achmea

Solvency and Financial Condition Report 2023

Achmea 2023

Single Group Wide

Solvency and Financial Condition Report

TABLE OF CONTENTS

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 2023, 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 General 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 and uses the IRB-advanced model.

The scope of the Partial Internal Model to calculate the insurance related 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 (Disability/morbidity and revision risk) 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).

Achmea Investment Management B.V., Syntrus Achmea Real Estate and Finance B.V and CB PPI are included in the Solvency II consolidation for Achmea Group based on their sectoral capital requirements.

[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.

1.2. BUSINESS AND PERFORMANCE

The operational result of Achmea increased strongly to € 628 million (2022: € 519 million):

- Operational result increased by € 109 million (+21%) due to higher insurance service result at Non-Life, growth in interest margin at Achmea Bank N.V. and improved investment result.
- Net result of € 814 million, underpinned by higher operational result and favourable development financial markets.
- Growth in all segments; premiums increased to € 22.3 billion. Strong revenue growth in international activities and retirement services revenues (both 21%). Assets under Management rose 12% to € 218 billion.
- Solvency solid at 183%; decrease mainly due to business growth, market developments, model changes and repurchase of capital instruments.
- Good NPS scores based on high appreciation for our employees, swift claim handling and supported by strategic investments in data and digitisation.
- Strong execution and realisation sustainability ambitions; both on our own footprint, as an investor and as a driver of social debate.

Strong increase in results

In Non-Life, the operational result rose by 20% to € 309 million, supported by revenue growth, further investments in digitalisation and a favourable development of interest rates and inflation expectations. Also, compared to 2022, we do not see any major storm damage in 2023, but we do see more weather-related damage due to climate change and higher traffic intensity, the latter of which also resulted in increased (personal injury) claims. The combined ratio of Non-Life improved to 93.9%. The operational result of Health remained stable at € 187 million. Achmea Pension & Life also delivered a good operational result of € 208 million, partly dampened by the final agreement for unit-linked insurance policies. The result of Retirement Services increased to € 47 million, mainly due to growth and improved returns at Achmea Bank. The operational result of International increased to € 6 million, despite floods in Greece and the earthquake in Turkey.

There was a significant increase in the operational insurance service result at Non-Life and Achmea Reinsurance. At Non-Life Netherlands this increase was supported by revenue growth and further investments in digitalisation. In addition higher interest rates and lower inflation expectations had a positive impact. Compared to 2022 there were no major storm-related claims in 2023. However, we are seeing more weather-related claims and at car insurance a higher cost of claims due to increased traffic intensity, resulting in higher personal injury and other claims. At Income Protection the result has improved due to a lower cost of claims in the disability insurance portfolio. The increase at Achmea Reinsurance was driven by the lower impact from catastrophe-related claims, especially on our reinsurance portfolio for third-party risk, and also by implemented price adjustments and margin improvements.

- At Pension & Life Netherlands the insurance service result declined because of an allocation to the provision arising from the settlement reached with the interest groups for unit-linked policyholders.
- The insurance service result at Health Netherlands was lower due to higher healthcare costs in the current underwriting year and a negative effect on the result for previous years deriving from the impact from the outcome of the solidarity scheme related to Covid-19.
- Achmea's net operational financial result increased to € 425 million (2022: € 315 million). This was driven mainly by an increase within Health Netherlands due to higher interest rates and wider spreads on fixed income investments.
- Other results improved to €- 116 million (2022: €- 281 million). This result is negative as at includes amongst others the cost of the holding and shared service activities, as well as the financing charges for the bonds issued by Achmea.
- At Retirement Services the result increased in 2023, thanks to growth in the mortgage portfolio at Achmea Bank and an improved interest margin. The result at the other parts of Retirement Services was impacted by further investment in the organisation and systems for the implementation of the new pension legislation. Negative developments in the real estate market (lower valuations) are also adversely affecting the result.
- The operational result for the holding company improved versus last year, in part because of higher investment income and the higher valuation for a divested property.
- The non-operational result amounted to € 326 million in 2023 (2022: €- 1,574 million).
- The non-operational financial result from (re)insurance activities was € 1.9 billion higher in 2023 than in 2022. This higher result derives from the more positive trends on the financial markets in 2023 compared to the exceptionally negative development of financial markets in 2022. In 2022, the 5-year European swap rate increased by 321 bps to 3.23%, while yields on government bonds displayed similar increases. The MSCI World index dropped by nearly 20% in 2022.

- The return on real estate including property investment funds decreased to €- 121 million in 2023 (2022: € 37 million) as a result of market value developments, in part due to higher interest rates. This negative effect in 2023 was offset in full by the higher returns on the other asset classes. The return on equities and similar instruments was € 173 million in 2023 (2022: €- 136 million), which resulted in the total return on these investments exceeding the expected return.
- The difference between the impact of developments in interest rates and spreads on our fixed income investments on the one hand and the liabilities relating to insurance contracts on the other improved in 2023 versus 2022. The positive interest rate effect can be explained by the fact that (long-term) interest rates and spreads barely changed in 2023, while in 2022 exceptional market conditions had a significant negative impact on the result under IFRS 9/17. This resulted in a higher non-operational financial result in 2023.
- Reorganisation expenses and the transaction result from mergers and acquisitions added up to €- 18 million over 2023 (2022: €- 43 million).

International activities

- Gross written premiums went up significantly (+ 21%).
- Increase in operational result to € 6 million due to portfolio growth, lower cost of claims and higher net operational financial result.

Achmea's international activities focus on non-life and health insurance products, distributed via the online (direct) and banking channels. We want to grow further internationally by exporting knowledge and digital expertise gained in the Netherlands to other countries.

- The operational result in Slovakia increased to € 14 million (2022: € 0 million) thanks to portfolio growth, a lower cost of claims, lower expenses and a higher net operational financial result. The result at Health was in line with that of last year.
- The operational result in Greece grew by € 5 million to € 2 million (2022: €- 3 million) due to improvement measures at Health, portfolio growth, the recovery on the motor market and improvement measures at Non-Life. The cost of claims arising from the wildfires and storms Daniel and Elias had a total impact of € 16 million on the operational result of Greece.
- Despite the higher cost of claims due to inflation, lower margins on motor liability insurance and the earthquake in February 2023, the operational result in Turkey climbed to € 4 million (2022: € 1 million). The higher operational result can be attributed to lower expenses for hyperinflation and a higher net operational financial result.
- Portfolio growth and a lower cost of claims from weather-related catastrophes led to an increase of € 5 million in the operational result in Australia.
- The operational result in Canada was in line with last year.

Inflation

In 2023, Inflation rates were still high although decreased compared to 2022 in the second part of 2023. The high rates of inflation resulted in an upward pressure on the expenses incurred by Achmea and an upward pressure on the insurance premiums being invoiced to our policyholders. For Dutch life insurance, the inflation in the short run is primarily reflected in higher wage costs and increased handling expenses. For the Dutch Non-Life insurance, the increased inflation resulted in an upward pressure for claim handling expense as part of the Best Estimate and the premium invoiced to the policyholders. The impact of the inflation on the Turkish Non-Life insurance is enhanced by the ongoing hyperinflationary environment. For Dutch health insurance the higher inflation resulted in higher claims. The healthcare inflation has also been taken into account in the premiums set for 2024. The effects of inflation for the Greek Non-Life insurance were increased by the occurrence and aftermath of the storm 'Daniel'.

Other

Interamerican Hellenic Life Insurance Company S.A., Interamerican Property & Casualty Insurance Company Single Member S.A. and Horizon Insurance Single Member Company S.A. have legally merged as of 29 December 2023. As a result of the legal merger Interamerican Property & Casualty Insurance Company Single Member S.A. and Horizon Insurance Single Member Company S.A. cease to exist. After the legal merger Interamerican Hellenic Life Insurance Company S.A. is renamed to Interamerican Hellenic Insurance S.A. and has a license as a composite insurer. The merger does not have an impact on the solvency ratio of Achmea as of the consolidation and look through approach.

Major model changes PIM

Adjustment definition economic framework and short term Interest Rate Risk balancing

A major model change regarding the adjustment of the definition of the economic framework and the improvement possibilities for balancing short term and long term Interest Rate Risk management including the Market Risk Extrapolation Point from 20 to 30 year was implemented in Q4 2023. This change has a negative effect on the solvency ratio.

Contract boundary AOV
A model change regarding the AOV long contract boundaries has been implemented in 2023. This model change meets the changed interpretation, resulting in regarding the extension of the contract boundary up to maturity for individual disability insurance ('AOV's') which include an individual risk assessment. As a result of the change towards the longer contract boundary, Achmea also modelled a Future Management Action as part of the model change. This model change had a positive impact on the solvency ratio.

1.3. SYSTEM OF GOVERNANCE

In 2023 the Digital Operational Resilience Act (DORA) is implemented. This legislation will bring additional requirements regarding IT security including outsourcing to IT-service providers. In 2023, the first steps were taken for this purpose to determine the impact and the governance is in place to ensure DORA compliancy by 2025.

There were no other material changes in the System of Governance in 2023.

Sustainability
In Q4 of 2023, Achmea has published its second Climate Transition Plan[4]. An extract of the updated plan for Achmea is described below. See Section C Other information.

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.

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 this plan annually.

In the Achmea Year Report 2023, Achmea disclosed the first outcome of alignment of the activities with the EU Taxonomy[5].

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 2022. Any change in the Risk Profile of Achmea was predominantly the result of changes in the economic value of the assets and liabilities.

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

1.5. VALUATION FOR SOLVENCY PURPOSES

An assessment on the appropriateness of the risk drivers to calculate the Risk Margin for Achmea Pensioen- en Levensverzekeringen N.V. resulted in a change in approach and an increase in the Risk Margin for Achmea Pensioen- en Levensverzekeringen N.V. This change has a negative impact on the Eligible Own Funds.

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.

[4] https://www.achmea.nl/-/media/achmea/documenten/duurzaamheid/achmeanl_documenten_en/achmea-climate-transition-plan.pdf
[5] Achmea Year report 2023, Supplement A: Reporting Principles; Supplement C: EU Taxonomy for Sustainable Activities

The composition of Own Funds under the Solvency II legislation is not similar as the definition of '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

	2023	2022
Equity Financial statements	**8,980**	**8,597**
Solvency II valuation and classification differences	986	1,778
Not qualifying equity and foreseeable dividends	-1,118	-1,180
Eligible Own Funds Solvency II	**8,848**	**9,195**

Solvency II revaluations and reclassifications of € 986 million (2022: € 1,778 million) include items not recognised under Solvency II (including goodwill and capitalised acquisition costs), items valued differently under Solvency II (Solvency II uses economic value for all items) as well as reclassification of subordinated debt and treasury shares.

- The main reclassifications are: Goodwill and capitalised acquisition costs (these are not recognised within Solvency II), other intangible assets, subordinated debt and treasury shares.
- The main revaluations are: Financial fixed assets (for Solvency II completely valued at market value) and Technical Provisions.
- The methodology and assumptions to calculate the value of the insurance liabilities under Solvency II and IFRS17 are different. Differences include the use of a different Risk-free interest rate, a different calculation of an adjustment to the Risk-free interest rate (Volatility Adjustment versus Illiquidity premium), different Cost of Capital percentage for determining the Risk Adjustment under IFRS 17 compared to the Risk Margin under Solvency II and differences in cash flows included in the valuation.
- Non-qualifying equity and expected dividends include changes in the availability of Achmea's equity in accordance with Solvency II regulations.

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

1.6. CAPITAL MANAGEMENT

Achmea B.V. is a Financial Conglomerate with a dominant insurance sector. The Solvency position is presented in the following tables per sector and consolidated as a Financial Conglomerate.

1.6.1. SOLVENCY FIGURES – INSURANCE SECTOR

In the sector Insurance, all the insurance entities, the Mixed Financial Holding Companies, the Ancillary Service Entities and Other entities are consolidated. For these entities the requirements as set out in the Solvency II Directive and Regulation are applied.

SOLVENCY-INSURANCE SECTOR AND HOLDING

€ MILLION

	2023	2022	Δ
Eligible Own Funds	7,885	8,224	-339
Solvency Capital Requirement	4,031	3,750	282
Surplus	3,854	4,474	-621
Solvency Capital Ratio Insurance sector and Holding (%)	196%	219%	-24%

For a further explanation of the Partial Internal Model and an overview of the composition of the Solvency Capital Requirement, please refer to section C Risk profile. The Solvency position of the consolidated insurance entities is determined based on the Solvency II legislation.

The decrease in the ratio, compared to 2022, has several causes.

In 2023, Achmea implemented several changes in methodology and in the internal model. The run-out patterns in combination with the appropriate risk drivers within the methodology to determine the Risk Margin in the Dutch pension and life business were adjusted. This resulted in an increase in the Risk Margin and therefore an increase of the Insurance liabilities with a negative impact on the solvency ratio. The changed recognition of the DTA/DTL (as prescribed by DNB) has a negative effect on the ratio as deferred tax assets and deferred tax liabilities needed to be recognised on a yearly base. This leads to a higher amount on deferred tax assets which is the basis for the calculation of the so called Tier 3 limit[6]. A significant model change regarding the calculation of interest rate risk within Market Risk and the impact of the change of the contract boundary of individual AOV products including the modelling of the related capital requirement had a positive effect on the Solvency ratio.

Achmea has reached an agreement with interest groups on a final settlement for customers of investment insurance policies. The impact of the agreement on Achmea's capital position is limited.

The hardening of the reinsurance market resulted Achmea to recognise a higher own retention which increased the capital requirement. Achmea reinsurance N.V. decided to cease underwriting external incoming Non-life reinsurance business. The Solvency Capital Requirement for the Dutch health insurance portfolio increased due to the increase in the number of insured in 2024 and the higher expected premium levels due to cost inflation. In the non-life portfolio, higher than expected claims (for example, the earthquake in Turkey and the storm 'Daniel' in Greece) resulted in a negative impact on the solvency ratio.

The in general decline of the risk free interest rate, positive returns and spread movements combined have a positive effect on equity. The annual calibration of the economic scenarios used in the internal model for determining Market Risk resulted in an increase in required Solvency Capital Requirement.

1.6.2. SOLVENCY FIGURES – BANKING SECTOR

The solvency information from Achmea Bank N.V. is based on the requirements as set out in the Capital Requirements Directive and Capital Requirements Regulation (CRR).

SOLVENCY-BANKING SECTOR

€ MILLION

	2023	2022	Δ
Eligible Own Funds	774	776	-2
Total Risk Weighted Assets	4,585	4,264	321
Total Capital Ratio	**16.9%**	**18.2%**	**-1.3%**
Total SREP Capital Requirement (12.1%; 2022: 10.9%)	555	465	90
Combined Buffer Requirement (2.5%; 2022: 2.5%)	115	107	8
Counter Cyclical Buffer (1%; 2022: 0%)	46	0	46
Total Solvency Capital Requirement	**715**	**571**	**144**

The capital requirement of the Risk Weighted Assets of Achmea Bank is based on the latest Supervisory Review and Evaluation Process (SREP) communication of DNB of 15.6% (2022: 13.4%). The capital requirement includes as of Q2 2023, the market wide countercyclical capital buffer (CcyB) to protect against systemic risks of 1% of the risk-weighted assets of Achmea Bank. The Risk Weighted Assets of Achmea Bank increased due to growth of the residential mortgage portfolio and acquisition of 'ASR portfolios'.

[6] The Tier 3 capital may not exceed 15% of the Solvency capital requirement of the Insurance sector. The Deferred tax Assets are part of this Tier 3 capital.

1.6.3. SOLVENCY FIGURES – SECTOR OTHER

The solvency information from the other supervised entities Achmea Investment Management. B.V., Syntrus Achmea Real Estate & Finance B.V., Centraal Beheer PPI N.V. and Union Zdravotna Poistovna A.S (UZP) is included based on the requirements as set out in the Capital Requirements Directive (CRD), Capital Requirements Regulation (CRR), Investment Firm Directive, Investment Firm Regulation and local legislation (UZP).

SOLVENCY-ASSET MANAGEMENT SECTOR AND OTHER

€ MILLION

	2023	2022	Δ
Eligible Own Funds	208	198	10
Solvency Capital Requirement	94	89	5

The capital requirement for Achmea Investment Management N.V. increased because the Assets under Management increased in 2023.

1.6.4. SOLVENCY FIGURES – TOTAL

TOTAL SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	8,848	9,195	-347
Total Group Capital Requirement	4,840	4,410	430
- Insurance sector and holding	4,031	3,750	282
- Banking sector	715	571	143
- Asset management sector and other	94	89	5
Total Solvency Ratio (%)	183%	209%	-26%

1.6.5. ELIGIBLE OWN FUNDS

ELIGIBLE OWN FUNDS

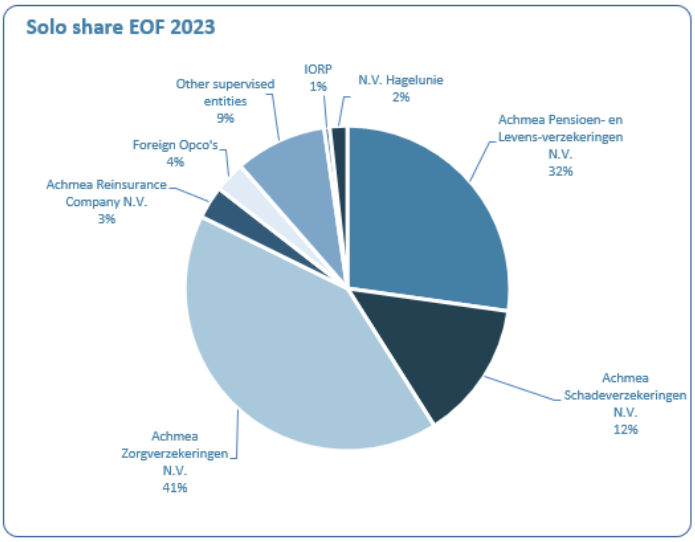
€ MILLION

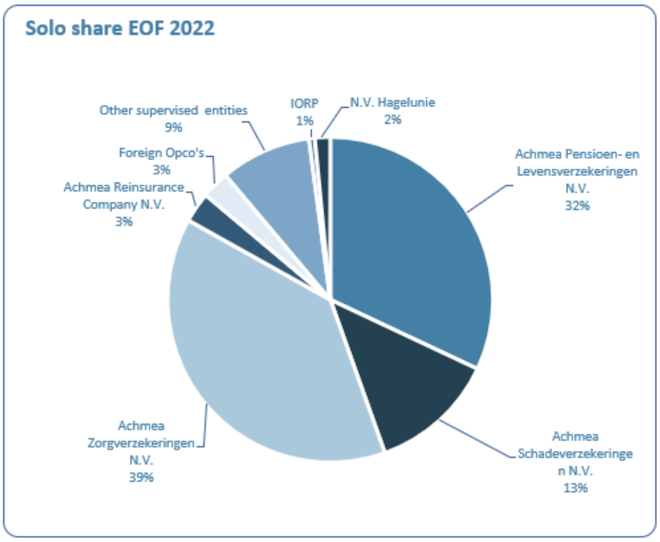
	2023	2022	Δ
Tier 1	6,951	7,321	-370
Tier 2	1,292	1,467	-175
Tier 3	605	408	197
Total eligible own funds	**8,848**	**9,196**	**-348**

In Q3 2023, Achmea forwarded the proposal to withdraw the preference shares in order to avoid having an inefficient capital instrument after the end of the grandfathering period in 2026. This was effectuated in Q4. Achmea derecognised the preference shares accordingly. This resulted in a decrease of the Eligible Own Funds (EOF) of € 282 million. In April 2023, Achmea called the (subordinated) 6% Tier 2 Notes with a nominal value of € 500 million. In 2023, Achmea issued a 6.75% Tier 2 Notes with a nominal value of € 300 million. The net result of these two events resulted in a decrease of the EOF with € 200 million. The foreseeable dividend on ordinary shares (€ 70 million), the coupon payments on the subordinated notes (€ 43 million) and the coupon payment on the Tier 1 capital security (€ 17 million) have a decreasing impact on the EOF.

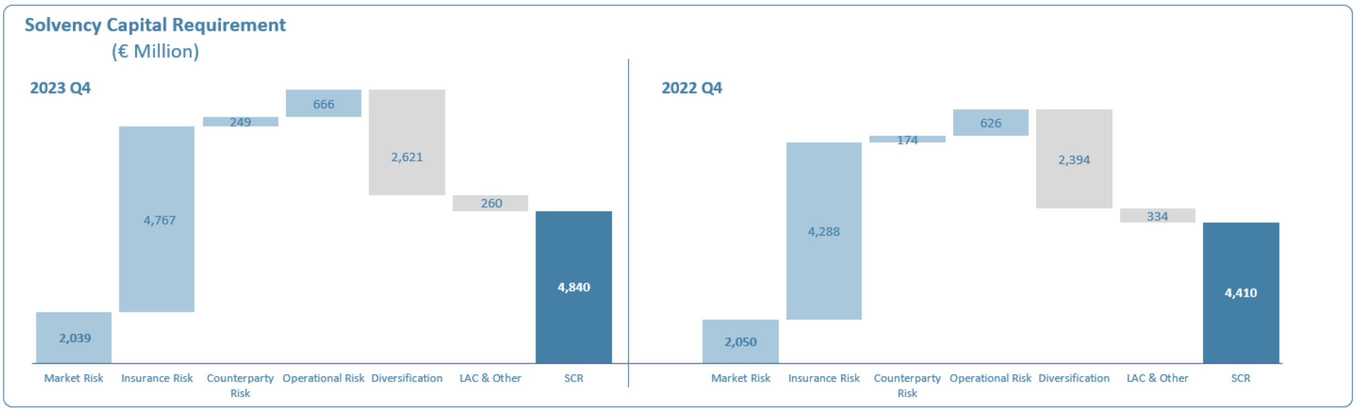
As 2023 Year-end, Tier3 limits have been exceeded. As such an amount of € 218 million of Tier 3 capital cannot be used to cover the Solvency Capital Requirement (2022: € 298 million).

The EOF can be divided to the various legal entities of Achmea:





1.6.6. SOLVENCY CAPITAL REQUIREMENT



The Total Group Solvency Capital Requirement (SCR) of Achmea is determined based on a consolidated Economic Balance Sheet involving all the legal entities and participations of Achmea.

The SCR for Market Risk decreased by € 11 million mainly due to the model changes, lower interest rates, spread developments and effects of the annual calibration. In 2023, Achmea implemented a major change with regard to the economic Solvency and Long-term Interest rate Risk Sensitivity. The PIM model for Interest Rate Risk is changed to include the interest rate sensitivity of the UFR drag over a 10-year horizon by changing the Market Risk extrapolation point (MREP) from 20 to 30 years. Interest Rate Risk and Spread Risk are mainly affected by the major model change. Equity Risk decreased due to portfolio management developments, positive developments of the stock markets and the annual calibration of the Market Risk Internal Model. Property Risk decreased mainly due to the effects of the development of the interest and inflation rates which had a negative effect on the demand side of the property market.

The capital requirement for Insurance Risk increased by € 479 million. The lower interest rate resulted in an increase of the Best Estimate and subsequently an increase of Life Underwriting Risk as the Best Estimate is the main input in the calculations of this risk. Health Underwriting Risk mainly increased due to an increased expected premium volume for 2024 due to cost inflation, an increase in the number of policyholders for 2024 and due to the introduction of the longer contract boundary within the Dutch AOV portfolio. Non-Life Underwriting Risk increased due to increased business volume in the Netherlands, higher claims as a result of the earthquake in Turkey and the storm 'Daniel' in Greece and increased Catastrophe Risk due to increased own retention in the event of natural catastrophes.

The SCR for Counterparty Default Risk increased by € 75 million. Type 1 exposures increased due to outstanding claims related to the earthquakes in Turkey and a higher risk of derivatives due to a decrease in interest rates, partly compensated by lower capital requirement due to securities lending activities. Type 2 exposures increased due to a change in interpretation whereby policyholders with arrears of less than 3 months are now part of the risk exposure.

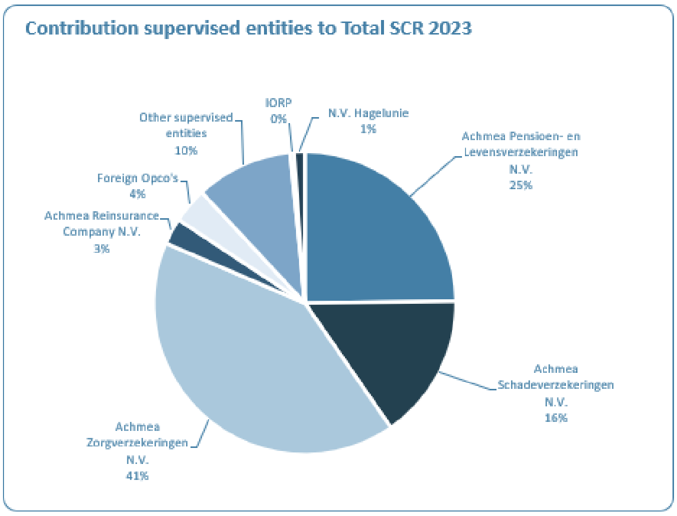
Operational Risk is calculated based on the most onerous scenario of earned premiums or Technical Provisions. Achmea is sensitive to the scenario based on earned premiums. The increase of € 39 million is mainly a consequence of the higher premium volume for year 2023 compared to 2022 in the Dutch Health insurance portfolio.

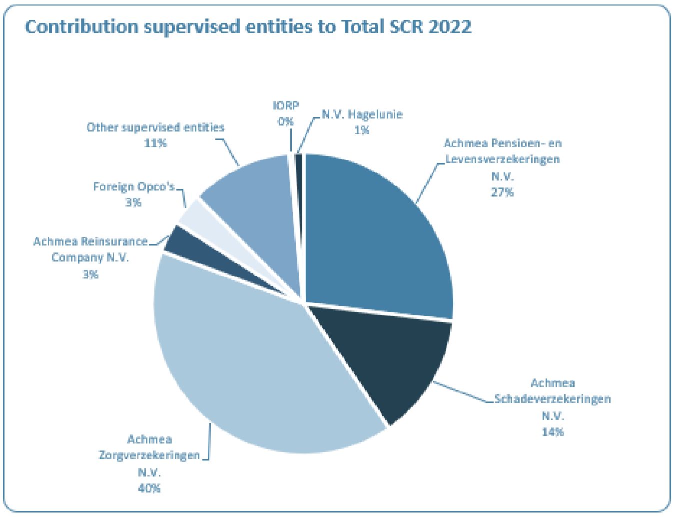
The impact of the Loss Absorbing Capacity (LAC) increased by € 74 million due to the LAC Deferred Taxes and LAC Expected Profits for Underwriting Risk and Market Risk.

The impact of the Other capital requirement increased by € 148 million mainly due to a higher capital requirement of Achmea Bank N.V. The capital requirement of the Risk Weighted Assets (RWA) of Achmea Bank N.V. is based on the latest Supervisory Review and Evaluation Process (SREP) communication of DNB of 15.6% (2022: 13.4%) and includes as of Q2 2023, the market wide countercyclical capital buffer (CcyB) to protect against systemic risks of 1% of the RWA.

Solvency Capital Requirement per major legal entity

Similar to 2022, Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Zorgverzekeringen N.V. consolidated contributed the most with respect to the group Solvency Capital Requirements. The share of Achmea Pensioen- en Levensverzekeringen N.V. has decreased, while the shares of Achmea Zorgverzekeringen N.V. consolidated and Achmea Schadeverzekeringen N.V. have increased. Due to the closed book portfolio of Achmea Pensioen- en Levensverzekeringen N.V. and the major model change for Market Risk, the share of Achmea Pensioen- en Levensverzekeringen N.V. decreased. The increase in number of insured and the resulting increase in the NSLT Health underwriting Premium Risk for the Dutch Health entities resulted in an increase in the Solvency Capital Requirement. Within Achmea Schadeverzekeringen N.V. Health SLT increased due to the introduction of the longer contract boundary for the Dutch AOV portfolio.





Solvency Position excluding the use of the Volatility Adjustment

Achmea applies the Volatility Adjustment (VA[7]). 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). Furthermore the VA is not applied by Eureko Sigorta A.S. as no VA is determined for Turkey by EIOPA based on the exposures in their local markets.

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

For the entities where the VA is applied and where a Partial Internal Model Risk (PIM) for Market Risk is used, a DVA[8] 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	
	2023	2022	2023	2022	2023	2022
Eligible Own Funds	8,848	9,195	8,466	8,996	382	200
Total Group Solvency Capital Requirement	4,840	4,410	6,086	5,506	-1,246	-1,096
Surplus	4,008	4,786	2,381	3,490	1,628	1,296
Ratio (%)	183%	209%	139%	163%	44%	47%

The VA is published by EIOPA and endorsed by the European Commission. Ultimo 2023, a VA of 20 bps (2022: 19 bps) has been applied. Compared to 2022, the impact of the VA on the Solvency II ratio of Achmea has remained relatively stable (2023: 44%; 2022: 47%).

Not using the VA has an increasing impact on the value of the Best Estimate of the Insurance liabilities. The increase of the insurance liabilities results in an increase of the Deferred Tax Asset (DTA). The overall effect on the EOF is negative. Not using the VA, also implies that Achmea is not able to model the DVA. This results in an increase of the capital requirements for Market Risk and Underwriting Risk. Excluding the VA and DVA would result in changes of the characteristics of the assets and liabilities due to the adjusted discounting curve. As a result, 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.

1.6.7. MINIMUM CAPITAL REQUIREMENT

MINIMUM CAPITAL REQUIREMENT PIM

€ MILLION

	2023	2022	Δ
SCR Consolidated	4,031	3,750	282
MCR	2,165	2,096	69
MCR/SCR Consolidated (%)	54%	56%	-2%

The group 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 increase in MCR is mainly caused by an increase in the underlying MCR of Achmea Schadeverzekeringen N.V. (€ 74 million), Achmea Zorgverzekeringen N.V. consolidated (€ 11 million) and a decrease in the underlying MCR of Achmea Pensioen- en Levensverzekeringen N.V. (€- 18 million).

IMPACT OF VOLATILITY ADJUSTMENT ON THE MCR

€ MILLION

	INCLUDING VA		EXCLUDING VA		IMPACT VA	
	2023	2022	2023	2022	2023	2022
SCR Consolidated	4,031	3,750	5,277	4,845	1,246	1,096
MCR	2,165	2,096	2,342	2,234	177	138
MCR/SCR Consolidated (%)	54%	56%	44%	46%	14%	13%

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

[8] 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.

1.6.8. SOLVENCY POSITIONS SUPERVISED LEGAL ENTITIES

OLVENCY POSITIONS SUPERVISED LEGAL ENTITIES

€ MILLION

	2023			2022		
	SOLVENCY CAPITAL REQUIREMENT	ELIGIBLE OWN FUNDS	SOLVENCY II RATIO	SOLVENCY CAPITAL REQUIREMENT	ELIGIBLE OWN FUNDS	SOLVENCY II RATIO
Achmea Pensioen- en Levensverzekeringen N.V.*	1,475	2,614	177%	1,514	3,096	204%
Achmea Schadeverzekeringen N.V. *	927	1,323	143%	763	1,215	159%
N.V. Hagelunie *	69	167	241%	63	147	234%
Achmea Reinsurance Company N.V. *	168	309	184%	193	291	150%
Achmea Zorgverzekeringen N.V. consolidated	2,445	3,958	162%	2,266	3,732	165%
Achmea Zorgverzekeringen N.V.	890	3,958	445%	848	3,731	440%
Zilveren Kruis Zorgverzekeringen N.V.	1,624	2,192	135%	1,580	2,268	144%
FBTO Zorgverzekeringen N.V.	227	422	186%	137	200	146%
Interpolis Zorgverzekeringen N.V.	87	154	176%	80	132	165%
De Friesland Zorgverzekeraar N.V.	250	342	137%	237	387	163%
Union Poist'ovna A.S.	32	47	146%	30	35	116%
Eureko Sigorta A.S.**	59	77	129%	49	78	159%
Interamerican Hellenic Insurance Company S.A.***	123	154	125%	102	138	135%
Interamerican Assistance Insurance Company S.A.	10	15	146%	10	15	150%

* Legal entities using a Partial Internal Model

** Based on local capital requirement

*** The comparable data are based on a pro forma basis as the merger between the Greek insurance companies took place in 2023

At year-end 2023, Achmea and its entities were adequately capitalised in accordance with statutory requirements and risk appetite.

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.

ACHMEA BANK N.V.

€ MILLION

	2023	2022	Δ
Eligible Own Funds	774	776	-2
Total Risk Weighted Assets	4,585	4,264	321
Total Capital Ratio	**16.9%**	**18.2%**	**-1.3%**
Total SREP Capital Requirement (12.1%; 2022: 10.9%)	555	465	90
Combined Buffer Requirement (2.5%; 2022: 2.5%)	115	107	8
Counter Cyclical Buffer (1%; 2022: 0%)	46	0	46
Total Solvency Capital Requirement	**715**	**571**	**144**

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 € 29.9 million based on ICAAP rules. 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 2023 year-end amounts to € 17 million (2022: € 17 million), the Own Funds are € 41 million (2022: € 43 million).

The capital requirement for Centraal Beheer PPI N.V. (CB PPI) is 0.2% of the managed capital of € 3,770 million (2022: € 3,128 million) for the pension liabilities. The CB PPI has an appropriate liability in place.

REQUIREMENTS OTHER FINANCIAL SECTORS

€MILLION

ENTITY	FIXED COST REQUIREMENT		PERMANENT MINIMUM		K-FACTOR		CAPTIAL REQUIREMENTS		OWN FUNDS	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Achmea Investment Management B.V.	26	25	0,1	0,1	16	20	30	25	49	53
Syntrus Achmea Real Estate & Finance B.V.	18	18	0,2	0,2	0,4	0,3	18	18	54	46
Union Zdravotna Poist'ovna A.S.							17	17	41	43
Centraal Beheer PPI N.V.							8	6	12	13

1.7. MATERIALITY AND SUBSEQUENT EVENTS

Materiality

Achmea published its Solvency II position of 183% on 14 March 2024. 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 2023.

1.8. FORWARD LOOKING STATEMENT

Development next year

Achmea expects the Solvency position at the end of 2024 to be above its internal target limits. The expected Solvency II ratio per year-end 2024 under the assumption of constant financial markets based on year-end 2023 will not change significantly. The outcome however will be dependent on developments of the inflation rate, the development of the financial markets, the monetary actions of the Central Banks and any (secondary) effects e.g. of the war between Ukraine and Russia and developments in Gaza.

Inflation

The development of the Inflation rates will remain uncertain. The inflation forecasts will have an effect on the behaviour of the Central banks with respect to setting the policy interest rates. Due to the Interest Rate Risk policy the impact of changes in the interest rates on the Group solvency is expected to be limited.

Sustainability

Sustainability is more and more becoming integral part of reporting and management processes. Disclosure on sustainability issues must support the energy transition from fossil-based to renewable energy sources like wind and solar. In risk management policies the risks and consequences of global warming must be taken into account both from a prevention perspective and the perspective of mitigating consequences with the aim to reduce possible future claims.

Solvency II review 2020

In 2023, the co-legislators reached an agreement regarding the proposal for a revision of the Solvency II Directive. Based on this agreement, after the final endorsement, the European Commission will start drafting the text for the Regulation. The enforcement date will likely be the end of 2026.

The main quantitative elements for Achmea in the Review 2020 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 depends on the calibration of the agreement in the Regulation and the economic circumstances.

Countercyclical capital buffer Achmea Bank N.V.

Per 2024 Q2, DNB enforces the market wide Countercyclical buffer of 2% of the risk weighted assets (RWA) in the capital requirements of Achmea Bank N.V (2023 Q2: 1%). The additional buffer will increase required capital of Achmea Bank N.V. by € 45 million and will likely reduce Achmea's group solvency by 1%-pt.

Developments after closing date

Regular UFR change
Per 1 January 2024, the UFR will decrease to 3.30%. The impact on the solvency ratio, if that change would have been implemented at 31 December 2023, would have been a decrease with 1%-pt.

Dutch Life insurance Business
In recent years, Achmea has explored the options for the portfolios of Achmea Pension & Life Insurance on a regular basis. Especially for the portfolio of insurance policies that are no longer actively sold (the service book) it is important to continue to look for ways to operate as efficiently as possible. As this portfolio shrinks, it is important that the cost base keeps at pace with this development whilst continuing to serve our customers well. Which has been the case in recent years. Achmea is currently exploring various internal and external options and do not rule out any possibilities at this stage.

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 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.25.01. Solvency Capital Requirement – for undertakings on Standard Formula
S.25.05. Solvency Capital Requirement – for undertakings using an internal model (partial or full)
S.26.01. Solvency Capital Requirement – Market Risk
S.26.02. Solvency Capital Requirement – Counterparty Default Risk
S.26.03. Solvency Capital Requirement – Life Underwriting Risk
S.26.04. Solvency Capital Requirement – Health Underwriting Risk
S.26.05. Solvency Capital Requirement – Non-Life underwriting Risk
S.26.06. Solvency Capital Requirement – Operational Risk
S.26.07. Solvency Capital Requirement – Simplifications
S.26.08. Solvency Capital Requirement – Undertakings using an (partial) internal model
S.27.01. Solvency Capital Requirement – Non-Life and Health Catastrophe Risk

The auditors have audited several QRTs of the underlying Dutch supervised entities in line with the Dutch legislation.

SHAREHOLDERS

SHAREHOLDERS OF ACHMEA B.V. AT 31 DECEMBER 2023

	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)
Vereniging Achmea directly and via Stichting Administratie-Kantoor Achmea [1]	The Netherlands	251,481,012	66.94%
Coöperatieve Rabobank U.A.	The Netherlands	116,993,237	31.14%
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0.55%
Gothaer Finanz Holding AG	Germany	2,370,153	0.63%
Schweizerische Mobiliar Versicherungsgesellschaft AG[3]	Switzerland	2,769,246	0.74%
Total ordinary shares [2]		**375,685,703**	**100.00%**

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

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 Insurance 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.	Centraal Beheer PPI 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. In response to the needs of modern life, we are evolving from an insurer into a financial service provider.

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 want to 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 want to bring people closer together again. Life is more enjoyable, healthier and safer that way. With this in mind we set out our revised vision in 2021: Sustainable Living. Together.

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. One example of this is our fireworks campaign and the call to submit ideas for new traditions.

Climate, diversity and inclusion

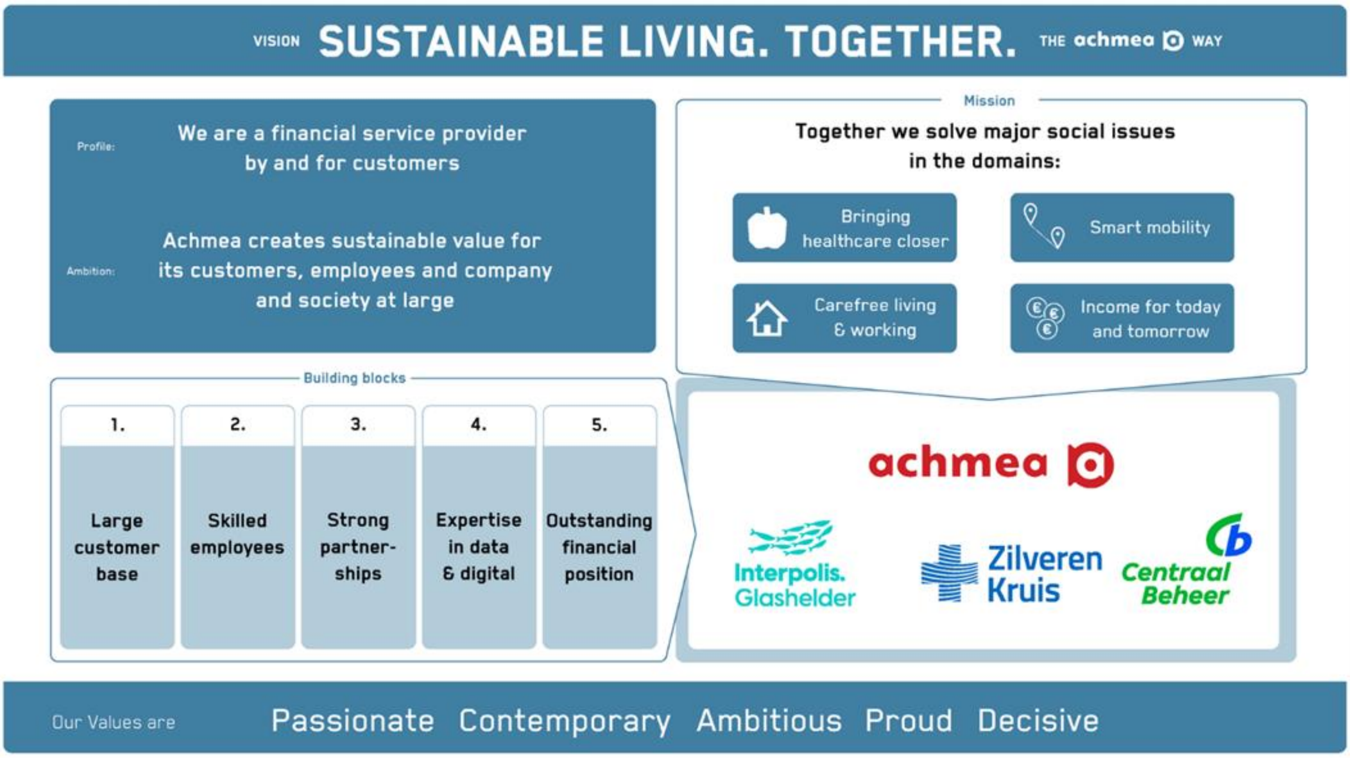
Among other things, sustainable living together according to Achmea means an acceleration on our part on climate, diversity and inclusion. Sustainability and inclusion play important roles in the choices we make.

Climate change is a key sustainability theme containing major social, economic and financial challenges. The effects of climate change are visible all around the world, from bushfires in Australia and California to lengthy periods of drought, extreme precipitation and flooding in Limburg. It is essential to restrict the increase in global temperatures to 1.5 – 2 °C compared to 1990 in order to avoid us facing uncontrollable risks.

Sustainable value creation also means that we assume responsibility in order to contribute to achieving the global climate goals. As an insurer and financial service provider, we contribute to resilience to the risks posed by climate change and want to support the energy transition. We are committed to achieving climate-neutral business operations in 2030, climate-neutral investments in businesses in 2040 and a climate-neutral insurance portfolio no later than 2050. And via our products and services such as solar panels and green roofs we help our customers to become more sustainable.

Everyone is entitled to equal opportunities. As an employer, we want to be an accurate reflection of Dutch society and aim to create an inclusive culture in which we embrace diversity.

The above interpretation of sustainable living together is in line with the expectations our stakeholders have of us. Climate change, responsible investment, sustainable products and services and solidarity & inclusion are all listed as material topics in our survey of stakeholders. These topics therefore play a role in the solutions we seek to social issues in the four domains.



Sustainable Development Goals

By solving social issues in the four domains 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. In 2018, we selected three focus SDGs: SDG 3 (Good health and well-being), SDG 11 (Sustainable cities and communities) and SDG 13 (Climate action). These SDGs are closely related to the four domains we focus on based on our mission, are close to the core of our company and can encourage innovation and growth.

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 core values

In refining our purpose we have also given our core values a fresh interpretation: 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. They form the foundations for all our actions.

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.

A.2. UNDERWRITING PERFORMANCE

The Non-Life business in the Netherlands consists of the entities:
- Achmea Schadeverzekeringen N.V. (including the via branches sold insurance policies in Germany and Australia).
- N.V. Hagelunie.

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 Insurance Company S.A. (Non-Life) – Greece.
- Interamerican Hellenic Insurance Company S.A. (Composite) – Greece.
- Union Poist'ovňa A.S. (Composite) – Slovakia.
- Eureko Sigorta A.S. (Non-Life) – Turkey.

We refer to these entities when we mention these business.

Achmea Reinsurance Company N.V. is mentioned separately.

Overview of group results

KEY FIGURES

RESULTS	2023	2022*	Δ
Non-Life Netherlands	309	258	20%
Pension & Life Netherlands	208	307	-32%
Retirement Services	47	-3	n.m.
International activities	6	-20	n.m.
Other activities	-129	-212	n.m.
Operational result[9] excluding Health Netherlands	**441**	**330**	**34%**
Health Netherlands	187	189	-1%
of which Basic Health Insurance	79	64	23%
of which Supplementary Health Insurance and other	108	125	-14%
Operational result including Health Netherlands	**628**	**519**	**21%**
Non-operational result	326	-1,574	n.m.
Result before tax	**954**	**-1,055**	**n.m.**
Corporate income tax expenses	140	-247	n.m.
Net result	**814**	**-808**	**n.m.**
Non-Life Netherlands	4,044	3,881	4%
Health Netherlands	15,571	14,790	5%
Pension & Life Netherlands	819	813	1%
International activities	1,756	1,453	21%
Gross written premiums[10]	**22,333**	**21,088**	**6%**
Total revenue segment Retirement Services	**490**	**404**	**21%**
Gross operating expenses[11]	**2,375**	**2,175**	**9%**
Of which related to non-insurance activities	611	523	17%

BALANCE SHEET	31.12.2023	31.12.2022*	Δ
Total assets	77,718	76,735	1%
Total equity	8,980	8,597	4%

Assets under Management (in € billion)	31.12.2023	31.12.2022	Δ
Achmea Investment Management	190	166	14%
Syntrus Achmea Real Estate & Finance	41	41	0%
Total Assets under Management**	**218**	**194**	**12%**

SOLVENCY	31.12.2023	31.12.2022	Δ
Solvency ratio Achmea Group after dividend[12]	183%	209%	-26%
Solvency ratio insurance entities and holding company	196%	219%	-23%
Solvency ratio asset management and other	221%	222%	-1%
Common Equity Tier 1 ratio Achmea Bank	16.9%	18.2%	-1.3%

Ratings	31.12.2023	31.12.2022	Δ
S&P (Financial Strength Rating)	A (Stable)	A (Stable)	Unchanged
Fitch (Insurer Financial Strength)	A+ (Stable)	A+ (Stable)	Unchanged

EMPLOYEES IN THE NETHERLANDS AND ABROAD[13]	31.12.2023	31.12.2022	Δ
FTEs Netherlands	14,271	14,075	1%
FTEs International	3,508	3,451	2%
Total FTEs	17,779	17,526	1%

n.m. Not meaningful

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

** Total assets under management after eliminations

9 Operational result is equal to the result before tax adjusted for reorganisation expenses, results from mergers & acquisitions and application of an expected return method for the net financial result from (re)insurance activities. Using this method, we base our calculations on the expected market rates at the start of the year and normalised returns on investments in equity and investment property. The same market rates are also used to determine the discount curve and provision for accrual of our insurance liabilities when calculating the operational result.

10 Gross written premiums (or premiums) for Property & Casualty insurance (with the exception of disability insurance contracts) and Health insurance relate to insurance contracts with starting dates during the reporting period and comprise the contractual premiums throughout the entire contract period. The gross written premiums for Health insurance also include the contribution from the Health Insurance Equalisation Fund. The contract period is the period during which Achmea is unable to (entirely) adjust the premiums or the insurance policy conditions for the changed risk profile of policyholders. For the other insurance contracts, the amount of gross written premiums is equal to the premiums owed or earned during the contract period.

11 Gross operating expenses comprise personnel costs, depreciation costs for property for own use and equipment and general expenses, including IT expenses and marketing expenses.

12 The solvency ratios reported here are based on our Partial Internal Model and are after the deduction of (planned) payment of dividends and coupons on hybrid capital.

13 The number of FTEs is based on a working week of 34 hours.

OVERVIEW OF GROUP RESULTS

Transition to new accounting standards

For the first time, this financial year Achmea is reporting its results in accordance with the new IFRS 9 and IFRS 17 accounting standards. Under these IFRS 9/17 standards, the value changes of both the investments and the liabilities deriving from changes to e.g. interest rates and equity and real estate prices are recognised in the income statement. This impact was largely included under equity under IAS 39/IFRS 4 and therefore had less of an effect on the net result.

As a result, movements on the financial markets can cause greater volatility in the result under IFRS 9/17. In order to maintain focus and control on the underlying development of the results, we have chosen to focus on the operating result, based on an 'expected return' methodology for determining the financial results. This means that volatility from market movements is recognised in the non-operational result. In the expected return method expected market rates at the start of the year and normalised returns on investments in equities and investment property are used. The same market rates are used to determine the discount curve and provision for accrual of our insurance liabilities when calculating the operational result. In addition, the operational result is adjusted for any reorganisation expenses and transaction results from mergers and acquisitions. These adjustments enable the operational result to accurately reflect Achmea’s underlying financial performance.

Under the adjusted financial indicators the results will give comparable through-the-cycle outcomes, whereby we maintain our ambitions for 2025.

The comparative figures for 2022 have been adjusted accordingly. Recognition of the market value developments of the investments and the insurance liability in the income statement under IFRS 9/17 leads to a substantially lower net result over 2022 as compared to IAS 39/IFRS 4. Exceptional market conditions, including the sharply higher interest rates, spreads and lower equity prices, had a significant negative impact on the result in 2022 under IFRS 9/17. By using the expected return method, the operational result is significantly less sensitive to extreme market conditions.

Operational result

The operational result increased strongly to € 628 million in 2023 (2022: € 519 million). This was driven by an improvement in the operational result excluding Health Netherlands, which increased to € 441 million (2022: € 330 million). The result at Health in the Netherlands was more or less stable.

OPERATIONAL RESULT

(€ MILLION)

	2023	2022*	Δ
Operational result excluding Health Netherlands	**441**	**330**	**111**
Operational insurance service result excl. Health Netherlands	287	301	-14
Net operational financial result excl. Health Netherlands	278	312	-34
Other results excl. Health Netherlands	-124	-283	159
Operational result Health Netherlands	**187**	**189**	**-2**
Operational insurance service result Health Netherlands	32	184	-152
Net operational financial result Health Netherlands	147	3	144
Other results Health Netherlands	8	2	6
Operational result including Health Netherlands	**628**	**519**	**109**

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

The operational insurance service result excluding Health Netherlands amounted to € 287 million (2022: € 301 million).

There was a significant increase in the operational insurance service result at Non-Life and Achmea Reinsurance. At Non-Life Netherlands this increase was supported by premium growth and further investments in digitalisation. In addition, higher interest rates and lower inflation expectations had a positive impact. Compared to 2022 there were no major storm-related claims in 2023. However, we are seeing more weather-related claims and at car insurance a higher cost of claims due to increased traffic intensity, resulting in higher bodily injury and other claims.

At Income Protection the result has improved due to a lower cost of claims in the disability insurance portfolio. The increase at Achmea Reinsurance was driven by the lower impact from catastrophe-related claims, especially on our reinsurance portfolio for third-party risk, and also by implemented price adjustments and margin improvements.

At Pension & Life Netherlands the insurance service result declined because of an allocation to the provision arising from the settlement reached with the interest groups for Unit Linked policyholders.

The insurance service result at Health Netherlands was lower due to higher healthcare costs in the current underwriting year and a negative effect on the result for previous years deriving from the impact from the outcome of the solidarity scheme related to Covid-19.

Achmea’s net operational financial result increased to € 425 million (2022: € 315 million). This was driven mainly by an increase within Health Netherlands due to higher interest rates and wider spreads on fixed income investments.

Other results improved to €- 116 million (2022: €- 281 million). This result is negative as it includes amongst others the cost of the holding and shared service activities, as well as the financing charges for the bonds issued by Achmea.

The operational result for the holding company improved versus last year, in part because of higher investment income and the higher valuation for a divested property.

At Retirement Services the result increased in 2023, thanks to growth in the mortgage portfolio at Achmea Bank and an improved interest margin. The result at the other parts of Retirement Services was impacted by further investment in the organisation and systems for the implementation of the new pension legislation. Negative developments in the real estate market (lower valuations) are also adversely affecting the result.

RESULT BEFORE TAX

(€ MILLION)

	2023	2022*	Δ
Operational result	**628**	**519**	**109**
Non-operational result	**326**	**-1,574**	**1,900**
Non-operational financial result	344	-1,531	1,875
Reorganisation expenses	-14	-14	0
Transaction results (mergers and acquisitions)	-4	-29	25
Result before tax	**954**	**-1,055**	**2,009**

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

The non-operational result amounted to € 326 million in 2023 (2022: €- 1,574 million).

The non-operational financial result from (re)insurance activities was € 1.9 billion higher in 2023 than in 2022. This higher result derives from the more positive trends on the financial markets in 2023 compared to the exceptionally negative development of financial markets in 2022. In 2022, the 5-year European swap rate increased by 321 bps to 3.23%, while yields on government bonds displayed similar increases. The MSCI World index dropped by nearly 20% in 2022.

The return on real estate including property investment funds decreased to €- 121 million in 2023 (2022: € 37 million) as a result of market value developments, in part due to higher interest rates. This negative effect in 2023 was offset in full by the higher returns on the other asset classes. The return on equities and similar instruments was € 173 million in 2023 (2022: €- 136 million), which resulted in the total return on these investments exceeding the expected return.

The difference between the impact of developments in interest rates and spreads on our fixed income investments on the one hand and the liabilities relating to insurance contracts on the other improved in 2023 versus 2022. The positive interest rate effect can be explained by the fact that (long-term) interest rates and spreads barely changed in 2023, while in 2022 exceptional market conditions had a significant negative impact on the result under IFRS 9/17. This resulted in a higher non-operational financial result in 2023.

Reorganisation expenses and the transaction result from mergers and acquisitions added up to €- 18 million over 2023 (2022: €- 43 million).

Net result

The net result amounted to € 814 million in 2023 (2022: €- 808 million). The effective tax expenses were € 140 million (14.7%). The effective tax rate is lower than the nominal tax rate, mainly as a result of the deduction of the interest payments on perpetual bonds of which the interest expenses are recognised through equity and the tax exempt revenues of our Health business.

REVENUES

	2023	2022	Δ
Gross written premiums	**22,333**	**21,088**	**6%**
Non-Life Netherlands	4,044	3,881	4%
Health Netherlands	15,571	14,790	5%
Pension & Life Netherlands	819	813	1%
International activities	1,756	1,453	21%

Gross written premiums increased by 6% to € 22,333 million in 2023 (2022: € 21,088 million).

Premiums at Non-Life Netherlands grew by 4% to € 4,044 million (2022: € 3,881 million) due to autonomous growth and indexation of premiums and insured values. At our international Non-Life business, premiums increased by 22% to € 849 million (2022: € 696 million).

Premiums within Health Netherlands increased by 5% to € 15,571 million (2022: € 14,790 million) thanks to higher premiums caused by healthcare costs inflation and a higher contribution from the Health Insurance Equalisation Fund while the number of insured decreased. Premiums from our international health business grew by 21% to € 862 million (2022: € 714 million), largely owing to growth in Slovakia.

Gross written premiums from pension and life insurance policies both in the Netherlands and internationally increased by 1% to € 864 million (2022: € 856 million).

At Retirement Services, revenues grew by 21% to € 490 million in 2023 (2022: €404 million), mostly as a result of the higher interest margin at Achmea Bank.
Assets under management at Achmea Investment Management grew to € 190 billion (year-end 2022: € 166 billion) thanks to new inflow and positive developments on the financial markets. Assets under management at Syntrus Achmea remained unchanged at € 41 billion (year-end 2022: € 41 billion) despite lower real estate valuations.

Operating expenses

The gross operating expenses that are allocated to the insurance activities are recognised under the expenses from insurance-related services. The part of operating expenses that are not allocated to the insurance activities and operating expenses from the other activities are recognised under Operating expenses in the income statement.

TOTAL GROSS OPERATING EXPENSES (€ MILLION)

	2023	2022	Δ
Related to insurance activities[14]	1,764	1,652	7%
Related to non-insurance activities	611	523	17%
Gross operating expenses	**2,375**	**2,175**	**9%**

14 The operating expenses that can be allocated to the insurance activities are recognised under Expenses from insurance-related services.

Gross operating expenses increased by 9% to € 2,375 million in 2023 (2022: € 2,175 million). This increase relates to strategic investments and portfolio growth, higher personnel costs, inflation and laws and legislation. The higher personnel costs derive from wage increases under the collective labour agreement and the higher number of FTEs.

The total number of employees grew slightly to 17,779 FTEs (2022: 17,526 FTEs). In the Netherlands, the number of FTEs increased to 14,271 (2022: 14,075 FTEs) due to acquisitions and portfolio growth. The total number of employees outside the Netherlands remained fairly stable at 3,508 FTEs (2022: 3,451 FTEs).

[14] The operating expenses that can be allocated to the insurance activities are recognised under Expenses from insurance-related services.

DEVELOPMENTS IN NON-LIFE INSURANCE IN THE NETHERLANDS (IFRS ACCOUNTING)

RESULTS (€ MILLION)

	2023	2022*	Δ
Operational insurance service result	**247**	**217**	**14%**
Revenue from insurance-related services	4,034	3,864	4%
Expenses from insurance-related services	-3,620	-3,599	n.m.
Insurance service result from reinsurance contracts	-167	-48	n.m.
Net operational financial result from (re)insurance activities	74	39	90%
Other results	-12	2	n.m.
Operational result	**309**	**258**	**20%**
Gross written premiums	4,044	3,881	4%

NON-LIFE NETHERLANDS	2023	2022*	Δ
Claims ratio	69.6%	71.0%	-1.4 pp
Expense ratio	24.3%	23.4%	0.9 pp
Combined ratio	**93.9%**	**94.4%**	**–0.5 pp**

	31.12.2023	31.12.2022	Δ
Solvency ratio Achmea Schadeverzekeringen N.V.	143%	159%	-16 pp

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

General Information

Achmea is the market leader in Property & Casualty insurance for many years and ranks in the top three in Income Protection insurance. We provide our retail and commercial customers with amongst others car insurance, fire insurance, liability insurance and travel insurance. In addition, we offer sickness and disability insurance. We support our customers with innovative services that give insight into the risks to which they are exposed. In doing so, we help our customers to prevent and/or restrict damage as much as possible.

Achmea distributes products and services directly through the brands Centraal Beheer, FBTO and InShared, which gives Achmea a strong position in the retail market. Interpolis is the brand for Rabobank customers, and via Avéro Achmea an excellent partnership with intermediaries and insurance brokers exists. Achmea's focus is on a high level of customer satisfaction, low costs, prevention and digitisation of processes.

Operational result

The operational result at Non-Life Netherlands increased significantly € 309 million (2022: € 258 million) thanks to both a better insurance service result and an improved net operational financial result.

The net operational financial result from (re)insurance activities increased to € 74 million in 2023 (2022: € 39 million) as short-term interest rates were higher in 2023 than in 2022.

The operational insurance service result grew to € 247 million in 2023 (2022: € 217 million) support by income growth and further investments in digitalisation. Higher interest rates and lower inflation expectations had a positive effect. In contrast to 2022, there were no major storm-related claims in 2023, but we are seeing more weather-related claims caused by climate change. Compared to 2022 we have also seen an increase in traffic intensity and corresponding higher cost of claims (including personal injury). The higher rate of inflation means that claims are also higher on average.

At Income Protection the result has improved due to a lower cost of claims in the WIA disability act portfolio. Sickness insurance noted a similar result to that of 2022. In disability insurance the long-term absenteeism rate is stable. Limiting and reducing absenteeism remains important and wherever possible we help employers and the self-employed to ensure business continuity. The provisions in the WIA (group disability) insurance portfolio were increased as a result of the Dutch government's decision to raise the minimum wage by 3.75% as of 1 January 2024.

These developments are visible in the improvement of the combined ratio for Non-Life to 93.9% (2022: 94.4%).

Operating expenses

Operating expenses increased to € 986 million (2022: € 907 million). This was mainly due to higher inflation, further investments in the digitisation of business operations and the increase in commission charges deriving from a growing portfolio. The efficiency achieved through digitisation has a particularly positive effect on the claims ratio because of the corresponding lower claims handling expenses. Furthermore, personnel expenses have risen slightly as a result of the collective labour agreement. Due to these developments the expense ratio increased to 24.3% (2022: 23.4%).

Gross written premiums

Gross written premiums increased by 4% to € 4,044 million in 2023 (2022: € 3,881 million). In a highly competitive market, this growth derives partly from autonomous growth and the indexation of premiums and insured values. At Income Protection insurance there was slight growth in premiums in the WIA disability and sickness group products.

BREAKDOWN OF NET PROFIT ASNV AND HU

	2023		2022	
	ASNV	HAGELUNIE	ASNV	HAGELUNIE
Insurance revenue	3,982	129	3,808	121
Insurance service expenses	-3,626	-78	-3,559	-113
Net expenses from reinsurance contracts	-141	-30	-51	-4
Insurance service result	**215**	**21**	**198**	**4**
Investment return from insurance activities	370	14	-792	-16
Finance expenses from insurance contracts	-233	-1	764	2
Finance revenues from reinsurance contracts	26	0	-44	-1
Net financial result from insurance contracts	**163**	**13**	**-72**	**-15**
Income subsidiary and associated companies	5	0	-42	0
Investment income from other activities	0	0	0	0
Revenue from investment contracts	0	0	0	0
Revenue from other services	0	0	0	0
Other income	1	-1	1	-0
Total other income	**6**	**-1**	**-41**	**-0**
Other operating expenses	0	0	0	0
Interest and similar expenses	-13	0	-3	0
Other expenses	-2	-1	-1	0
Total other expenses	**-15**	**-1**	**-4**	**0**
Result before tax	**368**	**32**	**80**	**-12**
Tax continued operations	-96	-8	-31	3
Net Result	**273**	**24**	**49**	**-9**

DEVELOPMENTS IN HEALTH INSURANCE IN THE NETHERLANDS (IFRS ACCOUNTING)

RESULTS (€ MILLION)

	2023	2022*	Δ
Operational insurance service result	**32**	**184**	**-83%**
Revenue from insurance-related services	15,553	14,739	6%
Expenses from insurance-related services	-15,520	-14,555	n.m.
Insurance service result from reinsurance contracts	-1	0	0%
Net operational financial result from (re)insurance activities	147	3	n.m.
Other results	8	2	n.m.
Operational result	**187**	**189**	**-1%**
Gross written premiums	15,571	14,790	5%

BASIC HEALTH	2023	2022*	Δ
Claims ratio	98.7%	97.8%	0.9%
Expense ratio	1.6%	1.8%	−0.2%
Combined ratio	**100.3%**	**99.6%**	**0.7%**

SUPPLEMENTARY HEALTH	2023	2022*	Δ
Claims ratio	83.0%	79.1%	3.9%
Expense ratio	9.8%	10.2%	−0.4%
Combined ratio	**92.8%**	**89.3%**	**3.5%**

	31.12.2023	31.12.2022	Δ
Solvency ratio Achmea Zorgverzekeringen N.V.	162%	165%	-3%

n.m. Not meaningful

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

General information

With our health care activities we are market leader in the Netherlands. Zilveren Kruis, De christelijke zorgverzekeraar, De Friesland, Interpolis and FBTO offer our customers basic and supplementary health insurance. The Eurocross Assistance Company provides healthcare services worldwide.

The number of policyholders with basic health insurance in 2024 has grown by over 400,000 to 5.3 million. This gives Achmea an estimated market share of 30% in 2024 (2023: 28%) and strengthened the market leading position.

Achmea is committed to sustainable and accessible healthcare. Together Achmea uses more healthcare services in the Netherlands and face a shortage of health professionals. This is why Zilveren Kruis and Achmea’s other health insurance brands are working to bringing about the necessary changes in healthcare. This includes innovations, preventing the need for (more) care and preventively improving general health. We are doing this for our individual customers, but also in collaboration with our partners, including healthcare providers, employers and municipalities.

Achmea also contributes to sustainability in healthcare. The healthcare sector is responsible for more than 7% of carbon emissions in the Netherlands. That is why various healthcare organisations worked together in 2022 on the creation of a new Green Deal Sustainable Care. It sets goals for improving health and goals to reduce carbon emissions, the use of raw materials and the environmental impact of medication. Zilveren Kruis wants to facilitate healthcare providers in the core regions where it is the market leader to realise the Green Deal ambitions. In doing so, we focus on specific areas such as reducing carbon emissions by making healthcare real estate more sustainable, reducing waste streams from the Intensive Care Units and Operating Rooms of hospitals and combating the waste of medicines.

Furthermore, in its role as the biggest health insurer in its core regions Zilveren Kruis is involved in guiding the sector towards the healthcare of the future.

Integral care agreements

Together with healthcare providers and authorities, in eleven regions we are heading the drive to inventory and optimise regional healthcare under the Integral Care Agreement (IZA). We ensured delivery of regional inventories and regional plans in the regions in which we are market leader as well as those in which we are the second biggest health insurer. This was done in coordination with the principal stakeholders, such as care providers, municipalities, residents and the social domain. We will set to work on the basis of these regional plans to realise the required regional transitions.

Operational result

The operational result at Health Netherlands totalled € 187 million in 2023 (2022: € 189 million). An increase in the net operational financial result from (re)insurance activities was offset by a decrease in the operational insurance service result.

The net operational financial result from (re)insurance activities grew to € 147 million (2022: € 3 million), mainly owing to the higher yields and wider spreads on fixed income investments.

Basic health insurance

The operational result from basic health insurance amounted to € 79 million over 2023 (2022: € 64 million). The insurance service result decreased to €- 54 million (2022: € 53 million). The net operational financial result from (re)insurance activities grew to € 122 million (2022: € 2 million).

The operational insurance service result in the current underwriting year was € 0 million (2022: € 69 million). Revenue from insurance-related services is higher than last year because of higher premiums and a higher contribution from the Health Insurance Equalisation Fund. Expenses from insurance-related services for the current year are also higher due to higher healthcare costs caused by healthcare costs inflation and higher personnel costs at healthcare providers. In addition, a loss component of € 15 million was formed for a loss-making 2024 premium.

The result from previous years was €- 54 million (2022: €- 16 million). The lower result is mainly due to new insights into the effect of the solidarity schemes related to Covid-19.

The deterioration in the insurance service result for the current year also translates into a deterioration in the combined ratio of basic health insurance to 100.3% (2022: 99.6%).

Supplementary health insurance

Supplementary health insurance policies accounted for € 103 million of the operational result from the health business (2022: € 124 million). The insurance service result decreased to € 86 million (2022: € 131 million). The net operational financial result from (re)insurance activities amounted to € 25 million (2022: € 1 million).

Of the insurance service result, € 88 million relates to the 2023 underwriting year (2022: € 128 million). There was a negative result of € 2 million from previous underwriting years as well (2022: € 3 million). The result from the current underwriting year is lower due to the smaller number of policyholders in 2023 and higher healthcare costs, especially Paramedic care (mainly physiotherapy).

The percentage of basic health insurance policyholders with supplementary coverage (supplementary and/or dental cover) stands at 79% in 2023 and is the same as in 2022. The combined ratio of supplementary health insurance is 92.8% (2022: 89.3%). This increase is mostly due to higher healthcare costs.

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 improved in 2023 versus last year and stood at € 5 million (2022: € 1 million). This is largely thanks to higher revenue at the Eurocross Assistance Company and higher reimbursements from the government under the Long-term Care Act.

Gross written premiums

Gross written premiums from basic and supplementary health insurance totalled € 15,571 million, 5% higher than last year (2022: € 14,790 million). Gross written premiums from basic health insurance amounted to € 14,373 million (2022: € 13,567 million). The increase of 6% is the result of higher premiums and a higher contribution from the Health Insurance Equalisation Fund versus a smaller number of policyholders in 2023.

Gross written premiums from supplementary health insurance declined by 2% to € 1,198 million (2022: € 1,223 million). The decrease in premiums is primarily due to the smaller number of policyholders in 2023.

BREAKDOWN OF NET PROFIT HEALTH INSURANCE

€ MILLION

	2023				
	ZILVEREN KRUIS ZORGVERZEKERINGE N N.V.	INTERPOLIS ZORGVERZEKERINGE N N.V.	ACHMEA ZORGVERZEKERINGE N N.V.	FBTO ZORGVERZEKERINGE N N.V.	DE FRIESLAND ZORGVERZEKERAAR N.V.
Insurance revenue	11,091	609	1,197	1,028	1,627
Insurance service expenses	-11,141	-591	-1,112	-1,046	-1,633
Net expenses from reinsurance contracts	2	0	0	-1	-2
Insurance service result	**-48**	**18**	**86**	**-18**	**-7**
Investment return from insurance activities	74	4	11	8	11
Finance expenses from insurance contracts	-10	0	0	0	-2
Finance revenues from reinsurance contracts	0	0	0	0	0
Net financial result from insurance contracts	**63**	**4**	**11**	**7**	**9**
Income subsidiary and associated companies	97	6	188	6	18
Investment income from other activities	0	0	0	0	0
Revenue from investment contracts	0	0	0	0	0
Revenue from other services	5	0	0	0	0
Other income	5	0	0	1	1
Total other income	**107**	**6**	**188**	**6**	**19**
Other operating expenses	0	0	0	0	0
Interest and similar expenses	-9	0	0	-1	0
Other expenses	1	0	-7	0	0
Total other expenses	**-8**	**0**	**-7**	**-1**	**0**
Result before tax	**114**	**28**	**278**	**-6**	**21**
Tax continued operations	0	0	0	0	0
Net Result	**114**	**28**	**278**	**-6**	**21**

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.
Insurance revenue	10,530	543	1,222	859	1,586
Insurance service expenses	-10,540	-537	-1,093	-836	-1,555
Net expenses from reinsurance contracts	-1	0	0	0	0
Insurance service result	**-11**	**6**	**129**	**23**	**31**
Investment return from insurance activities	-1	-0	-2	-0	-3
Finance expenses from insurance contracts	-1	0	0	0	0
Finance revenues from reinsurance contracts	0	0	0	0	0
Net financial result from insurance contracts	**-2**	**-0**	**-2**	**-0**	**-4**
Income subsidiary and associated companies	-113	-7	-125	-7	-22
Investment income from other activities	0	0	0	0	0
Revenue from investment contracts	0	0	0	0	0
Revenue from other services	4	0	0	0	0
Other income	5	0	0	0	1
Total other income	**-104**	**-7**	**-125**	**-6**	**-21**
Other operating expenses	0	0	0	0	0
Interest and similar expenses	-3	0	0	-2	-1
Other expenses	1	0	-9	0	0
Total other expenses	**-2**	**0**	**-9**	**-2**	**-1**
Result before tax	**-118**	**-1**	**-6**	**15**	**6**
Tax continued operations	0	0	0	0	0
Net Result	**-118**	**-1**	**-6**	**15**	**6**

DEVELOPMENTS IN PENSION AND LIFE INSURANCE IN THE NETHERLANDS (IFRS ACCOUNTING)

RESULTS

(€ MILLION)

	2023	2022*	Δ
Operational insurance service result	**14**	**84**	**-83%**
Revenue from insurance-related services	1,679	1,781	-6%
Expenses from insurance-related services	-1,665	-1,693	n.m.
Insurance service result from reinsurance contracts	0	-4	
Net operational financial result from (re)insurance activities	201	229	-12%
Other results	-7	-6	n.m.
Operational result	**208**	**307**	**-32%**
Gross written premiums	819	813	1%

	31.12.2023	31.12.2022	Δ
Contractual Service Margin (CSM)	1,030	1,059	-3%
Risk adjustment	700	699	0%

	31.12.2023	31.12.2022	Δ
Solvency ratio Achmea Pensioen- en Levensverzekeringen N.V.	177%	204%	-27%

n.m. Not meaningful

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

General information

Via Centraal Beheer, FBTO and Interpolis brands and via the Centraal Beheer PPI N.V. Achmea offers term life insurance, individual pension annuities and annuities. This is how Achmea achieves growth in our open-book portfolio. 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.

Operational result

The operational result at Pension & Life Netherlands decreased to € 208 million in 2023 (2022: € 307 million) due to the provision for the finalisation of claims on Unit Linked policies and a lower net operational financial result from (re)insurance activities.

The operational insurance service result declined to € 14 million in 2023 (2022: € 84 million). This was mainly because of an allocation to the technical provision for settling claims on Unit Linked policies as agreed with the interest groups and a lower release from the risk adjustment due to interest rate developments.

The net operational financial result from (re)insurance contracts decreased to € 201 million in 2023 (2022: € 229 million). The lower result is related to the impact of changes to interest rates and spreads. Furthermore, the size of the investments declined in line with the run-off of the service-book portfolio. At €- 7 million, Other results were in line with last year.

Gross written premiums

Gross written premiums increased by 1% to € 819 million in 2023 (2022: € 813 million). Of this amount, € 224 million (2022: € 202 million) came from the open book and € 595 million from the service book (2022: € 611 million).

Premiums from term life insurance in the open-book portfolio increased to € 73 million (2022: € 69 million) and represent a growing market share. The sale of term life increased mainly within Centraal Beheer, while the sales of term life experience a declining trend in the Dutch market. Single premium production from individual annuities and pensions amounted to € 151 million in 2023 (2022: € 133 million).

Total written premiums from our service-book pension portfolio were € 147 million in 2023 (2022: € 111 million), while total written premiums on our service-book life insurance portfolio amounted to € 448 million (2022: € 500 million). In line with our strategy, no new insurance contracts are being sold to customers in these portfolios.

Development of CSM and Risk Adjustment

Both the CSM and Risk Adjustment remained more or less unchanged in 2023 and were € 1,030 million (2022: € 1,059 million) and € 700 million respectively (2022: € 699 million). The CSM is marginally lower due to higher costs caused by higher inflation and the release from CSM, in part offset by adjustments to life expectancy. The risk adjustment is in line with that of 2022. Interest rate developments led to a higher risk adjustment that was offset by the release in 2023.

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

€ MILLION

	2023	2022
Insurance revenue	1,707	1,829
Insurance service expenses	-1,700	-1,728
Net expenses from reinsurance contracts	0	-4
Insurance service result	**7**	**97**
Investment return from insurance activities	2,677	-9,304
Finance expenses from insurance contracts	-2,473	9,989
Finance revenues from reinsurance contracts	2	-5
Net financial result from insurance contracts	**206**	**680**
Income subsidiary and associated companies	50	-1,035
Investment income from other activities	0	0
Revenue from investment contracts	0	0
Revenue from other services	0	0
Other income	0	1
Total other income	**50**	**-1,035**
Other operating expenses	-3	0
Interest and similar expenses	-5	-5
Other expenses	0	0
Total other expenses	**-9**	**-5**
Result before tax	**255**	**-262**
Tax continued operations	-53	-185
Net Result	**202**	**-447**

INTERNATIONAL ACTIVITIES

RESULTS

(€ MILLION)

	2023	2022*	Δ
Operational insurance service result	**-7**	**24**	**n.m.**
Revenue from insurance-related services	1,564	1,311	19%
Expenses from insurance-related services	-2,153	-1,295	n.m.
Insurance service result from reinsurance contracts	582	8	n.m.
Net operational financial result from (re)insurance activities	52	29	79%
Other results	-39	-73	n.m.
Operational result	**6**	**-20**	**n.m.**
Gross written premiums	1,756	1,453	21%

GROSS WRITTEN PREMIUMS PER COUNTRY

	2023	2022	Δ
Slovakia	824	688	20%
Greece	422	391	8%
Turkey	441	315	40%
Australia	69	59	17%

n.m. Not meaningful

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

General information

Achmea's international activities focus on non-life and health insurance products, distributed via the online (direct) and banking channels. We want to grow further internationally by exporting knowledge and digital expertise gained in the Netherlands to other countries.

Operational result

The operational result totalled € 6 million, € 26 million higher than in 2022 (€- 20 million).

The operational result in Slovakia increased to € 14 million (2022: € 0 million) thanks to portfolio growth, a lower cost of claims, lower expenses and a higher net operational financial result. The result at Health was in line with that of last year.

The operational result in Greece grew by € 5 million to € 2 million (2022: €- 3 million) due to improvement measures at Health, portfolio growth, the recovery on the motor market and improvement measures at Non-Life. The cost of claims arising from the wildfires and storms Daniel and Elias had a total impact of € 16 million on the operational result of Greece.

Despite the higher cost of claims due to inflation, lower margins on motor liability insurance and the earthquake in February 2023, the operational result in Turkey climbed to € 4 million (2022: € 1 million). The higher operational result can be attributed to lower expenses for hyperinflation and a higher net operational financial result.

Portfolio growth and a lower cost of claims from weather-related catastrophes led to an increase of € 5 million in the operational result in Australia.

The operational result in Canada was in line with last year.

Gross written premiums

Gross written premiums increased by 21% to € 1.8 billion (2022: € 1.5 billion) driven by growth in the number of clients and price adjustments.

In Slovakia, gross written premiums in the health business grew by 23% thanks to growth in the number of customers and a higher contribution from the government. Premiums at the non-life business grew by 5% as a result of the acquisition of the Groupama portfolio, growth in the motor portfolio, growth in the commercial portfolio and the revival in the travel industry and in turn in travel insurance.

In Greece, premiums grew by 8% thanks to an upturn in the number of customers. The health business realised 9% growth in gross written premiums.

Premium growth in Turkey was 235% in local currency, when converted into euros this was 40%. This growth was driven by price adjustments and a higher number of customers.

In Australia, gross written premiums grew by about 22% in local currency thanks to growth in the number of customers and price adjustments. When converted to euros, this translates into a growth rate of 17%.

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

RESULTS

(€ MILLION)

	2023	2022	Δ
HOLDING COMPANY			
Operational result Achmea Reinsurance Company	**21**	**-8**	**n.m.**
Gross other income	85	18	n.m.
Operating expenses	130	102	27%
Interest and similar expenses	76	63	21%
Other expenses	29	57	-49%
Operational result Holding company	**-150**	**-204**	**n.m.**
Operational result Other activities	**-129**	**-212**	**n.m.**
ACHMEA REINSURANCE COMPANY N.V.			
Insurance service result	**15**	**-8**	**n.m.**
Revenue from insurance-related services	321	294	9%
Expenses from insurance-related services	-221	-308	n.m.
Insurance service result from reinsurance contracts	-85	6	n.m.
Net operational financial result from (re)insurance activities	13	5	160%
Other results	-7	-5	40%
Operational result Achmea Reinsurance	**21**	**-8**	**n.m.**
Gross written premiums	403	377	7%

n.m. Not meaningful

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

General information

Other activities include the results of Achmea Reinsurance and shareholder expenses, including a part of the expenses from the holding company and shared service activities that are not charged to the operating activities, as well as the financing charges for the bonds issued by Achmea.

Operational result

The operational result amounted to €- 129 million, an improvement of € 83 million compared to last year (2022: €- 212 million). This was partly due to higher investment income and the release of a provision for variable remuneration.

The operational result for Achmea Reinsurance Company N.V. increased to € 21 million in 2023 (2022: €- 8 million). This was driven by price adjustments and improved margins, higher investment income and a lower cost of claims.

Achmea Reinsurance Company

As Achmea's reinsurance expert, Achmea Reinsurance has three roles: consultant, 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 mid-2023, Achmea Reinsurance decided to stop taking on the P&C claims risk of third parties in order to enhance the focus on its group role, restrict volatility and improve the return on capital.

The operational result climbed to € 21 million in 2023 (2022: €- 8 million) owing to a higher insurance service result and higher net operational financial result.

In 2023, the operational insurance service result increased to € 15 million (2022: €- 8 million) because of a lower impact from catastrophe-related claims, especially on our reinsurance portfolio for third-party risk, and also implemented price adjustments and margin improvements.

In addition the net operational financial result from (re)insurance activities grew to € 13 million in 2023 (2022: € 5 million) due to higher interest rates.

The other results amounted to €- 7 million (2022: €- 5 million).

Gross written premiums totalled € 403 million in 2023, an increase versus last year (2022: € 377 million). This is primarily due to a hardening of the reinsurance market.

BREAKDOWN OF NET PROFIT ACHMEA REINSURANCE COMPANY N.V.

€ MILLION

	2023				2022			
	NONV-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL
Insurance revenue	279	41		320	252	42		294
Insurance service expenses	-193	-41		-235	-272	-37		-308
Net expenses from reinsurance contracts	-83	0		-83	9	-3		6
Insurance service result	**3**	**0**		**3**	**-11**	**3**		**-8**
Investment return from insurance activities	17	4	15	37	0	0	-37	-37
Finance expenses from insurance contracts	-22	-1		-23	43	0		43
Finance revenues from reinsurance contracts	14	0		14	-28	0		-28
Net financial result from insurance contracts	**9**	**3**	**15**	**28**	**15**	**0**	**-37**	**-23**
Income subsidiary and associated companies			-1	-1			1	1
Investment income from other activities			0	0			0	0
Revenue from investment contracts			0	0			0	0
Revenue from other services			0	0			0	0
Other income			0	0			0	0
Total other income			**-1**	**-1**			**1**	**1**
Other operating expenses	-4	-1		-5	-4	0		-4
Interest and similar expenses	2	0		2	0	0		0
Other expenses	-3	0		-3	-2	0		-2
Total other expenses	**-5**	**-1**		**-6**	**-6**	**0**		**-6**
Result before tax	**7**	**3**	**14**	**24**	**-2**	**3**	**-36**	**-35**
Tax continued operations			-9	-9			9	9
Net Result	**7**	**3**	**5**	**15**	**-2**	**3**	**-27**	**-26**

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

	2023	2022
Dividends	125	145
Rent	37	42
Interest	1,203	1,033
Bonds	445	326
Mortgages and loans	496	219
Derivatives	129	257
Other	133	231

Compared to 2022, dividend income decreased with € 20 million. This is mainly caused by € 38 million lower dividend received from regular equity investments, mostly quoted on a stock market. The highest dividend payments were Robeco QI Institutional Emerging Markets Enhanced Index Equity € 16 million (2022: € 19 million), Indirect Vastgoed € 21 million (2022: € 12 million) and M&G Active Eur Loan Fund € 22 million (2022: € 10 million).

Dividends pay-outs from participations decreased with € 20 million (Achmea Bank N.V. € 15 million (2022: € 42 million) and Union Zdravotna Poist'ovna A.S. € 5 million (2022: € 5 million).

Under the EBS group of 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 line-by-line. 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 2023. The total amount for direct property decreased for an amount of € 113 million which was primary caused by a net derecognition of € 11 million and a negative revaluation amounting to € 102 million.

The increase in interest rates, particularly the short-term rates and the development of the 6-month EURIBOR, combined with portfolio changes in 2023, resulted in an increase in received interest on bonds of € 119 million in 2023.

The increase within mortgages and loans was partially caused by the expansion of the mortgages and loan portfolio with € 1,160 million and by the increase in Euro short-term interest rate, which is the basis of the interest income on intercompany intraday loans in which Achmea Pensioen- en Levensverzekeringen N.V. is involved (2023 – average around 3.5%, 2022 – average around 0%).

In 2023, total net economic value of the derivatives increased by an amount of € 82 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 an increase 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

€ MILLION

	2023	2022
Equity investments	832	-1,663
Bonds	1,034	-4,038
Loans and Mortgages	488	-2,651
Other	29	-4,214

The year 2023 will go down as a positive year for the financial markets. Positive results on both the stock and bond markets ensured that the losses of the previous year were partly eliminated. The predominantly positive sentiment on the financial markets paints a misleading picture of developments in the past year. In addition to the war in Ukraine, an extremely violent conflict has also flared up on the edges of Europe between Hamas and Israel. These conflicts further increase tensions on the geopolitical world stage. In addition to these issues, the real economy is also under pressure. Although there is no deep economic recession yet, economic activity is visibly declining.

Stock market indices increased by 22% in 2023 (MSCI World: 22% and AEX Index: 14%). In 2023, risk-free interest rates decreased: 2-year German government to 2.29% (2022: 2.48%), 5-year German government to 1.88% (2022: 2.51%), 10-year German government to 2.03% (2022: 2.55%), and 20-year German government to 2.28% (2022: 2.59%). These developments had, in total, a positive effect on equities and fixed-income investments throughout 2023.

These developments had a large positive effect for the performance of the investments of Achmea throughout 2023.

From the gains and losses in equity investments € 800 million is attributed to Achmea Pensioen- en Levensverzekeringen N.V. From this result, an amount of € 707 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. consolidated (€ 59 million), Interamerican Greece (€ 24 million), Achmea Reinsurance Company N.V. (€ 15 million), N.V. Hagelunie (€ 5 million), Achmea B.V. (€- 43 million) and Achmea Schadeverzekeringen N.V. (€- 7 million).

Mainly due to declining interest rates in comparison to 2022, the revaluation and value over time of bonds increased in 2023. From the gains and losses on bonds, an amount of € 657 million can be attributed to bonds held by Achmea Pensioen- en Levensverzekeringen N.V., of which € 42 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. (€ 233 million), Achmea Zorgverzekeringen N.V. consolidated (€ 87 million), Interamerican Greece (€ 30 million), Achmea Reinsurance Company N.V. (€ 12 million), Achmea B.V. (€ 8 million), Union Zdravotná Poist'ovna A.S. (€ 6 million), N.V. Hagelunie (€ 5 million) and Eureko Sigorta A.S. (€- 4 million).

Gains and losses on loans and mortgages were € 488 million. This is caused within the mortgage portfolios due to increasing interest rate. The gains and losses on loans and mortgages in 2023 are mainly present in entities Achmea Pensioen- en Levensverzekeringen N.V. (€ 339 million), Achmea Woninghypotheken B.V. (€ 62 million), Achmea Woninghypotheken II B.V. (€ 57 million) and Achmea Woninghypotheken III B.V. (€ 30 million).

Gains and losses on Other investments are € 29 million. € 27 million is attributed to Achmea Pensioen- en Levensverzekeringen N.V. Additionally, gains and losses on other investments primarily include properties (€- 102 million), derivatives (€- 83 million), cash and deposits (€ 33 million), FX forward contracts (€ 30 million), credit derivatives (€- 12 million) and other (€ 164 million). The other gains and losses on other investments are mainly recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V. (€ 169 million) and Achmea Schadeverzekeringen N.V. (€- 5 million).

A.4. PERFORMANCE OF OTHER ACTIVITIES

RETIREMENT SERVICES

RESULTS (€ MILLION)

RETIREMENT SERVICES	2023	2022*	Δ
Total income	**490**	**404**	**21%**
Administrative and management fees	292	272	7%
Net interest margin	206	125	65%
Fair value results[15]	-8	7	n.m.
Operating expenses[16]	441	393	12%
Other results	-2	-14	n.m.
Operational result	**47**	**-3**	**n.m.**

15 De fair value result is an accounting result relating to hedge accounting and is compensated for in other reporting periods, in line with the value development of the underlying derivatives. Derivatives are used to restrict the interest rate risk. This explicitly concerns the result relating to the activities of Achmea Bank.

16 Operating expenses including other expenses and excluding transaction results.

	31.12.2023	31.12.2022	Δ
Common Equity Tier 1 ratio Achmea Bank	16.9%	18.2%	-1.3 pp
ICARAP ratio Achmea Investment Management	163%	187%	-24 pp
ICARAP ratio Syntrus Achmea Real Estate & Finance	221%	199%	22 pp

(€ BILLION)

ASSETS UNDER MANAGEMENT[17]	31.12.2023	31.12.2022	Δ
Achmea Investment Management	190	166	24
Syntrus Achmea Real Estate & Finance	41	41	0
Of which real estate	12	13	-1
Of which mortgages	29	28	1
Total Assets under Management**	**218**	**194**	**24**

MORTGAGES	31.12.2023	31.12.2022	Δ
Banking mortgage portfolio	14.4	12.4	2.0

	2023	2022	Δ
Mortgage production Retirement Services	**4.1**	**6.1**	**-2.0**
Of which on behalf of Achmea Bank	2.0	2.0	-
Of which on behalf of Achmea's insurance entities	0.7	0.9	-0.2
Of which on behalf of third parties	1.4	3.2	-1.8

SAVINGS	31.12.2023	31.12.2022	Δ
Banking customer accounts	8.7	7.4	1.3

17 The Assets under Management (AuM) include a Derivatives (overlay) portfolio as well as the investments managed by Achmea IM and SAREF on behalf of the insurance entities within Achmea.

n.m. not meaningful

* Recalculated in accordance with IFRS 9/17 and new definition of operational result

** Total assets under management after eliminations

General information

Through Retirement Services, Achmea helps customers to make prudent financial decisions by offering insight, advice and smart solutions. We serve consumers, employers and institutional clients. We offer our customers a carefree day, today and tomorrow. We do this via Achmea Bank, Achmea Investment Management, Achmea Pension Services, Syntrus Achmea Real Estate & Finance (Syntrus Achmea) and the Centraal Beheer PPI (CB PPI). Here, we offer an integral range of products and services and respond to the needs of our customers.

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. Within Retirement Services, we serve 450,000 active customers through these retail customer solutions, a growth of 7% versus last year.

Achmea Bank provides mortgages, savings products and investment services to retail customers in the Netherlands in collaboration with Centraal Beheer, Syntrus Achmea Hypotheken and Achmea Investment Management. In 2023 we expanded our product range to include a third-pillar investment product and a mortgage aimed specifically at energy-saving measures.

Achmea Bank works with external partners in mortgages with a view to realising its growth and diversification strategy. In 2023 Achmea Bank obtained Advanced Internal Rating Based (AIRB) status from De Nederlandsche Bank for the calculation of its credit risk. This will enhance risk management and customer service. In the medium term, this step could also improve the capital ratios.

On behalf of and together with institutional investors (pension funds, insurers), Achmea Investment Management creates more capital for later. It does this through robust portfolio advice, best-in-class investment solutions, impact investing and sophisticated risk management.

Achmea Pension Services administers pensions for company pension funds, occupational pension funds, voluntary sectoral pension funds, Centraal Beheer Algemeen Pensioenfonds (APF) and the CB PPI. On top of this, Achmea Pension Services supports pension funds with legal, actuarial and communications advice.

The new pensions system has our full attention. We guide our customers - employers and pension funds - in the transition to the Future Pensions Act (WTP). Furthermore, together with our customers we are taking advantage of the new law to ensure that members are provided with detailed information.

Syntrus Achmea invests in real estate and mortgages on behalf of pension funds and other institutional investors. Since 1 June 2023, the real estate company has operated under the new (trading) name of Achmea Real Estate. Achmea Real Estate is working with Zilveren Kruis on initiatives relating to lifetime homes in the Netherlands.

Centraal Beheer PPI offers sustainable and modern group pension solutions. Our aim is for everyone to have a good pension that is also flexible and green. Achmea plans to strengthen the CB PPI considerably in coming years. We use our extensive distribution network and work closely with the professional pension consultancy market. At the same time, the CB PPI has set itself the goal of being the most expert, engaged and trusted pension partner in 2027.

Operational result

The operational result for Retirement Services improved from €- 3 million in 2022 to € 47 million in 2023. Most of this derives from the growth in the balance sheet at Achmea Bank, in both the mortgage and savings portfolios, and a higher interest margin and improved return. This includes the further investments in the organisation and systems for the implementation of the new pension legislation.

ACHMEA BANK

The operational result for Achmea Bank over 2023 increased by € 64 million to € 75 million (2022: € 11 million).

The reason for this was a higher interest result (€ 81 million). This positive development is due to the expansion of the mortgage portfolio caused by new inflow, a lower rate of early repayments compared to previous years and growth in the volume of outstanding savings.

The development of ECB interest rates has a positive impact on the interest result at Achmea Bank.

The higher market interest rates have caused a shift on the mortgage market towards shorter fixed-rate periods on mortgages, boosting the growth of Achmea Bank's mortgage portfolio. Centraal Beheer mortgage production amounted to € 2.0 billion, the same as last year's production (2022: € 2.0 billion). Moreover, the total portfolio grew to € 14.4 billion (2022: € 12.4 billion) via € 0.4 billion in production via external mortgage platforms (2022: € 0.1 billion) and the acquisition of € 0.8 billion in mortgage portfolios (2022: € 0.9 billion). The merger of mortgage platforms within Achmea is the next step in further increasing efficiency in the mortgage process.

In 2023, Achmea Bank announced partnerships with asset manager DMFCO and insurer A.S.R. that will enable further implementation of its growth and diversification strategy for mortgages. Over the next three years, in total Achmea Bank aims to invest an extra € 1.5 billion and € 3.0 billion respectively in mortgages under these partnerships. In addition to yielding more economies of scale, this will enable us to achieve growth in retail savings and additional services via the CB platform.

In the past year, Centraal Beheer has adopted a successful pricing position for savings, resulting in the retail savings portfolio at Achmea Bank growing by € 1.4 billion to € 8.6 billion.

The balance sheet growth is reflected in the capital position and remains solid at a Common Equity Tier 1 ratio of 16.9% as of year-end 2023 (year-end 2022: 18.2%).

ACHMEA INVESTMENT MANAGEMENT

The operational result at Achmea Investment Management was € 0 million in 2023 (2022: €- 1 million). Revenue amounted to € 114 million in 2023 (2022: € 106 million). This increase is partly due to the onboarding of new customers, including the CB PPI in mid-2023, and expanding services to existing customers.

Operating expenses increased by € 7 million to € 114 million (2022: € 107 million) because of project investments in the new operating model and implementation of the new pension system. As a leading Dutch asset manager, Achmea IM is well positioned to guide its customers in the transition to the new pension system.

As of year-end 2023, Achmea IM's solvency ratio is solid at an ICARAP ratio of 163% (year-end 2022: 187%).

Assets under management totalled € 190 billion as of year-end 2023 (year-end 2022: € 166 billion). This increase can be attributed on the one hand to new inflow of about € 9 billion and on the other to positive financial market developments that led to an increase of € 15 billion.

In 2023 Achmea IM again earned an outperformance on most of its investments on behalf of its customers. Demand from customers for sustainable and impact investing matches up seamlessly with the goals of Achmea IM. In 2023, a 7% reduction was achieved in carbon emissions from the Achmea IM investment funds and this means that Achmea IM is on track for its long-term target of a 55% reduction in 2030.

Achmea IM has been rated by the UK-based ShareAction as the best Dutch asset manager in terms of voting behaviour in favour of sustainability resolutions at shareholders' meetings. Out of a total of 69 assessed asset managers worldwide, Achmea IM finished in 2nd position overall.

ACHMEA PENSION SERVICES

The operational result at Achmea Pension Services was €- 35 million in 2023 (2022: €- 26 million).

Revenue increased by € 3 million thanks to indexation and autonomous growth, resulting in revenue of € 55 million in 2023 (2022: € 52 million).

Conversely, expenses increased by € 12 million from investing in the AllVida platform and preparation for implementing the new pension legislation. In addition, Achmea Pension Services strengthened the organisation in the second half of 2023 for the purposes of implementing the new pension system.

Achmea Pension Services selected IG&H's AllVida administration platform in 2023. Ahold Delhaize Pensioen was the first customer to successfully switch to this new platform in January 2024. This milestone not only signals important progress but also serves as an example for all the customers that will make the switch to the AllVida platform in the coming months.

SYNTRUS ACHMEA REAL ESTATE & FINANCE

The operational result at Syntrus Achmea was € 9 million in 2023 (2022: € 12 million). Total revenue decreased by € 2 million to € 135 million (2022: € 137 million). The increase in revenue in the mortgage business caused by higher volumes was unable to fully offset the downturn in revenue in the real estate business as a result of lower valuations.

Despite the challenging property market, Achmea Real Estate succeeded in completing 1,350 homes and initiating construction of 2,500 homes on behalf of its institutional investors.

Assets under management in real estate and mortgages amounted to € 41.2 billion as of year-end 2023 (year-end 2022: € 40.5 billion).

The mortgage business successfully migrated to a single mortgage chain in 2023. This has helped to create a more cost-efficient organisation and lower expenses to € 127 million (2022: € 129 million).

At an ICAAP ratio of 221%, the capital position is solid (year-end 2022: 199%).

Sustainability is an important theme for Achmea Real Estate: the company is well ahead of schedule on reducing the carbon emissions from houses from its portfolio. Carbon emissions are now 52% lower than they were in 1990. The Dutch government has set a reduction target of 55% in 2030. The Dutch property funds and portfolios again received the maximum 5-star rating from the Global Real Estate Sustainability Benchmark.

CENTRAAL BEHEER PPI

In 2023 the focus was on integrating the CB PPI into the Achmea organisation in terms of policy and operations, in addition to strengthening the workforce. The operational result was €- 2 million (2022: € 1 million) due to one-off integration expenses.

The PPI's focus is on employers that want to offer their employees a Defined Contribution (DC) pension scheme with corresponding wealth accumulation. The new pension legislation presents the CB PPI and Achmea with opportunities for growth in this defined contribution market.

The new business has grown over the past year following completion of the acquisition in 2022. We have expanded and strengthened the market reach of the pension consultancy bureau we work with. This has led to growth in the number of new business applications and newly concluded contracts as of the start of 2024.

CB PPI's customers now comprise approximately 924 employers and about 170,240 members from small and medium-sized enterprises and the major corporates market. Assets under management totalled € 3.8 billion as of year-end 2023 (year-end 2022: € 3.2 billion).

B. SYSTEM OF GOVERNANCE

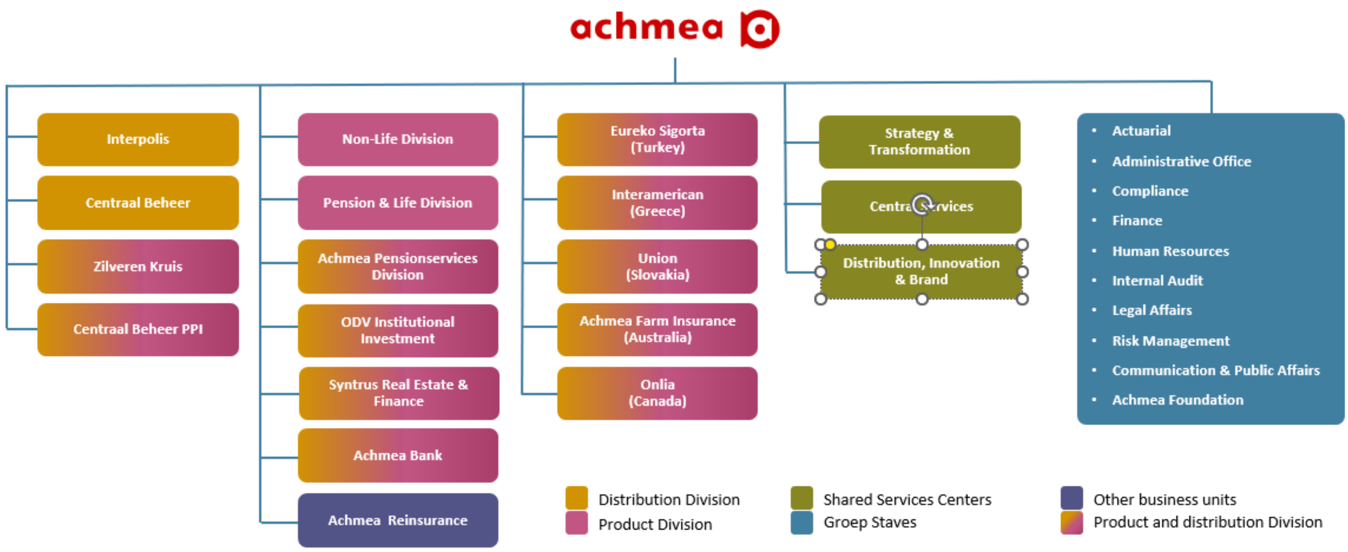
B.1. GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

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 as per 31 December 2023. The figure shows which distribution divisions, product divisions, policy-making departments, shared services centres and other business units are recognised in the organisational model.



Interamerican Hellenic Life Insurance Company S.A., Interamerican Property & Casualty Insurance Company Single Member S.A. and Horizon Insurance Single Member Company S.A. have legally merged as of 29 December 2023. As a result of the legal merger Interamerican Property & Casualty Insurance Company Single Member S.A. and Horizon Insurance Single Member Company S.A. cease to exist. After the legal merger Interamerican Hellenic Life Insurance Company S.A. is renamed to Interamerican Hellenic Insurance Company S.A.

Management within Achmea

The Executive Board of Achmea is responsible for the group management of Achmea on the basis of the operational model. The regulated companies within the Achmea group have separate statutory boards.

In 2023, there have been no changes in the composition of the Executive Board. On 12 April 2023, Ms. Sneller stepped down from the Supervisory Board in accordance with the retirement schedule. She was succeeded as of 25 July 2023 by Ms. Meijer for a period of four years.

If there is an indication of a possible conflict of interest or position 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 advise 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 Interpolis, the chair of Centraal Beheer, the commerce director of Zilveren Kruis, the chair of Distribution, Innovation and Brand, the financial director of the distribution division and the IT director of the distribution divisions. 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 that meet the evolving needs of Achmea's customers. Furthermore, this team stimulates the development of new propositions across divisions.
- Management team Finance (DT Financiën): The Management team Finance is the platform of financial policy makers within Achmea. The Management team Finance focuses on the execution of the financial strategy of the Achmea and its group companies as set forth by the Achmea Executive Board.
- The Projects Committee (PC) is a composed team of an Executive Board member, the chairs of the Health-, Non-Life, Life divisions, the director of Strategy and Transformation (including Achmea IT), the director of Distribution, Innovation and Brand, the director Group Finance and the director Compliance. The Project Committee monitors the Achmea IT project budget and the effective implementation of the project portfolio within the framework for the Achmea IT project budget.

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 are also directors of Achmea B.V. and hold key positions at Group level.

Remuneration of the Executive Board members is in accordance with the responsibility of their respective positions. The various positions are weighted on aspects such as the size and nature of the responsibilities, complexity of the managerial context in which they operate, and the necessary knowledge, experience and competencies.

For more detailed information, a reference is made to the Achmea Year Report 2023 [18].

Transactions with shareholders

With regard to the result for 2022, the General Meeting decided at its meeting on 12 April 2023 not to pay a dividend on the ordinary shares. On the preference shares issued by Achmea B.V., a dividend of € 39 million (2022: € 20 million) was paid out to Achmea Tussenholding B.V., the holder of preference shares. Achmea B.V. 'received back' € 10 million (2022: € 3 million) as dividend as holder of the depositary receipts issued by Stichting Administratiekantoor Achmea Tussenholding in the capital of Achmea Tussenholding B.V. which are (indirectly) linked to the preference shares in Achmea B.V.

[18] Achmea Year Report 2023 – Financial Statements, note 30 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.

In 2023, permanent education courses have been organised on the following subjects:

- Ethical Framework Dutch Association of Insurers.
- Sustainability.
- Digital Operation Resilience Act (DORA).
- Integrated approach Inclusion, Diversity and Equality.

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

The Integrated Governance, Risk and Compliance system (IGRC) describes the design and implementation of Achmea’s risk management and internal control system. The Governance, Risk and Compliance components can be seen as separate components but are only truly effective when developed and applied in conjunction. This section explains this system using the risk strategy, the Three Lines model and an explanation of the IGRC framework.

Achmea’s mission, vision and strategy as laid down in the Purpose are translated into a mission and generic principles that are used to implement the risk strategy. Our mission is for Achmea to ensure efficient and integrated risk management and optimisation of the Risk Profile for sustainable value creation. In addition, the following ten principles form the basis for the elaboration and design of the IGRC with respect to the governance, design and implementation of the control measures and Achmea’s risk appetite.

1	Achmea conducts its business in a socially responsible manner and endeavours to provide demonstrable sustainable added value. Moreover, Achmea responds adequately to social developments and thus maintains its relevance.
2	Achmea offers secure and transparent solutions to customers that consistently match customer interests, including fair pricing.
3	Risks are identified periodically, and when material changes occur, they are assessed, and control measures are implemented as necessary.
4	Achmea aims to achieve the optimal balance between risk and return and long-term and short-term objectives. Decision-making is clear, explicit and in line with strategic objectives and risk appetite. The remuneration policy discourages taking undesirable and irresponsible risks aimed at short-term results and personal gain.
5	Achmea is aware of all current laws and regulations. Laws and regulations are not only assessed along the legal bar of laws and regulations, but also along that of supra-legal social views and justified customer expectations.
6	Achmea stimulates an open corporate culture in which risks can be discussed and employees feel responsible for sharing knowledge about risks and in which proactive risk management is valued. Exemplary behaviour, open discussion of dilemmas, feasibility of policy and transparency are inextricably linked to the open corporate culture.
7	All Achmea employees should work towards an organisation with integrity in which people work, with integrity, for customers with integrity and collaboration partners with integrity. Achmea takes a broad view of integrity. Achmea is aware that compromising its integrity can also pose a risk to the integrity and good name of the financial sector as a whole.
8	Achmea's governance structure is based on the Three Lines model. This structure ensures the independence of the key functions compliance, risk management and actuarial (second line) and Internal Audit (third line) from the line organisation.
9	Risk management is supported by a single unified risk management and internal control system that ensures consistency and coherence and contributes to: (1) consistent information for decision-making and monitoring, (2) a unified approach, and (3) structuring and prioritizing the activities of the business and key functions.
10	The risk management and internal control system makes optimal use of standardisation and digitisation of IT systems and processes of the business and key functions.

THREE LINES MODEL

As mentioned in the Risk Strategy, Achmea's governance structure is based on the Three Lines model, the main features of which are set out in the table below.

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

The Three Lines model is in place for all supervised entities. In this model, Achmea's line organisation is primarily responsible for the IGRC. The Executive Board and business management ensure adequate design and execution of the IGRC. The presence of a Chief Risk Officer on the Executive Board helps ensure a permanent focus on this in our business operations. The Executive Board is accountable to the Supervisory Board and the general meeting of shareholders of Achmea B.V. The first line is supported by the second line, which is responsible for maintaining the IGRC, supporting the execution and monitoring and reporting on implementation by the first line. The third line complements these activities by periodically reviewing and reporting om the effectiveness of the entire IGRC.

RISK COMMITTEES

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

The Audit & Risk Committee (A&RC) assists the Supervisory Board in its supervision on, 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 Supervisory Board of Achmea Schadeverzekeringen N.V. and the Supervisory Board of Achmea Pensioen- en Levensverzekeringen N.V. has its own Audit & Risk Committee. The Supervisory Board of Achmea Zorgverzekeringen N.V. (including the subsidiaries of the latter) does do not have its own Audit & Risk Committee. The Supervisory Board requests the advice of the A&RC of Achmea B.V. on certain topics.

The 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 IGRC, including the internal control and key risks.

MEMBERS GROUP RISK COMMITTEE

Achmea Executive Board	• Chief Risk Officer (CRO) (chair of the GRC) • Chief Financial Officer (CFO)
Business units	• Director Non-Life & Income • Director Life & Pensions • Director Zilveren Kruis • Director Achmea IT
Staff departments	• Director Compliance (compliance function holder at Group level) • Director Risk Management (risk management function holder at Group level) • Director Actuarial (actuarial function holder at Group level)

Directors of the business units who are not a member of the committee are invited periodically or for specific topics to join the committee meetings.

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 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. 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 frameworks set by the GRC and the Achmea Executive Board.

MEMBERS ASSET LIABILITY COMMITTEE

Achmea Executive Board	• Chief Financial Officer (CFO) (Chair of the ALCO) • Chief Risk Officer (CRO) • Member Achmea Executive Board
Business units	• Director Finance & Risk Life & Pensions • Director Achmea Reinsurance • Director Finance & Risk Achmea Bank • Director Achmea Investment Management
Staff departments	• Director Group Finance • Director Balance Sheet Management • Director Risk Management (risk management function holder at Group level) • Director Actuarial (actuarial function holder at Group level)

The director Finance & Risk of Non-Life & Income and the director Finance & IT of Zilveren Kruis have a standing invitation for the ALCO.

Aligned with the GRC at Group level, there are Risk Committees within the business units 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. (hereinafter Achmea Reinsurance) and the ALCO 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 has 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.

KEY FUNCTIONS

In line with legal and regulatory requirements, the compliance function, the risk management function, the actuarial function and the Internal Audit function have been set up at Group level and for the insurance entities under supervision.
At Group level the compliance, risk management and actuarial functions are fulfilled within the Compliance, Risk Management and Actuarial departments. These functions report to the Chief Risk Officer of the Executive 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.
- The compliance, risk management, actuarial and Internal Audit functions have been set up for the entities under supervision. In the case of the Dutch insurance entities, Zilveren Kruis Zorgkantoor N.V. and Centraal Beheer PPI N.V., these functions are performed by the relevant staff departments at Group level as mentioned above.
- For Achmea Bank N.V., the required compliance and risk management function is fulfilled within Achmea Bank N.V., and the Internal Audit function is carried out by the Internal Audit department at Group level.
- The international insurance entities have their own compliance, risk management, actuarial and Internal Audit functions, with a functional line to the central staff departments at Group level.

The functions of the entities as mentioned above report to the statutory boards of the entities.

The second- and third-line group function holders can escalate to the chairs of the Executive Board, the A&RC and the Supervisory Board, respectively. The second line function holders of the entities follow the escalation path via the group key function holder, or via the chair of the statutory board of the entity in question and then the supervisory board of the entity. In addition, key function holders may contact external supervisors and report to them if they deem it necessary.

The key functions 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 at 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. 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 Achmea Executive Board but also has direct access to the business, the entire Achmea Executive Board, the A&RC and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board, the A&RC, 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. consolidated for which the director Risk Management is also the risk management function holder. They report to the chairs of the Statutory Boards but also have direct access to the business, the entire management, as well as a formal escalation line to the chairs of the Statutory Boards, the A&RC, the Supervisory Boards 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 Achmea Executive Board, the Audit & Risk Committee and the Supervisory Board of the insurance entity. 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 IGRC. 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 and advice on the IGRC 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 (PIM) for Solvency II.
2. Support for the Executive Board and line management in their execution of the risk management process, consisting of 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 IGRC.
   - Monitoring the general Risk Profile.
   - To report to the Executive and Supervisory Boards (and the A&RC), the supervised undertakings, the GRC, the management and internal and external stakeholders including regulatory authorities about:
     - The consolidated Risk Profile.
     - The effectiveness of the IGRC.
     - 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 ORSA report with a review role on the underlying processes.
5. To provide solicited and unsolicited review/expert assessment 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’s role. Advice and support if necessary.
8. Anticipate on the developments in the risk management practice area, best practices and (inter)national rules and regulations with respect to risk management.

FRAMEWORK

The development, management and change of models with respect to, amongst other things, risk measurement, financial and business management calculations are subject to strict model governance which ensures that the models are managed properly. The Risk Profile of models is assessed, and it is compulsory for models with a high/very high gross risk to be periodically validated by the independent model validation function of the Risk Management department and approved by the MAC. Part of the management is that model changes are implemented and approved in accordance with a controlled change procedure.

In addition to approval in the MAC the PIM for Solvency II is approved by the Executive Board, the boards of the entities that use the model, the A&RC and the Supervisory Board. After the internal governance is completed newly developed models are submitted for approval to the external College of Supervisors. Following approval by the MAC, major model changes are submitted to the external College of Supervisors for approval and are only used for determining Achmea's capital position after approval. A similar procedure applies to Achmea Bank's internal model, but the model is not yet used to determine the capital position. Through regular monitoring and reporting, the Risk Profile is reassessed based on the most important developments in the internal and external environment, with the frequency depending on the type of risk. A similar procedure applies to Achmea Bank's internal model, although the model is not yet used to determine the capital position.

Under the 'Recovery and Resolution of Insurers' Act, Achmea has a Recovery Plan – the Preparatory Crisis Plan (VCP) – for both the Group and the Dutch insurance entities, with the aim of being prepared for crisis situations. Additionally, specific recovery plans are drafted for the asset management entities, Achmea Bank N.V. and Centraal Beheer PPI N.V.

RISK APPETITE

The risk appetite describes the maximum level of risk that Achmea is willing to accept in realising its strategy and business and other objectives. risk appetite consists of a qualitative statement, Key Risk Indicators (KRI) and associated limits and is determined from the strategy, risk strategy and annual objectives. Below is an overview of the qualitative statements and their translation into KRIs. The sections that follow further explain the management of the risk appetite components.

Financial	Principles	KRIs
Returns, result and volatility of result	• A result is achieved that is sufficient to meet its interest obligations and the company realises a fixed charge coverage ratio that supports the desired credit rating level.	• Fixed Charge Coverage Ratio
Capital	• The Capital Position matches the required capital according to the Risk Profile. The capital position covers at least the capital requirements of the Regulator plus a capital buffer above the solvency capital requirement. • We aim for a capital level that supports the credit desired rating. • We also take the economic solvency into account in our management of the business. • We strive for adequate financing ratios to support the credit rating and to maintain capital flexibility.	• 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	• We maintain sufficient liquidity to be able to meet our current and future liquidity obligations.	• Available liquidity in a going concern situation • Liquidity capacity after a stress situation
Financial Risk Policy	• An adequate Market Risk policy is pursued whereby an annual Market Risk budget is approved that matches to the return and Risk Profile taking into account the capital and liquidity position. • An adequate counterparty policy (including collateral management) is pursued to prevent undesired concentrations in the Counterparty Risk. • We assess Natural Catastrophe Risks for all insurance portfolios on basis of Catastrophe models. We pursue an adequate reinsurance policy to mitigate gross Catastrophe Risk and reduce it to an acceptable net risk. The top of the cover is set at a return period of 200 years or longer. The own retention will be determined by the maximum accepted deviation of the expected annual result as a result of one or more catastrophic events.	• 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 • Deviation from expected annual result due to catastrophic events

Non-Financial	Principles	KRIs
Product quality and services	• We are customer-centred and, based on our cooperative background, use cooperation and result focus to be of service to the customer.	• Customer Centricity Score
Operational Risk / internal control	• An adequate Operational Risk Policy is pursued to avoid significant financial losses, incidents, issues and reputation damage due to operational, compliance, cyber and integrity risks. Achmea ensures that detected incidents and issues will be solved within the specified time period and that actions are taken to avoid repetition of failure.	• Internal Control Framework • Reputation score • Financial loss due to Operational Risks • Very urgent issues • Disruption of business-critical chains
Compliance	• We act in accordance with laws and regulations. Detected violations by Achmea, employees and third parties will be corrected in accordance with the incident management policy. • We implement new or amended laws and regulations on time. Detected violations by Achmea, employees and third parties will be corrected in accordance with the incident management policy. • Achmea employees, third parties, suppliers and customers act with integrity. Employees and external temporary employees act in accordance with the General Code of Conduct of Achmea. Achmea uses a zero-tolerance policy in case of penalising integrity violations. Risk Management aims at avoiding significant integrity violations regarding money laundering, terrorist financing, avoiding sanctions, corruption, conflict of interest, tax fraud, internal fraud, external fraud, market manipulation, cybercrime and socially unacceptable behaviour. Detected integrity violations will be corrected according to the Incident Policy.	• Violations of laws and regulations • Implementation of laws and regulations • Integrity violations
Sustainability	• Achmea pursues an ESG policy aimed at preventing and mitigating material negative (financial and non-financial) impact on the environmental I, social (S) and governance (G) aspects related to our activities for its stakeholders.	• MSCI ESG rating • Sustainalytics ESG rating

OWN RISK & SOLVENCY ASSESSMENT (ORSA)

Based on the implemented management cycle, the ORSA report is prepared annually for the insurance activities. The ORSA determines the extent to which the current and future capital and liquidity positions are considered adequate under normal and more extreme conditions. The ORSA also assesses the appropriateness of the applied SCR model. If an event (internal or external) occurs with a potential significant impact on solvency (prudential and/or economic) and/or liquidity, i.e. where the limits of the risk appetite are (or are threatened to be) breached, Achmea performs an extra ('non-regular') ORSA. At Achmea, the process is primarily managed based on these underlying strategy, capital and risk management processes.

The ORSA provides insight into the joint risk and capital processes and adds substance through further assessment by performing scenario and stress tests. As a process, the ORSA primarily relies on regular core processes such as:

- IGRC Compliance, Risk Management & Actuarial (CRA) charter and group policy documents ensuring an effective risk framework, including an annual update of the risk appetite).
- Strategic Risk Assessment (the identification of the key risks involved and any measures or additional measures to be taken).
- Risk Management & Compliance Reports (monitoring of risk appetite, developments (measures)), key risks and changes in the Risk Profile broken down by risk type, progress on CRA actions/recommendations).
- Regular Solvency II runs (developments in, and monitoring of, the quantitative Risk Profile).
- Rolling Forecast including the Capital and Liquidity Planning (developments in future capital and liquidity adequacy in the base case and for the scenario and stress tests).
- The CRD entities are an integral part of the ORSA; the ICLAAP reports of these entities are key inputs for the ORSA analyses.
- Preparatory Crisis Plan, including near-default scenarios and deployment of measures.

The ORSA report is commissioned by and under the supervision of the Executive Board. The latter has delegated the responsibility for the coordination and implementation to the Risk Management department. Risk Management is responsible for the coordination of planning, implementation support and monitoring of the progress of the sub-activities of the ORSA process, the review of the underlying sub-activities of the ORSA process (in cooperation with Actuarial and others) and the drafting of the ORSA report and key message capturing the main outcomes of the sub-activities. Risk Management works with several business units and staff departments in producing the full ORSA report. The OTSO management boards are also involved in this process. The Executive Summary of the ORSA report has been extensively discussed and assessed in the GRC, Executive Board and the A&RC.

The main outcomes from the scenario and stress tests are:

- Achmea Group's solvency position can withstand almost all the singular and most combined shocks in 2024 without immediately falling short of the target level of 165%. The 'inflation scenario' leads to a temporarily internal breach. Achmea can recover autonomously with future profits and lowering internal dividends to Achmea B.V.
- The combined scenarios with 'Financial crisis Achmea Pensioen- en Levensverzekeringen N.V. specific' and stagflation have the most significant impact on the Solvency position of Achmea Group by breaching the target level of 165%. These are scenarios with low likelihood (< 0,5%). In the combined scenarios with 'Financial crisis Achmea Pensioen- en Levensverzekeringen N.V. specific' autonomously recovery based on future profits and cancellation of internal dividend to Achmea B.V. is possible. In case of the 'stagflation' scenario Achmea Zorgverzekeringen N.V. consolidated and Achmea Schadeverzekeringen N.V. have to take additional recovery measures to recover. Achmea Zorgverzekeringen N.V. consolidated will take entity specific measures to recover to the required solvency levels within the recovery terms of the Capital Adequacy Policy. A capital injection is the most effective measure to recover Achmea Schadeverzekeringen N.V.
  The reinsurance program of Achmea (including the choices regarding the own retention) protects the Solvency position of Achmea Group and Non-Life insurance entities effectively for Climate Related Cat events on the short term. N.V. Hagelunie is most sensitive to extreme Cat events (1:500 years). Additional capital from Achmea B.V. is necessary to restore to the required solvency levels within the recovery terms of the Capital Adequacy Policy.

Long term climate change scenarios

- Long term climate change scenarios are also included in the ORSA for the most climate sensitive portfolios Non-Life and Investments. These scenarios are in an early development stage and contain a relatively high level of uncertainty.
- For Non-Life indicative calculations have been further developed for Windstorm and Hail, the latter specifically relevant for the Greenhouse portfolio. Several other initiatives have been initiated to enforce knowledge on the potential impacts of certain Natural Catastrophe perils.

Regarding our investments we use a Climate Value at Risk model for our shares and credit portfolio. Indicative financial losses have been estimated for several temperature scenarios. As yet, the total financial losses do not seem material for Achmea based on current assumptions in the model. The financial losses increased a bit in comparison with previous year caused by model changes. Financial losses are most influenced by future CO2-pricing. There were no developments in 2023 that required further analysis by means of a non-regular ORSA.

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.

On a quarterly basis the key controls included in the framework are tested by business management (first line) and monitored by the risk management and compliance function. The main findings are reported on in the quarterly Risk & Compliance reporting process.

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 and other rules. Failure to comply may result in legal or regulatory sanctions, material financial loss, or reputational damage. The Compliance Policy describes how Compliance Risk is managed. Additional policies and regulations are available covering specific compliance topics such as CDD, Privacy, Competition, Whistle Blower regulations and Insider regulations.

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

Risk Profile
Key compliance risks include the risks associated with Duty of care, Product development, Customer due diligence (CDD), Privacy (compliance with the General Data Protection Regulation), Cyber, Outsourcing, Integrity, Fraud, and Competition. In delivering our services it is important that the main focus is on customers' interests, with attention being paid to providing clear and timely product information to customers and to opportunities for improving the suitability of the sold product and the distribution process. A substantial number of incidents relate to relatively limited privacy issues. This can be explained on the one hand by digitisation and on the other hand by society's increased focus on privacy issues.

Risk Response
Achmea's Laws & Regulation Committee identifies new legislation and forthcoming amendments and determines the impact on the organisation. Management is responsible for operating accuracy and complete implementation. In case of profound impact on Achmea, the committee will advise the Executive Board to start an implementation project. Current examples include the Digital Operational Resilience Act (DORA), the new Pension Act and the Corporate Sustainability Reporting Directive (CSRD). In the implementation project groups, Compliance and Risk Management participate alongside management and the line organisation. Periodic reports are made to the Executive Board on the progress of implementation, risks and corrective measures regarding these types of projects. Achmea ensures detection of developments in laws and regulations through a specific module in the Internal Control Framework and monitors proper and timely implementation.

Regulatory investigations have a major impact on business activities. The investigations arise not only from local regulations, but also from international legislation such as EU legislation on Duty of Care, Outsourcing, CDD and Sustainability. The contribution made to supervisory investigations requires a lot of effort and this is coordinated by the Supervisory Committee.

Risk analyses are performed annually to identify risks within Achmea. Important risk analyses performed by Compliance are the Integrated Risk Analysis (IRA)), and the annual Systematic Integrity Risk Analysis (SIRA). Risk analyses are also conducted at various levels and on various topics during the year. 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, the Control Framework uses issue and incident management to continuously learn and improve. Effectiveness of controls, issues and incidents are reported in relation to the risk appetite on a quarterly basis. 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. Issues that concern all of Achmea are discussed periodically in the Ethics Committee, involving the CRO, the Compliance director, HR, employees from the various divisions and an external specialist. In 2023, specific attention was paid to sustainable policies, experimental healthcare needs, making phone calls in traffic and socially responsible investing. The integrity risk as part of compliance risk is set out in the Achmea Code of Conduct and the Integrity & Fraud Policy. This code of conduct states the core values, core qualities and rules of conduct of Achmea, and applies to all Achmea employees. The Integrity & Fraud Policy contains the principles highlighting the integrity risks in operational management, such as: anti-corruption, gifts, side-line activities, contracting third parties and execution of the SIRA. In 2023, the SIRA was also executed for each supervised entity, with input from staff departments. A new topic is socially responsible investing in relation to greenwashing risks. Ongoing attention is paid to integrity risks by assessing the effectiveness of fraud control measures on a quarterly basis using the Internal Control Framework.

Privacy, Cyber security, IFRS 9/17 and CDD were the main focus areas for the compliance function within Achmea in 2023. 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. For Privacy and CDD, Achmea has established additional governance in the form of a Task Force with members from the Executive Board and chairs of divisional directors. In this Task Force, the approach to cross-divisional issues or issues with IT dependencies is coordinated to achieve additional progress.

Evaluation of the compliance function

Once every three years, the AFM assesses the maturity level of the compliance function within Achmea. The results were received in 2023 and discussed by the AFM and the Executive Board. Compared to the previous assessment from 2020, Achmea has improved its maturity level with respect to three aspects. Improvement actions resulting from this assessment are being followed up. The overall result is positive. There has also been an internal evaluation of the organisation of the compliance function using an external specialist. Improvement actions are in progress, including the further concretisation of the separation of duties and the independence of the compliance function from first line and other second line functions and also the periodic board review of the compliance function.

Compliance assessments and monitoring

Short-cycle monitoring is used to ensure compliance with laws and regulations, and instances of non-compliance may occur. The monitoring revealed areas of concern in the areas of CDD, Privacy, Cyber security, Duty of Care and Outsourcing.

Customer Due Diligence (CDD)

CDD is a top priority within Achmea and the focus in 2023 was on improving control. This involves continuous learning from developments in the business units, from audits, from outcomes of on-site investigations in the business units by supervisors, and from fines imposed on other companies, reports from regulators or court rulings. In addition to control from the supervised business units, there is also additional control from the central CDD Task Force, which includes two Executive Board members. In addition to improving control of CDD, this Task Force is aimed at achieving high-quality and demonstrable solutions, where the ultimate responsibility lies with the supervised entities. Where possible and necessary, developments are accelerated. In order to be able to better monitor progress, the Task Force determined the outstanding actions for each business unit, after which realistic deadlines were set for each improvement action. These improvement actions were monitored throughout the year, so that in 2023 there was an even more focused focus on progress and the realisation of deadlines. The final actions will be completed in Q1 2024. A new action list for 2024 was adopted in early 2024.

The KYC Centre was established within Achmea in July 2023. All operational CDD activities are being centralised here, with the aim of making operations more uniform in the future and pooling and increasing expertise within Achmea. In 2023, the banking, non-life insurance, asset management and shared service processes relating to CDD were centralised. The remaining processes will be incorporated in the course of 2024. Reporting of unusual transactions to the Financial Intelligence Unit (FIU) is handled by the business units themselves. Additionally, a generic CDD IT platform is being established. The main focus is on transaction monitoring, screening at both onboarding and in continuity and also keeping CDD files in order.

Furthermore, in 2023 management and Compliance continued to devote attention to compliance with frequently changing sanctions as a result of Russia’s invasion of Ukraine. This did not lead to any new hits in 2023. Achmea has a total of 19 sanctioned relationships in its portfolio that have been reported to the relevant regulators.

Privacy

Achmea attaches great importance to Privacy compliance. Throughout the organisation, points of attention are continuously identified regarding compliance with the General Data Protection Regulation (AVG)/Privacy legislation. Internal control was further improved in certain areas during 2023. Various improvement projects are in progress. One of the improvement projects oversees the implementation of tooling that provides secure file sharing and secure emailing, both internally and externally. In addition, an 'Unstructured Data' core team is in place to implement solutions for handling and controlling unstructured data environments. This relates to excessive data processing and data storage. The improvements will continue in 2024, partly because of the complexity of the process of managing the physical archive and data storage, including unstructured data. The majority of reported data breaches was related to data breaches involving a limited number of data subjects. Three cases within Achmea involved more extensive data breaches, these occurred at Eurocross, Inshared and a number of brands which use software from an external supplier NEBU for market research. Mitigating measures have been taken to prevent such incidents in future.

Cyber security
Cyber security risk remained high in 2023. The Executive Board regards the continued development of cyber resilience as a strategic priority. Consequently, Achmea invested last year in measures to further increase resilience against ransomware and other attacks.

In 2023, two data breaches occurred at Achmea due to ransomware at external partners. The business impact of these incidents was limited, but they do show that outsourcing risk remains as high as ever. Despite outsourcing complying with legal frameworks, steps are needed to increase resilience of external partners as well. In this context, a pilot was started at division Non-Life and Income. The pilot surveyed cyber control measures at external partners. Based on this, external partners were categorised in different risk classes (so-called circles of trust), and it was determined whether additional actions were needed. This approach will also be rolled out across the other divisions in 2024.The implementation of DORA legislation is a key focus area for 2024. In 2023, the first steps were taken for this purpose to determine the impact and the governance is in place to ensure DORA compliancy by 2025.

Duty of care
As a broad financial services provider, the Duty of Care theme applies to all Achmea business units. This includes treating consumers and business customers with care throughout the total duration of products and services. Achmea sees it as its duty to inform customers as thoroughly as possible to ensure they make the right choices. To this end, Guiding Principles were drawn up in 2020 as the basis for Achmea's fulfilment of the duty of care. The starting point is that Achmea takes widely held societal viewpoints into account.

Following Kifid (Financial Services Complaints Tribunal) case law, the communication of changes to policy conditions was adjusted at the Non-Life and Income division in 2023. This will be followed up at the other divisions in the course of 2024. With regard to the Unit Linked insurance claim, Achmea Pensioen- en Levensverzekeringen N.V. has reached an agreement with the interest groups on a final arrangement for customers with Unit Linked insurance who are affiliated with one of these parties. The agreement will be final if 90% of the affiliated customers agree.

Outsourcing
A company-wide Outsourcing policy has been developed. This policy is designed in accordance with the requirements of applicable laws and regulations including EBA, EIOPA and ESMA. All outsourcing contracts are registered in a central contract administration managed by procurement. Four phases are distinguished for outsourcing: 1. Analysis, 2. Initiation, 3. Management and 4. Evaluation. For each phase, checklists, standardised documents and templates are used, which enable uniform registration. These documents are determined by Legal, Procurement, Supplier & Contract Management and Compliance. Examples are standard contracts, general purchasing conditions, the decision tree on qualification of outsourcing, processing agreement, security agreement, risk assessment service provider and assessment Assurance statements.

Outsourcing risk is monitored within the Achmea Control Framework (CFW). In 2023, there were no significant instances of non-compliance with laws and regulations at the business units and risk tolerances were not exceeded. Areas of concern relating to better demonstrability and recording have been addressed in the CFW and the regular reporting cycle.

B.5. INTERNAL AUDIT FUNCTION

The Internal Audit function of Achmea B.V. including subsidiaries is fulfilled by Achmea Internal Audit. The scope of the Internal Audit function covers all entities and processes of Achmea B.V., including outsourced activities. Internal Audit has a functional line with the foreign Internal Audit functions with exception of Achmea Australia.

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.

The rights and obligations between Achmea Internal Audit and Achmea B.V. are derived from the principles of 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.

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 hereof.
- 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.
- Important management- and (external) accountability information to the Board of Directors and senior management, including supervisory reports, accountability for the effects of actions on people and the environment, the involvement of stakeholders and the extent to which the defined corporate goals have been achieved.
- Compliance with (behavioural typical) laws and regulations, as well as decisions made by the Board of Directors, including the functioning of the second line and the Sanction Policy for non-compliance with laws and regulations. Safeguarding the assets of Achmea, including information security.

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 fulfils 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 chair 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 Internal Audit 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 investigations 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) is 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 outsourcing policy includes the following:

- Each Achmea process / activity which is intended to be outsourced has a contract owner, a contract manager and a contract service manager. In consultation with Legal Affairs and Compliance 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 assessing extra risks 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 2023, Achmea has published its second Climate Transition Plan[19].

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.

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 this plan annually.

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

[19] https://www.achmea.nl/-/media/achmea/documenten/duurzaamheid/achmeanl_documenten_en/achmea-climate-transition-plan.pdf

C. RISK PROFILE

Quantative risk profile

The Solvency Capital Requirement provides a quantification of the risk profile. For calculating the capital required Achmea uses a combination of a PIM and the SF. The following table provides a summary per insurance legal entity.

PIM – SF

	MARKET RISK(*)	LIFE RISK	NON-LIFE RISK	HEATLH RISK	COUNTERPARTY DEFAULT RISK	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. (**)	PIM	n.a.	PIM	PIM	SF	SF
N.V. Hagelunie	PIM	n.a.	PIM	n.a.	SF	SF
Interamerican Hellenic Insurance Company S.A.	SF	SF	PIM	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

* For Interamerican Hellenic 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.

** 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.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 2023, 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 2023, 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 2023	SOLVENCY RATIO 2022
Baseline	8,848	4,840	183%	209%
Without Volatility Adjustment	8,466	6,086	139%	163%
Ultimate Forward Rate 3.30% (level applicable from 1 January 2024)	8,806	4,843	182%	n.a.
Last liquid point 30 years	8,452	4,878	173%	193%

SENSITIVITIES INTEREST

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	8,848	4,840	183%	209%
Interest -100 bps	9,106	4,916	185%	210%
Interest +100 bps	8,711	4,759	183%	208%
Interest -50 bps	8,963	4,883	184%	209%
Interest +50 bps	8,763	4,798	183%	207%

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

C.2.3. Equity Risk

SENSITIVITIES EQUITY

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	8,848	4,840	183%	209%
Equity prices -20%	8,217	4,741	173%	197%

C.2.4. Property Risk

SENSITIVITIES PROPERTY

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	8,848	4,840	183%	209%
Property Prices - 20%	8,520	4,840	176%	201%

C.2.5. Spread Risk

SENSITIVITIES SPREAD

€ MILLION

	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	8,848	4,840	183%	209%
All Spreads -50 bps	9,053	4,853	187%	210%
All Spreads +50 bps	8,670	4,816	180%	209%

SENSITIVITIES SPREAD

€ MILLION

	OWN FUNDS	
	2023	2022
Credit Spread excluding mortgage loans +50 bps	8,886	9,250
Mortgage loans -50 bps	9,152	9,480
Mortgage loans +50 bps	8,562	8,927
Spreads Government -50 bps	8,818	9,103
Spreads Government +50 bps	8,896	9,344

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, to the extent that this is not expressed under counterpart default risk.

The balance sheet of Achmea does not comprise any Market Concentration Risks that lead to capital requirements under 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

	2023	2022
Collateral held	25,256	26,379
Collateral pledged	1,130	1,074

C.2.9. Securities lending

In 2023, there were no changes in the security lending program of Achmea. The economic value of the lended securities decreased to € 1,728 million (2022: € 3,254 million). According to the investment plan, a shift took place from government bonds to expansion in mortgages and credits. As a result of the sale of government bonds, Achmea's 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. In the 4th quarter of 2023, a further decline in the security lending program occurred due to transitions within credits and government bonds.

C.2.10. Borrowing transactions

In November 2022, Achmea issued € 500 million senior debt to be able to have sufficient liquidity to enable this call. 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. The Notes are redeemed in full at their principal amount together with interest accrued to the date fixed for redemption.

On 26 June 2023, Achmea placed € 300 million of Tier 2 Notes with a maturity of 20.5 years, maturing on 26 December 2043. The Tier 2 Notes can be called for the first time on 26 June 2033. The Notes are listed on the Euronext Dublin, Ireland. The coupon is 6.75%.

In line with the proposal of the Executive Board and after approval by the General Meeting, Achmea has withdrawn all outstanding preference shares on 31 December 2023. In January 2024 a repayment of € 356 million and a dividend payment of € 20 million were repaid to the holders of preference shares. These were held indirectly by various banks and other institutional investors. The Executive Board makes regular assessments of Achmea's capital structure. On this basis, the Executive Board, with the approval of the Supervisory Board, has decided to withdraw the preference shares. A factor in this is that the preference shares will no longer qualify as equity under Solvency II after 1 January 2026.

On 31 January 2023, Achmea Bank N.V. placed € 500 million in Soft Bullet Covered Bonds with a maturity of 7 years, maturing on 31 January 2030. The coupon is 3.00%. On 19 October 2023, Achmea Bank N.V. placed another € 500 million in Soft Bullet Covered Bonds with a maturity of 3 years, maturing on 19 October 2026. The coupon is 3.75%. The bonds are listed on the Euronext Amsterdam.

In October 2023, Achmea Bank N.V. redeemed a Senior bond of CHF 200 million (€ 208 million). Last year, Achmea Bank N.V. also placed CHF 100 million (€ 104 million) in Senior bonds in October with a term of 3 years, a coupon of 2.470% and a maturity date on October 16, 2026. In addition, in October 2023, Achmea Bank placed another CHF 100 million (€ 104 million) in Senior bonds with a term of 7 years, a coupon of 2.7475% and a maturity date of October 16, 2030. These loans are listed on the SIX Swiss Exchange.

Achmea did not enter into other new borrowing transactions in 2023.

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 Yearly Report 2023, section G Counterparty Default Risk.

Derivatives are described in more detail in section C.6.1. Use of derivatives.

C.4. LIQUIDITY RISK

For a description of Liquidity Risk we refer to the Achmea Year Report 2023, 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

€ MILLION

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	388	402
Achmea Schadeverzekeringen N.V.	571	188
Achmea Zorgverzekeringen NV consolidated	205	260
Achmea Reinsurance Company N.V.	51	46
Interamerican Hellenic Insurance Company S.A.	33	24
Union Poist'ovna A.S.	26	25
Eureko Sigorta A.S.	0	2
N.V. Hagelunie	4	4
Group EPIFP	1,279	952
EPIFP % Tier 1 EOF	**10%**	**10%**

EPIFP PER MAJOR LINE OF BUSINESS

€ MILLION

	2023	2022
Other Life without options and guarantees	388	426
Health insurance (direct business) without options and guarantees	431	30
Medical Expenses	207	262
Other	254	234
Total EPIFP	**1,279**	**952**

Within Achmea Pensioen- en Levensverzekeringen N.V., the EPIFP has decreased by € 14 million during the year 2023. The contribution to EPIFP is mostly due to the risk- and mortgage-products. The oldest products have the largest contribution to the EPIFP.

The EPIFP of Achmea Schadeverzekeringen N.V. increased by € 383 million mainly caused by the introduction of the Longer Contract Boundary (LCB) for individual disability insurance.

For the Dutch health insurance entities the expected profitability decreased in 2023 by € 54 million within the basic and additional health insurance portfolio.

C.5. OPERATIONAL RISK

For a description of Operational Risk we refer to the Achmea Year Report 2023, section I Operational Risk.

C.6. OTHER MATERIAL RISKS

KEY RISK THEMES IN 2023

The Strategic Risk Assessment is a comprehensive assessment of key risk themes carried out by the Executive Board and management boards of the business units annually. The risks in question can have a major impact if they occur without effective control measures. Achmea closely monitors these risk themes as part of the periodic monitoring of the Risk Profile and the annual ORSA report.

The risk management activities are structurally tested internally for approach and effectiveness. Additionally, these activities are monitored by De Nederlandsche Bank (DNB), the Autoriteit Financiële Markten (AFM) and the Nederlandse Zorgautoriteit under the Current Monitoring Methodology and also local supervisors for Achmea's foreign entities. Risks are made transparent and risk control measures are effective enough to reduce residual risks to an acceptable level.

For more detailed information on Climate Risk, reference is made to the Achmea Year Report 2023.

The key risk themes for Achmea are described below:

STRATEGIC RISK

Sustainability

Explanation	Control Measures
Sustainability risks are related to all ESG (Environmental, Social and Governance) elements 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. In addition, there may be strategic and reputational impact when Achmea fails to act quickly enough in the energy transition and when it is unable to meet its (externally communicated) sustainability targets either partially or fully.	Achmea communicated its climate objectives externally at the end of 2022 and updated them at the end of 2023, including among others objectives related to the insurance portfolio. The activities aimed at achieving all sustainability targets within Achmea have been brought together in one central programme, 'Achmea Sustainable Together', ensuring completeness and consistency in the measures to be taken, both at Group level and within the business units. In Achmea's regular business activities, attention is being paid to risk control measures regarding sustainability throughout the Group. This includes for example within our insurance business adjusting the product and service range, tightening premiums and conditions and also reinsurance. Within the investment activities a Socially Responsible Investment (SRI) policy (including an exclusion and engagement policy) has been applied for quite some time now. Steps have been taken to identify all sustainability risks in connection with each other and those of the largest customers and subsequently incorporate control of these risks into our business. As part of the annual ORSA, qualitative and quantitative analyses on climate-related risks (including stress and scenario testing and long-term climate scenarios) were carried out for both the Group and individual insurance entities. More detailed information on Achmea's sustainability-related activities is included in section B8 Any Other Information.

Future earnings model	
Explanation	Control measures
The decreasing size of the service book within the pension and life business has a negative impact on future free cash flows and balance sheet ratios. Achmea runs the risk of not renewing its processes and products/services in a timely manner, thus insufficiently compensating for this development. The future revenue model is also influenced by new developments in the market, including 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) and changing social views, but also macro-economic trends with potential impact on the earnings model. Further consolidation is visible in both the Dutch and European markets, which may affect Achmea's competitive position. Over the past few years, Achmea has periodically explored the options for the portfolios of Achmea Pensioen- en Levensverzekeringen N.V., in particular for the service book. Various internal and external options are currently being considered, and no possibilities are excluded. In the meantime, the existing course will be maintained.	Innovation of products/services and optimization of processes are important parts of the strategy: there are several group-wide initiatives in the areas of technology, customer service and service, on proposition development and innovations. Focus and implementation power is strengthened by the DIM (Distribution, Innovation and Brand) department, which was set up in 2022. 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.

Geopolitical developments and inflation	
Explanation	Control measures
Geopolitical trends and inflation can lead to lower returns on investments, higher claims, higher personnel expenses, decreasing sales, increasing lapse of insurance policies and mortgages and also payment arrears, with consequently a negative impact on the profitability and solvency margins of the insurance entities. Inflation in 2023 is down from 2022 but for several years has been at higher levels than we have seen in recent decades. 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. The consequences of inflation are managed by such means as expense measures, premium adjustments and product management. We support our customers wherever possible in preventing and solving payment difficulties, also in collaboration with the other parties involved. The investment portfolio contains natural hedges because of the correlation with 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). However, inflation-linked investment instruments are used for Achmea's activities in Turkey.

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 political developments and increasing requirements from laws and regulations, stricter interpretation by supervisors and / or by organizing solidarity in society differently. This risk affects all Achmea product lines. In addition, Achmea is exposed to reputational and financial risks when it fails to comply with laws and regulations in a timely manner.	Since increasing legislative and regulatory requirements are closely monitored, necessary measures can be initiated in time. Among others things, in 2023 attention was paid to the implementation of current and forthcoming legislation and regulations on sustainability (including external reporting), the Future of Pensions Act (Wtp) and the Digital Operational Resilience Act (DORA).

Tight labour market	
Explanation	Control measures
Tightness on the labour market can now be considered to be structural in nature. It has 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 could 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.	Initiatives have been started within Achmea on various themes in response to these developments, including employability, employer brand, leadership and Strategic Workforce Management. Core elements of Strategic Workforce Management include stimulating internal employee mobility and focussing on upskilling and reskilling. 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.

Artificial intelligence	
Explanation	Control measures
The developments in the field of artificial intelligence are comprehensive and manifesting themselves at a rapid pace. Achmea uses artificial intelligence in various business processes, including underwriting and claims handling. Risks in these business processes include decisions that are either incorrect or insufficiently transparent or explainable as well as incorrect handling of ethical issues. This can lead to a negative impact on Achmea's results (e.g. fines or claims) as well as damage to its reputation. In addition, Achmea may be confronted with fraud in underwriting and claims reporting through the falsification of evidence and other forms of misinformation. There is also a risk that competitors will apply artificial intelligence in their business operations faster and more efficiently than Achmea, resulting in a loss of market share. A point of attention for Achmea is the timely identification of relevant developments and tightening of its systems and processes where necessary.	The risks of artificial intelligence are actively managed on the basis of IT, Privacy, PARP and model management policies. Specific measures include guaranteeing human supervision of decisions taken with the aid of artificial intelligence and also establishing control measures on the underlying systems and models. In addition, an ethical framework has been established to test the use of applications. Active efforts are also being made to increase the level of knowledge about artificial intelligence and to monitor developments in this field.

MARKET RISK

Financial markets	
Explanation	Control measures
As a financial services provider, Achmea is significantly exposed to the financial markets, mainly because of its investment portfolio. Due to political and geopolitical 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. After a sharp increase in 2022, market interest rates fell slightly in 2023, but are still at a higher level compared to previous years. Higher market interest rates are expected to have a positive effect on the long-term protection of policyholders. In the shorter term, interest costs on refinancing will increase, causing the Fixed Charge Coverage Ratio to deteriorate, with possible consequences for the rating. A period with (long-term) low interest rates remains possible. A specific point of attention is the risk of a decrease in the value of investments within our portfolio due to the energy transition.	This risk is controlled by the risk management measures as described in section C.2. 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 pension and life insurance activities. Due to the decreasing size of the service-book within the Pension & Life business, this risk will gradually decrease over time.	Longevity Risk is managed through active product of the pension and life insurance portfolios, in order to optimise the Risk Profile

Natural Catastrophe	
Explanation	Control measures
In the Non-Life portfolio, catastrophes caused by (extreme) weather events can have a major impact. Due to climate change, the frequency, timing and intensity of these may change. Global climate trends (combined with inflation) are hardening reinsurance markets with consequences for reinsurance premiums, own retention and reinsurance conditions. As a result, required capital is growing and earnings volatility may increase.	Control measures include model development, reinsurance and contingency plans. Regarding the Non-Life portfolio, these risks are taken into account in product development, pricing and conditions. The hardening reinsurance market is leading to higher premiums for many products. Achmea has close contacts with the companies that develop catastrophe models, as well as with universities and the Royal Netherlands Meteorological Institute (KNMI). This ensures that climate change is closely monitored, and its impact evaluated.

Portfolio Risk Non-Life and Income	
Explanation	Control measures
The risk due to volatility in underwriting manifests itself in the Non-Life and income portfolio due to higher than currently expected injury and other claims and/or deviations from estimated disability and rehabilitation probabilities	Risks in the Non-Life portfolio are managed by promoting prevention measures and optimising underwriting guidelines and reinsurance. Specifically for personal injury claims, a claims monitoring system has been set up and prediction models are being further developed. For the income portfolio, specific attention is paid to claims management and developments in laws, regulations and case law. Part of the income portfolio is reinsured.

Volatility and relative size Health portfolio	
Explanation	Control measures
The risk that the relative size of the health portfolio within Achmea increases as a result of the decreasing service book within the pension and life business and organic care of the health portfolio. This has a negative impact on Achmea's balance sheet and financial ratios. In addition, there is a risk of earnings volatility at the Health business, which could cause financial ratios to fluctuate significantly at Achmea Group level. This could have a negative impact on Achmea's credit rating. For 2024, specific uncertainties include high inflation and changes to the risk equalisation system.	The control measures mentioned under the risk theme Future Income Model are also relevant here. Also, these risks are managed through the regular process of premium setting, healthcare cost estimation and procurement, product management and services.

OPERATIONAL RISK	
Cybercrime	
Explanation	Control measures
Cybercrime is an important social issue, one that also continues to grow in importance for 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 security 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. The main security and privacy risks are managed by means of information security and privacy management measures in the internal control framework.
Customer Due Diligence processes	
Explanation	Control measures
The risk of inadequate internal control of Customer Due Diligence processes and non-compliance with applicable laws and regulations due to capacity and complexity issues. As a result, financial and reputational damage may occur.	Short-cycle monitoring is used to monitor compliance with laws and regulations. Further details are included in section J Compliance Risk.
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. With regard to the Unit Linked insurance claim, Achmea Pensioen- en Levensverzekeringen N.V. has reached an agreement with the interest groups on a final arrangement for customers with Unit Linked insurance who are affiliated with one of these parties. The agreement will be final if 90% of the affiliated customers agree.

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 expert center Achmea Reinsurance has three roles: advisor, purchaser and risk carrier. Achmea Reinsurance provides the main reinsurance cover to the Dutch and foreign insurance entities within Achmea. Part of the reinsurance contracts are retroceded to the external reinsurance market. A portfolio of reinsurances assumed from 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. The Group Non-life reinsurance program is placed in the market after approval by the Reinsurance Delegates Committee and the Executive Board respectively. 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 (Property, Casualty and Marine per Risk). 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 WGA/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. This interpretation of those guidelines is applicable in Solvency II reporting from 2023 Q2 onwards. Implementation of the major model change to accommodate the change of the contract boundary in the Partial Internal Model also involved the modelling of a Future Management Action (FMA).

The FMA included in SCR calculations for AOV comprises defined premium increases when claims and combined ratio triggers are hit. The amount of the increase is based on target combined ratio levels for future accident years, after the first premium increase. The FMA for AOV, as an integral part of the PIM, has been approved by DNB.

Except for the FMA for AOV as described above, Achmea currently has no FMA's included in the calculation of the Basic SCRs and Capital requirements for Operational Risk. Within the determination of the Loss-Absorbing Capacity of Deferred Taxes (LACDT), the various legal entities describe FMA's. 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 FMA's 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 FMA's 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

Significant exposure is an exposure that supersedes a threshold of 10% of the SCR of Achmea € 484 million (2022: € 441 million). The most important exposure (value of the exposure) by (single name) counterparty and by type of exposure:

SIGNIFICANT RISK CONCENTRATIONS

€ Million

	EQUITY	BONDS	ASSETS WHOSE RISKS ARE MAINLY BORNE BY THE POLICYHOLDERS	DERIVATIVES	OTHER INVESTMENTS	LOANS AND MORTGAGES	OTHERS DIRECT EXPOSURES	EXEMPTIONS	AMOUNT OF THE EXPOSURES AFTER CREDIT OR INSURANCE RISK MITIGATION TECHNIQUE AND EXEMPTIONS
Coöperatieve Rabobank U.A.		23	108	56	3,021	2,929	-1,997		**4,140**
The Kingdom of The Netherlands		2,358	116		50	975	2,202	-981	**4,721**
Republique Francaise		1,055	2					-2	**1,056**
Secretaría General Del Tesoro Y Financiación Internacional		848	0					-14	**834**
Ameriprise Financial, Inc.	1		741						**742**
Bundesrepublik Deutschland		795	129					-221	**703**

The majority of our risk concentration is related to exposures in government bonds (the Netherlands and France) 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.7. ANY OTHER INFORMATION

C.7.1. Material risks within the Other Financial Sectors

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.[20] are Operational Risk, Concentration Risk, Market Risk (indirect) and Claim Risk.

The material risks of Syntrus Achmea Real Estate & Finance B.V.[21] 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.7.2. Sustainability in the Risk Taxonomy

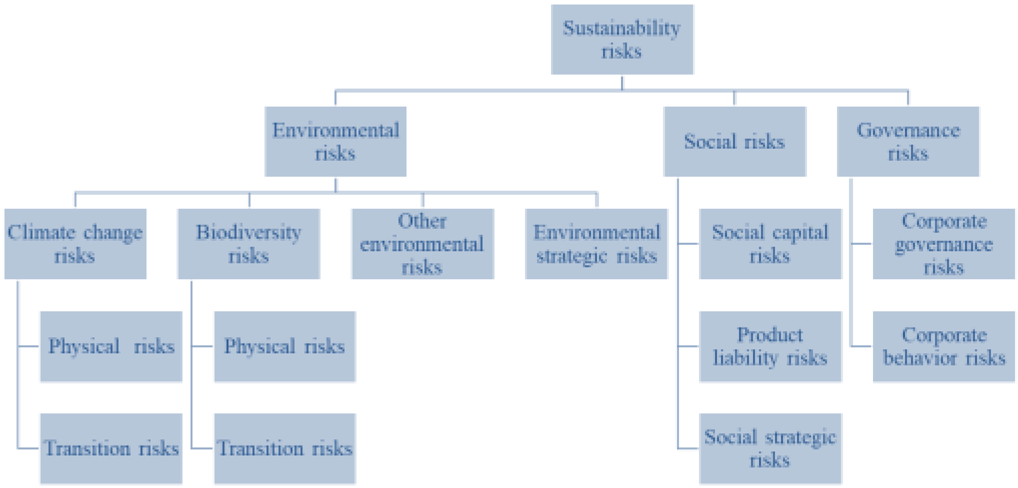
Achmea uses a risk taxonomy to govern all the quantitative and non-quantitative risks.

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 €, 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.

[20] For more detailed information, reference is made to the Year report 2023 of Achmea Investment Management B.V., Executive Board Report, Risk Management, page 18.
[21] For more detailed information, reference is made to the Year report 2023 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. In 2023 a structural ESG risk assessment has been implemented, supporting our sustainability-related activities.

D. VALUATION FOR SOLVENCY PURPOSES

CONSOLIDATED ECONOMIC BALANCE SHEET

The following Economic Balance Sheet information represents the Achmea Group including the legal entities consolidated based on their sectoral requirements for valuation.

For detailed Economic Balance Sheet information for each Dutch legal entity and for the OPCO's, please refer to Appendix 1.

ECONOMIC BALANCE SHEET

€ MILLION

ASSETS	2023	2022
Intangible assets	0	0
Deferred tax assets	866	707
Property, plant & equipment held for own use	323	370
Investments (excl. index-linked and unit-linked funds)	34,761	36,468
Assets held for index-linked and unit-linked funds	8,096	7,615
Loans and mortgages	13,216	12,056
Reinsurance recoverables	873	674
Deposits to cedants	12	13
Insurance and intermediaries receivables	2,363	2,208
Reinsurance receivables	11	-1
Receivables	1,771	2,041
Own shares (held directly)	700	771
Cash and cash equivalents	1,056	790
Any other assets, not elsewhere shown	182	235
Total assets	**64,230**	**63,946**

ECONOMIC BALANCE SHEET

€ MILLION

LIABILITIES	2023	2022
Technical provisions – non-life (excluding health)	4,257	3,849
Technical provisions - health (similar to non-life)	4,517	5,261
Technical provisions - health (similar to life)	2,037	2,226
Technical provisions – life (excluding health and index-linked and unit-linked)	26,454	25,612
Technical provisions – index-linked and unit-linked	7,532	7,133
Contingent liabilities	36	32
Provisions other than technical provisions	121	87
Pension benefit obligations	847	780
Deposits from reinsurers	8	11
Deferred tax liabilities	38	24
Derivatives	3,017	3,911
Debts owed to credit institutions	3	2
Financial liabilities other than debts owed to credit institutions	1,376	1,344
Insurance & intermediaries payables	1,138	1,084
Reinsurance payables	-3	39
Payables (trade, not insurance)	372	317
Subordinated liabilities in Basic Own Funds	1,748	1,899
Any other liabilities, not elsewhere shown	2,489	1,848
Total liabilities	**55,986**	**55,459**
Excess of assets over liabilities	**8,244**	**8,487**

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[22] 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 Achmea Year Report 2023 [23].

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

	2023	2022
Equipment	61	61
Property for own use	262	309
Closing balance	323	370

EQUIPMENT AND LEASE (GEOGRAPHIC DISPERSION) — %.

	2023	2022
The Netherlands	73	71
Greece	14	11
Turkey	10	14
Slovakia	3	4
Total	**100**	**100**

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

PROPERTY FOR OWN USE (GEOGRAPHIC DISPERSION) — %.

	2023	2022
The Netherlands	88	90
Greece	8	7
Turkey	4	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.

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

[23] 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 the table below, the Investments (excluding Index-Linked and Unit-Linked funds) are recognised for an amount of € 31,744 million (2022: € 32,556 million). Derivatives are shown for their net balance (in the Economic Balance Sheet these are presented as separate assets € 4,532 million) (2022: € 5,345 million) and liabilities (€ 3,016 million) (2022: € 3,911 million) where appropriate).

INVESTMENTS

€ MILLION

	PROPERTY (OTHER THAN FOR OWN USE) 2023	HOLDINGS IN RELATED UNDERTAKINGS 2023	EQUITIES 2023	BONDS 2023	COLLECTIVE INVESTMENTS UNDERTAKINGS 2023
Closing Balance	763	1,007	1,168	21,750	1,737

INVESTMENTS

€ MILLION

	DERIVATIVES (INCL LIABILITIES.) 2023	DEPOSITS 2023	OTHER 2023	**TOTAL 2023**	TOTAL 2022
Closing Balance	1,516	628	3,176	31,744	32,556

Investments have decreased with € 812 million. Decreased interest rates in combination with portfolio developments resulted in a decrease in the economic value of the bonds (€ 525 million). The positive effect in changes in economic assumptions for bonds was € 949 million). Decreased interest rates in combination with a change in the portfolio mix resulted in an increase in the economic value of the derivatives (€ 83 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 reference is made to Appendix 4.

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. However in the rare cases that the economic value cannot be established continuously for the investment property, Achmea measures the investment property at cost.

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

	2023	2022
Total direct Property	763	876
Total indirect Property	673	633
Total Investment Property	**1,436**	**1,508**

Certain property investments funds or property participations which are subject to a leverage of more than 20% are not included as part of the Property Risk module, but are considered to resemble equity investments and treated accordingly.

Direct investment property is recognised within Achmea Pensioen- en Levensverzekeringen N.V. (€ 716 million) (2022: € 841 million), Achmea Interne Diensten N.V. (€ 42 million) (2022: € 30 million) and Interamerican Greece (€ 4 million) (2022: € 5 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) regime. The valuation of these entities is based on their local sectoral valuation principles.

OTHER FINANCIAL ENTITIES

€ MILLION

	ASSET	LIABILITY	2023	2022
Syntrus Achmea Real Estate & Finance B.V.	63	9	54	46
Achmea Investment Management B.V.	68	19	49	53
Achmea Bank N.V.	15,922	15,148	774	776
Union Zdravotna Poist'ovna A.S.	239	198	41	43
Centraal Beheer PPI N.V.	18	5	12	13
Total CRD IV/ IFD / IFR / IORP/ SIMILAR LEGISLATION			**937**	**938**

The CRD/CRR, IFD/IFR, IORP or Similar legal entities decreased in value in 2023 for an amount of €- 1 million (2022: € 20 million) due to an decrease of the net asset value of these entities measured at the sectoral valuation requirements.

PARTICIPATIONS

Achmea has significant influence over the following entities.

PARTICIPATIONS

€ MILLION

	SHARE %	STRATEGIC	2023	2022
Achmea IM Emerging Markets Equity Fund	53	N	1	0
Health Innovation Fund I B.V.	35	N	0	0
PA Imaging Holding B.V.	28	N	0	0
Grendel games B.V.	25	N	0	0
Land Life Company B.V.	21	N	8	8
Nextgen Ventures B.V.	25	N	2	2
De Vereende N.V.	20	Y	7	6
Verheijen Resins Beheer B.V.	30	N	0	0
Total Participations			**18**	**16**

Participations in which Achmea has significant influence increased in value for an amount of € 2 million. This is mainly a result of the value increase of Achmea IM Emerging Markets Equity Fund and De Vereende N.V.

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.

Achmea has control over subsidiaries in the following countries.

OTHER SUBSIDIARIES

	2023	2022
Other subsidiaries in The Netherlands	40	29
Other subsidiaries in Ireland	3	3
Other subsidiaries in Turkey	0	0
Other subsidiaries in Canada	9	14

Other subsidiaries increased in value by an amount of € 7 million, mainly due to a decrease in value of Achmea Pensioenservices N.V.

D.1.4.3. 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 exists a valuation technique is used. The majority of listed equities are valued by their quoted prices (valuation hierarchy level 1), an amount of € 5 million is reported as valuation hierarchy level 2 as a result of staleness of prices in the last month.

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 values for equities listed and unlisted 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

	2023	2022
Equities	1,168	1,464
Equities, listed	1,037	1,341
Equities, unlisted	131	123
Equities in Investment Funds	608	624
Equity Participations	70	61
Equity Derivatives	1	-1
Other	679	712
Total Equity Investments	2,526	2,861

Equities listed and unlisted were affected by three factors in 2023:

1. Increased stock markets resulted in a positive revaluation amounting to € 227 million.
2. Negative currency revaluation (effect €- 38 million), is primary caused by US dollar developments.
3. Net balance of €- 485 million due to portfolio developments.

Investments in equities are recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V. (€ 498 million), Zilveren Kruis Zorgverzekeringen N.V. (€ 172 million), Achmea Schadeverzekeringen N.V. (€ 131 million), Achmea Reinsurance Company N.V. (€ 118 million), Achmea Zorgverzekeringen N.V. consolidated (€ 91 million), Achmea B.V. (€ 55 million), De Friesland Zorgverzekeraar N.V. (€ 31 million), N.V. Hagelunie (€ 25 million), Achmea Innovation Fund B.V. (€ 14 million), FBTO Zorgverzekeringen N.V. (€ 11 million), Interpolis Zorgverzekeringen N.V. (€ 10 million), Achmea Interne Diensten N.V. (€ 7 million), Interamerican Greece (€ 3 million), Zilveren Kruis Health Service N.V. (€ 1 million) and Eureko Sigorta A.S. (€ 1 million).

Within the investment funds, exposure decreased with € 16 million. This increase is primary caused by net recognition of €- 46 million, increasing stock markets resulting in a positive revaluation of € 30 million.

Equity participation decreased with € 9 million, mainly due to Achmea Pensioenservices N.V.

The Non UCITS funds decreased with € 33 million. This comprises mainly due to negative effects of changes in economic assumptions of €- 16 million, foreign currency changes €- 9 million and other changes €- 8 million.

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.

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 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.

BONDS — € MILLION

	2023	2022
Government Bonds and related exposures	7,236	7,600
Corporate Bonds (including convertibles)	14,269	14,539
Collateralised Securities	245	137
Total Bonds	**21,750**	**22,275**

The bonds portfolio decreased with € 525 million in 2023. The decrease was caused by:

- A net derecognitions of €- 1,489 million. In accordance with the investment plan, a shift has taken place from government bonds to mortgage loans.
- Decreasing interest rates (10-year German bond -52 bps and 30-year -25 bps) and tightening credit spreads (corporate index -29 bps, financials index -43 bps) had a positive effect of € 949 million.
- Negative foreign exchange results for €- 15 million, mainly consisted of exposure in US dollar.

Investments in bonds are recognised within the legal entity Achmea Pensioen- en Levensverzekeringen N.V. (€ 10,219 million), Achmea Schadeverzekeringen N.V. (€ 4,801 million), Zilveren Kruis Zorgverzekeringen N.V. (€ 2,990 million), Achmea B.V. (€ 1,055 million), Achmea Zorgverzekeringen N.V. (€ 661 million), Interamerican Greece (€ 622 million), De Friesland Zorgverzekeraar N.V. (€ 410 million), Achmea Reinsurance Company N.V. (€ 317 million), FBTO Zorgverzekeringen N.V. (€ 275 million), N.V. Hagelunie (€ 165 million), Interpolis Zorgverzekeringen N.V. (€ 121 million), Union Zdravotná Poist'ovna A.S. (€ 97 million) and Eureko Sigorta A.S. (€ 17 million).

Achmea Pensioen- en Levensverzekeringen N.V. (€ 48 million) and Achmea Schadeverzekeringen N.V. (€ 48 million) have invested in the Achmea IM Euro Corporate Bond Fund.

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

	2023	2022
Equity Funds	519	529
Debt Funds	454	263
Money Market Funds	2	11
Asset Allocation Funds	12	12
Real Estate Funds	673	633
Alternative Funds	0	0
Private Equity Funds	25	32
Infrastructure Funds	51	40
Other	0	0
Total Investment Funds	**1,737**	**1,520**

The underlying assets of the Equity Funds are mostly listed equity exposures (valuation hierarchy level 1). The economic value is calculated at the close of each business day based on the values of the underlying exposures. Equity funds comprised for € 402 million of 'Robeco Qi Customized Sustainable Emerging Markets Enhanced Index Equities 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 (€ 453 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). Money Market Funds comprise the short-term liquidity of the funds (AIM GMF) for a total amount of € 2 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 (€ 673 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. (€ 21 million). Infrastructure Funds mainly comprise of the Achmea IM Climate Infrastructure Fund (€ 51 million).

The value of the CIUs increased with € 217 million in 2023. This attributable to portfolio developments of € 229 million. Revaluations within the CIU's were of €- 12 million. The portfolio developments are the result of the investment plan (expansion in equity) and the movement from direct property to indirect property, see D.1.4.1. Property other than own use.

Collective Investment Undertakings are recognised within the legal entities Achmea Pensioen- en Levensverzekeringen N.V. for € 989 million, Achmea Schadeverzekeringen N.V. for € 475 million, Achmea Zorgverzekeringen N.V. consolidated for € 188 million, Achmea Reinsurance Company N.V. for € 58 million, N.V. Hagelunie for € 13 million, Interamerican Greece for € 13 million and Union Poist'ovna A.S. for € 1 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

	2023		2022	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES
Interest Rate Derivatives	4,441	2,992	5,284	3,898
Currency Derivatives	35	22	57	7
Equity Derivatives	1	0	0	1
Credit Default Swaps	0	0	0	0
Other	56	3	3	5
Total Derivatives	**4,532**	**3,017**	**5,345**	**3,911**

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 € 1,455 million which comprise plain vanilla interest rate swaps and swaptions. Net currency derivatives consists mainly of Achmea Pensioen- en Levensverzekeringen N.V. for € 10 million, Achmea Schadeverzekeringen N.V. for € 2 million, Achmea Reinsurance Company N.V. for € 2 million and Stichting Achmea Zorgverzekeringen Beleggingen for €- 1 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 market observable inputs. Achmea invests in 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 € 56 million. This classification is based on the Good practice and Q&A as issued by DNB on 1 September 2021. The mortgage saving assets are split into three components. An already build-up/paid-in part, which is classified according to the characteristics as either deposits, mortgages to individuals or as part of other investments. The second and third component are considered to be forward contracts and relates to future cashflows. These are presented as part of the ’other derivatives’. The notional amounts are assumed to be equal to the economic valuation of the cash flows. 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. In section D.4, Alternative methods for valuation, the method is explained in more detail.

In 2023, total net amount of derivatives (excluding collateral) increased by an amount of € 82 million. The increase was caused by portfolio developments of € 198 million mainly in Interest Rate Swaps. On a frequently basis Achmea determines whether the interest rate risk is within the boundaries as set out in the market risk policy. The increase is mitigated by a decrease in the economic value due to economic factors of € 116 million. The decrease can be split in Interest Rate Swaps (€- 94 million), Swaptions (€ 42 million), Cross Currency Swaps (€ 8 million), Currency derivatives (€ 17 million), Interest Rate Futures (€ 85 million) and other (€- 4 million). The economic value of Currency derivatives increased mainly due to a weaker US dollar against to the Euro. Due to decreasing interest rates futures decreased in value.

Achmea both has pledged and received collateral amounting to € 1,130 million and € 25,526 million respectively. A breakdown of the assets pledged/received is presented in the next table.

COLLATERAL € MILLION

	PLEDGED		RECEIVED	
	2023	2022	2023	2022
Cash	493	4	1,425	942
Government Bonds	637	1,070	1,693	3,243
Corporate Bonds	0	0	13	17
Equity Investments	0	0	855	835
Property	0	0	21,269	21,343
Total Collateral	**1,130**	**1,074**	**25,256**	**26,379**

COLLATERAL € MILLION

	PLEDGED		RECEIVED	
	2023	2022	2023	2022
On balance	492	4	1,424	941
Off balance	637	1,070	23,832	25,437
Total Collateral	**1,130**	**1,074**	**25,256**	**26,379**

The 2023 presented off-balance collateral received related to mortgages to individuals is the market value.

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 € 637 million in government bond securities. The pledged collateral consists of Achmea Pensioen- en Levensverzekeringen N.V. (€ 632 million), Achmea Schadeverzekeringen N.V. (€ 4 million) and Stichting Achmea Zorgverzekeringen Beleggingen (€ 1 million). Achmea pledged an on-balance cash collateral of € 492 million. The pledged cash collateral consists of Achmea Pensioen- en Levensverzekeringen N.V. (€ 482 million) Achmea Schadeverzekeringen N.V. (€ 6 million), Achmea Reinsurance Company N.V. (€ 2 million) and Stichting Achmea Zorgverzekeringen Beleggingen (€ 2 million).

The on balance received cash collateral consist of Achmea Pensioen- en Levensverzekeringen N.V. (€ 1,420 million), Achmea Reinsurance Company N.V. (€ 2 million) and Achmea Zorgverzekeringen N.V. consolidated (€ 2 million). The off balance received cash collateral was € 0.4 million within Stichting Achmea Zorgverzekeringen Beleggingen.

In general, the total net collateral decreased from € 25,305 million in 2022 to € 24,126 million in 2023. The decrease in received collateral mainly consist out of the mortgage savings portfolio and due to a decrease in the security lending program.

The received off-balance collateral can be divided in the received collateral for the loans, mortgages (€ 19,282 million), security lending programme (€ 1,819 million), over-the-counter derivatives (€ 710 million), Rabobank savings (€ 1,988 million), Friesland Campina (€ 19 million) and reinsurance arrangements (€ 14 million). The received collateral mainly consisted of Achmea Pensioen- en Levensverzekeringen N.V. (€ 19,816 million) and Achmea Schadeverzekeringen N.V. (€ 4,012 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

	2023	2022
Less than 1 month	114	113
Between 1 month and 3 months	76	65
Between 3 months and 1 year	52	18
More than 1 year	1	0
Other	385	408
Total Deposits	**628**	**603**

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 € 25 million due net recognition of € 27 million and revaluations of €- 3 million.

As part of 'other', Achmea has included the build-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 € 385 million.

The other deposits are recognised within the legal entities Eureko Sigorta A.S. for € 83 million, Achmea Schadeverzekeringen N.V. for € 50 million, Achmea B.V. for € 37 million, Interamerican Greece for € 34 million, Union Poist'ovna A.S. for € 26 million and Achmea Zorgverzekeringen N.V. consolidated for € 13 million.

DEPOSITS - MORTGAGE SAVING ASSETS

€ MILLION

	2023	2022
Rabobank	365	390
Achmea Bank	17	15
NIBC	2	3
Stater	0	1
Other	0	0
Total Other Deposits	**385**	**408**

The economic value is determined based on the expected cash flows 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

	2023	2022
Saving mortgage Rabobank U.A.	2,213	2,236
Saving mortgage Achmea Bank N.V.	284	437
Non UCITS Investment Funds	679	712
Total Other Investments	**3,176**	**3,385**

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. (€ 590 million), Achmea Schadeverzekeringen N.V. (€ 57 million), Achmea Reinsurance Company N.V. (€ 15 million), Stichting Achmea Zorgverzekeringen Beleggingen (€ 10 million), N.V. Hagelunie (€ 5 million) and Interamerican Hellenic Insurance Company S.A. (€ 2 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	6,366	592	0

ASSETS HELD FOR INDEX-LINKED AND UNIT-LINKED FUNDS

€ MILLION

	DERIVATIVES	DEPOSITS	LOANS & MORTGAGES	OTHER	TOTAL 2023	TOTAL 2022
Closing Balance	151	197	0	789	8,096	7,615

Exposure of assets held for Index-Linked and Unit-Linked funds have increased with € 482 million mainly due to positive revaluations of the AIM funds due to the effect of increasing stock markets and decreasing interest rates on the underlying equity and fixed income securities.

ACHMEA PENSIOEN- EN LEVENSVERZEKERINGEN N.V.

€ MILLION

	2023	2022
Achmea IM Funds management	6,343	5,939
GBD investments	776	1,097
Non UCITS equities (within GBD)	789	399
Closing balance	**7,908**	**7,435**

FOREIGN ENTITIES

€ MILLION

	2023	2022
Equities	188	180
Closing balance	**188**	**180**

Interamerican Hellenic Insurance Company S.A. had in total investments in these categories for € 179 million (2022: € 170 million) and Union Poist'ovňa A.S. for € 9 million (2022: € 10 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. Within this category, Achmea includes the build-up part of the mortgage saving products which are guaranteed by cession/retrocession arrangements.

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-cash flow-model where the cash flows 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 entire space of primary mortgage products on offer 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, 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.
- 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.
- 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 4.55% (2022: 4.48%).
- 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%).

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 cash flows 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

	2023	2022
Loans on policies	0	6
Loans and mortgages to individuals	11,514	10,772
Other Loans and Mortgages	1,703	1,278
Loans	1,703	1,274
Mortgages	0	0
Other	0	4
Total Loans and Mortgages	**13,216**	**12,056**

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 € 12,077 million of the € 13,216 million in investments. This mainly consists of investments in loans and mortgages to individuals of € 10,385 million and other loans of € 1,692 million.

The mortgage loans are included for an amount of € 5,818 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. (€ 3,113 million), 100% of Achmea Woninghypotheken II B.V. (€ 2,101 million), 25% of Achmea Woninghypotheken III B.V. (€ 320 million), 100% of Stichting Tellius Hypothekenfonds (€ 253 million), Achmea Dutch Mortgage Fund – Sub Fund NHG/Low LTV (€ 18 million) and Achmea Dutch Mortgage Fund – Sub Fund Non-NHG (€ 13 million).

The other mortgages portfolio to individuals from Achmea Pensioen- en Levensverzekeringen N.V. consist of two portfolios: CB Leef (€ 1,374 million) and mortgage saving products where Achmea Pensioen- en Levensverzekeringen N.V. has obtained a cession contract from the counterparty (€ 3,193 million).

The Loans and Mortgages of Achmea Schadeverzekeringen N.V. consist of € 1,123 million of Loans and Mortgages to individuals. The mortgage loans are included for an amount of € 1,123 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. (€ 164 million) and 75% of Achmea Woninghypotheken III B.V. (€ 959 million).

The Loans and Mortgages of Interamerican Hellenic Insurance Company S.A. consist of € 6 million of Loans and Mortgages to individuals.

The loans portfolio comprises mainly the following components: 'Waarborgfonds Sociale Woningbouw' (WSW) Loans (€ 746 million, 2022: € 716 million), Private Placements (€ 341 million, 2022: € 147 million), ECA loans (€ 338 million, 2022: € 209 million), Senior real estate debt (€ 264 million, 2022: € 188 million) and Other loans (€ 14 million, 2022: € 23 million). WSW loans are investments in loans to housing associations guaranteed by WSW. Weighted average maturity date of the loans in WSW portfolio is September 2041. The senior real estate debt, Private Placements, ECA loans and WSW loans are mainly held by Achmea Pensioen- en Levensverzekeringen N.V.

The increase in value of the mortgages portfolio to individuals can be attributed to portfolio developments and an overall decrease in market interest rates and tightening spreads. The discount rate has decreased.

The weighted average coupon rate increased slightly. Adjustment of the constant repayment rate to 4.55% (until 2023 Q3: 4.48%).

LOANS TO VALUE

€ MILLION

	2023	2022
< 80%	7,335	7,237
80% - 100%	808	372
> 100%	172	48
Total	**8,315**	**7,658**

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 (€ 3,193 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. The increase in the higher category can be mainly contributed to the decrease in indexed value of the collateral and the possibility to borrow more than 100% when the loan is used for energy saving measures.

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

	2023	2022
Opening balance	13	13
Other	-1	1
Closing balance	**12**	**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

	2023	2022
Receivables from direct insurance	736	712
Contribution from Dutch health insurance fund	1,693	1,573
Receivables on reinsurance	11	0
Investment receivables	430	276
Prepayments to healthcare providers	821	848
Receivables from healthcare providers	170	608
Other	284	232
Total	**4,145**	**4,248**

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 Insurance 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. consolidated 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.

Receivables from healthcare providers of € 170 million decreased with € 438 million compared to Q4 2022. In 2022 there where technical issues with the new funding system on the side of the mental healthcare providers. A large amount of bills with respect to accident year 2022 could not be invoiced and therefore received advanced payments. The declaration problems were resolved in 2023.

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

	2023	2022
Cash and bank balances	1,056	790
Call deposits	0	0
Total	**1,056**	**790**

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 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.

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

	2023	2022
Prepayments and accrued income	182	228
Other assets	0	7
Total	**182**	**235**

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 reference is made 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 RFR:

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%
Turkish Lira	Swap	10 bps	9	60	5.50%
US Dollar	Swap	0 bps	30	70	3.45%
UK Pound Sterling	Swap	0 bps	50	90	3.45%

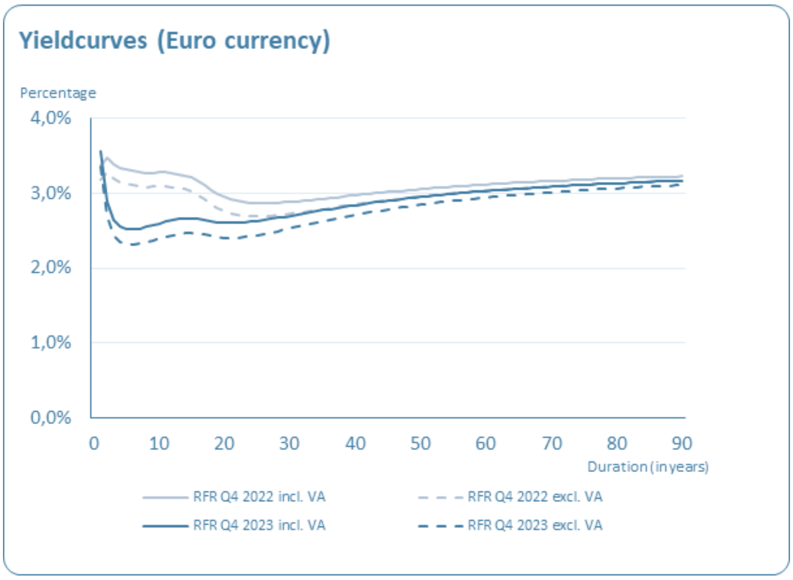
The methodology for deriving the relevant Risk-free interest rate 2023 and the underlying assumptions have not changed compared with 2022 year-end.

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 20 bps (2022: 19 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 EIOPA. 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 future Best Estimates 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 for the Employee Portfolio (’WIA’) in general one year. For the Individual Disability Insurance (’AOV’) the legal duration of the contract till the contractual agreed age or expected surrender has been taken into account.

For the Individual Disability Insurance portfolio (’AOV’) a major model change is implemented per Q2 2023 for Incidence and Recovery Risk in order to give substance to DNB's Q&A to qualify this AOV portfolio as long-term contracts. This model change is formally approved by DNB on June 13, 2023. Due to the implementation of the model, the EOF increased with € 326 million.

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 cash-flow 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 2007-2022. For Group business, the investigation has been carried out for the period 2007-2022.

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 2023 (2022: 25%). For the former Poštová poisťovňa portfolio the expected mortality, based on Slovak population mortality rates 2012-2019, has been updated in comparison to 2022:
- 50% (year 1-5), 80% (year 6+) for traditional insurance (unchanged).
- 50% (year 1-5), 65% (year 6+) for Unit Linked insurance (2022: 50% and 80% resp.).
- 50% (year 1-5), 60% (year 6+) for risk insurance (2022: 50% and 80% resp.).
- 10% (year 1), 50% (year 2-5), 75% (year 6+) for funeral insurance, products PPN1-4 (2022: 10%, 50% and 80% resp.).
- 80% (year 1-2), 100% (year 3-5), 80% (year 6+) for funeral insurance, products PPN5-7 (2022: 10%, 50% and 80% resp.).
- 40% (year 1-5), 60% (year 6+) for children insurance (2022: 50% and 80% resp.).
- 20% (year 1), 55% (year 2+) for CPI (unchanged).
- 40% for mortgages and other products (2022: 50%).
- 50% for other products (unchanged).

Expense assumptions

The Netherlands
The basis for the expense assumptions of Achmea Pensioen- en Levensverzekeringen N.V. is the business plan for the period 2024-2026. The business plan was approved by the Board. The expense level of 2026 is the basis for the expense projection after the year 2026 for both Life and Pension products. An inflation curve is used.

The investment expenses of Achmea Pensioen- en Levensverzekeringen N.V. are calculated as the value of 10.0 bps per year (2022: 7.9 bps) over the Best Estimate liabilities and the Risk Margin. For life products the investment expenses of the Unit Linked portfolio is based on the agreed investment expenses for the investment funds. For pension products the investment expenses of the Unit Linked portfolio is the total expenses of the investment manager multiplied by a duration factor.

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 2026, allowing for future expense inflation. Based on the endorsed budget figures an expense study has been performed in 2023 in order to refine the allocation of expenses between lines of business. This expense allocation is applied on 2024 actual expenses. The calculation of the Best Estimate expense per policy assumptions is based on the new expense allocation. The Best Estimate maintenance expenses are based on the endorsed budget 2026, after applying the new expense allocation method. The expense assumptions are taking into account all claims handling and investments handling expenses. The expenses split between maintenance and acquisition.

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. As of 2022 a new allocation of costs within the company has been implemented by the finance department. This considers also the former Poštová poisťovňa portfolio. Ultimo 2023, the costs assumptions have been updated and 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 product Group level. A distinction has been made between surrender and paid up. No relevant assumptions have been made about policyholder behaviour within Achmea Zorgverzekeringen N.V. consolidated. Every policyholder (and Achmea Zorgverzekeringen N.V. consolidated) 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 2023). The assumptions are determined per homogeneous risk group or per product where appropriate.

Slovakia
Union Poist'ovna A.S. calculates lapse rates on a quarterly basis. Calculation is segmented into contract type - frequency of premium – distribution channel combination. Lapse rates in first, second and third policy year are based respectively on 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 1st to 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. The previous year lapse experience is taken into account in a yearly lapse study.

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 2023, an inflation rate curve based on the European price inflation is used, adjusted with 0.05%-pt (2022: 0.1%). The adjustment is a fixed charge for the difference between the Dutch and European inflation and is based on the historical difference in de last 20 years. In addition, - 0.2%-pt is corrected as 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 costs are wage-related and that only a part of the intended benefit can be realised. The inflation curve will also include a UFR of 2.0% (ECB target). As a result, inflation will increase to 1.85% (2.0% + 0.05% - 0.2%). The impact of applying the whole inflation rate curve is equivalent to a flat-rate inflation of 2.17% (2022: 2.481%) for all maturities.

Within Achmea Schadeverzekeringen N.V. the inflation rate curve is based on the European price inflation, adjusted with 0.1%-pt for Dutch price related cash flows and with 0.19%-pt for wage related cash flows. The adjustment is a fixed charge for the difference between Dutch and European inflation and is based on the historical difference in the last 20 years. Achmea Schadeverzekeringen N.V. applies also (in line with Achmea Pensioen- en Levensverzekeringen N.V.) a correction of -0.2% for the fact that wage developments have been structurally lagging behind labour productivity. The inflation curve includes a UFR of 2.0% (ECB target).

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 updated at the end of 2023. Although the inflation assumption for the nearest years has increased, in the long term it has decreased, 2024: 6.42% (6.04%); 2025: 4.26% (3.84%), 2026 and afterwards: 2.14% (2.82%).

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

2023	BEST ESTIMATE	RISK MARGIN	GROSS TECHNICAL PROVISIONS	REINSURANCE RECOVERABLES	NET TECHNICAL PROVISIONS
Achmea Pensioen- en Levensverzekeringen N.V.	32,305	1,233	33,538	40	33,498
Achmea Schadeverzekeringen N.V.	5,161	258	5,419	120	5,299
N.V. Hagelunie	74	4	78	-0	78
Achmea Reinsurance Company N.V.	87	25	112	283	-172
Achmea Zorgverzekeringen N.V.	112	14	126	0	126
Zilveren Kruis Zorgverzekeringen N.V.	3,060	111	3,171	0	3,171
FBTO Zorgverzekeringen N.V.	290	16	306	0	306
Interpolis Zorgverzekeringen N.V.	147	6	153	0	153
De Friesland Zorgverzekeraar N.V.	397	17	414	0	414
Union Poist'ovna A.S.	115	6	121	5	115
Eureko Sigorta A.S.	512	28	539	389	150
Interamerican Hellenic Insurance Company S.A.	789	25	814	36	778
Interamerican Assistance Insurance Company S.A.	4	1	5	0	5
Total	**43,053**	**1,743**	**44,796**	**873**	**43,923**

TECHNICAL PROVISIONS ACHMEA GROUP (EXCLUDING INTERCOMPANY) € MILLION

2022	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 Poist'ovna A.S.	111	7	118	4	113
Eureko Sigorta A.S.	295	18	312	216	96
Interamerican Hellenic Insurance Company S.A.	708	26	733	27	706
Interamerican Assistance Insurance Company S.A.	6	1	6	0	6
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

	2023	2022	Δ
Best Estimate	4,081	3,679	402
Risk Margin	176	169	6
Total Gross technical provisions	**4,257**	**3,849**	**408**

BEST ESTIMATE NON-LIFE (EXCL. HEALTH)

€ MILLION

	2023	2022	Δ
Gross best estimate premium provision	323	320	3
Gross best estimate claim provision	3,758	3,359	399
Total best estimate Non-Life	**4,081**	**3,679**	**402**

The increase of the Best Estimate of € 402 million is mainly due to developments within Achmea Schadeverzekeringen N.V. (€ 164 million), Achmea Reinsurance Company N.V. (€ 11 million), Interamerican Hellenic Insurance Company S.A. (€ 57 million) and Eureko Sigorta A.S. (€ 207 million).

The increase within Achmea Schadeverzekeringen N.V. is due to increased business in fire and (motor) liability and the claim provision is increasing due to higher volumes, despite the adjustment of the claims that are included under recourse. The fire portfolio is affected by more fires with a higher damage burden for both companies and private customers. The bad weather in Europe (including storm Polly, Carian, Daniel, Gerrit and severe weather in Italy and Slovenia) has led to more damage in the travel and mobility portfolio. Furthermore, the increased traffic intensity leads to more damage with an average higher damage burden for both material and personal injury damage.

The increase within Achmea Reinsurance Company N.V. is mainly due to an increase of the claim provision and decrease of premium provision. The increase of the claim provision is due to accepted (Group) reinsurance for Property (proportional and non-proportional). This includes an increase due to Storm 'Daniel' in Greece, the earthquakes in Turkey and several large fires within the Non-Life Group business which occurred in 2023. The premium provisions decreased due to the decision to stop the third party reinsurance business Non-Life.

The increase in the Best Estimate of Interamerican Hellenic Insurance Company S.A. is mainly due to an increase of the claim provision (€ 51 million) as a result of the natural catastrophic event 'Daniël'.

The increase within Eureko Sigorta A.S. consists of two major movements. The Best Estimate decreased by € 236 million due to significantly higher interest rates (in the first years from 12% to 40%) and foreign exchange rate changes (EUR:TRY from 19.98 to 32.62). The Best Estimate increased due to a major increase of the claim provision by € 443 million due to the earthquake occurrences in Kahramanmaraş and Hatay. Turkey suffers from hyperinflation, impacting the claim and premium provisions. The premium provision increased due to the inflation-related increase in premiums.

The increase in the Risk Margin is € 7 million and is caused by Achmea Schadeverzekeringen N.V. (€ 8 million), Achmea Reinsurance Company N.V. (€- 13 million), Eureko Sigorta A.S. (€ 10 million) and Interamerican Greece (€ 2 million) in line with the underlying risks.

D.2.3. Technical provisions Health NSLT

TECHNICAL PROVISIONS – HEALTH (NSLT) € MILLION

	2023	2022	Δ
Best Estimate	4,346	5,095	-748
Risk Margin	171	167	4
Total Gross technical provisions	**4,517**	**5,261**	**-744**

BEST ESTIMATE HEALTH NLST € MILLION

	2023	2022	Δ
Gross Best estimate Premium provision	858	738	120
Gross Claim provision	3,488	4,357	-868
Total best estimate Health NSLT	**4,346**	**5,095**	**-748**

Premium Provision

The Best Estimate premium provision increased within the Dutch Health insurance entities by € 104 million due to higher premium volumes for 2023 because of higher premiums per policyholder and an increase of the number of policyholders. Within Achmea Schadeverzekeringen N.V. the premium provision increased by € 2 million. The combined ratio of the recognised business especially the absenteeism portfolio is expected to improve. The increased volume and a Combined Ratio which is still profitable lead to a higher premium provision.

Claim Provision

The Best Estimate claim provision decreased mainly caused by developments within the Dutch Health insurance entities. The Best Estimate Claim Provision decreased by € 834 million in 2023. At FYR 2022, there were technical issues with the new funding system on the side of the mental healthcare providers. A large amount of bills with respect to accident year 2022 could not be invoiced. This was reflected in the NTF prepayments of € 493 million, the impact on the Best Estimate Claim Provision was even larger, since not all delays where covered in the prepayments. The Best Estimate Claim Provision at FYR 2022 was unusually high. Ultimo 2023 the technical issues with the new funding system have been solved and the provisions are at a regular level. The amount of ex post to be paid increased by € 84 million. Of this amount, € 43 million is due to changes in the regular differences between already granted ZIN premium and ex post expectations. The change in the expected amount to be paid regarding the solidarity arrangements 2020 and 2021 based on the latest intermediate calculation by ZIN increased the provision by € 42 million.

The remaining development in claim provision is caused by Achmea Schadeverzekeringen N.V. (€- 40 million) and Interamerican Hellenic Insurance Company S.A. (€ 9 million). The decrease within Achmea Schadeverzekeringen N.V. is mainly due to a lower claim provision as a result of including recourse in the Best Estimate (particularly at SVI: €- 21 million) and due to the release of the provision for absenteeism due to a lighter flu epidemic than expected (€- 5 million) and settlement of industry contracts with profit sharing. The provision for the mortgage protection portfolio has increased due to better communication with customers, pointing out the possibilities of the coverage of this product. The company accident portfolio also shows an increase due to recalibration. The increase within Hellenic Insurance Company S.A. is due to growth of the portfolio.

The Risk Margin increased in 2023 by € 4 million and is due to the increase of the Risk Margin within the Dutch Health insurance entities (€ 4 million). The main driver for the increase of the Risk Margin is the decrease of the relevant Risk-free interest rate.

D.2.4. Technical provisions Health SLT

TECHNICAL PROVISIONS – HEALTH (SLT) € MILLION

	2023	2022	Δ
Best Estimate	1,886	2,181	-295
Risk Margin	150	44	106
Total Gross technical provisions	**2,037**	**2,226**	**-189**

The Best Estimate Health SLT of Achmea Group increased € 141 million due to the decrease in the relevant Risk-free interest rate in 2023. The SLT portfolio within Achmea Schadeverzekeringen N.V. has become more interest-sensitive due to the longer duration of the disability (AOV) insurance portfolio. The effect of the change towards the longer contract boundary is €- 422 million.

Within Interamerican Hellenic Insurance Company S.A the decrease of the Best Estimate with € 5 million is mainly caused by a model improvement to comply with the termination of the policy cover (WOP product €- 2 million).

The Risk Margin increased by € 106 million. The main reason is the implementation of the longer contract boundary for AOV in 2023 Q2 (€ 100 million). The impact within the other entities was not material.

D.2.5. Technical provisions Life

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

	2023	2022	Δ
Best Estimate	25,243	24,671	572
Risk Margin	1,210	941	269
Total Gross technical provisions	**26,454**	**25,612**	**841**

Due to the change in the economic assumptions the Technical Provisions increased by € 1,790 million. This includes the impact of the decreased yield curve and the change in volatilities, which has an impact on the Time Value of Options and Guarantees (TVOG).

The change in non-economic assumptions had an effect of € 67 million and include changes in mortality, lapse, expense and investment expense assumptions. The change was mainly caused by increased expense assumptions. Lapse assumptions were updated, leading to a decrease in the Best Estimate. The investment expense assumptions increased the Best Estimate.

The Best Estimate increased by an amount of € 55 million due to model changes of which € 54 million is caused by methodological changes in the valuation of the Dutch mortgage saving life insurance product (’spaarhypotheken’). Until Q4 2022, the economic value correction of the savings values was calculated based on data from a quarter earlier. From 2023, the economic value correction will be calculated based on current data. This model change has resulted in an increase in the value of the relevant assets of € 54 million. Besides this there were improvements with a small impact 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 has increased in 2023 by € 269 million. The changes were caused by developments within Achmea Pensioen- en Levensverzekeringen N.V. (€ 272 million) and Interamerican Hellenic Insurance Company S.A. (€- 3 million). The increase is mainly due to an improvement of the calculation within Achmea Pensioen- en Levensverzekeringen N.V.

TECHNICAL PROVISIONS - INDEX-LINKED AND UNIT-LINKED

TECHNICAL PROVISIONS – UNIT- AND INDEX-LINKED

€ MILLION

	2023	2022	Δ
Best Estimate	7,496	7,103	393
Risk Margin	36	30	6
Total Gross technical provisions	**7,532**	**7,133**	**399**

The change of the yield curve had an effect of € 281 million on the Unit-Linked portfolio. The yield curve only affects the future profits.

The impact of non-economic assumptions include mortality, lapse, expense and investment expenses assumptions. Regular updates of the expense and investment expense assumptions had an impact of € 19 million on the Best Estimate. Update of the mortality assumptions is not material. Lapse assumptions were updated leading to a decrease in Best Estimate of € 0.1 million. In 2023 the expense inflation curve decreased in the Netherlands resulting in a decrease in Best Estimate of € 0.2 million.

The remaining impact is mainly caused by the (closed book) portfolio developments and the change in the value of the Unit-Linked funds.

The Risk Margin for the Unit-Linked portfolio increased due to improved calculations of the Risk Margin within Achmea Pensioen- en Levensverzekeringen N.V.

D.2.6. Reinsurance recoverables

D.2.6.1. Reinsurance recoverables Non-Life (excluding Health)

REINSURANCE RECOVERABLES – NON-LIFE (EXCL. HEALTH)

€ MILLION

	2023	2022	Δ
Recoverables reinsurance premium provision	35	102	-66
Recoverables reinsurance claim provision	514	304	210
Total reinsurance recoverables Non-Life	**549**	**405**	**144**

The increase of the Reinsurance Recoverables is mainly caused by the developments within Achmea Reinsurance N.V. and Eureko Sigorta A.S. as a result of the earthquakes in Turkey. During 2023, several events occurred within the group business, causing the Reinsurance Recoverables to increase. Settlements of events from 2022 resulted the Reinsurance Recoverables to decrease. The effect of changes in economic assumptions refers to the overall effect of the change of the relevant Risk-free interest rate and currency effects of the Turkish Lira within Eureko Sigorta A.S.

D.2.6.2. Reinsurance recoverables Health NSLT

REINSURANCE RECOVERABLES HEALTH NLST

€ MILLION

	2023	2022	Δ
Recoverables reinsurance Premium provision	0	2	-1
Recoverables reinsurance Claim provision	1	-0	1
Total reinsurance recoverables Health NSLT	**2**	**2**	**0**

D.2.6.3. Reinsurance recoverables – HEALTH SLT

REINSURANCE RECOVERABLES HEALTH SLT

€ MILLION

	2023	2022
Closing Balance	**275**	**207**

The increase is mainly due to the annual growth of the WGA/WIA contract and an increase in the portfolio for Captives and International Pooling.

D.2.6.4. Reinsurance recoverables - Life (excluding index- and unit- linked)

REINSURANCE RECOVERABLES LIFE (EXCL. HEALTH AND UNIT-LINKED)

€ MILLION

	2023	2022
Closing Balance	**47**	**60**

The decrease is due to developments within the immediate (temporary) annuity portfolio with Canada Life and the Quota Share contract with a few (other) reinsurers (via Achmea Reinsurance Company N.V.).

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. and Eureko Sigorta A.S. Year-end 2023 a VA of 20 bps (2022: 19 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 cash flows, 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

2023	ECONOMIC BALANCE SHEET	EXCLUDING VOLATILITY ADJUSTMENT	IMPACT VA
Technical Provisions (gross)	**44,796**	**45,370**	**-574**
Technical Provisions – Non-Life (excluding Health)	4,257	4,279	-22
Technical Provisions - Health (similar to Non-Life)	4,517	4,518	-1
Technical Provisions - Health (similar to Life)	2,037	2,069	-33
Technical Provisions – Life (excluding Health and Index-Linked and Unit-Linked)	26,454	26,963	-510
Technical Provisions – Index-Linked and Unit-Linked	7,532	7,541	-8

IMPACT OF VOLATILITY ADJUSTMENT ON RECOVERABLES FROM REINSURANCE

€ MILLION

2023	ECONOMIC BALANCE SHEET	EXCLUDING VOLATILITY ADJUSTMENT	IMPACT VA
Recoverables from Reinsurance	**873**	**879**	**-5**
Technical Provisions – Non-Life (excluding Health)	549	550	-1
Technical Provisions - Health (similar to Non-Life)	2	2	-0
Technical Provisions - Health (similar to Life)	275	280	-4
Technical Provisions – Life (excluding Health and Index-Linked and Unit-Linked)	47	48	-0
Technical Provisions – Index-Linked and Unit-Linked	0	0	0

IMPACT OF VOLATILITY ADJUSTMENT ON TECHNICAL PROVISIONS MINUS RECOVERABLES FROM REINSURANCE

€ MILLION

2023	ECONOMIC BALANCE SHEET	EXCLUDING VOLATILITY ADJUSTMENT	IMPACT VA
Technical Provisions minus Recoverables from Reinsurance	**43,923**	**44,492**	**-569**
Technical Provisions – Non-life (excluding Health)	3,708	3,729	-21
Technical Provisions - Health (similar to Non-Life)	4,515	4,516	-1
Technical Provisions - Health (similar to Life)	1,761	1,790	-28
Technical Provisions – Life (excluding Health and Index-Linked and Unit-Linked)	26,406	26,916	-509
Technical Provisions – Index-Linked and Unit-Linked	7,532	7,541	-8

IMPACT OF VOLATILITY ADJUSTMENT ON TECHNICAL PROVISIONS MINUS RECOVERABLES FROM REINSURANCE

€ MILLION

2022	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 – UNIT- AND INDEX LINKED

€ MILLION

	2023	2022	Δ
Best Estimate	7,496	7,103	393
Risk Margin	36	30	6
Total Gross Technical Provisions	**7,532**	**7,133**	**399**

The Best Estimate increased by € 393 million.

The change of the yield curve had an effect of € 281 million on the Unit Linked portfolio and only affects the future profits.

The impact of changes in non-economic assumptions for mortality, lapse, expense and investment expenses increased the Best Estimate by € 19 million, mainly due to regular updates of the expense and investment expense assumptions.

In addition there are portfolio development effects due to changes in operating experience variance (€ 92 million), mainly caused by the change in the value of the Unit Linked funds and the closed-book portfolio.

The Risk Margin for the Unit Linked portfolio increased in 2023 by € 6 million due to developments within Achmea Pensioen- en Levensverzekeringen N.V. as a result of the improved calculation of the Risk Margin.

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[24].

OTHER PROVISIONS

€ MILLION

	RESTRUCTURING	LEGAL CLAIMS	ONEROUS CONTRACTS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPOYMENT BENEFITS)	OTHER	2023	2022
Opening balance	12	7	0	44	24	87	95
Closing balance	12	4	0	45	60	121	87

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 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.' with guarantees to a maximum of € 36 million (2022: € 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 2023 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 € 1.2 billion (2022: € 1.1 billion). This commitment is offset by a received guarantee of € 220 million (2022: € 146 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. No material losses are expected in respect of this indemnity. Due to its nature, this indemnity is not to be quantified. The probability of occurrence of the triggering event is nil.
- Achmea B.V. has given guarantees that the liquidity and solvency of two subsidiaries will be sufficient to continue their operations (Achmea Investment Management B.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 B.V., Achmea Pensioenservices N.V.).
- Autoriteit Financiële Markten (AFM) has set an indemnity for Stichting PVF 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 PVF Particuliere Hypothekenfonds is no longer a custodian or the law is amended on that point.

[24] Achmea Year Report 2023 – Financial Statements, note 19 Other Provisions

- InShared Holding B.V. issued guarantees as mentioned in Section 403 of Book 2 of the Dutch Civil Code, in respect of 5 companies within the group (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 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 B.V. to Achmea Bank as part of the transfer of the 'Acier portfolio' by the former 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 2023.

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 IFRS, which is included in the IFRS financial statements.

PENSION BENEFIT OBLIGATIONS

€ MILLION

	2023	2022
Opening balance	780	860
Pension indexation restatement	0	198
Adjustment of valuation principles	0	0
Interest on defined benefit obligations	29	13
Change in actuarial assumptions	73	-257
Paid benefits	-34	-33
Closing balance	847	780

The justification for the indexation of the pension provision was retrospectively changed. This caused the number for 2022 for the Netherlands to be € 198 million higher.

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 12,000 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 2023, contributions paid to the CDC scheme amounted to € 198 million (2022: € 229 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 2023 is caused by a decrease in the average discount rate. The average discount rate decreased from 3.7% to 3.2% (2022: from 1.1% to 3.7%). This resulted in a gain of approximately € 73 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	2023	2022
Closing balance	0	0	3	3	2

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

	2023	2022
Opening balance	1,344	888
Effect of changes in economic assumptions	46	-90
Portfolio development	-16	0
Other	2	545
Closing balance	**1,376**	**1,344**

Financial liabilities other than debts owed to credit institutions consists of a unsecured loan of € 750 million (economic value amounts to € 690 million), subordinated green notes of € 500 million (economic value amounts to € 501 million) and a lease liability of € 124 million. The financial liability from Achmea Pensioen- en Levensverzekeringen N.V. (€ 1 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

	2023	2022
Payables from direct insurance	1,138	1,084
Payables on reinsurance	-3	39
Creditors	91	105
Taxes	212	178
Other	69	34
Total	**1,507**	**1,439**

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 cash flows 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 2023 Achmea had no such subordinated liabilities (2022: 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

	2023	2022
Accruals and deferred income	270	190
Other	2,220	1,659
Total	**2,489**	**1,848**

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 € 1,420 million (2022: € 1,257 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 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). 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.

Achmea has applied the interpretation of DNB as laid down in the Q&A and supervisory dialogue with respect to the joint recognition of Deferred Tax Assets and Deferred Tax Liabilities based on the timing differences of assets and liabilities and has adjusted the recoverability analysis. In the recoverability analysis, Achmea has included the impact of the increased uncertainty as time progresses. The impact is based on a stochastic analysis.

The enacted tax rate of Turkey has increased from 25% to 30% for the year 2023 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	RECOGNISED IN INCOME	RECOGNISED IN OWN FUNDS	OTHER MOVEMENTS	CLOSING BALANCE
Intangible assets	11	1	0	3	15
Property for own use and equipment	0	0	0	0	0
Investments	-986	-523	2	1,685	178
Other assets	2	-60	7	70	19
Insurance liabilities	1,458	464	-9	-2,137	-224
Other provisions	2	5	-1	649	654
Pension benefit obligations	24	-1	24	-25	22
Other liabilities	-56	69	0	-43	-30
Loss carry-forwards	227	-34	0	0	193
Total	**683**	**-78**	**23**	**201**	**828**
Of which Deferred Tax Assets	707	-79	23	215	866
Of which Deferred Tax Liabilities	-24	1	0	-15	-38

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

€ MILLION

	DEFERRED TAX ASSETS	DEFERRED TAX LIABILTIES	TOTAL 2023	FISCAL UNITY ACHMEA B.V.	TOTAL 2022
Achmea Interne Diensten N.V.	74	0	74	Y	61
Achmea B.V.	199	0	199	Y	167
Achmea Schadeverzekeringen N.V.	17	0	17	Y	-233
Achmea Pensioen- en Levensverzekeringen N.V.	537	0	537	Y	741
Achmea Reinsurance Company N.V.	-2	0	-2	Y	-11
N.V. Hagelunie	0	11	-11	N	-13
InShared Holding B.V.	14	0	14	N	10
Consolidation	-34	0	-34	N	-33
Total Netherlands (25.8%)	**806**	**11**	**795**		**689**
Slovakia (21%)	2	0	2		0
Turkey (30%)	17	0	17		3
Greece (22%)	42	27	15		-9
Total	**866**	**38**	**828**		**683**

D.4. ALTERNATIVE METHODS FOR VALUATION

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

VALUATION HIERARCHY

	LEVEL 1		LEVEL 2		LEVEL 3		LEVEL 4		TOTAL	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Assets										
Property, Plant & Equipment held for own use							323	370	323	370
Property (other than for own use)							763	876	763	876
Holdings in related Undertakings					1,007	1,000			1,007	1,000
Equities	1,035	1,340	5	3	71	63	57	57	1,168	1,464
Bonds	18,489	19,939	3,254	2,331	7	5	0	0	21,750	22,275
Collective Investment Undertakings	415	476	559	327	89	85	673	633	1,737	1,520
Derivatives	14	271	4,462	5,073	56	1	0		4,532	5,345
Deposits other than Cash equivalents			594	557	34	46	0	0	628	603
Other Financial Investments	0	0	2,891	3,072	285	313			3,176	3,385
Loans and Mortgages			4,895	4,391	8,322	7,665			13,216	12,056
Assets held for Index-Linked and Unit-Linked contracts	2,564	2,194	5,372	5,276	159	145	0	0	8,096	7,615
Property (other than for own use)									0	0
Holdings in related Undertakings									0	0
Equities	1,030	976	5,177	4,837	159	145			6,367	5,958
Bonds	592	914	0	0	0	0			592	914
Collective Investment Undertakings									0	0
Derivatives	0		151	108	0				151	108
Deposits other than Cash equivalents	197	234	0	0	0	0			197	234
Other Financial Investments	745	69	43	331	0	0		0	789	399
Cash and Cash equivalents	1,056	790							1,056	790
Total	**23,573**	**25,009**	**22,032**	**21,031**	**10,030**	**9,322**	**1,816**	**1,936**	**57,452**	**57,298**
Liabilities										
Debts owed to credit Institutions			3	2					3	2
Derivatives	99	30	2,917	3,876	0	5			3,017	3,911
Total	**99**	**30**	**2,920**	**3,878**	**0**	**5**	**0**	**0**	**3,020**	**3,914**

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 cash flow method.

All the external parties involved have to adhere to the ISAE3402, a professional 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 € 5 million is reported as economic valuation hierarchy level 2 as a result of staleness of prices in the last month.

Unlisted equities are the 'Fagoed Vastrecht' fund and 'Stadsherstellen' are classified as fair value level 4. These funds 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, private placements 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 cash flow method. The cash flows 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. For the economic valuation of non-rated private placements, an illiquidity premium is added in the discounted cash flow method.

Mortgage Saving assets

Classification on the balance sheet of identified components

Achmea splits the mortgage saving assets into three components:
- 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.
- Reinvestment part ('herbeleggingswaarde'): Discounted value of the net cash flows based on the discounted compounded interest on future interest payments (based on the amount based on contractual interest terms less the received interest payments).
- Future part ('toekomstig deel'): Discounted value of the net cash flows 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 has three types of mortgage saving assets:

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

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.

Collective Investment Undertakings

Private equity investment funds, infrastructure investment funds, alternative funds or equity funds where the underlying value is not quoted on a stock exchange is classified as valuation hierarchy level 3. Investment funds related to Property. Since the underlying risk type of the participation is property, the participation is classified with valuation hierarchy level 4.

The valuation is based on the net asset value of the fund multiplied by the participation rate. These funds often experience a quarterly delay in valuation. Achmea will update the valuation towards closing moment based on the development of relevant benchmarks. When the actual valuation is received (after the reporting period), the estimated valuation is compared with the actual valuation. Differences are analysed and it is determined whether the benchmark used remains relevant based on the observed differences.

Other Investments

Private equity investment funds, infrastructure investment funds, alternative funds or equity funds where the underlying value is not quoted on a stock exchange is classified as valuation hierarchy level 3.

The valuation is based on the net asset value of the fund multiplied by the participation rate. These funds often experience a quarterly delay in valuation. Achmea will update the valuation towards closing moment based on the development of relevant benchmarks. When the actual valuation is received (after the reporting period), the estimated valuation is compared with the actual valuation. Differences are analysed and it is determined whether the benchmark used remains relevant based on the observed differences.

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:

- 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.
- The Executive Board of Achmea is responsible for capital allocation between the legal entities.
- 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.
- 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.
- 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 183% (2022: 209%) 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 exist. For the insurance legal entities, 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 where deemed appropriate based on a case-by-case basis. If specific trigger levels are breached, crisis governance comes into effect.

E.1.2. Eligible Own Funds

The Solvency II ratio decreased by 26%-pt to 183% (2022: 209%). The decrease in the capital position resulted from a combination of a decrease of € 247 million in the Solvency II EOF to € 8,848 million (2022: € 9,195 million) and an increase of € 430 million in the SCR to € 4,840 million (2022: € 4,410 million).

ELIGIBLE OWN FUNDS – GROUP

€ MILLION

	2023	2022	Δ
Tier 1 restricted	456	699	-243
Tier 1 unrestricted	6,496	6,622	-126
Tier 2	1,292	1,467	-175
Tier 3	605	408	197
Total eligible Own Funds	**8,848**	**9,195**	**-347**

Tier 2 capital decreased because in April 2023 € 500 million Tier 2 capital securities were called and in June 2023 € 300 million Tier 2 capital securities were issued. RT1 capital decreased because of the withdrawal of the preference shares per 31 December 2023.

As of 31 December 2023, Tiering limits have been exceeded due to which an amount of € 218 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, Achmea includes AOV products in their Solvency II calculations in accordance with the Q&A.

Tier1

The capital components included within Tier 1 are listed in the table above.

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 one capital instrument: € 456 million Capital security 4.625% (2022: € 431 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:

- € 758 million Note 4.25% (2022: € 741 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.
- € 219 million Capital security 2.5% (2022: € 205 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.
- € 314 million Tier 2 Note 6.75%, with a nominal value of € 300 million), issued in June 2023. With a maturity date of December 2043. From 26 December 2033 the Interest will be the sum of the Mid-Swap Rate plus the Reset Margin (+4.70 percent per annum), which is determined annually at the reset date. First call date is June 26th 2033.

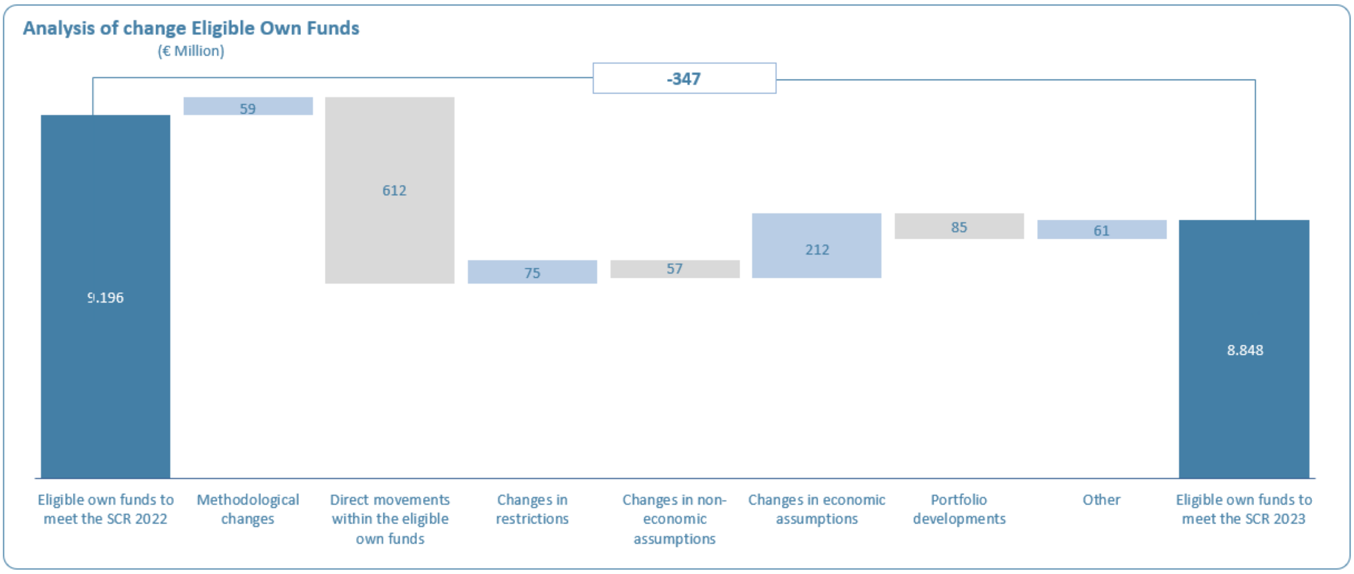
Tier 3

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. Also any amounts of Tier 2 + Tier 3 exceeding 50% of the SCR are considered not eligible for covering the SCR. Achmea defines this as 'Relegation of Tier 3'. For the year-end 2023, the Relegation of Tier 3 was € 218 million (2022: € 298 million).

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 € 860 million (2022: € 1,048 million). The Own Funds eligible to meet the minimum consolidated Group SCR amounted at year-end 2023 € 6,473 million (2022: € 6,812 million).

ANALYSIS OF CHANGE IN THE ELIGIBLE OWN FUNDS



Methodological changes

Methodology changes had an overall increasing impact in the EOF. Mainly the changes within Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. were the drivers for the movement in the EOF. The main model changes that impacted the Eligible Own Funds were:

- Achmea Schadeverzekeringen N.V.: Change of the contract boundary for the AOV product range: as per the DNB 2021 Q&A, the best estimate of the AOV insurance products should be calculated using the long term contract boundaries. This change is implemented in 2023. As a result the EOF increased.
- Achmea Pensioen- en Levensverzekeringen N.V.: Aligning the timing of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL): Due to the Q&A of DNB on the recognition of deferred taxes and the corresponding Q&A of EIOPA, Achmea had to explicitly assess and align the timing of the Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL). This result in a joint recognition of the DTA and DTL on the Economic Balance Sheet. The Q&A further required the assessment of the DTA being part of Tier 3 only to assess the DTA as recognised on the Economic balance Sheet rather than the offset with the recognised DTL within the same tax jurisdiction.
- Achmea Pensioen- en Levensverzekeringen N.V.: Improvement in the calculation of the Risk Margin: based on the research on the use of the Risk drivers within the run-off of the Best estimate used to calculate the Risk Margin, Achmea Pensioen- en Levensverzekeringen N.V. had to adjust the calculation of the Risk Margin which had a negative impact on the Own Funds.

Direct movements within the Eligible Own Funds

The ‘direct movements’ within the EOF had a decreasing effect in the EOF:

- The coupon payment in 2023 of the Restricted Tier 1 Capital Security with a nominal value of € 500 million had an impact of €- 17 million on the EOF. The coupon payment on hybrid capital (€- 43 million) had a decreasing effect on the EOF.
- In April 2023 Achmea called the (subordinated) 6% Tier 2 Notes with a nominal value of € 500 million. Also in 2023 Achmea placed a (subordinated) 6.75% Tier 2 notes with a nominal value of € 300 million. The net result of these two events caused a decrease of the EOF of € 200 million.
- In November 2023, the Executive Board proposed to withdraw the Preference Shares. In December, the withdrawal was completed, this decreased the value of the Own Funds.

Impact of changes in restrictions including relegation of Tiers

The net result of the 'changes in restrictions' (amounts that do not qualify as available capital at group level) and the relegation of Tiers (amount that exceeds a certain percentage of the required capital and therefore cannot be recognised as capital available at group level), resulted in an increase of the EOF:

- InShared Holding B.V.: Due to the decrease of the required capital (notional SCR) related to the participations of InShared Holding B.V., the parent company of the specific fiscal unity, the restriction increased with € 4.7 million.
- Australia: Achmea has to maintain funds in Australia based on local prudential requirements of the Australian supervisor that results in an amount of capital that is 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.
- Achmea: A Relegation of Tier 3 was recognised. The net DTA related to the Fiscal Unity of Achmea exceeded the 15% of the diversified SCR. The excess amount is deemed not to be eligible to cover de capital requirements of the company. An amount of € 218 million (2022: € 298 million) was not included as part of Tier 3 in the Eligible Own Funds, resulting in an increase of the EOF with € 80 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 net impact of these changes was a decrease of the EOF:

- Achmea Schadeverzekeringen N.V. (€ 36 million): mainly due the lower inflation curve used.
- Interamerican Hellenic Insurance Company S.A. (€ 10 million): driven by the change on accident years 2000-2022 based on updated claims experience and calibration changes, including the movement in Claims Handling Expenses provision.
- Achmea Pensioen- en Levensverzekeringen N.V. (€- 100 million): the change is mainly driven by changes in the expense assumptions, an adjustment in mortality assumptions, lapse assumptions, subsequent diversification effects and the extra provision taken related to the settlement reached with the interest groups for unit-linked policyholders.

Impact of changes in economic assumptions

The changes in the economic assumptions during 2023 had an overall positive impact on the EOF. Mainly driven by the increase of the equity markets increased in 2023, the decrease in interest rates, the spread developments and the increase of the VA. These positive changes were party negatively compensated by the decrease of the relevant risk-free interest rate, the appreciation of the EUR against the USD and the devaluation of the Turkish Lira.

- Achmea Zorgverzekeringen N.V. consolidated (€ 262 million): The positive impact was driven by an increase in the economic value of listed equity investments, decreased interest rates and an appreciation of the euro against the US dollar.
- Achmea Schadeverzekeringen N.V. (€ 112 million): The changes in the risk-free interest rates resulted in a positive impact on the Eligible Own funds. The development of the spreads resulted in a further increase in the economic value of the fixed income investment portfolio.
- Achmea Reinsurance Company N.V. (€ 45 million): Mainly the positive financial market developments resulted in an increase in the EOF.
- Interamerican Hellenic Insurance Company S.A. (€ 16 million): The net effect of changes in interest rate (risk free and volatility adjustment) in both asset and liability and the effect of changes in the spreads resulted in an increase in the EOF.
- N.V. Hagelunie (€ 15 million): Mainly the positive financial market developments resulted in an increase in the EOF.
- Achmea Pensioen- en Levensverzekeringen N.V. (€- 91 million). The lower interest rate and the development in the credit spreads resulted in an increase of the economic value of the fixed income portfolio and other financial assets, at the same time the change of the interest curve (excluding UFR) and the UFR-drag increased the economic value of the technical provision.
- Achmea (Achmea Interne Diensten) (€- 74 million): Mainly due to the increase of the value of the employee benefits due to the effect of changes in the interest and inflation rates and the negative revaluation of the Property for Own use.
- Eureko Sigorta A.S. (€- 23 million): The depreciation of the Turkish Lira and the effects of hyperinflation had a negative impact in the development of the EOF.
- The other effects (within the remaining companies part of the Group) of €- 51 million on the EOF were mainly driven by de decreased interest rates and valuation of the financial instruments.

Impact of portfolio developments

Due to the Portfolio developments in 2023 the EOF decreased with € 85 million. Within the Dutch Life insurance portfolio, the run off of the portfolio result in a positive effect on the Eligible Own Funds. Within the Dutch and Greek Non-life insurance portfolio, the higher than expected impact of storms resulted in a negative impact on the Eligible own Funds. The effects of 'countries returning to normal after the Covid-19 lock downs' resulted in a higher than expected claim behaviour in especially the motor portfolio. Within the Dutch health insurance portfolio, some previous year adjustments had a negative impact on the Eligible Own Funds.

- Achmea Zorgverzekeringen N.V. consolidated (€- 36 million). In the Best estimate, components exist with respect to Dutch risk equalisation amounts of the current and the previous years. Developments in these amounts had a net negative effect on the EOF.
- Interamerican Hellenic Insurance Company S.A. (€- 21 million): mainly driven by the developments in the Risk Margin and the performance of the company and the total result of the subsidiaries.
- Achmea Schadeverzekeringen N.V. (€- 19 million). The Technical provisions was negatively affected by an increase of provisions for bodily injury within private lines and increasing claims frequency and higher average amounts due to a return to pre-Covid-19 claim frequencies and inflation.
- Achmea Reinsurance Company N.V. (€- 6 million). Mainly driven by the run-off of the contracts with external (re)insurance parties.
- Union Poist'ovna A.S. (€ 5 million). The positive impact on the EOF is mainly drive by the positive technical result in 2023.
- N.V. Hagelunie (€ 13 million). The positive impact on the EOF is mainly drive by the positive technical result in 2023.
- Eureko Sigorta A.S. (€ 15 million). Driven by large profits due to high investment returns and technical results in 2023.
- Achmea Pensioen- en Levensverzekeringen N.V. (€ 38 million). The effects were mainly the result of the portfolio run-off leading to a release in the Risk Margin. This effect was partly offset by the portfolio developments in mortgages saving values. The difference between actual expenses and the release of expenses in the Best Estimate (including cost overrun) not caused by the changes in the expense assumptions.
- The other balances reported under the portfolio developments on the EOF mainly include holding costs, capital movements and results of the other entities as part of the group.

Impact of other changes including deferred tax

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 2024 - 2028 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, Health portfolios and Achmea Bank.

EXPECTED DEVELOPMENT AVAILABLE OWN FUNDS OVER SOLVENCY II BUSINESS HORIZON — € MILLION

	2024	2025	2026	2027	2028
Available Own Funds	9,584	10,665	11,474	12,335	13,260

E.1.3. Bridge own funds Financial statements – Economic balance sheet

RECONCILIATION EQUITY FINANCIAL STATEMENTS - BASIC OWN FUNDS SOLVENCY II

€ MILLION

	2023	2022	Δ
Equity Financial statements	8,980	9,278	-297
Subordinated liabilities in Basic Own Funds*	1,250	1,250	0
Own shares (held directly)	421	508	-87
Total Financial statements excess of assets over liabilities (IFRS adjusted)	**8,151**	**8,536**	**-384**
Intangible assets and goodwill	-780	-766	-14
Investments	-6	5	-11
Deferred tax assets	-93	-37	-56
Deferred acquisition costs	-0	-35	35
Banking Credit Portfolio	0	0	0
Reinsurance recoverables	-236	-130	-106
Receivables	-455	-31	-424
Other assets	227	251	-24
Technical provisions	1,942	469	1,474
Other provisions	0	7	-7
Deferred tax liabilities	-12	-4	-8
Financial liabilities	102	228	-126
Payables	94	13	81
Other liabilities	-656	14	-670
Total delta valuation Financial statements – Solvency II	**92**	**-49**	**141**
Other	0	0	0
Total excess of assets over liabilities	**8,244**	**8,487**	**-243**

1 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 over liabilities

2 The data from the 2022 column is based on the reported reconciliation between IFRS 4 and Solvency II. The data in the 2023 column is based on the reconciliation for year-end 2023 between IFRS 17 and Solvency II. The calculation methods differ for IFRS 4 and IFRS 17, considering approach to interest, re-insurance and the valuation of Technical Provisions.

The starting point for the Reconciliation is the IFRS consolidated balance sheet of Achmea Group as audited. 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 intragroup positions except for the intragroup 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.

The remeasurement regards mainly 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

Under IFRS17 and Solvency II differences exists with respect to balance sheet positions included under receivables and the technical provisions. The differences relate to cash flows stemming from policyholder debtors and cash flows stemming from the Dutch Health risk equalisation system.

Other assets

Solvency II recognises 'Own Shares' as a separate asset. The own shares are measured at cost in the IFRS balance sheet and deducted from the Equity. Under Solvency II, the own shares are measured at their economic value.

Financial liabilities

Financial liabilities that are measured at amortised cost in the IFRS balance sheet are revalued at their economic value. In this economic value, the effect of changing Achmea's own creditworthiness since the recognition date is not remeasured e.g. the initial credit spread is assumed to remain 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

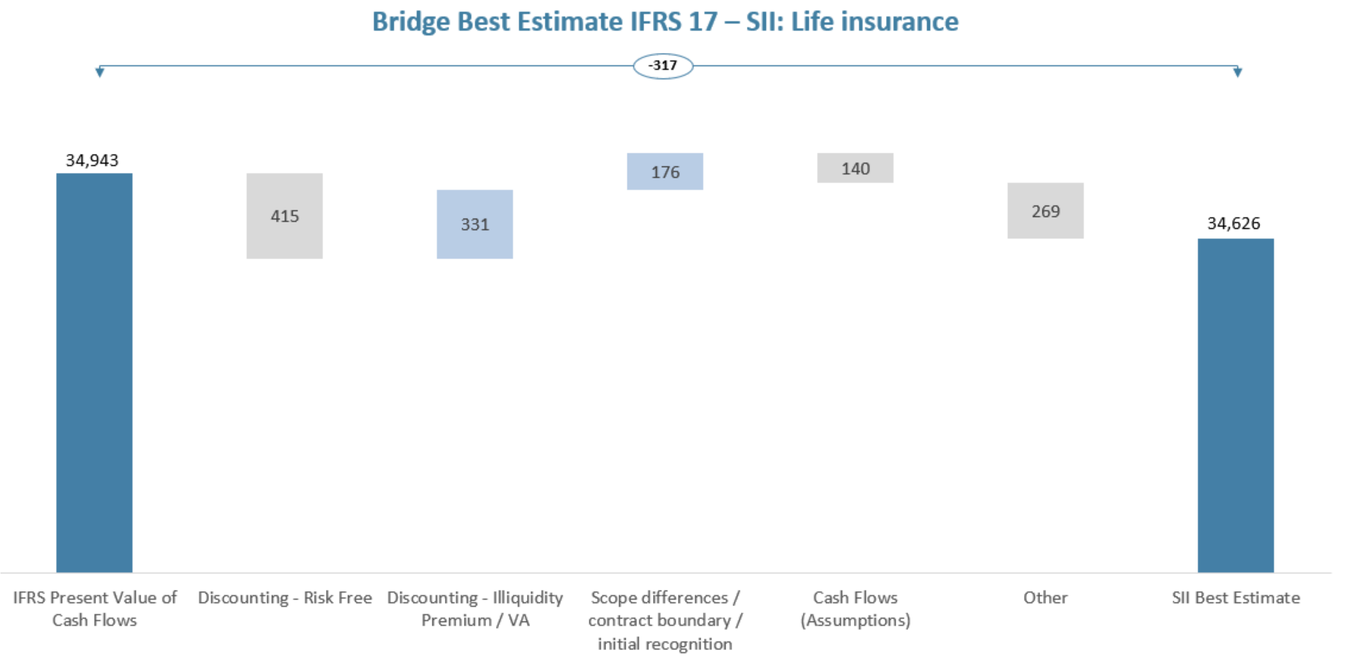
Technical Provisions are re-measured when applying Solvency II valuation principles. The main valuation differences between IFRS and Solvency II Technical Provisions and Reinsurance Recoverables are given by:

- IFRS17 Technical Provisions includes a Contractual Service Margin. Within Solvency II, the profit margin in expected premiums is included in the Own Funds (EPIFP).
- The Solvency II Technical Provisions are discounted with a different risk-free discount rate
    - The Last Liquid Point (LLP) under IFRS17 is 30 years. For Solvency II, the determined LLP of 20 years is used.
    - The Credit Risk Adjustment (CRA) is applied as a parallel shift downwards over the whole of the curve under IFRS17 and only up to the LLP under Solvency II and then subject to the extrapolation.
    - The extrapolation after the LLP is towards an UFR which is reached at 50 years. Under Solvency II, the UFR is reached at 90 years.
    - The UFR is calculated based on the same data. However, for IFRS17 a 'rolling window' of 30 years is used, while under Solvency II an 'expanding window' is used (each year a new datapoint is added to the data series). The UFR under IFRS17 is 2.4%, while under Solvency II an UFR of 3.45% is used.
- Solvency II uses a VA added up to the LLP and then subject to the extrapolation, while IFRS17 uses an Illiquidity premium (ILP) which differs from the VA and is time dependent. Under IFRS17, the ILP is based on the specific characteristics of the investment portfolio and liquidity characteristics of Achmea, while under Solvency II this is based on the reference portfolio for the currency zone.
- Difference in contract boundary: The Solvency II calculation includes all policies that are known at that time, including those that have an effective date after the calculation date. In IFRS17, only those policies up to the calculation date are included;
- The Solvency II investment expense assumption is based on the actual investment portfolio, while the IFRS17 investment expense assumption is based on the strategic investment portfolio.
- The Solvency II Cost-of-Capital factor to calculate the Risk Margin is 6%, whereas 4.5% is used in the IFRS17 Risk Adjustment.

- Under IFRS17 the projected capitals are reduced by 2.5% per year because of time diversification to calculate the Risk Adjustment. Under Solvency II the application of time diversification is not allowed.
- Part of the Operational Risk is included in the calculation of the Risk Adjustment in IFRS17 based on the Operational Risk allocated to insurance policies, while the entire Operational Risk is included in the calculation of the Risk Margin of Solvency II.

In the paragraphs below, so called waterfalls are presented, highlighting the main components of differences between IFRS17 and Solvency II.

Life insurance (incl. SLT Health Insurance)



The Gross Best Estimate is € 317 million lower than the IFRS17 Present Value of cash flows.

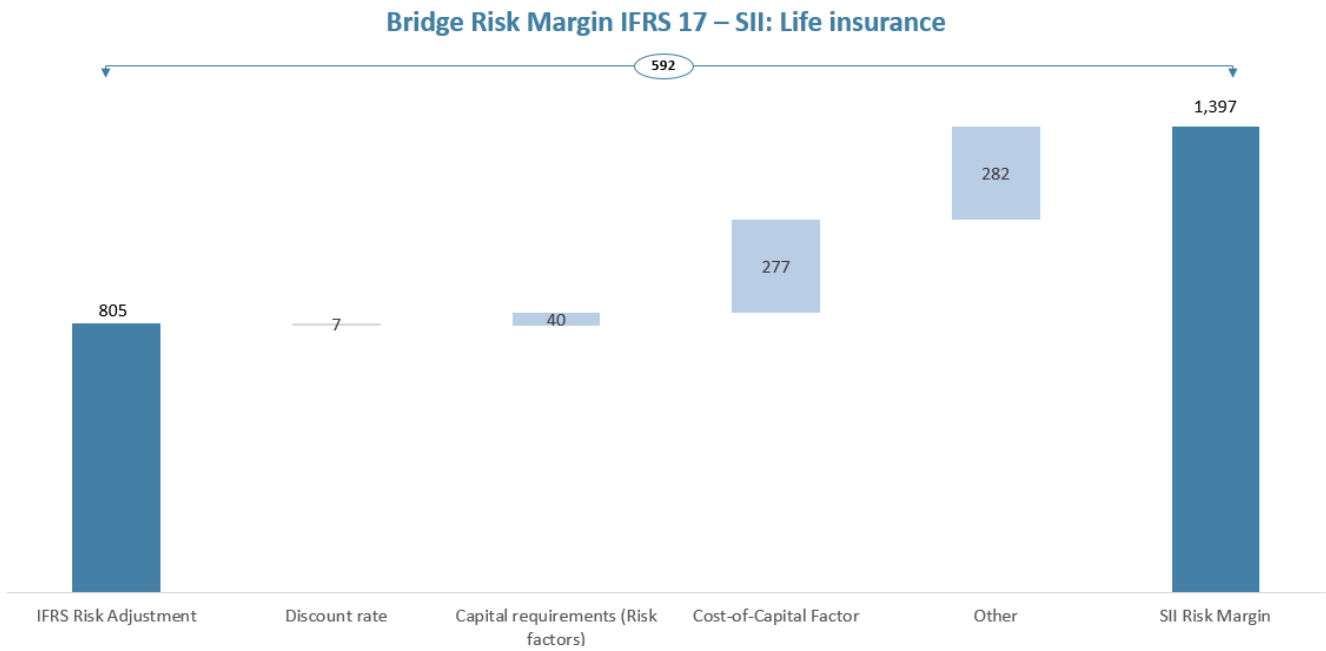
Discounting – Risk free / Illiquidity Premium / VA
Under Solvency II, the discount rate is higher than the IFRS17 discount rate. This results in a lower Solvency II Best Estimate of € 415 million. This effect is partly compensated by the impact of the Illiquidity premium (IFRS17) versus the use of the VA (Solvency II), which results in a higher Solvency II Best Estimate of € 331 million.

Scope differences / contract boundary / initial recognition
The scope differences occur within the Life portfolio of Interamerican Hellenic Insurance Company S.A. (€ 146 million), where part of the Unit Linked portfolio is classified as an investment contract under IFRS17 instead of an insurance contract under Solvency II. Within Slovakia (€- 84 million) the Best Estimate of Union Zdravotna Poist'ovna A.S. is included as a Best Estimate under IFRS17, and under Solvency II this entity is classified as Institution for Occupational Retirement Provisions. Within Achmea Schadeverzekeringen N.V., the differences in scope and recognition under SLT Health lead to a higher Solvency II Best Estimate of € 100 million and include differences such as claims on policyholders, insurance tax, claims payable, prepaid commissions and investment costs. The remaining impact is caused by developments within Achmea Reinsurance Company N.V.

Cashflows (Assumptions)
The Solvency II Best Estimate is € 140 million lower due to cash flow (assumptions) differences. Mainly within Achmea Pensioen- en Levensverzekeringen N.V. the difference is caused by several items: difference in the level of the investment expenses (€ 40 million) and in one separate account contract not all provisions are classified under Solvency II as Best Estimate Provisions, whereas under IFRS17 the whole contract is valued as Technical Provisions (€- 186 million). Furthermore a different valuation applies for the mortgage savings portfolio (€ 7 million).

Other

Other differences (total €- 269 million) are mainly caused by a difference in the treatment of unmodelled provisions and other valuation differences such as the provision for debtors is part of the IFRS17 provisions and is not under Solvency II provisions.



The Solvency II Risk Margin is € 592 million higher than the IFRS17 Risk Adjustment.

Capital requirements (Risk factors)

The main difference in Capital Requirements (€ 40 million) is due to the Operational Risk. Under IFRS17, only the Operational Risk attributable to the policies is required. Within Achmea Pensioen- en Levensverzekeringen N.V. and Interamerican Hellenic Insurance Company S.A. the Operational Risk attributable to policies is estimated at 50% of the total Operational Risk of Solvency II.

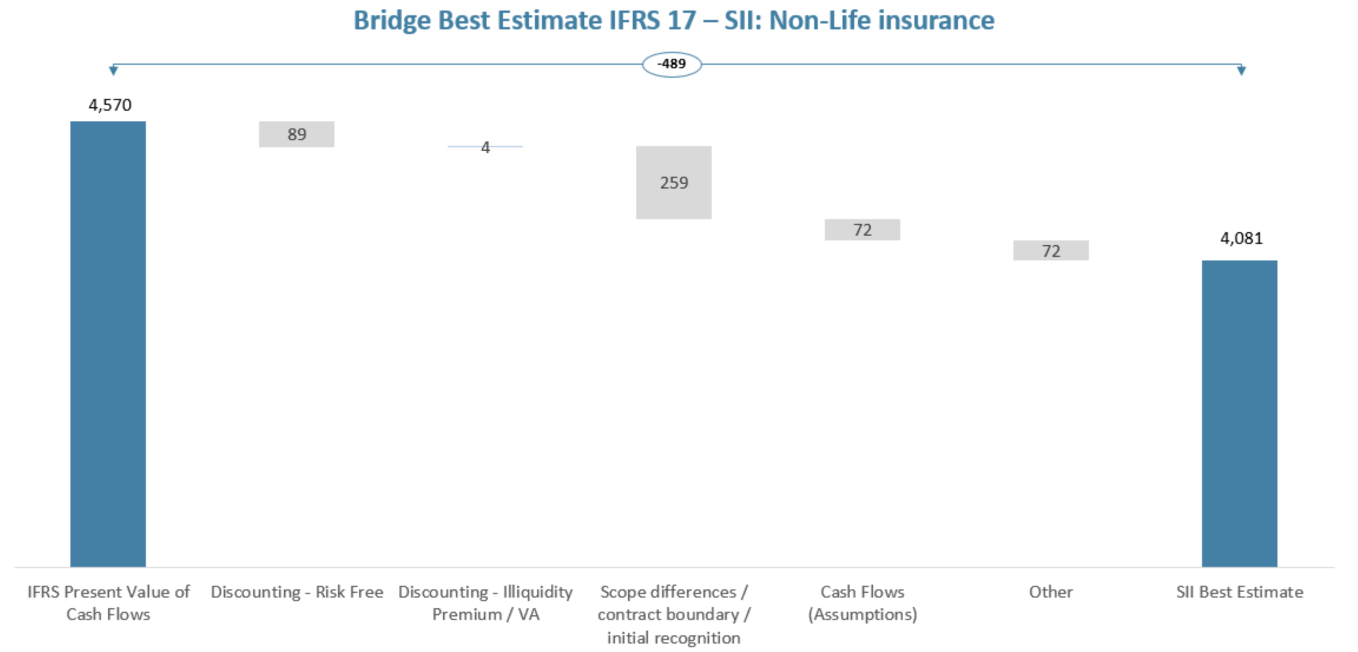
Cost-of-Capital Factor

The difference in Cost-of-Capital factor accounts for an impact of € 277 million.

Other

Under Solvency II the application of time diversification is not allowed (€ 175 million). Other differences (€ 107 million) are caused by methodology differences due to a different granularity and a different outside adjustment for the approximation of the run-off of the capital requirements.

Non-Life insurance



The Gross Best Estimate is € 489 million lower than the IFRS17 Present Value of cash flows.

Discounting – Risk free / Illiquidity Premium / VA

Under Solvency II, the discount rate is higher than the IFRS17 discount rate. This accounts for a lower Solvency II Best Estimate of € 89 million. This effect is partly compensated by the impact of the Illiquidity premium (IFRS17) versus the use of the VA (Solvency II), which results in a higher Solvency II Best Estimate of € 4 million.

Scope differences / contract boundary / Initial recognition

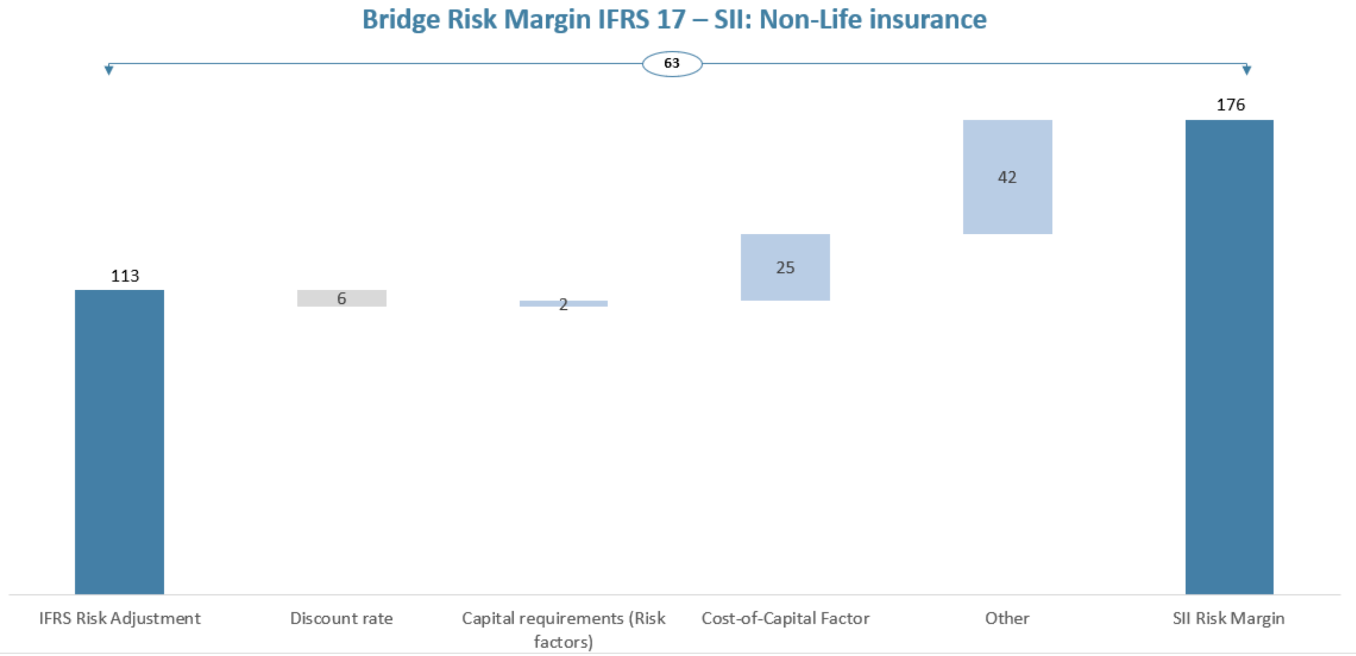
Differences in scope and recognition amount to €- 259 million and occur mainly within Achmea Schadeverzekeringen N.V. (€- 269 million) and include differences such as claims on policyholders, insurance tax, claims payable, prepaid commissions and investment costs.

Cash flows (Assumptions)

The Solvency II Best Estimate is € 72 million lower due to cash flow (assumptions) differences.

Other

Other differences (total €- 72 million) are caused by valuation and other differences such as the provision for debtors which is part of the IFRS17 provisions and is not under Solvency II provisions mainly within Achmea Schadeverzekeringen N.V. and Interamerican Hellenic Insurance Company S.A.



The Solvency II Risk Margin is € 63 million higher than the IFRS17 Risk Adjustment.

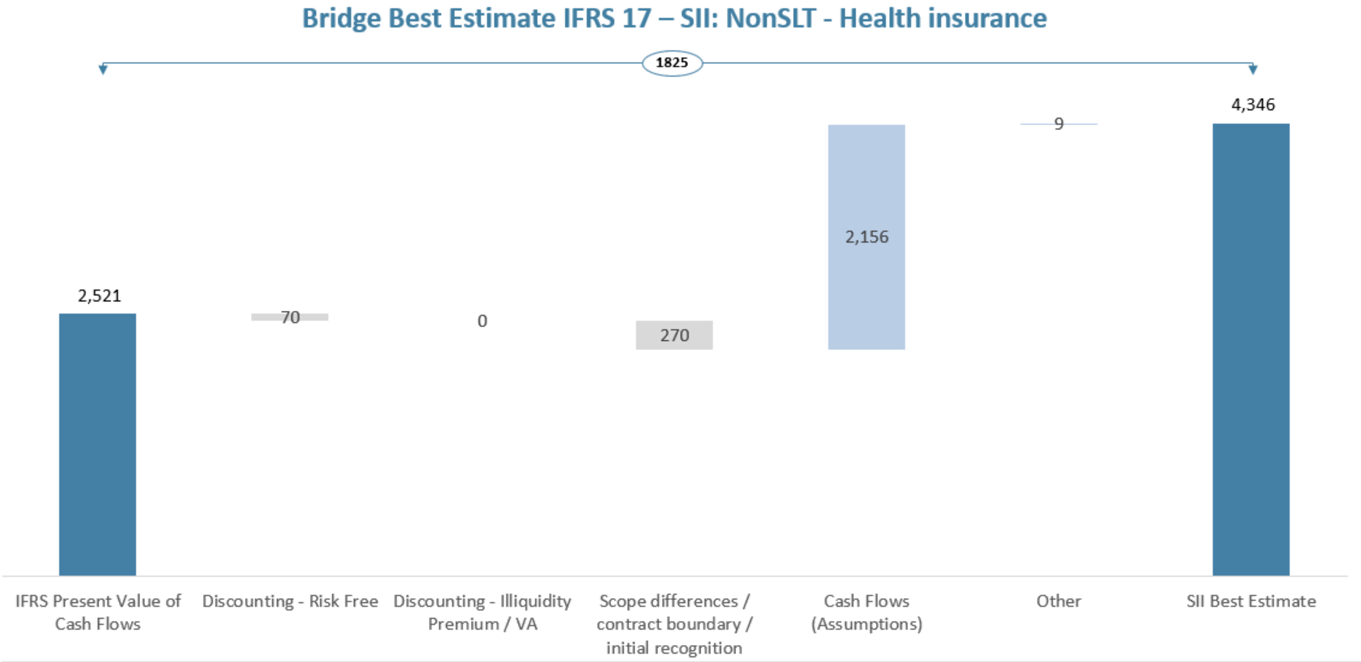
Cost-of-Capital factor

The difference in Cost-of-Capital factor accounts for an impact of € 25 million.

Other

Other differences (€ 42 million) are methodology differences due to a different granularity and a different outside adjustment for the approximation of the run-off of the capital requirements caused by the impact of the PAA premium provision. Under Solvency II the application of time diversification is not allowed.

NonSLT- Health insurance



The Gross Best Estimate is € 1,825 million higher than the IFRS17 Present Value of cash flows.

Discounting – Risk free / Illiquidity Premium / VA

The effect of discounting mainly occurs within the Dutch Healthcare business. Under IFRS17 the claim cash flows for Health NSLT were only discounted after the first year (€- 4.2 million), under Solvency II they were fully discounted (€- 77 million).

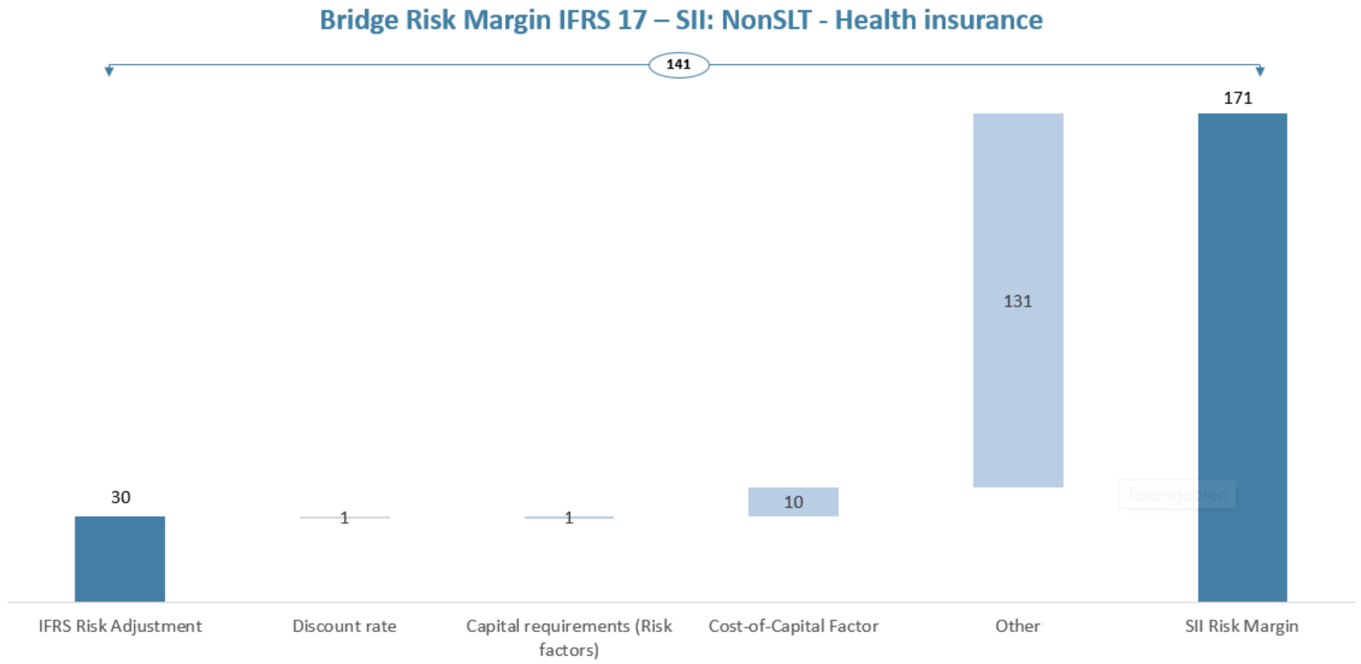
Scope differences / contract boundary / Initial recognition

The effect in item scope differences, contract boundary and initial recognition (€- 270 million) is mainly caused by the Dutch Healthcare business where under IFRS17 only the 'expected loss' component is included and under Solvency II both 'expected profits and losses' are included in the valuation.

Cash flows (Assumptions)

Under IFRS17 several items are included as part of the Best Estimates and not under Solvency II:

- Provision for the premium component of the risks covered in accident year 2023, granted by ZIN but expected to be received in 2024.
- Prepayments to healthcare institutions as a result of (technical) problems with invoicing (NTF prepayments), which are netted in the IFRS17 Best Estimate.
- Provision for doubtful debts.
- Current account with the Central Administration Office (CAK).



The Solvency II Risk Margin is € 141 million higher than the IFRS17 Risk Adjustment.

Cost-of-Capital factor

The difference in Cost-of-Capital factor accounts for an impact of € 10 million.

Other

Other differences (€ 131 million) include the impact of the Risk Adjustment for the liability for remaining coverage (LFRC) within the Dutch healthcare business and also methodology differences due to a different granularity.

E.1.4. Solvency ratio

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own funds	8,848	9,195	-347
Total Group Solvency Capital Requirement	4,840	4,410	430
Surplus	4,008	4,786	-777
Ratio (%)	183%	209%	-26%

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). Furthermore the VA is not applied by Eureko Sigorta A.S. as no VA is determined for Turkey by EIOPA based on the exposures in their local markets.

IMPACT OF VOLATILITY ADJUSTMENT ON SOLVENCY RATIO

€ MILLION

	INCLUDING VOLATILITY ADJUSTMENT		EXCLUDING VOLATILITY ADJUSTMENT		IMPACT VA	
	2023	2022	2023	2022	2023	2022
Eligible Own Funds	8,848	9,195	8,466	8,996	382	200
Total Group Solvency Capital Requirement	4,840	4,410	6,086	5,506	-1,246	-1,096
Surplus	4,008	4,786	2,381	3,490	1,628	1,296
Ratio (%)	183%	209%	139%	163%	44%	47%

The VA is published by EIOPA and endorsed by the European Commission. At year-end 2023 a VA of 20 bps (2022: 19 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. 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.

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 2023, 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 ULTIMATE FORWARD RATE SOLVENCY RATIO

€ MILLION

	ULTIMATE FORWARD RATE 3.45%	ULTIMATE FORWARD RATE 3.30%	NO ULTIMATE FORWARD RATE
Eligible Own Funds	8,848	8,806	8,446
Solvency Capital Requirement	4,840	4,843	4,875
Surplus	4,008	3,963	3,570
Ratio (%)	183%	182%	173%

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

	2023	2022	Δ
Eligible Own Funds	2,614	3,096	-482
Solvency Capital Requirement	1,475	1,514	-39
Surplus	1,139	1,582	-443
Ratio (%)	177%	204%	-27%

The main drivers of the movement in the Eligible Own funds in 2023 are model and methodology changes.
In 2023, Achmea Pensioen- en Levensverzekeringen N.V. improved the calculation of the Risk Margin. Research showed that a full calculation of the run-off of the capital requirements for determining the Risk Margin results in a higher Risk Margin than a calculation based on risk drivers. It is not possible for Achmea Pensioen- en Levensverzekeringen N.V. to make an automated full calculation of the Risk Margin with the current systems every reporting period. The difference between a full calculation and the used ‘approximation approach’ is calculated with an approximation.,
The separate yearly recognition of the DTA and DTL and the resulting impact on the definition of the input for Tier 3 capital based on the supervisory dialogue following the Q&A of DNB and EIOPA on this topic.

In addition, changes in assumptions (i.e. increased expenses and changes in economic assumptions) and the dividend paid based on the performance over 2022 in a decrease in the Eligible Own Funds. The EOF increased because of portfolio developments due to the winding down of the closed book and a reduction in the DTA and Relegation of Tier 3 as a result of tax loss realisation.

The main cause for the decrease in the Solvency Capital Requirement is the implementation of the Major Model Change interest rate Risk module, the decrease of the Equity portfolio and changes in spreads. This decrease is partly offset by the annual calibration, which resulted in higher SCR – Market Risk and the decreased interest rate which resulted in an increase of the SCR – Life Underwriting Risk.

NON-LIFE INSURANCE ENTITIES

Achmea Schadeverzekeringen N.V.

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	1,323	1,215	108
Solvency Capital Requirement	927	763	164
Surplus	395	452	-56
Ratio (%)	143%	159%	-16%

Eligible Own Funds increased by € 108 million. The increase is primarily caused by the impact of the change of the Contract Boundary for AOV insurance products, an increase in the economic value of the investment portfolio and a decrease in expected inflation. The technical result of the portfolio was negatively affected by an increase in provisions for bodily injury within private lines. The EOF decreased further by the dividend payment over the year 2023 of € 223 million.

The Solvency Capital Requirement increased by € 164 million, due to a higher Market Risk, a higher (Health) Underwriting Risk and a higher Operational Risk. This was partly offset by a decreased Counterparty Default risk, more diversification benefits, a higher Loss-Absorbing Capacity Deferred Taxes and a higher Loss-Absorbing Capacity Expected Profits.

De Vereende

Achmea has included 20% of the Solvency II capital requirement of insurer De Vereende in the SCR Other entities (€ 3.5 million). The adjusted equity value corresponding to the 20% interest in the entity De Vereende was part of the EOF (€ 7 million). The solvency ratio of De Vereende year-end 2023 is 203%. De Vereende uses the Standard Formula, which is used as reference by Achmea in the calculation of the capital requirement. De Vereende doesn't use the Volatility Adjustment (VA) and doesn't use any other transitionals.

N.V. Hagelunie

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	167	147	20
Solvency Capital Requirement	69	63	6
Surplus	98	84	13
Ratio (%)	241%	234%	7%

Eligible Own Funds mainly increased as a result of positive underwriting results (€ 13 million) and positive investment results (€ 16 million). As a result of tax effects the Own Funds decreased by € 7 million.

Solvency Capital Requirement increased due to higher capital requirements for Non-Life Underwriting Risk (€ 8 million) and higher Market Risk (€ 8 million). The impact of the Loss Absorbing Capacity Expected Profits increased due the growth of the (Canadian) portfolio. The higher Non-Life Underwriting Risk after diversification is the result of increased Premium and Reserve Risk due to higher volumes and the impact of the recalibration of the internal model parameters and higher Catastrophe Risk. The latter is, caused by the renewed reinsurance contract. The adjustment to the capital requirement based on the Loss Absorbing Capacity Expected Profits and the Loss Absorbing Capacity Deferred Taxes was higher.

The main markets where N.V. Hagelunie operates are the Netherlands and Belgium. In seven other countries are insurance products sold.

Eureko Sigorta A.S.

LOCAL SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	77	78	-1
Solvency Capital Requirement (local prudential regime)	59	49	10
Surplus	17	29	-11
Ratio (%)	129%	159%	-30%

Eureko Sigorta A.S. is a Turkish insurance legal entity which sells insurance contracts outside the European Union. Turkey is a non-equivalent Third country. For group purposes, Achmea translates the balance sheet towards Solvency II principles and applies the Solvency II requirements to determine the contribution to the group Solvency position.

The capital requirements based on the local Turkish prudential regime is determined on a risk-based manner. The various exposures as presented on the local balance sheet are multiplied by a predetermined percentage (factor based approach). The Turkish prudential regulation identified the following risk types: Asset Risk, Reinsurance Risk, Excessive premium increase Risk, Outstanding claim Risk, Underwriting Risk and Foreign Currency Risk. The Required Capital is the sum of these risks.

In 2023 the required capital increased. Receivables are higher due increased premiums. However due to the amendments in the local solvency calculations the increase remained limited. Macro-economic environment is a key driver for changes in FX risk. 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. Since 2022 Q4 the Turkish lira depreciated around 65% which causes an increase in the FX risk. The increased portfolio due to the depreciation of the Turkish Lira and high inflation resulted in higher Premium Risk.

In February 2023, a severe earthquake took place in Turkey and Syria which resulted in additional claims for Eureko Sigorta A.S.

Interamerican Assistance General Insurance Company S.A.

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	15	15	0
Solvency Capital Requirement	10	10	0
Surplus	5	5	-0
Ratio (%)	146%	150%	-4%

In 2023 the solvency ratio decreased in comparison with 2022.

Eligible Own Funds have decreased mainly driven by the dividend distribution (decrease) and the positive results (increase). Solvency Capital Requirement has slightly increased due to higher capital requirements for Equity Risk (purchase of equipment) and Non-Life Underwriting Risk. The increase is driven from portfolio developments. The capital requirement for Counterparty Default Risk decreased because of lower cash balances. Dividends over the year 2022 has been paid in Q4 2023, amounted to 1.5 million to Interamerican Hellenic Insurance Company S.A.

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. consolidated is calculated via a look-through approach (sub-consolidation).

Within Achmea Zorgverzekeringen N.V. consolidated 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. consolidated 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 at the level of the individual Health insurance entities.

Achmea Zorgverzekeringen N.V. (Consolidated)

The following table presents the solvency ratio of Achmea Zorgverzekeringen N.V. consolidated at year-end 2023 and year-end 2022.

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	3,958	3,732	226
Solvency Capital Requirement	2,445	2,266	180
Surplus	1,513	1,466	47
Ratio (%)	162%	165%	-3%

The Solvency Ratio decreased by 2.9%-pt compared to last year. Both the Eligible Own Funds (€ 226 million) and the Solvency Capital Requirement (€ 180 million) increased.

The increase of the EOF was mainly due to positive developments in the stock markets.

The Solvency Capital Requirement of Achmea Zorgverzekeringen N.V. consolidated increased by € 180 million:

- The SCR Market Risk increased by € 38 million due to an increase in Equity Risk mainly because of the increase in the economic value of the equity investments due positive developments in the stock markets and due to model changes whereby convertible instruments are fully categorised as equity exposure. Spread Risk increased due to an increase in volume of short-term credits and asset backed securities.
- The SCR Counterparty Default Risk increased by € 66 million. This was mainly the result of a change in interpretation for the debtor position with policyholders. As of 2023 Q2, the entire due position is included in the Type 2 exposures. Previously, only the premium debtors older than 90 days were included.
- The SCR Health Underwriting Risk increased by € 117 million. Premium Risk increased due to cost inflation and an increase in the number of insured. Catastrophe Risk increased due to the increase in the number of insured and increased parameters for Catastrophe Risk scenarios Mass Accident Risk and Pandemic Risk. Reserve Risk decreased because technical issues with the new funding system on the side of the mental healthcare providers was solved in 2023 because of which many claims/invoices could be settled.
- The SCR Operational Risk increased by € 29 million, due to a higher premium volume for accident year 2023 as compared to accident year 2022.

The Solvency Ratios of the individual insurance legal entities of Achmea Zorgverzekeringen are as follows:

SOLVENCY RATIO'S INDIVIDUAL HEALTH ENTITIES

ENTITY	2023	2022
		%
Achmea Zorgverzekeringen N.V.	445%	440%
FBTO Zorgverzekeringen N.V.	186%	146%
De Friesland Zorgverzekeraar N.V.	137%	163%
Interpolis Zorgverzekeringen N.V.	176%	165%
Zilveren Kruis Zorgverzekeringen N.V.	135%	144%

Achmea Zorgverzekeringen N.V. (non-look-through)

The EOF increased by € 226 million to € 3,958 million. This was mainly due to increase of the economic value of equity investments due to positive developments in the stock markets and an increase in the value of the participations in the other health entities. The SCR of Achmea Zorgverzekeringen N.V. (non-look-through) increased by € 42 million compared to FYR 2022. The SCR Market Risk increased by € 41 million, mainly due an increase in Equity Risk because of an increase in the value of the participations in the other health entities. The SCR Counterparty Default Risk decreased by € 0.6 million mainly due to an decrease of type 1 exposures (cash and cash equivalents). Type 2 exposures increased, mainly due to increased intercompany positions. The SCR Health Underwriting Risk increased by € 7.5 million, mainly due to cost inflation and an increase in the number of insured with supplementary health care.

FBTO Zorgverzekeringen N.V.

The EOF increased by € 222 million to € 422 million. This was mainly due to agio deposits (€ 223 million) from Zilveren Kruis Zorgverzekeringen N.V. and De Friesland Zorgverzekeringen N.V. via Achmea Zorgverzekeringen N.V. consolidated. They were necessary to absorb the increase of the SCR due to the large increase in the number of insured of FBTO Zorgverzekeringen N.V. per January 2024.

The SCR of FBTO Zorgverzekeringen N.V. increased by € 90 million to € 227 million. The SCR Market Risk increased by € 1.3 million, mainly due to an increase in Interest rate Risk and an increase in Equity Risk. The SCR Counterparty Default Risk increased by € 18 million. This was mainly the result of a change in interpretation for the debtor position with policyholders. The SCR Underwriting Risk increased by € 84 million. Premium Risk increased due to cost inflation and an increase in the number of insured. Catastrophe Risk increased due to the increase in the number of insured and increased parameters for Mass Accident Risk and Pandemic Risk.

De Friesland Zorgverzekeraar N.V.

The EOF decreased by € 45 million to € 342 million. This was mainly due to an agio deposit of € 70 million to FBTO Zorgverzekeringen N.V. via Achmea Zorgverzekeringen N.V. consolidated.

The SCR of De Friesland Zorgverzekeraar N.V. increased by € 12 million to € 250 million. The SCR Market Risk decreased by € 0.8 million The decrease in Market Concentration Risk and Spread Risk was almost fully offset by the decrease in diversification and the increase in Equity Risk. The SCR Counterparty Default Risk increased by € 8.5 million. This was mainly the result of a change in interpretation for the debtor position with policyholders. The SCR Underwriting Risk increased by € 7.9 million. Premium Risk increased due to cost inflation and an increase in the number of insured. Catastrophe Risk also increased due to the increase in the number of insured and increased parameters for Mass Accident Risk and Pandemic Risk. Reserve Risk decreased because the technical issues with the new funding system on the side of the mental healthcare providers in 2022 were solved in 2023 because of which a large number of claims could be settled.

Interpolis Zorgverzekeringen N.V.

The EOF increased by € 22 million to € 154 million. This was mainly due to positive developments in the stock markets. The SCR of Interpolis Zorgverzekeringen N.V. increased by € 7.2 million to € 87 million. The SCR Market Risk has not changed. The decrease in Market Concentration Risk was fully offset by the increase in Equity Risk. The SCR Counterparty Default Risk increased by € 11 million, due to an increase in both Type 1 (cash and cash equivalents) and Type 2 exposures (a change in interpretation for the debtor position with policyholders). The SCR Underwriting Risk increased by € 1.1 million. Premium Risk increased due to cost inflation, reflected in an increase of the premium per insured. Reserve Risk decreased because technical issues with the new funding system on the side of the mental healthcare providers were solved in 2023 because of which a large number of claims could be settled.

Zilveren Kruis Zorgverzekeringen N.V.

The EOF decreased by € 77 million to € 2,192 million. This was mainly due to agio deposits of € 153 million in total to FBTO Zorgverzekeringen N.V. via Achmea Zorgverzekeringen N.V. consolidated and a decrease in the expected result. On the other hand, there were positive developments in the stock markets.

The SCR of Zilveren Kruis Zorgverzekeringen N.V. increased by € 44 million to € 1,624 million. The SCR Market Risk increased by € 21 million, mainly due to an increase in Equity Risk because of positive developments in the stock markets. Market Concentration Risk increased due to larger exposures.

The SCR Counterparty Default Risk increased by € 13 million. This was mainly the result of a change in interpretation for the debtor position with policyholders. The SCR Health Underwriting Risk increased by € 12 million. Premium Risk increased due to cost inflation, reflected in an increase of the premium per insured. Reserve Risk decreased because the technical issues with the new funding system on the side of the mental healthcare providers was solved in 2023 which resulted in a large number of claims being settled. The SCR Operational Risk increased by € 20 million, due to a higher premium volume for accident year 2023 as compared to accident year 2022. There was a decrease in the number of insured in 2023, but this was counterbalanced by a higher premium per insured.

COMPOSITE INSURANCE ENTITY

Interamerican Hellenic Insurance Company S.A.

On the 1st of February 2023, Interamerican Hellenic Life Insurance Company S.A. has formally acquired the composite Insurer Horizon. On the 28th of December 2023, Interamerican Hellenic Life Insurance Company SA has merged two subsidiaries, Horizon and Interamerican Property & Casualty Insurance Company Single Member S.A. This merger has been endorsed by the Bank of Greece and the new merged entity is renamed 'Interamerican Hellenic Insurance Company S.A.'. The comparable data in the table below have been determined on a 'pro forma' basis.

The SCR of Interamerican Hellenic Insurance Company S.A. (IAG) is determined using a Partial Internal Model. For the Non-Life Underwriting Risk Premium and Reserve Risk and Natural Catastrophe Risk an internal model is used. Inflation risk stemming from the Non-Life insurance portfolio is captures within Market Risk if determined to be significant. IAG is using the Sf for all the other risk modules.

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	154	137	17
Solvency Capital Requirement	123	102	21
Surplus	31	35	-4
Ratio (%)	125%	135%	-10%

In 2023, IAG Non-Life insurance portfolio has suffered from the extreme flood event, 'Daniel'. Daniel resulted in additional claims with a gross amount over € 70 million.

The Eligible Own Funds have increased compared with Q4 by € 17 million. This increase was mainly caused by the following aspects: The economic assumptions had a positive impact on the EOF mainly to spread tightening from Greek Bonds updated rating in Q4 (€ 16 million). Model changes (on the calculation of the premium reserve) applied at Q4 2023 were positive (€ 2.6 million) as well as the non-economic update mainly from the Non-Life acquired portfolio (refers to the change on accident years 2000-2022 based on updated claims experience and calibration changes, including the movement in Claims Handling Expenses provision) (€ 9.8 million). Dividends over the year 2022 has been paid, amounted to € 10 million to Achmea B.V.

No foreseeable dividend for 2023 has been recognised.

The Solvency Capital Requirement has increased mainly from the increase in Non-Life Underwriting Risk (€ 17.5 million) and the LACDT de-recognition (€ 11.3 million). The capital requirement for Market Risk and CDR have decreased (€- 5.1 million and €- 5.2 million respectively). Life UWR decreased by €- 0.9 million, driven by a decrease in the yield curve and run-off while Health UWR increased by € 2.6 million, mainly driven by Premium and Reserve Risk for Health NSLT and yield curves' decrease for health SLT.

LACDT is zero due to the updated net DTA scheme and the updated recoverability analysis.

Union Poist'ovňa A.S.

The Slovakian insurer Union Poisťovňa A.S. (UN) is a composite insurer selling both Life and Non-Life insurance products. The SCR of UN is determined using the SF. UN uses the VA when determining the Best Estimate of the insurance obligations.

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	47	35	12
Solvency Capital Requirement	32	30	2
Surplus	15	5	10
Ratio (%)	146%	116%	30%

The solvency ratio reported for year-end 2023 is 146%. This is an increase compared to 2022 (116%). 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. Union Poist'ovna A.S. followed the in 2022 agreed plan during 2023 in order to improve the solvency ratio.

Eligible Own Funds increased by € 11.9 million during 2023. This increase in OF is the result of the capital downstream and positive P&L result of 2023.

The Solvency Capital Requirement increased by € 1.9 million compared to 2022. The increase is driven by Non-Life Underwriting Risk (€ 2.7 million, mainly due to growing Non-Life business) and by LAC DT (lower by € 1.5 million due to higher Deferred Tax Assets). These increases were partially offset by a reduction in Market Risk (€- 1.4 million), Health Underwriting Risk (€- 0.8 million), Operational Risk (€- 0.5 million) and Counterparty Default Risk (€- 0.3 million).

REINSURANCE ENTITY

Achmea Reinsurance Company N.V.

Achmea Reinsurance Company N.V. (ARNV) is the reinsurer for Achmea and accepts other incoming reinsurance contracts from parties outside of Achmea Group. The SCR of ARNV is determined using a PIM. ARNV has developed an Internal Model for Natural Catastrophe Risk for incoming internal Achmea group business. For Interest rate Risk, Equity Risk, Property Risk and Spread Risk an Internal Model is used. The other components of the SCR are calculated using the SF. ARNV does not use the VA when determining the Best Estimate of the insurance obligations. No Dynamic VA is used when calculating the capital requirements for Market Risk under the Partial Internal Model.

SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	309	291	19
Solvency Capital Requirement	168	193	-26
Surplus	141	97	44
Ratio (%)	184%	150%	34%

The increase of the Eligible Own Funds is the result of positive financial market developments. No major events within the Third party Non-Life insurance portfolio occurred during 2023. Negative results of a Quota Share contract Non-Life insurance and ceasing to write new external incoming Non-Life reinsurance contracts decreased the Own Funds.

In February 2023, a severe earthquake took place in Turkey and Syria which resulted in additional claims for Achmea Reinsurance Company N.V. (especially reinsurance of business Eureko Sigorta A.S.).

The development of the Solvency Capital Requirement was mainly impacted by the increase of Market Risk (€ 16.8 million) and Health Underwriting Risk (€ 4.4 million) and a decrease of both Non-Life Underwriting Risk (€ 35.1 million) and Premium and Reserve Risk (€ 4.2 million). The decrease of the Non-Life Underwriting Risk was driven by the strategic reorientation of Achmea Reinsurance Company N.V. to stop external Non-Life reinsurance business.

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). In 2023, the Dutch Central Bank has approved the application for an Advanced Internal Rating-Based status (A-IRB Bank) of Achmea Bank N.V. This status enables Achmea Bank N.V. to use advanced internal models to calculate its credit risks and this results in improved risk management and customer service, both in the acceptance and management of mortgages.

CAPITAL RATIO ACHMEA BANK N.V.

€ MILLION

	2023	2022	Δ
Eligible Own Funds	774	776	-2
Total Risk Weighted Assets	4,585	4,264	321
Total Capital Ratio	**16.9%**	**18.2%**	**-1.3%**
Total SREP Capital Requirement (12.1%; 2022: 10.9%)	555	465	90
Combined Buffer Requirement (2.5%; 2022: 2.5%)	115	107	8
Counter Cyclical Buffer (1%; 2022: 0%)	46	0	46
Total Solvency Capital Requirement	**715**	**571**	**144**

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Achmea Investment Management B.V.	26.0	25.2	0.1	0.1	16.0	19.9	30.0	25.2	49.0	52.6
Syntrus Achmea Real Estate & Finance B.V.	18.2	18.2	0.2	0.2	0.3	0.3	18.2	18.2	53.6	45.6

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: 1) 25% of the fixed overhead expenses of the preceding 12 months; 2) The permanent minimum requirement following the IFR/IFD legislation; or 3) The ‘k’-factor.

For Achmea Investment Management B.V. Achmea applies a required capital of € 29.9 million based on ICAAP rules (2022: € 28.2 million) 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 2023 (including mutual funds). Compared to 2022 the capital requirement increased due to a higher Market Risk as a result of increased market shocks. Larger market declines occurred in the new measuring points of the 10-year history, which means that the modelled market shock has more impact.

For Syntrus Achmea Real Estate & Finance B.V. the capital requirement has remained almost unchanged in 2023 due to a limited changed in the fixed overhead expenses of the preceding 12 months. Syntrus Achmea Real Estate & Finance B.V. transferred its mortgage activities to other entities within Achmea and remained active as a real estate company.

SOLVENCY POSITION OF LEGAL ENTITIES SUBJECT TO THE IORP OR SIMILAR ENTITIES

Centraal Beheer PPI N.V.

SOLVENCY RATIO € MILLION

	2023	2022	Δ
Eligible Own Funds	12	13	-1
Solvency Capital Requirement	8	6	1
Surplus	5	7	-2
Ratio (%)	164%	210%	-46%

The capital requirement for Centraal Beheer PPI N.V. (CB PPI) is 0.2% of the managed capital capital of € 3,770 million (2022: € 3,128 million) for the pension liabilities. The CB PPI has an appropriate liability in place.

Union Zdravotná Poisťovňa A.S.

In Slovakia, Achmea has a health insurer, Union Zdravotná Poisťovňa A.S. The local Slovakian Ministry of Finance has decided that the Health entity (and similar entities within Slovakia) is not subject to Solvency II legislation but subject to local capital requirements as determined by Slovakian law.

SOLVENCY RATIO € MILLION

	2023	2022	Δ
Eligible Own Funds	41	43	-2
Solvency Capital Requirement	17	17	0
Surplus	24	26	-2
Ratio (%)	247%	256%	-9%

Union Zdravotna Poist'ovna remained with high solvency ratio. Decrease of 9% comparing to 2022 Year-End is driven by dividend payment partially offset by positive result of the period. The local capital requirements year-end 2023 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 intragroup positions are not eliminated. The participations of Achmea B.V. are included in the notional SCR under Market Risk based on the Standard Formula.

Achmea B.V.

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 Intragroup 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.

NOTIONAL SOLVENCY RATIO

€ MILLION

	2023	2022	Δ
Eligible Own Funds	7,988	9,582	-1,594
Total Group Solvency Capital Requirement	2,163	2,215	-52
Surplus	5,826	7,367	-1,541
Ratio (%)	369%	433%	-64%

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 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

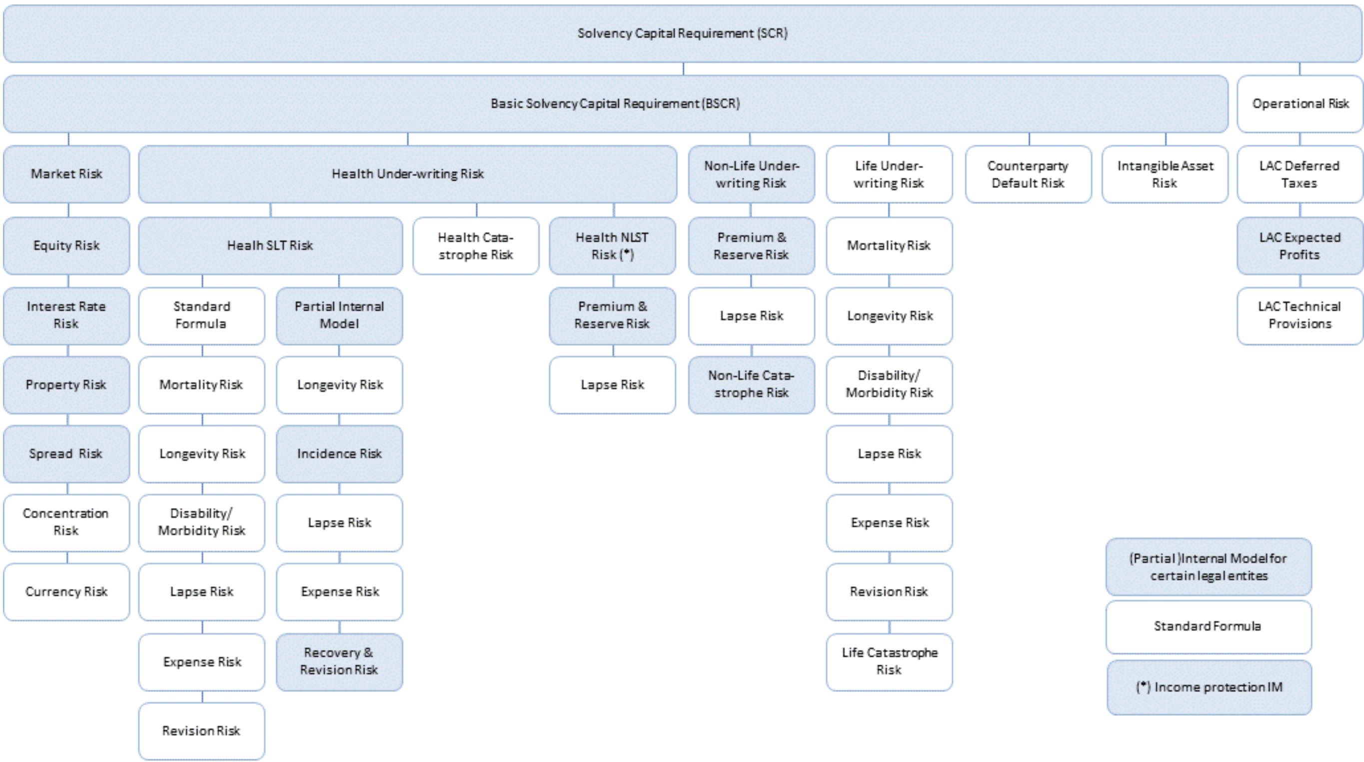
At the end of 2023 the application ratio used for the several legal entities using the Dynamic Volatility Adjustment is:
Achmea Schadeverzekeringen N.V. and N.V. Hagelunie: 65% (2022: 65%).
Achmea Pensioen- en Levensverzekeringen N.V.: 60% (2022: 58%).

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 Hellenic 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 Hellenic 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 Hellenic 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[25] to calculate the SCR. The SF components and Internal Model components are aggregated into a single SCR. The aggregation is done by means of

1) 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.
2) 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.
3) 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.

[25] Within Non-Life Cat Risk Man-made Risk is not included. For the foreign insurance entities (with the exception of Interamerican Hellenic 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 Hellenic 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 input for the calculation of the capital requirement for Derivatives and reinsurance arrangements within the SCR Counterparty Default Risk is impacted due to the use of the Internal Model for Non-Life Catastrophe Risk and Market Risk.

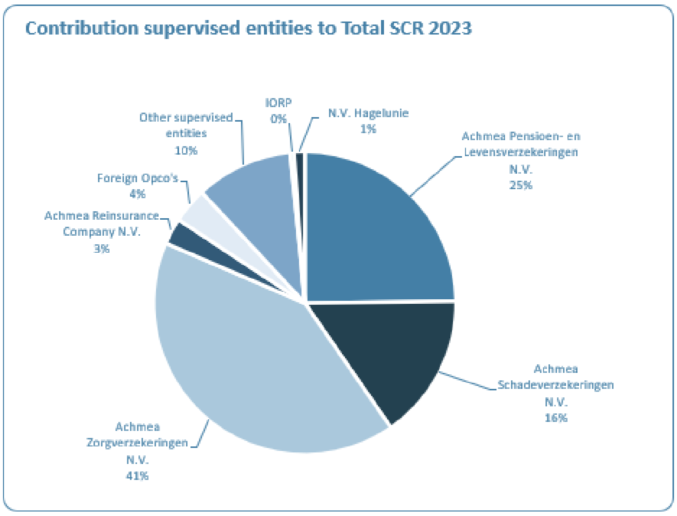
Following the differences between the SF and the PIM used, the outcome of the LACDT under the PIM differs from the outcome of the SF.

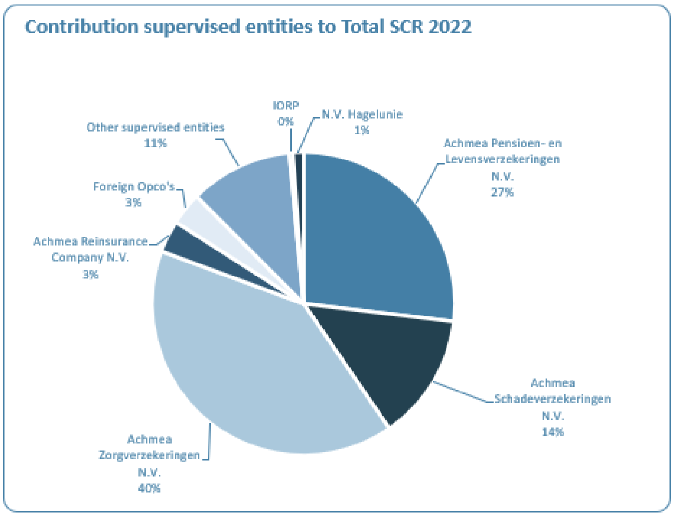
The internal models of Achmea are determined using a Profit@Risk basis. This includes in the calculation of the capital requirement, the impact on the expected results of the coming twelve months. However, the Solvency capital requirement is based on the Value@Risk. In order to align the outcomes with the Solvency II requirement, a so called LACEP is determined.

E.2.3. Solvency capital requirement

E.2.3.1. Solvency capital requirement

Solvency Capital Requirement according to major legal entities[26]:





The share of the various solo entities in the SCR group changed in 2023 compared to 2022. The share of Achmea Pensioen- en Levensverzekeringen N.V. has decreased, while the shares of Achmea Zorgverzekeringen N.V. consolidated and Achmea Schadeverzekeringen N.V. have increased in the contribution towards the group capital requirement. Due to the closed book portfolio of Achmea Pensioen- en Levensverzekeringen N.V. and the major model change for Market Risk, the share of Achmea Pensioen- en Levensverzekeringen N.V. decreased. The increase in number of insured and the resulting increase in the NSLT Health underwriting Premium Risk for the Dutch Health entities resulted in an increase in the Solvency Capital Requirement.

[26] 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

	2023	2022	Δ
Market Risk	2,039	2,050	-11
Counterparty Default Risk	249	174	75
Life Underwriting Risk	1,329	1,258	71
Health Underwriting Risk	2,191	1,906	285
Non-Life Underwriting Risk	1,247	1,124	124
Diversification	-2,621	-2,394	-227
Intangible Asset Risk	0	0	0
Basic Group Solvency Capital Requirement	**4,434**	**4,118**	**316**
Operational Risk	666	626	39
Loss-Absorbing Capacity of Expected Profits	-487	-444	-43
Loss-Absorbing capacity of expected profits Underwriting Risk	-128	-132	4
Loss-Absorbing capacity of expected profits Market Risk	-359	-312	-47
Loss-Absorbing Capacity of Technical Provisions	-0	-0	-0
Loss-Absorbing Capacity of Deferred Taxes	-581	-550	-31
Other Deductions & Additions	0	0	0
Total Group Solvency Capital Requirement (Diversified)	**4,031**	**3,750**	**282**
CR Other Financial Sectors	787	638	149
SCR Other Entities	22	23	-1
SCR Ring Fenced Funds	0	0	0
Total Group Solvency Capital Requirement	**4,840**	**4,410**	**430**

The change in SCR is described in more detail in the following paragraphs. The Solvency Capital Requirement of the individual entities on the situation as at 31 December 2023 is included in the following table.

SOLVENCY CAPITAL REQUIREMENT INDIVIDUAL ENTITIES

€ MILLION

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	1,475	1,514
Achmea Schadeverzekeringen N.V.	927	763
Interamerican Assistance General Insurance Company S.A. (99.89%)	10	10
N.V. Hagelunie	69	63
Achmea Zorgverzekeringen N.V.	890	848
Interpolis Zorgverzekeringen N.V.	87	80
Zilveren Kruis Zorgverzekeringen N.V.	1,624	1,580
De Friesland Zorgverzekeraar N.V.	250	237
FBTO Zorgverzekeringen N.V.	227	137
Union Poist’ovna A.S. (99.97%)	32	30
Interamerican Hellenic Insurance Company S.A. (99.89%)	123	102
Achmea Reinsurance Company N.V.	168	193
Achmea Bank N.V.	715	571
Syntrus Achmea Real Estate & Finance B.V.	18	18
Achmea Investment Management B.V.	30	25
Total individual entities	**6,645**	**6,174**
Diversification effects and mixed financial holding company, Eureko Sigorta S.A., investment related entities and ancillary entities	-1,805	-1,764
Total	**4,840**	**4,410**

The anticipated SCR of Achmea over its business planning time period based on the business strategy is given below. The increase in the SCR in 2024 is amongst others linked to a higher Market Risk and Health Underwriting Risk compared to 2023. Life Risk is gradually decreasing. In this projection the consequences of future legislative changes in Solvency II and CRD legislation are not included.

DEVELOPMENT SCR OVER SOLVENCY II BUSINESS HORIZON

€ MILLION

	2024	2025	2026	2027	2028
Solvency Capital Requirements	5,108	5,141	5,384	5,637	5,902

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

€ MILLION

	2023	2022
Interest rate	251	537
Equity	1,335	1,382
Property	478	489
Spread	718	834
Currency *	142	128
Concentration *	0	0
Diversification	-885	-1,320
SCR Market risk	**2,039**	**2,050**

* Standard Formula

In 2023, the capital requirement for Market Risk decreased by € 11 million which was driven by changes in interest rates and credit spreads, model changes and portfolio developments. This was partially offset by the increase in the capital requirement which resulted from the annual calibration of the Economic Scenarios.

INTEREST RATE RISK

INTEREST RATE RISK

€ MILLION

	ECONOMIC VALUES BEFORE SHOCK				SCR		
	2023		2022		2023	2022	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Interest Rate Risk	38,290	44,632	37,601	44,013	251	537	-286

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 cash flow. Interest Rate Risk mainly decreased due to model changes, which was partly offset by changes in the investment portfolio and the effect of the annual calibration.

EQUITY RISK

The capital requirements for Equity Risk is mainly driven by the Dutch legal entities.

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		
	2023		2022		2023	2022	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Equity Risk	3,273	3,747	3,342	3,659	1,335	1,382	-46

The capital requirements for Equity Risk are sensitive to changes in the equity markets. Equity Risk decreased due to portfolio developments. This was partially offset by the increased 1-year German government bond rate (€ 13 million) and the annual calibration of the Economic Scenario Generator.

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		
	2023		2022		2023	2022	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Property Risk	1,684	163	1,792	149	478	489	-11

Property Risk decreased by € 11 million mainly due to lower valuations as well as net derecognitions (€- 30 million). The annual calibration increased Property Risk with € 15 million and the increased 1-year German government bond rate increased Property Risk with € 3.6 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. EONIA related spreads, 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.

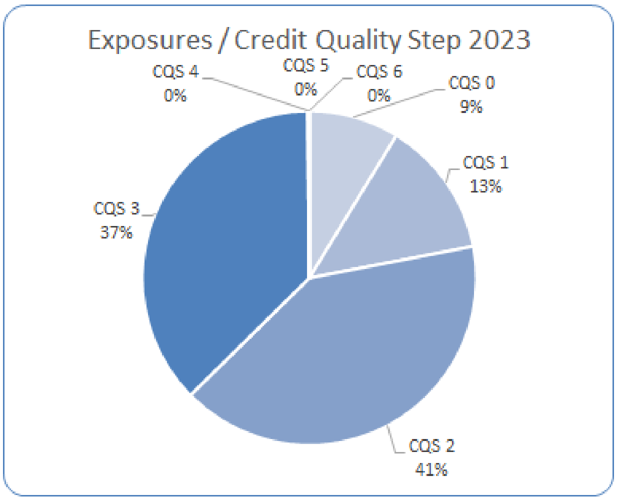
Credit Spread Risk is the risk that spreads increase, while the ratings remain unchanged. Migration and Default Risk address the risk of downgrades and defaults. The DVA is a (dynamic) adjustment to the basic Risk-free curve to avoid pro-cyclical investment behaviour.

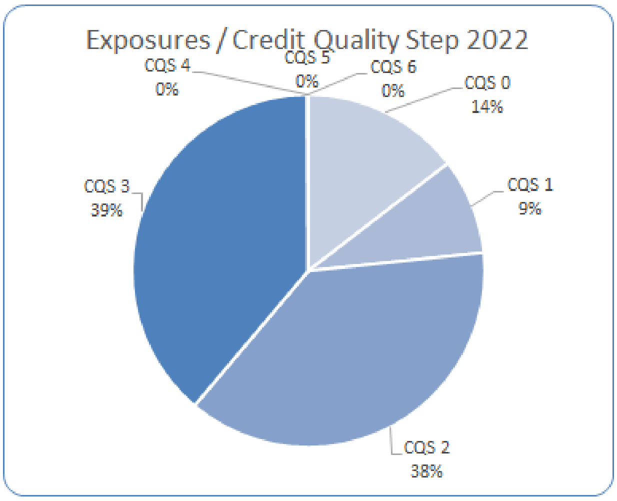
SPREAD RISK

€ MILLION

	ECONOMIC VALUES BEFORE SHOCK				SCR		
	2023		2022		2023	2022	Δ
	ASSETS	LIAB.	ASSETS	LIAB.			
Spread Risk	32,258	38,570	31,849	37,430	718	834	-116

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 3.3 to 2.9 years.

Changes in credit spreads and mortgage spreads decreased Spread Risk by € 81 million and the annual calibration decreased Spread Risk by € 47 million. Model changes further decreased Spread Risk by € 34 million. Other important effects are the effect of the swap spread hedge (€ 33 million) and portfolio changes (€ 14 million).

Within the Spread Risk sub risk, Achmea includes the DVA. The DVA results in a lower capital requirement for Spread Risk. The 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 2023, Achmea had no exposure to any counterparty that exceeded the Market Concentration Risk threshold. Therefore the SCR Market Concentration remained zero.

Part of the legal entities have Market Concentration Risk on the level of the solo capital requirements.

CURRENCY RISK

The capital requirement for Currency Risk increased by € 14 million, mainly due to higher USD exposures as a result of commodity and emerging market debt purchases.

The largest non-euro exposure is on the USD, which increased due to commodity and emerging market debt purchases. 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

	2023	2022	Δ
Reinsurance arrangements	39	25	14
Derivatives	24	22	3
Other non-risk mitigating exposures	54	46	8
Commitments depending on the credit standing of the counterparty	2	3	-1
Diversification	-15	-11	-3
SCR CDR on Type 1 exposures	**105**	**84**	**21**
Insurance and Intermediaries Receivables	19	13	6
Other Credit exposures (excl. Mortgage Loans)	141	89	53
Mortgage loans	0	0	0
SCR CDR on Type 2 exposures	**160**	**101**	**59**
Diversification	-16	-12	-4
SCR Counterparty Default Risk	**249**	**174**	**75**

The increase of the SCR CDR on Type 1 exposures is mainly due to outstanding claims related to the earthquakes in Turkey and an increased exposure with respect to derivatives due to a lower Risk-free interest rate, partly compensated by a decreased exposure on securities lending due to a decrease in the economic value and security lending activity.

The Type 2 risk mainly increases due to a change in interpretation for the debtor position with policyholders. As of 2023 Q2, the entire due position was included in the Type 2 exposures. Type 2 risk also increased due to a higher debtor position at Achmea Zorgverzekeringen N.V. consolidated due to an increase in number of policyholders.

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 increased from € 1,200 million to € 1,606 million in 2023 due to the development of currency rates and interest rates (excluding the impact of mortgage savings). This increase is mostly related to an increase of the exposures on the derivatives. The higher exposure to the derivatives does not always lead to a higher 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

	2023	2022	Δ
Type 1	1,046	758	288
Type 2			
Type 3	504	441	62
Type 4	56	1	55
Total derivatives subject to CDR module -type 1	**1,606**	**1,200**	**406**

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

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	92	58
Achmea Schadeverzekeringen N.V.	77	80
Interamerican Assistance General Insurance Company S.A. (99.89%)	1	2
N.V. Hagelunie	13	13
Achmea Zorgverzekeringen N.V.	17	18
Interpolis Zorgverzekeringen N.V.	12	1
Zilveren Kruis Zorgverzekeringen N.V.	48	35
De Friesland Zorgverzekeraar N.V.	11	3
FBTO Zorgverzekeringen N.V.	26	8
Union Poist'ovna A.S. (99.97%)	5	5
Interamerican Hellenic Insurance Company S.A. (99.89%)	14	20
Achmea Reinsurance Company N.V.	16	14
Total individual entities	**333**	**255**
Diversification, mixed financial holding company, investment related entities and ancillary entities	-84	-82
Total	**249**	**174**

The impact of diversification includes the change in the intercompany positions within the Dutch health insurance entities. The increase within Achmea Pensioen- en Levensverzekeringen N.V. is caused by increased intercompany tax assets.

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

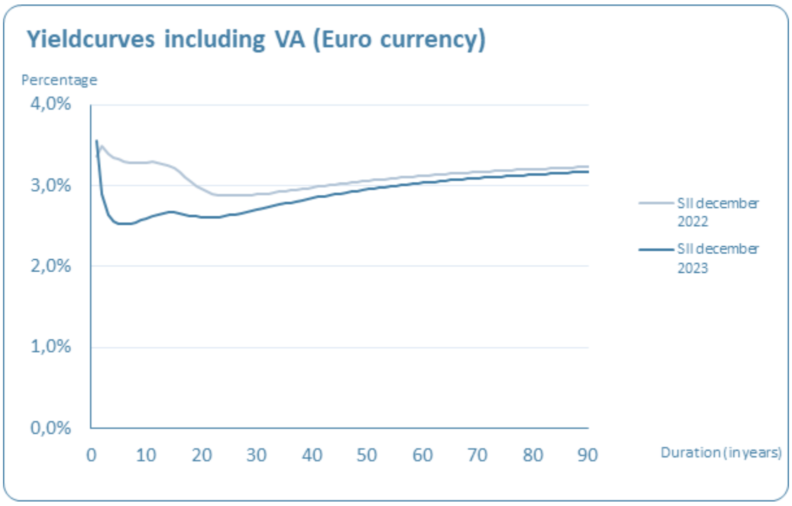
€ MILLION

	2023	2022	Δ
Mortality Risk	141	125	16
Longevity Risk	991	931	60
Disability/ Morbidity Risk	2	3	-1
Lapse Risk	193	203	-10
Expense Risk	501	464	36
Catastrophe Risk	128	127	1
Diversification Risk	-627	-595	-32
SCR Life	**1,329**	**1,258**	**71**

Approximately 95% of Life Underwriting Risk is recognised within Achmea Pensioen- en Levensverzekeringen N.V., 3% within Achmea Reinsurance Company N.V., 2% within Interamerican Hellenic Insurance Company S.A. and 1% within Union Poist'ovna A.S.

Life Underwriting Risk increased due to the lower relevant Risk-free interest rate leading to an increase of the Best Estimate and an increase of the Solvency Capital Requirement. The requirement increased due to an update of the non-economic assumptions due to increased expense inflation and adjustments of mortality and lapse assumptions. The increase is partly compensated by the decreasing insurance portfolio in the Netherlands. Within Interamerican Hellenic Insurance Company S.A. Life Underwriting Risk decreased mainly due to the decrease in Lapse Risk driven by the decrease in relevant Risk-free interest rate and the portfolio run off.

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 2023, the relevant Risk-free interest rate decreased. Ceteris Paribus other developments, this results in a higher value of the Best Estimate and related capital requirements, because the average duration of Achmea's total Life portfolio is 11.2 years (2022: 10.7 years).



UNDERWRITING RISK LIFE INDIVIDUAL ENTITIES

€ MILLION

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	1,334	1,258
Union Poist'ovna A.S. (99.97%)	10	10
Interamerican Hellenic Insurance Company S.A. (99.89%)	23	24
Achmea Reinsurance Company N.V.	45	46
Total individual entities	**1,412**	**1,338**
Diversification	-83	-80
Total	**1,329**	**1,258**

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 increased by € 16 million to € 141 million and is mainly driven by Achmea Pensioen- en Levensverzekeringen N.V. (€ 15 million). The increase in Mortality Risk is mainly caused by changes in non-economic assumptions and the decrease 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. (€ 0.7 million) has only a small effect on Mortality Risk. The remaining impact is caused by Interamerican Hellenic Insurance Company S.A. (€ 0.1 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 increased by € 60 million to € 991 million. This decrease is caused by Achmea Pensioen- en Levensverzekeringen N.V. due to changes in economic assumptions, portfolio developments and changes in non-economic assumptions. The change in economic assumptions was due to lower interest rate levels. The increase was offset by the decrease due to portfolio developments, mainly caused by the closed book character of the portfolio.

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 € 0.9 million to € 2.3 million within Achmea Pensioen- en Levensverzekeringen N.V. the Disability Risk decreased by € 0.7 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

	2023	2022	Δ
Lapse Increase	33	50	-17
Lapse Decrease	25	25	1
Mass Lapse	193	203	-10
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. (€- 6 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 decrease in interest rate levels.

The mass lapse scenario is the most onerous within all entities. Within Interamerican Hellenic Insurance Company S.A. Lapse Risk decreased by € 1.2 million due to the decrease in yield curves and the portfolio run off. Within Union Poist'ovna A.S. Lapse Risk increased by € 0.3 million due to the increasing portfolio (mainly funeral insurance).

Expense Risk

The SCR for Expense Risk increased by € 36 million to € 501 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 expenses. The decrease in interest rate levels and model changes caused an increase in Expense Risk. Experienced variance/portfolio developments caused a decrease in Expense Risk. Within Union Poist'ovna A.S. Expense Risk slightly decreased by € 0.3 million due to derecognised business and change in lapse assumptions (increased lapses in funerals).

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 € 1 million to € 128 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.

The increase after reinsurance within Achmea Pensioen- en Levensverzekeringen N.V. is mainly due to model changes (€ 5.6 million). There was also a decrease due to experience variance/portfolio developments (€- 4.2 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 increased by € 0.1 million. Within Interamerican Hellenic Insurance Company S.A. Catastrophe Risk decreased by €- 0.1 million.

Diversification effects

The impact of diversification effects between sub-risks increased in 2023 by € 32 million due to the increase 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 Line of Business Health insurance is related to Health SLT. The Lines of Business Medical Expenses, Income Protection and Worker's Compensation are related to Health NSLT.

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%.

With regard to the long contract boundary (LCB) AOV, a model change is implemented for Incidence and Recovery risk in order to give substance to DNB's Q&A regarding the contract boundary of AOV. This model change is formally approved by DNB on June 13, 2023. Implementation of the required adjustments has led to the introduction of a Future Management Action (FMA). The FMA included in SCR calculations for AOV comprises defined premium increases when claims and combined ratio triggers are hit. The amount of the increase is based on target combined ratio levels for future accident years, after the first premium increase. The FMA for AOV, as an integral part of the PIM, has been approved by DNB. The FMA is triggered when the Combined Ratio of the most recent year is higher than 105% and the loss ratio of the most recent year is higher than 85%. If both are due to a deterioration of incidence and/or recovery.

HEALTH UNDERWRITING

€ MILLION

	2023	2022	Δ
Mortality	1	0	0
Longevity	30	19	11
Disability/Morbidity/Revision	397	187	210
SLT Lapse	193	28	165
Expense	62	28	34
Diversification	-233	-82	-152
SCR UR Health SLT	**450**	**181**	**269**
NSLT Lapse	24	22	2
Premium and Reserve	1,909	1,791	118
Diversification	-24	-22	-2
SCR UR Health NSLT	**1,909**	**1,791**	**118**
Health catastrophe	74	64	9
Diversification	-242	-131	-112
SCR UR Health	**2,191**	**1,906**	**285**

UNDERWRITING RISK HEALTH INDIVIDUAL ENTITIES

€ MILLION

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	0	0
Achmea Schadeverzekeringen N.V.	508	239
Interamerican Assistance General Insurance Company S.A. (99.89%)	0	0
N.V. Hagelunie	0	0
Achmea Zorgverzekeringen N.V.	196	188
Interpolis Zorgverzekeringen N.V.	61	60
Zilveren Kruis Zorgverzekeringen N.V.	1,219	1,207
De Friesland Zorgverzekeraar N.V.	186	178
FBTO Zorgverzekeringen N.V.	182	98
Union Poist'ovna A.S. (99.97%)	6	7
Interamerican Hellenic Insurance Company S.A. (99.89%)	37	34
Achmea Reinsurance Company N.V.	29	25
Total individual entities	**2,424**	**2,036**
Diversification	-233	-130
Total	**2,191**	**1,906**

The diversification includes mainly 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 Insurance Company S.A. As a result Mortality Risk has slightly increased by € 0.1 million to € 0.6 million.

Longevity Risk SLT
Longevity Risk increased by € 11 million due to an increase within Achmea Schadeverzekeringen N.V. This increase is caused by the major change LCB and the impact of the decreased interest rate.

Disability/Morbidity/Recovery Risk SLT
Disability/Morbidity Risk (Incidence + Recovery) increased by € 210 million to € 397 million. This is mainly caused by the major change LCB within Achmea Schadeverzekeringen N.V. The impact is mainly seen in Incidence Risk (€ 194 million). By taking into account the LCB, the timeframe in which an insured can become disabled is much larger. Recovery Risk (€ 16 million) also increased due to a higher volume caused by lower Risk-free rates and an increased recovery shock (WIA) caused by the annual calibration. Within Interamerican Hellenic Insurance Company S.A. Disability/Morbidity Risk decreased by € 0.7 million due to the decreased relevant Risk-free interest rate.

Lapse Risk SLT
In 2023 the 'lapse mass scenario' is the dominant scenario for Lapse Risk Health SLT at Group level, just like in 2022. Within Achmea Schadeverzekeringen N.V. Lapse Risk increased by € 165 million in the Mass Lapse scenario due to the major change LCB. Within Interamerican Hellenic Insurance Company S.A. Lapse Risk decreased by € 0.4 million in the Mass Lapse scenario due to the decrease in the relevant Risk-free interest rate.

Expense Risk SLT
Expense Risk SLT increased by € 34 million due to the major change LCB within Achmea Schadeverzekeringen N.V. Within Union Poist'ovna A.S. and Interamerican Hellenic 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 € 1.6 million caused by the increased profitability of the recognised portfolio, especially absenteeism within Achmea Schadeverzekeringen N.V. (€ 0.9 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 Achmea Reinsurance Company N.V. (€ 0.1 million), Union Poist'ovna A.S. (€ 0.0 million), Interamerican Greece (€- 0.3 million) and Eureko Sigorta A.S. (€ 0.8 million). The increase within Eureko Sigorta A.S. is due to the increase in premiums.

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; € 115 million), Interamerican Hellenic Insurance Company S.A. (based on the Standard Formula; € 3.2 million) and Achmea Schadeverzekeringen N.V. (based on the Internal Model; €- 2.5 million). All the changes in the Premium and Reserve Risk arise from development of the portfolio, changes in expected cash flows and its effect on the discounting. The remaining impact was caused by Union Poist'ovna A.S. (€- 0.8 million), Achmea Reinsurance Company N.V. (€ 0.3 million) and Eureko Sigorta A.S. (€ 2.6 million).

The increase of the premium volume in the Dutch Health insurance business was mostly due to expense inflation of 7.8% for basic health care and 5.3% for supplementary health care, reflected in an increase of the premium per insured. The number of insured 2024 increased by 436,000 as compared to 2023. Within Achmea Schadeverzekeringen N.V., the Premium Risk in 2023 decreased due to lower volumes and as a result of lower expected claims for the absenteeism portfolio due to lower expectations. The impact of the new risk factors based on the regular calibration update caused a decrease of risk. There are no material changes in the risk factors.

The volume measure for Reserve Risk (which equals the Best Estimate Claim Provision) within the Dutch Health insurance business decreased by € 834 million from FYR 2022 to FYR 2023. At FYR 2022, there where technical issues with the new funding system on the side of the mental healthcare providers. A large amount of bills with respect to accident year 2022 could not be invoiced and could not be settled. This was reflected in the NTF prepayments of € 493 million, but the impact on the Best Estimate Claim Provision was even larger, since not all delays where covered in the prepayments. Thus, the Best Estimate Claim Provision at FYR 2022 was unusually high. The technical issues were solved in 2023, as a result many claims were settled. The change in Claim Provision decreased the SCR Premium and Reserve Risk by € 90 million.

Within Achmea Schadeverzekeringen N.V. Reserve Risk has remained stable. Reserve Risk decreased as a result of release of the provision for the flu epidemic within the absenteeism portfolio and due to lower volumes as a result of a reclassification of recourse. These effects are compensated by increased reserves for the mortgage protection portfolio as policyholders are more aware of the possibilities of this policy. Reserve Risk increased also due to a higher risk factor for the Absenteeism Underwriting Agents portfolio. The fluctuations in the loss ratio for this portfolio have increased and amplified due to the Covid-19 period, even after adjusting for the pandemic because it is not part of the Premium Risk but part of the Catastrophe Risk. The loss ratio fluctuations data for the most recent claim years show different trends. This causes additional volatility and results in a higher risk factor.

Within Interamerican Hellenic Insurance Company S.A. Premium and Reserve Risk increased by € 3.2 million due to growth of the insurance portfolio.

Health Catastrophe Risk

HEALTH CATASTROPHE RISK

€ MILLION

	2023	2022	Δ
Mass Accident Risk	20	19	1
Accident Concentration Risk	34	31	3
Pandemic risk	63	53	9
Diversification	-42	-39	-4
SCR CAT Risk Health	**74**	**64**	**9**

Within Achmea Reinsurance Company N.V. Catastrophe Risk increased by € 4.3 million due to portfolio developments (€ 4.4 million) and Foreign currency exchanges rates (€- 0.1 million).

Within the Dutch Health insurance business the Catastrophe Risk increased by € 8.4 million. This was mostly due to an increase in the parameters for Mass Accident Risk and Pandemic Risk (increase of 5.5% and 9.1%, respectively) and the number of insured increased by 8.9% from 2023 to 2024.

E.2.3.6. 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 Hellenic 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 Hellenic 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% (2022: 89%) 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 within the group calculations.

Achmea has used the ‘implicit correlation’ approach to aggregate the capital requirements on Group level.

NON-LIFE UNDERWRITING RISK

€ MILLION

	2023	2022	Δ
Lapse	170	179	-9
Premium and Reserve	897	802	95
Catastrophe	654	592	62
Diversification	-475	-449	-25
SCR UR Non-Life	**1,247**	**1,124**	**124**

Approximately 47% of Non-Life Underwriting Risk is driven by Achmea Schadeverzekeringen N.V., 19% by Achmea Reinsurance Company N.V., 21% by Eureko Sigorta A.S., 8% by Interamerican Hellenic Insurance Company S.A., 4% by N.V. Hagelunie and 1% by Union Poisťovňa A.S.

UNDERWRITING RISK NON-LIFE INDIVIDUAL ENTITIES

€ MILLION

	2023	2022
Achmea Schadeverzekeringen N.V.	929	807
Interamerican Assistance General Insurance Company S.A. (99.89%)	8	8
N.V. Hagelunie	80	72
Union Poist’ovna A.S. (99.97%)	21	18
Interamerican Hellenic Insurance Company S.A. (99.89%)	87	69
Achmea Reinsurance Company N.V.	185	221
Total individual entities	**1,311**	**1,195**
Diversification	-64	-71
Total	**1,247**	**1,124**

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 decreased by € 20 million within Achmea Schadeverzekeringen N.V. due to less profitable business with a higher Combined Ratio partly caused by lower interest and lower expected reinsurance benefits caused by higher own retentions. Lapse Risk within Eureko Sigorta A.S. increased by € 11 million as a result increase in premiums. Lapse Risk within Interamerican Hellenic Insurance Company S.A. increased by € 1.6 million attributed to the increase of exposure of the in force portfolio.

Premium and 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 recognised within Achmea Schadeverzekeringen N.V. (€ 73 million) and Interamerican Hellenic Insurance Company S.A. (€ 8 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 (€ 10 million), Achmea Reinsurance Company N.V. (€- 4 million), Union Poist'ovna A.S. (€ 2 million) and Eureko Sigorta A.S. (€ 33 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 (€ 68 million) due to higher volume, risk factors and decreased interest rate. The volume increased due to expected incurred loss in particular for Lines of Business Fire and Other property damage (Commercial and Private lines), Motor vehicle liability and General liability. Reserve Risk increased by € 5 million due to higher risk factors, volume (nominal) and decreased interest rate. The volume increased for the private lines of business Fire is caused by an increase in large fires and higher attritional loss due to a higher frequency with a higher average amount. Higher incurred loss for commercial lines due to large fires at the Venlo and Ter Aar industrial area and Amsterdam potting soil company and Agricultural stable fires. Increase in volume for Motor vehicle liability arose from a higher volume for private lines due to increased traffic intensity and higher average claim amount. The risk factors have mainly been increased for General liability and Motor vehicle liability due to more uncertainty about bodily injury claims.

Within Interamerican Hellenic Insurance Company S.A. Premium and Reserve Risk increased by € 8 million. Premium Risk increased due to the increase of own retention related to the renewal of Property per risk reinsurance treaty, calibration and increased projected claims. Reserve Risk is increased because of the remaining outstanding exposure related to storm Daniel related claims.

Premium and Reserve Risk within Achmea Reinsurance Company N.V. decreased by € 4 million. Premium Risk decreased (€ 18 million) due to the decision to stop third party Non-Life business and Reserve Risk increased (€ 11 million) due to changes within claim reserves.

Within Eureko Sigorta A.S., Premium and Reserve Risk increased by € 33 million. The main reason for this is the increase in Best Estimates due to the earthquakes in February 2023 and the inflation related increase in premiums and claims.

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[27].

CATASTROPHE RISK NON-LIFE

€ MILLION

	2023	2022	Δ
Natural	562	416	146
Catastrophe Risk Non-Proportional Property Reinsurance	13	113	-100
Man-Made	313	266	46
Other	6	8	-2
Diversification between sub-modules	-240	-211	-28
SCR Catastrophe Risk Non-Life	**654**	**592**	**62**

Catastrophe Risk increased by € 62 million due to 'market hardening' and the new reinsurance program with a higher own retention in the event of natural catastrophes. Furthermore the man-made Catastrophe Risk fire in Turkey increased because the reinsurance has changed to more counterparties with lower ratings. These effects are partially offset by the removal of the clustering surcharge because the clustering of windstorms is already part of the used Vendor Models and risk decreased due to the strategic reorientation of Achmea Reinsurance Company N.V. to stop external Non-Life reinsurance business. Within the Natural Catastrophe Risk model, the positive effects of 'hardened/reinforced glass' for green-houses are included. Hardened/reinforced glass improves the resilience of greenhouses against hail damage, resulting in a smaller chance of a loss and in a smaller damage ratio in case of a loss.

[27] Man-made and Other is modelled according to the SF.

E.2.3.7. Intangible asset risk

INTANGIBLE ASSET RISK

€ MILLION

	2023	2022	Δ
Intangible Asset Risk	0	0	0
SCR Intangible Assets	**0**	**0**	**0**

E.2.3.8. Operational risk

OPERATIONAL RISK

€ MILLION

	2023	2022	Δ
SCR OR based on Technical Provisions	382	386	-4
SCR OR based on Earned Premiums	655	616	39
Charge before Capping	655	616	39
CAP BSCR	1,330	1,235	95
Charge after capping	655	616	39
Expenses Unit Linked Business	41	41	0
Charge related to Expenses Unit Linked Business (25%)	10	10	0
SCR Operational Risk	**666**	**626**	**39**

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 2023 compared to 2022 in the Health insurance portfolio in the Netherlands. This was a direct consequence of the increase in premium volume due to cost inflation, increasing the premium per insured. This exceeded the impact of the decrease in the number of insured. Within Achmea Schadeverzekeringen N.V. Operational Risk increased due to higher earned premiums in 2023 resulting in a higher capital requirement. 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 closed book portfolio.

OPERATIONAL RISK – SENSITIVE SCENARIO

	2023	2022
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 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 2023 no entities changed in sensitive scenario.

OPERATIONAL RISK INDIVIDUAL ENTITIES

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	125	122
Achmea Schadeverzekeringen N.V.	123	119
Interamerican Assistance General Insurance Company S.A. (99.89%)	1	1
N.V. Hagelunie	4	4
Achmea Zorgverzekeringen N.V.	36	37
Interpolis Zorgverzekeringen N.V.	18	16
Zilveren Kruis Zorgverzekeringen N.V.	337	317
De Friesland Zorgverzekeraar N.V.	50	47
FBTO Zorgverzekeringen N.V.	31	31
Union Poist'ovna A.S. (99.97%)	4	4
Interamerican Hellenic Insurance Company S.A. (99.89%)	13	12
Achmea Reinsurance Company N.V.	11	13
Total individual entities	**752**	**722**
Diversification	-87	-96
Total	**666**	**626**

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 Hellenic 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.2.3.9. Loss-absorbing capacity of expected profits

LOSS-ABSORBING CAPACITY OF EXPECTED PROFITS

€ MILLION

	2023	2022	Δ
LACEP Underwriting Risk	-128	-132	4
LACEP Market Risk	-359	-312	-47
Total LACEP	**-487**	**-444**	**-43**

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 € 47 million to € 359 million. The 1-year German government bond is 3.02 bps (2022: 2.23 bps).

The impact of the LACEP Underwriting Risk decreased caused by an expected decreased future profitability of the renewed and new business of the Dutch and Greek insurance portfolios based on the most recent budget forecasts. The LACEP Underwriting Risk on group level is de sum of the LACEP Underwriting Risk of Achmea Schadeverzekeringen N.V. (€- 110 million), N.V. Hagelunie (€- 6 million) and Interamerican Hellenic Insurance Company S.A. (€- 12 million).

LACEP MARKET RISK AND UNDERWRITING RISK - INDIVIDUAL ENTITIES

€ MILLION

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	-213	-191
Achmea Schadeverzekeringen N.V.	-172	-164
Interamerican Hellenic Insurance Company S.A. (99.89%)	-12	-12
N.V. Hagelunie	-10	-6
Achmea Reinsurance Company N.V.	-35	-25
Total individual insurance entities	**-442**	**-398**
Other	-45	-46
Total	**-487**	**-444**

The impact on 'Other' includes the LACEP Market Risk of the non-insurance entities, the LACEP Market Risk of Achmea Zorgverzekeringen N.V. consolidated and excludes the impact of LACEP Underwriting Risk of Achmea Reinsurance Company N.V. due to the intercompany characteristic.

E.2.3.10. Loss absorbing capacity of technical provisions

The Loss-Absorbing Capacity of Technical Provisions (LACTP) is negligible as was the case in 2022.

E.2.3.11. 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 guidance.

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

	2023	2022	Δ
SCR Loss-Absorbing Capacity of Deferred taxes	**-581**	**-550**	**-31**

The adjustment based on the diversification effect recognised at Achmea Group Level is 70.7% (2022: 71.7%). The increase is the result of higher recognised LACDT amounts in the underlying entities. The increase is mainly caused by an increase of the LACDT for the Dutch insurance entities Achmea Pensioen- en Levensverzekeringen N.V. (€ 16 million) due to interest and spread developments and Achmea Schadeverzekeringen N.V. (€ 57 million) due to an increase of the applicable SCR, mainly caused by the implementation of the long contract boundary within the AOV portfolio.

RECOGNISED ADJUSTMENT FACTOR ON SOLO LEVEL (ADJDT) PIM

€ MILLION

	2023	2022
Achmea Pensioen- en Levensverzekeringen N.V.	416	400
Interamerican Hellenic Insurance Company S.A.	0	11
Achmea Schadeverzekeringen N.V.	322	265
Eureko Sigorta S.A.	0	0
Interamerican Assistance General Insurance Company S.A.	0	0
N.V. Hagelunie	24	22
Union Poist'ovna A.S.	1	3
Achmea Reinsurance Company N.V.	58	63
Total without applying guideline 22	**821**	**764**
Total recognised	**581**	**550**

The changes of the maximum LACDT amounts within N.V. Hagelunie and Achmea Reinsurance Company N.V. is caused by changes of the applicable SCR.

For Interamerican Hellenic Insurance Company S.A. after the merger a full recoverability analysis has been implemented resulting to no LACDT as the entity holds significant DTA amount and could not recover the additional increase in the DTA due to the LACDT-scenario.

The methodology changes stems from recommendations made by DNB and consists of aligning the run-off of investments in line with the Investment Policy pursued (active management on portion of investments held), applying uncertainty and increasing future uncertainty for both excess returns and underwriting results, adjustments are made in the expense measure applied, for improving future results, disregarding measures beyond control of Achmea and Policies were adjusted.

E.2.3.12. Other components of the group requirements

OTHER FINANCIAL SECTORS

Achmea includes the Other Financial Services in the capital requirements based on the sectoral capital requirements.

For Achmea Bank N.V., this is the sum of Pillar I, Pillar II, the Combined Buffer Requirement and Countercyclical Buffer. At the moment this is 16.6% (2022: 13.4%) of the Risk Weighted Assets based on the latest Supervisory Review and Evaluation Process (SREP) communication of DNB (Pillar I + II: 12.1% and 2.5% Combined Buffer Requirement). This percentage is increased with the Countercyclical buffer (CcyB) of 1% declared by DNB for the whole banking sector (2022: 0%). In 2023, the Dutch Central Bank has approved the application for an Advanced Internal Rating-Based status (A-IRB Bank) of Achmea Bank N.V. This status enables Achmea Bank N.V. to use advanced internal models to calculate its credit risks and this results in improved risk management and customer service, both in the acceptance and management of mortgages. DNB also imposed a temporary output floor which resembles the Standardised approach.

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 in 2023. The capital requirement is the highest of:

1. 25% of the fixed overhead expenses of the preceding 12 months.
2. The permanent minimum requirement following the IFR/IFD legislation.
3. The ‘k’-factor.

For Achmea Investment Management B.V. Achmea applies a required capital of € 29.9 million based on ICAAP rules. 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 2023 (including mutual funds).

CR OTHER FINANCIAL SECTORS 2023

€ MILLION

	ACHMEA BANK	SAREF	AIM
Risk Weighted Assets	4,580		
PI+PII+Combined Buffer Requirement + CcyB	16.60%		
Total CR Other Financial Sectors	**715**	**18**	**30**

CR OTHER FINANCIALSECTORS 2022

€ MILLION

	ACHMEA BANK	SAREF	AIM
Risk Weighted Assets	4,263		
PI+PII+Combined Buffer Requirement	13.40%		
Total CR Other Financial Sectors	**571**	**18**	**25**

The Risk Weighted Assets of Achmea Bank N.V. increased due to the acquisition of residential mortgage portfolios of ASR Nederland N.V. in 2023 and due to new production. The capital requirement for AIM increased because AIM had more Asset under Management.

CR OTHER FINANCIAL SECTORS

€ MILLION

	2023	2022	Δ
Union Zdravotna Poist'ovna A.S.	17	17	0
Centraal Beheer PPI N.V.	8	6	1
Total CR Other financial sectors	**25**	**23**	**2**

The capital requirement for the CB PPI increased due to regular growth of the underlying managed capitals for the pension liabilities. 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.

SCR OTHER ENTITIES

€ MILLION

	2023	2022	Δ
De Vereende	4	3	0
Non Ancillary entities	18	19	-1
Total SCR Other Entities	**22**	**23**	**-1**

Achmea Schadeverzekeringen N.V. has a 20% capital share in De Vereende. Achmea has included 20% of the Solvency II capital requirement of insurer De Vereende in the SCR Other entities (€ 4 million). De Vereende uses the Standard Formula, which is used as reference by Achmea in the addition of the capital requirement.

E.2.4. Minimum capital requirement

The following table shows the Minimum Capital Requirement (MCR) of Achmea at the end of 2023 and 2022.

MINIMUM CAPITAL REQUIREMENT PIM

€ MILLION

	2023	2022	Δ
SCR Consolidated	4,031	3,750	282
MCR	2,165	2,096	69
MCR/SCR (%)	**54%**	**56%**	**-2%**

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 net increase in MCR is mainly caused by an increase in the underlying MCR of Achmea Schadeverzekeringen N.V. (€ 74 million), Achmea Zorgverzekeringen N.V. consolidated (€ 11 million) and a decrease in the underlying MCR of Achmea Pensioen- en Levensverzekeringen N.V. (€- 18 million). In 2022 and 2023 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 MCR of Achmea Schadeverzekeringen N.V. increased significantly due to the increase of the Best estimate of the AOV portfolio because of the change towards the longer contract boundary.

MCR INDIVIDUAL ENTITIES

€ MILLION

	2023	2022	Δ
Achmea Pensioen- en Levensverzekeringen N.V.	664	681	-17
Achmea Schadeverzekeringen N.V.	417	343	74
Interamerican Assistance General Insurance Company S.A. (99.89%)	5	5	0
N.V. Hagelunie	17	16	1
Union Poist'ovna A.S. (99.97%)	16	15	1
Interamerican Hellenic Life Insurance Company S.A. (99.89%)	57	54	3
Achmea Reinsurance Company N.V.	43	48	-5
Achmea Zorgverzekeringen N.V. Consolidated	927	916	11
Eureko Sigorta A.S.	20	18	2
Total	**2,165**	**2,096**	**69**

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 Hellenic Insurance Company S.A.

Subject to the floor of 25% of the SCR are N.V. Hagelunie and Achmea Reinsurance Company N.V.

For the remaining entities no cap or floor is applied.

IMPACT OF VOLATILITY ADJUSTMENT ON THE MCR

€ MILLION

	INCLUDING VA		EXCLUDING VA		IMPACT VA	
	2023	2022	2023	2022	2023	2022
Total Group Solvency Capital Requirement Consolidated	4,031	3,750	5,277	4,845	1,246	1,096
MCR	**2,165**	**2,096**	**2,342**	**2,234**	**177**	**138**
MCR/Total Group Solvency Capital Requirement Cons (%)	54%	56%	44%	46%	14%	13%

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. Non-compliance with the MCR and non-compliance with the SCR.

As at 31 December 2023, solvency levels of the Achmea Group and all legal entities under supervision met the prudential requirements.

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	9 April 2024
Interamerican Hellenic Insurance Company S.A.	https://www.interamerican.gr/interamerican/stoixeia-fereggyotitas	8 April 2024
Interamerican Property & Casualty Insurance Company S.A.	https://www.interamerican.gr/interamerican/stoixeia-fereggyotitas	8 April 2024
Interamerican Assistance General Insurance Company S.A.	https://www.interamerican.gr/interamerican/stoixeia-fereggyotitas	8 April 2024
Union Poisťovňa A.S.	https://www.union.sk/sprava-o-solventnosti-a-financnom-stave	7 April 2024

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 to 3.30%.
- 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
	2023	2023	2023	2023	2022
Baseline	34,192	2,614	1,475	177%	204%
Last Liquid Point 30 years	34,594	2,251	1,532	147%	166%
Equity prices -20%	34,192	2,283	1,441	158%	184%
Property prices -20%	34,192	2,410	1,478	163%	187%

IMPACT OF VOLATILTY ADJUSTMENT ON TECHNICAL PROVISIONS

€ MILLION

	ECONOMIC	EXCLUDING VA	IMPACT VA
Technical provisions (gross)	34,192	34,720	-528
Technical provisions – Life (excluding Health and Index-Linked and Unit Linked)	26,850	27,369	-520
Technical provisions – Index-Linked and Unit Linked	7,343	7,351	-8
			0
Recoverables from reinsurance	40	40	-0
Technical provisions – Life (excluding Health and Index-Linked and Unit Linked)	40	40	-0
Technical provisions – Index-Linked and Unit Linked	0	0	0
			0
Technical provisions minus recoverables from reinsurance	34,152	34,680	-528
Technical provisions – Life (excluding Health and Index-Linked and Unit Linked)	26,810	27,329	-520

IMPACT ULTIMATE FORWARD RATE ON SOLVENCY CAPITAL REQUIRMENT

€ MILLION

	BASELINE	UFR 3.30%
Market Risk	1,124	1,120
Counterparty Default Risk	92	92
Life Underwriting Risk	1,334	1,342
Diversification	-572	-572
Basic SCR	1,979	1,982
Operational Risk	125	125
LACTP/LACEP	-213	-213
LACDT	-416	-414
Solvency Capital Requirement	**1,475**	**1,480**

Achmea Schadeverzekeringen N.V.

SENSITIVITIES

€ MILLION

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	5,435	1,323	927	143%	159%
Equity prices -20%	5,435	1,239	916	135%	150%
Property prices -20%	5,435	1,258	924	136%	152%

IMPACT OF VOLATILTY ADJUSTMENT ON TECHNICAL PROVISIONS

€ MILLION

	ECONOMIC BALANCE SHEET	EXCLUDING VA	IMPACT VA
Technical provisions (gross)	5,435	5,489	-54
Technical provisions – Non-Life (excluding Health)	3,194	3,214	-20
Technical provisions – Health (similar to Non-Life)	259	260	-1
Technical provisions – Health (similar to Life)	1,983	2,015	-32
Recoverables from reinsurance	366	371	-5
Reinsurance recoverables – Non-Life (excluding Health)	72	72	-0
Reinsurance recoverables – Health (similar to Non-Life)	0	0	-0
Reinsurance recoverables – Health (similar to Life)	294	299	-4
Technical provisions minus recoverables from reinsurance	5,069	5,118	-49
Technical provisions – Non-Life (excluding Health)	3,122	3,142	-20
Technical provisions – Health (similar to Non-Life)	258	260	-1
Technical provisions – Health (similar to Life)	1,688	1,716	-28

N.V. Hagelunie

SENSITIVITIES

€1,000

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	78,085	166,983	69,315	241%	234%
Equity prices -20%	78,085	157,525	68,493	230%	225%

IMPACT OF VOLATILTY ADJUSTMENT ON TECHNICAL PROVISIONS

€1,000

	ECONOMIC BALANCE SHEET	EXCLUDING VA	IMPACT VA
Technical provisions (gross)	78,085	78,238	-153
Technical provisions – Non-Life (excluding Health)	78,085	78,238	-153
Recoverables from reinsurance	27,974	28,065	-91
Reinsurance recoverables – Non-Life (excluding Health)	27,974	28,065	-91
Technical provisions minus recoverables from reinsurance	50,111	50,172	-62

Achmea Reinsurance Company N.V.

SENSITIVITIES

€ 1,000

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	494,439	309,259	167,830	184%	150%
Equity prices -20%	494,439	284.895	163,727	174%	142%

Achmea Zorgverzekeringen N.V. consolidated

SENSITIVITIES

€ 1,000

	TECHNICAL PROVISIONS	OWN FUNDS	SCR	SOLVENCY RATIO 2023	SOLVENCY RATIO 2022
Baseline	4,170,138	3,958,045	2,445,417	162%	165%
Equity prices -20%	4,170,138	3,840,120	2,407,950	159%	162%

APPENDIX 3: PREMIUMS, CLAIMS AND EXPENSES BY MAJOR LINE OF BUSINESS

Non-Life

PREMIUMS, CLAIMS AND EXPENSES NON-LIFE BY LINE OF BUSINESS

€ MILLION

	2023					
	MEDICAL EXPENSE INSURANCE	FIRE AND OTHER DAMAGE TO PROPERTY INSURANCE	MOTOR VEHICLE LIABILITY INSURANCE	OTHER MOTOR INSURANCE	OTHER	TOTAL
Gross written Premiums	15,751	1,660	1,083	704	1,202	20,400
Net earned Premiums	15,722	1,365	1,044	669	1,022	19,821
Claims Incurred (net)	15,207	760	920	435	650	17,972
Expenses Incurred	467	437	301	208	406	1,819

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

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	2023			2022		
	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE N.V.	ACHMEA SCHADEVERZEKERINGEN N.V.	N.V. HAGELUNIE	ACHMEA REINSURANCE COMPANY
Gross written Premiums	876	0	16	861	0	0
Net earned Premiums	862	0	22	851	0	0
Claims Incurred (net)	778	0	26	670	0	0
Expenses Incurred	264	0	5	251	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	570	0	0	544	0	0
Net earned Premiums	542	0	0	524	0	0
Claims Incurred (net)	355	0	0	303	0	0
Expenses Incurred	181	0	0	166	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	1,109	134	57	1,048	122	69
Net earned Premiums	993	78	61	933	73	63
Claims Incurred (net)	550	30	21	497	46	53
Expenses Incurred	348	29	18	327	26	18

Life

Achmea Pensioen- en Levensverzekeringen N.V. contributes 60% to the Life Line of Business in the Netherlands. The remaining part is contributed by Achmea Schadeverzekeringen N.V. (Health insurance Life) for 30% and Achmea Reinsurance Company N.V. (Life reinsurance) for 10%.

PREMIUMS, CLAIMS AND EXPENSES LIFE BY LINE OF BUSINESS

€ MILLION

	2023					
	HEALTH INSURANCE	INSURANCE WITH PROFIT PARTICIPATION	INDEX LINKED AND UNIT LINKED INSURANCE	OTHER LIFE INSURANCE	OTHER	TOTAL
Gross written Premiums	384	131	89	662	85	1,351
Net earned Premiums	274	130	89	660	65	1,219
Claims Incurred (net)	211	607	481	1,346	23	2,668
Expenses Incurred	98	63	65	92	23	341

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

APPENDIX 4: COMPANY ECONOMIC BALANCE SHEET DUTCH (RE)INSURANCE ENTITIES

ECONOMIC BALANCE SHEET

€ MILLION

	2023								
ASSETS	ACHMEA PENSIOEN LEVENSVERZEKERINGEN	ACHMEA REINSURANCE COMPANY	ACHMEA SCHADEVERZEKERINGEN	HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR	FBTO ZORGVERZEKERINGEN	INTERPOLIS ZORGVERZEKERINGEN	ZILVEREN KRUIS ZORGVERZEKERINGEN
Intangible assets	0	0	0	0	0	0	0	0	0
Deferred tax assets	650	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)	20,657	522	5,592	216	3,967	462	292	137	3,278
Property (other than for own use)	679	0	0	0	0	0	0	0	0
Holdings in related undertakings, including participations	285	0	30	0	3,127	2	0	0	0
Equities	498	118	139	25	91	31	11	10	171
Bonds	10,219	317	4,801	165	661	410	275	121	2,991
Collective Investments Undertakings	989	69	506	20	84	17	6	6	95
Derivatives	4,514	3	9	0	1	1	0	0	3
Deposits other than cash equivalents	385	-0	50	0	0	0	0	0	13
Other investments	3,087	15	57	5	3	1	0	0	5
Assets held for index-linked and unit-linked funds	7,908	0	0	0	0	0	0	0	0
Loans and mortgages	12,071	0	1,184	0	1	20	0	0	2
Reinsurance recoverables	40	279	366	28	0	0	0	0	0
Deposits to cedants	0	13	0	0	0	0	0	0	0
Insurance and intermediaries receivables	34	0	198	5	2	268	189	121	1,499
Reinsurance receivables	0	0	7	7	0	0	0	0	0
Receivables	1,261	3	71	1	101	76	77	45	925
Cash and cash equivalents	322	39	99	28	50	34	242	34	105
Any other assets, not elsewhere shown	-0	1	115	5	0	0	0	0	4
Total assets	**42,942**	**858**	**7,635**	**290**	**4,121**	**860**	**800**	**337**	**5,814**

ECONOMIC BALANCE SHEET

€ MILLION

LIABILITIES	2023 ACHMEA PENSIOEN LEVENSVERZEKERINGEN	ACHMEA REINSURANCE COMPANY	ACHMEA SCHADEVERZEKERINGEN	HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR	FBTO ZORGVERZEKERINGEN	INTERPOLIS ZORGVERZEKERINGEN	ZILVEREN KRUIS ZORGVERZEKERINGEN
Technical provisions – non-life (excluding health)	0	303	3,194	78	0	0	0	0	0
Technical provisions - health (similar to non-life)	0	7	259	0	126	414	306	153	3,171
Technical provisions - health (similar to life)	0	190	1,983	0	0	0	0	0	0
Technical provisions – life (excluding health and index-linked and unit-linked)	26,850	-5	0	0	0	0	0	0	0
Technical provisions – index-linked and unit-linked	7,343	0	0	0	0	0	0	0	0
Provisions other than technical provisions	0	0	50	3	0	0	0	0	0
Deposits from reinsurers	0	1	0	0	0	0	0	0	0
Deferred tax liabilities	262	2	2	11	0	0	0	0	0
Derivatives	2,994	1	13	1	1	1	0	0	4
Financial liabilities other than debts owed to credit institutions	1	0	2	0	0	0	0	0	107
Insurance & intermediaries payables	681	41	204	0	0	35	24	14	151
Reinsurance payables	8	1	11	0	0	0	0	0	0
Payables (trade, not insurance)	84	5	382	28	4	44	20	15	76
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	1,678	1	191	3	17	5	28	2	113
Total liabilities	**39,899**	**545**	**6,290**	**123**	**149**	**499**	**397**	**183**	**3,622**
Excess of assets over liabilities	**3,042**	**312**	**1,345**	**167**	**3,972**	**362**	**402**	**154**	**2,192**

ECONOMIC BALANCE SHEET

€ MILLION

2022									
ASSETS	ACHMEA PENSIOEN LEVENSVERZEKERINGEN	ACHMEA REINSURANCE COMPANY	ACHMEA SCHADEVERZEKERINGEN	HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR	FBTO ZORGVERZEKERINGEN	INTERPOLIS ZORGVERZEKERINGEN	ZILVEREN KRUIS ZORGVERZEKERINGEN
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

	2022								
LIABILITIES	ACHMEA PENSIOEN LEVENSVERZEKERINGEN	ACHMEA REINSURANCE COMPANY	ACHMEA SCHADEVERZEKERINGEN	HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR	FBTO ZORGVERZEKERINGEN	INTERPOLIS ZORGVERZEKERINGEN	ZILVEREN KRUIS ZORGVERZEKERINGEN
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	8
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**
									0
Excess of assets over liabilities	**3,428**	**291**	**1,241**	**147**	**3,745**	**407**	**181**	**132**	**2,268**

APPENDIX 5: SOLVENCY CAPITAL REQUIREMENT DUTCH (RE)INSURANCE ENTITIES

SOLVENCY CAPITAL REQUIREMENT

€ MILLION

2023	ACHMEA PENSIOEN LEVENSVERZEKERINGEN	ACHMEA REINSURANCE COMPANY	ACHMEA SCHADEVERZEKERINGEN	HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR	FBTO ZORGVERZEKERINGEN	INTERPOLIS ZORGVERZEKERINGEN	ZILVEREN KRUIS ZORGVERZEKERINGEN
Market Risk	1,124	91	403	29	779	33	18	13	173
Counterparty Default Risk	92	16	77	13	17	11	26	12	48
Life Underwriting Risk	1,334	45	0	0	0	0	0	0	0
Health Underwriting Risk	0	29	508	0	196	186	182	61	1,219
Non-Life Underwriting Risk	0	185	929	80	0	0	0	0	0
Diversification	-572	-117	-618	-23	-138	-30	-30	-16	-153
Intangible Asset Risk	0	0	0	0	0	0	0	0	0
Basic Solvency Capital Requirement	**1,979**	**250**	**1,298**	**99**	**854**	**200**	**196**	**69**	**1,287**
Operational Risk	125	11	123	4	36	50	31	18	337
Loss-Absorbing Capacity of Expected Profits	-213	-35	-172	-10	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	-416	-58	-322	-24	0	0	0	0	0
Other Deductions & Additions	0	0	0	0	0	0	0	0	0
Solvency Capital Requirement	**1,475**	**168**	**927**	**69**	**890**	**250**	**227**	**87**	**1,624**

SOLVENCY CAPITAL REQUIREMENT

€ MILLION

2022	ACHMEA PENSIOEN LEVENSVERZEKERINGEN	ACHMEA REINSURANCE COMPANY	ACHMEA SCHADEVERZEKERINGEN	HAGELUNIE	ACHMEA ZORGVERZEKERINGEN (SOLO)	DE FRIESLAND ZORGVERZEKERAAR	FBTO ZORGVERZEKERINGEN	INTERPOLIS ZORGVERZEKERINGEN	ZILVEREN KRUIS ZORGVERZEKERINGEN
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	-191	-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**

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.25.05	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.04.05	Activity by country - location of risk
S.05.01	Premiums, claims and expenses by line of business
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.25.05	Solvency Capital Requirement – 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.