Update on IFRS 9 and IFRS 17

December 2022

Disclaimer

- All figures and statements on IFRS 9 and IFRS 17 in this presentation are based on current management expectations and assessments on the accounting choices required for the implementation of IFRS 9 and IFRS 17. These may be changed or updated in the course of the implementation of the IFRS 9 and IFRS 17 accounting standards
- All figures based on the IFRS 9 and IFRS 17 accounting standards are unaudited

Agenda

1. General overview of IFRS 9 and IFRS 17
2. Key policy choices
3. Balance sheet and P&L under IFRS 9 and IFRS 17

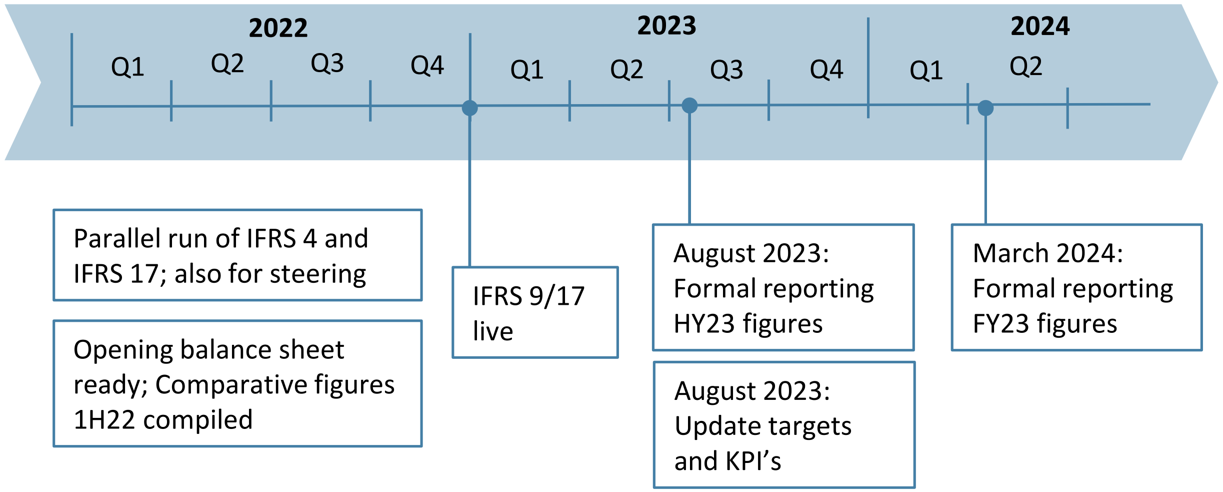
achmea

Key messages

- No change in underlying earnings potential
- Net result will become more sensitive to financial market developments as a substantial part of the market value development of our financial instruments and insurance liabilities will be presented through P&L (instead of through equity under IFRS4)
- Impact on shareholders' equity at transition relatively limited
- Capital and risk management objectives remain unchanged
- Achmea continues to execute on its strategy The Sum of Us

1 General overview of IFRS 9 and IFRS 17

Transition to new accounting regime in 2023



2022 and 2023

- IFRS 9/17 implemented using mainly internal resources
- Parallel run IFRS 9/17 alongside existing IFRS 4/IAS 39
- Opening balance sheet ready; Start building comparative figures for both the balance sheet and the P&L
- Audit and review by external auditor in progress on outcomes opening balance sheet and comparative figures
- Inform stakeholders on comparative figures
- Mandatory training / education for all finance employees in the field of IFRS 9/17
- First formal external reporting on HY23 figures

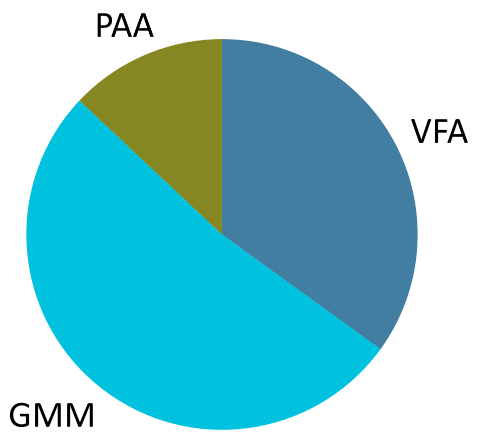
- In 2023 two new accounting guidelines will be implemented:
  - IFRS 9: valuation of financial instruments replacing IAS 39
  - IFRS 17: valuation of insurance liabilities replacing IFRS 4
- The combination of IFRS 9 and IFRS 17 will lead to a fundamental overhaul of accounting principles for insurance companies, bringing it closer in line with market-based valuations
- The combined effect of implementing these new standards is expected to lead to an increase in the volatility of the presented results, as e.g. changes in market conditions will be reflected in the P&L
- At Achmea, application of IFRS 17 will primarily impact the Pension & Life segment with its long-term insurance liabilities that, in line with our service book strategy, will gradually decline over the years
- With the introduction of IFRS 9 changes in the value of the insurance investment portfolio are accounted for in the P&L
- Impact on product portfolio expected to be limited, although in any product approval process possible consequences of these accounting changes are considered

The majority of insurance revenue will be accounted for using the PAA

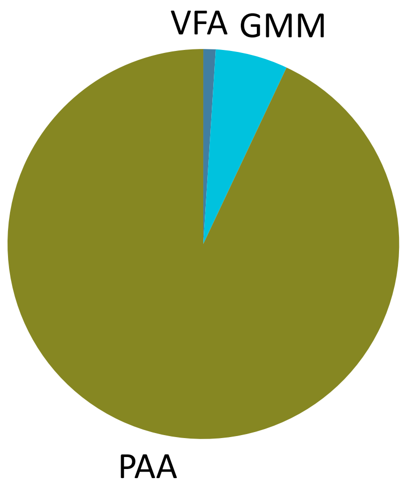
IFRS 17 measurement approaches

	General Measurement Model (GMM)	Premium Allocation Approach (PAA)	Variable Fee Approach (VFA)
When applicable	General model applicable to all insurance contracts	Simplified approach for short term contracts	Participating (profit-sharing) contracts where payments are linked to underlying items
Type of contract	• Long term insurance contracts • Annuities • Term Life	• Property & Casualty • Health	• Individual and collective unit-linked
Impact at Achmea	• Pension and Life (traditional insurance) • Non-Life (Income) • International	• Non-Life (P&C) • Health • International	• Pension and Life (unit-linked)

Insurance contracts & reinsurance assets by measurement model[1] (in %)



Estimated insurance revenue by measurement model (in % of IFRS 17 insurance revenue)

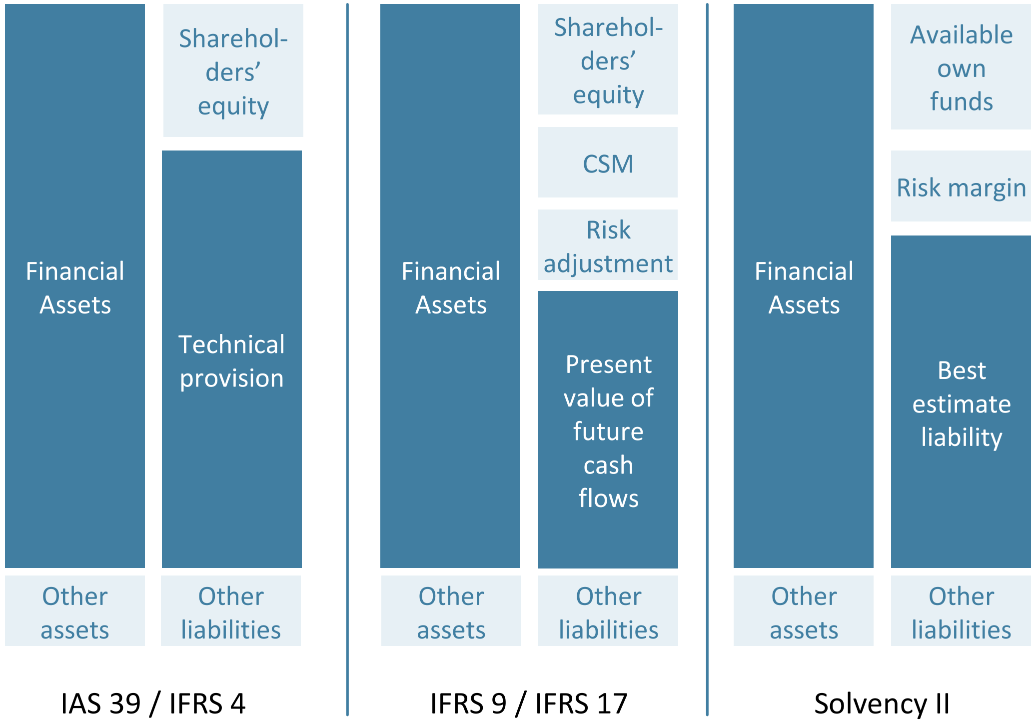


[1] Based on Insurance contracts-/- reinsurance assets.

achmea

Impact on balance sheet

Simplified balance sheets under current and new accounting regime and Solvency II[1]



[1] Relative size of the bars is purely for illustrative purposes

- Impact of introduction IFRS 17 on accounting balance sheet:
  - Insurance liabilities valued at market value compared to tariff rates under IFRS 4
  - Achmea will no longer use the methodology of the Provision for discounting of insurance liabilities[2]
  - Introduction of Contractual Service Margin (CSM) that reflects the expected value of future profits related to insurance services
  - Introduction of Risk Adjustment (RA) reflecting the compensation required for the uncertainties arising from non-financial risks
- Introduction IFRS 9 has relatively limited impact on value of financial assets, but will impact the P&L
- Both IFRS 17 and Solvency II are based on market value principles, but important differences remain such as:
  - Different discount curves
  - Risk adjustment (IFRS 17) versus the Risk Margin (Solvency II)
  - Composition of shareholders' equity versus Available Own Funds (e.g. use and valuation of hybrid capital)

[2] Currently all realised and unrealised investment income on fixed-income securities and interest-rate derivatives for own account and risk at Achmea Pension & Life are set aside in a Provision for discounting of insurance liabilities. This forms part of our IFRS 4 technical provisions to cover liabilities to our customers with pension or life insurance policies.

Impact on P&L

Simplified P&L under current and new accounting regime

IFRS 4	IFRS 17
Gross written premiums	Insurance service revenue
Net earned premiums	Insurance service expenses
Investment income	**Insurance service result**
Total income	Investment income
Net expenses from insurance contracts	Insurance finance expenses/income
Operating expenses	**Insurance finance result**
Total expenses	Fee income
	Other expenses
Result before tax	**Result before tax**

- IFRS 17 introduces new view on statement of profit and loss
- Insurance service result includes release of CSM and Risk Adjustment when services are rendered
- Loss making (onerous) business not included in CSM but directly in P&L
- Impact of model- and parameter adjustments reflected in CSM
- Impact of financial market movements on both assets and liabilities (e.g. interest and spread) reflected in insurance finance result
- As Achmea's interest rate risk management focuses on stabilising the regulatory solvency position (and therefore not the economic position) this will lead to volatility under IFRS 17
- Results from Achmea's retirement services business (e.g. Achmea Bank, Achmea Investment Management) is reflected in fee income as this is not insurance (IFRS 17) related

2 Key policy choices

Achmea's main policy choices will lead to increased P&L volatility

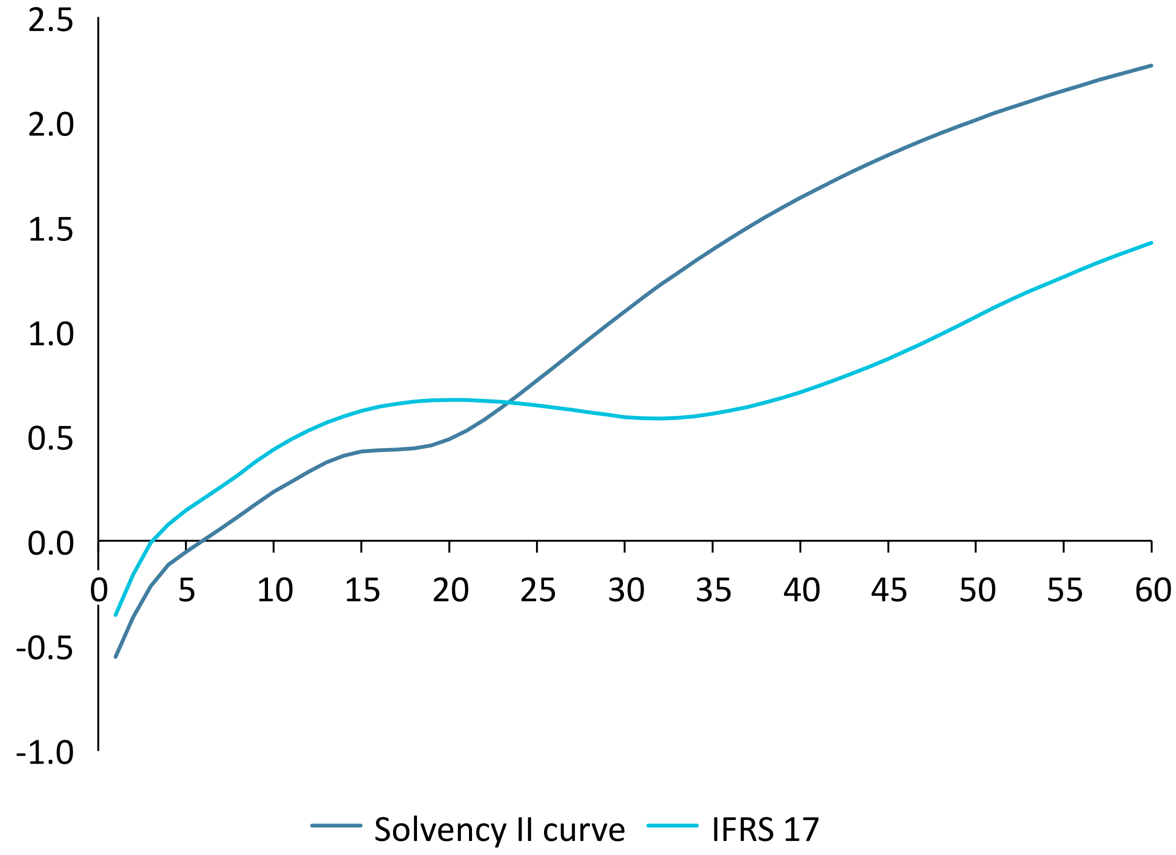
		Options	Achmea's approach
1	Composition discount curve	Top-down *or* Bottom-up approach	Bottom-up approach
2	Change in discount rate	Through OCI *or* Through P&L	Through P&L
3	Valuation investments in equities	Through OCI *or* Through P&L	Through P&L
4	Risk adjustment	No prescriptive approach in IFRS 17	Cost-of-capital approach
5	Transition methodology	Full/modified retrospective approach *or* Fair value approach	Full retrospective where possible, otherwise Fair value approach

achmea

1 Discount curve based on Solvency II but adjusted where required

Basis curve: Euro swap curve with CRA	In line with Solvency II
Illiquidity premium	Based on Achmea's Life and Pension investments
Last liquid point: 30 year	No active market after 30 year
Ultimate forward rate[1]: 3.1%	ECB inflation target and average real interest rate over last 30 years

Discount curves per 31 December 2021
(in %)



[1] Ultimate forward rate (UFR) as of 31 December 2021. The level of the UFR will be updated annually

The impact of a change in market developments on both assets and liabilities will be accounted for in the P&L

2 Change in discount rate

- Option to include impact of changes of financial parameters on assets and liabilities like market interest rates and spreads either in the result (P&L) or equity (OCI)
- Achmea's interest rate risk management focuses on stabilising the Solvency II ratio
- Hedging of interest rate risk is not driven by IFRS
- As we cannot hedge multiple frameworks simultaneously, a change in the discount curve will lead to volatility under IFRS 9/17. Application of FV OCI is not effective in reducing the P&L volatility due to changes in financial parameters
- Therefore, Achmea will maximize alignment between the impact of changes in market interest rates and spreads on assets and liabilities using the option of FV P&L

3 Valuation investments in equities

- Option to include unrealised gains and losses on equities either in the result (Fair value P&L) or equity (Fair Value OCI)
- With the FV OCI option realised gains are not reflected in the P&L. With FV P&L all market movements are included in the P&L which leads makes the figures easier to explain and compare
- Therefore, Achmea will use the option of FV P&L for the valuation of equity investments

Risk adjustment and transition

4 Risk adjustment

- The Risk Adjustment reflects the compensation required for the uncertainties arising from non-financial risk
- IFRS does not prescribe a methodology for the calculation of the risk adjustment
- For consistency, Achmea will use a cost of capital methodology, in line with Solvency II
- Achmea will use a cost of capital of 4.5% for the IFRS 17 Risk Adjustment

5 Transition from IFRS 4 to IFRS 17

- Comparative figures for the 2022 financial year will be determined as if IFRS 17 had always been applied in order to determine the value of the insurance liabilities at the time of transition (and thus the CSM)
- Mainly for the life and pension business, the required information is not always sufficiently available and reproducible for all portfolios and reporting years due to system and data conversions
- Therefore, the value of the related insurance liabilities on the transition balance sheet for those portfolios where the required information is not sufficiently available will be determined in accordance with the fair value approach

3

Balance sheet and P&L under IFRS 9 and IFRS 17

Shareholders’ equity slightly decreases at transition

Decrease in shareholders’ equity driven by:

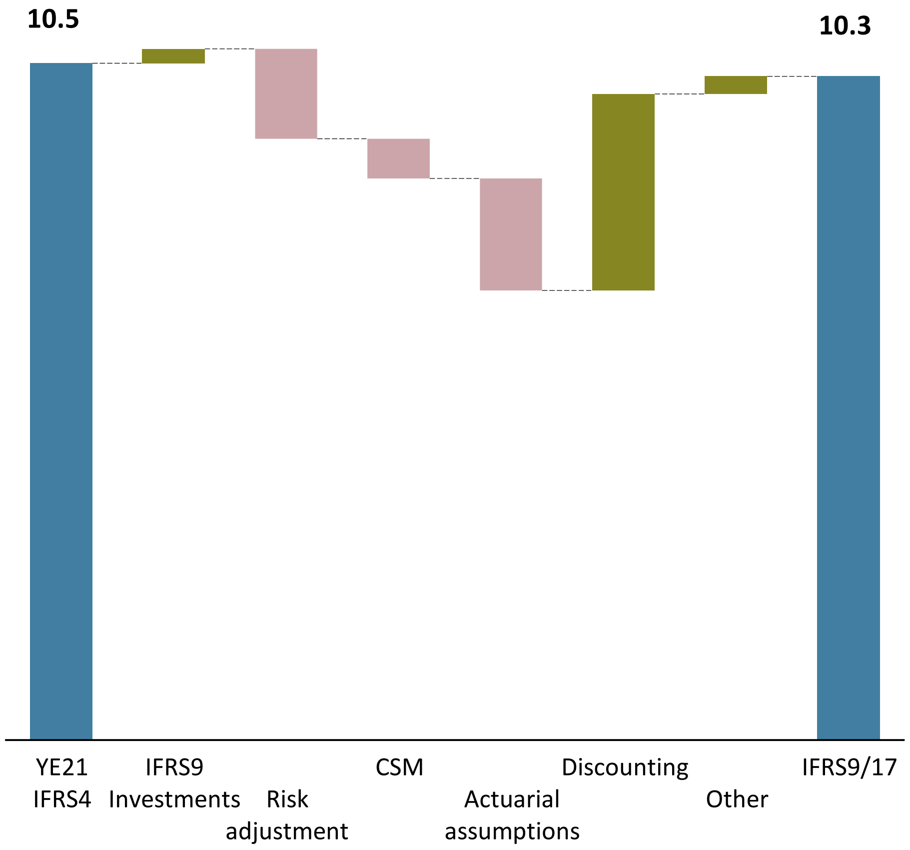
- Creation Risk Adjustment
- Creation Contractual Service Margin (CSM)
- Actuarial assumptions: change in non-economic parameters

Which is largely compensated by:

- Revaluation and discounting: impact of the IFRS 17 discount curve and release of the IFRS 4 provision for discounting of insurance liabilities

Change in shareholders’ equity from IFRS 4 to IFRS 17

(in € billion)



Assets and liabilities decrease due to reclassifications

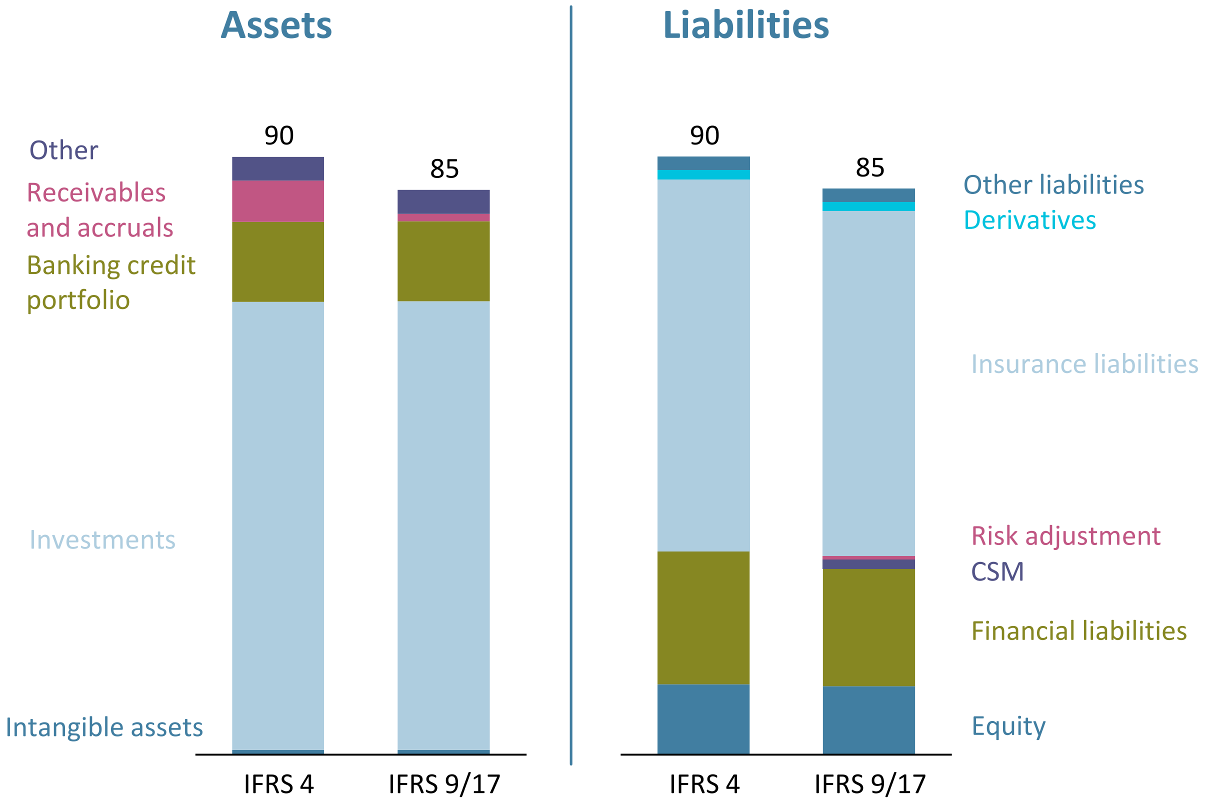
Assets

- Investments and the banking credit portfolio largely unaffected
- Decrease in receivables due to reclassification of insurance related receivables to insurance liabilities

Liabilities

- Creation of CSM and Risk Adjustment as part of the insurance liabilities
- Decrease in insurance liabilities due to change in non-economic parameters and impact of change in IFRS 17 discount curve and release of the IFRS 4 provision for discounting of insurance liabilities
- Decrease in financial liabilities due to reclassification of insurance related receivables to insurance liabilities

Development balance sheet from IFRS 4 to IFRS 17
(indicative)



Impact IFRS 9/17 per segment (which model per segment)

Non-Life	Insurance service result: minor changes Finance result: market impacts through P&L Income protection: in line with Life & Pensions
Life & Pensions	Insurance service result: driven by realisation versus expectations and release CSM Finance result: market impacts through P&L
International	Includes both Non-Life, Health and Life & Pensions business
Retirement Services	IFRS 9: limited impact due to minor valuation differences and expected credit losses IFRS 17: no impact
Health	Insurance service result: minor changes Finance result: market impacts through P&L

Key messages

- No change in underlying earnings potential
- Net result will become more sensitive to financial market developments as a substantial part of the market value development of our financial instruments and insurance liabilities will be presented through P&L (instead of through equity under IFRS4)
- Impact on shareholders' equity at transition relatively limited
- Capital and risk management objectives remain unchanged
- Achmea continues to execute on its strategy The Sum of Us

Disclaimer

This presentation (the “Presentation”) is provided on a strictly private and confidential basis for information purposes only. By attending or reading this Presentation, you will be deemed to have agreed to the obligations and restrictions set out below. Without the express prior written consent of Achmea B.V.. (the “Company”), the Presentation and any information contained within it may not be (i) reproduced (in whole or in part), (ii) copied at any time, (iii) used for any purpose other than your evaluation of the Company or (iv) provided to any other person, except your employees and advisors with a need to know who are advised of the confidentiality of the information. This Presentation does not constitute or form part of, and should not be construed as, an offer, invitation or inducement to purchase or subscribe for securities nor shall it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever. This Presentation does not constitute either advice or a recommendation regarding any securities. The communication of this Presentation is restricted by law; it is not intended for distribution to or use by any person in, any jurisdiction where such distribution or use would be contrary to local law or regulation. To the fullest extent permitted by law in no circumstances will the Company, or any of its respective subsidiaries, shareholders, affiliates, representatives, partners, directors, officers, employees, advisers or agents be responsible or liable for any direct, indirect or consequential loss or loss of profit arising from the use of this Presentation, its contents (including the internal economic models), its omissions, reliance on the information contained within it, or on opinions communicated in relation thereto or otherwise arising in connection therewith. The information contained in this Presentation has not been independently verified. Recipients of this Presentation are not to construe its contents, or any prior or subsequent communications from or with the Company or its representatives as investment, legal or tax advice. In addition, this Presentation does not purport to be all-inclusive or to contain all of the information that may be required to make a full analysis of the Company. Recipients of this Presentation should each make their own evaluation of the Company and of the relevance and adequacy of the information and should make such other investigations as they deem necessary. This Presentation might contain illustrative returns, projections, estimates and beliefs and similar information (“Forward Looking Information”). Forward Looking Information is subject to inherent uncertainties and qualifications and is based on numerous assumptions, in each case whether or not identified in the Presentation. Forward Looking Information is provided for illustrative purposes only and is not intended to serve as, and must not be relied on by any investor as, a guarantee, an assurance, a prediction or a definitive statement of fact or probability. Nothing in this Presentation should be construed as a profit forecast. Actual events and circumstances are difficult or impossible to predict and will differ from assumptions. Many actual events and circumstances are beyond the control of the Company. Some important factors that could cause actual results to differ materially from those in any Forward-Looking Information could include changes in domestic and foreign business, market, financial, political and legal conditions. There can be no assurance that any particular Forward-Looking Information will be realised, and the performance of the Company may be materially and adversely different from the Forward-Looking Information. The Forward-Looking Information speaks only as of the date of this Presentation. The Company expressly disclaims any obligation or undertaking to release any updates or revisions to any Forward-Looking Information to reflect any change in the Company’s expectations with regard thereto or any changes in events, conditions or circumstances on which any Forward-Looking Information is based. Accordingly, undue reliance should not be placed upon the Forward-Looking Information

In case of questions, please contact: investors@achmea.com