

Achmea posts operational result of €630 million

Solid performance in exceptional circumstances

- Premium growth in Non-Life and International activities, Assets under management increased by 41% to €227 billion
- Strategy of digitisation and the efforts from employees result in continued high level of services to customers
- Robust solvency ratio of 208% and sound liquidity position
- Increased result at Non-Life; combined ratio improved to 92.9%
- Result Pension & Life affected by impact Covid-19 on financial markets
- Result in Health on balance positive because of:
 - Increased cost for hospitals related to Covid-19 and €1 billion continuity contribution to health care
 - Government contribution under the catastrophe scheme and decrease regular, elective care
- In line with our cooperative identity, we delivered broad social value added

Willem van Duin, Chairman of the Executive Board:

“The Covid-19 pandemic continues to challenge society and the end is unfortunately still some way off. The pandemic is affecting everyone, prompting us to adapt quickly to a new reality containing uncertainties about work, health and social contacts. The necessary restrictions have placed a great strain on what was viewed as normal until recently. And yet it was also a year of hope. Society as a whole turns out to be resilient and the importance of solidarity is once more clear. The same goes for our 14,000 employees who, working from home, have continued wholeheartedly with our mission: to contribute to a healthy, safe and future-proof society.

Our cooperative identity forms the basis for a range of initiatives. We called on the pharmaceutical industry to collaborate closely in the fight against Covid-19. In the Netherlands, health insurer Zilveren Kruis contributed about €1 billion to guarantee continuity of healthcare services and colleagues with a background in health care are able to help out at healthcare services.

Despite the challenging circumstances we realised growth in among others premiums and income in a number of strategically important areas. Last year, our Centraal Beheer, Interpolis and FBTO brands welcomed a large number of new customers who opted for the best online service. Our strategy of far-reaching digitisation results in, next to a high appreciation of our customers, in an increase in premiums both in the retail and the commercial market. In our international business we also focus on online service to our customers which last year led to an overall growth in premium income at Non-Life of 4%.

Last year the Centraal Beheer General Pension Fund (APF) continued its strong growth thanks to the confidence and accession of a number of new employers and pension funds. Centraal Beheer APF is one of the largest APF's by Assets under management and market leader measured by the number of pension funds, employers and (active) participants. In 2020 Achmea Pension Services has attracted two major new clients: the Ahold Delhaize company pension fund and the sectoral pension fund for general practitioners. Both funds will join starting from 1 January 2022. In addition, together with pension fund PGB, the service provider InAdmin Riskco has been acquired with which we will set up a new platform for the pension of the future. This more than compensates the expected decline of premium income at Pension & Life, leading to an overall growth in premium income in 2020.

Our assets under management have increased to €227 billion, partly thanks to an increase in the number of customers for Achmea Investment Management. This was further supported by positive returns for our customers despite the turbulence in the financial markets. The assets under management in real estate and mortgages increased to €37 billion, partly driven by an expansion of existing mandates of customers.

Despite the enormous impact of Covid-19, we succeeded in earning solid annual results over 2020. Almost all the segments achieved revenue growth, in which respect we are profiting from earlier strategic decisions and investments in digitisation and online services. Due to the wide range of our services, the pandemic has had an impact on our results in a variety of ways.

At Health, based on the current insights, a contribution from the statutory catastrophe scheme has more than compensated for the higher Covid-19-related expenses and continuity contributions. In combination with a lower demand for regular healthcare, this has led to a higher result and higher reserves. In setting the premiums for 2021 Achmea used €136 million from the reserves in order to reduce the increase in health insurance premiums. We will also consider allocating capital to curb increases in premiums each time we set health premiums in future years.

At Non-Life claims have increased for e.g. event and cancellation insurance. This is offset by lower claims relating to mobility and home insurance. Overall this leads to a lower cost of claims and - on top of further operational improvements - a higher result. Simultaneously we lowered our operational expenses by 2% and also declined the number of fte in The Netherlands. Our investment results declined due to the uncertainty on the financial markets in the first half of last year in particular. However, owing to our consistently robust solvency ratio of 208% we continue to be a solid partner for the future for our customers and partners.

The solid performance and growth during 2020 lay the foundation for further growth and the continuation of the important social role of Achmea for customer and society. A role that will be continued after I have put down my role as Chairman of the Executive Board in April 2021. After serving seventeen years on the Executive Board, twelve of which as Chairman, I will hand over my role to Bianca Tetteroo, the current Vice-Chair. I have full confidence in her as a very professional, competent and above all engaged executive. An appointment which fulfils me with pride and which moreover arises from the own organisation.

During the next General Meeting on 13 April the Chairman of the Supervisory Board Aad Veenman and Supervisory Board member Mijntje Lückerath will also step down at the end of their term. Jan van den Berg will succeed Aad Veenman as chairman Chairman of the Supervisory Board as of that date. Veenman has been a member of the Supervisory Board of Achmea for twelve years and Chairman for the past four and a half years. Achmea is extremely grateful to Aad Veenman for his major contribution during the past twelve years. As a supervisory director he has dedicated much time, energy and commitment to our cooperative group. Mijntje Lückerath has been connected with Achmea for ten years as a member of the Supervisory Board. We are very grateful for her valuable contribution during these many years. On behalf of the Executive Board, I wish them both every success in the future.

With the appointments of Bianca Tetteroo and Jan van den Berg the continuity of leadership is more than secured and places the management of Achmea in very good hands. Achmea is committed to be of value for customer and society as can be expected from a company with a cooperative identity. In cooperation with our customers, colleagues, partners and providers of capital Achmea commits to a healthy, safe and future-proof society. Now and in the future.

ACHMEA ANNUAL RESULTS 2020 – 12 MARCH 2021

A conference call for analysts is scheduled for 14.00 CET

Analysts can dial in using the following number: +31 20 53 15 871

For more information visit: www.achmea.com

Marco Simmers, Corporate Communication

marco.simmers@achmea.nl, +31 6 53 43 87 18

Hans Duine, Investor Relations

hans.duine@achmea.nl, +31 6 82 10 50 97

Group results

KEY FIGURES

	(€ MILLION)		
RESULTS	2020	2019	Δ
Non-Life Netherlands	260	178	46%
Pension & Life Netherlands	253	363	-30%
Retirement Services*	22	38	-42%
International activities	23	22	5%
Other activities*	-163	-116	-41%
Operational result (excluding Health Netherlands)²	395	485	-19%
Health Netherlands	235	62	279%
of which Basic Health Insurance	75	-26	n.m.**
of which Supplementary Health Insurance	166	86	93%
Operational result (including Health Netherlands)	630	547	15%
Corporate income tax impact rate change	92	-43	88%
Corporate income tax expenses	-80	109	30%
Net result	642	481	33%
Non-Life Netherlands	3,668	3,564	3%
Health Netherlands	14,284	14,082	1%
Pension & Life Netherlands	1,005	1,164	-14%
International activities	1,104	1,041	6%
Gross written premiums	20,175	19,949	1%
Gross operating expenses ¹	2,058	2,092	-2%
BALANCE SHEET	31-12-2020	31-12-2019	Δ
Total assets	93,655	89,480	5%
Total equity	10,559	10,185	4%
ASSETS UNDER MANAGEMENT (in € billion)	31-12-2020	31-12-2019	Δ
Achmea Investment Management	203	147	38%
Syntrus Achmea Real Estate & Finance*	37	23	61%
Total Assets under Management***	227	161	41%
SOLVENCY II	31-12-2020	31-12-2019	Δ
Solvency ratio before dividend	212%	219%	-7%-pt
Solvency ratio after dividend ³	208%	214%	-6%-pt
RATINGS	31-12-2020	31-12-2019	
S&P (Financial Strength Rating)	A (Stable)	A (Stable)	
Fitch (Insurer Financial Strength)	A+ (Stable)	A+ (Stable)	
EMPLOYEES IN THE NETHERLANDS AND ABROAD⁴	31-12-2020	31-12-2019	Δ
FTEs Netherlands	13,300	13,414	-1%
FTEs International	3,027	2,977	2%
Total FTEs	16,327	16,391	-

* As of 1 January 2020, SAREF has been reclassified from the Other activities segment to the Retirement Services segment. The comparative figures for 2019 have been adjusted accordingly. As of 1 January 2020 assets under management including part of Achmea Bank's mortgage portfolio

** n.m.: not meaningful

*** Total assets under management after eliminations

Group results

OVERVIEW OF GROUP RESULTS

The enormous impact of the Covid-19 outbreak on society, including our customers and business operations, dominated 2020. The operational result increased to €630 million in 2020 (2019: €547 million). This financial result was also significantly affected by Covid-19. The cost of claims on event and sickness insurance increased, while the negative trends on the financial markets, especially in the first half of the year, had a negative impact on the investment results. These effects were more than compensated for by the result at our health business and the lower cost of claims in the mobility and home insurance portfolios.

The operational result at Non-Life Netherlands increased to €260 million in 2020 (2019: €178 million). The combined ratio improved from 95.0% in 2019 to 92.9% in 2020. The impact of Covid-19 varied across business lines. The lower cost of claims from a decline in the number of traffic accidents and break-ins was partly cancelled out by a higher cost of claims on event insurance. The result on the sickness insurance portfolio was also negatively affected by Covid-19. Moreover, a larger amount was allocated to the reserve for injury claims from previous years. The investment results were lower due to the less positive trends on the financial markets and impairments.

The Dutch Health business earned a result of €235 million in 2020 (2019: €62 million). The results on basic and supplementary health insurance were positive, although the result on other healthcare services and activities was negative. The higher Covid-19-related medical expenses for basic health insurance were partly compensated for by the additional €238 million contribution from the statutory catastrophe scheme from the Health care insurance fund ("Zorgverzekeringsfonds"). In contrast, regular medical expenses decreased because of a drop in the number of people receiving regular medical treatment. Furthermore, €136 million in reserves were used to minimise the increase in premiums for 2021. Overall this led to a positive result for basic health insurance of €75 million (2019: €26 million negative). Supplementary health insurance accounted for €166 million of the operational result from the health business (2019: €86 million). The higher result is due to lower medical expenses caused by a drop in the use of regular healthcare services because of the Covid-19 pandemic.

The operational result on our Dutch Pension & Life business was €253 million in 2020 (2019: €363 million). The decrease was primarily driven by the turbulence on the financial markets triggered by the Covid-19 outbreak in the first half of the year. This led to a drop in investment income of €73 million as a result of lower realised gains and higher impairments on equities and real estate investments. Furthermore, in 2019 there was a recalibration of the provision for insurance liabilities with a significant positive impact. In line with our service-book strategy, written premiums decreased and expenses are declining in line with expirations in the portfolio. On balance, Covid-19 has had a limited impact on the technical result.

The operational result for Retirement Services decreased to €22 million in 2020 (2019: €38 million). This can largely be attributed to a one-off positive transaction result of €18 million in 2019 from the acquisition of a mortgage portfolio by Achmea Bank. In underlying terms, the result has increased, while additional investment has been made in further growth by combining our mortgage activities and developing a new IT platform for pension administration.

The total operational result for International activities of €23 million in 2020 is in line with that of 2019 (€22 million). The cost of claims arising from natural disasters in Australia and Greece (total impact of €12 million in 2020) and shortfalls in the healthcare system in Slovakia are compensated for by a lower cost of claims at Mobility and Health in Greece, and in Turkey by the reduction in road traffic caused by Covid-19.

The result on Other activities decreased by €47 million to €163 million negative (2019: €116 million negative). The lower operational result is mainly due to the result of Achmea Reinsurance having decreased by €31 million. This is partly because of three major corporate fire claims and the impact of Covid-19 on the incoming reinsurance. In addition, financing expenses were €8 million higher also owing to the timely issue of a bond to refinance an existing bond that was repaid in November. As the newly-issued bond pays a lower rate of interest, this will lead to lower financing expenses in future. The result on our Other activities is negative, as some of the expenses from the holding company and shared service activities, as well as financing expenses, are shown in this segment.

Uncertainty remains regarding the further evolution, duration and intensity of the Covid-19 pandemic and its impact on the markets in which we operate, as well as on our products and customers. We profit here from the wide variety of our activities and corresponding diversification. Our current estimates take account as much as possible of the impact as known at present. This applies to the situation on the financial markets and therefore our investment results, as well as to insurance-related trends within Health. We are closely monitoring developments relating to Covid-19 in 2021 and its potential effects. On top of all this, we continue to keep track of the impact on our business models of external developments, such as long-term low interest rates, the use of new technology and the risk of a growing number of claims arising from climate change and extreme weather.

Net result

The net result increased to €642 million in 2020 (2019: €481 million). The regular tax rate was about 13%. The deviation from the nominal tax rate of 25% (€169 million negative) was primarily caused by regular deviations, such as unrecognised tax losses at Achmea Australia and Onlia Canada (€11 million), the deduction of the interest paid on perpetuals that was accounted through equity (€14 million negative) and the statutory exemption of healthcare activities from corporate income tax (€62 million negative).

Group results

On balance the effective tax rate over 2020 was -1.8% (€12 million benefit). The one-off lower effective tax rate is due to our having adjusted the provision for deferred taxes downwards in 2018 (charge of €141 million) after a reduction in the corporate income tax rate was announced. This planned tariff reduction was first delayed in 2019 and further reversed last year, leading to a reversal of the reduction in the provision for deferred taxes in 2020 (revenue of €92 million in 2020).

Income

Gross written premiums increased slightly by 1% to €20,175 million in 2020 (2019: €19,949 million). The decline in premiums from the closed-book Life portfolio was compensated for by the growth in premiums at Non-Life and Health.

Premiums from our Dutch Non-Life insurance grew by €104 million (3%) thanks to an increase in the number of customers and adjustments to premiums. Premiums from our international Non-Life insurance increased by €11 million (2%), mainly due to growth in Greece and Australia.

Overall, premiums within the Dutch Health business increased, partly as a result of the contributions from the catastrophe and solidarity schemes. Premiums from our international Health business grew by €54 million, primarily thanks to an increase in the number of health insurance policyholders in Slovakia.

Premiums from Pension & Life insurance activities in the Netherlands decreased by 14%. This drop is in line with our service-book strategy. Premiums in the open-book portfolio noted a small increase.

We are increasingly evolving from being a traditional insurer into a broad financial service provider. As a result, we receive a growing portion of our income from sources other than insurance premiums. This income has grown by €36 million to €378 million (2019: €342 million) within the Retirement Services segment. This increase is being driven by higher revenues at Achmea Bank, Achmea Investment Management, Achmea Pension Services and Syntrus Achmea Real Estate & Finance. Our service propositions also continue to evolve. With these services we not only contribute to a healthy, safe and future-proof society through means such as damage prevention, we also expand our business model.

GROSS WRITTEN PREMIUMS IN THE NETHERLANDS AND ABROAD

	2020	2019	Δ
Non-Life	4,258	4,104	4%
Health	14,839	14,582	2%
Life	1,078	1,263	-15%
Gross written premiums	20,175	19,949	1%

Operating expenses

Gross operating expenses were €34 million lower in 2020 than in 2019 (2020: €2,058 million; 2019: €2,092 million). The lower expenses can partly be attributed to a smaller external workforce thanks to efficiency improvements and to lower expenses due to the Covid-19 outbreak. External contractor and marketing expenses were also lower in 2020. These effects more than compensated for an underlying increase in internal HR expenses, primarily from higher pension charges as a result of a lower notional interest rate.

The total number of employees has declined slightly to 16,327 FTEs (year-end 2019: 16,391 FTEs). In the Netherlands, the number of FTEs decreased to 13,300 (year-end 2019: 13,414 FTEs). The largest decrease was at Health, as a result of further integration of the health business, and at Pension & Life due to the decrease in activities in line with the service-book strategy.

In line with the realised growth, the total number of employees outside the Netherlands increased slightly to 3,027 FTEs (year-end 2019: 2,977 FTEs).

Investments

Investment income⁵ from our own risk investment portfolio was €992 million in 2020 (year-end 2019: €1,115 million). The turbulence on the financial markets triggered by the Covid-19 pandemic is a major reason for the drop in investment income. This turbulence chiefly manifested itself in the first half of 2020 in volatile equity markets, lower yields on fixed-income investments and lower valuations on the commercial real estate market (primarily retail and offices). After the outbreak of the Covid-19 pandemic and the imposition of restrictions and lockdowns, countries were subsequently able to ease restrictions somewhat during the summer months, only to largely reverse them later in the year. Both the FED and the ECB continued to pursue stimulatory policies, amongst others by purchasing government bonds, which pushed yields down further in the second half of 2020. Equity markets also profited from this policy and continued their recovery in the second half of 2020. This also led to tighter spreads on corporate bonds and a partial revival on the commercial property market.

Investment results were partly affected by lower realised gains on equities, as well as by lower direct income from fixed-income investments, dividend yields and rental income. Furthermore, compared to 2019 the result over 2020 includes €56 million more in impairments on equities and fixed-income securities and an impact of €52 million due to lower property valuations for offices and retail spaces. These negative effects were mitigated to some extent by positive price results arising from higher equity indices and the continued lower interest rates in the second half of 2020. In spite of the fact that Achmea pursues a prudent investment policy with a relatively small allocation to equities and real estate, the absolute size of the investment portfolio means that this still translates into a significant impact on the result.

Group results

The larger part of our investment portfolio comprises fixed-income securities. Fluctuations in the value of these, caused by movements in market interest rates, are not immediately visible in the result of our Dutch pension and life insurance business. All realised and unrealised investment results on fixed-income securities and interest-rate derivatives for own risk for this segment are set aside in a Fund for Future Appropriation (FFA). This fund is part of our technical provisions to cover liabilities to our customers with pensions or life insurance policies. Our fixed-income and interest-rate derivatives portfolio has increased sharply in value as a result of the lower yields. Although under the accounting rules this has no impact on the result, this led to the FFA growing by €2.1 billion to €11.9 billion in 2020 (year-end 2019: €9.8 billion).

The value of the total investment portfolio grew sharply to €54.6 billion (year-end 2019: €50.8 billion). This was largely due to the lower interest rates and tighter spreads. In spite of the decrease in the direct investment results, the portfolio has strongly increased in value.

CAPITAL MANAGEMENT

Total equity

Achmea's equity increased by €374 million to €10,559 million in 2020 (2019: €10,185 million). This is due to the addition of the net result and dividend and coupon payments of €223 million.

DEVELOPMENT OF TOTAL EQUITY	
	(€ MILLION)
Total equity 31.12.2019⁶	10,185
Net result	642
Movement in revaluation reserve	-29
Movement in exchange difference reserve	-46
Remeasurement of net defined benefit liability	30
Dividends and coupon payments to holders of equity instruments and impact capital transactions	-223
Total equity 31.12.2020	10,559

Solvency II

Based on the Partial Internal Model, Achmea Group's solvency ratio declined from 214% as of year-end 2019 to 208% as of year-end 2020. This can partly be explained by the inclusion, in line with new guidance from DNB, of the banking entities (Achmea Bank, Achmea Investment Management and Syntrus Achmea Real Estate & Finance) in the group solvency ratio from year end 2020. The addition of these entities had a negative impact on the Solvency II ratio of 8 percentage points. The reduction in the Ultimate Forward Rate (UFR) at the start of 2020 by 15 basis points had a negative effect of 1 percentage point. On balance market developments had a negative impact on the solvency ratio of 7 percentage points. Portfolio developments, including the phasing-out of the service book and the result on the health and property & casualty businesses, had a positive impact of 11 percentage points. Adjustments to insurance parameters relating to mortality, expenses and lapse had a positive overall effect of 4

percentage points. The dividend and coupon payments to be paid in 2021 have been deducted from the Eligible Own Funds. This has a negative effect of 5 percentage points.

SOLVENCY II RATIO FOR ACHMEA GROUP

	31-12-2020	31-12-2019	Δ
Eligible Own Funds under Solvency II	10,696	9,317	1,379
Solvency Capital Requirement	5,153	4,352	801
Surplus	5,543	4,965	578
Solvency II Ratio³	208%	214%	-6%-pt

Free Capital Generation⁷

Total Free Capital Generation amounted to €200 million in 2020. Capital generation mainly derives from the operational activities of over €300 million. Furthermore, an update of amongst others the mortality data led to more than €200 million in additional Free Capital Generation. This largely helped to mitigate the negative Free Capital Generation caused by market developments, the run-off of the UFR and the reduction of the UFR by 15 basis points. The operational result on the health business is not included in the Free Capital Generation.

Financing

The debt-leverage ratio¹² decreased to 24.0% (2019: 24.9%). This improvement is the result of an increase in total equity versus a more or less unchanged debt position. In relation to the debt position, a Senior Unsecured bond worth €750 million was issued in May 2020 and used to refinance a previously-issued Senior Unsecured bond worth €750 million in November 2020. The lower coupon rate on this newly-issued bond will lead to a reduction of €8 million in financing and holding charges in the coming years.

The higher operational result and the above-mentioned refinancing at a lower coupon rate improved the fixed-charge coverage ratio to 5.9x¹³ (2019: 5.3x).

On 8 September 2020, Standard & Poor's (S&P) affirmed its A rating and stable outlook for Achmea's Dutch core insurance entities. S&P's judgement was that both Achmea's revenue and its results would be negatively affected by the Covid-19 pandemic in 2020 but assumes that the group will remain solid owing to its, in the view of S&P, robust capitalisation and strong market position. The credit rating (ICR⁹) for Achmea B.V. remained unchanged at BBB+. The rating (FSR⁸) for Achmea Reinsurance Company N.V. and the rating (ICR) for Achmea Bank N.V. remained unchanged at A-.

Fitch affirmed its rating for Achmea B.V. and its insurance entities on 4 September 2020. This decision was supported by a Very Strong PRISM FBM score. Its ratings are A (IDR¹⁰) and A+ (IFS¹¹) with a stable outlook. Fitch's rating (IDR) for Achmea Bank N.V. was affirmed at A with a stable outlook.

Group results

COVID-19

The first Covid-19 patient was diagnosed in the Netherlands in February 2020, after which the virus quickly spread around the country. Zilveren Kruis and the other Dutch health insurers rapidly set to work to offer healthcare providers financial assistance in light of the enormous drop in demand for certain types of care, as well as for financing care related to Covid-19. This enabled healthcare providers to survive these tough times and guaranteed continuity of healthcare for our policyholders.

At the start of the outbreak, our international medical, travel and breakdown assistance provider Eurocross made a valuable contribution to the repatriation of Dutch nationals stranded abroad. Moreover, Eurocross actively supported public health services in source and contact tracing for Covid-19. In addition, we helped our customers with a sustainable return to work, also after they had recovered from Covid-19 and where required

assisted our customers by adjusting the terms of our cover and proposing payment plans. Finally, we are supporting the MKBDoorgaan.nl initiative that helps entrepreneurs to find information on government schemes, loans and/or other solutions in today's tough economic climate.

In its capacity as a major asset manager and together with other institutional investors, Achmea Investment Management urged the pharmaceutical industry to collaborate on a vaccine against Covid-19 and not to put profits first.

Our sense of social responsibility has prompted us to help restrict the impact of Covid-19 as much as possible outside the Netherlands as well. For example, in Greece we donated food parcels for the victims of flooding in Karditsa, while in Slovakia we set up a platform to promote the importance of a healthy lifestyle, especially during lockdowns.

Non-Life Netherlands

- Sound result; combined ratio improved to 92.9%
- Premium growth through strong online distribution and well-valued customer services
- Lower cost ratio through ongoing focus on digitisation and cost control

RESULTS

(€ MILLION)

	2020	2019	Δ
Gross written premiums	3,668	3,564	3%
Operating expenses	901	890	1%
Operational result	260	178	46%

NON-LIFE NETHERLANDS

	2020	2019	Δ
Claims ratio	67.8%	69.0%	-1.2%-pt
Expense ratio	25.1%	26.0%	-0.9%-pt
Combined ratio	92.9%	95.0%	-2.1%-pt

GENERAL INFORMATION

Achmea is the market leader in property & casualty insurance and ranks in the top three in income protection insurance. We provide our retail and business customers with products such as mobility-, home-, liability- and travel insurance. In addition, we offer sickness and disability insurance. We assist our customers via innovative services that, for example, give them insight into the risks to which they are exposed. In doing so, we help our customers to prevent or restrict damage as much as possible. We distribute our products and services directly through our brands Centraal Beheer, FBTO and InShared, which gives us a strong position in the retail market. Interpolis is the brand for Rabobank customers and via Avéro Achmea we have an excellent partnership with Intermediaries. Our focus is on a high level of customer satisfaction, innovative services and digitisation of processes. Customers can communicate with us more often, at any time, and in the way that they want.

Gross written premiums

Gross written premiums increased by 3% to €3,668 million in 2020 (2019: €3,564 million). This growth was partly prompted by an increase in the number of customers and the high levels of customer satisfaction and retention of existing customers, who award high scores to our strong and mainly online market propositions. Premium adjustments also contributed to the increase in written premiums.

Gross written premiums from our property & casualty insurance business increased by 2% to €3,021 million (2019: €2,948 million) based on strong online distribution and customer service in both the retail and commercial lines.

Gross written premiums from the income protection insurance business increased by 5% to €647 million (2019: €616 million) as a result of growth in the portfolio and premium adjustments.

Operating expenses

Operating expenses increased slightly to €901 million in 2020 (2019: €890 million) due to higher commission expenses as a result of the growing portfolio. The expense ratio decreased to 25.1% (2019: 26.0%) in the wake of increased revenue and further cost control based on digitisation of operations in, among others, the claims and underwriting processes.

Operational result

The operational result at Non-Life increased to €260 million in 2020 (2019: €178 million). The combined ratio improved from 95.0% in 2019 to 92.9% in 2020, which also increases the underwriting result. This is due to lower traffic intensity due to Covid-19, volume growth, managing the cost of claims and operational cost control. In line with the trend of the past few years, underwriting performance has continued to evolve positively. The investment results were lower due to the less favourable trends on financial markets and impairments.

The result on property & casualty increased to €238 million in 2020 (2019: €164 million). This led to an improvement in the combined ratio for the property & casualty insurance business to 92.2% (2019: 94.8%). The result was positively impacted by fewer reported claims caused by a decrease in the number of traffic accidents and break-ins. On the other hand, we have seen a higher cost of claims for cancellation and event insurance arising from the Covid-19 pandemic. Moreover, a larger amount was allocated to the reserve for injury claims from previous years.

The operational result from our income protection insurance business was €22 million over 2020 (2019: €14 million). The result was negatively affected by a much higher number of claims and longer recovery periods in our sickness insurance portfolio, which was related to Covid-19. Despite this, the underlying underwriting result improved due to growth, premium adjustments and lower expenses. The combined ratio stood at 96.9% (2019: 96.3%).

Health Netherlands

- Positive result due to combination of less regular healthcare, additional expenses from Covid-19 and government contribution under the catastrophe scheme
- Achmea played an important role in the continuity of healthcare provision
- €136 million in reserves used to limit the increase in health insurance premiums for 2021
- Cost-efficiency further improved

RESULTS

(€ MILLION)

	2020	2019	Δ
Gross written premiums	14,284	14,082	1%
Operating expenses	477	515	-7%
Operational result	235	62	279%
Result current year	260	147	77%
Result prior years ¹³	-25	-85	71%

BASIC HEALTH

	2020	2019	Δ
Claims ratio	97.6%	98.0%	-0.4 pt
Expense ratio	1.8%	2.2%	-0.4 pt
Combined ratio	99.4%	100.2%	-0.8 pt

SUPPLEMENTARY HEALTH

	2020	2019	Δ
Claims ratio	76.0%	82.3%	-6.3%-pt
Expense ratio	10.6%	10.5%	0.1%-pt
Combined ratio	86.6%	92.8%	-6.2%-pt

GENERAL INFORMATION

Zilveren Kruis, De Friesland, FBTO, Interpolis and Pro Life offer basic and supplementary health insurance. Emergency response centre Eurocross Assistance Company provides healthcare services worldwide.

Under the Dutch healthcare system, basic health insurance is mandatory for all on the basis of the solidarity principle and insurers have a duty to accept all applicants. The government determines the substance of this basic health insurance. In addition supplementary insurance is offered. Participation in this is voluntary, and there is no duty to accept applicants. To ensure that healthcare remains affordable in the future, Achmea focuses on preventing illness and promoting a healthy lifestyle. Zilveren Kruis and Achmea's other health insurance brands aim to bring good health closer to everyone. Our ambition is to be able to provide healthcare online and at customers' homes. This will reduce the impact of treatments, improve the quality of life and helps keep premiums affordable. Initiatives such as Gezond Ondernemen (Healthy Enterprise) and the Actify lifestyle platform enable us to help our customers to work and live more healthily. Organising solidarity between customers and uniting various interests in healthcare are objectives aligned with Achmea's cooperative identity. This is one way we give substance to our role in society.

About 4.8 million people in the Netherlands opted to be insured by one of our health insurance brands in 2021, which constitutes

a slight drop compared to 2020. With a market share of 28%, Achmea is the market leader in healthcare.

Covid-19

Since the beginning of Covid-19, as a health insurer we have enabled healthcare providers to survive these tough times and guaranteed continuity of healthcare for our policyholders. Those healthcare providers that have experienced a drop in income due to postponed treatment or a drop in care purchasing during the Covid-19 pandemic were eligible for a continuity contribution to cover their fixed expenses. The total amount paid by Achmea in continuity contributions was around €1 billion. Hospitals were given appropriate compensation from health insurers for lost income. Furthermore, in consultation with the health insurer, healthcare providers were also able to charge additional expenses incurred for providing care related to Covid-19. These might relate to providing care to an individual policyholder or a group of policyholders. Examples include additional expenses for extra personal protective equipment or expenses incurred through having to separate patients who are (potentially) infected with Covid-19 from other patients. The support measures amounted to several billion euros nationwide. Health insurers used premiums, the equalisation contribution, including the contribution from the catastrophe scheme, and, if necessary, their reserves for this purpose.

Based on the catastrophe scheme provided by law, higher Covid-19-related costs incurred by healthcare insurers in the

Health Netherlands

Netherlands are largely compensated by additional contributions from the Health Insurance Equalisation Fund. Based on how the second wave of Covid-19 infections unfolded, it became clear by the end of 2020 that Covid-19-related expenses driven by the second wave were well above the own risk threshold. As a result, health insurers will receive compensation for the Covid-19 expenses incurred above this threshold up to a certain maximum. The catastrophe scheme applies to Covid-19 expenses incurred in two years (2020 and 2021) combined. Based on this legislation, the contribution is to be distributed over 2020 and 2021 in proportion to the claims submitted.

With the approval of the Netherlands Authority for Consumers & Markets, health insurers have also agreed to jointly absorb the consequences of Covid-19, and to share the expenses resulting from Covid-19 and the compensation from the catastrophe scheme based on their market share.

Gross written premiums

Gross written premiums from basic and supplementary health insurance were slightly higher at €14,284 million than in 2019 (2019: €14,082 million). Gross written premiums from basic health insurance amounted to €13,064 million (2019: €12,834 million). Premiums rose about 2% due to additional contributions from the catastrophe scheme and the solidarity scheme related to the Covid-19 pandemic (€251 million in total). Gross written premiums excluding the contributions from the catastrophe and solidarity schemes were virtually the same as in 2019 due to the increase in the premium for basic health insurance in 2020 with fewer policyholders.

Gross written premiums from supplementary health insurance decreased slightly to €1,220 million (2019: €1,248 million) due to a decline in the number of policyholders compared to 2019.

Operating expenses

The total operating expenses of our health activities decreased to €477 million (2019: €515 million). This can largely be attributed to lower restructuring expenses and lower staff expenses due to fewer FTEs as a result of ongoing efficiency improvements.

Operational result

The operational result from our health business amounted to €235 million in 2020 (2019: €62 million). The results on basic and supplementary health insurance were positive, although the result from other activities was negative.

Basic health insurance

The operational result from basic health insurance amounted to €75 million over 2020 (2019: €26 million).

The operational result in the current underwriting year amounted to €107 million (2019: €66 million). The positive result in basic health insurance can mainly be explained by the fact that regular health care was limited because of Covid-19, and because of the contribution from the catastrophe scheme and the solidarity scheme (€251 million in total). In addition, reserves (€136 million) were deployed to limit the increase in basic health insurance premiums in 2021. The result from prior years amounted to €32 million negative (2019: €92 million negative).

In line with the overall trend in results, at 99.4% the combined ratio for basic health insurance is lower compared to 2019 (100.2%).

Supplementary health insurance

Supplementary health insurance policies account for €166 million of the operational result from the health business (2019: €86 million); €159 million of the result derives from the current underwriting year (2019: €79 million). There was also a positive result from previous underwriting years of €7 million (2019: €7 million). The higher result is due to lower medical expenses caused by a drop in the purchase of healthcare and partly postponed treatment of regular healthcare services due to the Covid-19 pandemic. Very little of this postponed treatment has since taken place.

The percentage of basic health insurance policyholders with supplementary coverage remained stable in 2020 at around 76%.¹⁵ The combined ratio of supplementary health insurance policies improved to 86.6% in 2020 (2019: 92.8%), mainly as a result of the postponement of care due to the Covid-19 pandemic.

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 Eurocross, 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 from the Other category amounted to €6 million negative in 2020 (2019: €2 million). The lower operational result is mainly caused by the drop in revenue at healthcare providers due to the absence of care required in foreign countries in the wake of the Covid-19 pandemic. This has only been partly offset by lower operating expenses.

Pension & Life Netherlands

- Result negatively affected by turbulence on financial markets caused by Covid-19
- Further reduction in operating expenses due to cost-cutting initiatives and IT investments
- Trends in portfolio in line with our service-book strategy

RESULTS

(€ MILLION)

	2020	2019	Δ
Gross written premiums	1,005	1,164	-14%
Operating expenses	149	155	-4%
Operational result	253	363	-30%

GENERAL INFORMATION

Pension & Life primarily manages a service-book portfolio containing group pension contracts and traditional savings and life insurance products. In addition, Pension & Life manages a growing open-book portfolio containing term life insurance policies and individual annuities and pension products. Pension & Life's ambition is to earn a stable result with positive capital generation combined with a high level of customer satisfaction. The total technical provisions are evolving in line with the natural development of the portfolio, but at the same time are affected by market developments and short-term volatility. Due to the decrease in interest rates the technical provisions increased by 2% to €47 billion in 2020.

Gross written premiums

In 2020, total gross written premiums decreased by 14% to €1,005 million (2019: €1,164 million). Of this amount, €742 million came from the service book and €263 million from the open book.

In 2020, total written premiums on our service-book pension portfolio amounted to €136 million (2019: €244 million). Total premiums on our service-book life insurance portfolio amounted to €606 million (2019: €680 million). In line with our strategy, no new insurance contracts are being sold in these portfolios. The decline in the premium income is in accordance with expectations and the result of natural portfolio development.

The open-book portfolio saw a slight increase in written premiums from term life insurance policies to €58 million (2019:

€57 million). Production of individual annuities and pensions amounted to €205 million in 2020 (2019: €183 million).

Operating expenses

In 2020 the operating expenses amounted to €149 million and are therefore lower than they were in 2019 (€155 million). Expenses are evolving in line with expectations, with previous cost-cutting initiatives and IT investments having led to a reduction in expenses.

Operational result

The operational result decreased to €253 million in 2020 (2019: €363 million). This decrease was driven primarily by the turbulence on the financial markets in the first half of 2020, triggered by the Covid-19 outbreak. This led to a fall in investment income and the interest result.

The investment result decreased by €73 million in 2020 compared to the same period in the previous year, mainly due to lower realisations and impairments as a result of negative developments on the stock markets and impairments on commercial real estate (mainly retail and offices).

The technical result decreased by €55 million in 2020 compared to the same period last year. This difference was mainly caused by a recalibration of the provision for insurance liabilities carried out in 2019 and other one-off effects that had a positive impact of €45 million. The technical result was also affected by lower risk premiums due to the run-off in the (active) portfolio. On balance, Covid-19 has had a limited impact on the technical result.

Retirement Services Netherlands

- Assets under management increased by 41% to €227 billion
- Organic growth and improved underlying result at all segments
- Accelerated investments in state-of-the-art pension administration platform in partnership with PGB pension fund
- Bundling of mortgage activities on a new platform

RESULTS*

(€ MILLION)

RETIREMENT SERVICES	2020	2019	Δ
Total Income	368	360	2%
Of which: administration and management fees pension administration	235	217	8%
Operating expenses ¹⁶	346	322	7%
Operational result	22	38	-42%

ACHMEA BANK

	2020	2019	Δ
Net interest margin ¹⁷	142	127	12%
Fair value result ¹⁸	-8	18	n.m.**
Operating expenses	106	105	1%
Changes to loan loss provisions	-3	3	n.m.**

	31-12-2020	31-12-2019	Δ
Common Equity Tier 1 ratio	20.4%	19.2%	1.2%-pt

(€ BILLION)

ASSET UNDER MANAGEMENT ¹⁹	31-12-2020	31-12-2019	Δ
Achmea Investment Management	203	147	56
Syntrus Achmea Real Estate & Finance*	37	23	14
Total Asset under Management***	227	161	66

* As of 1 January 2020, SAREF has been reclassified from the Other activities segment to the Retirement Services segment. The comparative figures for 2019 have been adjusted accordingly. As of 1 January 2020 assets under management includes part of Achmea Bank's mortgage portfolio.

**n.m.: not meaningful

*** Total assets under management after eliminations

GENERAL INFORMATION

Through Retirement Services, Achmea provides (financial) solutions for institutional and retail customers for now, tomorrow and later. Achmea Pension Services offers services to company, occupational and exempt sectoral pension funds and to the Centraal Beheer General Pension Fund (APF). Achmea Investment Management manages the assets of Achmea Group and pension funds, including the Centraal Beheer APF, and retail customers, alongside capital accrual products and strategic and portfolio advice. Retail customers in the third and fourth pillars can choose from a wide range of (financial) services. These products and services are primarily distributed through the Centraal Beheer brand and managed by Achmea Bank, Achmea Investment Management, Achmea Pension & Life and Syntrus Achmea Real Estate & Finance (SAREF). As of 2020, the latter forms part of our Retirement Services segment following the announcement of the bundling of the mortgage activities at the end of 2019. SAREF manages €37 billion in real estate and mortgages on behalf of over sixty pension funds and other

institutional investors. This means that the task of attracting investors for real estate and mortgages is part of Retirement Services too.

Operational result

The operational result for Retirement Services decreased to €22 million in 2020 (2019: €38 million). This decrease can largely be attributed to a one-off positive transaction result of €18 million in 2019 from the acquisition of a mortgage portfolio by Achmea Bank. The result has increased in underlying terms, while additional investments have also been made in further growth.

Retirement Services saw revenue grow by €36 million to €378 million in 2020 due to growth in assets under management, primarily owing to new customers and the acquisition of mortgage portfolios. At the same time, the level of investment was raised for developing a new platform for pension

Retirement Services Netherlands

administration (RAP platform), leading to the result of Achmea Pension Services remaining the same on balance.

Achmea Bank

Achmea Bank's result decreased by €15 million to €35 million (2019: €50 million). The result over 2019 included non-recurring income of €18 million from the acquisition of a mortgage portfolio. When adjusted for this one-off effect, the result increased by €3 million in 2020. The higher interest results are partly due to the acquisition of a portfolio from a.s.r. bank. An increase in the amount of interest compensation deriving from early repayments on mortgages, as well as mortgage conversions, also had a positive impact on the result.

Mortgage production amounted to €1,581 million in 2020 (2019: €1,774 million), of which €890 million was for Achmea Pension & Life (2019: €1,037 million).

As of 31 December 2020, the Common Equity Tier 1 ratio stood at 20.4% (year-end 2019: 19.2%). This represents an increase caused by the addition of the result over 2019 and a slight reduction in the size of the portfolio.

Achmea Investment Management

As of 31 December 2020, assets under management at Achmea Investment Management totalled €203 billion (year-end 2019: €147 billion). The increase can largely be attributed to the acquisition of new customers. Despite the turbulence on the financial markets at the beginning of 2020, the value of our customers' assets increased by the positive investment return earned over 2020. Also because of the growth in our customer portfolio and assets under management, Achmea Investment Management's contribution to the result increased to €12 million (2019: €6 million).

At an ICAAP ratio of 169%, the capital position is robust and solid. From this strong capital position we are investing continually in improvement projects to further develop as a leading Dutch asset manager.

Achmea Pension Services

The operational result of Achmea Pension Services remained stable in 2020 at €26 million negative (2019: €26 million negative). In 2020, revenue growth and lower ongoing expenses were used to raise the level of investment. Over the past few years, Achmea Pension Services has made significant progress on transforming itself into the best digital pension provider in the

Netherlands. It has acquired InAdmin RiskCo in partnership with pension fund PGB. This means that the RiskCo Administration Platform (RAP) can be used as a basis for further development into a state-of-the-art pension platform for the entire sector. An investment programme has been set up for this development and will be rolled out further over the coming years. This move enables us to create a strong and broadly accessible model from which the entire pension sector will be able to profit. The idea is to achieve scale and cost benefits in the long term for participants, pension administrators and pension funds. In 2020 Achmea Pension Services has attracted two major new clients: the Ahold Delhaize company pension fund and the sectoral pension fund for general practitioners. Both funds will join starting from 1 January 2022.

In 2020 the Centraal Beheer APF continued its strong growth thanks to the confidence and accession of a number of new employers and pension funds. The Centraal Beheer APF is one of the biggest APFs in terms of assets under management and a market leader measured in terms of the number of affiliated pension funds, employers and (active) participants

Syntrus Achmea Real Estate & Finance

The results at Syntrus Achmea Real Estate & Finance decreased in 2020 due to higher one-off (project) expenses relating to the bundling of mortgage activities and a decline in revenue from the property portfolio, partly caused by the Covid-19 outbreak and the ongoing debate on the environment and health (PFAS) that has led to delays at a number of construction projects. This caused a decrease in the result to €1 million (2019: €7 million).

Assets under management in real estate and mortgages increased to €37 billion in 2020 (2019: €23 billion), partly thanks to the centralisation of mortgage activities within Achmea (€11 billion) as well as the expansion of existing mandates for real estate and mortgages. This growth was achieved in spite of the turbulence and uncertainty on the real estate market. As part of the bundling of mortgage activities within Achmea from 1 October 2020, the separate account platform that forms the basis for the further centralised growth of mortgages at Achmea went live in the final quarter of 2020.

At an ICAAP ratio of 127%, the capital position is robust and sufficiently solid to allow SAREF to continue its investment and growth to develop itself as a leading asset manager specialising in real estate and mortgages.

International activities

- International growth continues with 12% growth in premiums in local currency
- Result and expense level stable
- Targeted acquisitions support focus on banking distribution and digital growth

RESULTS

(€ MILLION)

	2020	2019	Δ
Gross written premiums	1,104	1,041	6%
Operating expenses	242	240	-
Operational result	23	22	5%

GROSS WRITTEN PREMIUMS PER COUNTRY

	2020	2019	Δ
Slovakia	487	442	10%
Greece	351	341	3%
Turkey	231	231	-
Australia	35	27	30%

GENERAL INFORMATION

Achmea's international activities focus on non-life, health and agricultural insurance products, distributed via the online (direct) and banking channels. Achmea pursues an international growth strategy by exporting knowledge and digital expertise gained in the Netherlands. This expertise is used selectively and in a capital-light manner in specific international markets. We focus on growth in existing and new market segments.

Gross written premiums

Gross written premiums increased by 6% to €1,104 million (2019: €1,041 million). Adjusted for exchange rate effects, the increase amounts to 12%.

In Slovakia, the health business performed well, with a premium growth of 13%, while the property & casualty business noted a decrease of 3% caused by the decline in premiums in the travel portfolio due to Covid-19. The announced acquisition of Slovakian insurer Poštová poisťovňa is in line with our strategy aimed at consolidating our market position by boosting distribution capacity and the size of property & casualty and healthcare activities via the online and banking distribution channels.

In Greece, Interamerican posted growth of 3% at an aggregate level in what was a shrinking market due to Covid-19. Interamerican's direct online channel, Anytime, was again an important driver behind this growth in 2020, in both Greece (9%) and Cyprus (23%). Interamerican saw growth in excess of 5% in its property & casualty business versus 2019, partly because of its leading role in creating a mobility ecosystem, and in doing so has strengthened its position as market leader. Within the Health business, Interamerican noted growth in gross written premiums of 1%, largely thanks to the BeWell modular healthcare product.

In Turkey, gross written premiums increased by 25% in local currency, partly as a result of high inflation, to TRY1,835 million

(2019: TRY1,467 million). The devaluation of the Turkish lira caused that gross written premiums remained the same in euros. In line with our strategic goals, the home and healthcare portfolios displayed robust growth. Profitable growth was achieved in the health business, partly thanks to active use of the long-term partnership with Garanti BBVA and its network.

In Australia, gross written premiums grew in local currency by 32% to AUD57 million (2019: AUD43 million) owing to its unique 'All-in-One Farm Pack'. This premium growth is supported by partnerships with Rabobank and Angus Australia.

In Canada, the strong growth at Onlia demonstrates that the online business model is gaining ground in the Canadian insurance market particularly at this time. Partly by broadening the focus to home insurance and actively encouraging customers to provide input, Onlia succeeded in more than quadrupling the number of policies sold and earned an NPS of 65.

Operating expenses

Operating expenses totalled €242 million in 2020 and despite the premium growth were in line with those of 2019 (2019: €240 million).

Operational result

The total operational result of €23 million in 2020 is in line with that of 2019 (€22 million), even though Australia and Greece were hit by natural disasters (total impact of €12 million in 2020) and the healthcare system in Slovakia experienced shortfalls caused by the impact of Covid-19. The positive contribution is mainly related to a lower cost of claims in Mobility and Health in Greece and Turkey due to the reduction in road traffic and a drop in regular hospital treatments because of Covid-19.

Other activities

- Lower result due to higher cost of claims at Achmea Reinsurance
- Successful refinancing of €750 million Senior Unsecured

RESULTS

(€ MILLION)

	2020	2019	Δ
Total gross income	319	293	9%
Operating expenses	142	167	-15%
Interest and similar expenses	72	66	9%
Operational result	-163	-116	-41%

ACHMEA REINSURANCE

Gross written premiums	289	271	7%
Operational result	2	33	-94%

* n.m.: not meaningful

GENERAL INFORMATION

Other activities comprises the results of Achmea Reinsurance. Part of the result also relates to the expenses at holding company level and for activities at the shared service centres. As of 1 January 2020, Syntrus Achmea Real Estate & Finance has been reclassified from the Other activities segment to the Retirement Services segment. Comparative figures have been adjusted accordingly.

Operational result

The operational result amounted to €163 million negative and is therefore €47 million lower than in 2019. The result on our Other activities is negative, as part of the expenses from the holding company and shared service activities, as well as the financing charges for the bonds issued by Achmea, are shown in this segment. The lower operational result is mainly due to the result of Achmea Reinsurance having decreased by €31 million. Furthermore, in 2020 there were temporarily double financing charges due to the issue of a €750 million Senior Unsecured bond for refinancing a bond that matured in November 2020. The lower coupon rate on this newly-issued bond will lead to an annual reduction of €8 million in future financing and holding charges and therefore to an improvement in the result on our Other activities.

ACHMEA REINSURANCE COMPANY

As Achmea's reinsurance expert, Achmea Reinsurance has three roles: advisor, purchaser and risk carrier. In its role as group reinsurer and risk carrier, Achmea Reinsurance provides reinsurance coverage to the Dutch and foreign insurance entities within Achmea. As such, it serves as the principal centre of excellence. The reinsurance portfolio on behalf of third parties has been created in order to diversify insurance risk and to increase earnings for Achmea.

Gross written premiums amounted to €289 million, an increase compared to 2019 (€271 million). This mainly derives from growth in the incoming reinsurance portfolio for third parties, both for life and other selected risks. Achmea Reinsurance's total risk profile remained broadly unchanged.

The operational result was €2 million in 2020 (2019: €33 million). Compared to 2019, this result was negatively affected by a higher cost of claims from three major corporate fire claims in the Achmea portfolio, a higher cost of claims on incoming life and non-life insurance policies arising from Covid-19 and lower investment income due to the turmoil on the financial markets.

Footnotes

GROUP RESULTS

Key figures

¹ Gross operating expenses comprise personnel expenses, depreciation costs for land and buildings for company use and plant and equipment and general expenses, including IT expenses and marketing expenses. These are operating expenses excluding paid and due fees, profit sharing and reinsurance commissions, and before the allocation of claims handling expenses and allocated investment costs.

² The operational result is calculated by adjusting the profit before tax for certain items. These are items within income and expenses which are significant and which arise from events or transactions which are clearly distinct from the normal business operations, and are therefore not expected to occur regularly. Examples of such items include exceptional depreciation losses from goodwill and pre-tax results from divestment of business activities.

³ The solvency ratios reported here are based on a Partial internal model and are after the deduction of (planned) payment of dividends and coupons on hybrid capital.

⁴ The number of FTEs is based on a working week of 36 hours.

Investments

⁵ Investment income consists of investment income (own risk) in the Consolidated Income Statement, including income from associates and joint ventures and realised and unrealised gains and losses, adjusted for investment income directly related to the insurance liabilities (both fair value and other).

Total equity

⁶ The accountability of the interest compensation has been changed retrospectively. Therefore the value of Other reserves within total equity as of 1 January 2019 and 31 December 2019 has been adjusted with €6 million.

Free Capital Generation

⁷ This relates to the amount of freely capital that is generated. This is the increase in capital above the Solvency Capital Requirement.

Financing

⁸ FSR: Financial Strength Rating

⁹ ICR: Issuer Credit Rating

¹⁰ IDR: Issuer Default Rating

¹¹ IFS: Insurer Financial Strength

¹² Leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill)

¹³ The FCCR is based on the results and financing charges of the last four quarters.

HEALTH NETHERLANDS

¹⁴ Results on prior years refer to earnings from health expenses and/or equalisation from previous book years and allocations to a mutation of loss provisions.

¹⁵ Up to full year 2019 this percentage was reported based on the Zilveren Kruis label and was representative of all labels. Due to a changing portfolio distribution and percentage of customers with supplementary health insurance at other (digital) labels, from half year 2020 this percentage is reported based on the total Health segment.

RETIREMENT SERVICES NETHERLANDS

¹⁶ Operating expenses including other expenses

¹⁷ The day one effect of €18 million, related to the acquisition of the a.s.r. portfolio was included in the interest margin in 2019. This has been adjusted in the comparative figures in 2020 and is included in the Fair Value result.

¹⁸ The fair value result is an accounting result that is compensated for in other financial periods, in line with the value development of the underlying derivatives. Derivatives are used to restrict the interest rate risk. This explicitly comprises the result relating to the activities of Achmea Bank.

¹⁹ The Assets under Management (AuM) include a derivatives (overlay) portfolio.