in both Premium and Reserve risk led to an increase of € 13 million.

Premium and Reserve Risk within Achmea Reinsurance Company N.V. increased by € 5.2 million. Premium Risk increased (€ 12 million) due to the renewal and hardening reinsurance market and Reserve risk decreased (€ 5.1 million) due to lower claim reserves due to payments and adjustments within claim reserves.

Catastrophe Risk

Achmea has developed an Internal Model for Natural Catastrophe Risk in which the Greek and Dutch Non-Life Natural Catastrophe Risk are included. Turkey and Slovakia are included for Earthquake Risk according to SF[24].

CATASTROPHE RISK NON-LIFE — € MILLION

	2022	2021	Δ
Natural	416	326	89
Catastrophe Risk Non-Proportional Property Reinsurance	113	92	21
Man-Made	266	297	-31
Other	8	6	2
Diversification between sub-modules	-211	-209	-3
SCR Catastrophe Risk Non-Life	592	513	79

Catastrophe Risk increased by € 79 million due to the renewal of the reinsurance contract as of 1 July 2022 and the increased retention. As of the renewal the earthquake risk of Interamerican Greece increased significantly, this being the result of the changes in the reinsurance participations of Achmea Reinsurance Company N.V. in the catastrophe programme and the fact that the aggregate cover was not renewed. In addition, the new calibration of the natural catastrophe curves and the shift from proportional to non-proportional reinsurance led to an increase in Non-Proportional Property Reinsurance Risks and Other Risks. The relative share of the non-proportional reinsurance increased resulting in a higher Catastrophe Risk as this type of risk offers less diversification. Due to the strengthening of the US dollar versus the Euro risk increased. In addition, the hardening of the reinsurance market caused a premium increase included in the non-proportional reinsurance Risk.

E.2.3.6. INTANGIBLE ASSET RISK

INTANGIBLE ASSET RISK — € MILLION

	2022	2021	Δ
Intangible Asset Risk	0	0	-0
SCR Intangible Assets	0	0	-0

[24] Man-made and Other is modelled according to the SF.

E.2.3.7. OPERATIONAL RISK

OPERATIONAL RISK

€ MILLION

	2022	2021	Δ
SCR OR based on Technical Provisions	386	413	-27
SCR OR based on Earned Premiums	616	585	31
Charge before Capping	616	585	31
CAP BSCR	1,235	1,373	-138
Charge after capping	616	585	31
Expenses Unit Linked Business	41	43	-2
Charge related to Expenses Unit Linked Business (25%)	10	11	-0
SCR Operational Risk	626	596	31

In line with recent years the calculation for Achmea is based on the dominant Premium Risk component, where the BSCR constraint is not hit.

Operational Risk increased as a consequence of the increased premium volumes in 2022 compared to 2021 in the Health insurance portfolio in the Netherlands. The number of insured increased by 7.3% from 2021 to 2022. In accident year 2021 there was a substantial (but one-off) decrease in the mental healthcare cost (because of the introduction of a new funding system). This impact is partly compensated by the development within Achmea Pensioen- en Levensverzekeringen N.V. due to the decreased premiums as a result of the service book portfolio. The decrease of the expenses in Unit Linked Business caused a decrease in the Operational Risk.

OPERATIONAL RISK – SENSITIVE SCENARIO

	2021	2020
Achmea Pensioen- en Levensverzekeringen N.V.	Provision	Provision
Achmea Schadeverzekeringen N.V.	Premium	Premium
N.V. Hagelunie	Premium	Premium
Achmea Reinsurance Company N.V.	Premium	Premium
Achmea Zorgverzekeringen N.V. (consolidated)	Premium	Premium
Achmea Zorgverzekeringen N.V. (non-look through)	Premium	Premium
Zilveren Kruis Zorgverzekeringen N.V.	Premium	Premium
Interpolis Zorgverzekeringen N.V.	Premium	Premium
FBTO Zorgverzekeringen N.V.	Premium	Premium
De Friesland Zorgverzekeraar N.V.	Premium	Premium
Interamerican Hellenic Life Insurance Company S.A.	Premium	Premium
Interamerican Property & Casualty Insurance Company S.A.	Provision	Provision
Interamerican Assistance General Insurance Company S.A.	Premium	Premium
Union Poist'ovna A.S.	Premium	Premium
Eureko Sigorta A.S.	Provision	Provision

During 2022, no entities changed in sensitive scenario.

OPERATIONAL RISK INDIVIDUAL ENTITIES

	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	122	164
Achmea Schadeverzekeringen N.V.	119	115
Interamerican Assistance General Insurance Company S.A. (99.89%)	1	1
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	7	7
N.V. Hagelunie	4	3
Achmea Zorgverzekeringen N.V.	37	36
Interpolis Zorgverzekeringen N.V.	16	15
Zilveren Kruis Zorgverzekeringen N.V.	317	306
De Friesland Zorgverzekeraar N.V.	47	43
FBTO Zorgverzekeringen N.V.	31	17
Union Poist'ovna A.S. (99.97%)	4	3
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	5	5
Achmea Reinsurance Company N.V.	13	10
Total individual entities	722	726
Diversification	-96	-130
Total	626	596

In line with recent years the calculation for Achmea is based on the dominant Premium Risk component. The calculation of Operational Risk of most entities within Achmea is based on the premium based component, except for Achmea Pensioen- en Levensverzekeringen N.V., Interamerican Property & Casualty Insurance Company S.A. and Eureko Sigorta A.S. In line with last year this caused the impact of diversification on Group Level. The contribution of Eureko Sigorta A.S. as a non-EEA entity in the group consolidation is included in line item diversification.

E.2.3.8. LOSS-ABSORBING CAPACITY OF EXPECTED PROFITS

LOSS-ABSORBING CAPACITY OF EXPECTED PROFITS

€ MILLION

	2022	2021	Δ
LACEP Underwriting Risk	-132	-70	-61
LACEP Market Risk	-312	-147	-166
Total LACEP	-444	-217	-227

The methodology to calculate the capital requirements for Market Risk within the Internal Model results in a so called 'Profit-at-Risk value (PaR)'. In the calculation the appropriate returns of the coming twelve months are taken into consideration. However, the Solvency Capital Requirement should be based at a Value-at-Risk (VaR) basis. In order to arrive at the VaR, Achmea has determined the LACEP Market Risk (PaR + LACEP = VaR). The LACEP Market Risk is calculated as the expected excess return for the total return assets above risk-free rate (1-year German government bond).

As a result of an increase in 1-Year German interest rates and due to volume effect the LACEP Market Risk increased by € 166 million to € 312 million. The 1-year German government bond is 2.23 bps (2021: -0.82 bps).

The impact of the LACEP Underwriting Risk increased caused by an expected increased future profitability of the renewed and new business of the Dutch and Greek insurance portfolios.

LOSS-ABSORBING CAPACITY OF EXPECTED PROFITS INDIVIDUAL ENTITIES

€ MILLION

	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	-191	-81
Achmea Schadeverzekeringen N.V.	-164	-85
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	-12	-11
N.V. Hagelunie	-6	-2
Achmea Reinsurance Company N.V.	-25	-15
Total individual insurance entities	-398	-194
Other	-46	-23
Total	-444	-217

The impact on 'Other' includes the LACEP Market Risk of the non-insurance entities, the LACEP Market Risk of Achmea Zorgverzekeringen N.V. and excludes the impact of LACEP Underwriting Risk of Achmea Reinsurance Company N.V. due to the intercompany characteristic.

E.2.3.9. LOSS ABSORBING CAPACITY OF TECHNICAL PROVISIONS

The Loss-Absorbing Capacity of Technical Provisions (LACTP) is negligible as was the case in 2021.

E.2.3.10. LOSS-ABSORBING CAPACITY DEFERRED TAXES

The amount recognised as LACDT has been based on the Solvency II legislation and local additional guidance submitted by National Supervisory Authorities, including the supervisory guidance and the outcomes of the supervisory dialogue.

The LACDT is determined on the level of the individual legal insurance entities and based on Solvency II legislation and local fiscal legislation. On Group Level the solo determined LACDT is aggregated taking the diversification effects into account.

LOSS-ABSORBING CAPACITY OF DEFERRED TAXES

€ MILLION

	2022	2021	Δ
Loss-Absorbing Capacity of Deferred taxes	-550	-682	132

RECOGNISED LOSS ABSORBING CAPACITY OF DEFERRED TAXES ON SOLO LEVEL

€ MILLION

	2022	2021
Achmea Pensioen- en Levensverzekeringen N.V.	400	574
Interamerican Hellenic Life Insurance Company S.A.	0	0
Achmea Schadeverzekeringen N.V.	265	279
Eureko Sigorta A.S.	0	0
Interamerican Assistance General Insurance Company S.A.	0	0
Interamerican Property & Casualty Insurance Company S.A.	15	14
N.V. Hagelunie	22	18
Union Poist'ovna A.S.	3	6
Achmea Reinsurance Company N.V.	63	54
Total without applying guideline 22	**768**	**945**
Total recognised	**550**	**682**

The adjustment based on the diversification effect recognised at Achmea Group Level is 71.1% (2021: 72.2%). The decrease of the impact of the LACDT Achmea Group was mainly caused by a decrease of the LACDT for the Dutch insurance entities Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V.

Within Achmea Pensioen- en Levensverzekeringen N.V. the impact of the adjustment LACDT increased as a result of decreased maximum LACDT amounts and the reduction in the DTA which improved the recoverability. The increase of the maximum LACDT amounts within N.V. Hagelunie and Achmea Reinsurance Company N.V.is also caused by an increase of the applicable SCR.

E.2.3.11. OTHER COMPONENTS OF THE GROUP REQUIREMENTS

OTHER FINANCIAL SECTORS

Due to guidance of DNB on the treatment of CRD-entities within a MFHC the CRD-entities (Achmea Bank, AIM and SAREF) are included in the Solvency II consolidation for Achmea Group.

SCR OTHER FINANCIAL SECTORS

€ MILLION

	2022	2021	Δ
CRD entities	615	541	74
Union Zdravotna Poist'ovna A.S.	17	17	0
Centraal Beheer PPI N.V.	6	n.a.	6
Total SCR Other financial sectors	638	557	80

The capital requirement for Other Financial Sectors increased due to the CRD-entities and the acquisition of ABN AMRO Pensioeninstelling N.V. in Q3 2022. The Risk Weighted Assets of Achmea Bank increased due to the acquisition of several mortgage portfolios of ASR Nederland N.V. in 2022 and due to new production. The capital requirement of Union Zdravotna Poisťovňa A.S. has remained unchanged. The capital requirement is equal to the legal minimum requirement in Slovakia for a health insurance company.

The acquisition of ABN AMRO Pensioeninstelling N.V., known as Centraal Beheer PPI N.V. within Achmea, in Q3 2022 resulted in an increase in the capital requirement by € 6 million.

SCR OTHER ENTITIES

€ MILLION

	2022	2021	Δ
De Vereende	3	4	-0
Non Ancillary Entities	19	18	1
Total SCR Other Entities	23	22	1

The capital requirement of the Other entities increased due to the Non Ancillary entities. The Non Ancillary entities are part of Achmea but undertake no activities which are supporting the insurance entities. These entities are classified as a Non Ancillary service entity. The capital requirement remained constant over 2022 as the increased value due to the investment in Land Life Company BV was offset by of decreasing values of other participations and a lower equity type 2 shock. The included capital requirement of € 3 million is equal to 20% of the SII SF capital requirement of De Vereende.

E.2.4. MINIMUM CAPITAL REQUIREMENT

The following table shows the Minimum Capital Requirement (MCR) of Achmea at the end of 2022 and 2021.

MINIMUM CAPITAL REQUIREMENT PIM

€ MILLION

	2022	2021	Δ
SCR Consolidated	3,750	4,274	-524
MCR	2,096	2,342	-246
MCR/SCR (%)	56%	55%	1%

The MCR for Achmea Group is equal to the sum of the solo MCR's of all insurance entities (excluding Other Financial sectors). No diversification effects between the insurance entities are taken into account. This is based on Solvency legislation imposed by EIOPA. The MCR of Eureko Sigorta A.S. is equal to 1/3 of the local SCR, also based on EIOPA guidance. Achmea has not eliminated the Intra-Group positions (with regards to premiums and Technical Provisions) influencing the volume-factors with regards to the solo MCR calculations.

The decrease in MCR is mainly caused by a decrease in the underlying MCR of Achmea Pensioen- en Levensverzekeringen N.V. (€- 303 million) and Achmea Schadeverzekeringen N.V. (€- 19 million) and an increase in the underlying MCR of Achmea Zorgverzekeringen N.V. (€ 70 million). In 2021 and 2022 the MCR of Achmea Pensioen- en Levensverzekeringen N.V. and the MCR of Achmea Schadeverzekeringen N.V. were capped at 45% of the SCR. The decrease is the result of the decrease of the SCR. Within Achmea Zorgverzekeringen N.V. the increase of the MCR is the result of the increase of the SCR.

MCR INDIVIDUAL ENTITIES

€ MILLION

	2022	2021	Δ
Achmea Pensioen- en Levensverzekeringen N.V.	681	984	-303
Achmea Schadeverzekeringen N.V.	343	362	-19
Interamerican Assistance General Insurance Company S.A. (99.89%)	5	4	1
Interamerican Property & Casualty Insurance Company S.A. (99.89%)	34	32	2
N.V. Hagelunie	16	13	3
Union Poist'ovna A.S. (99.97%)	15	11	4
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	20	25	-5
Achmea Reinsurance Company N.V.	48	45	3
Achmea Zorgverzekeringen N.V. (Consolidated)	916	846	70
Eureko Sigorta A.S.	18	18	0
Total	2,096	2,342	-246

Subject to the cap of 45% of the SCR are Achmea Pensioen- en Levensverzekeringen N.V., Achmea Schadeverzekeringen N.V., Interamerican Assistance General Insurance Company S.A. and Interamerican Property & Casualty Insurance Company S.A.

Subject to the floor of 25% of the SCR are N.V. Hagelunie, Achmea Reinsurance Company N.V. and Interamerican Hellenic Life Insurance Company S.A.

For the remaining entities no cap or floor is applied.

IMPACT OF VOLATILITY ADJUSTMENT ON THE MCR

€ MILLION

	INCLUDING VA		EXCLUDING VA		IMPACT VA	
	2022	2021	2022	2021	2022	2021
SCR Consolidated	3,750	4,274	4,845	5,569	1,096	1,295
MCR	2,096	2,342	2,234	2,446	138	105
MCR/SCR Consolidated (%)	56%	55%	46%	44%	13%	8%

The use of the VA has an impact on the MCR because the value of the Best Estimate is higher when the VA is not used (lower discount rate).

E.3. USE OF THE DURATION BASED EQUITY SUB-MODULE IN THE CALCULATION OF THE SCR

Achmea does not use the duration-based Equity sub-module.

E.4. DIFFERENCES BETWEEN THE STANDARD FORMULA AND ANY INTERNAL MODEL USED

For a description of the differences between the Standard Formula and the Internal Models, please refer to the key assumptions set out by Achmea in paragraph E.2.2.

The structure of the Internal Model is described in C. Risk Profile.

As at 31 December 2022, solvency levels of the Achmea Group and all legal entities under supervision met the prudential requirements. All solvency levels were above 100%.

E.5. ANY OTHER INFORMATION

Achmea Group has no other information to disclose which would be relevant in this chapter.

APPENDIX 1: SFCR ENTITIES ACHMEA GROUP

A number of legal entities within Achmea Group disclose a Solvency and Financial Condition report. Underneath the link to the individual reports.

SFCR SUPERVISED ENTITIES ACHMEA GROUP

	REFERENCE	PUBLICATION DATE
Achmea Group	https://www.achmea.nl/investors/publicaties	12 April 2023
Interamerican Hellenic Life Insurance Company S.A.	https://www.interamerican.gr/interamerican/stoixeia-fereggyotitas	10 April 2023
Interamerican Property & Casualty Insurance Company S.A.	https://www.interamerican.gr/interamerican/stoixeia-fereggyotitas	10 April 2023
Interamerican Assistance General Insurance Company S.A.	https://www.interamerican.gr/interamerican/stoixeia-fereggyotitas	10 April 2023
Union Poisťovňa A.S.	https://www.union.sk/sprava-o-solventnosti-a-financnom-stave	8 April 2023

APPENDIX 2: SENSITIVITIES

As part of risk management practices Achmea assesses the sensitivities of the Technical Provisions, Basic Own Funds and solvency position to changes in the underlying assumptions of the risk-free discount rate for those insurance entities sensitive to these assumptions. Achmea currently assesses the following sensitivities:
- Use of the VA;
- Change in UFR;
- Change in the Last Liquid Point (30 years).

The baseline is the calculation of the solvency position based on the application of the PIM and the use of the VA (where applied within the group).

Compared with the baseline the relevant risk-free interest rate is lower which, increases the value of the Best Estimate. The higher Best Estimate of the Technical Provisions subsequently results in higher capital requirements where the Best Estimate is used as volume factor. The higher value of the Best Estimate and the higher capital requirements result in a higher Risk Margin. Where relevant these changes also have an upward impact on the net Deferred Tax Assets and this also has a negative impact on the value of the LACDT. All these changes together result in a negative impact on the solvency position.

As part of its risk management practices Achmea assesses the sensitivities of the Economic Balance Sheet, Basic Own Funds and solvency position to changes in the economic variables. Achmea currently assesses the following sensitivities:
- A change in equity prices (-20%);
- A change in property prices (-20%).

The scenario with respect to 'equity prices' are only related equity investments and not 'Equipment'. In the baseline 'Equipment' is shocked as part of 'Type 2' exposures. A decrease in equity or property values will result in a reduction in solvency ratios, mainly as a result of a reduction in the Available Own Funds.

Achmea Pensioen- en Levensverzekeringen N.V.

SENSITIVITIES

€ MILLION

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO	SOLVENCY RATIO
	2022	2022	2022	2022	2021
Baseline	32,943	3,096	1,514	204%	180.0%
Last Liquid Point 30 years	33,465	2,579	1,555	166%	101.0%
Equity prices -20%	32,943	2,722	1,476	184%	166.0%
Property prices -20%	32,943	2,854	1,528	187%	168.0%

IMPACT OF VOLATILTY ADJUSTMENT ON TECHNICAL PROVISIONS

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VA	IMPACT VA
Technical Provisions (gross)	32,943	33,430	-488
Technical Provisions – Life (excluding Health and Index Linked and Unit Linked)	25,990	26,471	-480
Technical Provisions – Index Linked and Unit Linked	6,952	6,960	-8
Recoverables from reinsurance	52	52	-0
Technical Provisions – Life (excluding Health and Index Linked and Unit Linked)	52	52	-0
Technical Provisions – Index Linked and Unit Linked	0	0	0
Technical Provisions minus Recoverables from reinsurance	32,891	33,379	-487
Technical Provisions – Life (excluding Health and Index Linked and Unit Linked)	25,939	26,419	-480
Technical Provisions – Index Linked and Unit Linked	6,952	6,960	-8

Achmea Schadeverzekeringen N.V.

SENSITIVITIES

€ MILLION

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	5,495	1,215	763	159%	141%
Equity prices -20%	5,495	1,133	755	150%	130%
Property prices -20%	5,495	1,158	761	152%	136%

IMPACT OF VOLATILTY ADJUSTMENT ON TECHNICAL PROVISIONS

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VA	IMPACT VA
Technical Provisions (gross)	5,495	5,538	-43
Technical Provisions – (excluding Health)	3,021	3,038	-16
Technical Provisions – Health (similar to Non-Life)	298	299	-1
Technical Provisions – Health (similar to Life)	2,176	2,201	-25
Recoverables from reinsurance	365	369	-4
Reinsurance Recoverables – Non-Life (excluding Health)	132	132	-0
Reinsurance Recoverables – Health (similar to Non-Life)	0	0	-0
Reinsurance Recoverables – Health (similar to Life)	233	236	-3
Technical Provisions minus recoverables from reinsurance	5,130	5,169	-39
Technical Provisions – Non-Life (excluding Health)	2,890	2,905	-16
Technical Provisions – Health (similar to Non-Life)	297	299	-1
Technical Provisions – Health (similar to Life)	1,943	1,965	-22

N.V. Hagelunie

SENSITIVITIES

€ MILLION

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	81	147	63	234%	398%
Equity prices -20%	81	140	62	225%	393%

IMPACT OF VOLATILTY ADJUSTMENT ON TECHNICAL PROVISIONS

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VA	IMPACT VA
Technical Provisions (gross)	81	81	0
Technical Provisions – Non-Life (excluding Health)	81	81	0
Recoverables from reinsurance	46	47	0
Reinsurance Recoverables – Non-Life (excluding Health)	46	47	0
Technical Provisions minus recoverables from reinsurance	35	35	0
Technical Provisions – Non-Life (excluding Health)	35	35	0

Achmea Reinsurance Company N.V.

SENSITIVITIES

€ MILLION

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	458	291	193	150%	176%

Equity prices -20%	458	268	154	174%	167%

Achmea Zorgverzekeringen N.V. (consolidated)

SENSITIVITIES

€ MILLION

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2022	SOLVENCY RATIO 2021
Baseline	4,896	3,732	2,266	165%	165%
Equity prices -20%	4,896	3,415	2,045	167%	163%

APPENDIX 3: PREMIUMS, CLAIMS AND EXPENSES BY MAJOR LINE OF BUSINESS

Non-Life

PREMIUMS, CLAIMS AND EXPENSES NON-LIFE BY LINE OF BUSINESS

€ MILLION

	2022					
	MEDICAL EXPENSE INSURANCE	FIRE AND OTHER DAMAGE TO PROPERTY INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	OTHER	TOTAL
Gross written Premiums	14,953	1,443	3,063	663	-897	19,225
Net earned Premiums	15,329	1,253	992	616	1,000	19,189
Claims Incurred (net)	14,672	755	788	372	515	17,101
Expenses Incurred	492	408	286	185	393	1,764

PREMIUMS, CLAIMS AND EXPENSES NON-LIFE BY LINE OF BUSINESS

€ MILLION

	2021					
	MEDICAL EXPENSE INSURANCE	FIRE AND OTHER DAMAGE TO PROPERTY INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	OTHER	TOTAL
Gross written Premiums	14,151	1,342	975	605	1,106	18,179
Net earned Premiums	13,888	1,185	948	595	990	17,606
Claims Incurred (net)	13,468	586	794	319	645	15,812
Expenses Incurred	477	394	265	197	381	1,713

For a breakdown of the Line of Business medical expense insurance to the Dutch Health entities we refer to A.2. Underwriting performance.

In the table below only the major Lines of Business of the Dutch Non-Life entities Achmea Schadeverzekeringen N.V., N.V Hagelunie and Achmea Reinsurance Company N.V. are stated:

PREMIUMS, CLAIMS AND EXPENSES NON-LIFE BY MAJOR LINE OF BUSINESS

€ MILLION

MOTOR THIRD PARTY LIABILITIY	2022			2021		
	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE COMPANY
Gross written Premiums	861	0	0	841	0	0
Net earned Premiums	851	0	0	818	0	0
Claims Incurred (net)	670	0	0	717	0	0
Expenses Incurred	251	0	0	234	0	0
MOTOR OTHER	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE N.V.
Gross written Premiums	544	0	0	532	0	0
Net earned Premiums	524	0	0	520	0	0
Claims Incurred (net)	303	0	0	262	0	0
Expenses Incurred	166	0	0	181	0	0
FIRE	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE N.V.
Gross written Premiums	1,048	122	69	996	116	67
Net earned Premiums	933	73	63	906	58	59
Claims Incurred (net)	497	46	53	449	41	41
Expenses Incurred	327	26	18	316	18	18

Life

Achmea Pensioen- en Levensverzekeringen N.V. contributes 61% to the Life Line of Business in the Netherlands. The remaining part is contributed by Achmea Schadeverzekeringen N.V. (Health insurance Life) for 29% and Achmea Reinsurance Company N.V. (Life reinsurance) for 10%.

PREMIUMS, CLAIMS AND EXPENSES LIFE BY LINE OF BUSINESS

€ MILLION

	2022					
	HEALTH INSURANCE	INSURANCE WITH PROFIT PARTICIPATION	INDEX LINKED AND UNIT LINKED INSURANCE	OTHER LIFE INSURANCE	OTHER	TOTAL
Gross written Premiums	362	130	330	420	83	1,324
Net earned Premiums	268	129	330	418	67	1,212
Claims Incurred (net)	255	671	-1,829	371	-12	-544
Expenses Incurred	88	53	75	88	25	329

PREMIUMS, CLAIMS AND EXPENSES LIFE BY LINE OF BUSINESS

€ MILLION

	2021					
	HEALTH INSURANCE	INSURANCE WITH PROFIT PARTICIPATION	INDEX LINKED AND UNIT LINKED INSURANCE	OTHER LIFE INSURANCE	OTHER	TOTAL
Gross written Premiums	351	100	371	448	75	1,346
Net earned Premiums	268	100	371	445	60	1,244
Claims Incurred (net)	212	414	1,319	562	17	2,525
Expenses Incurred	89	55	74	89	22	328

APPENDIX 4: COMPANY ECONOMIC BALANCE SHEET DUTCH (RE)INSURANCE ENTITIES

ECONOMIC BALANCE SHEET

€ MILLION

ASSETS	2022 ACHMEA PENSIOEN LEVENSVERZEKERINGEN N.V.	ACHMEA REINSURANCE COMPANY N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR N.V.	FBTO ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.
Intangible assets	0	0	0	0	0	0	0	0	0
Deferred Tax Assets	560	0	0	0	0	0	0	0	0
Property, plant & equipment held for own use	0	0	2	0	0	0	0	0	0
Investments (other than assets held for Index Linked and Unit Linked contracts)	21,943	461	5,691	174	3,726	621	267	179	3,561
Property (other than for own use)	804	0	0	0	0	0	0	0	0
Holdings in related undertakings, including participations	275	0	52	0	3,005	2	0	0	0
Equities	615	98	195	21	116	39	14	13	218
Bonds	10,426	279	4,876	132	526	564	248	161	3,228
Collective Investments Undertakings	837	62	455	20	75	14	5	5	76
Derivatives	5,294	5	31	1	3	2	0	0	8
Deposits other than cash equivalents	408	-0	15	0	0	0	0	0	31
Other investments	3,283	16	67	0	0	1	0	0	0
Assets held for Index Linked and Unit Linked funds	7,435	0	0	0	0	0	0	0	0
Loans and mortgages	11,180	0	983	0	1	21	0	0	2
Reinsurance recoverables	52	269	365	46	0	0	0	0	0
Deposits to cedants	0	23	0	0	0	0	0	0	0
Insurance and intermediaries receivables	43	0	204	5	5	247	137	111	1,405
Reinsurance receivables	0	0	14	8	0	0	0	0	0
Receivables	697	12	138	1	67	137	89	57	1,407
Cash and cash equivalents	161	44	147	21	85	59	74	15	133
Any other assets, not elsewhere shown	1	7	112	5	0	0	0	0	2
Total assets	**42,070**	**817**	**7,656**	**260**	**3,884**	**1,085**	**566**	**363**	**6,511**

ECONOMIC BALANCE SHEET

€ MILLION

LIABILITIES	2022 ACHMEA PENSIOEN LEVENSVERZEKERINGEN N.V.	ACHMEA REINSURANCE COMPANY N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR N.V.	FBTO ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.
Technical Provisions – Non-Life (excluding health)	0	305	3,021	81	0	0	0	0	0
Technical Provisions - health (similar to Non-Life)	0	6	298	0	105	565	284	185	3,755
Technical Provisions - health (similar to life)	0	145	2,176	0	0	0	0	0	0
Technical Provisions – life (excluding health and Index Linked and Unit Linked)	25,990	3	0	0	0	0	0	0	0
Technical Provisions – Index Linked and Unit Linked	6,952	0	0	0	0	0	0	0	0
Provisions other than technical Provisions	2	0	8	2	0	0	0	0	0
Deposits from reinsurers	0	11	0	0	0	0	0	0	0
Deferred Tax Liabilities	0	11	268	13	0	0	0	0	0
Derivatives	3,893	1	12	0	1	1	0	0	3
Financial liabilities other than debts owed to credit institutions	1	0	2	0	0	0	0	0	134
Insurance & intermediaries payables	579	22	209	0	0	43	25	17	186
Reinsurance payables	8	10	4	0	0	0	0	0	0
Payables (trade, not insurance)	57	1	90	9	2	67	40	28	50
Subordinated liabilities not in Basic Own Funds	0	0	0	0	0	0	0	0	0
Subordinated liabilities in Basic Own Funds	0	0	0	0	0	0	19	0	0
Any other liabilities, not elsewhere shown	1,159	12	327	6	31	2	17	0	115
Total liabilities	**38,642**	**526**	**6,416**	**112**	**139**	**678**	**385**	**230**	**4,243**
Excess of assets over liabilities	**3,428**	**291**	**1,241**	**147**	**3,745**	**407**	**181**	**132**	**2,268**

ECONOMIC BALANCE SHEET

€ MILLION

ASSETS	2021 ACHMEA PENSIOEN LEVENSVERZEKERINGEN N.V.	ACHMEA REINSURANCE COMPANY N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR N.V.	FBTO ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.
Intangible assets	0	0	0	0	0	0	0	0	0
Deferred Tax Assets	835	0	0	0	0	0	0	0	0
Property, plant & equipment held for own use	0	0	1	0	0	0	0	0	0
Investments (other than assets held for Index Linked and Unit Linked contracts)	30,728	501	6,264	235	3,591	367	231	186	2,801
Property (other than for own use)	952	0	0	0	2	0	0	0	0
Holdings in related undertakings, including participations	1,247	0	164	0	2,636	1	0	0	0
Equities	513	123	338	21	134	45	16	15	251
Bonds	16,676	305	5,295	189	717	303	210	165	2,263
Collective Investments Undertakings	553	58	380	25	81	16	6	5	90
Derivatives	6,556	1	9	0	1	0	0	0	2
Deposits other than cash equivalents	518	-0	15	0	20	0	0	0	195
Other investments	3,714	14	64	0	0	1	0	0	0
Assets held for Index Linked and Unit Linked funds	9,309	0	0	0	0	0	0	0	0
Loans and mortgages	12,384	0	816	0	1	26	0	0	3
Reinsurance recoverables	73	214	397	31	0	0	0	0	0
Deposits to cedants	0	21	0	0	0	0	0	0	0
Insurance and intermediaries receivables	33	1	112	8	6	215	76	61	1,564
Reinsurance receivables	0	0	0	6	0	0	0	0	0
Receivables	194	3	42	0	66	179	58	43	1,392
Cash and cash equivalents	49	37	87	12	31	67	58	24	30
Any other assets, not elsewhere shown	-1	2	114	5	0	0	0	0	2
Total assets	**53,605**	**778**	**7,832**	**297**	**3,695**	**855**	**423**	**314**	**5,791**

ECONOMIC BALANCE SHEET

€ MILLION

LIABILITIES	2021 ACHMEA PENSIOEN LEVENSVERZEKERINGEN N.V.	ACHMEA REINSURANCE COMPANY N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR N.V.	FBTO ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.
Technical Provisions – Non-Life (excluding health)	0	282	3,153	68	0	0	0	0	0
Technical Provisions - health (similar to Non-Life)	0	6	339	0	86	480	202	135	3,339
Technical Provisions - health (similar to life)	0	132	2,712	0	0	0	0	0	0
Technical Provisions – life (excluding health and Index Linked and Unit Linked)	35,708	7	0	0	0	0	0	0	0
Technical Provisions – Index Linked and Unit Linked	8,561	0	0	0	0	0	0	0	0
Provisions other than technical Provisions	2	0	8	3	1	0	0	0	0
Deposits from reinsurers	0	8	0	0	0	0	0	0	0
Deferred Tax Liabilities	0	10	136	18	0	0	0	0	0
Derivatives	1,072	2	11	0	1	0	0	0	2
Financial liabilities other than debts owed to credit institutions	1	0	1	0	0	0	0	0	33
Insurance & intermediaries payables	907	9	160	282	0	48	23	19	233
Reinsurance payables	5	1	15	0	0	0	0	0	0
Payables (trade, not insurance)	73	1	77	160	12	3	40	35	139
Subordinated liabilities not in Basic Own Funds	0	0	0	0	0	0	0	0	0
Subordinated liabilities in Basic Own Funds	0	0	0	0	0	0	21	0	0
Any other liabilities, not elsewhere shown	2,824	6	62	3	14	2	0	0	6
Total liabilities	**49,152**	**464**	**6,673**	**97**	**113**	**533**	**286**	**189**	**3,752**
Excess of assets over liabilities	**4,453**	**315**	**1,159**	**201**	**3,582**	**322**	**137**	**125**	0 **2,039**

APPENDIX 5: SOLVENCY CAPITAL REQUIREMENT DUTCH (RE)INSURANCE ENTITIES

SOLVENCY CAPITAL REQUIREMENT

€ MILLION

2022	ACHMEA PENSIOEN LEVENSVERZEKERINGEN N.V.	ACHMEA REINSURANCE COMPANY N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR N.V.	FBTO ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.
Market Risk	1,226	74	383	22	738	34	16	13	152
Counterparty Default Risk	58	14	80	13	18	3	8	1	35
Life Underwriting Risk	1,258	46	0	0	0	0	0	0	0
Health Underwriting Risk	0	25	239	0	188	178	98	60	1,207
Non-Life Underwriting Risk	0	221	807	72	0	0	0	0	0
Diversification	-559	-110	-436	-19	-133	-25	-17	-9	-131
Intangible Asset Risk	0	0	0	0	0	0	0	0	0
Basic Solvency Capital Requirement	**1,983**	**269**	**1,073**	**87**	**811**	**190**	**106**	**64**	**1,263**
Operational Risk	122	13	119	4	37	47	31	16	317
Loss-Absorbing Capacity of Expected Profits	0	-25	-164	-6	0	0	0	0	0
Loss-Absorbing Capacity of Technical Provisions	0	0	0	0	0	0	0	0	0
Loss-Absorbing Capacity of Deferred Taxes	-400	-63	-265	-22	0	0	0	0	0
Other Deductions & Additions	0	0	0	0	0	0	0	0	0
Solvency Capital Requirement	**1,514**	**193**	**763**	**63**	**848**	**237**	**137**	**80**	**1,580**

SOLVENCY CAPITAL REQUIREMENT

€ MILLION

2021	ACHMEA PENSIOEN LEVENSVERZEKERINGEN N.V.	ACHMEA REINSURANCE COMPANY N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR N.V.	FBTO ZORGVERZEKERINGEN N.V.	INTERPOLIS ZORGVERZEKERINGEN N.V.	ZILVEREN KRUIS ZORGVERZEKERINGEN N.V.
Market Risk	1,467	91	477	27	685	36	14	13	188
Counterparty Default Risk	83	13	58	12	10	15	4	1	27
Life Underwriting Risk	1,873	45	0	0	0	0	0	0	0
Health Underwriting Risk	0	16	264	0	186	169	78	53	1,107
Non-Life Underwriting Risk	0	175	717	46	0	0	0	0	0
Diversification	-743	-96	-461	-20	-125	-34	-13	-9	-146
Intangible Asset Risk	0	0	0	0	0	0	0	0	0
Basic Solvency Capital Requirement	**2,679**	**203**	**1,054**	**67**	**756**	**186**	**84**	**58**	**1,176**
Operational Risk	164	10	115	3	36	43	17	15	306
Loss-Absorbing Capacity of Expected Profits	0	-15	-85	-2	0	0	0	0	0
Loss-Absorbing Capacity of Technical Provisions	0	0	0	0	0	0	0	0	0
Loss-Absorbing Capacity of Deferred Taxes	-574	-54	-279	-18	0	0	0	0	0
Other Deductions & Additions	0	0	0	0	0	0	0	0	0
Solvency Capital Requirement	**2,188**	**156**	**805**	**50**	**792**	**230**	**101**	**73**	**1,483**

APPENDIX 6: PUBLIC DISCLOSURE QUANTITATIVE REPORTING TEMPLATES

QUANTITATIVE REPORTING TEMPLATES ACHMEA GROUP

QRT	DESCRIPTION
S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses by line of business
S.22.01	Impact of long-term guarantees measures and transitionals
S.23.01	Own Funds
S.25.02	Solvency Capital Requirement - SF and PIM
S.32.01	Undertakings within the scope of the group

QUANTITATIVE REPORTING TEMPLATES SUPERVISED ENTITIES

QRT	DESCRIPTION
S.02.01	Balance Sheet
S.05.01	Premiums, claims and expenses by line of business
S.05.02	Premiums, claims and expenses by country
S.12.01	Life and Health SLT Technical Provisions
S.17.01	Non-Life Technical Provisions
S.19.01	Non-Life Insurance Claims Information
S.22.01	Impact of long-term guarantees measures and transitionals
S.23.01	Own Funds
S.25.01	Solvency Capital Requirement – only SF
S.25.02	Solvency Capital Requirement – SF and PIM
S.28.01	Minimum Capital Requirement – Only life or only Non-Life insurance or reinsurance activity

https://www.achmea.nl/investors/publicaties --> Public Disclosure Quantitative Reporting Templates

APPENDIX 7: GLOSSARY

The glossary as presented below is reflecting the most common definitions of terminology used in the context of the Solvency and Financial Condition Report.

A

- ‘Administrative, management or supervisory body’ shall mean, where a two-tier board system comprising of a management body and a supervisory body is provided for under national law, the management body or the supervisory body or both of those bodies as specified in the relevant national legislation or, where nobody is specified in the relevant national legislation, the management body.
- ‘Ancillary services undertaking’ means a non-regulated undertaking the principal activity of which consists of owning or managing property, managing data-processing services, health and care services or any other similar activity which is ancillary to the principal activity of one or more insurance or reinsurance undertakings.

B

- ‘Basic risk-free interest rate term structure’ means a risk-free interest rate term structure which is derived in the same way as the relevant risk-free interest rate term structure to be used to calculate the Best Estimate but without application of a matching adjustment or a Volatility Adjustment.

C

- ‘Capital requirement’ means the amount of capital an insurance undertaking has to hold in relation to a certain risk.
- ‘Catastrophe Risk’ means the risk of loss or of adverse change in the value of insurance liabilities, arising from significant uncertainty of pricing and provisioning assumptions related to extreme or exceptional events.
- ‘Central clearing party’. Reference is made to the definition included at ‘Qualifying central counterparty’.
- ‘Collateral arrangements’ means arrangements under which collateral providers do one of the following: (a) transfer full ownership of the collateral to the collateral taker for the purposes of securing or otherwise covering the performance of a relevant obligation; (b) provide collateral by way of security in favour of, or to, a collateral taker, and the legal ownership of the collateral remains with the collateral provider or a custodian when the security right is established.
- ‘College of Supervisors’ is a multilateral groups of relevant supervisors, national competent authorities, that is formed for the collective purpose of enhancing efficient, effective and consistent supervision of financial institutions operating across borders.
- ‘Composite insurance entity’ means an insurance undertaking which insures both Life and Non-Life risks.
- ‘Concentration Risk’ means all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of insurance and reinsurance undertakings.
- ‘Control’ means the relationship between a parent undertaking and a subsidiary undertaking, as set out in Article 1 of Directive 83/349/EEC
  ((a) has a majority of the shareholders’ or members’ voting rights in another undertaking (a subsidiary undertaking); or
  (b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking (a subsidiary undertaking) and is at the same time a shareholder in or member of that undertaking; or
  (c) has the right to exercise a dominant influence over an undertaking (a subsidiary undertaking) of which it is a shareholder or member, pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association, where the law governing that subsidiary undertaking permits its being subject to such contracts or provisions; or (d) is a shareholder in or member of an undertaking, and:
  (aa) a majority of the members of the administrative, management or supervisory bodies of that undertaking (a subsidiary undertaking) who have held office during the financial year, during the preceding financial year and up to the time when the consolidated accounts are drawn up, have been appointed solely as a result of the exercise of its voting rights; or
  (bb) controls alone, pursuant to an agreement with other shareholders in or members of that undertaking (a subsidiary undertaking), a majority of shareholders' or members' voting rights in that undertaking.), or a similar relationship between any natural or legal person and an undertaking.
- ‘Counterparty Default Risk’. Reference is made to the definition included at ‘Credit Risk’.

- ‘Credit institution, a financial institution or an ancillary banking services undertaking’ means a legal entity within the meaning of Article 4(1), (5) and (21) of Directive 2006/48/EC respectively (an undertaking the business of which is to take deposits or other repayable funds from the public and to grant credits for its own account).
- ‘Credit quality step (CQS)’ is a risk weighted credit rating as defined by EIOPA. The CQS is derived from credit ratings issued by ECAIs or, when the counterparty is an insurance undertaking which is not rated by an ECAI, the solvency position of the counterparty.
- ‘Credit Risk’ means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of Counterparty Default Risk, or Spread Risk, or Market Risk concentrations.
- ‘Currency Risk’ means the risk of loss or of adverse change in the financial situation, arising from changes in currency exchange rates.

D

- ‘Deep market’ means a market where transactions involving a large quantity of financial instruments can take place without significantly affecting the price of the instruments.
- ‘Disability/Morbidity Risk’ means the risk of loss or of adverse change in the value of the insurance liabilities, resulting from changes in the level, trend of volatility of disability and morbidity rates.
- ‘Discontinuance’ of an insurance policy means surrender, lapse without value, making a contract paid-up, automatic non-forfeiture provisions or exercising other discontinuity options or not exercising continuity options.
- ‘Diversification effects’ means the reduction in the risk exposure of insurance and reinsurance undertakings and groups related to the diversification of their business, resulting from the fact that the adverse outcome from one risk can be off set by a more favourable outcome from another risk, where those risks are not fully correlated.

E

- ‘Earned premiums’ means the premiums relating to the risk covered by the insurance or reinsurance undertaking during a specified time period.
- ‘EIOPA’ means the European Insurance and Occupational Pensions Authority.
- ‘Eligible Own Funds’ are those components of the Available Own Funds which can be used to cover the Solvency Capital Requirement.
- ‘EMIR’ means the European Market Infrastructure Regulation, which imposes requirements to improve transparency and reduce the risks associated with the derivatives market.
- ‘Equity Risk’ means the risk of loss or of adverse change in the financial situation, arising from changes in equity prices.
- ‘Events after the reporting period’ are those events, favourable and unfavourable, that occur between the statement of solvency and financial position date and the date when the financial statements are authorised for issue. Two types of events can be identified: (a) those that provide evidence of conditions that existed at the statement of financial and solvency position date (adjusting events after the reporting period); and (b) those that are indicative of conditions that arose after the statement of financial and solvency position date (non-adjusting events after the reporting period).
- ‘Existing insurance or reinsurance contract’ means an insurance or reinsurance contract for which insurance or reinsurance obligations have been recognised.
- ‘Expected profit included in future premiums’ means the expected present value of future cashflows which result from the inclusion in Technical Provisions of premiums relating to existing insurance and reinsurance contracts that are expected to be received in the future, but that may not be received for any reason, other than because the insured event has occurred, regardless of the legal or contractual rights of the policyholder to discontinue the policy.
- ‘Expense Risk’ means the risk of loss or of adverse change in the financial situation, arising from the variation in the expenses incurred in servicing insurance and reinsurance contracts.
- ‘External credit assessment institution (ECAI)’ means a credit rating agency that is registered or certified in accordance with Regulation (EC) No 1060/2009 (Regulation on Credit Rating Agencies) or a central bank issuing credit ratings which are exempt from the application of Regulation (EC) No 1060/2009. The ECAI is included in the list as endorsed as Delegated Act.

F

- ‘Future discretionary bonuses’ and ‘future discretionary benefits’ mean future benefits other than Index Linked or Unit Linked benefits of insurance or reinsurance contracts which have one of the following characteristics: (a) they are legally or contractually based on one or more of the following results: (i) the performance of a specified group of contracts or a specified type of contract or a single contract; (ii) the realised or unrealised investment return on a specified pool of assets held by the insurance or reinsurance undertaking; (iii) the profit or loss of the insurance or reinsurance undertaking or fund corresponding to the contract; (b) they are based on a declaration of the insurance or reinsurance undertaking and the timing or the amount of the benefits is at its full or partial discretion.

G

- ‘Group’ means a group of undertakings that: (i) consists of a participating undertaking, its subsidiaries and the entities in which the participating undertaking or its subsidiaries hold a participation, as well as undertakings linked to each other by a relationship as set out in Article 12(1) of Directive 83/349/EEC ((a) that undertaking and one or more other undertakings with which it is not connected, are managed on a unified basis pursuant to a contract concluded with that undertaking or provisions in the memorandum or articles of association of those undertakings; or (b) the administrative, management or supervisory bodies of that undertaking and of one or more other undertakings with which it is not connected, consist for the major part of the same persons in office during the financial year and until the consolidated accounts are drawn up); or (ii) is based on the establishment, contractually or other wise, of strong and sustainable financial relationships among those undertakings, and that may include mutual or mutual-type associations, provided that: — one of those undertakings effectively exercises, through centralised coordination, a dominant influence over the decisions, including financial decisions, of the other undertakings that are part of the group; and, — the establishment and dissolution of such relation ships for the purposes of this Title are subject to prior approval by the group supervisor, where the undertaking exercising the centralised coordination shall be considered as the parent undertaking, and the other undertakings shall be considered as subsidiaries.
- ‘Group supervisor’ means the supervisory authority responsible for group supervision.

H

- ‘Health insurance obligation’ means an insurance obligation that covers one or both of the following: (i) the provision of medical treatment or care including preventive or curative medical treatment or care due to illness, accident, disability or infirmity, or financial compensation for such treatment or care, (ii) financial compensation arising from illness, accident, disability or infirmity.
- ‘Health reinsurance obligation’ means a reinsurance obligation which arises from accepted reinsurance covering health insurance obligations.
- ‘Home Member State’ means any of the following: (a) for Non-Life insurance, the Member State in which the head office of the insurance undertaking covering the risk is situated; (b) for Life insurance, the Member State in which the head office of the insurance undertaking covering the commitment is situated; or (c) for reinsurance, the Member State in which the head office of the reinsurance undertaking is situated.
- ‘Income protection insurance obligation’ means an insurance obligation that covers the financial compensation arising from illness, accident, disability or infirmity other than the financial compensation for preventive or curative medical treatment or care due to illness, accident, disability or infirmity.
- ‘Income protection reinsurance obligation’ means a reinsurance obligation which arises from accepted reinsurance covering income protection insurance obligations.
- ‘Institutions for occupational retirement provision’ means institutions within the meaning of Article 6(a) of Directive 2003/41/EC of the European Parliament and of the Council (an institution, irrespective of its legal form, operating on a funded basis, established separately from any sponsoring undertaking or trade for the purpose of providing retirement benefits in the context of an occupational activity on the basis of an agreement or a contract agreed:
    - individually or collectively between the employer(s) and the employee(s) or their respective representatives, or
    - with self-employed persons, in compliance with the legislation of the home and host Member States, and
    - which carries out activities directly arising therefrom).

- 'Insurance holding company' means a parent undertaking which is not a mixed financial holding company and the main business of which is to acquire and hold participations in subsidiary undertakings, where those subsidiary undertakings are exclusively or mainly insurance or reinsurance undertakings, or third-country insurance or reinsurance undertakings, at least one of such subsidiary undertakings being an insurance or reinsurance undertaking.
- 'Insurance undertaking' means a direct life or Non-Life insurance undertaking which has received authorisation from the supervisory authorities.
- 'Intangible Assets Risk' means the risk of loss or of adverse change in the financial situation, arising from two risks in relation to the intangible assets:
    - Market risks, derived from the decrease of prices in the active markets
    - Internal risks, inherent to the specific nature of these elements.
- 'Interest Rate Risk' means the risk of loss or of adverse change in the financial situation, resulting from fluctuations in interest rates. Interest rate risk exists for all assets and liabilities for which the net asset value is sensitive to changes in the term structure of interest rates or interest rate volatility. This applies to both real and nominal term structures and to on-balance sheet and off-balance sheet items.
- 'Internal Model' means a model developed by an insurance undertaking to calculate its Solvency Capital Requirements (instead of using the Standard Formula). The reason for using an internal model is that there may be some cases where the standardised approach does not adequately reflect the very specific Risk Profile of an undertaking.
- 'Intra-Group transaction' means any transaction by which an insurance or reinsurance undertaking relies, either directly or indirectly, on other undertakings within the same group or on any natural or legal person linked to the undertakings within that group by close links, for the fulfilment of an obligation, whether or not contractual, and whether or not for payment.

L

- 'Lapse Risk' means the risk of loss or of adverse change in the financial situation, due to a change in the expected exercise rates of policyholder options.
- 'Last liquid point' means the last maturity for which markets for bonds are still deep, liquid and transparent.
- 'Liquid market' means a market where financial instruments can readily be converted through an act of buying or selling without causing a significant movement in the price.
- 'Liquidity Risk' means the risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.
- 'Long-term guarantees (LTG) measures' were introduced in the Solvency II Directive to ensure an appropriate treatment of insurance products that include long-term guarantees. The long-term guarantees are the following:
    - The extrapolation of risk-free interest rates
    - The matching adjustment
    - The Volatility Adjustment
    - The extension recovery period in case of non-compliance with the Solvency Capital Requirement
    - The transitional measure on the risk-free interest rates
    - The transitional measure on Technical Provisions
- 'Longevity Risk' means the risk of loss or of adverse change in the financial situation, arising from a decrease in mortality rates.
- 'Loss Absorbing Capacity of Deferred Taxes (LACDT)' means the possibility to have a loss absorbency related to the possibility to recover the capital requirement as part of the deferred taxes.
- 'Loss Absorbing Capacity of Expected Profits (LACEP)' means the expected change in Own Funds which can serve as a first buffer to absorb the capital requirements in cases where an insurance undertaking uses an internal model to determine a capital requirement and measures the capital based on a Profit-at-Risk basis.
- 'Loss Absorbing Capacity of Technical Provisions (LACTP)' means the ability of an insurer to defer payments relating to discretionary participation features embedded within the insurance liabilities.

M

- 'Market Risk' means the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.
- 'Medical expense insurance obligation' means an insurance obligation that covers the provision or financial compensation of medical treatment or care including preventive or curative medical treatment or care due to illness, accident, disability or infirmity.

- 'Medical expense reinsurance obligation' means a reinsurance obligation which arises from accepted reinsurance covering medical expense insurance obligations.
- 'Minimum Capital Requirement (MCR)' is a minimum level of security (lower than the Solvency Capital Requirement) below which the amount of insurance undertakings financial resources should not fall, otherwise supervisory authorities may withdraw authorisation.
- 'Mixed financial holding company' means a mixed financial holding company as defined in Article 2(15) of Directive 2002/87/EC (a parent undertaking, other than a regulated entity, which together with its subsidiaries, at least one of which is a regulated entity which has its head office in the Community, and other entities, constitutes a financial conglomerate).
- 'Mortality Risk' means the risk of loss or of adverse change in the financial situation, arising from an increase in mortality rates.

N

- 'NSLT Health obligations' means health insurance obligations that are assigned to the lines of business for Non-Life insurance obligations.

O

- 'Operational Risk' means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.
- 'Outsourcing' means an arrangement of any form between an insurance or reinsurance undertaking and a service provider, whether a supervised entity or not, by which that service provider performs a process, a service or an activity, whether directly or by sub-outsourcing, which would otherwise be performed by the insurance or reinsurance undertaking itself.

P

- 'Parent undertaking' means a parent undertaking within the meaning of Article 1 of Directive 83/349/EEC (any undertaking governed by its national law to draw up consolidated accounts and a consolidated annual report if that undertaking (a parent undertaking):
  (a) has a majority of the shareholders' or members' voting rights in another undertaking (a subsidiary undertaking); or
  (b) has the right to appoint or remove a majority of the members of the administrative, management or supervisory body of another undertaking (a subsidiary undertaking) and is at the same time a shareholder in or member of that undertaking; or
  (c) has the right to exercise a dominant influence over an undertaking (a subsidiary undertaking) of which it is a shareholder or member, pursuant to a contract entered into with that undertaking or to a provision in its memorandum or articles of association, where the law governing that subsidiary undertaking permits its being subject to such contracts or provisions. A Member State need not prescribe that a parent undertaking must be a shareholder in or member of its subsidiary undertaking. Those Member States the laws of which do not provide for such contracts or clauses shall not be required to apply this provision; or
  (d) is a shareholder in or member of an undertaking, and:
    (aa) a majority of the members of the administrative, management or supervisory bodies of that undertaking (a subsidiary undertaking) who have held office during the financial year, during the preceding financial year and up to the time when the consolidated accounts are drawn up, have been appointed solely as a result of the exercise of its voting rights; or
    (bb) controls alone, pursuant to an agreement with other shareholders in or members of that undertaking (a subsidiary undertaking), a majority of shareholders' or members' voting rights in that undertaking. The Member States may introduce more detailed provisions concerning the form and contents of such agreements).
- 'Partial Internal Model' means that the Solvency Capital Requirement is partly based on capital requirements for certain
- Risk or sub-risk types based on an Internal Model and for the remaining risk or sub-risk types on the Standard Formula.
- 'Participation' means the ownership, direct or by way of control, of 20 % or more of the voting rights or capital of an undertaking.
- 'Pooling arrangement' means an arrangement whereby several insurance or reinsurance undertakings agree to share identified insurance risks in defined proportions. The parties insured by the members of the pooling arrangement are not themselves members of the pooling arrangement.

- ‘Premium and Reserve Risk’ combines a treatment for the two main sources of Underwriting Risk, Premium Risk and Reserve Risk.
  Premium Risk results from fluctuations in the timing, frequency and severity of insured events.
  Reserve Risk results from fluctuations in the timing and amount of claim settlements.
- ‘Property Risk’ means the risk of loss or of adverse change in the financial situation, arising from changes in prices of property.
- ‘Prudent person principle’ means that insurance undertakings shall only invest in assets whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of their overall solvency needs.

Q

- ‘Qualifying central counterparty’ means a central counterparty that has been either authorised in accordance with Article 14 of Regulation (EU) No 648/2012 (authorised Central Clearing Party) or recognised in accordance with Article 25 of that Regulation (recognised Third-Party Central Clearing Party.

R

- ‘Regulated market’ means either of the following:
  (a) in the case of a market situated in a Member State, a regulated market as defined in Article 4(1)(14) of Directive 2004/39/EC (a multilateral system operated and/or managed by a market operator, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in financial instruments - in the system and in accordance with its non-discretionary rules - in a way that results in a contract, in respect of the financial instruments admitted to trading under its rules and/or systems, and which is authorised and functions regularly); or
  (b) in the case of a market situated in a third country, a financial market which fulfils the following conditions:
  (i) it is recognised by the home Member State of the insurance undertaking and fulfils requirements comparable to those laid down in Directive 2004/39/EC; and
  (ii) the financial instruments dealt in on that market are of a quality comparable to that of the instruments dealt in on the regulated market or markets of the home Member State.
- ‘Regulated undertaking’ means ‘regulated entity’ within the meaning of Article 2(4) of Directive 2002/87/EC of the European Parliament and of the Council (a credit institution, an insurance undertaking or an investment firm).
- ‘Relegation of Tier 3’ implies a situation where the insurance undertaking has recognised a net Deferred Tax Asset which exceeds the Tier 3 limit of 15% of the SCR. An excess above this 15% is deemed not eligible to cover the Solvency Capital Requirement.
- ‘Reinsurance’ means either of the following: (a) the activity consisting in accepting risks ceded by an insurance undertaking or third-country insurance undertaking, or by another reinsurance undertaking or third-country reinsurance undertaking; or (b) in the case of the association of underwriters known as Lloyd’s, the activity consisting in accepting risks, ceded by any member of Lloyd’s, by an insurance or reinsurance undertaking other than the association of under writers known as Lloyd’s.
- ‘Reinsurance undertaking’ means an undertaking which has received authorisation to pursue reinsurance activities.
- ‘Related undertaking’ means either a subsidiary undertaking or other undertaking in which a participation is held, or an undertaking linked with another undertaking by a relationship as set out in Article 22(7) of Directive 2013/34/EU
  ((a) that undertaking and one or more other undertakings are managed on a unified basis in accordance with:
  (i) a contract concluded with that undertaking, or
  (ii) the memorandum or articles of association of those other undertakings; or
  (b) the administrative, management or supervisory bodies of that undertaking and of one or more other undertakings to which it is not related consist in the majority of the same persons in office during the financial year and until the consolidated financial statements are drawn up)
- ‘Reporting currency’, unless otherwise required by the supervisory authority, shall be: (a) for individual disclosure, the currency used for the preparation of the insurance or reinsurance undertaking’s financial statements; (b) for group disclosure, the currency used for the preparation of the consolidated financial statements.
- ‘Required capital’. Reference is made to the definition included at ‘Capital requirement’.
- ‘Risk-free Interest discount rate’. Reference is made to the definition included at ‘Basic risk-free interest rate term structure’.

- 'Revision Risk' means the risk of loss or of adverse change in the value of insurance liabilities, arising from fluctuations in the level, trend, or volatility of revision rates applied to annuities, due to changes in the legal environment or in the state of health of the person insured.
- 'Risk-mitigation techniques' means all techniques which enable insurance and reinsurance undertakings to transfer part or all of their risks to another party.

S

- 'Scope of an internal model' means the risks that the internal model is approved to cover; the scope of an internal model may include both risks which are and which are not reflected in the standard formula for the Solvency Capital Requirement.
- 'SLT Health obligations' means health insurance obligations that are assigned to the lines of business for life insurance obligations.
- 'Solvency Capital Requirement (SCR)' is a level of financial resources that enables insurance undertakings to absorb significant losses and that gives reasonable assurance to policy holders and beneficiaries that payments will be made as they fall due.
- 'Standard Formula' means the standard formula as defined in the Solvency II regulations to determine the Solvency Capital Requirement and is intended to reflect the Risk Profile of most insurance and reinsurance undertakings.
- 'Subsequent events'. Reference is made to the definition included at 'Events after the reporting period'.
- 'Supervisory authority' means the national authority or the national authorities empowered by law or regulation to supervise insurance or reinsurance undertakings.
- 'Surrender' means all possible ways to fully or partly terminate a policy, including the following: (i) voluntary termination of the policy with or without the payment of a surrender value; (ii) change of insurance or reinsurance undertaking by the policy holder; (iii) termination of the policy resulting from the policy holder's refusal to pay the premium.
- 'Symmetric adjustment' means an adjustment mechanism to be applied to the standard calculation of the Equity Risk capital requirement. This symmetric adjustment mechanism allows the equity shock to move within a band of 10% on either side of the underlying standard equity stress. In times of rising equity markets the dampener will increase the capital charge, and in times of falling equity indices the dampener will reduce the capital charge.

T

- 'Tiering' refers to the categorisation of the Eligible Own Funds into three Tiers which present the quality characteristics of the components of the Eligible Own Funds. Tier 1 is the capital with the highest quality. The three components are subject to sub limits. Tier 1 should exceed 50% of the SCR, while Tier 3 may not exceed 15% of the SCR. Tier 1 is further divided into an unrestricted and restricted part. The restricted part may not exceed 20% of the total amount of Tier 1.
- 'Transparent market' means a market where current trade and price information is readily available to the public, in particular to the insurance or reinsurance undertakings.

U

- 'Ultimate Forward Rate (UFR)' means a calculated level that the term structure for maturities exceeding the last liquid point grows towards. Insurance undertakings use the term structure for converting long-term liabilities to the economic value.
- 'Underwriting Risk' means the risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

V

- 'Valuation hierarchy' means the grouping of assets into levels based on the inputs used in determining the economic value.
- 'Volatility Adjustment' is an adjustment to the relevant risk-free interest rate to cover for changes in spread risk not related to changed default probabilities and to reduce the volatility of the whole Economic Balance Sheet. The Volatility Adjustment is determined by EIOPA according to endorsed legislation. The Volatility Adjustment is the same for all insurance undertakings in a specific currency zone based on a reference portfolio. For the euro a so-called country layer can be recognised to reflect local circumstances.

W

- 'Written premiums' means the premiums due to an insurance or reinsurance undertaking during a specified time period regardless of whether such premiums relate in whole or in part to insurance or reinsurance cover provided in a different time period.