ANNUAL REPORT 2022

In this document the English translation of the official Dutch annual report is presented. In case of differences between the Dutch and English version, the Dutch version is leading.

achmea

Annual Report 2022 Achmea B.V.

This is Achmea's annual report for the year 2022. This report provides insight into our company’s vision, strategy and objectives, the manner in which we create value for our stakeholders and the trends and challenges we face. In addition, we provide insight into our results and the most important financial developments in 2022. This annual report also contains the consolidated and company financial statements of Achmea B.V. for 2022 and other information. The supplements belonging to the Executive Board report contain additional information, including in relation to sustainability.

The external auditor has audited the 2022 consolidated financial statements as included on pages 110 to 238 and the company financial statements as included on pages 239 to 251. The auditor's report can be found on pages 256 to 268.

The external auditor has also assessed the sustainability information as included in the sections Introducing Achmea, Context and Strategy and Our value creation (with the exception of the chapter How we create financial value) of the Executive Board Report and the sustainability information included in supplement B. The assurance report with the auditor’s opinion can be found on pages 269 to 271.

CONTENT ANNUAL REPORT

EXECUTIVE BOARD REPORT

This section of the annual report is aimed at acquainting readers with our company. In addition to A word from our Chair, we give insight into the composition of our company by listing key data and the main brands. We also outline the most important events of 2022. Further on in the section we describe how we aim to create value for our stakeholders and what our main drivers are.

INTRODUCING ACHMEA

A WORD FROM OUR CHAIR

Sustainable Living. Together will continue to serve as our compass in the coming years, come rain or shine

Achmea stands for Sustainable Living. Together. We aim to create a sustainable and inclusive society in which we can live in harmony alongside each other and no-one feels excluded. The events of 2022 only serve to underline the importance of this. Sustainable Living. Together will continue to serve as our compass in the coming years, come rain or shine.

Sustainability challenge

As a financial service provider with millions of customers, over 17,500 employees, number 1 positions in health and property & casualty insurance in the Netherlands and a key player in our other activities, we are closely entwined with society. A society that is under pressure. Prompted by climate change and accelerated by the war in Ukraine, as a society we face an enormous challenge in making our energy consumption more sustainable. Via our financial services we aim to be an important partner for our retail and commercial customers in this sustainability transition. In our role as an insurer and financial service provider we seek solutions for dealing with climate risks. What can we insure and what not? What can we do for people who live in areas with a flood risk? And how can we help to develop new locations where people can live safely in climate-proof housing?

Achmea aims to achieve CO_2-neutral business operations in 2030, CO_2-neutral investments in businesses in 2040 and a CO_2-neutral insurance portfolio in 2050. In 2022, we set out these ambitions in our Climate Transition Plan that contains interim targets for the shorter term. Meanwhile, we succeeded in more than halving the gross carbon emissions from our own operations by 2022 as compared to 2019. Furthermore, a survey by British NGO ShareAction showed that Achmea Investment Management is ranked joint number one among global asset managers when it comes to supporting sustainable shareholder resolutions in 2022. As a group we also benefit from the sustainability knowledge and expertise at Achmea Investment Management and Syntrus Achmea, which advise large institutional investors on responsible investment and sustainable investments.

A WORD FROM OUR CHAIR

Achmea invests in tomorrow's world

Many of the most important social issues can be found in the four domains in which we are active via our brands: Bringing healthcare closer, Smart mobility, Carefree living & working and Income for today and tomorrow. I am proud that we are able to make our voice clearly heard in each of these domains and work on solutions together with our partners, Vereniging Achmea and our customers. Zilveren Kruis brings good health closer to everyone. Interpolis is working to reduce the number of road traffic fatalities. In its recent 'Mis Niks' campaign, Interpolis used a stark message to alert road users to the dangers of using a mobile phone while in traffic. The campaign caused a considerable stir and led to much debate in households across the Netherlands. Centraal Beheer provides wonderful services for helping customers to make their houses or apartments more sustainable.

At Achmea, we made a strong commitment to creating more suitable housing for older people in 2022. The ageing population means that demand for this will soar in the coming years. At least 450,000 extra lifetime homes will be needed in the Netherlands in 2040. Together with our health and real estate businesses we developed new types of housing, such as De Nieuwe Sint Jacob in Amsterdam, which opened in April 2022. These homes include practical modifications for providing efficient healthcare and give senior citizens options for living together independently. Our goal is to complete 1,000 to 1,500 of these new homes each year. Placing this housing issue on the agenda, including via a national campaign, opens the debate and also encourages other parties to construct lifetime homes at a faster rate.

Operational result was € 174 million

The operational result over 2022 was € 174 million. This is lower than last year. Interest rates climbed in 2022. This is positive for the future but not in the short term. When combined with the trends on the financial markets, this caused investment results to lag € 453 million behind those of 2021. This mostly had a downward impact on the results in the segment Pension & Life and Non-Life. Claims in excess of € 100 million (after reinsurance) for helping our customers to repair storm damage also had an impact on our operational result.

Underlying results are developing well

Underlying results are evolving well. Gross premium income increased by more than 5% to nearly € 21.1 billion, while expenses climbed by only 2% and our solvency position remains as robust as ever at 209%. Our Health business performed solidly and Non-Life earned a sound insurance result. The Combined Ratio improved to 93.0%. This creates a solid foundation for our ambitions.

Sound progress on strategic building blocks

In 2022 we made good progress on our strategic building blocks. In addition to 'outstanding financial position', these are large client base, strong partnerships, expertise in data & digital and skilled employees.

Large client base

Under the motto 'large client base' we are aiming for growth and succeeded in many segments. We realised growth in Health and Non-Life both in the Netherlands and abroad. We are market leader in health insurance in the Netherlands and have managed to maintain this position despite a decrease in the number of policyholders in 2023. We are market leader in property & casualty insurance in the Netherlands as well. Commercial lines underwent particular growth in 2022.

> I am proud that we are able to make our voice heard in each of these domains.

The mortgage portfolio within our banking business experienced strong growth. This was owing to the acquisition of portfolios worth € 900 million and to our own mortgage production nearly tripling to over € 2 billion. Asset management fees in the Retirement Services segment increased from € 244 million to € 269 million despite the decrease in the value of the assets under management caused by developments on the financial markets.

We successfully launched InShared in Germany in 2021 and saw growth in the number of customers in 2022. The InShared concept provides us with sound opportunities for further consolidating our position as a direct insurer in Europe. Overall, average premium growth in countries outside the Netherlands stood at 15%.

We acquired ABN AMRO PPI in 2022 in further preparation for the arrival of the new pension system. Under the new name Centraal Beheer PPI we are expanding our pension solutions for employers and boosting our position in this market.

Strong partnerships

All our segments developed wonderful innovative solutions for customers in 2022. Wherever possible we did this together with existing and new partners. Centraal Beheer and NLgroeit joined forces to actively contribute to the capacity for growth and continuity of SMEs.

A WORD FROM OUR CHAIR

Interpolis works closely with Rabobank. We achieved strong growth over the year in our partnership with Rabobank, especially in commercial lines. Together with hospitals and GPs, Zilveren Kruis is taking steps to keep good healthcare accessible and affordable to all.

Expertise in data & digital

As a direct provider of financial services, we have direct contact with our customers. This provides us with many insights and (digital) opportunities for quickly responding to our customers' needs. In addition to our digital solutions for the retail market, we also took significant steps to improve digital customer service for our commercial property & casualty insurance business.

We offer businesses a wide range of direct and digital services. Stichting Achmea Rechtsbijstand is also going digital, with online advice tools and videos for the customers we help via legal assistance and other solutions. Zilveren Kruis encouraged new forms of digital healthcare and De Friesland helped to enable the launch of Dokterswacht, a handy app that quickly answers customers' health-related questions. In doing so we are attempting to reduce the workload at GP practices caused by the increased demand for healthcare and personnel shortages. Wherever possible we also support the digital settlement of medical expenses for our customers. Over 90% of claims are settled digitally.

Up to the end of the summer we collaborated in terms of IT with PGB pension fund on a new pension system for general use in the market by several parties. Unfortunately, together with PGB we concluded that it would be quicker to make pension administration future-proof if we continued individually. This is important because the new pension system is almost upon us.

Skilled employees

Long-term employability is for everyone; not just something we help employers with. We naturally want our own employees to feel good, to enjoy their jobs and continue to develop personally.

Despite the tightness on the job market, in 2022 we again succeeded in attracting and retaining talented employees. Thanks to an unlimited training budget, a 34-hour working week and a climate budget, we offer distinctive terms and conditions of employment. We boosted Achmea's profile as an attractive employer by introducing a new Employer Brand Movie last autumn. In this we show that you can make an unexpectedly large impact through your work at Achmea and its subsidiaries and brands. And this is rated highly. At a score of 8.1 engagement is high among our colleagues. Just as it was last year.

Michiel Delfos succeeds Henk Timmer

Henk Timmer said farewell to Achmea in the first quarter of 2022, opening up a vacant position in the Executive Board for the risk management portfolio. With the appointment of Michiel Delfos we have found an excellent successor from our own rank and file. We would like to thank Henk for everything he has meant to Achmea.

Turbulent period

2022 was an eventful year. The appalling war in Ukraine and all its repercussions, the aftermath of the Coronavirus pandemic and impact of inflation. This is affecting many of our customers and employees. And then there were the earthquakes that struck Turkey and Syria in early 2023. We have a subsidiary in Turkey. Many of our colleagues have family and friends in the region. From Achmea in the Netherlands we started a campaign together with colleagues to raise funds and help those affected. Our hearts go out to them.

Staying on track

The challenging financial climate also generated a financial headwind for our company. We are nevertheless on track to achieve our strategic ambitions and thanks to our leading position in several markets have a sound financial basis on which to build. In doing so we will need to remember that we have not yet left the period of high energy prices, inflation and higher interest rates behind us. These will continue to affect consumers, businesses, financial markets and Achmea in 2023.

I am proud that we have succeeded in staying on track despite the tough conditions and that we made good progress in 2022 in line with our strategic ambitions. I would like to thank our colleagues for their contribution and our customers and partners for the trust they have placed in Achmea.

In this annual report you can read more about what we have accomplished in 2022. And I hope it will only reinforce your belief - as it does ours - that now more than ever is the right time to preserve what is precious in society and fortify it wherever possible. For an inclusive society in which everyone participates and can live happily and healthily side by side. For everyone in the world today as well as future generations.

Best regards,

Bianca Tetteroo
Chair of the Executive Board

ACHMEA AT A GLANCE

MAIN ACTIVITIES

Non-Life Netherlands
Gross written premiums

€3.9 bn. — 2021: € 3.8 bn.

Market position[1] #1

Health Netherlands
Gross written premiums

€14.8 bn. — 2021: € 14.0 bn.

Market position[1] #1

Pension & Life Netherlands
Gross written premiums

€0.8 bn. — 2021: € 0.9 bn.

Market position[1] #5

Retirement Services Netherlands
Asset under Management by Achmea IM

€166 bn. — 2021: € 220 bn.

Banking credit portfolio

€12.3 bn — 2021: € 11.9 bn.

Market position[1] #4

International
Gross written premiums

€1.5 bn. — 2021: € 1.3 bn.

Miscellaneous

GROUP KEY FIGURES

Operational result
(€ million)

€174 million — 2021: 585

Solvency (SII)[2]
(as a percentage)

209% — 2021: 214%

Net result
(€ million)

€105 milion — 2021: 468

Number of internal employees in FTE's[3]

15,275 — 2021: 14,800

Gross written premiums
(€ million)

€21,088 mln — 2021: 20,026

Sustainability[4]
(MSCI ESG Rating)

AA — 2021: AA

1 Insurance activities according to written premiums over 2021 and Retirement Services according to Assets under Management by Achmea Investment Management as of end of September 2022.
2 Solvency ratio determined on the basis of a Partial Internal Model after deduction of proposed dividend and coupons on hybrid capital.
3 Number of employees with a contract of employment for a definite or indefinite period.
4 MSCI ESG Research is one of the world's largest providers of ESG ratings and research. Asset managers use these to analyse the impact of ESG factors on the long-term risks and return of the investments made on behalf of their corporate clients.

ACHMEA AT A GLANCE

Achmea operates via different brands. Apart from the Achmea brand, our biggest brands are Interpolis, Zilveren Kruis and Centraal Beheer. The Interpolis, Zilveren Kruis and Centraal Beheer brands are aimed at all sections of Dutch society. Other Achmea brands focus on specific groups, products or distribution channels. A comprehensive overview of the brands is given below.

achmea

In collaboration with its customers, partners and business relations Achmea wants to solve major social issues relating to health, living & working, mobility and income. This is how we aim to create sustainable value for our customers, employees, the company and society.

Zilveren Kruis

Zilveren Kruis provides insight into overall health. We encourage everyone to take small steps to improve their health. Because every little helps. Customers can turn to Zilveren Kruis for health insurance but also services aimed at improving health.

Centraal Beheer

Centraal Beheer has direct contacts with retail and business customers and its products are also sold via brokers. Customers can turn to it for property & casualty and income protection insurance, pensions, mortgages, savings and investment products, but also services such as Duurzaam Woongemak.

Interpolis. Glashelder

Interpolis operates in the banking channel and works exclusively with Rabobank. Interpolis 'Glashelder' (crystal clear) makes people's lives simpler when it comes to insurance and the focus is on what is really important to our customers. Customers can turn to it for property & casualty, health and life insurance.

achmea Pensioenservices

Achmea Pension Services administers pension schemes for company, occupational and voluntary sectoral pension funds as well as for Centraal Beheer APF and PPI customers.

achmea Investment Management

Achmea Investment Management offers asset management solutions and investment propositions for retirement services and serves both institutional and private investors, including ESG-related services such as engagement processes.

achmea Bank

Achmea Bank provides solutions for capital accrual and buying a home via its simple and transparent mortgage and savings products.

syntrus | achmea

Syntrus Achmea Real Estate & Finance invests in real estate and mortgages on behalf of pension funds, insurers and charities. In doing so it deliberately opts for sustainable investments.

FBTO

At FBTO the emphasis is on freedom of choice. It offers customers the option of putting together their own ideal insurance policy.

avéro | achmea

Avéro Achmea is the primary brand for property & casualty and income protection insurance via the brokerage channel.

inshared

InShared is the all-round online insurer. InShared pays out an End-of-Year reward if less than 80% of the premium is claimed as damage or loss. InShared has recently also been launched outside the Netherlands.

HAGELUNIE

Hagelunie is an insurance company that was founded by market gardeners and has been insuring greenhouse businesses for over 80 years.

De Friesland

De Friesland Zorgverzekeraar has been operating in the Dutch province of Friesland for over 200 years.

Woonfonds

Woonfonds has been selling mortgages to retail customers via independent advisors since 1973.

eurocross assistance

Eurocross Assistance is the Dutch emergency response centre specialising in global medical, mobility and personal assistance.

PROLIFE zorgverzekeringen

ProLife Zorgverzekeringen operates on the basis of Christian principles and offers customers health insurance products.

International brands

EUREKO SIGORTA

In Turkey, Eureko Sigorta has a strategic partnership with Garanti Bank and sells non-life and health insurance products.

INTERAMERICAN

Interamerican Greece is an insurance company in Greece providing non-life, health and life insurance through the direct and/or brokerage channels.

Union Poisťovňa PART OF ACHMEA

Union Slovakia is a Slovakian insurer that provides non-life, health and life insurance through the direct and banking channels.

achmea Farm Insurance

Achmea Farm Insurance operates in Australia and primarily provides insurance products for Rabobank customers.

Onlia

Onlia operates in Canada and provides online car and property insurance.

2022 IN BRIEF

JANUARY
Achmea concludes a two-year collective labour agreement (CAO). Among other things, employees will receive a climate budget of € 2,500 and an unlimited training budget.

FEBRUARY
A severe storm races over the Netherlands, causing a huge amount of damage and loss for our customers. We receive over 90,000 insurance claims in just a few days.

Russia invades Ukraine towards the end of February. This indirectly results in higher energy prices, higher inflation and higher interest rates.

APRIL
Opening of De Nieuwe Sint Jacob in Amsterdam, an iconic project by Syntrus Achmea and Zilveren Kruis containing lifetime homes for senior citizens.

Michiel Delfos is appointed a member of the Executive Board and succeeds Henk Timmer as CRO.

MAY
Acquisition of ABN AMRO PPI announced in preparation for the arrival of the new pension system. The PPI's name is changed to Centraal Beheer PPI.

JUNE
Interpolis launches a new campaign to make using electric bikes safer and hands out 5,000 cycling helmets to customers.

JULY
Acquisition of interactive platform TipTrack from AWVN enables us to consolidate our vitality position towards employers.

Syntrus Achmea invests in homes for senior citizens by buying 32 residential care complexes.

AUGUST
Centraal Beheer launches a new service for Owners Associations to simplify the process of making buildings more sustainable.

OCTOBER
Achmea wins the Grand Prix at Cannes Corporate Media & TV Awards with its corporate movie 'Sustainable Living, Together. The Achmea way'.

NOVEMBER
Achmea stresses the importance of suitable lifetime homes in its campaign 'Gelukkig oud worden volgens Achmea' (Growing old happily, the Achmea way).

Achmea issues Green bonds worth € 500 million.

DECEMBER
Achmea publishes its Climate Transition Plan, which sets out our climate strategy for reducing carbon emissions.

Achmea climbs to a shared ninth place in the Tax Transparency Benchmark (2021: 51).

OUR PURPOSE

'Sustainable Living. Together.' the Achmea way

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

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

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

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

Social issues in four domains

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

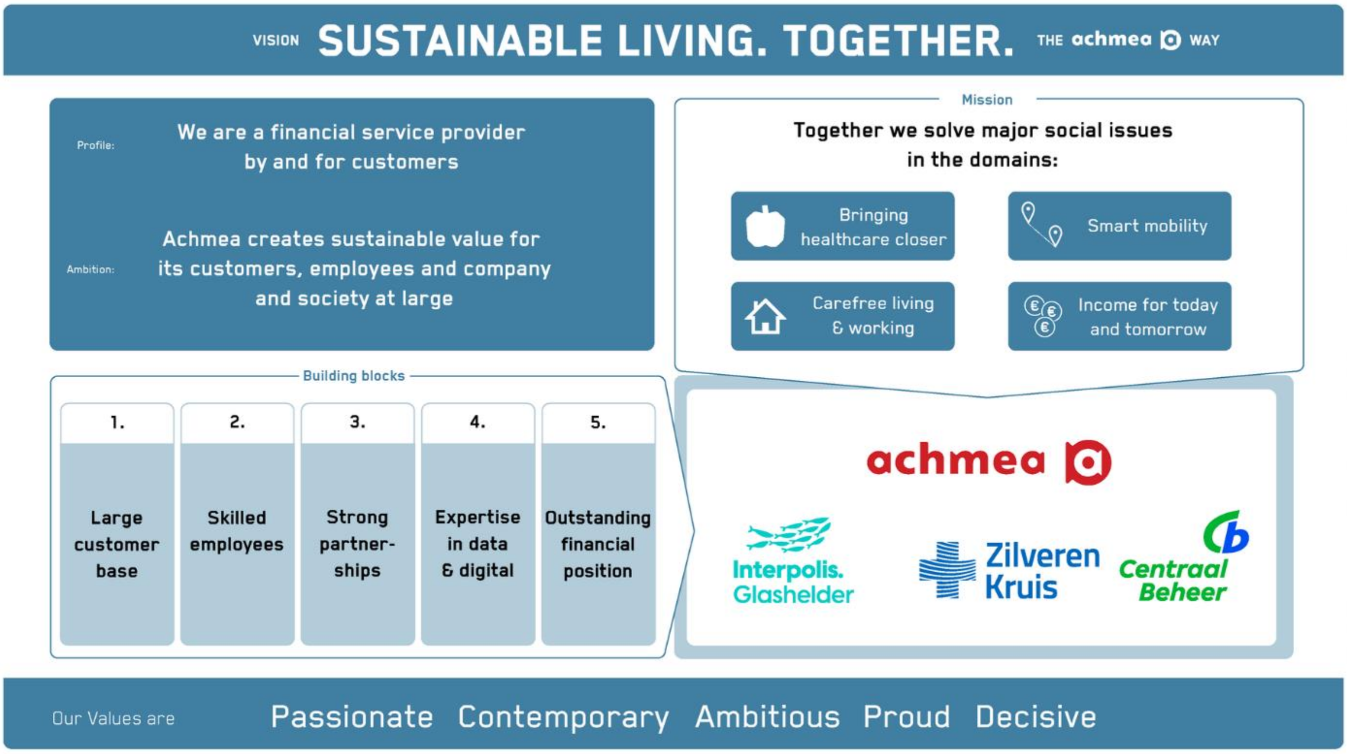
- Bringing healthcare closer
- Smart mobility
- Carefree living & working
- Income for today and tomorrow

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

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

Climate, diversity and inclusion

Climate, diversity and inclusion are inextricably linked with Sustainable Living. Together. Climate change is generating major social, economic and financial challenges. The effects of climate change are visible all around the world and occurring with increasing frequency. Examples of extreme weather in 2022 include the flooding in Pakistan and Nigeria, the very hot summer in Europe and the prolonged and excessively low groundwater levels in the Netherlands. It is essential to restrict the increase in global temperatures to 1.5-2 °C compared to 1990 in order to avoid the risks



OUR PURPOSE

becoming uncontrollable. Sustainable value creation means, among other things, that we want to contribute to achieving the global climate goals. As a broad financial service provider, we contribute to resilience to the risks posed by climate change and want to support the energy transition.

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

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

Sustainable Development Goals

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

Our building blocks

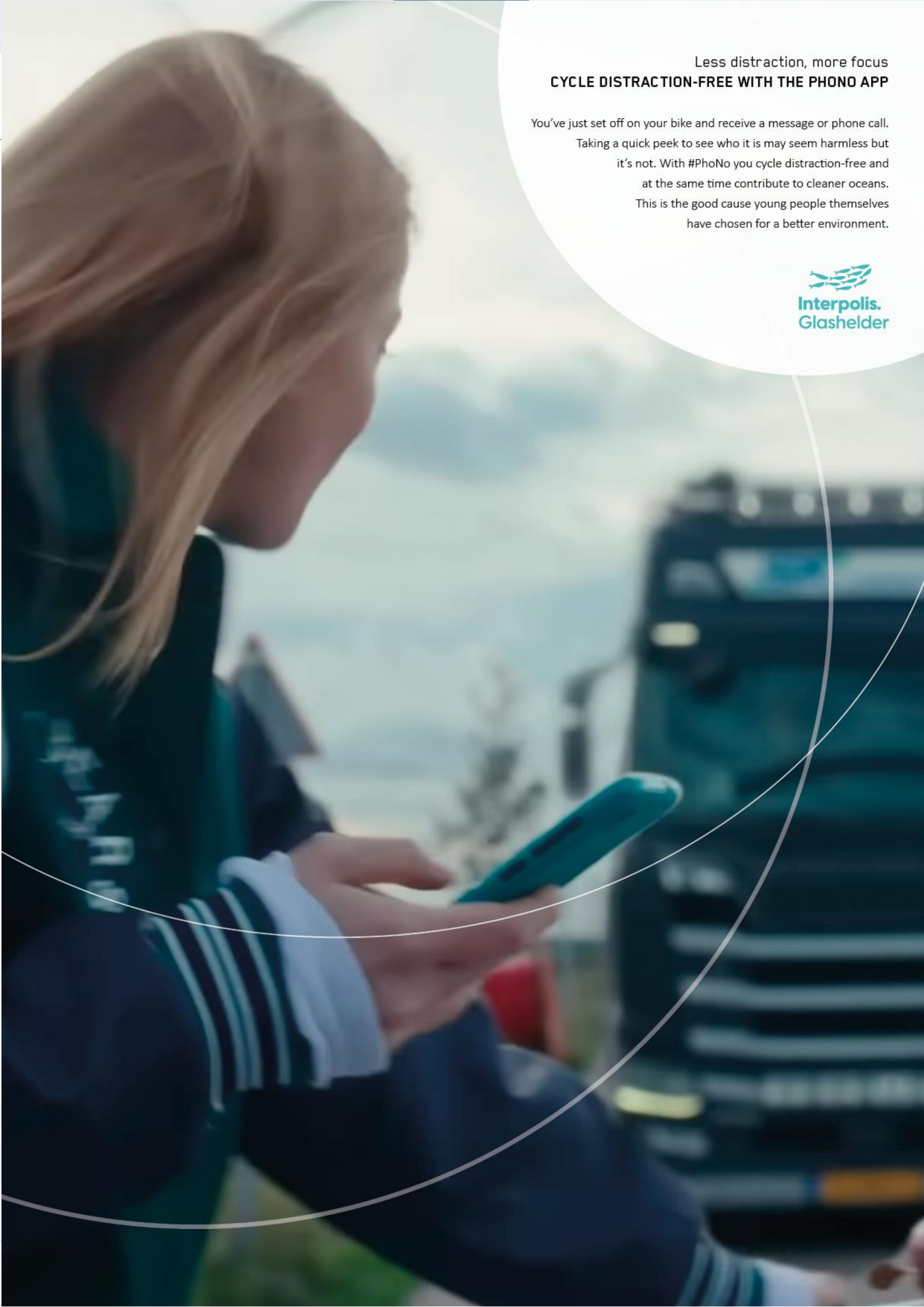
We work on accomplishing our mission on the basis of five building blocks. Our ambition is to create sustainable value and solve major social issues.

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

Our Achmea values

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

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


Less distraction, more focus
CYCLE DISTRACTION-FREE WITH THE PHONO APP
You've just set off on your bike and receive a message or phone call. Taking a quick peek to see who it is may seem harmless but it's not. With #PhoNo you cycle distraction-free and at the same time contribute to cleaner oceans. This is the good cause young people themselves have chosen for a better environment.
Interpolis.
Glashelder

This part of the annual report describes the environment in which we operate, the most important developments and trends in it, as well as the main themes for both our stakeholders and Achmea. This serves as input in setting our strategy.

CONTEXT AND STRATEGY

OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS

We live in turbulent times that bring with them a great deal of uncertainty. This affects how we create sustainable value for our stakeholders as an insurer and financial service provider. Some trends have been around for a while but are only now causing acute difficulties. At the same time, more incidental factors are having a major impact on our customers, the economy and our living environment. Conflicts of interest are leading to tensions in society. Groups are turning against each other, and there is a growing debate on the role of the government and structure of public systems. New laws and legislation are affecting our business operations and giving rise to additional investments and expenses.

Long-term trends

The population is ageing and we are even seeing 'double *ageing'*. Not only are there more senior citizens, but thankfully they are living longer as well. At the same time, we are seeing a drop in the number of young people. As a result, the working population is shrinking as a percentage of the overall population. This is placing pressure on the job market and on the funding of public services.

Climate change is another long-term trend. In 2022 it was precisely fifty years since the Club of Rome pointed in its publication 'The limits of growth' to the constraints posed by environmental pollution and the consumption of resources. Although sustainability is increasingly a topic of discussion among private individuals and businesses, in part due to the high energy prices, we are not yet managing to take enough measures on a global scale to achieve our sustainability ambitions; the target of a maximum rise in global temperatures of 1.5 °C is slowly moving out of reach. Swiss Re Institute reported that natural disasters caused economic losses of $ 260 billion in 2022; less than half of that was insured.

Technological innovation, in part in interaction with other trends, is having a huge impact on our environment. Thanks to medical technology, people are enjoying good health for longer and life expectancy is rising. Technology can also play an important role in restricting climate change. And technology is having a big impact on the risks our customers are exposed to (cyber risk), on how we structure customer journeys, as well as on our business processes and how we work together. It is no coincidence that expertise in data & digital is one of the building blocks of our strategy.

More recent developments

In addition to the long-term trends, the past few years have also seen some more recent developments with drastic repercussions for the world. The coronavirus had a smaller impact on society in 2022 and the fear of infection has lessened. Yet it has still not proved possible to catch up on postponed healthcare and many people continue to be affected by long Covid symptoms. For many people the amount of time they spend working at the office and from home has changed for good. Companies are turning their offices into more of a meeting place. And as a society we will need to be more alert to new coronavirus variants or new epidemics.

2022 was also the year in which the war in Ukraine started. It is still hard to know what the long-term impact of this war will be on geopolitical relations. In the short term the impact in the Netherlands is huge. A growing number of Dutch households are getting into financial difficulties owing to the higher gas and electricity prices. Businesses are also being affected by this. SMEs are already under pressure from the obligation to repay support received during the coronavirus pandemic. And some businesses are even being forced to cease production because of the higher energy prices.

In the Netherlands there are debates on the nitrogen emissions policy and PFAS. Ambitions in a variety of policy areas no longer look to be compatible. Conflicts of interest are becoming more common in society. Policy decisions sometimes have far-reaching consequences for specific groups that then rise up in protest. Trust in the government has never been as low as it has been in recent years. The Dutch childcare benefits scandal and repercussions of gas extraction in Groningen also play a role here.

Impact on the economy

The impact of the above trends and developments on the economy and society are partly defined by how the two interact. Demographic trends have contributed to tightness on the job market. In part because of the ageing population there is growing demand for healthcare and indirectly for medical personnel. Furthermore, the labour market scarcity is growing due to the large number of people required for the energy transition and the wish for sustainability. At the same time, the Dutch construction industry faces enormous challenges, while no nitrogen emission rights or personnel are available at the moment.

The war in Ukraine has pushed up energy prices. When combined with the shortages on the job market, this also has repercussions for the wages demanded by trade unions, and inflation is spreading to all parts of the economy. This in turn brings with it the risk of a wage-price spiral. The high energy prices are forcing businesses to make drastic decisions, either to halt production temporarily or stop it entirely. High energy prices could boost the transition to sustainability, but the speed at which this is happening is being hampered by global shortages of materials and tightness on the domestic energy grid.

OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS

The uncertainty, such as about the course of the war in Ukraine, is translating into turbulence on the financial markets, where we are seeing increased volatility in interest rates, spreads and equity prices. Central banks have raised policy interest rates over the past year in a bid to curb the rate of inflation.

Impact on our customers

At such uncertain times involving so many major challenges, trust in politicians is low. Many people are sceptical and question both the will and ability of politicians to tackle the huge problems facing society today.

Despite government measures, many households and businesses are struggling to pay their bills. Incomes are not always rising as quickly as or in line with expenditure. More and more people are turning to food banks and even middle-income households are no longer always able to get by. There are huge differences in the level of empowerment here, between those who have more and fewer opportunities for work and income, social networks, healthcare and support or education.

Among young people in particular there is a visible reduction in well-being. In part as a result of the coronavirus pandemic, more young people are suffering from mental health issues; never before have they awarded their lives such a low score.

Pressure on existing systems and the role of the government

Trends on the financial markets and the job market are exerting pressure on public systems in the Netherlands as well. The affordability of healthcare has long been a matter of concern for politicians; this is being further squeezed by shortages on the job market and the high energy prices and inflation that healthcare providers are also facing. Moreover, in the Budget Memorandum in 2022 the government warned that future senior citizens need to prepare themselves for a society in which collective organised care for the elderly is no longer a given.

The ageing population and financial trends are both elements of the debate on the new pension system. After 15 years of preparation, the high rate of inflation and rising interest rates have resulted in a great deal of uncertainty about decision-making and are exacerbating potential conflicts of interest between the young and old.

The government has taken on a more prominent role in recent years. Despite the low level of confidence in the government's ability to solve problems, people increasingly look to the government for help. During the coronavirus pandemic, the government gave many businesses and entrepreneurs financial support as a bridge to preserve jobs. In the case of the Dutch childcare benefits scandal and repercussions of gas extraction in Groningen, the government likewise decided to compensate those affected. The government has recently taken measures to ease the effects of inflation on energy prices. Low and sometimes even negative interest rates enabled the government to borrow money for free in order to finance this spending. However, the upturn in interest rates means that this is no longer an option. Various parties are warning that we risk the Netherlands becoming a society in which a compensation culture is the norm.

Impact on Achmea

As an insurer of and financial service provider for customers, we stand at the very heart of society. The described trends and developments have an impact on our customers and the risks to which they are exposed, on our employees and our business operations, and of course on our financial results, which were severely negatively affected by the dynamics on the financial markets in 2022.

The risks our customers face are changing; cybersecurity and risks relating to climate change are becoming more relevant. Customer needs are changing as a result of this and we can respond to these by offering them new propositions. As an example, we help our customers to become more sustainable. In light of inflation and higher prices we are actively working to identify potential problems at an early stage and refer customers in good time to the best place to get help.

In the past couple of years the coronavirus pandemic has led to an acceleration in digital customer service, directly or via platforms. Customers are used to searching online for information about products and services before buying. Transactions, from product sales to insurance claims, are also increasingly taking place digitally. As part of this, customers expect to be able to switch seamlessly between their mobile phone and their tablet. We are encountering higher expectations from customers in other areas too and it is essential for us to be able to respond to these so we can change with our customers. We therefore continue to invest in further digitisation and customer service.

The coronavirus pandemic has also had a lasting impact on our own business operations: our employees increasingly work from home and mainly come into the office for meetings. We are adapting our locations accordingly and investing in digital support to ensure our employees work together effectively while hybrid working.

OUR ENVIRONMENT: TRENDS AND DEVELOPMENTS

Technological changes and the use of data are occurring at an ever faster rate. Prevention and services are becoming increasingly important in the sector. Working in partnerships creates opportunities to meet new demands from customers and challenges in society.

Growing numbers of businesses are thinking about how they can contribute to society: their purpose or vision. Not only because their customers demand this, but also so they can appeal to a new generation of workers on the job market. We give direction to our strategic choices based on our purpose, which revolves around our contribution to solving major social issues. In 2023 we will devote even greater attention to attracting and retaining employees. The changes to the pension and healthcare systems directly affect how we can be of value to our customers. Other legislation, such as IFRS 17, Customer Due Diligence, privacy and climate-related regulations, has an impact as well though. In 2023 we will continue to invest in our capacity for being well-prepared for new laws and legislation.

The increased dynamics are reflected in society and also visible in our financial results. Given the trends and developments in 2022, our Sustainable Living. Together vision remains as relevant as ever. For this reason we are also translating our vision into our business operations, our strategic choices and our many partnerships. For example, we are working together with customers and partners on solutions to social challenges in our four domains. In the section on strategy we describe in more detail the choices we make when putting this into practice.

IN DIALOGUE WITH OUR STAKEHOLDERS

We maintain contacts with many different stakeholders: our customers, employees, shareholders, capital providers, social organisations, interest groups and supervisory authorities. We do this in many different ways. There are direct contacts between our customers and employees via customer service centres. In addition, there are contacts via customer councils, customer panels, policyholder councils and Vereniging Achmea and we organise roundtables and hold online surveys.

Social themes are discussed with external experts. In 2022, we organised a meeting at which members of the Executive Board and Directors' Council talked to a variety of experts from the scientific community, business and social organisations about climate change and the growing social inequality in the Netherlands. Apart from underlining the urgency of these issues, the dialogue examined suggested solutions and the role Achmea can play here.

Achmea's options for action on social themes were also discussed with Vereniging Achmea (see box text) in theme-based working groups in 2022. Members of Vereniging Achmea and Achmea employees work together in these groups. In 2021 there were theme-based working groups on a Safe & sustainable living and working environment. These themes were discussed in three working groups: Sustainable living for all, Long-term employability and Businesses quickly up and running again. The recommendations of these working groups were presented to the Council of Members of Vereniging Achmea in mid-2022 and subsequently discussed in the Executive Board. The approach and recommendations are aligned with Achmea's strategy of working together with its partners to solve social issues. The theme-based working groups Digital healthcare, Lifetime homes and Road safety were installed in September 2022. The interaction with our shareholders, including Vereniging Achmea and Rabobank, is embedded in the formal governance.

Employees are continually consulted via work and team meetings and regular contact with managers. On top of this, there are regular meetings with Achmea's Central Works Council and the works councils for the individual segments. Discussions on terms and conditions of employment take place during meetings with trade unions. An annual Employee Engagement Survey is also held.

We talk to our business relations during bilateral business meetings. In addition, via the Achmea initiative 'De Kamer' we conduct ongoing dialogue with the board members of our corporate clients with a view to exploring the future of the Netherlands together. We exchange ideas on social themes; since 2020, the theme has been Civilisation in Balance. Alongside the meetings, De Kamer connects participants via publications and interviews that are collected to form a book each year. We published the first book on the Civilisation in Balance theme in 2020 and will conclude this theme in 2023. Achmea started the De Kamer initiative in 2013 and will therefore celebrate its 10 birthday in the coming year.

Spotlight: Vereniging Achmea strengthens the cooperative foundation of Achmea

Vereniging Achmea is the association for all our customers and our largest shareholder. All of Achmea's customers are also customer members of Vereniging Achmea. Vereniging Achmea is a not-for-profit association and has the following goals, derived from its articles of association:

- To represent the shared interests of its customer members
- To ensure continuity of Achmea Group

Achmea operates at the heart of society and conducts dialogue on social themes. Input from Vereniging Achmea and its members is of huge added value here. The customer members are represented here by the Vereniging Achmea Council of Members. The Council of Members mirrors Achmea's overall client base as much as possible. The Board of Vereniging Achmea handles the matters that concern the Vereniging's policies and is appointed by the Council of Members. The Board requires the approval of the Council of Members for a number of important decisions. Customers therefore have a genuine say in Achmea's business operations via the Council of Members. This gives Achmea customers a unique position compared to the customers of many other companies.

Our partnership with Vereniging Achmea therefore helps to determine our cooperative identity as an insurer. Cooperative values, such as solidarity, cooperation, having a say and the influence of customer members, continue to apply in full.

IN DIALOGUE WITH OUR STAKEHOLDERS

What do our stakeholders believe to be important?

Process for defining material topics

Our stakeholder contacts tell us which themes they believe to be most important to Achmea. To complement these we held an extensive desk review of the themes that are viewed as socially relevant and the impact that Achmea can have on them. A trend report and other research were then used to compile a list of topics. These topics were assessed for their relevance to society (in a political, public, economic and social context). Next, an estimate was made of how Achmea can have an impact on each of the most important themes (based on its roles as an employer, institutional investor, (health) insurer and organisation). The combination of these two approaches resulted in an overall score within which the topics are ranked. These outcomes along with the topics identified in previous years and the most important topics we identified from sustainability legislation (Corporate Sustainability Reporting Directive, or CSRD) generated a longlist containing of 30 topics.

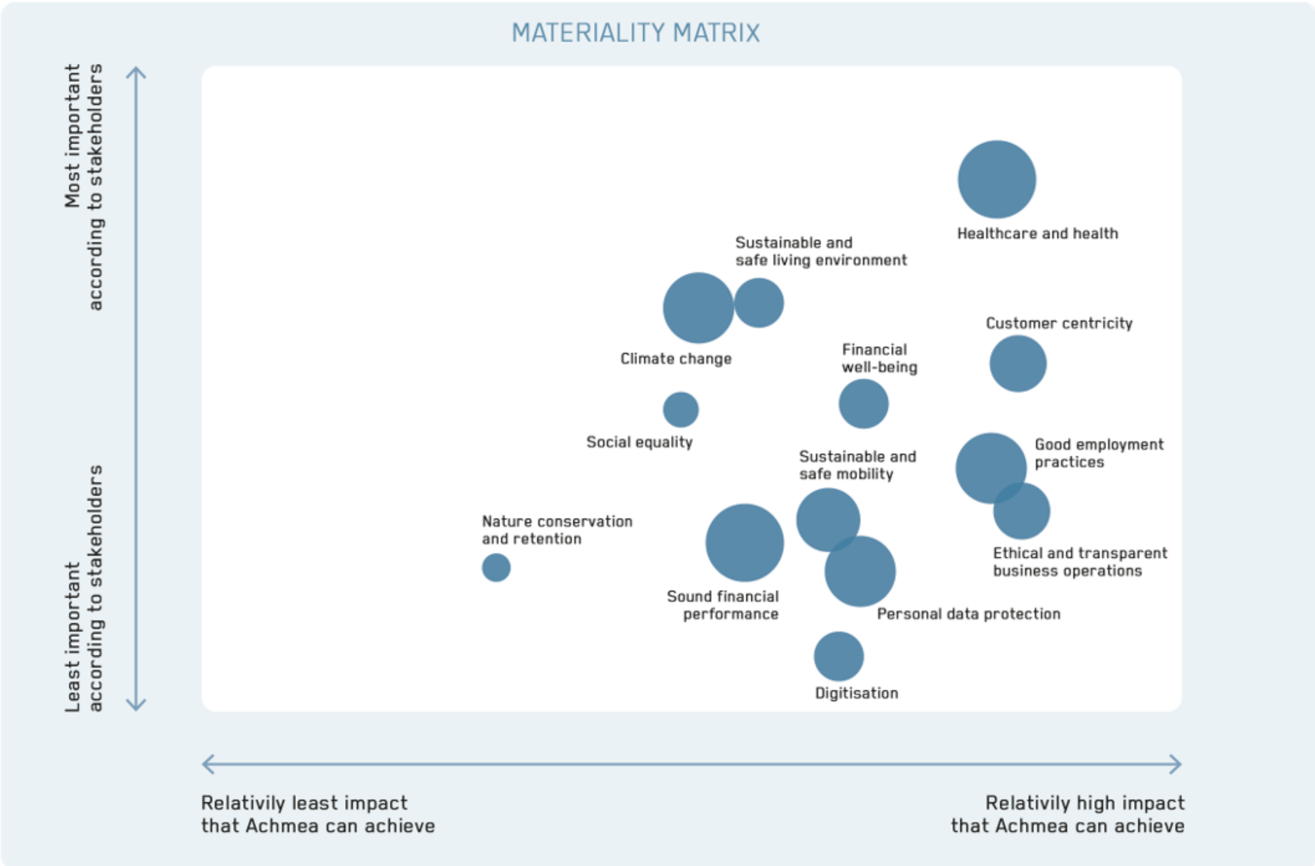
We then cut this to a shortlist of the 13 most material topics. The criteria we used here are: the topic's impact on Achmea and Achmea's impact on the topic, projected over a period of 3 to 5 years.

Changes to material topics versus 2021

From 2022 we have delineated the material topics and activities of Achmea more clearly in order to create impact on these topics. This means that a number of material topics from previous years are no longer included, such as Sustainable & responsible investment and Sustainable products & services. Up to and including 2021, these activities were designated as material topics viewed as important by stakeholders and on which Achmea was in a position to have a relatively big impact. These topics are no longer included in the shortlist but now form part of other topics, e.g. Climate change, Sustainable & safe living environment and Sustainable & safe mobility.

Defining which topics are most relevant to Achmea based on the impact Achmea has or can have

In an online survey we asked four stakeholder groups about the importance they attach to the topics that are important to Achmea and the impact that Achmea has or can have on them. These stakeholder groups comprised customers/consumers (n = 1,514), corporate stakeholders (n= 77, the scientific community, NGOs and businesses), employees (n = 143) and members of our Directors' Council (n = 25). We believe that these stakeholders accurately represent the most important stakeholders inside and outside



IN DIALOGUE WITH OUR STAKEHOLDERS

Achmea and as a result can provide the right input for our stakeholder analysis. When establishing the importance of a topic and the impact that Achmea can have on a topic, we included the responses from our Directors' Council and employees as a single response. This was then allocated the same weight as the response of each of the two other stakeholder groups.

Explanation of the materiality matrix

In the interest of comparability, as in previous years we have opted to depict the relevance for stakeholders and Achmea's impact based on our research in a materiality matrix. The Y axis of the matrix demonstrates how stakeholders rate the importance of a topic. The X axis shows how our stakeholders assess the impact that Achmea has or can have on this topic.

In an initial step towards alignment with future laws and legislation (CSRD), this year for the first time the size of the dot denotes the extent to which the topic could have an impact on Achmea's (future) financial position. This expected financial impact is defined by asking the corporate stakeholders and members of the Directors' Council participating in the online survey for an estimate. The larger the dot in the materiality matrix, the bigger the potential financial impact.

The process and matrix were discussed in our Achmea Sustainable Together Programme Board. The matrix was then adopted by the Executive Board.

Results

We expect Healthcare & health, Sustainable & safe living environment, Financial well-being, Customer centricity and Good employment practices to be and remain important topics on which Achmea can make an impact. Compared to the 2021 analysis, while we see shifts in how important stakeholders consider these themes and/or the estimation of the impact Achmea can make on these themes, the themes remain a priority to Achmea. Topics such as Digitisation and Personal data protection are placed relatively low on the Y axis, which leads us to suspect that stakeholders increasingly view these as preconditions.

The way we have incorporated these topics into our strategy is outlined in the chapter Our strategy. In the section on Our value creation we list examples of how we have had an impact on the material topics. A description of the material topics is given in supplement D. Connectivity table. Supplement D also describes the correlation between the material topics and our purpose (via Vision/Domains and building blocks), the impact that Achmea can have on the topics, how we monitor progress on this theme and the section of this annual report that includes more information.

OUR STRATEGY

THE SUM OF US

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

Large client base

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

Skilled employees

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

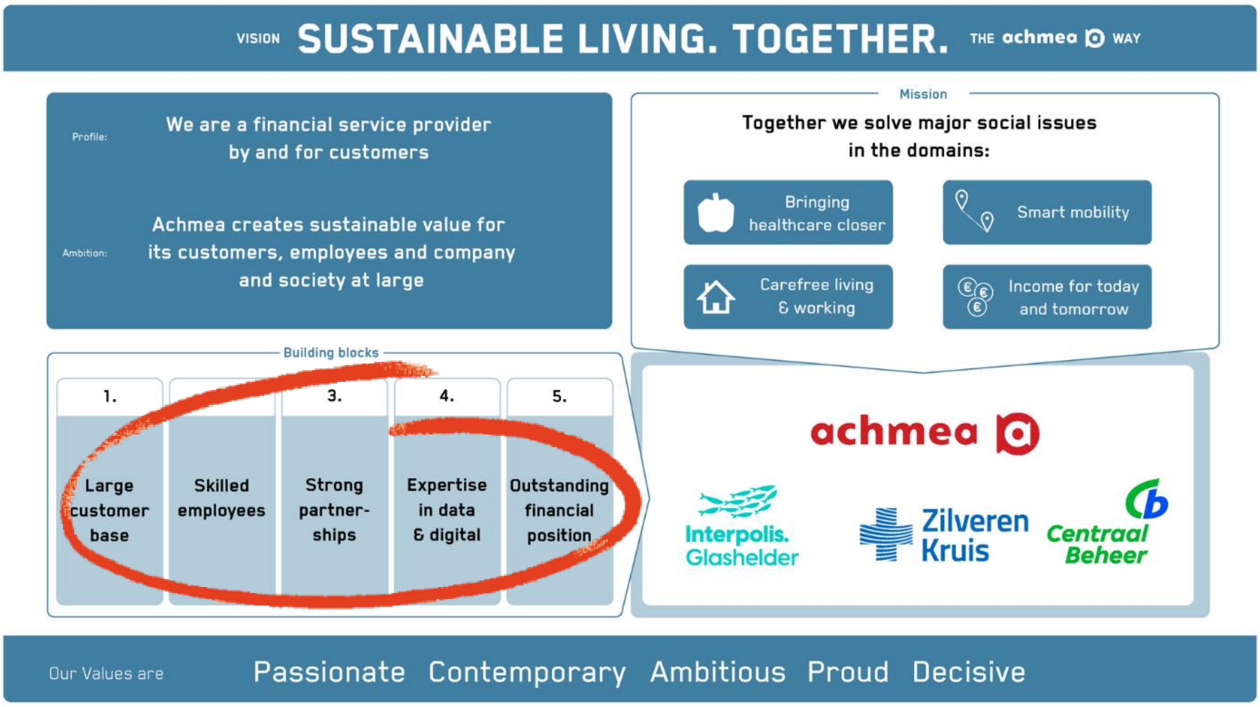
Strong partnerships

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

Expertise in data & digital

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

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



OUR STRATEGY

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

Outstanding financial position

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

MANAGEMENT AGENDA

The management agenda we use as a basis for management in alignment with our strategy comprises four components. We are optimising the organisation on the basis of 'one' Achmea, expanding our core business, investing in growth and taking advantage of strategic options.

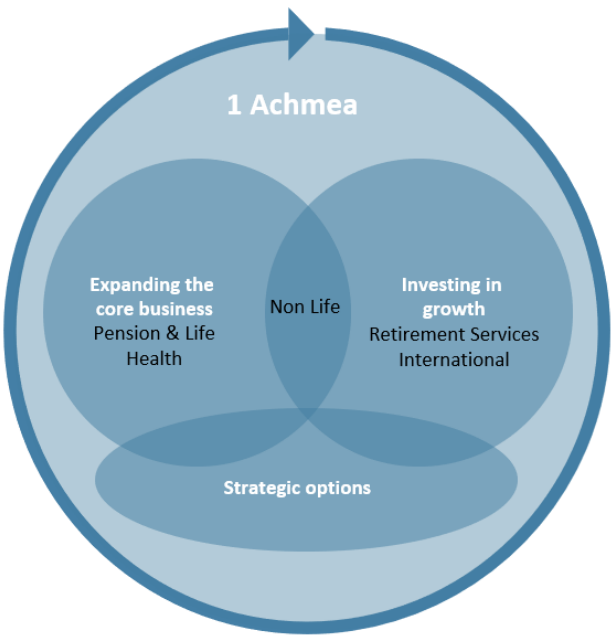
Optimisation based on 'one' Achmea

As a group we have a shared mission and common ambitions. Joining forces across brands and operating companies enables us to achieve synergies and economies of scale. We have launched a number of group-wide initiatives aimed at working together in areas such as IT, digitisation, commercial excellence, sourcing, asset management and sustainability. The cost savings we can make by doing this give us the financial capacity to invest in growth and in our social ambitions (Save to invest to grow).

We work together on sustainability as 'one' Achmea and further refined our sustainability goals in 2022. We are committed to achieving CO_2-neutral business operations in 2030, CO_2-neutral investments in businesses (equities and corporate bonds) in 2040 and a CO_2-neutral insurance portfolio no later than 2050. It is within this context that we have joined the Net-Zero Insurance Alliance and committed to a science-based transition pathway to CO_2 neutrality.

We boost our future commercial strengths by organising our distribution, innovation and brand management differently. To this end, a new organisational unit called Distribution, Innovation & Brand will be created as of 1 January 2023. This unit will ensure Achmea-wide strategic and policy-based implementation of distribution, innovation and positioning of the Achmea brands. In addition, we are working together on improving our pricing to make it easier to adjust prices more quickly in response to changing circumstances.

We are carrying out a multi-year plan to migrate our applications to the Microsoft Azure cloud. The plan includes phasing out legacy IT systems to simplify the migration process. In keeping with this plan we took steps to migrate systems as well as phase out legacy IT systems in 2022. We are working on improving our data maturity. A number of systems in our IT organisation were optimised to provide better support for digitisation of our customer contacts. Our financial systems are ready for reporting based on IFRS 9 and IFRS 17 standards. With respect to Customer Due Diligence (CDD) we have decided to combine expertise on CDD activities in a single centre of expertise.



- Optimisation based on 'one' Achmea
- Expanding the core business
- Investing in growth
- Taking advantage of strategic options

OUR STRATEGY

In 2022 we revised our sourcing policy in order to make better use of outsourcing in our business operations. Some of our IT activities are being outsourced to IT partners in the EU. Furthermore, in 2022 all the segments conducted an analysis of the expected inflow, advancement and outflow of employees to enable them to manage the workforce better in future. Performance management was adjusted in 2022 in order to guide these group-wide optimisation drives.

Expanding the core business

Part of our strategy also involves further expanding our core business. In doing so, from the Pension & Life business we aim to accomplish growth in the open portfolio and are releasing capital from the run-off of the service book. We have made excellent progress on migrating a large life insurance portfolio administered in legacy IT systems to modern systems. We will continue to digitise our customer service. As of year-end 2022, the first group of customers can submit a digital application to receive their pension payments on retirement. The new Life portal has been launched for the digital service at Rabobank.

Our ambition is to assist 5 million policyholders with paying and arranging their healthcare and improving their health. From a broad perspective on health we encourage and help our customers to live and work more healthily. As market leader, Zilveren Kruis is working to achieve the necessary transformation of the healthcare landscape and we stimulate the provision of accessible digital and home-based healthcare.

At Non-Life the strategy is to expand our position and accomplish growth in both Property & Casualty (retail, SME and Agro) and Income Protection insurance. Via Centraal Beheer and FBTO in the direct market, from Interpolis together with Rabobank and via Avéro Achmea in close cooperation with independent brokers. We aim to combine growth with rigorous claims management and are working to create digital, data-driven customer journeys and processing chains.

Investing in growth

Our strategy includes investing in growth, especially at Retirement Services and in our International activities.

At Retirement Services we have decided to cluster activities more; the idea is to intensify collaboration between the different units, increase their power of execution and enhance commercial strengths. We do this based on four clusters: Mortgages and Financial Services, Pensions, Institutional Investment and Real Estate.

At Mortgages and Financial Services we take advantage of our market positions in mortgages by increasing our investments for our own balance sheet as well as to expand external investors. The focus here will be on Centraal Beheer as a mortgage brand. In the long term we are aiming for one million Centraal Beheer customers using financial services such as savings, investments or a mortgage. And we have opted for a single system (of our partner Quion) for all our mortgage products and are streamlining the acceptance process. As of the autumn of 2022, all new mortgage production runs via the Quion system and Centraal Beheer is the biggest mortgage brand in terms of new production.

From the Pensions cluster we want to offer employees and employers a comprehensive range of pension products. For example, in addition to the traditional open book portfolio, also via the Centraal Beheer APF and Centraal Beheer PPI. We are working hard on our new pension administration platform and preparations for implementing the new pension agreement. Moreover, we are actively participating in the social debate on the new pension act. Our planning depends in part on the progress made in debating this legislation.

In the Institutional Investment cluster we are combining sales and marketing activities for the institutional market in order to further optimise our commercial strengths. Achmea Investment Management has occupied an extremely good competitive position in the past few years. We aim to improve this position further with an upgraded and scalable IT platform. On top of this, we are developing new investment propositions for illiquid and alternative investments.

The Real Estate cluster is new. It will give the real estate business an independent positioning with a focus on commercial strengths and growth in assets under management, while at the same time taking sustainability criteria into account. An upgrade to the IT platform for Real Estate was prepared in 2022 with a view to realising future growth.

We are also investing in growth in other countries. Achmea's International activities focus on Non-Life and Health insurance products, distributed via the online (direct) and banking channels. Achmea pursues an international growth strategy by exporting knowledge and digital expertise gained in the Netherlands. In doing so, we focus on growth in existing and new market segments. We are expanding our International activities, concentrating on organic growth in the direct distribution channels, acquisitions and rolling out the centrally-managed InShared model. Achmea harbours the ambition of accomplishing geographic growth. At InShared we are exploring new markets, including Germany.

Taking advantage of strategic options

We take advantage of strategic options when these help us to bring our vision closer and achieve our ambitions more quickly, both in the Netherlands and abroad. One good example of this is the acquisition of ABN AMRO PPI, which consolidates our position in the employer market for Defined Contribution (DC) pension schemes.

INSPIRATION FOR THE NEXT PHASE OF YOUR LIFE

Achmea Pension Services offers members inspiration for the next phase of their lives via leefjepensioen.nl. So much changes when you retire. You make an important new start. Experiences, backgrounds and tips are shared on the platform. Here, members can find all the information they need to structure their retirement to suit themselves.

achmea

This part of the annual report provides insight into how we have set up our risk management and lists the key risks for Achmea.

RISK MANAGEMENT

Effective risk management is essential for Achmea's continuity, and for maintaining a long-term relationship with our customers and other stakeholders. Risk management involves identifying risks, implementing the correct measures, monitoring and reporting on risks. It is not so much a matter of avoiding risk, but rather of making well-informed decisions about the risks to be accepted in realising the business objectives.

We apply an integrated approach to risk management and capital management. The principles in relation to the capital and solvency position are therefore important to defining Achmea's risk appetite. This is, for example, reflected in the annual Own Risk & Solvency Assessment (ORSA) in which Achmea assesses its risk and capital positions in conjunction with each other.

This Executive Board Report describes our framework for risk management in brief - primarily its governance structure - and looks at the key risk themes. The notes to the Consolidated financial statements of Achmea B.V. (Note Capital and risk management) contain more information on Achmea's capital and risk management.

RISK MANAGEMENT

Michiel Delfos

Member Executive Board and responsible for Risk management

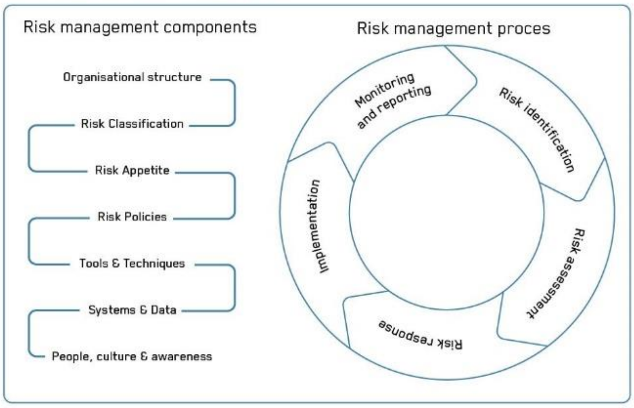
Geopolitical trends, high inflation and the corresponding volatility on the financial markets and resulting impact on society generated multiple uncertainties in 2022. This underlines the importance of being able to conclude that overall risk management at Achmea is as adequate as ever. Insight is obtained into risks and sufficient attention is devoted to controlling them. We can see that the organisation responds appropriately to these risks through its continuous monitoring, assessments and adjustments. Achmea has a robust capital and liquidity position and can therefore also withstand severe stress scenarios. In 2022 we inventoried the sustainability risks for Achmea as an insurer, investor and lender and for our business operations. This also helps us to meet the ESG targets we have set ourselves in line with our Sustainable Living. Together vision.

FRAMEWORK FOR RISK MANAGEMENT

An effective risk management system requires clarity on principles and it is important that everyone follows these at all times. The key principles for risk management are set out in the risk strategy. This includes principles governing the risk appetite, the integrated approach to risks and stimulation of a culture in which decision-making is based on an appropriate balance between risk, capital and expected return. At Achmea, the interpretation of risk management forms part of the Integrated Risk Management Framework (IRMF).

The IRMF (see figure) consists of seven risk management components that support the risk management process in the necessary steps to identify, assess, mitigate, monitor and report the risks of all risk categories on a permanent basis. The key components of the governance structure are the Three Lines model, the Risk Committees and the Solvency II key functions.

RISK MANAGEMENT FRAMEWORK



Three Lines model

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

Achmea's line organisation is primarily responsible for risk management. The Executive Board ensures a sound basis for the design and execution of the risk management system. The presence of a Chief Risk Officer on the Executive Board helps ensure a permanent focus on risk management in our business operations. The Executive Board renders account to the Supervisory Board and general meeting of shareholders of Achmea B.V.

The second line supports the first line in this respect, monitors execution by the first line and reports periodically on Achmea's risk profile. The third line complements these activities by carrying out periodic testing of the effectiveness of internal control, governance and risk management and reporting on this. This Three Lines model has also been set up for the entities under supervision.

RISK MANAGEMENT

Risk committees
Achmea has Risk committees both at group level and within the business units:
- the Audit & Risk Committee assists the Supervisory Board in its supervisory role;
- the Group Risk Committee (GRC) provides a framework and advises the Executive Board. The GRC has instituted as sub-committees the Model Approval Committee (MAC), the Privacy Board and the Information Security Board. The MAC has a delegated responsibility for approving risk models;
- the Asset Liability Committee (ALCO) is an executive and advisory committee of the Executive Board that focuses specifically on optimising and monitoring the capital and liquidity position and investments of Achmea.

Within the business units there are decentralised risk committees comparable to the GRC at group level. These focus on managing risks, where necessary complemented by specific committees such as the Product Approval and Review Process (PARP) Committees, the Underwriting Committee at Achmea Reinsurance Company N.V. and the Asset & Liability Committee and Credit Committee at Achmea Bank N.V.

Solvency II key functions
Solvency II lays down requirements for the compliance, risk management, actuarial and internal audit functions, both at group level and for the insurance entities under supervision. At group level the compliance, risk management and actuarial functions are fulfilled by the departments Compliance, Risk Management and Actuarial. These functions report to the Chief Risk Officer of the Executive Board, but also have direct access to the business, the Executive Board, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board, the Audit & Risk Committee and the Supervisory Board. The internal audit function at group level is fulfilled by the Internal Audit department. This function reports to the chair of the Executive Board, has a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board, and has direct and unlimited access to all business units.

The compliance, risk management, actuarial and internal audit functions have also been set up for the supervised insurance entities. For the Dutch insurance entities, these functions are performed by the staff departments as mentioned before. The international insurance entities have their own compliance, risk management and actuarial functions. These functions report to the entities' boards of directors and have a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board as well as direct and unlimited access to all business units.

IMPORTANT RISK THEMES
The Strategic Risk Analysis is carried out annually by the Executive Board and management boards of the business units in a comprehensive assessment of the key risk themes. The composition of the risk profile, including the key risk themes identified in achieving the strategy remained largely unchanged in 2022. The table on the next page lists these themes.

Strategic risks
Sustainability risks affect all ESG (Environmental, Social and Governance) elements and relate to Achmea as an insurer, Achmea as an investor and financier and to its own business operations. These risks are viewed as transversal risks, which means they can have an impact on all the types of risk in the risk classification; for example, they could also have a negative impact on claims and investment income. At the same time, Achmea runs the risk of not taking full advantage of the opportunities for new products and services for its customers and Achmea is exposed to reputational risk if it acts too slowly and fails to achieve its sustainability goals.

In relation to its future revenue model, it is important for Achmea to update its processes and products/services promptly and to adapt to trends in its portfolios as well as new trends and developments. The importance of this is connected to the shrinking size of the service book at Pension & Life. The Group strategy focuses on growth, especially in the Retirement Services, Non-Life and International segments

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

RISK MANAGEMENT

IMPORTANT RISK THEMES

Strategic risk
Sustainability
Future revenue model
Geopolitical instability and inflation
Distribution partners
Tighter legislative and regulatory requirements and political developments
Market risk
Financial market
Insurance risk
Longevity
Natural disasters
Non-Life portfolio risks
Health results and portfolio
Operational risks
Cybercrime
Duty of care

Geopolitical instability and inflation can lead to a lower return on investments, higher claims, higher wages, fewer new insurance and mortgage transactions and higher payment arrears, ultimately with a negative impact on the result and solvency positions of the insurance entities.

In serving our customers we work intensively with our distribution partners. The most strategically important of these are Rabobank and brokers. Achmea runs the risk of losing market share if a partnership is scaled back.

There is a risk that Achmea's business operations, revenue model and solvency requirements will be affected by political developments and tighter requirements arising from laws and (tax) regulations and/or by changes to the way the principle of societal solidarity is applied. Current developments include laws and legislation relating to sustainability and climate (including external reporting), as well as implementation of the IFRS 9 and IFRS 17 accounting standards. The tightness on the job market is increasingly impacting Achmea's services, both directly and indirectly. The direct impact is the risk of Achmea being unable to attract and retain the talent required for innovation and business continuity. 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 workshops.

Market risk

As a financial services provider, Achmea has substantial exposure to the financial markets. Volatility on the financial markets can have implications for the valuation of our investments and liabilities. One particularly important aspect is market interest rates, which started to climb in 2022. In the long term these are expected to have a positive effect on protection of policyholders but in the short term, for example, they are squeezing the capital position and IFRS result. Persistently low interest rates are as relevant a risk as ever.

Insurance risk

Achmea is exposed to a variety of risks because of its insurance activities. The personal injury portfolio is a key theme for the property & casualty and income protection business. Extreme catastrophes can also have a huge impact, with the short-term impact from the repercussions of climate change so far being rated as small. In the health business, there is uncertainty about how medical expenses will evolve due to the effects of equalisation and long Covid-19. Longevity risk will gradually decrease as a result of portfolio run-off.

Operational risk

Important operational risk themes are managing Know Your Client (Customer Due Diligence, or CDD), fraud risk, privacy, information security including cybercrime and the duty of care for existing and new products and services for our customers.

Each year a Systematic Integrity Risk Analysis (SIRA) is conducted by the individual parts of Achmea that are under regulatory supervision. This analysis is discussed in the Executive Board of Achmea B.V. and the Supervisory Board of the respective business units. Here, among other things, note is taken of the operational risk analyses of fraud scenarios for both consumer fraud and internal fraud. The gross and net risk assessments are also discussed. In the case of the net risk assessment, account is taken of the implemented controls. This risk analysis was adopted by the Executive Board and approved by the Supervisory Board. The discussions on the 2022 SIRA did not lead to any specific urgent follow-up actions.

More detailed information on the most important risk themes, including a description of the corresponding controls, is given in Note 2 to the Consolidated financial statements (Capital and Risk Management).

MAKING YOUR VVE (OWNER ASSOCIATION) MORE SUSTAINABLE WITH CENTRAAL BEHEER

Centraal Beheer wants to help its customers become more sustainable. This also applies to owners associations. These face additional challenges when it comes to sustainability, as the ages, wishes and interests of owners aren't always aligned. Difficulties relating to e.g. the reliability of parties, financing and subsidy options can further complicate the process of making a building more sustainable. Many people in the Netherlands who live in apartments have so far been unable to implement energy-saving measures because of this. With our support, we want to make the sustainability process accessible and affordable for apartment owners. And in doing so we contribute to a sustainable society.

Centraal Beheer

In this part of the annual report, we disclose the results for 2022. We do this for the results for the group and also for the various segments that we recognise within our company. The focus is on our financial performance. In the section Our value creation, we provide additional disclosures of the (non-financial) performance for the various stakeholders.

PERFORMANCE GROUP AND SEGMENTS

Results and developments in 2022

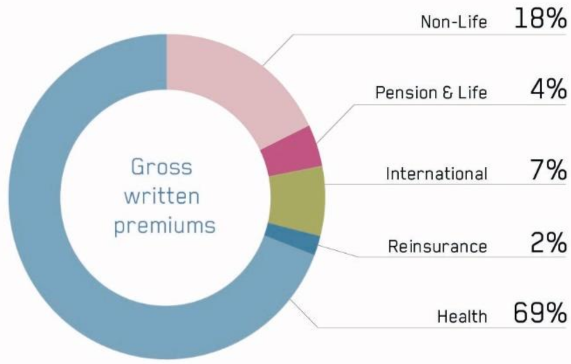
GROUP RESULTS

GROSS WRITTEN PREMIUMS
€21.088 MILLION

NET RESULT
€105 MILLION

TOTAL EQUITY
€9.278 MILLION

SOLVENCY SII
209%



(€ MILLION)

RESULTS	2022	2021	Δ
Non-Life Netherlands	190	264	2%
Pension & Life Netherlands	69	392	55%
Retirement Services	-14	18	-18%
International activities	-8	47	n.m.*
Other activities	-184	-146	10%
Operational result excluding Health Netherlands	**53**	**575**	**46%**
Health Netherlands	121	10	-96%
of which Basic Health Insurance	-6	-127	n.m.*
of which Supplementary Health Insurance	127	140	-16%
Operational result including Health Netherlands	**174**	**585**	**-7%**
Transaction results (mergers & acquisitions)	-29	0	n.m.*
Result before tax	**145**	**585**	**-75%**
Corporate income tax expenses	40	117	-66%
Net result	**105**	**468**	**-78%**
Gross operating expenses[1]	**2,174**	**2,132**	**2%**
Non-Life Netherlands	3,881	3,766	3%
Health Netherlands	14,790	14,025	5%
Pension & Life Netherlands	813	859	-5%
International activities	1,453	1,260	15%
Gross written premiums	**21,088**	**20,026**	**5%**

PERFORMANCE GROUP AND SEGMENTS

BALANCE SHEET	31 December 2022	31 December 2021	Δ
Total assets	80,240	89,506	-10%
Total equity	9,278	10,485	-12%

ASSETS UNDER MANAGEMENT (in € billion)	31 December 2022	31 December 2021	Δ
Achmea Investment Management	166	220	-25%
Syntrus Achmea Real Estate & Finance	41	40	2%
Total Assets under Management**	**194**	**247**	**-21%**

SOLVENCY II	31 December 2022	31 December 2021	Δ
Solvency ratio after dividend[2]	209%	214%	-5 pp

RATINGS	31 December 2022	31 December 2021	
S&P (Financial Strength Rating)	A (Stable)	A (Stable)	
Fitch (Insurer Financial Strength)	A+ (Stable)	A+ (Stable)	

EMPLOYEES IN THE NETHERLANDS AND ABROAD[3]	31 December 2022	31 December 2021	Δ
FTEs Netherlands	14,075	13,672	3%
FTEs International	3,451	3,152	9%
Total FTEs	**17,526**	**16,824**	**4%**

* n.m.: not meaningful

** Total Assets under Management after eliminations

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. The operating expenses included in the annual or semi-annual report relate to costs including commissions and claims handling costs.

2 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.

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

Overview of group results

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

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

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

PERFORMANCE GROUP AND SEGMENTS

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

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

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

The result for Other activities decreased by € 38 million to € 184 million negative in 2022, mainly due to the € 40 million lower result at Achmea Reinsurance caused by lower investment income and higher (storm-related) claims, as well as by higher cost of claims in our external reinsurance programme. The result for our Other activities is negative because many of the expenses from the holding company and shared service activities, as well as the financing charges for the bonds issued by Achmea, are included in this segment.

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

CFO'S INTRODUCTION TO GROUP RESULTS

Michel Lamie, CFO
Vice-chairman and
Member of the Executive Board

The revenues and margins of our business developed favourably in 2022. Gross premium income grew 5%, while cost growth was limited at 2%.

Premium growth was largely due to an increase in the number of customers, including in Health and Non-Life Business. In addition, there was growth as premiums in certain markets moved with inflation. We saw this in our international activities, among others. The limited increase in costs is partly due to increased efficiency from digitisation implemented.

Investment income developed unfavourably due to increased interest rates and developments in the financial markets and depressed the operational result. On balance, the increased interest rates also had a negative impact on the valuation of our investment portfolio and technical provisions. We see this reflected in our equity, which decreased. However, our solvency position of 209% remains as strong as ever and provides a solid foundation for our operations. In the longer term, we will benefit from increased interest rates and see that reflected in our earnings and in the capital we generate (Free Capital Generation, FCG).

Conditions remain challenging in 2023 too, mainly because of persistently high inflation and uncertain geopolitical developments. However, we have a strong capital position, a good underlying operation and a clear strategic agenda. All this puts our Group in a good position to perform solidly even in a tough environment.

PERFORMANCE GROUP AND SEGMENTS

Net result

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

Income

GROSS WRITTEN PREMIUMS IN THE NETHERLANDS AND ABROAD

(€ MILLION)

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

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

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

Written premiums at Health Netherlands increased by 5% to € 14,790 million (2021: € 14,025 million) thanks to a higher number of policyholders in 2022, higher average premiums and a higher contribution per policyholder from the Health Insurance Equalisation Fund. Premiums from our international health business grew by 8% to € 715 million (2021: € 664 million), largely owing to growth in Slovakia.

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

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

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

Operating expenses

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

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

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

Investments

Both equity and bond prices were under pressure because of the exceptional market conditions in 2022. Energy prices and in turn inflation soared, in part due to Russia's invasion of Ukraine. In response, central banks in Europe and the US rapidly raised their policy interest rates, which pushed up market interest rates.

In 2022, the 5-year European swap rate increased by 321 bps to 3.23%, while the 20-year swap rate climbed by 238 bps to 2.92%. Yields on government bonds displayed similar increases. At the same time, equity prices came under pressure as well. The MSCI World index dropped by nearly 20% in 2022. Our investment portfolio developed in line with the market.

These market developments had a strong impact on our investment income. In 2022, investment income[4] from our own risk investment portfolio was € 691 million (2021: € 1,144 million). The lower income versus 2021 was caused in part by lower realised gains on equities and equity-related instruments. Whereas these generated a result of € 190 million in 2021, in 2022 this amount decreased to € 91 million; a reduction of € 99 million. The lower realised gains derive mainly from the global downturn in equity prices in 2022. These lower equity prices also resulted in a higher amount for impairments on equities; € 72 million in 2022 versus € 12 million in 2021.

The results on fixed-income securities mostly relate to realised gains in the Non-Life segment. Realised gains amounted to € 91 million negative as a result of the sharp increase in interest rates on the capital markets in 2022. This is € 144 million lower than last year (2021: € 53 million).

PERFORMANCE GROUP AND SEGMENTS

Finally, the price result on direct real estate was also lower compared to last year. The reduction in value is particularly visible in the second half of 2022, in part because of higher mortgage rates that lenders have implemented in response to the sharp increase in interest rates mentioned above. Compared with growth in the value of the direct real estate portfolio of € 123 million in 2021, this year the value increased by a limited € 11 million.

Capital management

Total equity

Achmea's equity decreased by € 1,207 million to € 9,278 million in 2022 (year-end 2021: € 10,485 million). This decrease was largely due to a drop in the revaluation reserves caused by the higher interest rates. The defined benefit liability from interest rate and inflation trends decreased by € 322 million on balance, which results in an increase in equity. The investments related to this defined benefit liability have also decreased in value due to the higher interest rates; this lower value is included in the decreased revaluation reserve. Achmea bought back € 41 million in depositary certificates for shares in 2022. In addition, equity decreased due to the dividend payment over 2021 and coupon payments.

DEVELOPMENT OF TOTAL EQUITY (€ MILLION)

Total equity 31.12.2021[5]	**10,485**
Net result	105
Movement in revaluation reserve	-1,342
Movement in exchange difference reserve	-1
Remeasurement of net defined benefit liability	322
Dividends and coupon payments to holders of equity instruments	-245
Issue, sale and buyback of equity instruments	-42
Minority interest	-7
Total equity 31.12.2022	**9,278**

Solvency II

The solvency position of Achmea Group remains robust at 209% (2021: 214%). Market developments had a positive impact on balance. Although total own funds decreased owing to lower equity prices, higher interest rates and spreads, this was more than mitigated by a decrease in the required capital for market risk, life risk and non-life risk due to the higher interest rates. Portfolio developments, including the run-off of the Pension & Life Netherlands service book and the result of Non-Life Netherlands, contributed positively. The increase in the inflation curve and adjusted assumptions for mortality, expenses and lapses had a negative impact on the solvency position. The acquisition of ABN AMRO PPI and expected coupon payments likewise had a negative effect. Due to the decrease in the required capital, the part of the Tier 3 capital no longer eligible for inclusion in the own funds increased. In addition, a pension indexation liability and the decrease in the UFR[6] as of 1 January 2022 had a negative effect on the solvency position.

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

SOLVENCY II RATIO FOR ACHMEA GROEP (€ MILLION)

	31-12-2022	31-12-2021	Δ
Eligible Own Funds under Solvency II	9,195	10,363	-1,168
Solvency Capital Requirement	4,410	4,853	-443
Surplus	4,785	5,510	-725
Solvency II Ratio[2]	**209%**	**214%**	**-5 pp**

Free Capital Generation[7]

Total Free Capital generation (FCG) in 2022 amounted to € 137 million negative, mainly due to negative one-off developments. The results and developments of the own funds of the Dutch healthcare activities are not included in the Free Capital Generation. The structural FCG developed well supported by the strong results of Non-Life and the capital release in the service-book of Pension & Life Netherlands. This was partly mitigated by the increase in required capital driven by commercial growth. Therefore the FCG from operational activities amounted to € 149 million. Market developments on balance had an additional positive impact of € 115 million. Methodological changes also contributed positively. The increased inflation curve and updated assumptions for mortality, expenses and lapse had a significant one-off negative impact on the FCG. In addition there were negative one-off impact on the FCG due to the restriction on Tier 3 capital and an indexation of the pension provision for own employees.

Financing

The debt-leverage ratio[8] increased to 30.7% (year-end 2021: 24.2%) because of a decrease in total equity and an increase in the debt position. In November 2022, Achmea issued € 500 million in Senior Green Notes under its new Green Finance Framework. There was significant interest in these bonds on the market. Following the announced redemption of the € 500 million Tier 2 bonds on 4 April 2023 the debt-leverage ratio is expected to decrease with 3.5%-point.

The lower result caused the fixed-charge coverage ratio9 to decrease to 2.6x (2021: 6.0x).

On 16 November 2022, Standard & Poor's (S&P) affirmed its A rating and stable outlook for Achmea's Dutch core insurance entities. The stable outlook reflects S&P's expectation that Achmea will maintain its leading position in the Dutch non-life and health insurance markets. Furthermore, S&P's model leads it to expect that Achmea's capital position will remain robust at a fixed-charge coverage ratio of 4x or higher in 2023 and 2024. The credit rating (ICR[10]) for Achmea B.V. remained unchanged at BBB+. The rating (FSR[11]) 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 15 July 2022. Achmea was awarded a score of Very Strong with regard to its business profile, capitalisation and investment risk management. Its ratings are A (IDR[12]) and A+ (IFS[13]) respectively with a stable outlook.

Future developments

We live in turbulent times with many uncertainties. This affects how we, as insurers and financial service providers, create sustainable value for our stakeholders. Some trends are already in play, but are now leading to acute bottlenecks. At the same time, more uncertain factors affect our customers, the economy and our environment. New laws and regulations affect our operations and lead to additional costs.

Uncertainty is an inherent part of our line of business. We therefore continue to pay full attention to developments in financial markets including changes in interest rates and rising inflation, the deployment of new technology and increasing damage from climate change and extreme weather on our business models.

It is uncertain how the geopolitical situation, financial markets and Covid-19 develop in the near future. In addition, there are inherent uncertainties to our business and related investments.

The risks of financial market developments are limited as much as possible through the investment policy and restrictions included therein. The impact and volatility are kept within limits set for the various investments and interest rate sensitivities. Given the nature of the activities, there is a risk of possible calamities. The latter risk is limited by means of reinsurance agreements.

The outcome of the Dutch healthcare activities will depend in part on the further course of the Covid-19 pandemic, any catch-up care required and the development of healthcare costs, partly in relation to healthcare cost inflation and the termination of the market-wide collectivity discount. A significant portion of the healthcare costs will be compensated in this regard with the current arrangements based on macro calculation.

We continue to invest in the development of new propositions and services for our customers, while also being alert to the need for active claims management and further balance sheet optimisation. We do not expect any significant changes to our financing structure in this regard.

An adequate financial return remains necessary to fulfil our social role properly and to continue to be able to invest in further strengthening our company and our competitive position. We are seeking a balance between short-term results and long-term continuity.

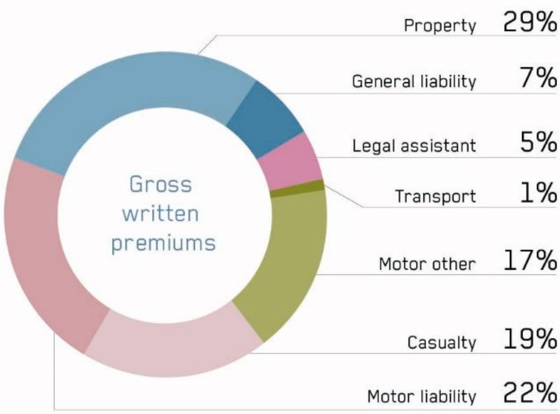
The changing environment, including the required acceleration in digitisation and efficiency, also affects our employees. We continue to invest in healthy working practices, promoting professionalism and new forms of leadership, and we encourage our employees to acquire new skills and competencies to increase their employability.

4 Investment income (including realised and unrealised gains and losses) for own account and risk are adjusted for fair value results and other investment income directly related to the insurance liabilities.
5 A provision has been retroactively accounted for as of 1 January 2021 for the conditional indexation commitment to accrued rights of a number of (former) employees in the Netherlands who are insured with Achmea Pensioen- en Levensverzekeringen N.V. and SBZ. As a result, Total equity as of 31 December 2021 has adjusted by € 148 million negative.
6 UFR: Ultimate Forward Rate
7 This relates to the amount of free capital that is generated. This is the increase in capital above the required capital.
8 Leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the sum off (total equity + non-banking debt + perpetual subordinated bonds minus goodwill).
9 The FCCR is based on the results and financing charges of the last four quarters.
10 ICR: Issuer Credit Rating.
11 FSR: Financial Strength Rating.
12 IDR: Issuer Default Rating.
13 IFS: Insurer Financial Strength.

PERFORMANCE GROUP AND SEGMENTS

Non-Life Netherlands

GROSS WRITTEN PREMIUMS	OPERATIONAL RESULT	CLAIMS RATIO	EXPENSE RATIO
€3.881 MILLION	€190 MILLION	68,4%	24,6%



RESULTS

(€ MILLION)

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

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

General information

Achmea is market leader in Property & Casualty insurance and ranks in the top three in Income Protection insurance in the Netherlands. We provide our retail and commercial customers with car insurance, fire insurance, liability insurance and travel insurance. In addition, we offer income protection insurance against sickness and disability. We use innovative services that, for example, give our customers insight into the risks to which they are exposed. In doing so, we help them to prevent and/or restrict damage or loss as much as possible. We distribute our products and services directly through our brands Centraal Beheer, FBTO and InShared, which gives us a strong position in the retail market. Interpolis is the brand for Rabobank customers, and via Avéro Achmea we have an excellent partnership with intermediaries and insurance brokers. Our focus is on maintaining a high level of customer satisfaction, cost efficiency and digitisation of processes. Based on Achmea's Sustainable Living. Together vision, we are devoting ever greater attention to sustainability and climate change. Our services increasingly enable us to help customers with solutions relating to sustainability and the energy transition. Examples of this include sustainable repairs, the Duurzaam Woongemak website (sustainability of homes) and Verduurzamen van uw VvE proposition (assistance on sustainability for homeowner associations), as well as improving the long-term employability of our customers' workforce. All these propositions are greatly appreciated by our customers, as shown by the high customer satisfaction scores.

Gross written premiums

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

PERFORMANCE GROUP AND SEGMENTS

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

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

Operating expenses

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

Operational result

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

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

The result for Income Protection insurance was € 18 million over 2022 (2021: € 54 million) and is less than last year due to both lower investment income and lower insurance results.

NON-LIFE NETHERLANDS SEGMENT

Lidwien Suur
Member of the Executive Board and responsible for Non-Life

We are leveraging our strong market positions to grow further. We do this by constantly innovating our products based on customer feedback and developments in society. Using data, we provide increasingly personalised offers. We offer our customers security to continue with their lives or their businesses, even if something unexpectedly goes wrong.

As a large direct provider, we have direct contact with many of our customers. This enables us to respond quickly to customer needs, both digitally and in person. This is also essential to continue improving the service we provide to our customers. In 2022, we made good progress in terms of digitisation. The same also applies to the further rationalisation and standardisation of our IT systems.

Together with our partner Rabobank, we work continuously to optimise joint customer processes for new and existing Interpolis customers. In 2022, our intensive cooperation resulted, among other things, in a nice growth in business insurance customers.

Many retail and commercial business customers suffered damage as a result of the February 2022 storm, which resulted in a total net claims expense of around € 100 million. Nonetheless, Non-Life's combined ratio improved to 93.0%. This is due to a favourable development of the structural claims expense, partly due to correct assessments valuation of risks.

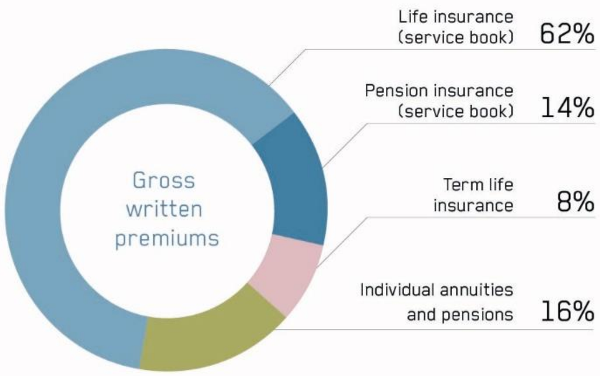
For the provisions in the WIA (group disability) insurance portfolio we have taken into account the Dutch government's decision to raise the minimum wage by 10.15% as of 1 January 2023. The Disability and Sickness insurance portfolios displayed slightly higher levels of absenteeism. In the insurance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

PERFORMANCE GROUP AND SEGMENTS

Pension & Life Netherlands

GROSS WRITTEN PREMIUMS
€813 MILLION

OPERATIONAL RESULT
€69 MILLION



RESULTS (€ MILLION)

	2022	2021	Δ
Gross written premiums	813	859	-5%
Operational expenses	140[1]	144	-3%
Operational result	**69**	**392**	**-86%**

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

General information

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

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

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

Gross written premiums

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

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

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

PERFORMANCE GROUP AND SEGMENTS

Operational expenses

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

Operational result

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

PENSION & LIFE NETHERLANDS SEGMENT

Daphne de Kluis

Member of the Executive Board and responsible for Pension & Life.

We have two types of portfolios with an open book and a service book. For the service book, the aim is to reduce costs along with the book's rollout. We once again succeeded in doing that in 2022. In that context, we successfully completed cost reduction initiatives, IT investments in digitisation and some rationalisation programmes.

The open book is growing. A key driver to further grow this portfolio is the recent acquisition of the ABN AMRO Premium Pension Institution (PPI). This not only shows Achmea's ambition in the pension market for employers, it is also an additional boost to the production of individual pension annuities in the future.

The operational result of the Pension & Life segment decreased in 2022 as a result of lower investment income due to developments in the financial markets. Importantly, our solvency position remains strong. With Achmea's renewed ambition in the pension market, we are well positioned to make a difference for our customers in the coming years.

PERFORMANCE GROUP AND SEGMENTS

Retirement Services Netherlands

NET INTEREST MARGIN	OPERATIONAL RESULT	ASSET UNDER MANAGEMENT	COMMON EQUITY TIER 1 RATIO ACHMEA BANK
€117 MILLION	€-14 MILLION	€194 MILLION	18,2%

RESULTS

(€ MILLION)

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

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

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

(€ BILLION)

ASSETS UNDER MANAGEMENT[3]	31 December 2022	31 December 2021	Δ
Achmea Investment Management	166	220	-54
Syntrus Achmea Real Estate & Finance	41	40	1
Total Assets under Management**	**194**	**247**	**-53**

* n.m.: not meaningful

** Total Assets under Management after eliminations

1 Operating expenses including other expenses and excluding transaction results.
2 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.
3 The Assets under Management (AuM) include a derivatives (overlay) portfolio.

General information

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

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

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

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

PERFORMANCE GROUP AND SEGMENTS

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

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

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

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

As a leading player, we actively contribute to a CO_2 neutral society. In 2022, Achmea IM published the CO_2 preferred approach. In it we state, among other things, that we want to reduce the carbon footprint of the Achmea IM investment funds by 50% in 2030 compared to 2020. In addition, with the launch of the Achmea IM Climate Infrastructure Fund, we are giving clients even more opportunities to make their investment portfolios more sustainable. Achmea IM scored a No. 1 position on ShareAction's ranking of asset managers worldwide when it comes to sustainable voting activity at shareholder meetings.

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

Operational result

The operational result of Retirement Services decreased to € 14 million negative in 2022 (2021: € 18 million). This is largely because of the lower result at Achmea Bank due to a lower interest margin caused by higher financing expenses and lower mortgage prepayment compensations as a result of fewer remortgaging transactions. The decrease in the result at Achmea Bank was partly offset by a higher result at Syntrus Achmea Real Estate & Finance.

RETIREMENT SERVICES NETHERLANDS SEGMENT

Daphne de Kluis

Member of the Executive Board and responsible for Retirement Services

Within Retirement Services, several units work closely together to realise our robust growth ambitions. Over the past year, we have invested heavily in scalability, agility and complexity reduction in the company. In this way, a good foundation has been laid for the future.

The Future Pensions Act (*Wet toekomst pensioenen*) is a major theme in the pension domain. With our expertise in pension administration and asset management, we are well positioned for the upcoming changes. Together with our customers, we are working hard to get ready in time for the transition to the new pension system.

Through the Centraal Beheer brand, we operate in the retail market with investments, mortgages and financial services. Through Achmea Bank, savings are used as funding for retail customer mortgages. In 2022, our mortgage portfolio showed nice growth. Our market share of new production increased to 5% in 2022. Achmea Investment Management's revenues and Syntrus Achmea's real estate portfolio also grew.

The result from Retirement Services was under considerable pressure from financial market volatility, inflation and interest rate developments. Despite this turbulent environment, we made good progress on the building blocks of Achmea's strategy in 2022. I look forward to continuing to build our organisation in 2023. An organisation that provides our customers with services across the entire pension spectrum from an integrated perspective.

Achmea Bank

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

PERFORMANCE GROUP AND SEGMENTS

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

The capital position remains strong. As of 31 December 2022, the Common Equity Tier 1 ratio stood at 18.2% (2021: 20.9%). Achmea Bank applies the standardised approach to risk weighting its assets but is working towards implementing an internal credit risk model (A-IRB) approach for its mortgage book.

Achmea Investment Management

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

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

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

Achmea Pension Services

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

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

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

Syntrus Achmea Real Estate & Finance

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

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

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

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

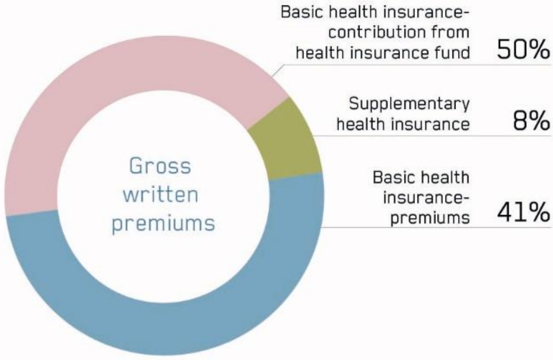
Centraal Beheer PPI

Centraal Beheer PPI is includes in the Retirement Services segment. Achmea has the ambition to expand the PPI over the next few years. To achieve this, we will use our extensive distribution network and work intensively with the professional pension consultancy market. The focus will be on employers that want to offer their employees a Defined Contribution (DC) pension scheme. CB PPI's customers now comprise approximately 950 employers and about 190,000 members from small and medium-sized enterprises and the major corporates market. Assets under management totalled € 3.2 billion as of year-end 2022.

PERFORMANCE GROUP AND SEGMENTS

Health Netherlands

GROSS WRITTEN PREMIUMS	OPERATIONAL RESULT	COMBINED RATIO BASIC HEALTH INSURANCE	COMBINED RATIO SUPPLEMENTARY HEALTH INSURANCE
€14.790 MILLION	€121 MILLION	99,7%	89%



RESULTS

(€ MILJOEN)

	2022	2021	Δ
Gross written premiums	14,790	14,025	5%
Operating expenses	492	469	5%
Operational result	**121**	**10**	**n.m. ***
Result current year	134	-47	n.m. *
Result prior years[1]	-13	57	n.m. *

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

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

* n.m.: not meaningful

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

General information

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

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

PERFORMANCE GROUP AND SEGMENTS

Covid-19

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

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

Gross written premiums

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

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

Operating expenses

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

Operational result

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

HEALTH NETHERLANDS SEGMENT

Robert Otto
Member of the Executive Board and responsible for Health

With Zilveren Kruis, De Friesland, Pro Life, Interpolis and FBTO, we are market leaders in health insurance in the Netherlands with some 5 million policyholders.

The healthcare system in our country faces some major challenges. Together – government, health insurers, healthcare providers, customers – we must ensure that healthcare remains affordable and available to all. Digitisation and a regional approach play an important role in this.

There are major differences by region in terms of healthcare demand and healthcare supply. It therefore pays to look at how to best organise healthcare by region. We were also able to make excellent progress in this area together with healthcare providers and regional authorities in 2022.

Together with several hospitals, we worked on further scaling up digital healthcare in 2022. Ultimately, it is estimated that we can organise a quarter of healthcare digitally in the Netherlands. In our own operations, digitisation also plays an important role. Our aim is to help our customers in a modern and effective way while seizing opportunities to ease the pressure on healthcare.

Basic health insurance

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

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

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

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

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

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

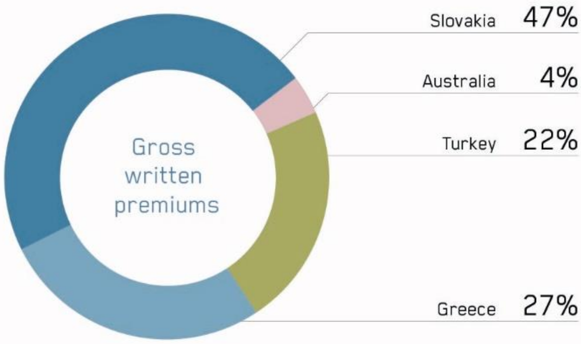
PERFORMANCE GROUP AND SEGMENTS

International activities

GROSS WRITTEN PREMIUMS
€1.453 MILLION

OPERATIONAL RESULT
€-8 MILLION

ACTIVE FOREIGN ESTABLISHMENTS
5



RESULTS (€ MILLION)

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

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

* n.m.: not meaningful

General information

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

Gross written premiums

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

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

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

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

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

PERFORMANCE GROUP AND SEGMENTS

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

Operating expenses

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

Operational result

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

INTERNATIONAL SEGMENT

Robert Otto

Member of the Executive Board and responsible for International

With more than 3,000 employees in five different countries, we serve some 3 million customers outside the Netherlands. We do this in Greece, Turkey, Slovakia, Canada and Australia. We put our knowledge and experience in health and property & casualty insurance to targeted use in these growth markets.

The markets in which we operate outside the Netherlands experienced challenging conditions in 2022 due to inflation and high climate-related claims, such as floods and fires caused by drought. The impact of this is reflected in the net result.

In 2022, Achmea's premium volume abroad grew by 15% on average. We launched InShared in Germany in 2021, where we now have more than 15,000 customers. InShared is a proven online concept that is also a pillar of our business in Canada.

Looking back at 2022, we made good progress on our strategic agenda and showed growth. With the increasingly harmonising European market, we have good positions to build on. This also applies to Canada and Australia where we work with strong local partners.

Other activities

OPERATIONAL RESULT OTHER ACTIVITIES	OPERATIONAL RESULT ACHMEA REINSURANCE	GROSS WRITTEN PREMIUMS ACHMEA REINSURANCE
€-184 MILLION	€-13 MILLION	€376 MILLION

RESULTS (€ MILLION)

	2022	2021	Δ
Total gross income	421	381	10%
Operating expenses	151	157	-4%
Interest and similar expenses	64	58	10%
Operational result	**-184**	**-146**	**n.m.***
ACHMEA REINSURANCE			
Gross written premiums	376	312	21%
Operational result	**-13**	**27**	**n.m.***

* n.m.: not meaningful

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 amounts to € 184 million negative, a decrease of € 38 million compared to 2021 (€ 146 million negative).

The operational result for Achmea Reinsurance declined to € 13 million negative (2021: € 27 million). The result of the holding company excluding Achmea Reinsurance improved by € 2 million.

Achmea Reinsurance Company

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

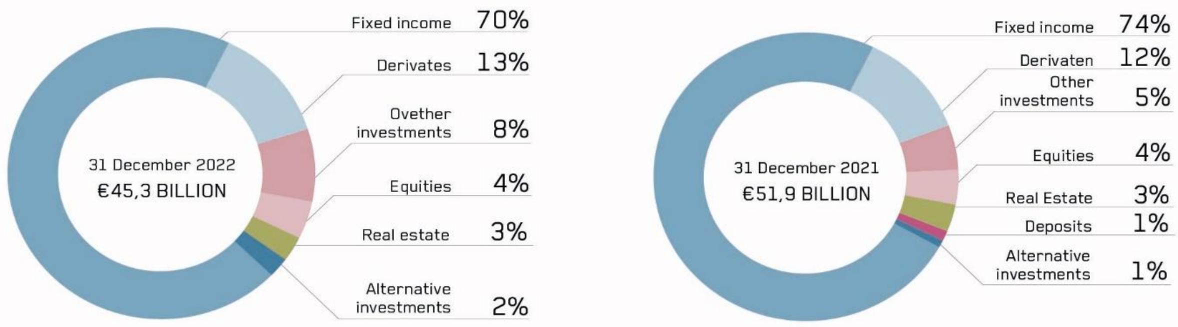
Gross written premiums amounted to € 376 million in 2022, an increase compared to 2021 (€ 312 million). This increase is mainly driven by higher written premiums from Achmea portfolios following further integration of the reinsurance programmes of the International activities into the group reinsurance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

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

PERFORMANCE GROUP AND SEGMENTS

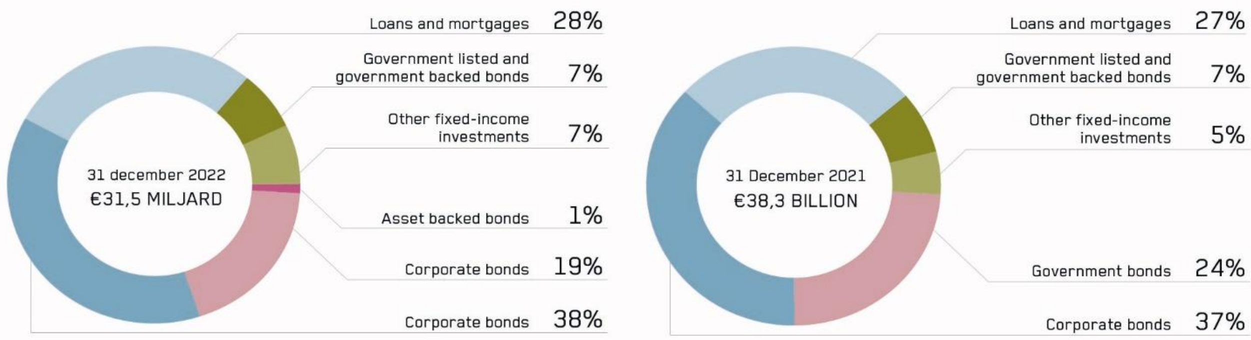
Investments

TOTAL INVESTMENT PORTFOLIO[1,2]



1 The year report shows fixed-income funds as part of the fixed-interest portfolio and real estate funds as part of real estate. In the financial statements, these investment categories are shown as part of equities and similar investments.
2 The total investments portfolio contains Investment property and Investments own risk as included in the consolidated financial statements 2022.

RELATIVE ALLOCATION FIXED-INCOME PORTFOLIO



Fixed-income portfolio

The value of our fixed-income portfolio decreased by 18% in 2022, to € 31.5 billion (2020: € 38.3 billion). The decrease is mainly due to decreases in value as a result of sharply increased interest rates and run-down credit spreads in 2022.

Within the fixed-income portfolio, the share of government bonds, government-related bonds and state-guaranteed loans decreased by 5% to 26% (2021: 31%) to € 8.2 billion at the end of 2022 (2021: € 12.0 billion). By far the largest part of the portfolio is invested in Dutch government bonds. We also have large allocations to Spanish and French government bonds and invest in German and Italian government bonds, among others.

By 2022, the residential mortgage portfolio has decreased to € 7.7 billion (2021: € 8.8 billion). Despite a € 0.7 billion expansion in the mortgage portfolio, sharply higher interest rates result in a negative value development of € 1.8 billion.

Our fixed-income portfolio is prudently invested. The majority, 71% of the portfolio, has an Investment Grade rating (BBB or higher). Unrated fixed-income securities of 28% relate mainly to direct mortgages (2021: 25%).

PERFORMANCE GROUP AND SEGMENTS

Equity and alternative investment portfolio

Our listed equity portfolio amounted to € 1.76 billion at the end of 2022 (2021: € 1.83 billion), a share of approximately 3.9% of our total investment portfolio. This decrease is mainly caused by decreased equity indices in the year 2022.

In addition to the listed equity portfolio, we also manage a portfolio of alternative investments such as private equity, hedge funds, infrastructure and commodities. This portfolio, despite distributions received, remained constant due to positive returns with a size of € 0.9 billion at the end of 2022 (2021: € 0.8 billion).

Real estate portfolio

Our real estate portfolio remained at the 2021 level in 2022 and had a share of approximately 3.0% of our total investment portfolio at the end of 2021. At the end of 2022, our real estate portfolio comprised € 0.85 billion of direct investment properties (2021: € 1.03 billion), of which 82% were residential properties, 3% retail properties and 15% offices. Our real estate portfolio additionally included € 713 million (2021: € 501 million) of indirect real estate investments. Whereas the direct real estate portfolio still showed an increase of € 118 million in 2021, this positive revaluation decreased to only € 10 million in 2022.

TOP 5 INVESTMENTS IN GOVERNMENT BONDS

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021	RATING
The Netherlands	2,829	4,808	AAA
Spain	581	355	A-
France	547	1,082	AA
Germany	444	1,140	AAA
Italy	308	306	BBB

DISTRIBUTION OF FIXED-INCOME PORTFOLIO BY RATING

	31 DECEMBER 2022	31 DECEMBER 2021
AAA	25%	29%
AA	9%	11%
A	18%	15%
BBB	19%	19%
<BBB	1%	1%
No rating	28%	25%
Total	**100%**	**100%**

GEZOND ONDERNEMEN PLATFORM

The Zilveren Kruis Gezond Ondernemen (Healthy Enterprise) platform is the place to set to work on improving your health. Employers are given support in implementing their health policy. And the platform enables managers, HR professionals and ARBO (health & safety) doctors to offer an appropriate range of services for their employees (individually or as a group).
For employers who harbour the ambition of giving their employees greater control over their overall health, there is also an environment for individual employees, in which they can set to work on improving their health independently.

Zilveren Kruis

This section of the annual report provides insight into Achmea's results throughout 2022. We start this section with a description of our value creation model and the stakeholder groups we identify. We then report our results for 2022 on the basis of the stakeholder groups. We do this using indicators and various initiatives. We also show how we give substance to our ambition to contribute to domains and related social issues during 2022.

OUR VALUE CREATION

OUR VALUE CREATION

Our value creation model depicts the relationship between the input from stakeholders, our business operations, the output and impact we achieve for stakeholders and society. It also shows how we create value in the long term.

Input

Customers tell us what they need, deposit premiums and capital and pay for our services.
- Gross written premiums: € 21,088 million
- AuM Achmea Investment Management: € 166 billion
- AuM Syntrus Achmea: € 41 billion

Employees put their talents to use on behalf of our customers and our company.
- Number of employees: 15,183
- Number of internal FTEs: 15,275

Partners use their competencies and work with us on providing healthcare, damage repair, distribution, propositions and impact on social domains.

Capital providers, including Vereniging Achmea, Rabobank and other parties, provide the funds and financing to invest in our business model.
- Total equity: € 9,278 million
- Loans and borrowings Achmea B.V.: € 2,048 million
- Loans and borrowings Achmea Bank N.V.: € 4,560 million
- Banking customer accounts: € 7,374 million

Our vision

SUSTAINABLE LIVING, TOGETHER

THE achmea WAY

Our ambition

Achmea creates sustainable value for our customers, employees, company and society at large.

Our building blocks

- Large client base
- Skilled employees
- Strong partnerships
- Expertise in data & digital
- Outstanding financial position

Our biggest brands

achmea · Interpolis. Glashelder · Zilveren Kruis · Centraal Beheer

Our Achmea values

B E A T S

Passionate • Contemporary • Ambitious • Proud • Decisive

Output

Customers receive, in addition to the most advanced service possible, insight into today's and tomorrow's risks. We are also working on solutions for mitigating and dealing with sustainability and other risks. On top of this, we manage assets on behalf of our customers.
- Claims and benefits paid: € 20,664 million
- rNPS consumer market: Interpolis +12, Centraal Beheer +22, Zilveren Kruis +16
- Customer satisfaction scores property & casualty business market: Interpolis 7.5; Centraal Beheer +7.9

Employees enjoy a flexible and healthy working environment and good opportunities for personal and professional development.
- HR expenses (incl. education): € 1,568 million
- % of women in top management 30%
- Employee Engagement Survey score on employee involvement: 8.1
- Number of training instruments: 66,424

Capital providers receive financial compensation for invested capital.
- Results before tax: € 145 million
- Operational result: € 174 million
- Solvency II ratio: 209%
- Proposed dividend on ordinary shares: € 0.00 per share
- Interest expenses on debt securities issued: € 30 million
- Interest expenses on instruments entrusted: € 41 million

Value for stakeholders

We offer **customers** reassurance on their future financial situation. Our products help to protect them, their families and their property and help them to overcome (financial) setbacks. We also provide mortgages and a stable source of income on retirement. We provide insight into risks and enable customers to make decisions about which risks they do or do not wish to insure in light of their personal circumstances. We efficiently manage our customers' assets, taking sustainability aspects into account wherever possible.

We offer **employees** income as well as broad and long-term employability inside and outside Achmea, including the option of developing their personal talents. Here we devote particular attention to a sound work-life balance by giving employees the opportunity to combine work, education, care and leisure.

We offer **capital providers** a solid and sustainable return.

Value for society

3 GOEDE GEZONDHEID EN WELZIJN · 11 DUURZAME STEDEN EN GEMEENSCHAPPEN · 13 KLIMAATACTIE

Sustainable Living. Together In keeping with our cooperative identity we strive to create a society in which everyone can participate. Sustainability/Climate and Inclusion/Diversity play important roles here.
- Carbon footprint of investments in businesses (in tons of CO_2/m invested assets): equities: 48.3 and credits: 46.9
- % of energy labels A or higher for real estate investments: 56%
- Average energy label for mortgages: C
- % of gross carbon emissions from own operations versus 2019: 54%

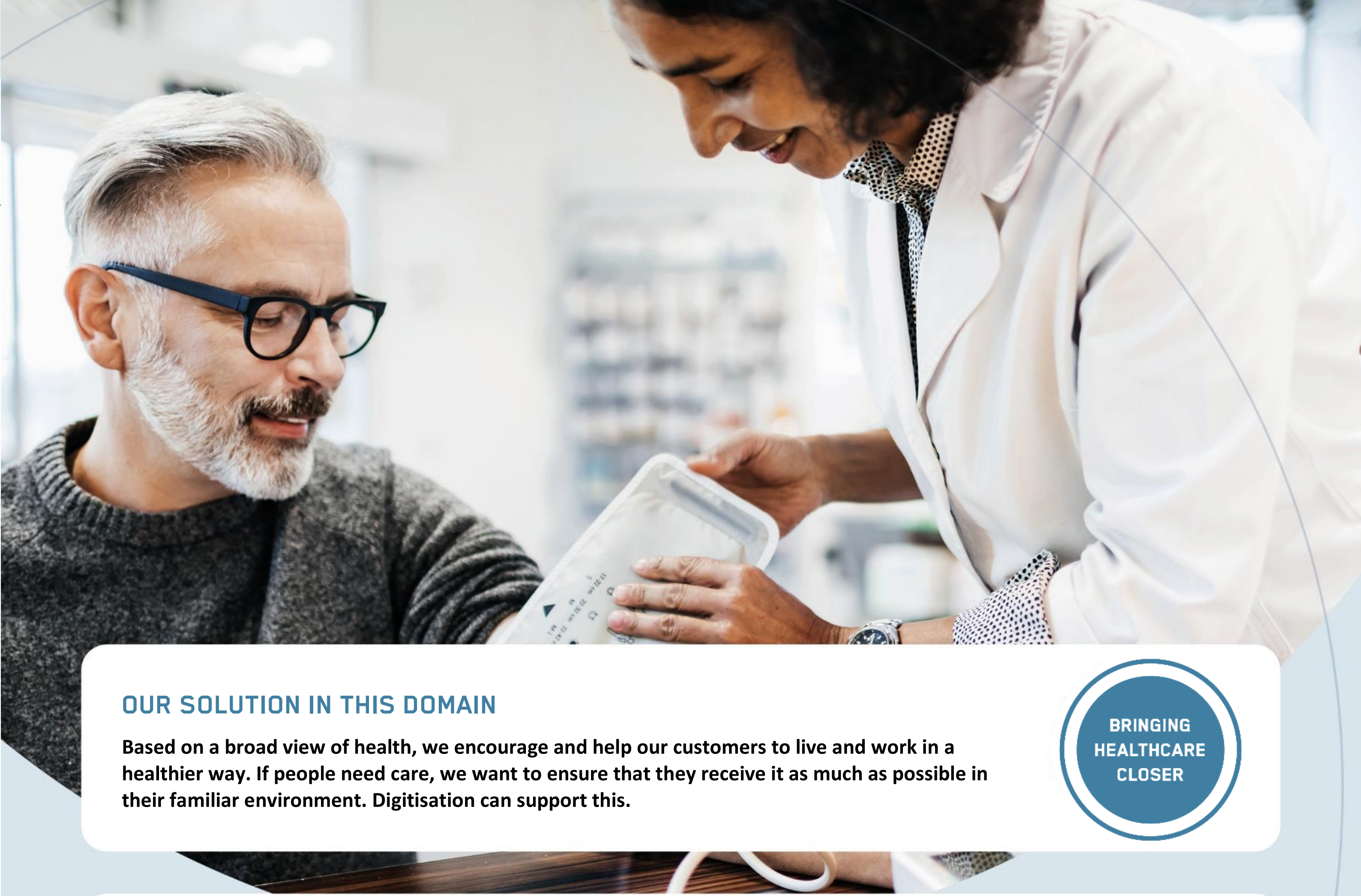
Together with our partners we want to solve major social issues in 4 domains:

Bringing healthcare closer
From a broad perspective on health we encourage and help policyholders to live and work more healthily. If policyholders require healthcare, wherever possible we want them to be able to receive it in familiar surroundings. Digitisation can offer support in this regard.

Smart mobility
In the enormous mobility transition from ownership to use and from fossil to green, via insurance and services (incl. aimed at prevention) we want to offer consumers and businesses greater convenience, reliability, personalised service and speed. We do so using data and new technology.

Carefree living & working
The climate agreement has triggered an enormous sustainability transition for both existing and new residential and commercial properties. People want to be able to live and work in a comfortable and safe environment. Via innovative services and financial support we aim to encourage people to make their living and working environments more sustainable.

Income for today and tomorrow
With insight, oversight and comprehensible products we advise pension funds, and as a coach we help people make prudent financial decisions throughout their lives so that they have the financial resources to overcome setbacks, not just now but in the future as well.



OUR SOLUTION IN THIS DOMAIN

Based on a broad view of health, we encourage and help our customers to live and work in a healthier way. If people need care, we want to ensure that they receive it as much as possible in their familiar environment. Digitisation can support this.

BRINGING HEALTHCARE CLOSER

AFFORDABLE HEALTHCARE, ORGANISED CLOSE TO HOME

The ageing population, rising expenses and the tight job market that is placing even more pressure on medical personnel and on informal care: the healthcare system is facing enormous challenges. A healthcare transition is needed and the government cannot achieve this alone. To transform the healthcare landscape, as an insurer and together with the government, healthcare providers and customers, we need to keep healthcare affordable, staffable and accessible. In contributing to bringing healthcare closer, we focus on the social issues surrounding a healthy living and working environment and digital healthcare.

Social issue	5-year ambition (defined in 2021)
Healthier living and working environment	We contribute to creating a healthier environment by improving healthcare and health in the core regions of Zilveren Kruis, together with the social domain and healthcare providers. At the same time we are creating healthy working environments by helping employers to do business in a healthy manner.
Digital healthcare	We contribute to accelerating digital healthcare by helping patients to opt for this and implementing this via healthcare providers and Zilveren Kruis.

As a market leader in healthcare and part of Achmea, Zilveren Kruis is working to expand healthcare and improve health from a broad perspective.

This is why Zilveren Kruis helped to draw up the Integral Care Agreement. To contribute to a healthy living and working environment, Achmea organised a variety of events for employers. We used our Healthy Leadership and Learning to Work and Live More Healthily programmes here. In addition, we facilitated team discussions on health by means of a toolbox. With a view to providing customers with support for good employment practices and long-term employability, Achmea has acquired TipTrack, a platform that focuses on learning and development. TipTrack complements the existing platforms belonging to Centraal Beheer (Lekker Bezig, or Keep Busy) and Zilveren Kruis (Gezond Ondernemen, or Healthy Enterprise).

Digitisation will play an essential role in rising to the challenges faced by the healthcare system. Digital healthcare and good health are not always accessible to all, while they can improve healthcare, reduce pressure on the healthcare sector and cut costs. We are therefore accelerating digital healthcare by helping patients to opt for this. Via digital platforms and customer journeys, such as De Friesland's Dr Appke and the Zilveren Kruis Wijzer, we help customers with health-related questions. We do this by providing insight, advice on self-care and appropriate healthcare and health solutions via a team of healthcare advisors.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

INDICATOR	2022	2021
Relational NPS consumer market		
Interpolis[1]	+12	+17
Centraal Beheer[1]	+22	+22
Zilveren Kruis[2]	+16	+8
Customer satisfaction scores commercial market		
Interpolis Non-Life[3]	7.5	7.5
Centraal Beheer Non-life[3]	7.9	8.0
National average for total sub-market[3]	7.6	7.6

1 Average NPS over four quarters based on a customer satisfaction survey by MetrixLab commissioned by Achmea.
2 Based on a survey by MarketResponse, Klantenmonitor Zorgverzekeringen, as per April 2022 and 2021.
3 Based on a survey by MarketResponse commissioned by the Dutch Association of Insurers (Verbond van Verzekeraars), Customer Satisfaction Survey commercial market 2022 and 2021 (section customer service).

In 2022 we continued our drive to perform even better on behalf of our customers at all our brands. Sustainable Living. Together, Achmea's purpose, is confirmation of the choices we had already made in our customer policy and has helped us to introduce greater focus to the ongoing development of products and services. We contribute to Sustainable Living. Together through our brands. We create value for our customers and society through our brand innovation in products, services and customer service. We want to make our propositions (even more) accessible by using modern distribution channels, with digital and personal interaction. Technology and data are helping us to accomplish this. We not only provide insight into and an overview of risks and the options for insuring these risks, but also solutions that allow us to help customers to contribute to social goals as well as options for becoming more sustainable. We do this by combining insurance policies with services that resolve or prevent the problem.

CUSTOMER CENTRICITY AND MUTUAL TRUST FORM THE BASIS FOR OUR ACTIONS

We want to know what issues are relevant to our customers, what concerns them and to set to work with their interests in mind. We want customers to recognise this, to trust us and be willing to share data with us. Data sharing can benefit customers; for example, we are examining options for giving customers who can prove they are safe drivers a discount on their insurance premiums. If the customer entrusts data to us, we believe it is important to handle this with care and thus guarantee privacy as much as possible. We involve our customers in improving our services by consulting with them (e.g. via our customer panels and customer councils), by handling complaints to the best of our ability and picking up on signals from customers. Achmea monitors its progress on important themes by conducting its own assessments. We also use a Net Promoter Score (NPS) to measure customer satisfaction with the services of our brands. The feedback we receive from the NPS survey is also used to be able to improve our services. We also measure how our customers rate us via customer satisfaction surveys.

Customers know they are in safe hands with our propositions

Via our insurance policies and services, we aim to offer customers good and accessible solutions for dealing with uncertainties and for them to take action, for example by making their homes more sustainable or improving their home security. We want to align our services with what customers want and need by communicating using a variety of channels. We provide insight into risks and enable customers to make decisions about which risks they do or do not wish to insure in light of their own personal circumstances. We pay attention to the manner in which we communicate with our customers. As an example, over the past few years Achmea has simplified the language used in its

Spotlight: Improved sustainability; more necessary than ever from a climate and cost perspective, for us and our customers

Reducing energy bills is more important than ever for both our retail and our business customers. Demand is high for solar panels, electric vehicles, home insulation, sustainable construction and making business operations more sustainable. We see it as our duty to do everything we can so that our customers and non-customers can make the right choices when it comes to making savings on their energy bills. We help our customers to navigate the world of sustainability with information, tools, products and services. This enables them to make well-founded choices for their lives and businesses and immediately set to work on becoming more sustainable. As Achmea we contribute to this process by raising awareness and providing solutions. We want our customers to be able to live and work in a care-free manner, with financial stability and control of income a prerequisite. By proactively sharing knowledge with our customers and talking about this topic, we are contributing to the energy transition for our customers.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

insurance terms and conditions, letters to customers and website texts. Over the past year, our brands have again focused on improving their digital customer service. This involves innovation and enrichment based on an omnichannel concept (i.e. blanket application across several channels). Among other things we are working on our digital options, infrastructure, platforms and apps. We help institutional clients via services relating to pension administration and asset management. Our group's unique composition enables us to meet the needs of our customers in the best possible way.

Customers have a sense of affinity with our brands

Customers are familiar with our biggest brands, know what makes them stand out and often feel they have a strong connection to them. We aim to strengthen the connection our customers have to our brands by being there when it matters most. Customers are satisfied with the products and services offered under Achmea brands. This is demonstrated by the customer satisfaction surveys held in 2022. In a further indication of our customers' satisfaction, our brands also won several awards in 2022 and received excellent scores in (customer) surveys.

Self-regulation in the insurance sector

The system of self-regulation within the Dutch Association of Insurers comprises company regulations, covenants, protocols and codes of conduct. This was revised in 2020. Since then, a distinction has been made between process-oriented codes and what are known as the Key Customer Centricity Codes. The process-oriented codes in particular provide for a uniform modus operandi at insurers and are tested annually using self-assessments. This year, 3 key codes were tested: complaints handling, disclosure of information and claims handling. Testing against these codes is conducted by the independent Stichting toetsing verzekeraars (foundation for testing insurers). In the past year Achmea's scores were satisfactory for the complaints handling and self-assessment components. Any findings were resolved in 2022. The scope for testing disclosure of information related to the orientation and arrangement phases for insurance policies. Strictly speaking we do not yet comply with all the standards; repeat testing will take place in Q1 2023. The outcome of testing against the code for claims handling held in December will be known in Q1 2023. In 2022, preparations were made and an internal audit held for testing against the Ethical Framework for Data-driven Applications code. All the

Challenge: Ethical framework for data-driven applications: what is it and how does the Ethical Wheel work?

What is the Ethical framework for data-driven applications?
In its Key Customer Centricity Code 'Ethical Framework for Data-driven Decision-making', the Dutch Association of Insurers (Verbond van Verzekeraars) has formulated basic principles for the responsible use of artificial intelligence, chatbots and other data-driven applications in core processes, such as acceptance policy, setting premiums, fraud policy and claims handling. This code comes under the association's self-regulation, in which Achmea participates as a member. The Achmea members of the association will be tested against this framework for the first time in 2023.

Why is compliance with this important for Achmea?
The use of data and data-driven applications helps the Achmea brands to offer customers personalised products and services, combat fraud and handle claims more quickly. This can be at odds with the principles of privacy and non-discrimination. There is already a great deal of social debate on this topic. As an innovative digital insurer, Achmea is itself also a firm believer in the importance of complying with this framework. As ethical conduct applies to us all, all parts of Achmea are participating in this framework.

What is the value for our customers?
The goal of the framework is to prevent us discriminating against, excluding and treating our customers unfairly. Our customers must be able to recognise that our chatbots are 'non-human'. Customers have the right to reassessment by an employee, for example if they are rejected during the acceptance process. We can explain to our customers what we do and do not do and which (ethical) choices we make here.

How is this framework used within Achmea?
The framework has been aligned with Achmea practices and with Achmea's existing models and processes, such as the Product Approval Review Process (PARP) and Privacy Impact Assessment (PIA) for new and existing products and services. The biggest challenge lies in implementation: how do we ensure that ethical working practices are embedded in Achmea? The Achmea Ethical Wheel has been developed for this purpose. This will be used as guidance and a talking point in the work process: colleagues weigh up the dilemmas and problems and discuss these with each other. Dozens of colleagues have already attended the corresponding workshop. Another important instrument is the Data Expertise Centre's explanatory tool. This has been incorporated into the customer journey for our data specialists.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

individual parts of Achmea need to comply with this Key Customer Centricity Code. In ethical considerations and options involving data-driven decision-making in products, services and processes we use the Achmea Ethical Wheel. Testing of this code will take place in the second quarter of 2023.

Customer Centricity Platform

Responsibility for a range of Achmea-wide Customer Centricity themes lies with the owners in the business units. These ‘portfolio holders’ on themes such as the Product Approval and Review Process (PARP), complaints and customer signal management and Trusted Communications are responsible for the Achmea-wide implementation of their topic and the sense of connection to it. The Customer Centricity Platform was set up to support this. Chaired by the Executive Board, the portfolio holders meet each quarter to monitor whether we are still making the desired progress on the individual customer centricity portfolios and to discuss the (impact of) current developments in relation to customer centricity.

OUR BRANDS AND PERFORMANCE IN 2022

Achmea operates via different brands. Apart from the Achmea brand, our biggest brands are Interpolis, Zilveren Kruis and Centraal Beheer. The Interpolis, Zilveren Kruis and Centraal Beheer brands are aimed at all sections of Dutch society and at the business market. Interpolis operates in the banking channel and works exclusively with Rabobank.

Spotlight: Investing in homes for senior citizens Syntrus Achmea Real Estate & Finance and Zilveren Kruis

BRINGING HEALTHCARE CLOSER

CAREFREE LIVING & WORKING

Zilveren Kruis and Syntrus Achmea made a joint public appeal to highlight a major social issue, namely that all senior citizens have a suitable, future-proof and healthy home in 2040. Syntrus Achmea and Zilveren Kruis called for at least 450,000 lifetime homes to be built in the Netherlands by 2040. This was backed up by a national Achmea campaign to encourage people to consider where they themselves would like to grow old healthily and happily. The ambition is to move from a home in care to care in the home. In combination with a wide range of additional services and a strong sense of community, residents are able to live a care-free life. With Syntrus Achmea and the investors behind it we can also provide tangible assistance in building the many extra lifetime home for senior citizens that will be needed in future. De Nieuwe Sint Jacob opened in the Plantage district of Amsterdam in early April. On behalf of the Achmea Dutch Health Care Property Fund (ADHCPF), Syntrus Achmea also bought a portfolio containing 32 residential care complexes. The intention here is to combine living space, healthcare, affordability and sustainability.

Spotlight: Telemonitoring at Zilveren Kruis

BRINGING HEALTHCARE CLOSER

There are multiple opportunities for using digital healthcare to reduce pressure on the healthcare system, cut medical expenses and at the same time provide better healthcare, all of which is in line with the wishes of our customers. At the moment, about 12% of healthcare in the Netherlands is available in the home. We have agreed with all healthcare parties that 70% of all healthcare that is suited to being provided digitally will indeed be available digitally or in hybrid form in 2026. And that half the patients eligible for this actually take advantage of it. Zilveren Kruis, for instance, endorses home monitoring of the health and medical equipment readings of people with heightened risks and chronic diseases. If patients are monitored remotely, healthcare can be provided when it is genuinely needed. And there are already some wonderful examples of how digitisation can make the lives of patients easier. For example, video calls that can substitute physical trips to polyclinics. Or an initiative in which patients with severe chronic obstructive pulmonary disease (COPD) can measure their own blood pressure and lung capacity and share the data with their healthcare provider. Fewer physical hospital check-ups are needed as a result, while a deterioration in the patient’s health can be identified in good time and flare-ups prevented.

Interpolis ‘Glashelder’ (crystal clear) and ‘Focus on what’s really important’ give substance to the brand and bear out its promise to customers. Interpolis believes in human resilience and boosts this by helping customers and society at large to overcome setbacks. Zilveren Kruis offers a health-related product and services portfolio containing customer-oriented propositions involving not just paying and arranging for healthcare but also improving health in everyday life and work. At the Centraal Beheer brand the priority is to provide solutions: customers can turn directly to Centraal Beheer for insurance, savings and investment products, a mortgage and for useful services. We also offer customers products via our brands FBTO, Avéro (via brokers), ProLife, De Friesland and InShared. Products for institutional clients are sold via Achmea Pension Services, Achmea Investment Management and Syntrus Achmea.

New products and services in 2022 and enhancements to existing products

We want our products to match the wishes of our customers as closely as possible. Customer satisfaction surveys help to guide us in this. By means of optimum personalisation via the website and app, but also via tools such as the Interpolis InbraakBarometer and Interpolis Veiligheidsmeter, customers

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Spotlight: The Rabobank-Interpolis platform IkWoonLeefZorg

BRINGING HEALTHCARE CLOSER

CAREFREE LIVING & WORKING

IkWoonLeefZorg is the online platform of Rabobank and Interpolis on which we bring together all the information for senior citizens and informal carers. On this platform, developed jointly by Rabobank and Interpolis, we share our knowledge of healthcare and residential topics and provide concrete solutions. We also give tips on social activities and provide inside into financial options. In doing so we aim to help senior citizens live independently for longer and to ease the burden for informal carers. In 2022, we sent over 100,000 people a fortnightly newsletter and our platform registered about 100,000 hits each month. In addition, since its launch the 50PlusWoonTest has been completed almost 100,000 times. This is one way we create value for our customers and for society at large.

can obtain insight into preventive measures to prevent damage or loss. This is at all times done from the perspective of helping customers and society to deal with risks in the best-possible way and to align our products with this goal. Zilveren Kruis and De Friesland offer the option of paying invoices for medical expenses in instalments. This type of service is appreciated by customers in today's economic climate. Centraal Beheer helps businesses to manage risk by means of decision aids that focus on relevant solutions. Customers can easily arrange Centraal Beheer company car and van insurance online and in a personalised manner. And with the aid of an interactive website, business owners can now arrange their own disability cover. In the Avéro Achmea BedrijfActiefPolis Agrarisch (BAP Agrarisch, or active agricultural business) policy we are launching a new system and insurance solution for our Agro advisors and customers. The Interpolis ZekerInBedrijf Agrarisch (agricultural business risk) policy was launched in the summer of 2022 following a thorough validation process. A new proposition and system for Rabobank advisors and customers in the agricultural market. On top of this, we make the lives of agricultural customers easier by offering a service for the mandatory electric wiring inspection aimed at preventing fires at farms. Incidentally, this service is also available for SMEs.

We also offer our customers extra services on top of our products. We track business in the Netherlands via the Interpolis Bedrijvenmonitor. We share relevant and current issues and insights with our business customers and entrepreneurs via the national media and on Interpolis.nl. Our aim here is to help and inspire businesses. After an absence of 3 years, Centraal Beheer again organised the Kleine Deukjes Dagen: the event at which customers can have 3 minor dents in their cars repaired. And we assist our customers in other countries as well. For instance, we offered support to our customers affected by floods in both Turkey and Australia. Via our subsidiary in Slovakia we ensured the successful delivery of medication and other hospital equipment to Ukraine.

Spotlight: Green roofs proposition of Interpolis and Syntrus Achmea Real Estate & Finance

CAREFREE LIVING & WORKING

The Groene Daken (green roofs) initiative continues to be expanded. Together with HomeQGo, Rabobank developed the online Huisscan (home scan) that advises customers on how to make their home more sustainable. A pilot involving Interpolis Green roofs as part of the Huisscan demonstrated that this combination appeals to customers. This resulted in Green roofs being made permanently available in the Huisscan. As in previous years, the Green roofs proposition is available via Interpolis, both for retail customers and the business market, and roofs were planted. Green roofs can also be requested via Duurzaam woongemak by Centraal Beheer.

Dilemma: Solar panels versus fire risk

Achmea encourages being sustainable in a variety of ways. Both businesses and retail customers. Many businesses are investing heavily in making their energy consumption more sustainable, including by installing solar panels. We wholeheartedly support this, from the perspective of sustainability and based on our Sustainable Living. Together ambition. However, we also recognise the risk involved in the large-scale installation of solar panels at businesses. Some buildings and roofs may be old and/or not built to bear the extra weight of the solar panels. Especially if more extreme weather conditions result in a blanket of snow covering the panels, for example. Other risks include a faulty connection to the electricity grid or the suspension of an inverter in a dangerous location. Unfortunately, roof compartmentation is sometimes cancelled out by the installation of solar panels across the compartments. In some cases, the placement of solar panels can therefore cause dangerous situations and result in severe damage. We want to use our knowledge and expertise to assess the risks of solar panels on business premises and advise on preventive measures. In the information on making buildings more sustainable that we provide to customers and brokers we therefore draw attention to the options but also the risks.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Over the past few years, Greek subsidiary InterAmerican in collaboration with Autoduder has succeeded in expanding a range of services, such as repairs to tyres. Interamerican's aim here is for its customers to save money via our partnership with a tyre manufacturer. In addition to insurance, the Turkish insurance sector offers its customers products and services via two main segments, retail and business. Together with our Turkish subsidiary Eureko Sigorta, which uses the infrastructure of our business partner Garanti BBVA Bank, we have developed new services for our SME customers. For example, we offer new value propositions and our SME customers receive special communications.

We inform and educate our customers to help them with financial decisions and prevent damage or loss

We want to inform our customers, help them to live more healthily and also prevent damage or loss. We do this for our retail customers, for instance by notifications via e-mail or apps containing tips for prevention in the event of an emergency. As an illustration, our Greek subsidiary Interamerican has a partnership with Meteo that offers customers updates on road conditions.

Another example relating to prevention is the Interpolis InbraakBarometer (burglary barometer). In 2022, we introduced new crime models that predict the risk of car theft and car break-ins. Furthermore, Interpolis introduced the Veiligheidsmeter (security meter) as part of the Interpolis app, which first asks customers a number of questions and then gives them personalised content and advice on improving prevention. Interpolis has posted videos on YouTube containing crystal-clear explanations in easy-to-understand language of the most relevant information on the most important retail insurance policies. Optimisation has ensured that these videos are now even easier to find.

Spotlight: Embedded car insurance

SMART MOBILITY

Achmea has developed an embedded insurance policy for cars. The new insurance policy is built on blockchain technology. Interpolis is examining initial options for applying this new type of insurance.

At InShared, any money left in the claims pot at the end of the year is paid back to customers in an end-of-year reward. Over 2021 the end-of-year reward amounted to € 2.01 million. We reimbursed this amount to our customers in February 2022. They donated over one hundred thousand euros of the end-of-year reward to the KWF Dutch Cancer Society. For the past 15 years, Interpolis has paid an annual profit share bonus to Collectief Beveiligde Bedrijventerreinen (CBBT, group security for business parks). We do this together with Rabobank. The profit sharing is based on the insurance premium and cost of claims for the companies located in the business parks and insured at Interpolis. Our aim here is to make a significant contribution to security and sustainability at these business parks. Interpolis does this through its membership of the Groene Gezonde Bedrijven Estafette (green healthy business relay race), in which SMEs across the Netherlands are inspired and motivated to exchange paving for plants.

We also try to contribute to good health among our customers. Zilveren Kruis has been active in Health and Long-term employability for many years. Via Actify we encourage people to work on their health in small steps. Actify Teams are used to do this together with employers. And via the Gezond Ondernemen (Healthy Enterprise) Platform we help both employers and employees to improve their long-term employability. De Friesland also promotes vitality by offering

Challenge: February storms - Upscaling to facilitate rapid claims handling

In 2022 we were confronted with one of the biggest emergencies of the last few years: severe storms in February. The upshot: a high number of claims for damage to homes, cars and business premises. Thousands of claims were received in just one week. We quickly scaled up our response in order to give customers the best-possible assistance. Our loss adjusters did their best to visit businesses as quickly as possible so that they could restart operations. The enormous number of claims meant we were unable to meet the normal processing time for claims: waiting times grew and customer service suffered as a result, which in turn led to a lower customer satisfaction score. We worked methodically on eliminating the backlog in these claims and on improving our service. Several departments within Achmea worked together to accomplish this. There are also a variety of projects aimed at reducing vulnerability to the increasingly severe weather conditions. Robot Robin, for instance, helped to compile repair orders to network companies. This is one example of how our digitisation strategy can provide support in this respect.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Spotlight: Duurzaam Woongemak of Centraal Beheer

CAREFREE LIVING & WORKING

One of the services offered by Centraal Beheer is the Duurzaam Woongemak scan (sustainability of homes). Consumers want to make their homes more sustainable but often have no idea where to start. This was the reason behind Centraal Beheer launching this scan. Consumers can quickly establish online which sustainability options best match their personal situation. Within the context of sustainability we are also investigating whether residents of the Netherlands would prefer to borrow an e-bike rather than a replacement car while their car is undergoing repairs.

Centraal Beheer is also helping owners associations with the sustainability process. We do this by putting our network to use: energy advice, manufacturers, contractors and installation companies.

its customers Samen Fitter (fitter together) and Sterk te werk (robust at work) for its group policy customers. Centraal Beheer continued to develop its Lekker Bezig (keep busy) app as well in 2022. To grow further in this respect we acquired TipTrack from AWVN, a platform for offering our customers solutions for Long-term employability. Centraal Beheer and Zilveren Kruis are both working on this.

Avéro Achmea continues to expand Podium, its online partnership platform. This platform enables brokers to work together more easily. Via its 'Koploper in advies' (frontrunner in advice) campaign, Avéro Achmea aims to inspire brokers and help them to grow.

We help our customers when they experience damage or loss or other events

As much as possible we try to help our customers prevent damage or loss or other negative events, but this is not always an option. We want to assist our customers when they need us, for example by simplifying the process for paying claims as much as possible. We do so by working in a data-driven manner and by introducing innovations. These might include the use of Tractable software, which enables people to photograph the damage to their cars using their mobile phones. With the aid of machine learning this software gives us a good indication of the damage. This is already being developed further and we want to link this to the claims handling process. Or the use of a chatbot at Interpolis that serves as a coach to customers when they submit a claim. We are also trying to improve the recovery process among our customers. For example in the case of lost work days among health professionals, which is increasingly leading to lost work days due to psychological complaints. We have reviewed which service providers can offer appropriate assistance for health professionals. Payments sometimes need to be made from life insurance policies but the beneficiary of the policy is not known to us. This is related to the fact that insurers are not notified by the Personal Records Database in the event of the death of a policyholder. In 2022, Achmea intensified the process for identifying the beneficiaries of unclaimed life insurance policies so that payments can be made.

We want to take sustainability into account as much as possible when repairing damage. This might include ISO standards or focusing on repair rather than replacement. At the same time, partnerships with (manufacturing) parties are being launched on the market to make sustainable damage repair even more future-proof (e.g. paint, recycling of components).

Challenge: Helping customers to avoid debt

In the autumn of 2022, many consumers were affected by price increases and experiencing difficulties in paying their higher energy bills. We therefore expect that more households will struggle to pay their bills. A particular focus of our attention is ensuring that our customers are able to continue paying their premiums and do not get into debt. We support customers in a variety of ways, such as by offering appropriate payment schemes according to their financial capacity. And we continuously examine how we can make our methods of payment more convenient for our customers. This might include setting a flexible direct debit date. If customers get into difficulties, we help them by referring them to Geldfit or other debt assistance services. We work closely with other parties on structural solutions for our customers. For example, under the Municipal Debt Assistance Act (WGS) we share arrears in health insurance premiums with municipalities in the same way as 'fixed expense partners' such as energy companies and housing cooperatives do. All these signals combine to give municipalities improved and earlier insight so they can offer assistance at the right time and potentially prevent the debt from growing. We hold ongoing talks with a range of parties on where we can provide assistance on (preventing) arrears and how we can look at long-term healthy payment behaviour together. Together with the law courts, for instance, we work on alternative procedures for talking to customers with arrears, often in combination with municipal debt assistance services. This is not only to reduce legal expenses for customers but also to seek long-term solutions together.

HOW WE CREATE VALUE FOR OUR CUSTOMERS

Spotlight: Geldfit Zakelijk at Centraal Beheer

INCOME FOR TODAY AND TOMORROW

We want to help customers obtain insight and an overview so that they can make well-founded financial decisions. In conjunction with NSR and Schuldenlab, Centraal Beheer again worked with Geldfit Zakelijk to help businesses in 2022. With our support and that of a range of other parties (Stichting MKB Doorgaan (advisory foundation for SMEs), Dutch tax authority, NVB (Dutch Banking Association), Dutch Association of Insurers, VNO-NCW (Confederation of Netherlands Industry and Employers)) and government ministries we have already reached thousands of businesses. Some businesses received advice, some information and some took the next step towards getting help.

We help our customers to become more sustainable

We want to help our customers to become more sustainable. We do this via products and additional services. For our institutional clients and our own investments we have included the policy on sustainable investments in the section How we create value for society (subsection Our role as an investor and mortgage lender and Our role as an asset manager). The impact of climate change on Achmea and Achmea's strategy on climate change is given in the section How we deal with the impact of climate change (TCFD subsection). The Centraal Beheer sustainability check and Interpolis Green roofs proposition are examples of the products we offer in this respect.

Spotlight: Leef je pensioen by Achmea Pensioenservices

INCOME FOR TODAY AND TOMORROW

We want to inspire people who are about to retire or already retired to give themselves a new lease of life on leefjepensioen.nl. For many people it is important to fulfil their personal wishes but also to remain involved in society and continue to share their knowledge. To inspire and motivate people the platform tells exceptional stories in short (film or photo) interviews. In addition to providing inspiration, visitors to Leef je Pensioen (live your retirement) are offered the option of doing things as well. To this end there is a marketplace so that people or organisations can get in touch with each other.

Customer satisfaction in 2022

We want to help our customers to the best of our ability and improve our services wherever possible. We do this by measuring the quality of our services for the individual Achmea brand s.

In the table on the first page of this section we have included the relational NPS scores for the consumer market and the customer satisfaction scores for the commercial market for our biggest brands. The paragraph below also contains the customer satisfaction scores for our main service activities for institutional clients.

The relational NPS for Interpolis for the consumer market over 2022 is +12 (2021: +17). This decrease seems due to the February storm that generated so many claims among our customers and resulted in a backlog in claims handling. The relational NPS for Zilveren Kruis was +16 in 2022 (2021: +8), higher than last year. The significant increase in the rNPS for Zilveren Kruis derives from an overall improvement in the rating of services, product experience and premium perception. The relational NPS for Centraal Beheer for the consumer market over 2022 was +22 (2021: +22) and therefore unchanged as compared to last year.

As in previous years, we also conducted customer satisfaction surveys among our institutional clients in 2022. The results of the annual customer satisfaction survey show that the overall rating for services at Achmea Pension Services decreased slightly versus 2021 and stood at 7.6 (2021: 7.8). The overall service level over 2022 at Syntrus Achmea Real Estate & Finance was rated at 8.0 by our institutional clients (2021: 7.8). The survey shows that customers are especially positive about relationship management and execution of investment agreements. Customers gave Achmea Investment Management a customer satisfaction score of 7.7 (2021: 7.7). Similar scores to last year were awarded for almost all components of the survey.

In addition to the customer satisfaction scores, our efforts are rated highly in other ways as well. For example, Centraal Beheer gained a third place in the 'Insurers' category of the survey to find the Most Customer-friendly Business in the Netherlands and, as in previous years, Centraal Beheer was the best-scoring insurer for the commercial market in the survey held by the Dutch Association of Insurers. Furthermore, a number of FBTO and InShared insurance policies were awarded a 5-star rating.

OUR SOLUTION IN THIS DOMAIN

In the enormous mobility transition from ownership to use and from fossil to green, via our services and solutions we want to offer consumers and businesses ever greater convenience, reliability, personalised service and speed. We do so using data and new technology.

SMART MOBILITY

SAFE FROM A TO B

In the mobility transition from ownership to use and from fossil to green, via our insurance and services we want to offer consumers and businesses convenience, reliability, personalised service and speed. Road safety continues to be a priority here. A permanent change in habits is required to prevent material damage, personal injury and psychological harm. For this reason, within the topic of mobility we focus on the social issue surrounding fatality-free road safety.

Social issue	**5-year ambition (defined in 2021)**
Road safety/fatalities	Interpolis contributes to road safety by raising awareness and by, together with partners, creating a safe environment and access to smart solutions.

In order to reduce the number of road traffic fatalities, Achmea is using a variety of initiatives to change road users' habits. As a large insurer, including of (motor) vehicles, Achmea is in a good position to have an impact. Interpolis has focused on reducing distractions to road users while in traffic and on road safety since 2016. We do this by, for instance, encouraging young people to accrue safe kilometres for improved road safety and by giving users the option of donating money to a good cause based on the number of mobile-free kilometres they travel. Interpolis has developed the AutoModus app for drivers. FBTO offers customers the option of receiving feedback on their driving via a driving algorithm. Interpolis is now developing this functionality for its AutoModus app. Via these apps we aim to encourage road safety and reduce the number of traffic accidents. To make electric bikes safer (including preventing head injuries among older people), in 2022 Interpolis handed out free cycling helmets to 5,000 customers.

At the start of 2021, the European Commission asked Interpolis to be National Relay for road safety in the Netherlands. This means that Interpolis brings together partners involved in road safety in the Netherlands, for example by organising meetings. Together with a network of national and international experts, Interpolis is examining solutions that contribute to improving road safety. Interpolis has long worked with a variety of partners to raise awareness. As an example, Stichting Yannick presented a play about a traffic accident caused by someone using a mobile phone while at the wheel. The play was performed for a group of professional drivers in a bid to raise awareness of road safety and the dangers of becoming distracted. This initiative will be expanded to other customers as well. Interpolis is also working to have an impact on road safety together with the Eye Filmmuseum. We particularly want to get through to young people via the use of images and film.

HOW WE CREATE VALUE FOR OUR EMPLOYEES

INDICATOR	2022	2021
% women in top management[1]	30%	31%
Employee Engagement Survey score on Engagement	8,1	8,2
Number of training instruments[2]	66.424	68.749

[1] Top management is defined as Executive Board, Directors' Council and Senior management. Excluding third-party companies and international operating companies.
[2] Training instruments are all mandatory and non-mandatory group and individual, physical and online types of training we offer, such as educational courses, training sessions, e-learnings, games, knowledge clips, coaching and exams.

Our employees are the beating heart of our company. We use our HR policy to ensure that they continue their personal development, put their talents to the best-possible use and allow their professionalism to shine through, so that together we can solve major social issues relating to the themes of health, mobility, living & working and income.

Sustainable Living. Together for our employees

Our Achmea values are: Passionate, Contemporary, Ambitious, Proud and Decisive (see below for more information). Achmea wants to bring Sustainable Living. Together closer for its employees as well, including by means of the climate budget agreed in the collective labour agreement (CAO) at the end of 2021. Employees with full-time contracts are given a one-off climate budget of € 2,500 net to buy products or services that contribute to making their homes and/or mobility more sustainable in the period 2023-2025. In light of the rising cost of living, employees have also been promised the option of using this budget for investments in 2022.

Achmea wants to make sure its employees are in a position to perform their jobs properly, now and in the future. Our activity-based and hybrid way of working means that employees have the option of working either at home or at the office. The interests of the team take priority here. Our locations are being adjusted in line with this vision, whereby the emphasis is on creating a sense of connection and meeting each other. This requires employees to structure their working day themselves and to develop their digital skills, for example. Since 2022 Achmea has offered employees an unlimited focused training budget to encourage their personal development. Thanks to this budget, employees have the opportunity to learn everything that contributes to their current and future roles. Employees make the case for the training course themselves and up to a sum of € 5,000 no longer require permission from their manager. In 2022, 66,424 training instruments were followed (2021: 68,749 training instruments).

The well-being of employees is also important to Sustainable Living. Together. In the Employee Engagement Survey (MBO) the score on the Vitality indicator was on target at 7.2. Employees can perform their best work if they are physically, mentally, emotionally and financially fit. Last year the HeyCoach was contracted as a low-threshold and short form of mental coaching. This enables us to better meet the growing demand for mental coaching among employees and

Spotlight: Our Achmea values

Achmea stands for Sustainable Living. Together. An inclusive society in which everyone participates and can live happily and healthily side by side. We do this based on our 5 shared values. In everything we do, we are Passionate, Contemporary, Ambitious, Proud and Decisive.

Passionate because positive energy gets you further. Contemporary in order to remain relevant today and tomorrow. Ambitious because we are only satisfied with the best-possible result. Proud because this is a source of even more good initiatives. Decisive because we simply have no time to lose. BEATS form the basis of how we work, for our company and for all our employees. On top of this, our brands have their own individual values that set them apart in the market and help them meet their commitment to customers.

The business units started to introduce BEATS in 2022. Directors shared, in different combinations, their personal stories in relation to Sustainable Living. Together and BEATS. Afterwards the business units discussed BEATS in smaller groups. Following the introduction, a review was held of what could be addressed at Achmea, division, team and individual level to reflect and develop BEATS within a personal work context. To support this, an Achmea values box was launched containing information, interventions and inspiration at these 4 levels.

HOW WE CREATE VALUE FOR OUR EMPLOYEES

reduce lengthening waiting times. The rising cost of living has led us to devote additional attention to financial well-being. Achmea offers different types of support here, including budget coaching. Employees can also turn to the Sociaal Voorzieningenfonds Achmea (SVA, social provision fund) if they face unexpected expenses, for example for a loan or preventive assistance. The SVA is a financial safety net for and by Achmea employees. In keeping with our cooperative identity, employees can make financial contributions to this fund via their salary to help colleagues with financial difficulties.

Recruiting and retaining talent

Achmea wants to attract the right kind of talented people and let them flourish on behalf of our customers. To this end, in 2022 we held several employer brand campaigns, such as a campaign for the strategic target group of IT (Cloud & Developers) and a general campaign. For the latter campaign an Employer Brand Movie was developed that shows that you can have an impact on society as an employee of Achmea.

Strategic Workforce Management

Furthermore, last year Achmea introduced Strategic Workforce Management, the aim of which is for each business unit to pursue a proactive workforce policy at strategic, tactical and operational level. This will enable Achmea to put its strategy into practice and in doing so we will be able to deploy, develop and promote all the talented employees in the company to the full. In an ideal situation, Achmea has the right people with the right skills in the right place for the right salary on the right type of contract at the right time. By focusing on promoting internal employees, we aim to give the company's talent the freedom and confidence to grow and hope to point a larger share of the recruitment of new colleagues in the direction of starting, junior and/or medior positions.

Strategic goals

Achmea believes it is important to improve the ratio of men and women in the higher echelons of the company. We define top management as Executive Board, Directors' Council and Senior management. In 2022, the percentage of women at top management position was 30% (goal for 2022: 31%). The share of women at sub-top positions was 30% (goal for 2022: 30%). Our ambitions for next year will be 1% higher (32% and 31% respectively). We are attempting to realise our goal by using experience-based learning to raise awareness of diversity-related topics among management and directors. Our recently formulated target for 2025 for the male/female ratio in top and sub-top positions is at least 35% female and at least 35% male.

	MALE		FEMALE	
	2022	2021	2022	2021
Supervisory Board	63%	63%	37%	37%
Executive Board	50%	50%	50%	50%
Directors' Council	75%	78%	25%	22%
Sr. management	68%	68%	32%	32%
Sub-top	70%	72%	30%	28%
Total Achmea	53%	53%	47%	47%

Excluding third-party companies and international operating companies.

The Employee Engagement Survey (MBO) tells us whether we are on the right track towards achieving our strategy in this respect. Achmea therefore conducts this survey each year in September. At 83.1%, the response rate in 2022 was once again high (2021: 84.3%). The survey therefore provides a reliable picture of employee engagement at Achmea. The questions in the survey are divided into 8 themes. Four of the eight themes scored the same as they did in 2021: passionate remains 7.6; customer centricity 7.9; vitality 7.2 and leadership 7.7. The scores were slightly lower for two themes:

Challenge: Attracting and retaining employees in a tight job market

The job market remains tight and vacancies are staying unfilled for longer. Finding, recruiting and retaining employees is of mounting importance in a tight job market. This was the motivation for starting the employer brand, recruitment & retention value stream in 2022. The 3 pillars on which this value stream focuses are: (1) investing in a strong employer brand, (2) recruiting together, and (3) attracting and retaining talent: keep the back door shut. In the context of recruiting together, a referral campaign was held to increase the visibility of the reward programme. This resulted in 180 candidates being proposed (versus 54 proposed candidates in 2021) and 101 candidates being recruited (versus 21 recruited candidates in 2021).

engagement decreased marginally to 8.1 (2021: 8.2) and employment practices to 8.3 (2021: 8.4). However, compared to the benchmark Achmea scores much more highly on engagement (benchmark: 7.5); there is no comparison data for employment practices. The scores for two other themes were higher: professionalism climbed from 7.2 to 7.4 and talent development & deployment from 7.3 to 7.4. The NPS score for recommending Achmea as an employer was again high this year: 30.6 (2021: 33.4).

Participation bodies

Achmea believes it is important to have good relations with participation bodies and we aim to resolve organisational problems through a process of co-creation. In 2022 the Achmea Works Councils held regular consultations with the management of the business units. At central level the Central Works Council held talks with the Executive Board. The Central Works Council handled a total of 26 requests for advice (2021: 5 requests for advice) and 3 requests for consent (2021: 1 request for consent) in 2022. One of the requests for advice related to the restructuring of the participation bodies from 13 to 5 works councils as of 1 May 2023. The Central Works Council issued a positive recommendation on this request for advice.

Ethical corporate culture

Achmea attaches a great deal of importance to an ethical corporate culture. This is why Achmea conducts an annual integrity risk analysis and a General Code of Conduct applies to all employees. We aim to prevent undesirable behaviour, amongst others through clear communications on the subject. Last year employees were asked to speak up if they encountered any situations that contravened our values or code of conduct. A Speak-Up page was also created that refers to the compliance officer and confidential advisers.

Whether mandatory or not, we ask employees to swear an oath or affirmation in which they promise to carry out their work in an ethical and prudent manner. Employees can also follow an e-learning integrity module. As at year-end 2022, about 93% of our internal and external employees had successfully completed this module. The module gives them tips on how to recognise integrity dilemmas in their day-to-day work and the correct way to deal with them.

We have a complaint system for dealing with complaints of undesirable behaviour and a general individual right of complaint. There is also a Whistleblower scheme and a total of 20 confidential advisers for employees (19 internal and 1 external). In 2022, the confidential advisers oversaw 74 cases (2021: 56 cases). No complaints were submitted to the Undesirable Behaviour Complaints Committee in 2022 (2021: 1 complaint). No complaints were dealt with via the internal and external confidential advisers under the Whistleblower scheme in 2022.

Dilemma: Monolingual versus bilingual

Achmea stands for Sustainable Living. Together. Our ideal is an inclusive society in which everyone participates and can live happily and healthily side by side in a way that can endure for many years to come. Living together in this way means that everyone matters and it makes no difference which language you speak. It would therefore be an interesting exercise to examine whether Achmea can be an organisation in which English is spoken alongside our main language of Dutch. In a tight job market would this make us more attractive to a bigger pool of talent and would it give us market opportunities in the Netherlands as well as elsewhere? What would be the implications of such a decision for our employees, customers and partners?

OUR SOLUTION IN THIS DOMAIN

The Dutch National Climate Agreement involves an enormous sustainability transition for both existing and new residential and commercial properties. People want to be able to live and work in a comfortable and safe environment. Via innovative services, partly together with partners, and financial support, we stimulate making living and working environments more sustainable.

CAREFREE LIVING & WORKING

CAREFREE LIVING & WORKING: COMFORTABLE, SAFE AND CLIMATE-NEUTRAL LIVING & WORKING

Via our brands we are focusing on long-term employability, making homes more sustainable and on ensuring safety in and around the home. As a manager of real estate, as an investor and as an insurer, Achmea is in a position to contribute to these issues. Achmea offers a variety of solutions to this end.

Social issue	5 year ambition (defined in 2021)
Long-term employability and job satisfaction	Centraal Beheer contributes to increase the level of job satisfaction by making is possible for workers to invest in themselves.
Making homes more sustainable	Centraal Beheer en Interpolis contribute (together with partners) to the ease with which all residents of the Netherlands can make their homes more sustainable.
Safety in the home and safe living habits	Interpolis contributes to increasing resilience in society by using smart insights and affordable and accessible propositions to improve safety in the home.

The tight job market requires special attention to be paid to workload, job mobility, agility and good physical and mental but also financial health. We all need to carry on working for longer and also want to remain vital and productive for longer. For this reason, Centraal Beheer is working on a platform for long-term employability for the working population in the Netherlands: Lekker Bezig (keep busy). Through this platform we are also implementing the Long-term Employability and Early Retirement Regulation (MDIEU), on the basis of which specific sectors can apply for special MDIEU subsidies from the government. Our platform is structured such that it meets the preconditions set out in the MDIEU. With a view to providing customers with further support for good employment practices and long-term employability, Achmea has acquired TipTrack, a digital platform that focuses on learning and development. TipTrack complements the existing platforms belonging to Centraal Beheer (Lekker Bezig) and Zilveren Kruis (Gezond Ondernemen, or Healthy Enterprise).

In order to achieve the climate goals, 1.5 million homes need to be made more sustainable in 2030. On top of this, the sharp upturn in gas prices is further squeezing purchasing power. Via our new sustainable residential services and financial solutions we aim to contribute to the social issue surrounding sustainable homes. To this end we have launched a sustainability scan that helps customers with the sustainability process. We also want to help owners associations, as this target group faces additional challenges when it comes to sustainability. With our support, we want to make the sustainability process accessible and affordable for apartment owners. We also offer financial solutions that contribute to affordable sustainability and provide assistance on applying for subsidies.

A safer society and a greater sense of security and trust create a society in which people live together sustainably. Via a range of crime barometers (InbraakBarometer for burglary, AutodiefstalBarometer for car theft and AutoinbraakBarometer for car break-ins) Interpolis aims to raise awareness of the risk of burglaries and car break-ins and theft at postcode level. We also provide options for reducing the risk, for example by demonstrating what people need to look out for when choosing locks.

HOW WE CREATE VALUE FOR SOCIETY

INDICATOR	2022	2021
Carbon footprint investments in businesses (equities)[1] in tons CO_2 / million euro invested capital	48.3	67.9
Carbon footprint investments in businesses (credits)[1] in tons CO_2 / million euro invested capital	46.9	n.a.
Energy labels of A or higher for investment property as a % of book value[1]	56%	57%
% reduction in gross carbon emissions from our own operations versus 2019	54%	57%

[1] Scope: investments for which CO_2 has been calculated or information on energy consumption/energy label was available.

Together with its partners Achmea wants to help solve major social issues in four domains: health, mobility, living & working and income. We do this as an insurer, as an investor and as a mortgage provider. Yet also via our own operations and indirectly as a tax payer. Alongside the health-related foundations, we also invest in society by making funds available to two foundations that were set up by Achmea but operate independently: the Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving (SASS). This section explains the role we fulfil in society as an investor and mortgage provider and via our own operations. Our role in society as an insurer is described in the section How we create value for our customers.

OUR ROLE IN SOCIETY AS AN INVESTOR AND MORTGAGE PROVIDER

As an investor, real estate manager and mortgage provider we also take into account the world around us: the environment, social justice and good governance. We do this based on our purpose and ambitions. We do not only manage investments for our own account and risk and for our policyholders. Achmea Investment Management and Syntrus Achmea also invest on behalf of institutional clients as part of their fiduciary asset management service. This enables us to create economies of scale and to profit from specialist knowledge. Both Achmea Investment Management and Syntrus Achmea are among the market leaders on the Dutch market, certainly when it comes to sustainability. We use the corresponding knowledge and expertise to achieve (and accelerate) our sustainability ambitions for Achmea as a whole. In addition to our own intentions and ambitions, the European Union sets rules governing the provision of information on sustainability in the financial sector. One of these sets of rules is the European Union's Sustainable Finance Disclosure Regulation (SFDR). The SFDR aims to increase transparency on sustainability. As a result of this regulation, it will be easier for pension fund members and participants in investment funds to understand the role of sustainability in an investment product or in their pension scheme and how sustainability risks are dealt with in the investment policy. Achmea has adjusted the prospectuses for its investment funds in accordance with the requirements and placed explanatory texts on the website. In 2022 we completed preparations for the mandatory reporting that will apply from 1 January 2023. We expect further amendments to legislation in the coming years, which in all probability will require us to make additional adjustments.

Investments for own account

Achmea aims to invest the premiums and other funds our customers have entrusted to us responsibly: we fulfil our financial obligations to our customers and invest with respect for the world around us and for future generations. Among other things, we invest in businesses (equities and credits), government bonds, real estate and mortgages. We also grant mortgages directly to customers via Achmea Bank.

Investments in businesses and other listed instruments

Achmea updated its Socially Responsible Investment (SRI) policy in 2022. In this policy, as in previous years, we distinguish five key themes: Human rights, Labour standards, Health, Nature & the environment and Climate. We have formulated ambitions for each of these themes that we aim to meet no later than in 2030. For example, we only want to invest in businesses that respect fundamental human rights and income from employment, such as the entitlement to equal opportunities, treatment and pay and the right to receive a living wage. And for the Health theme, one of our goals is global access to medicines and healthy food. In the Nature & the environment theme, in future we only want to invest in businesses that prevent the degradation of biodiversity in fragile ecosystems. And with respect to the theme of Climate, our ambition is in future only to invest in businesses with an effective transition strategy. An overview of the key themes and corresponding targets can be found in our Socially Responsible Investment policy on our website.

Our contribution to the SDGs

Achmea wants to contribute to achieving the United Nations' Sustainable Development Goals (SDGs). These 17 SDGs form the 2030 Agenda for Sustainable Development. 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 aligned with the four domains we focus on based on our mission, are close to the core of our company and can encourage innovation and growth. We do not directly target the (sub-) goals contained in the SDGs but by solving social issues in the four domains and via our sustainability programme, we contribute to achieving the SDGs. For example, by formulating targets relating to the Bringing healthcare closer domain we also (indirectly) target SDG 3.8: this goal relates to ensuring universal health insurance and access to healthcare.

HOW WE CREATE VALUE FOR SOCIETY

SRI instruments investments own account

The SRI policy is shaped using a variety of instruments: due diligence screening, exclusion and active (engaged) shareholdership.

ESG integration

The incorporation of Environmental, Social and Governance information into the investment process is known as ESG integration. In most Achmea investment mandates the inclusion of ESG information forms a structural component of the investment process. We are convinced that this contributes to mitigating the negative social impact and restricting the ESG risks in our investment portfolio.

Screening of our portfolio for (potential) malpractice

Like other Dutch insurers, Achmea has signed the International Corporate Social Responsibility (IMVO) covenant for the insurance sector. The IMVO covenant demands an appropriate, prudent appraisal be made of the risks of socially-unacceptable conduct by the companies in which insurers invest. Achmea screens its investments and excludes companies that structurally violate the principles of the UN Global Compact. These principles relate to e.g. human rights, labour standards, the environment and anti-corruption. We update the list of those companies and countries we exclude twice a year and publish it on our website. The Achmea exclusion policy cannot be applied in full in a small number of specialist funds managed by external asset managers in which other investors also participate. Wherever possible we seek alternatives or enter into dialogue with the managers in order to ensure compliance with the wishes of Achmea where this is feasible.

Exclusion of companies and countries

We exclude certain activities (such as tobacco and controversial weapons) and countries or companies that structurally violate international norms. In addition to the EU sanctions, in March 2022 Achmea decided to place Russia and Belarus on the SRI country exclusion list. We also enhanced the norms for our country policy.

Achmea excludes countries that commit systematic and gross violations of fundamental human rights. To do so we use the Freedom in the World Index, ITUC Global Rights Index and Corruption Perception Index. These indices show how countries perform on human rights, labour rights and corruption. As a result of the enhanced country policy, from 1 January 2023 Achmea will exclude more countries, with greater attention being devoted to human rights, such as political rights and civil liberties. This is aligned with one of our spearhead themes, human rights.

In 2022 we also enhanced our policy on assessing these norm violators. From now on, we will decide immediately whether the company should be placed on the exclusion list or on the watchlist in the event of a verified violation. Companies used to be placed on a watchlist for two years before exclusion could take place.

Engaged shareholdership: In dialogue with companies

We are active shareholders through our dialogue (engagement) and voting at shareholder meetings. Engagement is an important instrument in our SRI policy. We enter into dialogue with companies on what we expect of

Spotlight: Achmea Innovation Fund

BRINGING HEALTHCARE CLOSER

INCOME FOR TODAY AND TOMORROW

Via our Achmea Innovation Fund (AIF) we invest in businesses whose products and innovation help to make our society healthier, safer and more future-proof. AIF invested in a number of promising companies in 2022. For instance, we took an interest in OpenUp, a scale-up business from Amsterdam that focuses on the mental health of employees by offering easy access to e.g. check-ins and self-help. AIF also took an interest in BetterTradeOff, a FinTech company from Singapore that makes financial planning accessible to all. The online BetterTradeOff platform makes the process of compiling a financial plan much simpler. The tool gives users an overall picture of all their finances; from investments and real estate to their monthly living expenses. With the impending alterations to Dutch pension legislation, this could be very handy for enabling people to plan their futures and decide what they need to receive a good pension. AIF also took an interest in Clear.bio. This HealthTech start-up helps people with type 2 diabetes. Clear.bio has developed a digital self-help tool so that users can easily put together the best and fully personalised diet and follow it day by day. With the aid of Zilveren Kruis and social partner Dutch Diabetes Association, in the past six months Clear.bio has held two pilot schemes for people with type 2 diabetes, both of which show promising results in terms of health, patient motivation and healthcare. Finally, AIF invested in Alicia Insurance, an InsurTech company from Rotterdam specialising in developing and offering customised insurance policies that are offered during the customer journey on digital platforms used by freelancers. This involves advice on the most appropriate insurance policy when the freelancer takes on a job assignment, for example.

HOW WE CREATE VALUE FOR SOCIETY

them in relation to socially-relevant topics. For instance, we use engagement to encourage companies in which we invest to make their activities more sustainable. At the same time, we want to increase the value of our investments and improve the quality of management. Achmea also believes it important to enter into dialogue with companies that violate internationally-accepted norms, e.g. with respect to human rights, labour standards, corruption or the environment. To this end we take a number of major international frameworks as our starting point, namely the UN Global Compact, the OECD guidelines for multinational enterprises and the UN Guiding Principles on Business and Human Rights. 68 companies were part of this normative engagement programme in 2022. Achmea also has a thematic engagement programme for twelve different themes that are aligned with the five key themes from our SRI policy. Throughout the year we conduct dialogue with companies on aspects of their own operations that offer room for improvement. The term of the thematic engagement is usually three years. 57 companies were part of this thematic engagement programme in 2022.

The table below lists the topics on which Achmea is conducting an engagement process for each key theme.

KEY THEME	ENGAGEMENT (THEME)
Labour standards	• Working conditions in agriculture and the food chain • Human capital in the hospitality and temporary employment sectors
Nature & the environment	• Reducing the harmful consequences of the use of plastic in the chemical industry • Impact of supermarkets and food products on biodiversity
Health	• Good and available medicines • Access to (healthy) food
Climate	• Transport and climate in the logistics sector • Climate transition in relation to cars and oil & gas • Energy efficiency in the steel and chemical industries • Reduction in exposure to coal in the utility, materials and semiconductor sectors • Climate adaptation and water in the metal, mining and semiconductor sectors • CO_2 reduction

Spotlight: Climate change is one of our key themes

As an insurer and long-term investor, Achmea devotes particular attention to the risks and opportunities relating to climate change. We aim to make a positive contribution to the transition to a climate-neutral economy. We also believe that climate change and the need for a transition to a circular and climate-neutral economy can have an impact on the value of our investments. In 2021 we formulated an ambition statement in which we stated our overarching goal of carbon neutrality for our investments in businesses in 2040. By carbon neutrality we mean that all the companies in which we invest combined do not emit more CO_2 than they compensate. The latter can be achieved by planting trees or using technology aimed at capturing and storing CO_2. In the past year we have set out this ambition in our Climate Transition Plan. This plan contains new interim CO_2 reduction targets for equities and credits:

- In 2025: a 32% reduction in CO_2 versus the market benchmark as of year-end 2020;
- In 2030: a 68% reduction in CO_2 versus the market benchmark as of year-end 2020;

We choose not to immediately sell our investments in carbon-intensive companies or sectors. While it is true that divestment would reduce our carbon footprint more quickly, this would not reduce carbon emissions in the real economy. We believe we can make the most impact via engaged shareholdership. For this reason we have decided to intensify our engagement programme for the climate theme. We expect the companies in which we invest to have climate strategies that are at least in line with the goals set out in the Paris Agreement and that they have drawn up a plan to achieve net-zero carbon emissions as soon as possible. In carbon-intensive sectors such as energy and utilities, the biggest opportunities for reduction and/or making an impact lie in engagement. If engagement fails, we use our shareholder rights to exert pressure on the companies. The exclusion of companies that fail to respond properly to the energy transition is a last resort. Achmea has long applied a restrictive policy to the most polluting fossil fuels. We exclude companies that derive more than 5% of their revenue from coal, oil extraction from tar sands, Arctic oil/gas or shale oil/gas. The same applies to those companies that use more than 5% of their revenue to generate electricity from these fuels.

We adjusted our voting policy in 2022 and now expect the strategies of the biggest contributors to carbon emissions (such as oil & gas, steel, cement and utility companies) to include a transition plan that is linked to the remuneration policy. If this is not the case, we will vote against the remuneration policy. Listed companies are also increasingly putting their climate transition plans to shareholders for an opinion. Achmea votes against these plans when they are not in line with the Paris Agreement. And we support climate resolutions that call for drawing up climate plans in line with this agreement. One example of this is the Follow This climate resolutions. In 2022 this organisation submitted climate resolutions that we supported to 9 major oil companies.

HOW WE CREATE VALUE FOR SOCIETY

Achmea applies an escalation strategy when dialogue with companies from the engagement programmes makes insufficient progress. For instance, Achmea can use its shareholder rights to vote against certain agenda items. This enables it to vote against remuneration policies if ESG factors are not sufficiently represented in them or against appointments if there is insufficient ESG expertise present on the board. We can also put questions at shareholder meetings or submit shareholder resolutions. The use of these shareholder rights at companies where dialogue is stalling is considered on a case-by-case basis. Once some time has elapsed and after several escalation steps have failed to yield sufficient results, exclusion becomes a real option. The table below lists the number of engagements and votes cast in 2022 on behalf of Achmea and for investments managed by Achmea Investment Management.

Investments in mortgages and banking credit portfolio own account

We have set targets both for improving energy labels and for reducing carbon emissions for our mortgage portfolio. There is a relation between the energy label and how energy efficient a building is. In most cases, a higher the energy label means lower building-related carbon emissions. Our ambition is to increase the proportion of green energy labels in our mortgage portfolio, including by helping customers to make their homes more sustainable. We do this together with our partners. Our ambition is to bring the portfolio to an average A energy label as of 2030. Furthermore, we are aiming for our mortgage portfolio to be carbon-neutral, with net-zero carbon emissions, no later than 2050. This is in line with the Dutch government's climate ambitions. In 2022 we compared the mortgage portfolio of our banking business to a science-based transition pathway that is line with the Paris Agreement. Using the Science Based Targets Initiative (SBti) method we have calculated how much we need to reduce carbon emissions in order to have an almost carbon-neutral mortgage portfolio in 2050. As of year-end 2022 the portfolio had an average energy label of C.

Energy Efficient Mortgage Netherlands Hub (EEM NL Hub)

Achmea Bank and Syntrus Achmea signed up to the Energy Efficient Mortgages NL Hub (EEM NL Hub) in 2021. This is an alliance that includes mortgage providers, investors and service institutions from the mortgage sector. The EEM NL Hub was set up to interpret regulations on sustainability, such as the EU Taxonomy and the goals of the Paris Agreement, and to apply them to the Dutch mortgage and housing market. The EEM NL Hub published the first version of the Dutch energy efficient mortgage framework in October 2022. This document describes in detail the application of the EU Taxonomy on Dutch residential mortgages. For more information visit the EEM NL Hub website.

Principles for Responsible Banking (PRB)

Achmea Bank signed up to the United Nations' Principles for Responsible Banking (PRB) in 2022. These principles contain global frameworks for responsible banking and practical guidelines on how to achieve this. Banks can use these frameworks to align their activities with the Sustainable Development Goals (SDGs) and Paris Agreement. From 2023, we will report on the application of these principles in the Climate Impact Report of Achmea Bank.

In the subsection on our mortgage provider Syntrus Achmea, we describe in more detail how we put our sustainability ambitions for mortgages into practice.

Investments in real estate own account

It is important to us that our property portfolio is sustainable. We buy new sustainable real estate and invest in making our existing property portfolio more sustainable. In the case of investment properties, sustainability guarantees a high quality of life for current and future generations by making restricted use of natural resources and having a minimum negative impact on the climate. Sustainable real estate means properties with a good energy label and low carbon emissions. In the long term, the properties will also provide comfortable housing for a variety of target groups and make a positive contribution to the immediate (physical) surroundings.

ENGAGEMENTS AND VOTING

	ENGAGEMENTS				VOTING			
	NUMBER OF COMPANIES		NUMBER OF TOPICS		NUMBER OF SHAREHOLDER MEETINGS		NUMBER OF AGENDA ITEMS	
	2022	**2021**	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
On behalf of Achmea	125	134	176	175	698	754	10,033	10,586
On behalf of Achmea IM incl. Fonds-	147	143	202	186	3,188	1,399	34,791	16,649

[1] Achmea IM has itself been able to exercise voting rights in the Achmea IM Emerging Market Equity Fund since the autumn of 2021. Most voting activities take place in the spring. As a result, the number of shareholder meetings and agenda items is higher in 2022 than in 2021.

HOW WE CREATE VALUE FOR SOCIETY

We have set targets both for energy labels and for reducing carbon emissions for our property portfolio. Our goal is for the property portfolio to hold at least an A energy label by 2030. In doing so we want to achieve at least a 50% reduction in carbon emissions in 2030 versus 1990. We also aim to have a carbon-neutral property portfolio in 2050. As of year-end 2022, about 56% (2021: 57%) of the investment properties possessed an energy label of A or higher, 30% (2021: 29%) a B energy label and 9% (2021: 10%) a C energy label.

In the subsection on our real estate manager Syntrus Achmea we describe in more detail how we put our sustainability ambitions for real estate into practice.

External testing of responsible investment policy
As a co-signee of the UN Principles for Responsible Investment (PRI) since 2007, Achmea focuses on incorporating environmental and social principles and good governance into investment processes. Engaged shareholdership and transparency on realised results are important principles in relation to responsible investment as well. An annual assessment is carried out on compliance with these principles and this yields a rating. We use the outcome of the benchmark surveys as input for evaluating our SRI policy. Our ambition is to continue enhancing our performance in the coming years.

The Eerlijke Verzekeringswijzer (Ethical Insurance Guide) has assessed insurers' investment policies against a number of sustainability criteria divided into themes and sectors since 2013. In 2022, Achmea was ranked third in this survey, with an average score of 7.5 over 14 social themes (average score in 2020: 7.0). Achmea scored particularly well on the themes of health, nature, labour standards, corruption and taxes, but less well in relative terms on animal welfare, weapons and transparency. In addition to the general policy survey, the Eerlijke Verzekeringswijzer conducted a survey into the theme of biodiversity. At a score of 8, Achmea was in joint second place. Finally, the Eerlijke Verzekeringswijzer held its second survey of Dutch insurers on the theme of investments in fur and exotic leathers. Although Achmea does not possess any large positions in these, the report does show that there is room for improvement here.

Investor statement: availability of vaccines no longer optional

BRINGING HEALTHCARE CLOSER

Although the rules have been relaxed in the Netherlands, the Covid-19 pandemic is unfortunately not over yet and large parts of the worlds still have insufficient access to vaccines. This led Achmea IM to send a letter to Pfizer, Johnson & Johnson, Moderna and AstraZeneca in the spring of 2022. The letter called on companies to include the fairer distribution of vaccines in their remuneration policy. This action formed part of a broader engagement programme at Achmea IM on improving global access to medicines. In total, over 65 asset managers, pension funds and insurers with combined assets of € 3,000 billion joined this initiative.

Transparency on our investments
We believe it is important to be transparent about our Socially Responsible Investment policy. Every six months Achmea publishes a report on its pursued policy, the progress on the engagement programmes and realised performance. This report is published on our website. We also report on the contribution made to greenhouse gas emissions by the carbon footprint of our investments. In 2017 we began to measure the carbon footprint of our investments in equities and this was later expanded to include other investments. You can read more on this in supplement B.

Achmea Investment Management (Achmea IM)

Socially Responsible Investment (SRI) is more important than ever in our society. We can see this from the growing demand among our institutional clients for SRI services and from the increase in laws and legislation in this area. Achmea IM helps

Dilemma: Exclusion versus engagement

Achmea aims to make an impact in the real economy. This is why we do not immediately exclude companies when an ESG issue arises. While we would be sending a message by selling the equities of companies that do not meet the required norms, this would not change anything in the real economy. The equities would simply be bought by a different investor. We initially aim to meet our targets by encouraging the companies in which we invest to change their behaviour. This means that the companies in the portfolio need to take credible steps to make improvements on the identified ESG issue. We monitor this. Via engagement and voting at shareholder meetings we encourage companies to demonstrate a change in behaviour. We are aware that not all our engagement efforts will lead to the desired results. In this case we are forced to conclude that our influence as an investor is insufficient to get companies to make the necessary changes. We will then gradually divest ourselves of these companies and remove them from our portfolio.

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Shareholder resolution: transparency on lobbying activities

In 2022, together with other investors Achmea IM submitted a resolution to Gilead aimed at improving the transparency of its lobbying activities. The resolution received 49.9% of the votes at the shareholder meeting and a majority vote would have been obtained even if Gilead had not added the abstentions to the votes against the resolution. Gilead has informed us that it will issue a response to the outcome of the submitted resolution shortly.

institutional clients to set up, implement and report on SRI, to translate the relevant laws and legislation and provides practical instruments for this. Day-to-day implementation of Achmea's SRI policy and of those of its institutional clients is carried out by Achmea IM. This includes voting at shareholder meetings, conducting engagement on selected themes, screening and excluding controversial investments.

British NGO ShareAction carried out a global benchmark survey in 2022 of how asset managers voted on shareholder resolutions that shareholders should have supported in ShareAction's view. The survey group contained 68 of the biggest asset managers around the world. Achmea IM shared the number 1 spot as the asset manager that voted in favour of the most sustainable shareholder resolutions.

In addition to exercising voting rights at shareholder meetings, shareholders can submit proposals themselves. A shareholder proposal is a powerful mechanism for emitting a signal to the company in question. The option of submitting proposals has existed in the United States for some time now and there it is relatively easy to get a proposal placed on the agenda. During the 2022 shareholder meeting season, Achmea IM co-submitted a resolution at 5 companies, namely UPS, Gilead, Johnson & Johnson, TotalEnergies and Amazon. One example of this type of resolution is described in the box above.

Enhancing Achmea IM's country policy

In addition to the EU sanctions, in March 2022 Achmea IM decided to place Russia and Belarus on the SRI country exclusion list. This decision was taken under Achmea IM SRI policy and is based on normative frameworks in which EU sanctions served as a starting point. Aside from this, Achmea IM excludes countries that commit systematic and gross violations of human rights. The same applies to countries that violate the treaty on the non-proliferation. One handy guide when implementing the country exclusion instrument is the Sanctions Act 1977. When compiling the List of excluded country and company investments we also make use of the Freedom in the World Index, ITUC Global Rights Index and Corruption Perception Index. These indices show how countries perform on human rights, labour rights and corruption. As a result of the enhanced country policy, Achmea IM will exclude more countries, with greater attention being devoted to human rights, such as political rights and civil liberties. This is aligned with one of our spearhead themes, human rights.

Achmea IM's approach to biodiversity

An approach to biodiversity is urgently required, including for investors. Achmea IM works to retain and improve biodiversity via partnerships, (collective) engagement, ESG integration and exclusion. Together with our institutional clients we formulate policy and take steps in the investment policy. In the SRI update on the Approach to loss of biodiversity we describe the actions Achmea IM is undertaking in this area.

Spotlight: Achmea IM's approach to climate change

Climate change involves enormous risks, both physical risks and transition risks. Achmea IM wants to assume responsibility and actively contribute to a climate-neutral society. In early 2022 Achmea IM published its CO_2 preferences approach. We are aware that new developments are coming thick and fast and there are still many uncertainties, but there is a pressing need to act. In the SRI update on CO_2 reduction we list the actions that Achmea IM is undertaking in this respect (see here for more information). Achmea IM signed up to the Net Zero Asset Managers Initiative (NZAMI) in 2022. The NZAMI is an international alliance of asset managers committed to achieving an investment portfolio with net-zero carbon emissions in 2050, in line with the Paris Agreement's goal of a maximum temperature rise of 1.5°C. NZAMI members formulate reduction targets and report on their progress annually. Every five years the interim targets are reviewed and adjusted where necessary. The emphasis here lies on reducing CO_2 in the real economy and investing in climate solutions. Sharing knowledge among sector peers and engagement with clients on reduction targets are essential components of this.

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Syntrus Achmea Real Estate & Finance

Syntrus Achmea invests in real estate and mortgages on behalf of Achmea itself and on behalf of institutional investors and in doing so strives to opt for sustainable investments that earn a financial and social return. Syntrus Achmea launched its own Environmental, Social & Governance (ESG) strategy in 2019. In 2022 Syntrus Achmea published its second ESG Update Report in which it describes its progress on the targets set out in this strategy. In the autumn of 2022, Syntrus Achmea initiated a review of the extent to which the ESG Strategy from 2019 requires updating. A decision on this will follow in early 2023.

Real estate (including on behalf of third parties)
For the real estate portfolio the aim is to meet targets for energy labels and reductions in carbon emissions. Syntrus Achmea's goal is for its entire Dutch property portfolio to hold at least an A energy label in 2030. As of the end of 2022, about 74% (2021: 71%) of the property portfolios managed by Syntrus Achmea possessed an energy label of A or higher, 11% (2021: 12%) a B energy label and 14% (2021: 15%) a C energy label. Furthermore, in line with the Dutch government's climate goals, Syntrus Achmea aims to achieve a carbon-neutral property portfolio for all its institutional clients in 2050. Roadmaps have been developed to this end and these are updated every two years. In addition to energy consumption, Syntrus Achmea also monitors water consumption and waste. This is also an important component of the GRESB international sustainability benchmark.

The S for Social in the ESG policy for institutional investors is growing in importance. There is a mounting need for quantifying and measuring the social impact of property investments. This is being further stimulated by new regulations on ecological and social sustainability, such as the SFDR and EU Taxonomy. Although there are no regulations on making the S aspects transparent and measurable, Syntrus Achmea does this in a variety of ways. As an example, a Social Impact Monitor (SIM) has been developed together with Springco Urban Analytics. This can be used to report on our KPI 'improving the social impact (liveability) of investments' from our ESG strategy. The five biggest residential property portfolios have now been linked to the Social Impact Monitor. An initial score is available for each of the properties contained in these portfolios. This means that we can focus more accurately on improving the social impact of a portfolio or property. Annual calculation of the social impact will enable us to monitor and adjust the scores where necessary. In addition to the SIM, when it comes to the S of ESG Syntrus Achmea also focuses on the well-being and health of residents; it does this by forming communities, encouraging social cohesion and concentrating on building affordable rental homes.

Spotlight: GRESB

Syntrus Achmea participated in GRESB in 2022 via a range of funds and portfolios that invest in real estate: seven in Dutch properties and two in German properties. GRESB is the Global ESG Benchmark for Real Assets. All the Dutch funds and portfolios earned the highest rating of five stars; the German funds were awarded a rating of four stars. The Achmea Dutch Health Care Property Fund was named the most sustainable healthcare property fund in the world for the second consecutive year and may use the title of Global Sector Leader. The property portfolio of Achmea Pensioen- en Levensverzekeringen N.V. was ranked first in the Western Europe/Diversified Office/Residential/Core peer group.

Mortgages (including on behalf of third parties)
We want to help our mortgage customers to make their homes more sustainable. We inform customers of the options and potential savings involved in making their homes more sustainable when they take out a mortgage. A customer arranging a new mortgage is the obvious time to consider sustainability. Our customers can therefore finance energy-saving products as part of their mortgage. Via the Centraal Beheer Duurzaam Woongemak service we offer complete solutions: from personalised sustainability advice to realisation by skilled technicians. Customers receive customised advice via an online scan or online appointment with a sustainability advisor. We offer roof, wall and floor insulation and solar panels via a network of partners. We also assist customers with applications for subsidies or loans.

Customers do not immediately need to present a plan explaining how the sustainability budget will be spent when they apply for the mortgage. The additional amount can be kept in deposit for up to two years. If there is any money left after two years, we deduct this unused budget from the mortgage. This mortgage can exceed the property's market value up to a maximum of 106%. Under certain conditions, the amount borrowed along with the mortgage will also be excluded from means testing. In doing so we adhere to the standards set by the government.

Sustainability Advice is important to us. We encourage advisors to broach the topic of sustainability in their mortgage advice meetings. We monitor whether sustainability is included in the mortgage advice and how often an additional loan for sustainability measures is included as part of the mortgage. In 2022 we made thorough preparations for improving support to our customers and advisors. We have decided to introduce a discount for mortgages with an A+ energy label and a green loan component at an additional discount that customers can use to finance their sustainability measures. These changes will be implemented in 2023 and we will actively inform customers of the options and benefits of making their homes more sustainable via a green page in the mortgage offer.

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We also want to be more attractive to new build projects. To this end we have extended the offer deadline to twelve months (as of 1 January 2023). In 2022 we notified various customer groups of the options for making their homes more sustainable. Attens customers, for instance, were offered an extra discount of € 250 on insulating their homes via the Duurzaam Woongemak service.

RESPONSIBLE OWN OPERATIONS

Our employees and locations across the Netherlands mean that we are in a position to contribute to the sustainability goals. We aim to achieve carbon-neutral operations in 2030. We measure carbon emissions for all our own operations (buildings, car and air travel, paper consumption and waste, data centres and cloud services) and try to improve sustainability wherever we can. To this end, we implement energy efficiency measures, invest in our own sustainable energy generation, buy green power, but also reduce the mobility of our employees and make their travel more sustainable. In 2022 we achieved a 54% reduction in gross carbon emissions versus 2019 (2021: 57% versus 2019). We have compensated for the carbon emissions from our own operations since 2011. Nowadays this is done by purchasing VCS or Gold Standard certificates. For more information see supplement B. Detailed sustainability information, Information on our carbon footprint.

In 2022 we started our project Energy-neutral Apeldoorn in 2025. This will be the first of the locations we own to become energy-neutral. Investments from previous years, including the installation of a green roof on the Interpolis building in Tilburg and nearly 4,000 solar panels at our office in Apeldoorn, will contribute to this.

In addition, a few years ago Achmea signed a contract for purchasing heat from a new geothermal heat network in Leeuwarden. The results of exploratory drilling have been analysed in recent months.

We continue to work on making our fleet of lease cars electric. As of year-end 2022, 48% of the fleet of lease cars were hybrid or electric vehicles (2021: 35%).

Together with our suppliers we are working on sustainability by specifically addressing sustainability themes in our procurement policy and as part of our procurement process. Use of EcoVadis, a platform for suppliers, gives us insight into the sustainability performance of our (potential) suppliers and enables us to discuss this with them. In 2025 we want 80% of our impactful suppliers to possess a rating. We take a number of aspects into account when assessing whether a supplier is impactful to us, including the size of the contract, the contribution the supplier can make to Achmea's sustainability targets and/or sustainability in general.

We are making the area around our locations more sustainable by sharing knowledge and encouraging local (iconic) projects and innovations. Examples of these projects include boosting biodiversity at the locations in Apeldoorn and Zeist and participating in sustainability networks in e.g. Leiden and Apeldoorn.

TRANSPARENT AND RESPONSIBLE TAX AND FISCAL POLICIES

The payment of taxes is one of the pillars of a sustainable society. Transparency on taxation is important to us and this is why we publish our tax policy on our website, provide further information and explain how we act in accordance with this policy as well as how we manage our tax risks. Our tax position is also given in our financial statements and on our website.

We aim to be a responsible tax payer. This means that in every country in which we operate we seek to ensure tax laws are applied correctly and take into account the purpose and scope of the laws. The commercial reality of a transaction is the basic principle: profit is taxed where the profitable activity takes place. The responsible payment of taxes means that we ourselves have no wish to use structures aimed at reducing the effective tax rate, nor do we offer these to our customers. The Tax Transparency Report containing the full text of our tax policy can be found here (Tax Transparency Report).

INVESTING IN SOCIETY

We also invest in social engagement: supporting and protecting those people who need it. To this end, we make funds available to two foundations that were set up by Achmea but operate independently: the Achmea Foundation and Stichting Achmea Slachtoffer en Samenleving (SASS).

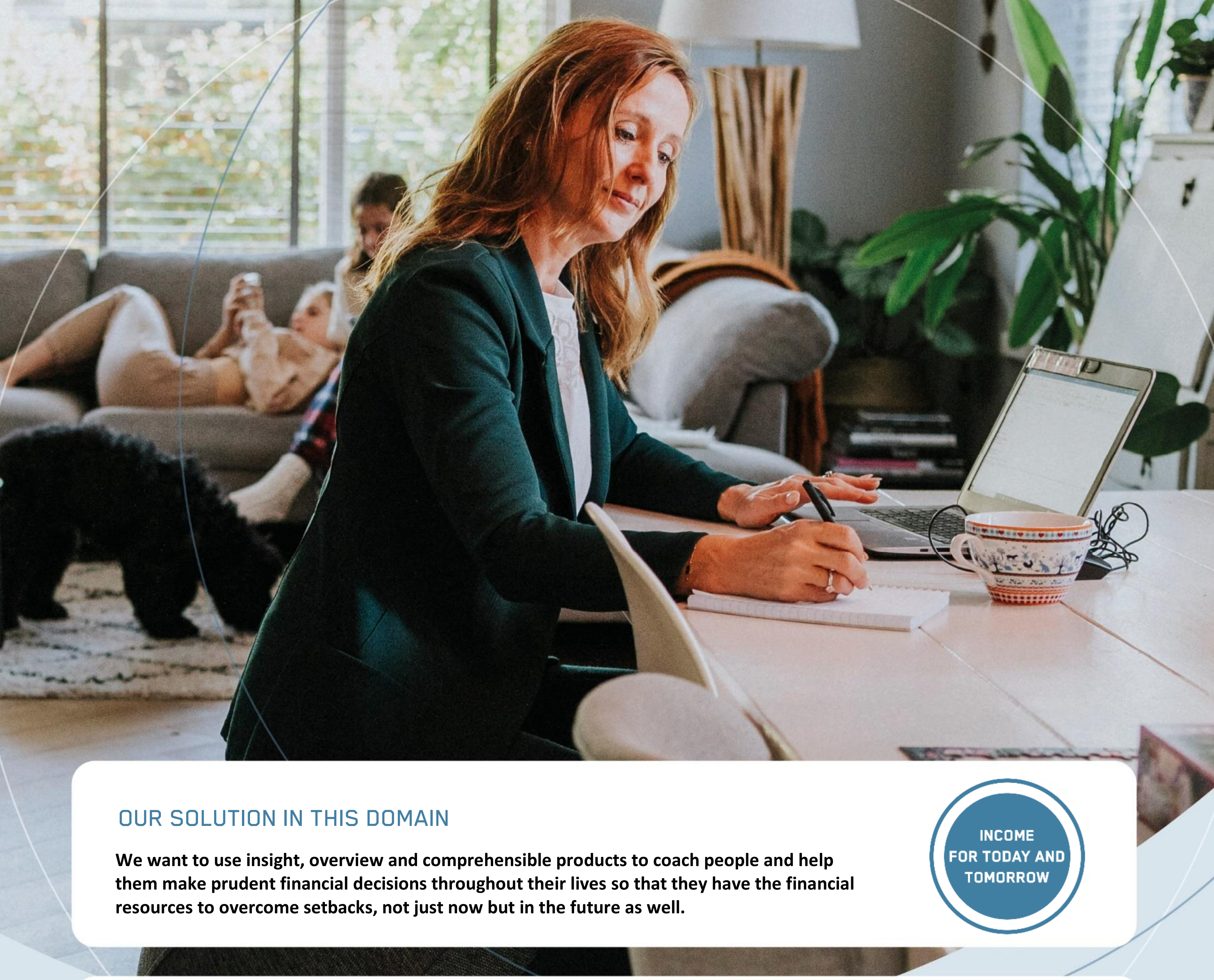
Achmea Foundation

Achmea Foundation was created in 2006 based on the conviction that everyone should be able to participate fully in society. Sustainable Living. Together - everyone deserves the chance to do just that. From health to income for today and tomorrow, for vulnerable people in the Netherlands but also those in the poorest countries in Africa. Achmea Foundation and Achmea are working together to create a world in which it is possible to live together sustainably. Achmea Foundation aligns itself with Achmea's purpose and can therefore help to boost Achmea's strategy. We do this via four programmes: 1) Achmea Foundation Impact Fund, 2) Expert Volunteer Assignments, 3) Achmea Voor Elkaar (for each other) and 4) ImpactPlus. In 2022 Achmea Foundation supported four new projects from the Impact Fund. About 30 colleagues carried out expert assignments in other countries in 2022. They used their specific expertise to help organisations progress. Four crowdfunding campaigns were held on the Voor Elkaar platform and hundreds of employees signed up to do volunteer work. A growth programme under the ImpactPlus programme enabled eight social entrepreneurs to develop further. More information can be found on www.achmeafoundation.nl.

Stichting Achmea Slachtoffer en Samenleving

SASS funds projects aimed at improving the position of victims in society. These projects contain three major areas for attention for victims: 1) respect for and alignment with the resilience and empowerment of victims, 2) a focus on restoring ties and confidence and 3) redress or rehabilitation. SASS focuses on: ‘Victims of domestic violence’, ‘Victims of sexual violence’ and ‘Victims of online crime’. The foundation also devotes attention to victims of serious traffic accidents and victims of medical errors. SASS particularly targets young people and other vulnerable groups who can benefit from boosting their resilience.

As in previous years, SASS again supported a number of projects in 2022. The projects supported by SASS have an impact. The results of the Fraud victimisation project, for instance, were submitted to the Lower House of the Dutch Parliament and attracted television media and press attention. The Online Outreach project was also in the news via television broadcasts on Undercover in Nederland, as was the project 0800-0188, sexual violence national helpline. Finally, the Waarom ga je niet weg (Why don’t you go away) project was nominated for a Golden Calf at the Netherlands Film Festival. In addition to these projects, social trends and events such as transgressive behaviour in the television sector have stressed the importance of projects that SASS has supported in the past, such as Chat with FIER (expertise and treatment centre for violence in dependent relationships). In this project, FIER and the Centre against Child Trafficking and Human Trafficking (CKM) have set up a chat function to make it easier for children and young people to tell their stories and accept help. For more information about SASS and the funded projects, please see www.sass.nl.



OUR SOLUTION IN THIS DOMAIN

We want to use insight, overview and comprehensible products to coach people and help them make prudent financial decisions throughout their lives so that they have the financial resources to overcome setbacks, not just now but in the future as well.

INCOME FOR TODAY AND TOMORROW

INCOME FOR TODAY AND TOMORROW: EVERYONE IN THE NETHERLANDS FINANCIALLY FIT AND EMPOWERED

We contribute to this domain in our role as an insurer, asset manager and provider of pension administration services. Our aim is to contribute to the practical implementation of the new pension system in the Netherlands. We link our expertise and practical experience of defined contribution schemes for pension funds to what is currently known about the new pension system. In 2022 we provided input on the Future of Pensions Act. We want to ensure that this new system is feasible in practice. We do this via the participation of our experts and specialists in committees of the Federation of Dutch Pension Funds, by briefing politicians, working together within the sector and publishing articles.

Achmea Pension Services wants to support customers by developing advisory services, product advice and communications for during and after the transition to the new pension system. Changes to pension schemes also have repercussions for the investment policy that is applied. In setting up the Pension Agreement Implementation programme, Achmea Investment Management has already started talking to customers about their planned transition to the new pension contract.

We also want to provide the most comprehensive range of pension solutions possible to employers. In 2022, Achmea acquired ABN AMRO Pensioeninstelling N.V. and continued the business under the name Centraal Beheer PPI. Achmea harbours the ambition of expanding the PPI over the next few years by using its distribution network and working intensively with the professional pension consultancy market. Under the new name of Centraal Beheer PPI, the focus will be on employers that want to offer their employees a DC pension scheme. This comprises an individual investment account per employee that the employer tops up with extras, such as insurance for non-contributory pension accrual in the event of disability and a partner’s and orphan’s pension.

HOW WE CREATE FINANCIAL VALUE

INDICATOR	2022	2021
Solvency (SII ratio)	209%	214%
Proposed dividend on ordinary shares	€ 0.00 per share	€ 0.46 per share
Interest expenses on debt securities issued	€ 30 million	€ 30 million
Interest expenses on instruments entrusted	€ 41 million	€ 42 million

As a major financial services provider, we believe it is important for all our stakeholders that we have a robust financial position and earn sound financial results in the short and long term. We offer our customers financial security and enter into long-term relationships with them. Our customers rely on us to be able to give them that security when they need it. This might be immediate, for instance on a visit to the dentist, but also dozens of years later when a customer decides to retire. We use the majority of the premiums we receive to compensate for damage or loss and to pay benefits. For instance, within our health business we paid out 96% of the premiums that we received over 2022 to compensate for healthcare related expenses.

Financial performance is important to the continuity of our company so that we are able to meet our liabilities to all stakeholders. Within this we need to maintain a balance between administrative costs, profits and solvency on the one hand, and premium levels on the other. Poor financial performance can have a negative impact on our capacity to invest, restrict our ability to innovate as well as adversely affect continuity. It is also important that we also have sufficient funds to be able to absorb any catastrophes properly. In addition, robust capital buffers are essential to being able to meet our liabilities in the future.

In addition to being an insurer, Achmea is an innovative broad financial provider. We invest in our employees and in developing new products and services to this end. This requires capital, part of which is derived from the profit we make and from the capital released each year through the run-off of our pension and life insurance book. Through investment we make our company even more future-proof and remain relevant to society, our customers and our employees.

Our primary financial stakeholders are our shareholders, bondholders and credit rating agencies. Our results and/or healthy reserves enable us to meet our financial obligations to our shareholders and bondholders as well. A sound credit rating allows us to borrow at a favourable rate on the capital market. These low financing expenses in turn help us to offer our insurance products at competitive prices. When formulating our financial strategic goals, we take into account the wishes and needs of all our stakeholders: the estimated financial liabilities to customers, the personal and professional development of our employees and the predictable payments to our financial stakeholders. Our target annual return is a reflection of these wishes and needs.

ISSUED BONDS AND OTHER CREDIT FACILITIES

Achmea has issued a wide range of capital and liquidity instruments. These include ordinary and preference share capital, hybrid capital and internal and external loans. In 2019 Achmea arranged a sustainably-linked credit facility. The facility amounts to € 1 billion, has a five-year term as of the issue date and includes options for two one-year extensions. Sustainability targets are linked to this credit facility. Achmea set up a Green Finance Framework (GFF) for green funding in 2022. The GFF can be found on our website. Achmea intends to allocate the proceeds from the funding instruments issued under the framework to sustainable mortgages and/or investments related to new and existing energy-efficient homes in the Netherlands and energy-efficient commercial properties in and outside the Netherlands. The GFF is based on the Green Bond Principles (ICMA, 2021) and Green Loan Principles (LMA/APLMA, 2021) and has been externally rated by ISS ESG. A Second Party Opinion is available for this. The methodology has also been assessed by CFP Green Buildings. Achmea issued a total of € 500 million in senior Green Bonds under this framework in November 2022.

FINANCIAL POSITION AS OF YEAR-END 2022

More information on the performance of Achmea and the individual segments is included in the section Group and segment performance in this annual report.

BRINGING HEALTHCARE CLOSER

CAREFREE LIVING & WORKING

GROWING OLD HAPPILY THE ACHMEA WAY - CAMPAIGN

Achmea, Syntrus Achmea and Zilveren Kruis work together on providing a healthy and suitable home for senior citizens. One way we do this is via our ‘A healthy home for all senior citizens’ campaign. This draws attention to the shortages on the housing market and the pressure on medical personnel and informal carers.

Social issue	5 year ambition (defined in 2021)
A healthy home for all senior citizens	Senior citizens can choose where they want to grow old healthily and happily thanks to Achmea’s involvement in the construction of attractive, healthy lifetime homes via Syntrus Achmea, Zilveren Kruis, Centraal Beheer and Interpolis

The Netherlands has a housing shortage and existing housing stock does not match the forecast growth to 5 million senior citizens, 1.8 of whom live alone in 2040. To help create suitable homes for senior citizens, Syntrus Achmea is investing in lifetime homes.

The Nieuwe Sint Jacob was opened in Amsterdam-Oost in 2022, for example. On behalf of the Achmea Dutch Health Care Property Fund (ADHCPF), Syntrus Achmea also bought a portfolio containing 32 residential care complexes. The locations are adapted to local demand for healthcare, enabling senior citizens to receive care in familiar surroundings. This type of housing provides accommodation for a maximum of 22 residents per location.

In addition, we help senior citizens to continue living independently for longer with the aid of the Eurocross personal alarm system that is evolving into a Medical Service Centre offering facilities such as an online doctor and remote monitoring. Rabobank and Interpolis support senior citizens in staying healthy at home via the IkWoonLeefZorg platform. Here they can find information on living independently for longer, healthcare and assistance, finances as well as social activities This gives them insight into potential solutions for their personal situation. Together with Rabobank we have taken this platform to the next level. It is now more closely aligned with the strategic themes of Rabobank, Interpolis and Achmea, such as fire safety, cycling safety, good health and healthcare.

OUR APPROACH TO CLIMATE CHANGE

Achmea aims to make sustainable solutions accessible to its customers through its 'Sustainable Living. Together' vision. This is our way of showing that we are assuming responsibility for the world of tomorrow. We think it extremely important to actively contribute to the goals set out in the Paris Agreement: to restrict the average global temperature increase to a maximum of 1.5 to 2°C. As a society we can only achieve these goals through working together.

Climate change has an impact on Achmea in a variety of ways. We are seeing an increase in the amount of damage: physical damage to the built environment, but also economic, social and health-related damage. This has repercussions for our customers (consumers/employers), for our partners as well as for Achmea itself. Climate change also affects the development of (sustainable) new products and services by Achmea and other parties and the insurability of them. This section gives insight into the impact of climate change on Achmea. We do this on the basis of the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). More information on the impact of climate change and data for measuring this impact will become available in the next few years. This will enable us to be increasingly accurate about realising our transition targets and key data.

Governance in relation to sustainability policy (including climate)

End responsibility for our sustainability policy and corresponding climate-related issues lies with the Executive Board. The Supervisory Board supervises this process. In 2021, the Executive Board set up the Achmea Sustainable Together programme to implement Achmea's sustainability ambitions and corresponding plans and activities, including climate-related issues. The programme has separate workflows for the individual activities: (1) Insurance and services, (2) Investing and funding and (3) Internal own operations. In addition there are separate workflows for Achmea's foreign entities and for creating internal mobility. All the relevant segments are represented in the workflows. Each workflow has defined long-term ambitions and translated these into annual targets and activities. Responsibility for each workflow lies with a member of the Achmea Directors' Council. The programme is under the direction of a Programme Board. This supervises implementation of the sustainability ambitions and monitors progress on these. The Programme Board, which comprises the workflow chairs, directors of a number of segments and two members of the Executive Board, takes decisions on sustainability policy and plans. The Chief Risk Officer heads the Programme Board on behalf of the Executive Board and reports to it on a quarterly basis. All impactful decisions made by the Programme Board are presented to the Executive Board for adoption. A range of consultative bodies advise and support implementation of the workflows. In addition, the Sustainability Laws and Legislation steering committee helps to ensure Achmea's timely compliance with (future) legislation governing sustainability. The risk management process for damage or loss caused by weather conditions, something that needs to be taken into account under climate change, is embedded in the line organisation. Catastrophe models are used to quantify the risk in accordance with the internal model approved by De Nederlandsche Bank (DNB). The Catastrophe Risk Expert Panel advises on the choice of model and parameters and expressly includes climate change in the choices it makes. The internal model acts as input for setting premiums and defining the reinsurance programme. Achmea Reinsurance is the centre of expertise for reinsurance within Achmea and advises the insurance entities and the group on the reinsurance programme. Decision-making at group level is prepared by the delegates for reinsurance.

Organisational chart for governance sustainability themes

Climate strategy

In 2021 Achmea formulated its climate transition strategy for achieving carbon neutrality. This strategy was set out in Achmea's Climate Transition Plan in 2022 (more information can be found here), which contains action plans and objectives.

Our strategy is aimed at making ourselves, our customers and society more resilient to the consequences of climate change and stimulating and facilitating the transition to a carbon-neutral society. Achmea aims to help its customers to restrict the negative impact of climate change as much as possible. This is in the interest of both customers and Achmea. In the interest of customers, as it means they do not have to face the direct and indirect repercussions of damage or loss, and

Spotlight: Our climate transition strategy for achieving carbon neutrality

Our goal is to achieve carbon neutrality in our own operations in 2030; for our investments in businesses (equities and credits) in 2040 and for the other relevant asset classes we hold for our own account and our insurance portfolio no later than 2050.

in the interest of Achmea, as it enables us to control the cost of claims and other insurance-related payments and in doing so keep insurance affordable for our customers. When it comes to climate risks, Achmea distinguishes between physical and transition risks (see the table below).

Challenge: Climate-related risks

Physical risks

These are the risks relating to the physical effects of climate change. They may be event-driven (acute), such as an increase in extreme weather conditions (e.g. drought, flooding), but also relate to a long-term adjustment (chronic) to e.g. temperatures, precipitation and rising sea levels and greater variability in weather patterns.

Transition risks

These are the risks relating to the transition to a low-carbon global economy. They are connected to policy changes by e.g. governments and legislative measures, technological changes, the response from markets and reputational damage.

Description of climate risks and opportunities and impact on our strategy

Climate change affects the insurance business, investments and Achmea's own operations in a variety of ways. The table on the next page lists the activities that are expected to be affected most by climate-related risks and the financial climate-related risks we recognise for the short, medium and long term.

Yet climate change can also yield opportunities. Achmea wants to offer insurance and services that help to prevent or restrict the financial repercussions of climate change and reduce our overall carbon footprint. One way we do this is by creating greater awareness via a survey of the 'climate resilience' of homes in the Netherlands (the Climate Adaptation Monitor) to inform people of the potential consequences of climate change. We also offer services that inform customers in the Netherlands of options for saving energy or switching to sustainable energy sources, such as the sustainability scan that forms part of Centraal Beheer's Duurzaam Woongemak service and the Green roofs proposition via Interpolis. We want to take sustainability into account as much as possible when repairing damage. And we try to avoid future damage, for instance by using glass that shatters less easily when repairing greenhouses. When granting mortgages, we offer the option of financing up to 106% of the property's market value to give our customers greater financial flexibility for making their homes more sustainable. We also want to educate the Netherlands on how to prevent or restrict damage or loss caused by climate change. Read more on this in the section Our value creation - How we create value for our customers.

In the subsections below we describe the corresponding climate risks for those activities that are expected to be impacted most: Insurance and services and Investments and funding. There are also other risks besides financial risks, including reputational risk and operational risks. Operational risks, for example, involve the continuity of customer service in the event of a major disaster. These risks may be hard to quantify (reputational risk) and/or be assessed as being low (operational risks) and are therefore not included in the description below.

Insurance and services

As can be seen from the table, the financial impact of climate-related risks is particularly uncertain in the long term. This applies to both physical and transition risks. We expect there to be a smaller financial impact on the health business and pension and life insurance business. Due to the terms and conditions of health insurance coverage and the way in which premiums can be adjusted (annually) to gradual developments, the relative impact in the short and medium term does not seem to be significant. Achmea likewise estimates that climate change will have a small impact on the life insurance portfolio. However, the impact of climate change involving potential periods of heat and cold could have repercussions for our life insurance portfolio via the effect on mortality risk. The mortality rate rises during heatwaves or severe winters. Climate change is causing heat-related excess deaths to increase and cold-related excess deaths to decline. These effects will partially cancel each

SUSTAINABLE LIVING, TOGETHER

THE achmea WAY

Spotlight: Rabobank and Interpolis in joint drive to make the food chain more sustainable

The intensive collaboration between Rabobank and Interpolis/Achmea dates back several decades. Both companies have a cooperative background. Rabobank focuses on sustainability from its role in society. For example via the Rabo Carbon Bank, which Rabobank wants to use together with its partners and customers to improve sustainability in the food chain via initiatives that reduce carbon emissions and/or remove CO_2 from the atmosphere. Interpolis is also heavily involved in doing business sustainably (and safely) and has been a launching partner of the Rabo Carbon Bank for 3 years. This means that we help by providing practical support and buying carbon credits.

OUR APPROACH TO CLIMATE CHANGE

other out, resulting in a minor impact on our life insurance liabilities. Climate-related risks are mainly relevant to our property & casualty insurance business.

Both physical risks and transition risks play a role in property & casualty insurance. In the case of *physical risks* it is possible to distinguish between the volatility of weather-related risks and trends within these. With respect to climate change, this involves the trend in events (potentially) becoming more serious or more frequent.

Climate change will cause weather conditions to change, although it is not yet clear by how much or exactly when this will happen. Climate change will probably lead to heavier thunderstorms with extreme rainfall or hail and strong gusts of wind, but also to extended periods of drought. Furthermore, we can identify a global slowdown in the speed at which low pressure areas move which, if these are accompanied by precipitation, can cause a great deal of flooding. In the long term, climate change could also increase the risk of flooding owing to rising sea levels.

In the Netherlands, the risk of flooding due to the failure or a breach of primary flood defences, i.e. dikes, dams or dunes offering protection from the sea, large inland waterways or major rivers, is excluded for building and contents insurance but covered under hull insurance for motor vehicles, for example. Since 2021, Achmea has opted to include cover for damage caused by flooding due to a failure in non-primary flood defences in building and contents insurance policies for retail customers and since July 2022 for building and contents insurance policies for businesses. This allows Achmea to offer its customers greater security. Adaptive measures taken by the Dutch government as part of the Delta Programme reduce the flood risk. On balance, this means that climate change is not expected to have a severe effect on flood risk in the next few decades, but it is harder to estimate the impact in the second half of this century.

In addition to flooding, periods of drought are also likely to become more common in the Netherlands. The consequences of drought, such as a drop in groundwater levels or soil subsidence, are not covered under a building

Expected financial impact		Short term (0-5 years)	Medium term (5-10 years)	Long term (> 10 years)
Property & casualty insurance (including greenhouse and incoming reinsurance)	Physical risks	Minor impact on cost of claims owing to annual adjustment to contracts	Minor impact. This could grow as a result of more frequent and more severe events. Could lead to increased premium pressure.	
	Transition risks	Minor impact owing to annual adjustment to insurance contracts	Minor impact owing to annual adjustment to insurance contracts Impact could grow as a result of new risks relating to new products	
Health insurance	Physical risks	Minor impact owing to annual adjustment to contracts	Minor impact owing to annual adjustments	
	Transition risks	Minor financial impact owing to annual adjustment to insurance contracts. Reduced air pollution could yield potentially positive health effects. Impact not expected to be large at a national level.		
Pension & life insurance (incl. income protection insurance)	Physical risks	Minor impact	Minor impact	Minor impact but uncertainty is growing.
	Transition risks	Minor impact. Reduced air pollution could yield potentially positive health effects. Impact not expected to be large at a national level.		
Investments – equities and credits	Physical risks	Minor impact owing to diversification and liquid portfolio for quickly making adjustments as new developments occur	Minor impact owing to diversification and liquid portfolio for quickly making adjustments as new developments occur. Uncertainty is growing.	
	Transition risks	Minor impact owing to lack of consensus on carbon pricing and limited fossil exposure. Sound diversification and liquid portfolio for quickly making adjustments as new developments occur. Use of engagement and exclusion	Minor impact but uncertainty is growing. Sound diversification and liquid portfolio for quickly making adjustments as new developments occur. Use of engagement and exclusion Low risk of stranded assets	Uncertainty is growing. Sound diversification and liquid portfolio for quickly making adjustments as new developments occur. Use of engagement and exclusion. Growing risk of stranded assets
Investments – real estate and mortgages	Physical risks	Minor impact. Small portion of mortgage portfolio classed as high risk due to pile rot, flooding and subsidence	Minor impact but uncertainty about potential impact of the effects of climate change on real estate is growing. Hard to estimate longer-term flood risk. Stranded assets could be an issue for specific locations.	
	Transition risks	Minor impact owing to drive to improve energy labels. (Even) distribution of portfolio according to energy labels relevant to mortgage portfolio	Minor impact owing to drive to improve energy labels and make portfolio more sustainable. Uncertainty is growing.	

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and contents policy and at the same time it is difficult for owners to mitigate these. In Greece, Turkey and Australia in particular, the growth in periods of drought is increasing the risk of wildfires.

The effect of climate change on tropical cyclones is not entirely clear, but there are indications that these tend to move more slowly and are accompanied by more precipitation, which is pushing up the cost of claims. This has repercussions for Achmea Farm Insurance in Australia and for Achmea Reinsurance's incoming reinsurance portfolio.

Climate change has an impact on the insured building risk. Social trends will lead to injured parties and other stakeholders increasingly attempting to hold 'those responsible' liable for the consequences of climate change. Climate change will therefore also have an indirect impact on the liability risks of authorities, especially municipalities, water companies and property owners, but also company directors who, in the eyes of the stakeholders, have failed to take (adequate) measures to mitigate the consequences of climate change.

The above trends will have an impact on the future cost of claims for Achmea. We take this into account in the models we use to calculate premiums and select reinsurance programmes. The annual renewal of property & casualty and reinsurance contracts enables us to manage the corresponding risks effectively and to make timely adjustments.

All these trends will have an impact on our customers. An increase in the frequency and severity of extreme weather events in the long term may undermine the affordability of property & casualty insurance. At present, Achmea does not anticipate property & casualty risks currently covered by insurance becoming uninsurable in the Netherlands as a result of climate change.

Transition risks for property & casualty insurance could arise due to changes on the road to a low-carbon economy. New green energy technologies will gradually replace fossil-based technologies. This will transform the energy market and, in turn, the nature of insured assets. This might include solar panels, heat pumps etc. Research and development are therefore required in order to anticipate these changes. Research conducted together with VU University Amsterdam and the Royal Netherlands Meteorological Institute (KNMI) into the damage hail inflicts on solar panels is one example of this. New technology brings other new risks with it as well, such as the potential fire risk of electric charging stations in the garages of apartment complexes. Achmea is monitoring these trends and developments, which could have repercussions for insurance terms and conditions, premiums and acceptance. Achmea provides its customers with information on potential risks.

SUSTAINABLE LIVING, TOGETHER
THE achmea WAY

Spotlight: Prevention services for businesses

Sustainability is important to many businesses. A growing number of businesses are investing in solar panels in order to generate electricity sustainably and keep their electricity bills affordable. A positive trend, in which a focus on insurability and making properties more sustainable safely is also important. This is because all these sustainable - primarily electric - applications, such as solar panels, involve new risks. These include fires caused by unsafe or outdated electrical systems, leaking roofs caused by roofing material that does not meet the correct safety standards or storm damage. We support these businesses by offering prevention services so that they can become more sustainable safely. Together with businesses, partners and experts, we are developing solutions that help to create a safe and sustainable working environment, such as electric wiring inspections and green roofs.

Investments and funding
As can be seen from the table, this activity involves various asset classes: equities and credits, real estate and mortgages.

Physical risks play a role in the investments in equities and credits. The negative effects of climate change, such as storms, precipitation, drought or flooding, can affect the results of the companies in which we invest. This can lead to a decrease in the value of a company or even to the company going bankrupt. Achmea holds an extremely diversified investment portfolio that serves to restrict the financial impact on us when these physical risks occur at individual companies. Moreover, our investment teams monitor the ESG risks to which the companies in the portfolio are exposed and we can use this to information to adjust our position accordingly. Finally, Achmea expects the companies in which we invest to pursue a sound climate policy in their own interests as well. Achmea exerts its influence here through engagement and its voting policy.

Transition risk is the most dominant risk in the investment portfolios. Transition risks may arise in corporate investments in the short term, especially if they are the result of abrupt policy changes and/or new attitudes to sustainability in society. Governments and regulators have begun to develop proposals to guide business and funding activities and convert them into more sustainable alternatives. The European Commission's action plan for financing sustainable growth is an example of this. Changed attitudes to sustainability in society can, for example, be a consequence of the activities of climate action groups. The above transition risks can cause investments to drop in value (temporarily or otherwise) or become completely worthless (known as 'stranded assets'). The latter is more of a long-term issue.

Due to diversification across companies, sectors and regions in our investment portfolio, as well as the high liquidity of the majority of our investments, we estimate the financial impact of transition risks to be small in the short term. As the required global political consensus is currently (still) lacking to introduce climate-related policies in the short term (e.g. a carbon tax), we expect that any financial impact would be further restricted in the short term. Furthermore, the utilisation and commercialisation of technological breakthroughs is slow.

Achmea expects climate change to occur gradually. This gives it the opportunity to adjust its investment strategy for equities and credits in plenty of time from a risk and return perspective. However, unforeseen energy transition developments in the short term could create temporary or more prolonged volatility on the financial markets that could in turn affect investment valuations.

Via our investment strategy we want to make an impact while reducing our exposure to carbon-intensive sectors. We do the latter by excluding certain companies from our investment policy for equities and credits, but also by engaging in dialogue with companies on their impact on climate change. The fossil sector is coming under particular scrutiny. In 2021 Achmea formulated its climate transition strategy for investment in companies. A gradual reduction in exposure to carbon-intensive sectors will reduce the risks associated with them.

Physical risks play a role in real estate, as damage caused by e.g. heat, precipitation, drought or flooding can have an impact on the value. Over the past few years, Achmea has taken steps to provide insight into the climate effects on its real estate portfolio. Data from Climate Adaptation Services (CAS) was used to obtain insight into six climate effects and we conclude that these risks are currently limited. Government measures could effectively restrict the effects of all these risks. The long-term effects are difficult to estimate, as they are for property & casualty insurance.

Transition risks occur in real estate as a result of technological developments and policy adjustments. Like other sectors, the property sector is facing tougher requirements for energy efficiency, which can directly impact value. We make sure we remain one step ahead of laws and legislation in our investment policy and aim to make an impact.

The credit risk-related physical risks of the mortgage portfolio are collateral-specific. The location and other building-specific features are of importance to the exposure to several types of physical risk, including foundation problems (pile rot, subsidence) and flooding. A risk assessment shows that only a small portion of the in-scope customers has a high risk score.

Transition risks are harder to pinpoint than physical risks, with trends in house prices being relevant to mortgage portfolios. These will be driven by transitions, such as regulations governing the marketability of residential properties with specific energy labels or the preference of households for living in energy-efficient housing. As a result, the prices of homes with better (green) labels will probably evolve more positively than the prices of those with poorer labels. It should be noted that energy labels are a proxy for energy efficiency and energy consumption. In the long term, better indicators may become available that reveal price effects more accurately.

Risk Management (including the resilience of our strategy)

In 2022 we continued to work on embedding climate change risks in Achmea's risk framework (see our section on Risk management for a general description of how Achmea manages the risks to which it is exposed). We have incorporated the recommendations of EIOPA application guidance on quantitative and qualitative risk analysis for climate change into the so-called Own Risk and Solvency Assessment (ORSA).

Climate change risk (as a component of sustainability) was explicitly incorporated into various risk management policy documents in 2022. At the moment this is most visible via the Strategic Risk Assessment (SRA) and the climate section in the ORSA. The climate section of the ORSA provides a comprehensive overview of the potential impact of climate change and energy transition, initially on a qualitative basis, for Achmea in the short (0-5 years), medium (5-10 years) and long term (> 10 years). It provides insight into the climate sensitivity of our insurance portfolio, investment portfolio and internal business operations from a strategic, financial and operational perspective (see table in the subsection Climate strategy).

In addition, the ORSA gives insight into the impact of natural disaster scenarios (e.g. extreme weather conditions) in the short term for the property & casualty insurance businesses within our group.

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Attention is also devoted to long-term climate scenarios. In 2021, Achmea explored the long-term climate scenarios for the Dutch property & casualty portfolio. The insights obtained then had not changed in 2022. Using a qualitative approach, the relationship between climate change and the potential claims impact per insurance sector was first established for each climate-related type of risk. The outcome is shown in the table of the next page. We established that the cost of claims due to hail may be particularly sensitive to climate change in the long term.

Based on an analysis of the *current claims data* in the internal model, we can conclude that a large portion of the current cost of claims derives from causes other than weather-related causes such as storms, hail and flooding. For example, over 80% of the total claims for buildings and contents comes from non-weather-related causes such as fire and burglary. About 10% of the claims relate to winter storms, which according to the Royal Netherlands Meteorological Institute (KNMI) are largely insensitive to climate change. Approximately 10% of the claims are sensitive to other weather-related causes that are often linked to thunderstorms (extreme rainfall, hail, strong gusts of wind). These causes are sensitive to climate change. The weather-related portion is dominant in the greenhouse industry.

For weather-related causes such as storms, precipitation and hail, an indicative calculation of the higher cost of claims was made for the most likely Representative Concentration Pathways (RCP) 4.5 scenario (increase of nearly 3°C in 2100) and the worst-case RCP 8.5 scenario (increase of nearly 5°C in 2100) based on insights from a recent scientific study on storms and hail scenarios in the 21e century. The cost of claims is 30% higher for the RCP 4.5 scenario and 60% higher for the RCP 8.5 scenario. Results suggest that the rise in the cost of claims for fire insurance and hull insurance for motor vehicles will still be relatively small. The increase will be considerably larger for hail insurance and greenhouse industry insurance, but in the latter tempered glass offers highly effective protection against small and medium-sized hailstones.

One uncertain factor is the availability of reinsurance capacity at reasonable premiums. At the moment a hardening of the insurance market is taking place, partly in response to the high rate of inflation, negative investment results and an increase in claims. Reinsurance capacity is currently declining and premiums are rising as a result of this. We expect there to be enough available reinsurance capacity at reasonable premiums over the next few years but potentially with higher own retention.

EXPERT ASSESSMENT OF VULNERABILITY OF PROPERTY & CASUALTY INSURANCE (BASED ON COMBINATION OF EXPECTED CLAIMS AND EXTREME SCENARIOS)

RISK	CHANGE	VULNERABILITY							
		Home	Vehicle	Recreational crafts	Business building/ contents	Business interruption	Greenhouse	Outdoor crops	Transport
Winter storms	=	***	**	*	***	**	**	*	**
Summer storms	⇧	**	*	*	**	*	**	*	*
Lightning	⇧/=	*	*	0	**	**	*	-	*
Hail	⇧/=	**	***	*	**	*	***	***	*
Precipitation	⇧	**	*	0	*	*	0	***X	*
Flooding: primary	⇧/=	-	**	*	-	-	-	-	*
Flooding: non-primary	⇧/=	**	*	*	**	**	**	-	*
Snow/frost	⇩	*	*	*	**	**	***	-	*
Drought	⇧	-	-	-	-	-	-	***[1]	*
Wildfire	⇧	*	*	0	*	*	*	*	0

⇧ Increased risk
⇩ Decreased risk
= Risk unchanged or unclear

*** Extremely vulnerable
** Moderately vulnerable
* Somewhat vulnerable
0 Immune
- Not covered

[1] Cover for drought and precipitation for outdoor crops only offered in Belgium

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In 2022 we obtained initial insights for the investments on the basis of CVaR (see box). We started with the equity and corporate bond portfolios. For the 1.5, 2 and 3°C scenarios, calculations were carried out to obtain insights into the size of potential capital losses and the extent of relative differences between sectors and companies. The data will be updated periodically based on the portfolio levels and adjustments to the model or expansion of data (e.g. to include government bonds).

Spotlight: Approach based on Climate Value at Risk (CVaR)

In collaboration with Achmea Balance Sheet Management, Achmea Investment Management started developing a CVaR-based approach for quantifying climate-related physical and transition risks at the end of 2021. CVaR aims to estimate the sensitivity of the investment portfolio's market value to climate risks and opportunities posed by different climate scenarios. The model that is currently used only focuses on Achmea's equity and credits portfolios.

Initial insights were obtained in 2022. This instrument is expected to grow in value over time. For now, these insights are indicative and no firm conclusions can be drawn from them.

Internal model

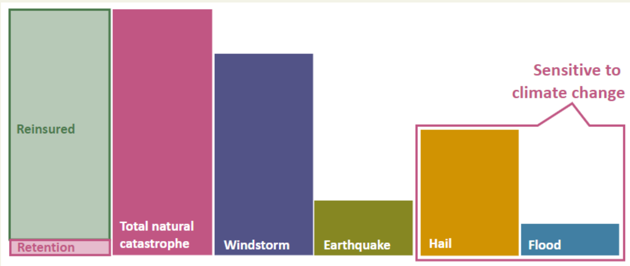
As described above, Dutch property & casualty insurance policies are especially sensitive to windstorms, hail, extreme rainfall and flooding. For these risks, Achmea has developed an internal model for solvency calculations that has been approved by De Nederlandsche Bank (DNB). The table below lists the risks for the main Dutch portfolios as quantified using the internal model.

	BUILDING & CONTENTS	GREENHOUSE	HULL INSURANCE FOR MOTOR VEHICLES
Windstorms	√	√	√
Hail and extreme rainfall	√	√	√
Flooding			√

The internal model is based on externally developed vendor models for windstorms and hail for the exceptionally large claims and on Achmea's own claims history for the relatively frequent claims. The vendor models translate meteorological simulations into claims within the portfolio and yield a probability distribution for the cost of claims. By correcting for the upward trend in claims history that corresponds to extreme weather conditions, the quantification of risk is adjusted to long-term changes to the weather. We use a proprietary model to calculate the flood risk.

The internal model is used for solvency calculations and also for other purposes, such as premium calculation and input for the choice of structure and the scale of reinsurance cover. Winter storms are the biggest catastrophe risk for our Dutch insurance entities. Major storms mainly occur in the Netherlands in the period from October to March. Climate change has a minor effect on winter storms compared to natural fluctuations. The scale of the reinsurance programme purchasing for the group is primarily defined by the windstorm risk. Even major hail damage that occurs once every 200 years still comes well within the reinsurance cover that is dominated by winter storms. This applies to all catastrophe risks, including the flood risk. This makes Achmea less financially sensitive to the risks caused by climate change.

See below for a stylised depiction of this:



Flood risk is increasing in Greece, Turkey and Australia as a result of the higher risk of extreme precipitation. Interamerican Greece is developing a weather-related claims database aimed at revealing climate risk at the level of individual addresses. The risk of wildfires is also growing in Greece, Turkey and Australia. The financial repercussions for Achmea from the cost of claims for these risks are mitigated by means of reinsurance.

Key indicators and targets

Achmea reports a number of key indicators in order to gain insight into the effects of climate change, climate-related risks and/or progress on the transition strategy. It has also set targets for some of these.

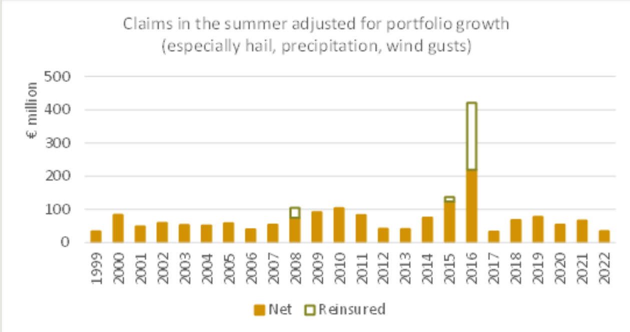
The figure on the next page depicts the growth of weather-related claims in the Netherlands before and after reinsurance, adjusted for portfolio growth, divided into claims in the winter (mainly windstorms) and summer (mainly claims relating to thunderstorms, such as hail, extreme rainfall and strong winds). The figure shows that while it is not possible to discern a clear trend in the winter claims it is in the summer claims. These claims, adjusted for the trend for the summer, serve as input for the internal model and as such are included in the solvency calculations, premium calculations and choice of reinsurance programme.

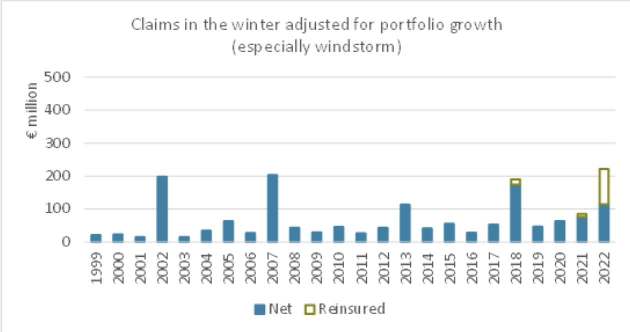
OUR APPROACH TO CLIMATE CHANGE

Achmea measures its carbon footprint. We do this for our own operations but also for so-called Scope 3 carbon emissions. Measurement of the Scope 3 carbon emissions includes those emissions that correspond to (some of) the own risk investments and investments backing linked liabilities. This year we formulated climate action plans to reduce our carbon footprint that contain tangible targets (see here for more information). Another important component of the Scope 3 carbon emissions is formed by those emissions that correspond to our insurance policy. In 2022, we examined how we can measure the carbon emissions of a portion of our portfolio based on the methodology described in the documents published by PCAF. We will follow up on this in 2023. More information on our carbon footprint can be found in supplement B (in the section Information on carbon emissions in relation to our own operations and in the value chain). The section Value creation - How we create value for society contains more information on how we aim to contribute to reducing CO_2 via our own operations, including via solar panels and increasing the number of electric and hybrid cars in our fleet of lease cars.

In addition, via our exclusion policy and engagement processes with the companies in which we invest, we want to have an impact in combating the effects of climate change. In 2022, we conducted thematic engagement processes involving engagement targets for environmental and/or climate-related topics with 29 companies (2021: 25). Normative engagement was also conducted, with these topics featuring prominently in discussions. Read more on this in the section Value creation - How we create value for society.

The EU Taxonomy Regulation came into force in 2021. Under the EU Taxonomy, economic activities are assessed and classed on their contribution to the EU's sustainability-related policy goals. The required information and applied system are given in Supplement C. Information on the EU Taxonomy for sustainability.





DUURZAAM WOONGEMAK

Centraal Beheer can help make your home more sustainable via its Duurzaam Woongemak service. This can be done in a variety of ways, for example with insulation and solar panels. Yet many people simply don't know where to start. This is why Centraal Beheer assists its customers by providing advice and a network of reliable partners. We help you make your home more sustainable and do our bit to save on energy and costs.

Centraal Beheer

This section of the annual report explains the major topics discussed by the Supervisory Board and its committees during 2021. The Corporate Governance section explains Achmea's governance as well as the main codes of conduct. This part of the annual report fulfils the requirements from the Corporate Governance Code that Achmea voluntarily applies. Finally, the biographies of the directors are provided.

GOVERNANCE

SUPERVISORY BOARD REPORT

The past year, 2022, will go down in the history books as the year in which the long-standing peace on the European continent was cruelly disrupted. Along with the terrible consequences for the Ukrainian people, the impact in Europe was profound and immediate. The increase in energy prices, high inflation and volatility in the financial markets, including a sharp rise in interest rates, largely determined the market conditions under which Achmea operated, with increased vigilance being required at all times to care for its customers. The direct impact of the interest rate increase in particular had a negative impact on the 2022 annual result. Nevertheless, the Supervisory Board shares the Executive Board's view that Achmea is well on track with the strategic ambitions, including the underlying structural return development set as a goal in the three-year strategic plan. Ultimately, the structural effect of higher interest rates is positive for the company.

In 2022, the Executive Board continued to focus on realising Achmea's strategy based on its vision Sustainable Living. Together. Achmea's purpose is more relevant than ever. As a financial services provider with more than 10 million customers and 16,000 employees, Achmea is closely entwined with society. Prompted by climate change and accelerated by the war in Ukraine, as a society we face an enormous challenge in making our energy consumption more sustainable. To this end, Achmea offers its customers a variety of products and services, which are increasingly also being offered as part of damage repair, so that our customers also enjoy the benefit of sustainable solutions in the aftermath of damage they incurred.

Over the past year, the agenda of the Supervisory Board has been more focused than before on discussions with the Executive Board regarding the long-term strategic development of Achmea. Based on the defined purpose and the central management agenda for the company, the focus has been on structural and long-term developments.

In the Value Creators programme, this is about integral value creation on various axes, including the financial axis, where extra focus has been given to steady and structural improvements in (cost) efficiency and company-wide digitisation. In addition, a great deal of attention was also given to strategically responding to opportunities for Achmea, including, for example, the new Pensions Act (*Pensioenwet)*. Achmea has almost all the products and services in house for its customers' retirement. Last year, considerable attention was given to building up and expanding the retirement services chain, which was strengthened last year with an acquisition of PPI ABN AMRO.

The major transitions we face as a society in terms of sustainability and climate have been frequently and concretely on the Supervisory Board's agenda based on the ambition that Achmea stands for Sustainable Living. Together and based on the realisation that this requires courageous decisions from the company and therefore also from the Supervisory Board.

Tasks and duties of the Supervisory Board

The Supervisory Board performs its duties on the basis of three roles: supervisor, advisor (solicited and unsolicited advice) and employer of the Executive Board.

Eleven meetings of the Supervisory Board were held in 2022: nine regular meetings and two additional meetings. The Supervisory Board maintains a total of three committees, which advise the Board: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointments Committee. The Audit & Risk Committee convened on fourteen occasions in 2022, the Remuneration Committee four times and the Selection & Appointments Committee held a total of three meetings.

The following table provides an overview of the attendance rates of each individual Supervisory Board member. As in previous years, attendance rates were high in 2022. Members who were unable to attend a meeting informed the relevant chairman and provided the chairman with input prior to the meeting.

OVERVIEW OF ATTENDEES

	SUPERVISORY BOARD	AUDIT & RISK COMMITTEE	SELECTION & APPOINTMENTS COMMITTEE	REMUNERATION COMMITTEE
J. van den Berg	10/11		3/3	4/4
T.R. Bercx	10/11			3/4
M.R. van Dongen	10/11	11/14		
P.H.M. Hofsté	10/11	13/14	3/3	
A.M. Kloosterman	11/11			4/4
A.C.W. Sneller	11/11	14/14		
R.Th. Wijmenga	11/11	14/14		
W.H. de Weijer	10/11		2/3	
Total attendance	92%	93%	88%	92%

SUPERVISORY BOARD REPORT

Strategy and vision
One of the Supervisory Board's key duties is involvement in developing Achmea's strategy and monitoring its implementation.

In 2022, the Supervisory Board held extensive discussions on the strategy 'The Sum of Us'. The Sum of Us is the strategy through which we aim to put our Sustainable Living. Together vision into practice. With its vision Sustainable Living. Together, Achmea focuses on its ambition to create sustainable value for customers, employees, other stakeholders and society. Achmea does this based on our mission to solve major social issues together. Achmea focuses on the domains that also fit its cooperative identity: Bringing healthcare closer, Smart mobility, Carefree living & working and Income for today and tomorrow. One component of the strategy involves investing in technology, customer service and services, in proposition development and innovations, both in the core business and in our key growth areas. This enables us to continue serving our customers to the best of our ability and to create sustainable value for our stakeholders.

A comprehensive, multi-day strategy session was held in June 2022 in combination with a company visit to Interamerican Greece, a subsidiary of Achmea in Greece. During the strategy sessions, the members of the Supervisory Board and the Executive Board held several working sessions, during which they talked extensively about subjects such as digitisation and data. Achmea already has a relative lead in terms of digitisation of business processes and the use of data in its operations. This time, emphatic discussion was conducted regarding company-wide multi-year development, the investments it requires and the ambitions being pursued. The transition to the cloud and the common thread in the elaboration of digitisation across business units were discussed. Many interesting examples were shown that give confidence about the company's capabilities to build on its existing lead. The Supervisory Board sees that the Executive Board is taking decisive action on the strategic structure of 1Achmea.

The long-term revenue model was also discussed in conjunction with the international strategy. Discussions were held with the Executive Board on the company's portfolio of activities, and the developments therein, including the dilemmas and opportunities for acquisitions and divestments.

Moreover, the investment plan and risk appetite were discussed partly from the perspective of risk management and the proper balance between returns and risks.

The Supervisory Board also extensively discussed sustainability and climate change, sustainability legislation, Achmea's sustainability goals and Achmea's contribution to the Sustainable Development Goals at length in 2022. The Supervisory Board endorses Achmea's sustainability goals regarding the movement towards carbon-neutral operations in 2030, carbon-neutral investments in companies in 2040 and a carbon-neutral insurance portfolio in 2050. In doing so, the Supervisory Board stressed the importance of also fleshing out the shorter-term interim objectives. That ambition was elaborated in the 2022 Climate Transition Plan. The Supervisory Board supports this course and endorses the importance of sustainability being defined more broadly than just carbon neutrality. The elaboration of Sustainable Living. Together in the four domains shows how rich Achmea's contribution to society is and is something for which we can be justifiably proud.

Together with the Executive Board, the Supervisory Board attaches a great deal of importance to the dialogue Achmea conducts with its stakeholders, which helps define the sustainable impact Achmea aims to have on society and how it creates value for its stakeholders in the long term.

The Supervisory Board endorses the aim of the Executive Board to create the space to invest in value creation for all our stakeholders through initiatives geared towards efficiency and cost savings: 'Save to invest to grow'. Over the next few years Achmea will take further steps to consolidate Achmea's position on the market and accomplish the four social ambitions in the four domains and sustainability.

Uncertainties and sensitivities were addressed during discussions of the strategy and Business Plan, including the war in Ukraine, inflation and the interest rate policy pursued by central banks, labour market tightness and financial market volatility. These issues created challenging market conditions for Achmea in 2022.

In this context, the Supervisory Board also discussed with the Executive Board a number of choices and dilemmas, such as the development of our financial ratios and possible short-term choices to adjust to them and their impact in the longer term, the further development of inflation and its impact on our customers and employees, on Achmea and its foreign subsidiaries and the uncertainties this entails.

In 2022, the Supervisory Board further discussed with the Executive Board the impact of the February storms on our customers and claims processing in the private claims business, as well as the realisation of the financial ambitions, the further reduction of costs and complexity while maintaining an unabated commitment to excellent (digital) customer service, innovations and strategic initiatives to increase long-term returns.

The Supervisory Board also talked to the Executive Board about the cooperation with key partners such as Rabobank.

SUPERVISORY BOARD REPORT

The Supervisory Board is pleased to see continued high scores on the annual Employee Engagement Survey. Along with the Executive Board, the Supervisory Board is seeing tightness in the labour market continuing and vacancies remaining open longer, with Achmea managing to fill vacancies well. The Supervisory Board endorses the importance of and extra commitment to finding, engaging and retaining employees.

The development of healthcare premiums and premium setting were discussed, including the deployment of capital from reserves to cushion the increase in healthcare premiums. The Supervisory Board also stressed the importance of exploiting opportunities to achieve even greater synergy between the health insurance activities and Achmea's other activities.

The Supervisory Board approved the Business Plan 2023-2025 at the end of 2022 and the budget for 2023 was approved. The Supervisory Board endorses the plans defined by the Executive Board, the proposed measures and the urgency of their implementation.

Finance and risk
In 2022, the Supervisory Board discussed Achmea's financial situation extensively each quarter based on the yearly, half-yearly and quarterly figures, during which not only the financial situation but also the risks, as well as the impact on its customers and society were also discussed each time. In addition to discussing and approving the annual report for 2021. The discussions on the annual and interim reporting were also attended by the external auditor. In addition, the policy choices on the introduction of IFRS 9 and IFRS 17 were discussed, as well as the progress of the implementation.

The discussions centred around the good progress being made on the strategic priorities formulated by the Executive Board and the acceleration of the "The Sum of Us" strategy.

Risks and their impact on Achmea were an important agenda item for the Supervisory Board in 2022. This includes discussions on Achmea Group's risk appetite, the risk, compliance and actuarial reports, as well as any new special risks which may arise. Among the issues considered in 2022, for example, were strategic risks and opportunities relating to sustainability, the future business model, geopolitical instability and inflation, distribution partners, increasing legislative and regulatory requirements and political developments. In addition, the risk due to financial market volatility was also considered. Also considered were longevity risk, the impact of natural catastrophes, Non-life & Income portfolio risks and volatility in the healthcare outcomes and portfolio.

The internal control of compliance and operational risks, including compliance with the rules governing privacy (GDPR), the duty of care and Customer Due Diligence, as well as the topics of outsourcing and cyber security were also extensively discussed. The Supervisory Board endorses the importance the Executive Board attaches to internal control, whereby the applicable laws and regulations are of course complied with. Moreover, the Supervisory Board concluded that the integral risk reporting is of a high quality.

The Supervisory Board endorsed the Executive Board's careful consideration of the interests of the company and those of its stakeholders relating to a dividend payment. Also considered were the impact of a prolonged low interest rate environment and possible financial implications of an ongoing Covid-19 crisis and its possible consequences on the solvency and liquidity position. This led to the Executive Board's decision, which was approved by the Supervisory Board, to propose to the General Meeting that the 2021 profit accruing to ordinary and preference shareholders be distributed in accordance with the existing dividend policy. The General Meeting decided in accordance with that proposal.

The Supervisory Board also granted the Executive Board approval in 2022 for the issue of a green senior bond totalling € 500 million, which was issued successfully in 2022.

Compliance with laws and regulations and auditing
In 2022, the Executive Board and the Supervisory Board regularly discussed the compliance requirements from laws and regulations, external supervisors and (inter)national (industry) organisations.

The Supervisory Board discussed at length the sustainability law and regulations, customer due diligence legislation, the Pension Agreement, as well as the effects of and the introduction of IFRS 9 and IFRS 17.

The Audit & Risk Committee and the Supervisory Board also conducted in-depth discussions with the external auditor and Internal Audit on the conclusions set out in the management letter and the audit memorandum.

The role of employer and remuneration
In its role as an employer, the Supervisory Board discussed remuneration and the composition of the Executive and Supervisory Boards. Items on the agenda also included the company's diversity and Management Development policies, including the focus on internal training and internal promotion.

Achmea's Remuneration Policy is in line with its identity, strategy, long-term value creation model, sustainability targets and with legislation and regulations on remuneration. At Achmea, without exception, variable remuneration for the Executive Board and all employees in the Netherlands is restricted to a maximum of 20% of the fixed portion of their salary.

SUPERVISORY BOARD REPORT

In its capacity as the most senior body, the Supervisory Board monitors Achmea Group's remuneration policy. The Supervisory Board assesses whether Achmea's Remuneration Policy meets the principles for a controlled remuneration policy. Following a remuneration benchmark conducted in 2022, the Supervisory Board concluded that there was no reason to adjust the remuneration for the Executive Board in 2022. The remuneration of Achmea's Executive Board is considered appropriate.

The fixed salary of the members of the Executive Board and the applied policy scales were increased by 3% as of 1 January 2022. For more details, see Note 33 of the consolidated financial statements and the Achmea Remuneration Report to be published later in 2023.

The compensation paid to the members of the Supervisory Board for their activities on behalf of Achmea B.V. remained unchanged in 2022.

As of 1 September 2019 all members of the Supervisory Board of Achmea B.V. also constitute the Supervisory Boards of the entities Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. The compensation they receive for their activities on behalf of these two entities is unchanged. For details of the Supervisory Board remuneration actually paid in regard to 2022, see Explanatory note 33 to the consolidated financial statements, and among others the Explanatory Notes to the 2022 financial statements of Achmea Schadeverzekeringen N.V. and those of Achmea Pensioen- en Levensverzekeringen N.V.

Achmea publishes detailed information on its remuneration policy, including the remuneration of the Executive Board and the Supervisory Board, in the 2022 Achmea Remuneration Report, to be published on www.achmea.nl later in 2023.

Composition of the Executive Board

The composition of the Executive Board continued to be a topic of discussion in the Supervisory Board in 2022. On 1 March 2022, Mr Timmer stepped down from the Executive Board. As of 12 April 2022, the Supervisory Board appointed Mr Delfos as a member of the Executive Board, following a positive recommendation from the Central Works Council and discussion at the General Meeting.

Composition of the Supervisory Board

The Supervisory Board's composition was on the agenda on several occasions in 2022. As of 12 April 2022, Mr Van den Berg was reappointed for a term of four years.

As of 31 December 2022, the Supervisory Board had eight members. The Supervisory Board comprised three female and five male members.

Continuing education

Five continuing education sessions (PE sessions) were organised for Supervisory Board members and Executive Board members in 2022. All the sessions were attended by almost all the Supervisory Board members. The various continuing education sessions (PE sessions) covered the topics of (climate) activism and social movements, Legislative and Regulatory Developments, the New Pension System, Customer Due Diligence, Sustainability and Sustainability Legislation, Cybersecurity, healthcare agreements and competition.

In addition, deep dives have addressed various topics such as the company's developments relating to data and digitisation, strategic developments abroad, the Achmea Sustainable Together programme, developments in the components of the Retirement Services, whereby the Achmea Pensioenservices, Achmea Bank, Achmea Investment

COMPOSITION OF THE SUPERVISORY BOARD AS OF 31 DECEMBER 2022

NAME	NATIONALITY	GENDER	POSITION	TERM	YEAR OF FIRST APPOINTMENT	CURRENT TERM
J. van den Berg[1] (b. 1964)	Dutch	Male	Chairman	Second	2018	2022-2026
T.R. Bercx[2] (b. 1963)	Dutch	Male	Member	First	2021	2021-2025
M.R. van Dongen[1] (b. 1969)	Dutch	Female	Member	First	2020	2020-2024
P.H.M. Hofsté[2] (b. 1961)	Dutch	Female	Member	Second	2015	2019-2023
A.M. Kloosterman[3] (b. 1956)	Dutch	Male	Member	First	2019	2019-2024
A.C.W. Sneller[2] (b. 1965)	Dutch	Female	Member	Third	2013	2021-2023
R.Th. Wijmenga[1] (b. 1957)	Dutch	Male	Member	Second	2015	2019-2023
W.H. de Weijer[1] (b. 1953)	Dutch	Male	Vice-chairman	Second	2016	2020-2024

1 Nominated by Vereniging Achmea
2 Nominated by the Central Works Council
3 Nominated by Rabobank

SUPERVISORY BOARD REPORT

EXPERTISE OF THE SUPERVISORY BOARD

NAME	EDUCATION	MANAGEMENT	GOVERNANCE	INSURANCE	BANKING	FINANCE/ RISK/AUDIT	HR/ REMUNERATION	LEGAL/ COMPLIANCE	COMMERCE/ CUSTOMER CENTRICITY	IT	HEALTH
J. van den Berg	Medicine/Management	•	•	•			•		•		•
T.R. Bercx	Psychology/Management	•	•				•			•	
M.R. van Dongen	Business economics, corporate finance/management	•	•	•		•		•			•
P.H.M. Hofsté	Economics/Accountancy	•	•		•	•		•			
A.M. Kloosterman	Dutch Law	•	•		•		•	•			
A.C.W. Sneller	Econometrics/Controlling	•				•		•	•	•	•
R.Th. Wijmenga	Econometrics	•	•	•		•		•	•		
W.H. de Weijer	Healthcare Management	•	•	•			•				•

Management and Syntrus Achmea Real Estate & Finance components were examined. In addition, the Greek subsidiary Interamerican was visited, delving into developments in the Greek market.

Evaluation of the Supervisory Board

Each year, the Supervisory Board carries out a self-assessment of its performance. Once every three years on average, the evaluation is carried out with the support of an external party, which was the case for the 2022 self-assessment. The outcome of this evaluation was discussed by the Supervisory Board and the Executive Board.

In response to the areas for improvement from the previous evaluation, in 2022, extra focus was given to international activities and strategy, the outside view in Continuing Education and reflections on the strategy of Achmea's business units and international companies, as well as deep dives on specific topics and components.

The general picture created by this evaluation is positive and encourages the Supervisory Board to continue on the same path. The Supervisory Board performs well and cooperation within the committees runs smoothly. There is an open dialogue and room for debate, different opinions and the discussion of sensitive subjects. The Supervisory Board acts independently, its members come from diverse backgrounds and complement each other, it possesses a great deal of relevant expertise and is well-equipped for its duties.

Looking to the future, the Supervisory Board intends to maintain the positives and bring even greater focus to its meetings to be able to spend more time with the Executive Board on strategy, customer, and market in light of sustainable long-term value creation at home and abroad.

This evaluation encourages the Supervisory Board, amidst increased regulatory pressure, to continue on the path it has already embarked on with a greater focus on strategy, market and customer in its agenda. In order not to increase the meeting pressure on the organization and the Supervisory Board, more frequent use will be made of sessions on strategic subtopics by alternating delegations of the Supervisory Board.

The Supervisory Board functions independently in its supervisory role. The advisory role of the Supervisory Board is appreciated and in that context the Supervisory Board rates its relationship with the Executive Board as good. It was established that the reports and information provided to the Supervisory Board and the quality of the information provided were excellent. In these, the interests of the company's stakeholders are incorporated in a balanced fashion.

Culture

The Supervisory Board and the Executive Board discussed, among other things, the open culture, the development of leadership and transparency in communications between the Supervisory Board and the Executive Board.

Among other things, the TOP (Talent, Development and Performance) programme, with a focus on direct feedback and the creation of an environment in which our employees can work on their personal development and excel, are important to Achmea. After the Executive Board had decided to terminate the joint venture cooperation around InAdminRiskCo, an internal review was carried out, the results of which were discussed with the Supervisory Board. This strengthens the culture of transparency: not all entrepreneurial initiatives succeed, stopping activities takes guts and learning from experience strengthens the organisation. The 'tone at the top' also came up, as well as Achmea's values: Passionate, Contemporary, Ambitious, Proud and Decisive. In addition, integrity as a part of transparency and an ethical corporate culture was also discussed. The transparent and ethical business culture is based on indicating desirable conduct from the perspective of Achmea's cooperative identity, as determined in Achmea's General Code of Conduct. The code of conduct describes Achmea's rules of conduct.

Shareholder relations
The Chairman of the Executive Board is the primary point of contact for shareholders. The Chairman of the Supervisory Board conducts meetings with shareholders on specific topics. This primarily concerns aspects such as nominations for the appointment of members of the Supervisory Board. In addition, the Chairman of the Supervisory Board has contact with shareholders in the context of the General Meeting. The Chairman of the Supervisory Board is also invited to attend a number of meetings of the board of Vereniging Achmea, the majority shareholder of Achmea B.V., as an observer.

With a view to engagement with Achmea customers, Supervisory Board members are invited to attend Members Council meetings organised by Vereniging Achmea.

Relations with the external auditor
Ernst & Young (EY) is Achmea B.V.'s external auditor. EY's appointment is for the financial years 2021 through 2025.

The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet annually with the external auditor's lead partner. In addition, in 2022 the Audit & Risk Committee held two private meetings with the external auditor. The Audit & Risk Committee and subsequently also the Supervisory Board discuss the performance of the external auditor annually. The external auditor is not present on this occasion.

The Supervisory Board and the Audit & Risk Committee agree that the working relationship with the accountant EY is good. The cooperation is good and transparent. EY adds value to improving the financial reporting process and challenges the company in a constructive and positive manner.

Based on the external auditor's report, among other things, the Supervisory Board concluded that the level of control of the financial reporting and internal control within Achmea are of a good level.

Relations with Internal Audit
The Supervisory Board maintains an independent relationship with the Internal Audit department. Following advice from the Audit & Risk Committee, the Supervisory Board lays down the Annual Audit Plan each year. The Audit Memorandum together with the external auditor's management letter provide the Supervisory Board with a good overview of Achmea Group's internal control framework and of the main areas for attention. The Supervisory Board is satisfied with the strong relationship between the Audit & Risk Committee and the Director of Internal Audit and the Supervisory Board rates Internal Audit's work as good. The Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee meet regularly with the Director of Internal Audit. The Director of Internal Audit is also present at the meetings of the Remuneration Committee as a part of the discussion of the audit of Achmea's Remuneration Policy and at the meetings of the Audit & Risk Committee. The Audit & Risk Committee discusses Internal Audit's performance annually. The Director of Internal Audit is not present on this occasion.

Relations with Risk and Compliance
The Supervisory Board has noted that the Risk and Compliance function is properly anchored in the organisation. The Risk and Compliance reports are good quality and provide insight into the integral risk profile of Achmea. The Risk and Compliance reporting contains an overview of the developments and points for attention relating to Achmea's primary risks, as well as information on developments in the business units and particulars relating to the financial, operational and compliance risks. The way in which relevant laws and regulations are complied with is also discussed. An overview of new and forthcoming laws and regulations is also given regularly.

Relations with the external regulators
The Supervisory Board notes that Achmea's relationship with the external supervisory bodies is good. The Supervisory Board has an annual consultation meeting with the Management Board of DNB, and the Chairman of the Supervisory Board and the Chairman of the Audit & Risk Committee regularly speak with DNB and the AFM.

Relationship with the Central Works Council (COR)
The Supervisory Board has a good relationship with the Central Works Council. The Supervisory Board noted that there are sound working relations and a constructive and open dialogue between the Executive Board and the Central Works Council. The Supervisory Board members took turns attending meetings of the Central Works Council in 2022. In line with the legally reinforced right of recommendation, the Central Works Council may propose candidates for one-third of the Supervisory Board seats.

Conflicts of interest
In line with the Dutch Corporate Governance Code, transactions involving Supervisory Board members in which there are material conflicts of interest must be published in the Annual Report. No such transactions occurred in 2022.

New additional positions held by Supervisory and Executive Board members leads Compliance to issue advice to the Chairman of the Supervisory Board in connection with potential conflicts of interest (or the appearance of these), after which a committee led by the Chairman of the Supervisory Board decides on the desirability of the additional position. Current developments may give cause for internal (re)evaluation.

Audit & Risk Committee report

The Audit & Risk Committee advises the Supervisory Board and prepares the Supervisory Board's decision-making in that regard on, among other things, financial, administrative

SUPERVISORY BOARD REPORT

organisational and compliance matters, as well as on the risk profile and the design of the internal control systems. The Audit & Risk Committee is comprised of the following four Supervisory Board members: Mr Wijmenga (Chairman), Ms Sneller, Ms Hofsté and Ms Van Dongen. The Audit & Risk Committee also acts as the Audit & Risk Committee for the Supervisory Boards of Achmea Schadeverzekeringen N.V., Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Zorgverzekeringen N.V. and its subsidiaries.

In 2022, the Audit & Risk Committee's ordinary meetings were dominated by discussions on (drawing up) financial policy, the (development of the) results during the reporting period and the sensitivity of these to potential internal and external risks. In this respect, in 2022 a great deal of attention was again devoted to the periodic reporting by Risk Management, Compliance and Actuarial (in the presence of key function holders from Risk, Compliance and Actuarial), as well as by the internal and external auditors.

The Audit & Risk Committee also evaluated and discussed the annual and interim results prior to external publication, as well as the quarterly figures for shareholders for consolidation purposes, and the related audit reports of the external auditor. In addition, explicit discussions were held on the risk appetite and controls of Achmea (including foreign operating companies), partly based on the Risk & Compliance reports and Audit Memorandum.

During the meetings to discuss the 2021 financial statements, much attention was devoted to Achmea's solvency and liquidity position and the financial results over 2021, which showed strong operational results. The uncertainties surrounding the Ukraine crisis and global sentiment were also discussed. The realisation of long-term financial and strategic objectives and the management of these objectives were also discussed. In addition, the proposal for, and consideration of, the Executive Board regarding the interests of the company and its stakeholders regarding the payment of dividends to the holders of preference and ordinary shares was discussed at length. The Executive Board expressly included the potential impact of long-term low interest rates, uncertainties regarding Covid-19 and the main consequences related to the Ukraine crisis such as increasing inflation and volatility in the financial markets, and the possible consequences thereof on the solvency and liquidity position in its careful consideration and decision-making. This consideration and decision was endorsed by the Audit & Risk Committee.

Another item on the agenda was the closing process and adoption of the Solvency II ratio.

The Audit & Risk Committee is regularly informed by the Executive Board of the progress on top priorities that deliver a crucial contribution to the strategic development and the improvement in the operational result, solvency, free capital generation and liquidity. The Audit & Risk Committee has closely monitored developments, deepened its understanding on a number of aspects and has established that good progress has been made.

During review of the rolling forecast, in-depth discussions were held in the Audit & Risk Committee on the progress on the financial strategy, expectations relating to the results, the FTEs and cost reduction targets, Achmea's capital, liquidity and solvency positions and measures to improve the capital, liquidity and solvency positions.
The Audit & Risk Committee discussed at length the refinancing of Achmea B.V.'s outstanding Tier II subordinated loan by issuing a senior bond. The Audit & Risk Committee submitted the proposal of issuing a senior bond under the existing EMTN programme to the Supervisory Board with a positive recommendation. The Audit & Risk Committee endorsed the proposal of the Executive Board and the underlying insights.

The Audit & Risk Committee also considered the structure of the deferred tax asset on in Achmea's IFRS balance sheet and discussed an evaluation of the closure process. Regarding the 2023 healthcare premiums, the Audit & Risk Committee was briefed on the principles from the strategic framework and based on the uniform method to calculate the insurance premium. The various premium scenarios for 2023 were discussed in the Audit & Risk Committee in the presence of Zilveren Kruis' divisional chairman and director of finance, where the impact of these scenarios on the result and solvency of both the health insurers and the Achmea group were considered. Other topics discussed by the Committee included the Solvency and Financial Condition Reporting, the Regular Supervisory Report, the 2021 Achmea Valuation and the 2021 Annual Report. The Annual Reports and Regular Supervisory Reports of Health, Achmea Pensioen- & Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. were also discussed in the presence of the responsible financial directors. The dividend distribution by the supervised companies within the Achmea Group was also discussed.. Additionally, key developments relating to injuries and (the development of) the personal injury provision were discussed with the Executive Board in the presence of the financial director of Non-Life. Additionally, the Executive Board informed the Audit & Risk Committee in 2022 on the content of the talks with the regulators.

In discussing the Risk Management & Compliance reports, in addition to the usual focus on compliance and operational risks, the Audit & Risk Committee devoted express attention to the development of the financial ratios, the risks involved and how these are and can be controlled. The Audit & Risk Committee also discussed the management of integrity and fraud risk, the governance and control of participations, the updating of the Achmea Group Risk Appetite 2022 and model management and model validation. This included discussions on modelling physical sustainability risks. Additionally, the Audit & Risk Committee delved into the topic of inflation. The Audit & Risk Committee also reflected on the process surrounding legal disputes and proceedings in the presence of the director of legal affairs. In addition, the annual evaluation regarding the IRM Framework including an action plan with areas for improvement was discussed.

In addition, the fiscal reporting was discussed, including how Achmea behaves as a responsible tax payer and how fiscal risks are managed.

The 1Finance transformation programme and its implementation were discussed. The Audit & Risk Committee was also informed about the implemented improvement actions of Achmea's Actuarial Function in the context of the evaluation of the Actuarial Function and continuous improvement.

With regard to the IFRS 9 and IFRS 17 regulations, the intended policy choices were discussed several times, the implementation of IFRS 9 and IFRS 17 was monitored by means of a progress report and the IFRS 9 and IFRS 17 opening balance sheet was discussed. The external auditor EY also briefed the Audit & Risk Committee on the results of the 'Global IFRS 17 KPI survey' conducted by EY.

The company's risk management and risk appetite are important topics for the Supervisory Board, particularly in the current financial climate. The Committee advised the Supervisory Board during discussions of the risk appetite, including comprehensive risk reporting and Own Risk & Solvency Assessment (ORSA). Other subjects discussed with the Executive Board were the annual Internal Audit Annual Plan 2023, including the scope and definition of principles. Discussions were also held regarding the 2023 market risk budget and the 2023 Investment Plan and related control and monitoring.

The Audit & Risk Committee discussed with the external auditor EY the EY Audit Plan 2022 and the EY Materiality Letter 2022. In addition, the Audit & Risk Committee again discussed the implementation and reassessment of the Internal Audit Annual Plan 2022 and presented positive advice to the Supervisory Board. The Audit & Risk Committee advised the Supervisory Board to approve the revision of the Internal Audit charter and Independence Policy. The Audit & Risk Committee also discussed the evaluation of the cooperation model of Internal Audit and the external auditor EY and the related transition plan.

There have been two combined meetings of the Audit & Risk Committee of Achmea B.V. and the Supervisory Boards of Achmea Zorgverzekeringen N.V., Zilveren Kruis Zorgverzekeringen N.V., FBTO Zorgverzekeringen N.V., Interpolis Zorgverzekeringen N.V. and De Friesland Zorgverzekeraar N.V. in 2022 in which the Audit & Risk Committee provided opinions on the proposal of capital payments in the first quarter and second quarter of 2022. The Audit & Risk Committee endorsed this proposal and the underlying insights.

At the end of 2022, the financial translation of the Group Business Plan 2023 – 2025 and the budget for 2023 were discussed in detail. The Audit & Risk Committee issued a positive recommendation on this to the Supervisory Board. The Audit & Risk Committee considered in detail the ambitions in the Group Business plan.

The Audit & Risk Committee and EY discussed the Management Letter of EY. The Audit & Risk Committee, together with EY, concluded that the internal control system, including the IT environment, is sufficient. The committee concluded that all issues addressed in EY's management letter have the necessary attention of the Executive Board.

Remuneration Committee report

As of 31 December 2022, the Remuneration Committee is comprised of the following three Supervisory Board members: Mr Kloosterman (Chairman), Mr Van den Berg and Mr Bercx. The Remuneration Committee receives advice from internal and external specialists in Achmea's Remuneration Policy, including the Human Resources Director. The Remuneration Committee held four meetings in 2022.

Monitoring responsible remuneration

One of the key tasks of the Remuneration Committee is monitoring the application of and compliance with the (variable) remuneration policy. Responsible and controlled remuneration is an important matter for Achmea (for more information please see the annual Achmea Remuneration Report at www.achmea.nl).

In the Remuneration Committee meetings, meticulous reporting is made by the support departments tasked with the implementation of the so-called key controls on the remuneration policy. This includes the (annual) key controls relating to target setting, the method used to set them, whether goals have been achieved (sustainably), and the periodic risk analysis of the Achmea Remuneration Policy and the risk takers and identified staff.

The Group remuneration policy is discussed each year and whether it needs to be amended. In 2022, the Group Remuneration Policy was updated, with the amendment focusing on clarifying how (sectoral) sustainability regulations regarding remuneration were integrated into the Achmea Remuneration Policy. This does not involve a material policy change. In 2022, based on an updated peer group composition, the Remuneration Committee commissioned a remuneration Benchmark for the Executive Board and concluded that the results of the benchmark do not give cause to change the remuneration of the Executive Board.

SUPERVISORY BOARD REPORT

Performance management process
A few years ago, the performance management process was revised and simplified within the Achmea Group. In modifying the process, it was decided to opt for greater simplicity and stricter management by restricting the number of Key Performance Indicators (KPIs), while also defining them more precisely, In a way that suits the strategy and Achmea's long-term value creation model, but also within the company's risk profile and risk appetite. A direct link was also made to the Achmea General Code of Conduct. Any violations of the code result in a downward adjustment of the variable remuneration. Based on the multi-year strategy map, a link is established annually from six different perspectives (i.e. customers, societal context/sustainability, employees, (business) partners, processes and financial results) with objectives that apply to the Achmea Group, divisions and segments and/or individual board members and employees.

This creates a sound balance in the type of performance indicator, short and long-term performance management and in the criteria used as a basis for variable remuneration. Some of these are personal development objectives as well, for instance in the context of strengthening leadership.

The performance management process is evaluated annually and discussed in the Remuneration Committee. This was again the case in 2022. In essence, the process of performance management has remained unchanged.

Performance evaluation and variable remuneration
Each year, the Remuneration Committee assesses the performance of the individual Executive Board members over the relevant year. It holds separate meetings with the individual members of the Executive Board to this end. The Remuneration Committee advises on this, particularly as to whether variable remuneration should be awarded.

After the adoption of the 2021 financial statements, in 2022 variable compensation was allocated to the groups of Achmea employees that qualify for variable remuneration, including the members of the Executive Board. This is in view of the good results and the achievement of the targets for the performance year 2021. After it was determined that Achmea's financial position was solid and the payment of variable remuneration was justified, half of the 2021 variable remuneration was paid out to the members of the Executive Board in May 2022, the other half has been postponed and will become payable after a sustainability test in 2027. Please also see Explanatory note 33 of the consolidated financial statements and the 2021 Achmea Remuneration Report published on www.achmea.nl in May 2022.

Final decision-making on awarding variable remuneration over 2022 has yet to take place. More information on this will be given in the 2022 Achmea Remuneration Report to be published in 2023.

In 2022, there were no downward adjustments or clawback of variable remuneration awarded to the Executive Board relating to previous years.

Internal remuneration ratios
The Remuneration Committee also discussed the internal remuneration ratios during the past year. As a benchmark for the internal remuneration ratios, it examined the ratio between the remuneration of the Chairman of the Executive Board and that of the average Achmea employee in 2022. In 2022 the CEO pay ratio was 22.7 (2021: 20.9, 2020: 24.2).

The internal remuneration ratios were also a topic of discussion in 2022 between (the Chairs of) the Executive and Supervisory Boards on one hand, and the Central Works Council in one of their consultative meetings on the other hand. This is in line with the Works Councils Act.

Laws and regulations
Developments in laws and legislation relating to remuneration policy at (financial) companies also received attention over the past year. The (international and sectoral) laws and regulations on sustainability in relation to Achmea's Remuneration Policy were discussed. Developments in sustainability policy and legislation are included in the update of Achmea's Remuneration Policy, in which the balanced method of performance management, stemming from Achmea's Sustainable Living. Together vision and its long-term value creation model, supports steering towards sustainability objectives. Achmea's (variable) reward structure with its balance of stakeholder perspectives does not contain elements that could be detrimental to the achievement of sustainability goals.

2022 Remuneration Report
A detailed overview of the remuneration of the members of the Executive Board can be found in the Note 33 of the consolidated financial statements "Related party transactions".

For more information on the (variable) remuneration, please see the 2022 Remuneration Report, which will be published on our website www.achmea.nl later in 2023.

Selection & Appointments Committee report

The Selection & Appointments Committee is responsible for monitoring the appropriate composition and profile of both the Supervisory Board and the Executive Board. The Committee looks for and makes recommendations regarding potential candidates, in some cases in conjunction with shareholders or the Central Works Council based on rights of nomination or a strengthened right of recommendation.

As of 31 December 2022, the Selection & Appointments Committee is comprised of three members of the Supervisory Board: Mr Van den Berg (Chairman), Ms Hofsté and Mr Weijer.

SUPERVISORY BOARD REPORT

Changes and vacancies
In 2022, the filling of future vacancies in the Executive Board and the Supervisory Board was the subject of discussion several times.

The Selection & Appointments Committee considered how to fill the vacancy created by Mr Timmer's retirement from the Executive Board. After careful review of the current composition of the Executive Board and the required competencies on the Board in light of the current requirements, the Selection & Appointments Committee issued positive advice to the Supervisory Board on the appointment of Mr Delphos as member of the Executive Board. The Supervisory Board appointed Mr Delphos as of 12 April 2022 for a period of four years.

The Committee held extensive discussions on the composition of the Supervisory Board. Members of the Supervisory Board are selected based on a profile of the required professional background, education, (international) experience, skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise.

After careful review of the current composition of the Supervisory Board and the required competencies on the Board in light of the current requirements, the Committee issued a positive recommendation to the Supervisory Board on the reappointment of Mr Van den Berg.

Succession planning
The Selection & Appointments Committee also discussed succession planning for the Executive Board and for the first management level below the Executive Board in 2022, based on a discussion of the Human Resources Performance Potential Portfolio. This meeting was once again held in 2022 with all members of the Supervisory Board in attendance. Items on the agenda included the company's diversity and Management Development policies, including the focus on internal training and internal promotion. The Supervisory Board also discussed succession planning at divisional board level. This provided the Supervisory Board with thorough insight into the management potential and management capabilities within the Group.

The Committee applies the diversity policy with respect to the composition of the Executive Board and the Supervisory Board as adopted by the Supervisory Board. The Supervisory Board endorses Achmea's general diversity and inclusion policy, and on the advice of the Committee applied a number of specific amendments to the diversity policy with respect to the composition of the Supervisory Board and the Executive Board. These specific amendments are: i) a balanced male/female ratio in the Supervisory Board and Executive Board, geared towards achieving a target of at least 30% female members at all levels (and at least 30% male); ii) the correct mix of experience and expertise from the perspective of suitability of the individual and the composition of the team as a whole; iii) to achieve broader diversity and a balance in the ages of the Board members.

2022 financial statements and dividends

EY audited the Achmea B.V. 2022 financial statements and issued an unqualified audit report on 8 March 2023. In line with the proposal by the Executive Board and the recommendation of the Audit & Risk Committee, the Supervisory Board recommends that shareholders approve the 2022 financial statements.

After approval of the financial statements by the General Meeting, and with the approval of the Supervisory Board, the Executive Board proposes not to pay a dividend on ordinary shares. For the preference shares, the Executive Board, with the approval of the Supervisory Board, advised the General Meeting to approve an increase of the dividend (by 1.8%) to 5.5% of the nominal value of the preference shares and the share premium paid on these shares upon issue. Apart from the approval of the financial statements, the General Meeting will also be asked to approve the amended dividend policy and to discharge Executive Board members from liability for the management they have conducted and to discharge Supervisory Board members from liability for the supervision they have conducted in the 2022 reporting year.

Acknowledgements

In February 2022, severe storms raged across the Netherlands, causing a huge amount of damage and loss for our customers. In just a few days, we received more claims than we normally do in six months. With tremendous effort and focus and collaborations between different parts, our employees maintained the service to customers. We would like to take this opportunity to offer our compliments and thanks to the Executive Board, the Central Works Council and all Achmea employees for their great commitment and the enthusiasm they have shown with which these and many other milestones achieved in 2022 were made possible.

The Supervisory Board would also like to thank Mr Timmer, who retired from the Executive Board on 1 March 2022, for his major contribution to Achmea's development as a company and wishes him every success in the future.

8 March 2023

The Supervisory Board
J. (Jan) van den Berg, Chairman
W.H. (Wim) de Weijer, Vice-chairman
T.R. (Tjahny) Bercx
M.R. (Miriam) van Dongen
P.H.M. (Petri) Hofsté
A.M. (Lex) Kloosterman
A.C.W. (Lineke) Sneller
R.Th. (Roel) Wijmenga

CORPORATE GOVERNANCE

INTRODUCTION

Achmea B.V. is a private company with limited liability, with its registered office in Zeist, the Netherlands. Although in practice Achmea is governed, organised and managed in the same way as many listed organisations, its cooperative origin determines the way in which corporate governance is arranged at the level of the Executive Board, Supervisory Board and shareholders. Achmea adheres to the following relevant corporate governance codes: the Dutch Code of Conduct for Insurers, the Dutch Banking Code and the relevant provisions of the Dutch Corporate Governance Code.

Changes in the Executive Board in 2022

Mr Timmer stepped down from the Executive Board on 1 March 2022.

Michiel Delfos was appointed a member of the Executive Board on 12 April 2022.

Changes in the Supervisory Board in 2022

As of 12 April 2022, Mr Van den Berg was reappointed for a term of four years. He has been a member of Achmea's Supervisory Board since 2018.

CORPORATE GOVERNANCE CODES

Code of Conduct for Insurers

The Code of Conduct for Insurers was drawn up based on core values established in 2018: 'providing security', 'making it possible' and 'social responsibility'. The Code includes principles relating to the conscientious treatment of customers and the continuing education of directors and internal supervisors. This Code of Conduct (the most recent version dates from June 2018) combines existing and new self-regulation of the sector with general provisions, including core values and rules of conduct. Based on the Code of Conduct, insurers give more depth to their public role, drawing on their own corporate vision. Achmea is doing this by means of, for example, the Achmea purpose, in which sustainability and social involvement play a prominent role and has anchored this in its processes and the Achmea Code of Conduct. For information about embedding the principles on the conscientious treatment of customers, please see Supplement F - PSI table. Details on how continuing education of directors and internal supervisors is embedded are included in the relevant sections of this section.

Banking Code

The services we provide to our customers also include banking products, which we offer through Achmea Bank N.V. The Banking Code, Het Maatschappelijk Statuut (the Social Charter) and the rules of conduct associated with the Bankers' Oath together make up the Future-Oriented Banking package. The purpose of this package is to play a role in restoring trust in society in relation to banks and their roles in the community. Achmea Bank N.V. accounts for its compliance with the Banking Code principles on the websites www.achmeabank.nl and www.achmeabank.com. Here, specific examples are used to illustrate how the principles are complied with.

Dutch Corporate Governance Code

Since 1 January 2004, listed companies in the Netherlands have been required to report on compliance with the Dutch Corporate Governance Code in their annual report on a 'comply or explain' basis. The purpose of the Code is to facilitate – with or in relation to other laws and regulations – a sound and transparent system of checks and balances within Dutch listed companies and, to that end, to regulate relations between the Management Board, the Supervisory Board and the General Meeting. Compliance with the Code contributes to confidence in the good and responsible management of companies and their integration into society. The Code was first adopted in 2003 and amended in 2008, 2016 and 2022. On 20 December 2022, the updated Dutch Corporate Governance Code (Code) was published. The 2023 Executive Board Report will account for compliance with the updated Dutch Corporate Governance Code (2022) for the first time.

Although Achmea has listed instruments (issued bonds), it is not a listed company. We have voluntarily adopted and embedded the majority of the Corporate Governance Code's principles in our governance structure. Where applicable, we are almost fully in compliance with the principles and best practices.

In 2022, we had not complied with the following two principles of the Dutch Corporate Governance Code:

- Independence of Supervisory Board members (principle 2.1.8)
- Adoption of the remuneration policy for the Executive Board by the General Meeting (principle 3.1.1)

CORPORATE GOVERNANCE

Members of Achmea's Supervisory Board are nominated by our shareholders (i) Vereniging Achmea, (ii) Coöperatieve Rabobank U.A., (iii) Gothaer Allgemeine Versicherung, Gothaer Finanz Holding and Schweizerische Mobiliar Holding jointly and, on the basis of the enhanced right of recommendation, by the Central Works Council (COR).

All members of Achmea's Supervisory Board fulfil their duties independently and not bound by any instructions. As of 31 December 2022, two of the eight members of the Supervisory Board of Achmea B.V. did not comply with the independence criterion (principle 2.1.8 of the Corporate Governance Code), because they are members of an executive board or supervisory board of an organisation holding more than 10% of the shares in Achmea. Mr De Weijer serves on the Board of Vereniging Achmea, which is composed of customers' representatives. Ms Hofsté is a Supervisory Board member at Coöperatieve Rabobank U.A. Both Vereniging Achmea and Coöperatieve Rabobank U.A. hold more than 10% of Achmea's shares. Principle 2.1.8 of the Corporate Governance Code should be taken in conjunction with principle 2.1.7, whereby 2.1.7 pertains to the criteria for guaranteeing independence of the Board as a whole. The independence of the Board is guaranteed and its composition complies with the criteria laid down in principle 2.1.7.

Members of the Supervisory Board are nominated by the General Meeting based on their expertise and independence and take part in the meetings without reference to or prior consultation with the parties which nominated them. Where appropriate, they refrain from participating in deliberations or decision-making.

Regarding the principle of determining the remuneration policy, the Supervisory Board determines the salary and the terms and conditions of employment of members of the Executive Board. Achmea's remuneration policy is also assessed by the Remuneration Committee and adopted by the Supervisory Board. Achmea regards the fixing of the remuneration policy for the Executive Board as a matter for the Supervisory Board and therefore does not submit the matter to the General Meeting. The General Meeting is of course informed annually of the remuneration of the Executive Board members via sections in the annual report on this remuneration and via the annual Remuneration Report.

The manner in which Achmea has adopted and embedded the Corporate Governance Code has been approved by the Supervisory Board. Likewise, our current corporate governance structure was approved by the General Meeting.

Achmea Code of Conduct

Achmea aims to be a leader in terms of its own rules of conduct and in terms of anticipating current and new regulations. For example, Achmea has decided to have all employees take a special oath or affirmation for the financial industry, which is in line with Achmea's cooperative identity. Active control, exercised to foster integrity and prevent integrity violations and fraud, limits any negative impact on trust, returns and the cost of claims. Achmea has therefore drawn up an Achmea Code of Conduct to ensure ethical conduct in accordance with Achmea's values and standards. Achmea's Code of Conduct is available at www.achmea.nl.

By recording duties and responsibilities in the area of fraud, risk management and checks, the control over and limitation of fraud is secured. Should an ethics violation or incident of fraud nevertheless occur, this can be reported on a confidential basis. A whistleblower policy is in place for this purpose and available at www.achmea.nl.

EXECUTIVE BOARD

Responsibilities and role in corporate governance

The Executive Board is responsible for managing the company. This implies that the Executive Board is responsible for day-to-day business at Achmea and day-to-day business at the affiliated companies, for the accomplishment of company targets and for determining strategy and policy aimed at achieving these targets. The Executive Board maintains a set of regulations that govern the specific duties and activities of – and the division of duties between – the individual members, as well as the decision-making process within the Executive Board. The Executive Board is required to inform the Supervisory Board of any fundamental differences of opinion between the Executive Board and the management of the companies or entities. There were no fundamental differences of opinion in 2022. Each board member is directly responsible for specific Achmea activities (for further reference, see the personal profiles of the members of the Executive Board), with clear reporting lines of divisional and staff directors. The entire Executive Board is involved in the risk management anchored in the organisation and policies and their implementation. Together with another member of the Executive Board, the CFO and CRO sit on the Asset Liability Committee, which is chaired by the CFO. They also sit on the Group Risk Committee, which is chaired by the CRO. This facilitates improved short-term management of the balance sheet and also guarantees integral risk management at group level.

CORPORATE GOVERNANCE

The Executive Board members ensure that the interests of all parties that have dealings with Achmea, including customers, employees, partners and shareholders are considered in a balanced way. The Executive Board takes Achmea's continuity, the corporate social environment in which we operate and applicable regulations and codes into account when considering these interests. All members of the Executive Board have taken the oath or affirmation.

Achmea uses the 'stakeholders' model, which ensures that overall management and decision-making are in line with the interests of customers, employees, (business) partners, sustainability, society and capital providers. This is all embedded in the strategy and identity of the Group and subsequently in the leadership profile, business plans and remuneration policy, and is also part of the considerations in every resolution adopted by the Executive Board. The formulation of objectives for the Executive Board and senior management is based on the Stakeholder Value Management model. The annual objectives have been ranked according to six different perspectives: customers, society, employees, partners, processes and financials.

End responsibility for our sustainability policy lies with the Executive Board. The Supervisory Board supervises this process. The Executive Board set up a programme called Achmea Sustainable Together, which implements Achmea's sustainability activities.

Composition and diversity

Members of the Executive Board are appointed by the Supervisory Board on the non-binding nomination of Stichting Administratiekantoor Achmea (the holder of the A-share in Achmea B.V.). Executive Board members are selected based on their proven experience and competencies in the financial services industry.

The members of the Executive Board provide a good mix of specific insurance experience (health, non-life, pension & life) and experience in the public/retail market (healthcare, pensions), the various distribution channels (direct, broker and bancassurance) and areas such as Finance, IT and HR.

As of 31 December 2022, the Executive Board was comprised of six members, three men and three women. Achmea aims to establish a good male/female ratio on the Executive Board. In addition to the aim of maintaining a balance in the Executive Board's skills while ensuring that newly appointed members have the necessary experience of insurance, finance and risk, improving gender diversity is always included in the considerations. In successor planning for the Executive Board and the management level immediately below it, the advancement of women to top positions remains a priority in each vacancy. In this, maintaining and strengthening the right mix of skills remain the key decisive factors in the selection process. The organisation also places focus on cultural diversity.

Continuing education

At the beginning of each year, the themes for the continuing education programme of both the Executive Board and the Supervisory Board are established in consultation with the chairman of the Supervisory Board and the chairman of the Executive Board. The programme is aimed at maintaining and broadening the expertise of the members of the Executive Board and the members of the Supervisory Board. In addition to these special sessions, which are typically jointly attended by members of the Supervisory Board and Executive Board, attention is also given at regular meetings to relevant developments related to the financial industry, corporate governance, compliance, sustainability, customer centricity and risk and compliance through presentations given by internal and/or external specialists. There is also scope to address subjects of a topical nature. Members of the Executive Board continue to pursue education on an individual basis as well.

COMPOSITION OF THE EXECUTIVE BOARD AS OF 31 DECEMBER 2022

NAME	NATIONALITY	GENDER	EDUCATION	POSITION	APPOINTED
B.E.M. Tetteroo (1969)	Dutch	Female	Economics/Accountancy	Chairman	June 2015
M.A.N. Lamie (1966)	Dutch	Male	Economics/Accountancy	Vice-chairman / Chief Financial Officer	January 2017
M.G. Delfos (1970)	Dutch	Male	International Economic Law	Chief Risk Officer	April 2022
D.C. de Kluis (1969)	Dutch	Female	Psychology	Member	October 2021
R. Otto (1967)	Dutch	Male	Law/MBA	Member	August 2015
L.T. Suur (1974)	Dutch	Female	International business administration	Member	September 2019

CORPORATE GOVERNANCE

SUPERVISORY BOARD

Responsibilities and role in corporate governance

The Supervisory Board is responsible for supervising and advising the Executive Board on its conduct and general management of the business. Supervisory Board approval is required for important business-related decisions, such as the transfer of a significant part of the business, entering into or terminating a long-term partnership, major participations and investments, and termination of the employment of a considerable number of employees or significant changes in the employment conditions of a significant number of employees. This applies irrespective of the fact that fundamental and large-scale strategic changes or investments must have the approval of 80% of the votes in the General Meeting. The Supervisory Board and its individual members have a responsibility to obtain all relevant information required to perform their duties. These requirements are communicated to the chairman of the Supervisory Board. Information sources are usually the Executive Board, the Company Secretary, the Risk and Compliance function, HR, Internal Audit and the external auditor. However, if deemed appropriate by the Supervisory Board, information can also be obtained from corporate officers and external advisers who can be invited to attend Supervisory Board meetings or provide continuing education. The Supervisory Board consists of members who, even if they are nominated by shareholders or the Central Works Council, act in the interest of the company as a whole in the performance of their duties. All members of the Supervisory Board participate in meetings with no reference to or prior consultation with the parties that nominated them. All members of the Supervisory Board have sworn the oath or affirmation.

Composition and diversity

The composition of the Supervisory Board and nominations in the event of vacancies reflect the cooperative shareholder structure and employee participation through Achmea's Central Works Council (COR). The size of the Supervisory Board has been set for some time now in consultation with the shareholders at a maximum of ten members and the nominations of the major shareholders have also been geared to this number. Vereniging Achmea is authorised to nominate candidates for four seats on the Supervisory Board. As the indirect holder of the A-share, Vereniging Achmea also has the right to appoint the chairman from among the members of the Supervisory Board. Coöperatieve Rabobank U.A. can put forward a candidate for a single seat. Gothaer Allgemeine Versicherung AG, Gothaer Finanz Holding AG and Schweizerische Mobiliar Versicherungsgesellschaft AG have the right to jointly nominate one candidate. The Central Works Council will appoint three members of the Supervisory Board. This arrangement is in keeping with the legal framework of the Central Works Council's right of recommendation.

In principle, every member of the Supervisory Board attends a meeting of the Central Works Council at least once a year. The General Meeting appoints and reappoints members of the Supervisory Board on the formal recommendation of the Supervisory Board. All the proposed changes to the composition of the Supervisory Board are discussed with the Central Works Council.

As of 31 December 2022, the Supervisory Board had eight members. In filling these positions, the company's objective is to maintain a balanced mix of skills in the Supervisory Board while at the same time ensuring that the newly appointed member also has the required knowledge and experience laid down in the profile. Members of the Supervisory Board are selected and appointed based on a profile of the required professional background, education, (international) experience, skills, diversity and independence. The current composition of the Supervisory Board is such that the members can perform their duties properly because of the appropriate mix of experience and expertise. As of 31 December 2022, the Supervisory Board was comprised of five male and three female members. In addition to diversity in terms of knowledge, expertise and age, there is also gender diversity. Achmea's Supervisory Board therefore meets the legal target regarding gender diversity. The Supervisory Board also focuses attention on cultural diversity.

All members of the Supervisory Board are in compliance with the Management and Supervision (Public and Private Companies) Act in terms of the number of supervisory board memberships that they hold.

Please see the Supervisory Board Report for details of the composition of the Supervisory Board as of 31 December 2022 and the expertise table.

Continuing education

For information on how the continuing education programme is organised, please refer to the relevant part of the section headed "Executive Board". In addition, new Supervisory Board members attend an introduction programme specially designed for them. For more information on education courses attended in 2022, please see the Supervisory Board Report in this Annual Report.

CORPORATE GOVERNANCE

Supervisory Board committees

The Supervisory Board maintains three specialised committees that advise the full board: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointments Committee.

Financial, control, risk and compliance issues are discussed primarily by the Audit & Risk Committee. These meetings are attended by the Chairman of the Executive Board, the CFO, the CRO, the Director of Internal Audit and the external auditor. The Directors of Finance, Actuarial, Risk Management and Compliance are invited for the agenda items relevant to them. The Audit & Risk Committee holds meetings with the external auditor in the absence of the members of the Executive Board and the Director of Internal Audit at least twice a year. Please see the Supervisory Board Report for further information.

The principal duty of the Remuneration Committee is to advise the Supervisory Board on remuneration policy for the entire Achmea Group (including foreign operating companies). The Remuneration Committee is responsible for formulating guidelines and monitoring the implementation of and compliance with the remuneration policy for the entire Achmea Group. This responsibility includes advising the Supervisory Board on the performance management of the Executive Board's members (for instance maintaining the balance between short and long-term interests and customers' interests). Remuneration is regularly evaluated, for instance with the aid of external benchmarks, and the committee assesses whether remuneration levels are appropriate in terms of the duties and responsibilities associated with a position. The Chair of the Executive Board attends all meetings of the Remuneration Committee except when her own remuneration is on the agenda or in other cases to be determined at the discretion of the committee chairman.

The Selection & Appointments Committee's task is to monitor the composition and profile of both the Supervisory Board and the Executive Board. The committee looks for and makes recommendations regarding potential candidates, in some cases in consultation with the Central Works Council or the relevant shareholder that has the right to nominate candidates. The chair of the Executive Board attends all meetings of the Selection & Appointments Committee except if her own performance is on the agenda or in other cases to be determined at the discretion of the committee chairman.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

Shareholders

The majority of Achmea's shareholders are non-listed European organisations with cooperative roots.

In 2022, Achmea B.V. completed the purchase and transfer of the depositary receipts held by RBS in Achmea Tussenholding B.V. The preference shares in Achmea are held by Achmea Tussenholding B.V.

Moreover, the transfer by Swiss Mobiliar Holding to Swiss Mobiliar Insurance of all shares it held in Achmea B.V. took place and this transaction was completed in 2022. Customers in the Netherlands are directly represented by Achmea's largest shareholder (Vereniging Achmea) and indirectly through Stichting Administratie-Kantoor Achmea (STAK Achmea). STAK Achmea is a shareholder that has issued depositary receipts for the ordinary shares that are held in the capital of Achmea B.V. to Vereniging Achmea. As of 31 December 2022, STAK Achmea's board consisted of the two deputy chairmen of Vereniging Achmea and two directors of Vereniging Achmea. The prior approval of Vereniging Achmea's board is required for the adoption of important resolutions by STAK Achmea. In certain cases, the prior approval of Vereniging Achmea's Council of Members is also required. At the end of 2022, Vereniging Achmea owned – partly through STAK Achmea – a total of 66.94% of the ordinary shares in the capital of Achmea B.V. (62.93% of the voting rights).

Coöperatieve Rabobank U.A., Achmea's second largest shareholder, is likewise a cooperative organisation. At the end of 2021, Coöperatieve Rabobank U.A. owned a total of 31.14% of the ordinary shares in the capital of Achmea B.V. (29.28% of the voting rights).

Other shareholders that collectively represent 1.92% of the ordinary shares in the capital of Achmea B.V. and hold 1.80% of all shares, are Gothaer Allgemeine Versicherung AG, Gothaer Finanz Holding AG and Schweizerische Mobiliar Versicherungsgesellschaft AG. Gothaer Allgemeine Versicherung AG, Gothaer Finanz Holding AG and Schweizerische Mobiliar Versicherungsgesellschaft AG are members of the Eurapco alliance of independent European financial services providers (see www.eurapco.com for further information).

CORPORATE GOVERNANCE

5.98% of Achmea's outstanding share capital consists of preference shares held by Achmea Tussenholding B.V. All shares in Achmea Tussenholding B.V. are owned by Stichting Administratiekantoor Achmea Tussenholding, which has issued depositary receipts for shares to investors. Those investors therefore receive the dividend paid by Achmea on the preference shares. They do not have the right to vote in Achmea's General Meeting: this right is held by Achmea Tussenholding B.V.

SHAREHOLDERS AS OF 31 DECEMBER 2022

	CAPITAL RIGHTS	VOTING RIGHTS
Vereniging Achmea (direct and via STAK)	66.94%	62.93%
Coöperatieve Rabobank U.A.	31.14%	29.28%
Gothaer Allgemeine Versicherung AG	0.55%	0.52%
Gothaer Finanz Holding AG	0.63%	0.59%
Schweizerische Mobiliar Versicherungsgesellschaft AG	0.74%	0.69%
Achmea Tussenholding B.V.[1]		5.98%

[1] Preference shares

General Meeting

Due to the statutory two-tier board regime that applies to Achmea, the authority of the General Meeting is restricted. Under the law and agreements in force, certain responsibilities rest with the Supervisory Board. The approval of the shareholders is nevertheless required for important corporate-law issues such as amendments to the Articles of Association, approval of the financial statements and decisions regarding the determination of profit appropriation and the distribution of dividend, resolutions concerning the issue of shares or the granting of rights to subscribe for shares (or appointing the Executive Board to arrange for such issue of shares or granting of rights), the reduction of Achmea's share capital, the appointment and dismissal of members of the Supervisory Board, and resolutions to dissolve, merge or divide Achmea. Crucial strategic resolutions that entail a fundamental change of course in Achmea's strategy and large-scale investments must be approved in the General Meeting by 80% of the votes cast.

In the annual General Meeting held in April 2022 – besides regular resolutions regarding the 2021 annual report and financial statements, the profit appropriation and the discharge from liability of the members of the Executive Board and the Supervisory Board – the members also considered the Supervisory Board's appointment of Mr Delfos as member of the Executive Board and Chief Risk Officer and the General Meeting's reappointment of Mr Van den Berg as member of the Supervisory Board. In the annual General Meeting held in April 2022, the retirement and discharge of Mr Timmer for the financial year 2022 to 1 April 2022 were also discussed.

Voting rights

Specific rights are attached to A-shares, which are held by STAK Achmea, including the right to make a non-binding recommendation to the Supervisory Board concerning the appointment of members of the Executive Board, the appointment of the chairman of the Supervisory Board, the approval of a resolution concerning the dissolution, merger or division of Achmea, and the issue and transfer of Achmea shares. Vereniging Achmea, as depositary receipt holder for the shares held in Achmea by STAK Achmea, has the right to attend the General Meeting, but has no voting rights in respect of these depositary receipts. Shareholders and holders of depositary receipts for shares may authorise someone in writing to represent them. Members of the Executive Board and Supervisory Board are authorised to attend the General Meeting. They have an advisory and informative role in this meeting.

Provisions of the Articles of Association on dividend policy

The rules on the distribution of dividend are set out in Achmea's Articles of Association. Dividend is owed and payable four weeks after it has been adopted by the General Meeting (unless a different date is determined in this regard). The Executive Board may propose to the General Meeting that the dividend be distributed wholly or in part otherwise than in cash. The General Meeting may resolve to distribute all or part of the net result. On a proposal from the Executive Board, the General Meeting may resolve to distribute an interim dividend. Achmea's dividend policy is explained in more detail in the Notes to the consolidated financial statements.

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Executive Board

BIANCA E.M. TETTEROO (1969)

Chair of the Executive Board

Bianca Tetteroo joined the Executive Board in June 2015 and has held the role of Vice-Chair since 1 January 2020. On 13 April 2021, Ms Tetteroo was appointed Chair of the Executive Board.

Ms Tetteroo completed her studies in information management and accountancy at Nyenrode University in 1997. She has also attended various executive training programmes, including on corporate governance and leadership at Insead. She began her career in 1988 at the accountancy firm Mazars. She entered the financial services industry in 1996 at what was then called Fortis, where she held various positions in Asset Management, De Verzekeraar and elsewhere. She joined Achmea in 2009, where she held the position of financial director at Syntrus Achmea. Ms Tetteroo had headed the Pension & Life division since 2012.

Ms Tetteroo is responsible for the focus areas Strategy & Transformation (incl. IT), Human Resources/Management Development, Administrative Office, Corporate Communications & Public Affairs and Internal Audit.

Ms Tetteroo also serves on the Supervisory Board of Netspar and De Kunsthal Rotterdam. In addition, she is a Board member of Garanti Emiklilik and of the National Cooperative Council. Ms Tetteroo is also a Board member of the Dutch Association of Insurers, as well as the Board of the Achmea Foundation.

MICHEL A.N. LAMIE (1966)

Vice-Chairman and Chief Financial Officer

Michel Lamie joined the Executive Board on 1 January 2017. He was appointed Chief Financial Officer on 1 April 2017 and Vice-Chairman of the Executive Board on 13 April 2021.

Mr Lamie is responsible for the focus areas Finance, Balance Sheet Management, M&A and Achmea Reinsurance. He is Chairman of the Supervisory Board of Achmea Reinsurance Company N.V. and member of the Management Board of Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. At Interamerican Greece, he is Vice-Chairman of the Board of Directors.

Mr Lamie is a chartered accountant and studied Economics and Accountancy at VU University Amsterdam. After earning his degree, Mr Lamie began his career at KPMG, followed by a position as CFO of RSA Benelux. Mr Lamie then worked at Achmea, including as Group Director Finance & Control. He has been a member of the Board of De Goudse Verzekeringen as Deputy Chairman since 2005 and, from 2009 to 2016, served as Board Chairman. In addition, Mr Lamie served for many years as a director of the Dutch Association of Insurers (Verbond van Verzekeraars) and Chairman of the Supervisory Board of insurance broker Van Lanschot Chabot (now known as VLC & Partners). In addition to his position at Achmea, Mr Lamie is also a member of the Supervisory Board of Royal De Heus.

DAPHNE C. DE KLUIS (1969)

Daphne de Kluis was appointed a member of the Executive Board of Achmea on 12 October 2021.

Ms De Kluis studied Work and Organisational Psychology at the University of Amsterdam. She joined ABN AMRO in 1998. After holding various positions within Commercial Clients and Corporate & Institutional Banking, in 2009, she was named Global Head of Debt Solutions and, in 2013, Global Head of Financial Restructuring & Recovery. In 2017, she was appointed CEO Commercial Banking and was appointed a member of the Executive Committee of ABN AMRO.

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Ms De Kluis is responsible for the Pension & Life division, Achmea Pension Services, Achmea Investment Management, Syntrus Achmea Real Estate & Finance and Achmea Bank.

Ms De Kluis is a member of the Supervisory Board of Achmea Bank N.V., the Supervisory Board of Syntrus Achmea Real Estate & Finance B.V. and the Supervisory Board of Achmea Investment Management B.V. She is a member of the Management Board of Achmea Pensioen- en Levensverzekeringen N.V.

Until July 2022, Ms De Kluis was also a member of the Supervisory Board of Euronext Amsterdam and Stadsherstel Amsterdam. Until September 2022, Ms De Kluis was also a member of the Board of the Hoge Veluwe Fonds and at ITVItae.

ROBERT OTTO (1967)

Robert Otto joined the Executive Board in August 2015. After reading Law at Leiden University, he began his career in 1992 at ING. In his final position at the banking and insurance group he was responsible for ING Insurance and Postbank Insurance. After a period of two years as CEO of OHRA, he took up the post of managing director of the commercial division of Delta Lloyd in 2010. In mid-2013, Robert Otto joined Achmea as chairman of the Non-Life division.

Mr Otto is responsible for the Zilveren Kruis division, InShared and the foreign operating companies (OpCos) in Australia, Canada, Greece, Turkey and Slovakia.

Mr Otto is Chairman of the Board of Eureko Sigorta and Interamerican Greece. He is also SOOA (senior officer outside Australia) and Chairman of the Supervisory Board of Achmea Australia. He is also chairman of the Supervisory Board of Union and a member of the Supervisory Board of Onlia, as well as chairman of the Supervisory Board of InShared.

In addition, Mr Otto is a Board member of Thuiswinkel.org and a board member of AMICE, ICMIF and the iFHP.

LIDWIEN T. SUUR (1974)

Lidwien Suur joined the Executive Board of Achmea in September 2019. Ms Suur studied International Business at Maastricht University and started her career in 1998 at ING/Nationale-Nederlanden. While there, among other things, she served as Director of Income Protection Insurance and Programme Director Strategy. She held the position of Managing Director of Unigarant and ANWB Verzekeren from the beginning of 2012 and has been a member of the board of ANWB since 2014. In 2016, she was made CFO of the ANWB.

Ms Suur is responsible for the focus areas Non-Life division, Centraal Beheer division, Interpolis division, Distribution, Innovation & Brand as well as Achmea Corporate Relations & Partnerships.

She is a member of the Management Board of Achmea Schadeverzekeringen N.V. She is also a member of the Supervisory Board of Achmea Reinsurance Company N.V. and Chair of the Supervisory Board of N.V. Hagelunie, as well as a board member of the Achmea Innovation Fund. Since July 2022, Ms Suur has also been a member of InShared's Supervisory Board.

Ms Suur is also Chair of the Non-Life Insurance Sector Board of the Dutch Association of Insurers and Chair of the Administrative Consultation between the Dutch Association of Insurers and NVGA. She is Vice-Chair of the Board of Guarantee Fund Motor Traffic (Waarborgfonds Motorverkeer) and Vice-Chair of the Netherlands Bureau of Motor Insurers (Nederlands Bureau der Motorrijtuigverzekeraars). She is also Chair of the Supervisory Board of the Dutch Terrorism Risk Reinsurance Company.

MICHIEL G. DELFOS (1970)

Chief Risk Officer

Michiel Delfos joined the Executive Board of Achmea as Chief Risk Officer in April 2022.

Mr Delfos joined Achmea in early 2014 as Director of Property & Casualty insurance and became president of the Non-Life division in October 2015. He previously held various management and executive positions at Delta Lloyd and ABN AMRO Insurance, focusing on Sales, Marketing, Operations, Finance and Legal Affairs. He studied International Economic Law at Leiden University.

Mr Delfos is responsible for Governance, Risk & Compliance, Central Services, Legal Affairs, Coordination Supervisors and the Achmea Sustainable Together programme.

Mr Delfos was a member of the Supervisory Board of Vereende N.V. until June 2022. Until October 2022 he was a member of the Supervisory Board of Onlia Canada. In addition, Mr Delfos is Chairman of the Supervisory Board of the Netherlands Atomic Energy Pool. He also participates on behalf of Achmea in the CRO Forum, a group of professional risk managers from the European insurance industry dedicated to developing and promoting best practices in Risk Management.

BIOGRAPHIES EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

Supervisory Board

JAN VAN DEN BERG (1964)

Jan van den Berg is a member of the Supervisory Boards of Achmea B.V., Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V. He is also a member of the Supervisory Boards of Achmea Zorgverzekeringen N.V. and its subsidiaries.

Mr van den Berg is also Chairman of the Supervisory Board of MyTomorrows and a member of the Supervisory Board of Health Tech Global (Singapore). He also serves as an advisor to the Ministry of Healthcare Singapore and board member of the Oranjefonds.

Mr Berg has over 20 years' management experience in the international insurance market. He worked at Coopers & Lybrand Corporate Finance, Nationale Nederlanden, AXA and Prudential Financial, where he held the post of Asia President until 2017.

WIM H. DE WEIJER (1953)

Wim de Weijer is Vice-Chairman of the Supervisory Board of Achmea B.V. and of the Supervisory Boards of Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V. He is also Chairman of the Supervisory Boards of Achmea Zorgverzekeringen N.V. and its subsidiaries. Mr De Weijer is also a Board member of Vereniging Achmea. Since August 2022, Mr De Weijer has also been a Board member of Stichting Continuiteit Achmea.

In addition, Mr De Weijer is a member of the Supervisory Board of ADG and also a Supervisory Board member of TSN Zorg. Mr De Weijer was Chairman of Wielco B.V. (Medux, Medipoint, HartingBank) until 1 July 2022, and Chairman of the Supervisory Board of Het Gastenhuis B.V. until 1 August 2022.

PETRI H.M. HOFSTÉ (1961)

Petri Hofsté is a member of the Supervisory Board of Achmea B.V., Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V., as well as the Supervisory Board of Achmea Investment Management B.V.

Ms Hofsté, a qualified chartered accountant, started her career at KPMG, where she was a partner in the Financial Services Audit practice until 2006. She subsequently held the positions of group controller and Deputy CFO at ABN AMRO Group, Division Director of Banking Regulation at the Dutch Central Bank (DNB) and CFRO at APG.

Ms Hofsté is also a member of the Supervisory Board of Rabobank, Fugro N.V. and Pon Holdings N.V., and Chairman of the Boards of Stichting Nyenrode, Vereniging Hendrick de Keyser and Stichting Capital Amsterdam. She is also a Board member of the Stichting Radix Nederland and a member of the Advisory Board of SER Topvrouwen.nl and the Advisory Board of WIFS.

LEX A.M. KLOOSTERMAN (1956)

Lex Kloosterman is a member of the Supervisory Board of Achmea B.V.. He is also a member of the Supervisory Board of Achmea Schadeverzekeringen N.V., Achmea Pensioen- en Levensverzekeringen N.V. and, since 30 October 2020, a member of the Supervisory Board of N.V. Hagelunie.

After completing his law studies at Leiden University, he held various (international) positions at ABN AMRO Bank for 20 years in the US, Brazil, Singapore and in Europe. From 2006 to 2008, he was responsible for Asset Management and Private Clients on the Executive Committee of Fortis SA/NV, and from 2009 to 2018 he worked as Director at Rabobank International.

Mr Kloosterman is director at Stichting AGRI3 and Investor Director at Cerberus Global Investments B.V.

LINEKE A.C.W. SNELLER (1965)

Lineke Sneller is a member of the Supervisory Board of Achmea B.V. and the Supervisory Boards of Achmea Schadeverzekeringen N.V. and Achmea Pensioen- en Levensverzekeringen N.V. She is also a member of the Supervisory Boards of Achmea Zorgverzekeringen N.V. and its subsidiaries.

Ms Sneller is a Professor of Accounting Information Systems at Nyenrode Business University. Since starting her career at Ortec Consultants in 1988, she has held CIO positions at InterfaceFLOR and telecoms providers Tele2 and Vodafone.

BIOGRAPHIES EXECUTIVE AND SUPERVISORY BOARD MEMBERS

Ms Sneller is a member of the Supervisory Boards of ProRail, Infomedics Holding B.V. and Van Wijnen Holding B.V. She is also a member of the Audit Advisory Committee of the Employed Person's Insurance Administration Agency (UWV). In addition, Ms Sneller is a member of the Advisory Board of the Institute of Internal Auditors, and a Board member of Stichting Berenschot Beheer.

ROEL TH. WIJMENGA (1957)

Roel Wijmenga is a member of the Supervisory Boards of Achmea B.V., Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. Since December 2022, Mr Wijmenga has also been a member of the Supervisory Board of Achmea Reinsurance Company N.V.

Mr Wijmenga was CFO of ASR Verzekeringen from February 2009 to May 2014. Prior to this he was a member of Executive Board of Achmea and of the Board of Directors of Interpolis and a member of the Executive Board of Fortis ASR Verzekeringen. He previously held several business roles in the insurance industry: at AMEV and Fortis. Mr Wijmenga is currently Chairman of the Philips Pension Fund.

MIRIAM R. VAN DONGEN (1969)

Miriam van Dongen is a member of the Supervisory Board of Achmea B.V., Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. as well as the Supervisory Board of Achmea Bank N.V.

Ms Van Dongen started her career at research firm IRIS (Rabobank/Robeco Group) and McKinsey & Company. She also held various positions at Delta Lloyd N.V., including as CFO of Delta Lloyd Belgium. From 2007 to 2009, she was CFO of Zilveren Kruis Achmea.

In addition, Ms Van Dongen is a member of the Supervisory Board of Optiver and Vice-Chair of the Supervisory Board of Mollie B.V., as well as Vice-Chair of the Supervisory Board of Kadaster. She is also Non-Executive Director of Spear Investments B.V. and since 2022 she has been Independent Chair Advisory Council at uMunthu Investment Company – Goodwell Investments.

TJAHNY R. BERCX (1963)

Tjahny Bercx is a member of the Supervisory Boards of Achmea B.V., Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V.

Mr Bercx started his career as a naval officer and made the switch to business and the HR discipline in 1997. He successively worked as Vice President HR at ING Barings and KLM. He joined mobility company LeasePlan in 2005, where he is currently Chief People & Performance Officer, as well as Regional Director USA, Austria, Switzerland, Mexico and Brazil. Mr Bercx has a Master's degree in psychology, a Master's degree in Work and Organisation in Occupational Health, completed an MBA at Keele University (UK) and has written several HR books. He is also a member of the Supervisory Board of ProRail and a member of the Supervisory Board of the Foundation 'help them come home'.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(BEFORE APPROPRIATION OF RESULT) (€ MILLION)

	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
Assets			
Intangible assets	12	787	748
Associates and joint ventures	13	46	41
Property for own use and equipment	14	378	473
Investment property	4	850	1,028
Investments	5		
Investments own risk		44,484	50,895
Investments for account and risk of policyholders		12,120	15,305
Banking credit portfolio		12,328	11,932
Deferred tax assets	15	758	610[1]
Income tax receivable		66	
Amounts ceded to reinsurers	6	820	737
Receivables and accruals	16	5,642	6,211
Cash and cash equivalents	17	1,935	1,569
Assets classified as 'Held for sale'	20	26	7
Total assets		**80,240**	**89,556**
Equity			
Equity attributable to holders of equity instruments of the company		9,276	10,476[1]
Non-controlling interest		2	9
Total equity	**18**	**9,278**	**10,485**
Liabilities			
Liabilities related to insurance contracts	6		
Insurance liabilities own risk		32,514	41,539
Insurance liabilities where policyholders bear investment risks		11,772	14,629
Other provisions	19	925	1,205[1]
Financial liabilities	7	21,413	20,083
Derivatives	5	4,317	1,427
Deferred tax liabilities	15	21	32
Income tax payable			156
Total liabilities		**70,962**	**79,071**
Total equity and liabilities		**80,240**	**89,556**

1 The accounting for the indexation of the pension provision has been changed retrospectively. For more information on this, please refer to the General Accounting Principles.

CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED INCOME STATEMENT

(€ MILLION)

	NOTES	2022	2021
Gross written premiums		21,088	20,026
Outgoing reinsurance premiums		–436	–381
Change in provision for unearned premiums and current risks (net of reinsurance)		289	–295
Net earned premiums	**9**	**20,941**	**19,350**
Income from associates and joint ventures		–23	–19
Investment income	10	–5,656	1,446
Other income	21	500	458
Total income		**15,762**	**21,235**
Gross expenses from insurance contracts		13,155	18,309
Share of re-insurers		–345	–241
Net expenses from insurance contracts	**11**	**12,810**	**18,068**
Fair value changes and benefits credited to investment contracts		–16	9
Interest and similar expenses	22	196	202
Operating expenses	23	2,407	2,299
Other expenses	24	220	72
Total expenses		**15,617**	**20,650**
Result before tax		**145**	**585**
Income tax expenses	25	40	117
Net result		**105**	**468**
Net result attributable to:			
Holders of equity instruments of the company		105	467
Non-controlling interest		0	1
Average number of outstanding ordinary shares		375,685,702	388,901,403
Earnings per share (in euro)	27	0.09	1.02

CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ MILLION)

	NOTE	2022	2021
Items that will not be reclassified to the Income statement[1]			
Remeasurements of net defined benefit liability[2]		322	−20
Unrealised gains and losses on property for own use[3]		−1	−19
		321	**−39**
Items that may be reclassified subsequently to the Income statement[1]			
Currency translation differences (including realisations) on subsidiaries, associates, goodwill and joint ventures[4,5]		1	−42
Share in other comprehensive income of Associates and joint ventures[3]		−1	1
Unrealised gains and losses on financial instruments 'Available for sale'[3]		−4,752	−331
Changes in the Provision for discounting of insurance liabilities from unrealised investment income[3]		3,382	559
Gains and losses on financial instruments 'Available for sale' reclassified to the Income statement on disposal[3]		280	−443
Reclassification to the Income statement as Provision for discounting of insurance liabilities from realised investment income[3]		−317	244
Impairment charges on financial instruments 'Available for sale' reclassified to the Income statement on disposal[3]		67	11
		−1,340	**−1**
Net other comprehensive income	**26**	**−1,019**	**−40**
Net result		105	468
Comprehensive income		**−914**	**428**
Comprehensive income attributable to:			
Holders of equity instruments of the company		−914	427
Non-controlling interest			1

1 The net position (including taxes) is shown within this overview.
2 Accounted for as part of Retained earnings.
3 Accounted for as part of Revaluation reserve.
4 Accounted for as part of Currency translation differences.
5 The Exchange Difference item includes the effects relating to hyperinflation in Turkey. For more information, please refer to the General Accounting Principles.

CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL/ PREMIUM	OWN SHARES	LEGAL RESERVES	REVALUA- TION RESERVE	EXCHANGE DIFFE- RENCE RESERVE[1]	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	OTHER EQUITY INSTRU- MENTS	**SUBTOTAL EQUITY[2]**	NON-CON- TROLLING INTEREST	**TOTAL EQUITY**
Balance at 1 January 2021	**11,357**	**–335**	**65**	**1,069**	**–475**	**–7**	**–3,014**	**642**	**1,250**	**10,552**	**7**	**10,559**
Adjustment opening balance[3]							–149			–149		–149
Balance at 1 January 2021	**11,357**	**–335**	**65**	**1,069**	**–475**	**–7**	**–3,163**	**642**	**1,250**	**10,403**	**7**	**10,410**
Net other comprehensive income				22	–42		–20			–40		–40
Net result								467		467	1	468
Comprehensive income				**22**	**–42**		**–20**	**467**		**427**	**1**	**428**
Appropriations to reserves			–10	68			583	–642		–1	1	
Dividends and coupon payments							–222			–222		–222
Issue, sale and purchase of equity instruments		-131								-131		-131
Balance at 31 December 2021	**11,357**	**–466**	**55**	**1,159**	**–517**	**–7**	**–2,822**	**467**	**1,250**	**10,476**	**9**	**10,485**
Net other comprehensive income			12	–1,342	–11		322			–1,019		–1,019
Net result								105		105		105
Comprehensive income			**12**	**–1,342**	**–11**		**322**	**105**		**–914**		**–914**
Appropriations to reserves			12	–68			523	–467				
Dividends and coupon payments							–245			–245		–245
Issue, sale and purchase of equity instruments[4]		–41								–41		–41
Transactions with non-controlling interests											–7	–7
Balance at 31 December 2022	**11,357**	**–507**	**79**	**–251**	**–528**	**–7**	**–2,222**	**105**	**1,250**	**9,276**	**2**	**9,278**

1 The Exchange Difference Reserve item includes the impact of hyperinflation in Turkey. For more information refer to Accounting Policies.
2 Subtotal Equity relates to Equity attributable to holders of equity instruments of the company.
3 The accounting for indexation of the pension provision has been changed retrospectively. As a result, Total Equity as of 1 January 2021 has decreased by € 149 million. For more information refer to the Accounting Policies.
4 In 2022, Achmea bought certificates for Achmea Tussenholding B.V. shares from RBS AA Holdings (Netherlands) B.V. for € 41 million. As the certificates indirectly relate to the Achmea B.V. preference shares, the purchase has been accounted for as purchase of own shares.

Share capital/premium includes € 10,923 million share premium (31 December 2021: € 10,923 million). For more information refer to Note 18.

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

Coupon payments on Other equity instruments amounted to € 55 million (2021: € 55 million). These amounts are included in Dividend and coupon payments. The tax effect (€ 17 million) on coupon payments is recognized in the consolidated income statement.

CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED STATEMENT OF CASH FLOWS

(€ MILLION)

	2022	2021
Cash flow from operating activities		
Result before tax	145	585
Adjustments of non-cash items and reclassifications:		
(Un)realised results on Investments, including foreign currency results and value changes and provisions for uncollectability	6,643	389
Amortisation and impairment on Intangible assets, Property for own use and equipment, and others (including foreign currency results)	166	158
Amortisation of Deferred acquisition costs recognised as Receivables and accruals, including foreign currency results	20	26
Income from Associates and joint ventures	23	19
(Accrued) Interest expenses	51	7
Exchange rate differences, including the impact of hyperinflation and other movements	–56	–2
	6,992	**1,182**
Changes in operating assets and liabilities:		
Changes in Receivables and accruals (excluding Deferred acquisition costs) and Other liabilities recognised as Financial liabilities	260	–284
Changes in Liabilities related to insurance contracts net of reinsurance	–11,965	–1,569
Changes in Other provisions	–280	–136
Changes in Financial liabilities (excluding financing activities)	624	–12
Changes in Real estate investments	184	55
Changes in Investments	3,920	1,581
Changes in Deferred acquisition costs included under Receivables and accruals	–19	–21
	–7,276	**–386**
Cash flows operating items not reflected in Result before tax:		
Received Income taxes	51	223
Paid Income taxes	–209	–222
Other changes		
	–158	**1**
Total Cash flow from operating activities	**–442**	**797**

CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	NOTES	2022	2021
Cash flow from investing activities			
Purchase of Subsidiaries, Associates and joint ventures and other investments (net of cash)		–92	–48
Purchase of Property for own use and equipment		–21	–61
Investments in Intangible assets		–24	–21
Disposal of Subsidiaries, Associates, joint ventures and capital interests (net of cash)		2	2
Sales and disposal of Property for own use and equipment		3	15
Dividends received from Associates and joint ventures		4	5
		–128	**–108**
Cash flow from financing activities			
Repayment of loans and funds drawn down		1,295	–874
Repurchase of equity instruments and certificates		–41	–131
Dividends and coupon payments		–245	–222
Interest paid[1]		–51	–49
Paid lease liabilities		–22	–28
		936	**–1,304**
Net cash flow		**366**	**–615**
Net cash and cash equivalents at 1 January		1,569	2,184
Net cash and cash equivalents at 31 December	**17**	**1,935**	**1,569**
Cash and cash equivalents include the following items:			
Cash and bank balances		1,935	1,569
Cash and cash equivalents at 31 December[2]	**17**	**1,935**	**1,569**

1 The interest paid in the cash flow from financing activities relates exclusively to Achmea B.V.
2 The monetary loss relating to the application of hyperinflation accounting on cash and cash equivalents amounts to € 2,7 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

GENERAL

A. GENERAL INFORMATION

Achmea B.V. is a private company with limited liability incorporated and seated in Zeist. The head office is located at Handelsweg 2 in Zeist. The Achmea Group (hereafter called Achmea) comprises Achmea B.V. and the entities it controls. 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.

1. ACCOUNTING POLICIES

B. AUTHORISATION FINANCIAL STATEMENTS

The Achmea Consolidated Financial Statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Executive Board on 8 March 2023. At the same date, the Supervisory Board gave its advice to the General Meeting to adopt the Financial Statements. The Executive Board may decide to amend the Financial Statements as long as these have not been adopted by the General Meeting. The General Meeting may decide not to adopt the Financial Statements, but may not amend these.

C. BASIS OF PRESENTATION

The Achmea Consolidated Financial Statements have been prepared in accordance with the International Financial Reporting Standards as at 31 December 2022 and as adopted by the European Union (hereafter EU and EU-IFRS). Furthermore, the Achmea Consolidated Financial Statements comply with the requirements of Section 362, paragraph 9, Book 2 of the Dutch Civil Code and were prepared based on the going concern assumption. All amounts in the Consolidated Financial Statements are in millions of euros, unless stated otherwise. Assets and liabilities in the statement of financial position are classified based on liquidity. If references are made to the balance sheet in these consolidated financial statements, this refers to the statement of financial position.

In the primary consolidated statements items of a similar nature are condensed. In the notes these items are disaggregated as they are of relative importance for Achmea. Relative importance is assessed based on both quantitative and qualitative criteria. Quantitative criteria relate to the totals of the relevant category in the primary consolidated statements and the relative importance of the item in these statements. If the item is of relative importance quantitatively, it is disclosed further (in accordance with the required IFRS disclosures). If the item is not of relative importance quantitatively, Achmea applies qualitative criteria, such as specific importance to a user of the financial statements, to assess if further explanation in notes is required. If an item is of relative importance qualitatively, it is disclosed further in accordance with the required IFRS disclosures. If an item is not of relative importance, either quantitatively or qualitatively, the notes are as limited as possible in accordance with the International Accounting Standard Board (IASB) Disclosure Initiative principles and related materiality principles.

Furthermore Achmea has separated the notes into chapters ‘Notes to sections Balance Sheet and Income statement items’ and ‘Other notes’. The notes concerning the activities of Achmea of an insurance nature are included in ‘Notes to sections Balance Sheet and Income statement items’. Other notes are included because they meet the quantitative or qualitative relative importance criteria and are included in the section ‘Other notes’.

D. CHANGES TO REPORTING

In 2022, the following new Standards, amendments to Standards and Interpretations issued by the IASB were adopted: These have no significant impact on Total equity as per 31 December 2022, Net result for 2022 and comparative figures of Achmea B.V.:

- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities, and Contingent Assets; and Annual Improvements 2018-2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

E. CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

The following standards and interpretations with a future application date were published in 2022 or earlier years and are applied in the 2023 consolidated financial statements. They concern:

Implementation of IFRS 9 and IFRS 17

The application of IFRS 9 and IFRS 17 changes the accounting policies for financial instruments and insurance contracts, respectively. The initial application of these standards will have a significant impact on Achmea's consolidated financial statements, because the valuation and determination of results for both insurance contracts and a large portion of the financial instruments will be different. Implementation of the new standards will lead to more volatility in the valuation of financial instruments and insurance liabilities, as well as reported results due to changes in market conditions. Following publication of the original version of IFRS 17, Achmea started an implementation process, taking into account the interaction of IFRS 17 with IFRS 9. The introduction of both standards leads to a decrease in equity, taking into account tax effects, of approximately €0.2 billion on the transition date, 1 January 2022. The impact on total equity at year-end 2022 is expected to differ from the position at transition date due to developments in the insurance portfolio and financial market developments during 2022. The determination of this is still in progress and is part of the preparation of the 2023 half year and annual financial statements.

IFRS 9 Financial Instruments

IFRS 9 came into effect on 1 January 2018. Achmea has deferred the application of IFRS 9 until the implementation of IFRS 17 on 1 January 2023. The required disclosures under this deferral are included in Note 30 Credit quality financials assets.

IFRS 9 has a modified model for the classification and measurement of financial assets. This model is driven by the cash flow characteristics of a financial asset and the business model within which this asset is held. Achmea maintains the existing valuation at amortized cost and fair value in the balance sheet for the majority of its investment portfolio. Achmea uses the option offered by IFRS 9 to opt for valuation at fair value through profit or loss to avoid an accounting mismatch in the income statement. This is applied to the investments classified as 'Available-for-sale' in the current financial statements under IAS 39. A relatively limited part of the investment portfolio that was previously measured at amortized cost is classified under IFRS 9 at fair value through profit or loss to avoid an accounting mismatch with the related insurance liabilities. This adjustment results in an increase in the value of investments at transition date of approximately € 0.2 billion. No adjustments are made to the valuation of financial liabilities.

IFRS 9 introduced an expected credit loss model for determining impairment losses. This model requires taking into account expected credit losses when financial instruments are first recognised. In the event of a significant deterioration in the credit quality of the financial instrument, expected credit losses over its entire life will have to be taken into account. The impact of the new model for expected credit losses at transition date is very limited.

Achmea adjusts the comparative figures for IFRS 9 and also applies the classification overlay approach from IFRS 17 to the comparative figures of financial assets sold during 2022. As a result, in the 2023 financial statements IFRS 9 and IFRS 17 are applied retrospectively as of 1 January 1 2022. This increases the comparability between the figures in financial year 2023 with the comparative figures of financial year 2022 for the combined impact of IFRS 9 and IFRS 17.

Finally, IFRS 9 introduces a hedge accounting model that aligns accounting treatment with risk management activities. Achmea Bank applies hedge accounting (both micro- and macro-hedging) for mortgage loans and financing transactions. Achmea Bank will apply the micro-hedging model of IFRS 9 for micro-hedging. The main adjustment to the existing hedge relationships is the elimination of the 80-125% effectiveness range. Given the current level of effectiveness, the impact of introducing the new model on Achmea Bank's results is limited.

IFRS 17 Insurance Contracts

IFRS 17 establishes a number of principles relating to the recognition, presentation, measurement and disclosure of insurance contracts. The objective of this new standard is to provide a more useful and transparent presentation of the financial position, performance and cash flows in the financial statements of entities issuing insurance contracts. The new standard also enhances the international comparability of insurers' financial statements. The standard is applicable to reporting periods beginning on or after 1 January 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The main change concerns the valuation of insurance contracts. The interpretation of the term 'insurance contract' has remained nearly unchanged from the current definition under IFRS 4 and there are no material changes in classification of contracts and insurance risks.

Under IFRS 17, when valuing insurance contracts Achmea no longer uses tariff rates in the valuation of life and pension insurance, valuation of loss provisions on nominal value and the methodology of the Provision for discounting of insurance liabilities within business line Life Netherlands.

IFRS 17 will be applied to all insurance operations at Achmea. These operations concern the insurance contracts for the life and pensions business, the non-life business, the healthcare business and the reinsurance business. In addition, contrary to current reporting, insurance-related receivables and payables will be considered in the measurement of insurance liabilities. The life and pension insurance contracts, disability products in non-life business and related outgoing reinsurance contracts are long-term in nature, and therefore the General Measurement Model is applied. The Variable Fee Approach is applied to insurance contracts in life and pensions business where policyholders bear the investment risk. For other non-life insurance contracts, all insurance contracts in the healthcare business and related outgoing reinsurance contracts for which insurance coverage is generally for one year or less or meets the eligibility test, Achmea applies the simplified valuation model ('Premium Allocation Approach'). The grouping of insurance contracts follows as much as possible the classification by product groups under Solvency II with further subdivision under IFRS 17 in accordance with how these contracts are managed in line with the risk profile of the portfolios. In addition, contracts written in a given year are grouped into annual cohorts and by expected profitability (onerous, expected profitable or other).

For the valuation of insurance contracts under IFRS 17, existing and already applied actuarial assumptions and presumptions that are based on Solvency II principles and that Achmea applies in determining the solvency ratio are used where possible. This applies in particular for assumptions used in and for cash flows and for determining contract boundaries.

IFRS 17 introduces - for non-financial risk in determining insurance liabilities, the Risk Adjustment. The Risk Adjustment is the allowance to compensate for uncertainty regarding the amount and timing of future cash flows arising from non-financial risks. We use a Cost of Capital methodology to calculate the Risk Adjustment. For transition purposes, the fair value approach uses a rate of 6%. For the measurement of insurance liabilities under IFRS 17, Achmea uses a rate of 4.5%. This differs from the used Cost of Capital rate of 6% prescribed under the Solvency II methodology for determining the Risk Margin. Based on the requirements of IFRS 17, the percentage of 4.5% is more suitable to Achmea's risk profile. In the absence of unexpected events, the Risk Adjustment is released to the income statement over the remaining life of the insurance contracts in proportion to the decrease in the residual risk in the insurance portfolio.

The discount curve to be applied for measuring insurance cash flows is one of the key policy choices under IFRS 17. Achmea's discount curve is composed bottom-up, consisting of a risk-free rate plus an illiquidity spread that is specific for each product group and is based on the investment portfolio of the life and pension business. For insurance contracts with a remaining term of less than 30 years, the risk-free rate is based on the swap curve, from which a Credit Risk Adjustment is deducted. For maturities of 30 years and longer, the risk-free curve is determined by extrapolating to an Ultimate Forward Rate (3.1%) from which a Credit Risk Adjustment is deducted.

Achmea chooses to recognise changes in financial assumptions in the valuation of insurance contracts in the income statement in order to avoid, as far as possible, a mismatch with the recognition of investment results in the income statement.

IFRS 17 introduces the Contractual Service Margin (CSM) in the measurement of insurance contracts under the general measurement model and the variable fee approach. For groups of profitable contracts, this margin is recognised as a component of the insurance liabilities and credited to the income statement in future periods when the insurance services are provided, taking into account the specific characteristics of the product.

For determining the comparative figures of the life and pension business and the disability portfolio, the required information is not sufficiently available and reproducible for all portfolios and reporting years due to previous system and data conversions. Therefore, the value of the insurance liabilities of the life and pension portfolios written in the years up to and including 2019 and the insurance liabilities of the disability portfolio up to and including 2021 are determined on the transition balance sheet using the fair value method ('fair value approach').

The expected impact of the adoption of IFRS 17 leads to an increase in the value of insurance liabilities at transition date 1 January 2022 of approximately € 0.5 billion before tax (excluding impact of reclassifications).

Other amendments with future application date

In 2022, the EU approved the following changes with a future application date. On application they will have no impact on Total equity or Net result or only a limited impact on the presentation and notes of Achmea.

- Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (effective date 1 January 2023);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective date 1 January 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 January 2023).

In addition to the above-mentioned (amendments to) standards, standards have been published with a future application date or (amendments) in previous years which Achmea has not applied in preparing the consolidated financial statements. Since these amendments to the standards have no impact on Total equity or the Net result, or have no impact or only a limited impact on the presentation and notes of Achmea, they are not described further.

It concerns the following amendments which were not yet approved for use in the EU as of 31 December 2022:

- Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-current - Deferral of Effective Date en Non-current Liabilities with Covenants issued (effective date 1 January 2024).
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback (effective date 1 January 2024).

F. AMENDMENTS RELATED TO ACCOUNTING POLICIES, PRIOR PERIOD CORRECTIONS AND CHANGES IN PRESENTATION

In 2022, no material adjustments with regard to accounting policies, changes in presentation and corrections for previous periods have been made in comparison with the 2021 consolidated financial statements of Achmea B.V., other than the adjustments described below.

Adjustment relating to accounting principles: first application of hyperinflation accounting

During 2022, 3-year cumulative inflation rate in Turkey exceeded 100%. As a result, Turkey is considered to be a country in hyperinflation for the purpose of preparing the consolidated financial statements 2022 of Achmea B.V. Due to this, Achmea accounts for its interests in Turkey adjusted for inflation expressed in the purchasing power index as at 31 December 2022. The comparative figures have not been adjusted in the consolidated financial statements 2022 of Achmea B.V. because the Turkish operations are converted into the currency of a non-hyperinflationary economy. The most significant effects on the Achmea consolidated financial statements are:

- The balance sheet and income statement items for the capital interests in Turkey are expressed in the purchasing power units of their functional currency (Turkish Lira) as of 31 December 2022. The purchasing power index (CPI) applied was 1,128 on 31 December 2022 and 687 on 31 December 2021.
- The positive effect associated with the recalculation of the non-monetary balance sheet items to the purchasing power index on 31 December 2022 amounted to € 10 million for Eureko Sigorta and € 8 million for Garanti Emeklilik Ve Hayat AS. This effect has been recognised as part of Other Comprehensive Income and added to the Exchange Differences Reserve. This is a combination of the effect of the increase in the purchasing power index since the first recognition in the balance sheet of the non-monetary items and the increase during 2022.
- For subsidiary Eureko Sigorta, the loss of purchasing power on monetary positions (net monetary loss) amounts to € 7 million. For associate Garanti Emeklilik Ve Hayat AS, inflation has led to a reduction in the participation's result amounting to € 6 million.
- The figures adjusted for hyperinflation were converted into Achmea's presentation currency (Euro) at the exchange rate as of 31 December 2022. The resulting exchange rate differences have been recognised as part of Other Comprehensive Income and in the equity in the Exchange Differences Reserve.

In preparing the cash flow statement for 2022, the figures adjusted for hyperinflation have been used for the capital interests in Turkey.

Corrections for previous accounting periods: conditional indexation commitment

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

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

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

G. CHANGES IN ACCOUNTING ESTIMATES

For the preparation of these Consolidated Financial Statements, estimates and assumptions are used for which the actual outcomes may vary. In preparing these Consolidated Financial Statements, the nature of the estimates and assumptions made in applying Achmea B.V.'s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Achmea B.V. Consolidated Financial Statements 2021, with the exception of the following:

In accordance with the principles used by Achmea, a LAT is carried out for each report. In assessing the adequacy of the insurance liabilities and related assets for the activities related to Life Insurance, three changes have been made for Achmea Pensioen- en Levensverzekeringen N.V. Due to the changes, the outcomes of the LAT are more in line with Achmea's current insights and analyses. The changes have a significant positive effect on the outcome of the LAT.

Starting in 2022, Achmea Pensioen- en Levensverzekeringen N.V. includes time diversification when determining the Risk Margin, in accordance with the EIOPA proposal for adjustment of the Solvency II regulations. Achmea has also refined the volatility adjustment. The volatility adjustment after amendment is based on the method for defining the adjustment in the partial internal model for market risk in which an adjustment was also made regarding the future intended composition of the investment mix held against liabilities. Up until 2021, Achmea still used an approximation of the Achmea volatility adjustment in the form of the adjustment that EIOPA prescribes when determining the insurance liabilities in Solvency II reporting. However, Achmea has adjusted the volatility adjustment to be used, because in 2022 it became apparent that the proxy of the volatility adjustment used up to and including 2021 was no longer sufficiently in line with the characteristics of Achmea's insurance liabilities and their expected development in the future. Finally, the parameter for the calculation of cost inflation has been recalibrated. This change is more in line with the ECB's long-term inflation expectations. These changes in accounting estimates were implemented in the second quarter of 2023. At the time of transition, the positive impact of these changes on the LAT outcome was €0.5 billion. For a more detailed explanation of the total test result at year-end 2022, we refer to Note 6 – Liabilities related to insurance contracts and amounts ceded to reinsurers.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

H. CONSOLIDATION FRAMEWORK

Basis for consolidation

All of Achmea's subsidiaries, associates and joint ventures are included in the Consolidated Financial Statements, based on Achmea's accounting framework. The following principles apply to Achmea's Consolidated Financial Statements.

Subsidiaries

Subsidiaries are entities over which Achmea has control. Achmea controls an entity when Achmea is exposed or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The assessment of control is based on the economic substance of the relationship between Achmea and the entity and considers existing and potential voting rights that are substantive. For a right to be substantive, Achmea must have the practical ability to exercise that right. Third-party interests in these entities are presented as Non-controlling interest within Total equity.

The outcome of the analysis whether (power to) control over an entity exists depends on the purpose and design of the entity, what are the relevant activities (that drive the entity's returns) and how decisions about them are taken and whether rights of the entity give current ability to direct the relevant activities. In performing this assessment, Achmea has defined the most relevant activity as the ability to determine the strategic policies of an entity. The outcome of the analysis also depends on whether Achmea is exposed to or has rights to variable returns from its involvement with the entity and whether Achmea has the ability to use its powers over the entity to affect the amount of its returns. If an entity performs activities for the benefit of the public good and not only for the benefit of Achmea and/or its customers (for example health related foundations), no ability for Achmea to use its power over the entity to affect the entity's return is presumed to exist. Different assumptions may result in a different outcome of the control assessment.

Investment funds managed by Achmea in which Achmea holds an interest are consolidated in the Consolidated Financial Statements if Achmea has control. In assessing control, all interests held by Achmea in the investment fund are considered, regardless if the financial risk related to the investment is borne by Achmea or by the policyholders. An exception to this is when the fund meets the definition of a silo (i.e. assets, liabilities and/or equity within the relevant entity are separated) or when, under strict facts and circumstances, a direct link between the policyholder and the fund can be assumed. On consolidation of an investment fund, a liability is recognised to the extent that Achmea is legally obliged to buy back participations held by third parties. The liability is presented in the Consolidated Financial Statements as Financial liabilities. Where this is not the case, other participations held by third parties are presented as Non- controlling interests. The assets allocated to participations held by third parties are presented *as Investments - Investments on own account*. Participations held by Achmea on behalf of policyholders are presented in the Consolidated Financial Statements as *Investments - Investments backing linked liabilities*.

Joint ventures

Entities over which Achmea and other entities share joint control by means of contractual arrangements are considered to be joint ventures. Achmea accounts for joint ventures using the equity method.

Associates

Entities over which Achmea exercises significant influence are accounted for using the equity method. Generally, significant influence is presumed to exist when the participation in ordinary share capital or voting rights (including potential voting rights) is between 20% and 50%.

Intra-group adjustments

Intra-group transactions have been eliminated in the Consolidated Financial Statements. Profits and losses resulting from transactions with associates and joint ventures are eliminated to the extent of Achmea's interest in the associate or joint venture.

Business combinations of entities under common control

For the accounting of business combinations of entities or businesses under common control, Achmea uses the pooling of interest method in case of a (legal) merger and carry over accounting (transfer based on the carrying amount) in case of an acquisition. Such transactions do not have an impact on Net result and Total equity of Achmea.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

I. ACCOUNTING FRAMEWORK

This section sets out the general accounting policies. All assets and liabilities are measured at fair value, unless a different measurement is stated in the accounting policies. The specific accounting principles applicable to a certain line item in the financial statements are included in the note to the relevant item.

Consolidated statement of cash flows

The Consolidated Statement of Cash Flows has been prepared according to the indirect method with a breakdown into cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash, bank balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Achmea's cash management processes are recognised as a component of Cash and cash equivalents. In total cash flow from operating activities, Result before tax is adjusted for those items in the Income Statement and changes in operating assets and liabilities, that do not result in actual cash flows during the year. Due to the nature of Achmea's activities, in which both insurance and banking are part of the operations, cash flows related to Investment property, Investments and Liabilities related to insurance contracts are presented as part of Total cash flows from operating activities.

Hyperinflation for interests in subsidiaries and associated

Achmea applies hyperinflation accounting if the 3-year cumulative inflation in a country exceeds 100% (based on the purchasing power index CPI) and the economic conditions of the country warrant it. Achmea accounts for its interests in the relevant country adjusted for inflation expressed in the purchasing power index on the balance sheet date. In the consolidated financial statements, the comparative figures at balance sheet date are not adjusted because the Turkish operations are converted into the currency of a non-hyperinflationary economy.

The main reporting effects are:

- At initial application, the cumulative effects of restating non-monetary balance sheet items to the purchasing power index on the balance sheet date are recognised as part of Other Comprehensive Income and added to the Exchange Differences Reserve.
- In the subsequent measurement, non-monetary balance sheet items are recalculated based on the purchasing power index on the balance sheet date. This purchasing power effect has been recognised as part of Other Comprehensive Income and added to the Exchange Differences Reserve.
- The income statement is expressed in purchasing power units on the balance sheet date.
- The loss of purchasing power on monetary positions during the reporting period (net monetary result) is recognised in the income statement under other expenses.

Foreign currency differences

The Consolidated Financial Statements are presented in euros, which is Achmea's functional and presentation currency. Items included in the Financial Statements of Achmea's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency).

For consolidation, assets and liabilities of foreign subsidiaries with a functional currency other than the euro are translated into euros at the year-end exchange rates.

The income and expenses of these subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of year-end exchange rates to the opening balance of net assets and goodwill of these subsidiaries and to the results for the reporting period are recognised in Total equity and reported as Net other comprehensive income.

The net asset value of associates and joint ventures with a functional currency other than the euro is translated into euros at the year-end exchange rates. The results of associates and joint ventures are translated at the weighted average exchange rates for the reporting year. Translation differences, arising from the application of reporting date exchange rates to the opening net asset value of associates and joint ventures and to the results for the reporting period, are recognised in Total equity and reported as Net Other Comprehensive Income.

Transactions in currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet date exchange rates of monetary assets and liabilities denominated in currencies other than the functional currency are recognised in Net result. Exceptions are foreign exchange gains and losses recognised in Total equity as part of qualifying cash flow hedges or a qualifying net investment in a foreign operation. Refer to the accounting policies in the applicable disclosures for more details regarding the accounting of foreign currency differences for specific assets and liabilities.

Where subsidiaries and associates have a functional currency of a hyperinflationary economy, the income and expenses of these entities are translated into euros at the exchange rate at the end of the fiscal year.

Recognition financial instruments

When Achmea becomes a party to the contractual provision of a financial instrument (i.e. at trade date), Achmea recognises the instrument at fair value including transaction cost (unless the financial instrument is classified as 'At fair value through profit or loss').

Derecognition financial instruments

A financial asset (or part of a financial asset) is derecognised when the contractual rights to receive cash flows from the financial asset have expired, when Achmea has transferred substantially all risks and rewards of ownership or when Achmea did not maintain control over the asset.

In transfers where control over the asset is retained, Achmea continues to recognise the asset to the extent of its continuing involvement. The extent of continuing involvement is determined by the extent to which Achmea is exposed to changes in the value of the asset. Upon derecognition, the difference between the disposal proceeds and the carrying amount is recognised in the Income Statement as a realised gain or loss. Any cumulative unrealised gains or losses previously recognised in Total equity are transferred from Total equity to the Income Statement.

Financial liabilities are removed from the balance sheet when the obligation is extinguished, i.e. when the contractual commitment is fulfilled, dissolved or expires. Achmea uses the average cost price method for financial assets and liabilities that are no longer included in the balance sheet.

Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and reported at the net amount in the balance sheet when Achmea:
- Has a current legally enforceable right to offset the recognised amounts; and
- Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Impairment

In general, an impairment of an asset exists when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. At each reporting date, Achmea assesses whether there is an indication that an asset could be impaired and whether it is necessary to recognise an impairment loss. The goodwill from business combinations and other intangible assets with an indefinite life is tested for impairment every year. Impairments on Investments are recognised as *Realised and unrealised gains and losses* in the Investment income of the Income Statement. All other impairments are recognised as Other expenses in the Income Statement. Impairment losses recognised in prior years are reversed if the reversal can be objectively attributed to the disappearance or removal of the impairment event since the impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable amount. An increase in the carrying amount due to the reversal of the impairment loss will not exceed the carrying amount if no impairment loss would have been recognised in prior periods. The increase due to a reversal of an impairment loss is recognised in the Income Statement (Investment income - *Realised and unrealised gains and losses* for fixed-income investments and in Other expenses for other reversals). Impairment losses on equity instruments classified as 'Available for sale' are not reversed through the Income Statement. Subsequent fair value changes are recognised in the Revaluation reserve (part of Total equity). An impairment regarding goodwill is not subject to reversal. For more details relating to the specific accounting policies for impairment, reference is made to the accounting policies for the specific items as included in the applicable disclosures.

J. ACCOUNTING FRAMEWORK

For the measurement of certain items of the financial statements, Achmea uses assumptions and estimates concerning future results or other developments, including the likelihood, timing or amounts of future transactions or events. Inherent to estimates is that the actual results may differ materially. Important estimates relating to a certain balance sheet item are also included in the note to the balance sheet item.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

2. CAPITAL AND RISK MANAGEMENT

Effective capital and risk management is essential for Achmea's continuity, and for maintaining a long-term relationship with our clients and other stakeholders. Capital management ensures that Achmea and all its supervised entities have sufficient capital to secure the interests of all stakeholders. Risk management involves identifying and assessing risks, determining and implementing risk control measures and the monitoring and reporting on risks. The starting point is making well-informed decisions about the risks to be accepted in realising the business objectives This involves both the objectives of Achmea as a group as well as the objectives of the individual entities.

Capital and risk management complement each other and require an integrated approach. For instance, the risk profile is quantified using a partial internal model, approved by the College of Supervisors, that is also used to calculate the required capital. In terms of risk, Achmea has defined its risk appetite and statements about the capital are an important part of this. Each year, the risk and solvency position are assessed in conjunction with each other in the Own Risk & Solvency Assessment (ORSA).

The Executive Board Report already addressed the Risk Management framework and a number of important risk themes. This paragraph discusses capital and risk management at Achmea in more detail, using the following components:
A. Key Risk Themes in 2022, B. Capital position, C. Risk profile, D Risk Management System, E. Insurance risk, F. Market risk,
G. Counterparty risk, H. Liquidity risk, I. Operational risk, J. Compliance risk and K. Capital management.

A KEY RISK THEMES IN 2022

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 Own Risk and Solvency Assessment (ORSA).

The risk management activities are structurally tested for approach and effectiveness, including monitoring by De Nederlandsche Bank (DNB), the Autoriteit Financiële Markten and the Nederlandse Zorgautoriteit under the Current Monitoring Methodology. Risks are made transparent and risk control measures are effective enough to reduce residual risks to an acceptable level.

The key risk themes for Achmea are described below:

STRATEGIC RISK

Topic	Description	Control Measures
Sustainability	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. Achmea is also exposed to reputational risk when it fails to act quickly enough in the energy transition and when it is unable to meet its sustainability targets either partially or fully.	The initiatives geared towards achieving our sustainability and climate change objectives have been brought together in one central programme, 'Achmea Sustainable Together', ensuring completeness and consistency in the measures to be taken. A central project organisation and expert group support the operating companies. Risk control measures within the various operating companies include adjusting the product and service range, tightening premiums and conditions and also reinsurance. Achmea has applied a Socially Responsible Investment (SRI) policy in its investment business (including an exclusion policy) for quite some time. Achmea is actively working towards achieving CO_2-neutral business operations. From a risk management perspective, steps have been taken to identify sustainability risks in more detail and further incorporate control of these into the risk management system. As part of the annual Own Risk and Solvency Assessment (ORSA), qualitative and quantitative analyses on climate-related risks (including stress and scenario testing) were carried out for both the Group and individual insurance entities. The risk classification has also been adjusted, with sustainability risk being defined as a transversal risk (see under C. Risk profile). More detailed information on Achmea's climate-related activities and how it manages the corresponding risks is included in the Executive Board Report (see the section 'Our approach to climate change').

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Topic	Description	Control Measures
Future earnings model	In light of the decreasing size of the service book within the pension and life business, it is important that Achmea renews its processes and products/services in a timely manner such that future free cash flows remain at an adequate level. New developments include the introduction of new distribution, product and/or service models. In addition, there are general developments such as demographics, laws and regulations (such as the pension agreement), changing social views, but also macro-economic trends with potential impact on the earnings model.	There are various group-wide initiatives in the field of technology, customer service, proposition development and innovations. Achmea's focus and implementation power has been strengthened by setting up the new DIM (Distribution, Innovation and Brand) department. The objective is to increase synergy and efficiency, and to structurally increase Achmea's operating result. Within the group strategy, growth is pursued in particular within retirement services, non-life and international activities.
Geopolitical developments and inflation	Geopolitical trends and inflation can lead to lower returns on investments, higher claims, higher personnel expenses and decreasing sales of new insurance policies and mortgages and also payment arrears, with consequently a negative impact on the profitability and solvency margins of the insurance entities. The high rate of inflation in 2022 raises an important question as to the extent to which there is structurally higher inflation versus the ECB's target rate of 2%. Within Achmea, inflation is primarily reflected in higher wage costs and a higher cost of claims, deriving from both wage inflation and price inflation. A specific item of attention is Achmea's activities in Turkey, where inflation is currently extremely high.	Achmea is monitoring developments closely. Inflation risk is managed by such means as expense measures, premium adjustments and product management. We support our customers wherever possible in preventing and solving payment difficulties, 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-related investment instruments are used for Achmea's activities in Turkey. Capital is held to cover the residual risk and scenarios are worked out as part of the ORSA. (Refer to section F Market risk).
Distribution partners	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	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 (tax) regulations and / or by organizing solidarity in society differently. This risk affects all Achmea product lines. In addition, Achmea is exposed to reputational risk when it fails to comply with (forthcoming) laws and regulations.	Since increasing legislative and regulatory requirements are closely monitored, necessary measures can be initiated in time In 2022, continued attention was paid to implementation of current legislation and regulations on sustainability and climate change (including external reporting), as well as the implementation of accounting standards IFRS 9 and IFRS 17.
Tight labour market	Tightness on the labour market can have a direct and an indirect impact. The direct impact is the risk of Achmea being unable to attract and retain the talent required for innovation and business continuity. This can disrupt services and lead to Achmea incurring extra expenses. Use of external capacity can only partially absorb the impact. The indirect impact relates to the risk to services provided by other parties in the supply chain, such as a shortage of medical personnel or employees at contractors or repair workshops.	Several initiatives have been started within Achmea in response to these developments. These include further developing the sourcing policy. Furthermore, there is a strong focus on Strategic Workforce Management, further strengthening Achmea's position as an employer and stimulating internal employee mobility. Through further investments in the area of our building block 'Expertise in data & digital', the efficiency of business processes will be further improved, among other things with the aim of reducing the required deployment of both own personnel and indirect personnel in the chain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MARKET RISK

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

INSURANCE RISK

Topic	Description	Control Measures
Longevity risk	Given the long-term nature of pension and life insurance contracts, Achmea is exposed to longevity risk. Life expectancy has been rising for a number of decades, for example as a result of breakthroughs in medical science and changing lifestyle habits. This is also visible in the life expectancy tables published by the Dutch Society of Actuaries and has an impact on the future pay-out pattern of the life and pension activities. Due to decreasing size of the service book within the pension and life business, this risk will decrease over time.	Longevity risk is managed through active product management to ensure diversification of the life insurance and pension portfolios.
Natural Catastrophe	In the non-life portfolio, catastrophes caused by (extreme) weather events can have a major impact. Due to climate change, frequency, timing and intensity may change. For the time being, the short-term impact due to climate change is estimated to be limited.	Control measures include model development, reinsurance and contingency plans. Regarding the non-life and incoming reinsurance portfolios, these risks are taken into account in product development and pricing. Achmea has close contacts with the companies that develop catastrophe models, 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	The risk that volatility in underwriting results manifests itself in the non-life and income portfolio due to higher than currently expected (injury) claims and/or deviations from estimated disability and rehabilitation probabilities.	Risks in the non-life portfolio are managed by, among other things, promoting 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 further developed. For the income portfolio, claims monitoring explicit attention is paid to claims management and developments in laws, regulations and case law. Part of the income portfolio is reinsured.
Health results and -portfolio	The risk of large fluctuations in the health results and portfolio, for example due to the many uncertainties surrounding Covid 19, including the amount of catch-up care, the specific arrangements made and long Covid-19 effects. For 2023, specific uncertainties include the impact of the abolition of the group discount, high inflation and changes to the risk equalisation system.	This risk is managed through the regular process of healthcare cost estimation and procurement, product management, services and specific management measures from the government such as the retrospective correction of total costs at macro level, entailing partial settlement with health insurers of the difference between the national budget and actual healthcare costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

OPERATIONAL RISK

Topic	Description	Control Measures
Cyber crime	Cybercrime is an increasingly important social issue, including 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. With information security and privacy management measures in the internal control framework, the main security and privacy risks are managed.
Duty of care	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.

B. CAPITAL POSITION

Capital management at Achmea is based on the legal framework, economic principles and assumptions of rating agencies. The legal framework is determined by IFRS as adopted by the European Union, Solvency II and the Capital Requirements Directive IV ("Capital Requirements Directive IV", CRD IV) and Capital Requirements Regulation ("Capital Requirements Regulation", CRR). CRD/CRR is a framework specifically aimed at the banking business and the management of investment funds. For investment firms (within Achmea: Achmea Investment Management B.V. and Syntrus Achmea Real Estate & Finance B.V.), the 'Investment Firm Directive' (IFD) and the 'Investment Firm Regulation' (IFR) are applicable as of 2021. For Centraal Beheer PPI (part of the Achmea Group as of September 1, 2022), the IORP II directive applies. For Eureko Sigorta AS, the prudential regime in Turkey applies.

As laid down in Achmea's risk appetite and capital policy, Achmea aims for a target ratio of at least 165% at group level under Solvency II.

At year-end 2022 Achmea and its entities are sufficiently capitalised in accordance with statutory requirements.

Achmea Group

For the purpose of calculating the solvency ratio for Achmea as a group, the requirements of the Solvency II legislation are applied.

The Solvency Capital Requirements for insurers and Achmea as a group are subject to Solvency II, the solvency regime for insurers that is in force in the European Union. Since 2020 the entities with banking activities and activities in the area of asset management and pension administration that fall under a different supervision (hereafter: banking and investment institutions and PPI) are included in Achmea's solvency calculation based on their local sectoral bases.

SOLVENCY RATIO

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Eligible own funds Solvency II	9,195	10,363
Solvency Capital Requirement	4,410	4,853
Surplus	**4,785**	**5,510**
Ratio (%)	209%	214%

For the purposes of calculating the required capital, Achmea uses an approved partial internal model as risk model. For further information on the partial internal model and an overview of the composition of the Solvency Capital Requirement (SCR), please refer to section C Risk profile.

The table below shows the composition of the Solvency II eligible own funds. See section K Capital management for information on the capital instruments used. This capital serves as a buffer for absorbing risks and financial losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

ELIGIBLE OWN FUNDS SOLVENCY II

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Tier 1	7,320	8,231
Tier 2	1,467	1,578
Tier 3	408	554
Total eligible own funds Solvency II	**9,195**	**10,363**

The Tier 1 capital has decreased due to a lower value of investments by interest rate and spread developments, higher provisions due to adjustments for inflation and mortality assumptions and the purchase of share certificates in Achmea Tussenholding B.V. The decrease is partly offset by positive expected insurance results. Tier 2 capital decreases due to the impact of increased interest rates on the economic value.

As of 31 December 2022, Tiering limits have been exceeded due to which an amount of € 298 million of Tier 3 capital cannot be included in the Solvency II eligible own funds.

On 9 November 2021, De Nederlandsche Bank published a Q&A in which they indicate that individual disability insurance (AOV) products qualify as long-term contracts under Solvency II. Achmea still labels these products as short-term contracts at the end of 2022. As of 1 July 2023, beginning with the Quantitative Reporting Templates (QRT's) for Q2 2023, insurers must include AOV products in their Solvency II calculations in accordance with the Q&A. To implement this change, in 2022, Achmea Schadeverzekeringen N.V. has translated the requirements to the underwriting systems and the (actuarial) internal models used in the Solvency II processes. Prior to applying the new calculation method, both the internal models and their implementation in the Solvency II processes must be approved by DNB.

Pro forma calculations for the modified treatment of individual disability insurance (AOV) products show a limited increase in solvency. The Solvency II eligible own funds would increase by approximately € 325 million to € 9,250 million and the Solvency Capital Requirement by approximately € 94 million to € 4,503 million. This impact has not yet been incorporated into the Solvency II ratio at year-end 2022. This would increase the solvency ratio by 3% percentage points. In the Solvency II reporting for the second quarter of 2023, the individual disability insurance products will qualify as long-term. The effects of this will also be included in Achmea B.V.'s half-year 2023 report.

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

RECONCILIATION BETWEEN IFRS EQUITY AND SOLVENCY II ELIGIBLE OWN FUNDS

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
IFRS equity	9,278	10,485
Adjustment prior year		148[1]
IFRS equity for the purpose of reconciliation to Solvency II eligible own funds	**9,278**	**10,633**
Solvency II valuation and classification differences	1,097	846
Not qualifying equity and foreseeable dividends	−1,180	−1,116
Eligible own funds Solvency II	**9,195**	**10,363**

1 Refers to the impact of the adjustment for the conditional indexation commitment, as explained in Note 1 Accounting Policies – section F. Under Solvency II regulations, the Solvency II eligible own funds at year-end 2021 is not adjusted.

The Solvency II revaluations and reclassifications of € 1,097 million (2021: € 846 million) include items that are not recognised under Solvency II (such as goodwill and deferred acquisition costs), items that are valued differently under Solvency II (Solvency II uses economic value for all items) as well as reclassification of subordinated debts and repurchased own shares.

Not qualifying equity and foreseeable dividends includes changes in the availability of Achmea's equity in accordance with Solvency II requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Key assumptions and estimates for the Solvency II calculation
For the Solvency II calculation Achmea uses assumptions and estimates with regard to future results or other developments, including the probability, the realisation moment or the number of future transactions or events. Inherent in estimates is that the realisations may differ materially. Part of these assumptions and estimates correspond to the assumptions and estimates mentioned under Note 1 Accounting Policies – section J and the accounting policies as included for the specific items in the Consolidated Financial Statements. For the Solvency II calculation (including Solvency II eligible own funds) several additional estimates are applied additionally or instead.

The most important additional estimates are:
- Application of internal models based on underlying assumptions and policy excess assessments.
- Cash flows used for the assessment of the market value of the Liabilities related to insurance contracts and Amounts ceded to reinsurers. Estimates under cash flows include the expected premium income in the year ahead and claims related to this premium income for future years; these expectations are partly based on assumptions regarding mortality, claims, lapse, work disability, costs and interest.
- Economic value of contingent liabilities.
- Projected fiscal results (after shock) and analysis of future results.
- The absorbing capacity of deferred taxes.

The amount of the reported Solvency II figures is still subject to the assessment by De Nederlandsche Bank as part of the supervisory review process and as a result interpretations may change.

Banking and investment institutions
The Total Capital Ratio based on CRD/CRR and IFD/IFR decreased from 20.3% in 2021 to 18.2% in 2022 due to an increase in risk-weighted assets (due to an increase in the mortgage portfolio) and an increase in capital (due to the appropriation of the positive result in 2022 and a capital payment at Achmea Investment Management B.V., partially offset by a dividend payment at Achmea Bank).

CAPITAL RATIO CRD/CRR, IFD/IFR

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Core capital - Tier 1	874	854
Supplementary capital - Tier 2	0	0
Qualifying capital	**874**	**854**
Risk-weighted assets	4,806	4,198
Core Equity Tier 1 ratio	18.2%	20.3%
Total Capital ratio	18.2%	20.3%

CB PPI
During 2022 Achmea B.V. acquired all shares of Centraal Beheer PPI N.V. Centraal Beheer PPI N.V. is subject to the IORP II regulations. The capital requirements are included in the group's solvency calculation based on sectoral principles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

C. THE RISK PROFILE

In describing Achmea's risk profile and risk management in its capacity as a financial service provider, a risk classification is used which is largely based on the Solvency II risk classification for calculating the solvency capital requirement (insurance risk, market risk, counterparty default risk and operational risk). Compliance risk is distinguished separately in the risk classification. Under Solvency II it is not viewed as a separate risk but included under operational risk. In addition, the listed types of risk include liquidity risk and strategic risk.

Compliance risk	Achmea runs the risk of non-compliance with laws and regulations or failing to implement forthcoming laws and regulations on time, which may result in legal or administrative sanctions that in turn may result in substantial financial loss or reputational damage. Compliance risk is a distinct risk that is differentiated from other kinds of risk as a function in law and practice; as a risk class, it requires its own specific controls. Key compliance risks include the risks related to duty of care, product development, customer due diligence, privacy (compliance with the General Data Protection Regulation), integrity and fraud control, and competition.
Liquidity risk	Achmea is exposed to liquidity risk at group level and within the entities mainly with regard to the insurance and banking activities.
Market risk	As a financial service provider, Achmea is exposed to market risk due to its investment portfolio, mortgage loans, minimum guarantees and profit sharing (life insurance and disability insurance), retail banking products (mortgage loans, deposits, savings accounts and current accounts) and other investments. This encompasses interest rate risk, equity risk, property risk, spread risk, currency risk and market concentration risk.
Operational risk	Achmea runs the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Key operational risks include risks with respect to information security and cybercrime, risks in outsourcing processes to external parties, risks related to the digitisation of our services, and liability risk for products and services.
Counterparty risk	Achmea is exposed to counterparty risk , as a consequence of unexpected bankruptcy or deterioration of the creditworthiness of counterparties and debtors, in its investments, treasury, reinsurance activities, and in its dealings with healthcare providers, intermediaries and policyholders.
Insurance risk	Achmea is exposed to life, non-life and health risks through its product range as an insurance company, as a consequence of differences between expectations and actual developments or improbable events.
Strategic risk	Strategic risk relates to Achmea's vision on her future business model. Achmea runs the risk that internal and external events may make it difficult for Achmea, or even impossible, to achieve its business objectives and strategic goals.

Achmea also recognises transversal risks. These are risks that manifest themselves through one or more of the risk types in the abovementioned risk classification. The main risks are solvency risk, reputational risk and sustainability risks.

Specifically for sustainability risk, Achmea has defined a separate risk classification comprising Environmental, Social and Governance risks.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Quantitative risk profile

The Solvency Capital Requirement provides a quantification of the risk profile. For calculating the capital required Achmea uses a partial internal model, that has been approved by the College of Supervisors. An internal model provides Achmea with better insight into the risks, enabling improved risk management. The models are periodically evaluated and, where necessary, updated.

Scope partial internal model

The scope of the internal model at group level is:

- For non-life risk, the premium and reserve risk of the Greek and Dutch non-life risk activities. No internal model is used for the premium and reserve risk of incoming reinsurance activities.
- For non-life risk, the natural catastrophe risk of the Greek and Dutch non-life activities (excluding incoming reinsurance from third-party contracts (non Achmea)).
- For health risk (health Not Similar to Life Techniques, NSLT), the premium and reserve risk of the Greek and Dutch non-life activities. This includes risks related to absenteeism and accidents in particular.
- The health risk (health Similar to Life Techniques, SLT) of the Dutch non-life activities. This includes but is not limited to disability risk.
- For market risk, the interest rate risk, equity risk, property risk and spread risk of the Dutch insurance entities (excluding the healthcare entities) and Achmea B.V. Inflation risk relating to the claims expenses of the non-life entities is included as part of interest rate risk within the internal model.

The other risks and risk types are calculated using the standard formula. For aggregation Achmea uses a mixture of aggregation techniques for the internal model permitted under Solvency II and parts of the standard formula. In 2022, no changes were made to the scope of the partial internal model.

Results partial internal model

The table below gives an overview of Achmea's risk profile based on the capital required results under Solvency II as calculated using the partial internal model.

SOLVENCY CAPITAL REQUIREMENT (€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Market risk	2,050	2,315
Counterparty Risk	174	202
Life Risk	1,258	1,849
Health Risk	1,906	1,800
Non Life Risk	1,124	1,014
Diversification	−2,394	−2,602
Basic Solvency Capital Requirement	**4,118**	**4,578**
Loss absorbing capacity of Expected Profit (LAC EP)	−444	−217
Loss absorbing capacity of Deferred tax (LAC DT)	−550	−682
Operational Risk	626	596
Solvency Capital Requirement (Consolidated)	**3,750**	**4,275**
SCR Other Financial Sectors & Other entities	660	578
Solvency Capital Requirement	**4,410**	**4,853**

In accordance with the Solvency II regulations, the loss absorption capacity has been taken into account when calculating the required capital. In case of losses, part of this can be offset with the LAC DT.

The required capital for market risk decreased due to higher interest rates in 2022. This led to a lower market value of investments, reducing interest rate and spread risk. Widening spreads led to a further decrease in interest rate and spread risk. A large part of the required capital is a direct result of the product range and is formed by insurance risk, which consists of life risk, claims risk and healthcare risk. On balance, required capital decreased due to a combination of effects. Increased interest rates led to a lower market value of liabilities, reducing interest rate risk. The increased interest rate also reduces life risk. Claims risk increases due to higher provisions due to inflation and the February storm and also due to higher own retention. The lapse risk increases due to increased expected portfolio profitability. The increase in healthcare risk is mainly due to higher claims provisions due to Covid-19, increased number of policyholders and higher premiums in 2023 due to cost inflation. LAC EP increases due to increased interest rates and portfolio growth.

D RISK MANAGEMENT SYSTEM

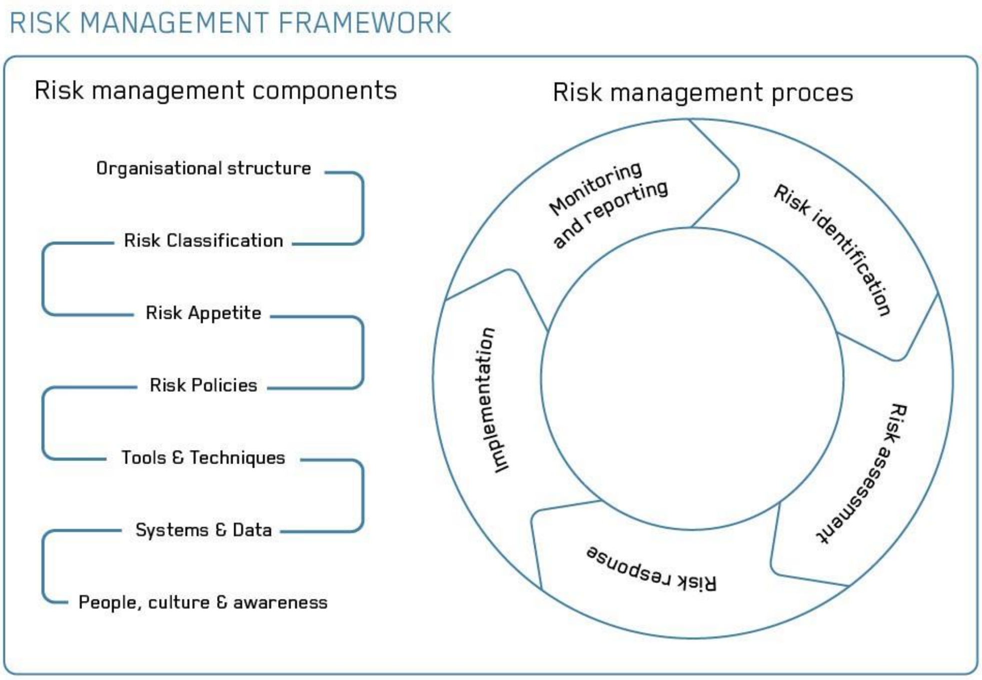
The risk management of Achmea system sets out how the risks at Achmea level and for each main risk are managed.

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

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

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

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



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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

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

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

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

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

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

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

- At group level the compliance, risk management and actuarial functions are fulfilled within the staff department Compliance, Risk Management and Actuarial. These functions report to the Chief Risk Officer of the Executive Board and have direct and unlimited access to the management of the business units, the Executive Board, the Audit & Risk Committee and the Supervisory Board, as well as a formal escalation line to the chairs of the Executive Board, the Audit & Risk Committee and the Supervisory Board.
- The internal audit function at group level is fulfilled by the Internal Audit department. This function reports to the chairs of the Executive Board, has a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board, and has direct and unlimited access to business units.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

- The compliance, risk management, actuarial and internal audit functions have been set up for the insurance entities under supervision. In the case of the Dutch insurance entities, these functions are performed by the relevant staff departments. The international insurance entities have their own Compliance, Risk Management and Actuarial functions. These functions report to the entities' boards of directors and have a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board as well as direct, unlimited access to all business units.
- As of 1 September 2022, Centraal Beheer PPI B.V. is part of Achmea Group. For this entity, the required key functions of Compliance, Risk Management and Internal Audit have been set up at group level.

Model governance

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

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

Risk Appetite

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

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

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

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

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

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

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

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

In addition to the periodic monitoring of our risk profile, the group-wide risk and solvency assessment ORSA is prepared annually for the insurance activities. For the banking activities an ICAAP (Internal Capital Adequacy Assessment Process)/ILAAP (Internal Liquidity Adequacy Assessment Process) report is prepared. These reports provide insight into, and an assessment of the development of the risk profile, solvency and liquidity during the planning period, both under regular and under stressed circumstances. Currently specific attention is being paid to ESG risks. These reports are provided annually to the College of Supervisors and local regulators for the non-Dutch entities. The extent to which the existing and future capital and liquidity position are considered to be adequate under normal and under extreme circumstances is laid down in the ORSA report. The appropriateness of the partial internal model is also assessed in the ORSA.

Achmea's Preparatory Crisis Plan contains information on the degree to which Achmea as Group is prepared for, and can recover from, severe (financial) developments.

E. INSURANCE RISK

From the perspective of an insurer, insurance risk is the risk of loss, or of adverse change in the value of liabilities related to insurance contracts, resulting from inadequate pricing and provisioning assumptions and encompasses life risk, non-life risk and health risk. For Achmea Pensioen- en Levensverzekeringen N.V., inflation risk related to operational expenses is also included in insurance risk.

The Insurance Risk Policy describes how insurance risks are managed. A key ingredient is the Product Life Cycle approach, which consists of the following phases: business planning - product development - underwriting - reinsurance - policy management - claim process - determination of assumptions - reserving - product review - reporting and analysis.

Management of insurance risks is explained in more detail below and in the sections on life, non-life and health risks.

Product development and product review

For the introduction of new insurance products and the periodical review of existing insurance products, Achmea has formulated a Product Approval and Review Policy. Achmea wants to offer clients secure and transparent solutions meeting their needs, with a fair pricing policy. Products may not be marketed or distributed without careful consideration of the risks and careful assessment of other relevant aspects, including the duty of care towards clients. Existing products are also reviewed periodically and dynamically – with a view to societal developments – and any necessary changes are made to ensure that these are still in the interest of the client. In addition, the periodical review focuses on the strategic interest of a product, the business case of a portfolio, premium structure and profitability of the product.

Reinsurance

Achmea has a Reinsurance Policy in which all responsibilities with regard to the reinsurance process are laid down. Achmea Reinsurance Company N.V. (hereinafter Achmea Reinsurance) is the reinsurance company of the group and fulfils three roles: advisor, risk carrier and purchaser. Achmea Reinsurance provides reinsurance cover for the Achmea entities. To that end it enters into reinsurance contracts with the Achmea entities, including the non-Dutch entities. Through retrocession the contracts are partially placed with external reinsurers. In addition to the group reinsurance programme Achmea Reinsurance has entered into a reinsurance contract with a financial character and, both for life and non-life, has concluded a number of incoming reinsurance contracts with strategic partners and other external insurers and reinsurers.

The Underwriting Committee of Achmea Reinsurance decides on the retention within the framework of the reinsurance policy, Achmea's risk appetite and the risk appetite of Achmea Reinsurance. After approval by the Executive Board the reinsurance programme is placed in the market.

In the past few years, further integration of the reinsurance programmes of the foreign entities took place. With a limited number of exceptions, the reinsurance programmes of the foreign entities are now integrated in Achmea Group's reinsurance programme. This is achieving cost benefits and improving the assurance of the reinsurance programme.

The reinsurance programme mainly consists of catastrophe excess-of-loss contracts and per risk excess-of-loss contracts. Individual risks that exceed the treaty limit of the 'per risk' programmes are covered on a facultative basis. The reinsurance programme consists of several layers to place the programme as efficiently as possible. The catastrophe programme is the main reinsurance programme. The renewal of this programme takes place on 1 July each year and Achmea includes the intention to extend the programme in its modelling. In order to protect the result for IFRS purposes, Achmea Reinsurance purchased aggregate excess-of-loss cover for 2022. Furthermore, Achmea uses insurance-linked securities (catastrophe bonds) on a limited scale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Reserving
In the reserving process the liabilities related to insurance contracts are determined for the current insurance contracts. The methodology used for this may vary according to the regime: IFRS accounting, including IFRS Liability Adequacy Testing, Solvency II, local accounting and local solvency (for the entities not covered by the Solvency II regime). The liabilities related to insurance contracts are determined at least four times a year. At least twice a year they are also tested for adequacy, and more often if deemed necessary or required by law.

Life Risk

Life risk is the risk of loss, or of adverse change in the value of Liabilities related to insurance contracts, resulting from:
- The changes in the level, trend or volatility of the underlying risk drivers (mortality and disability rates, expenses, lapse rates);
- The significant uncertainty of pricing and provisioning assumptions related to extreme or irregular events.

It encompasses Mortality, Longevity, Lapse, Disability/morbidity, Expense and Catastrophe Risk.

Risk profile
In the Netherlands and in Slovakia (Union), Achmea offers Term Life Insurance (ORV) and Individual Pension Annuities/Annuities (DIP/DIL). Achmea is no longer selling group pension contracts in the Netherlands and Slovakia; the Centraal Beheer General Pension Fund (CB APF) and the Centraal Beheer premium pension institution (CB PPI) offer alternatives for this in the Netherlands. In Greece, Achmea (Interamerican) offers unit-linked life insurance and term life insurance.

The Life portfolio consists of life insurance with and without profit participation and unit-linked insurance:
- Life insurances with profit participation are traditional life products with profit participations, like saving products and group contracts.
- Traditional life insurances without profit participation mainly include term insurances, both stand-alone and linked to mortgages.
- For unit-linked insurance the policyholders bear the investment risks.

The Solvency Capital Requirement under Solvency II provides a quantification of Life risk.

LIFE RISK (€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Mortality	125	169
Longevity	931	1,414
Disability	3	6
Lapse	203	208
Expense	464	717
Catastrophe	127	125
Diversification	−595	−790
Solvency Capital Requirement Life risk	**1,258**	**1,849**

The Solvency Capital Requirement for life risk decreased from € 1,849 million to € 1,258 million in 2022. The Solvency Capital Requirement (SCR) was calculated here using the standard Solvency II formula. The higher interest rate leads to a lower provision and thus to a decrease in the Solvency Capital Requirement. This effect is reinforced by the shrinking life portfolio in the Netherlands and partly offset by the effect of changes in assumptions, including cost assumptions and cost inflation. Achmea applies the Projections Life Table AG2022.

Risk response
The PARP policy ensures an adequate pricing, accurately reflecting the risks. For managing the risks at individual level tariffs are differentiated by risk category (for example smoking / non-smoking) and medical examinations are required for life insurance acceptance.

At portfolio level, reinsurance is used, and an 'en bloc' clause can be used which allows the premium to be increased in certain cases. With this instrument, the consequences of adverse mortality and increased expenses can be limited.

The decision to no longer offer group pension contracts has resulted in a decrease in new longevity risk. The expense risk is managed by keeping the expenses in line with the decrease of the portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Reinsurance is used in Life risk to limit mortality and catastrophe risk. This concerns Achmea Pensioen- en Levensverzekeringen N.V. and Interamerican Greece. Achmea Reinsurance has a quota-share agreement with Achmea Pensioen- en Levensverzekeringen N.V., part of which is partially placed externally. In addition, Achmea Pensioen- en Levensverzekeringen N.V. has externally reinsured a portfolio of immediate annuities. The risk of a pandemic is not reinsured by Achmea, but a periodic review is undertaken to assess whether reinsurance would be beneficial. In the past period Achmea has found that the excess mortality or mortality deficit due to Covid-19 among the insured population has remained limited.

The mortality tables used in the Netherlands take into account a future increase in life expectancy and are adjusted to the specific character and composition of Achmea's insurance portfolio. In the other countries in which Achmea sells life insurance, the standard mortality tables are adjusted in various ways, such as on the basis of age, to guarantee the adequacy of the provision.

Non-life Risk

Non-life risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from differences between current developments and non-economic assumptions or the occurrence of improbable events. It encompasses premium and reserve risk, lapse risk and catastrophe risk.

Risk profile
The Netherlands is the main market where Achmea is exposed to non-life risk with a comprehensive range of non-life insurance products. Greece (Interamerican), Turkey (Eureko Sigorta), Slovakia (Union), Australia, Canada and Germany are the non-life markets outside the Netherlands where Achmea operates. In Australia products for the agricultural sector are offered. In Canada via the digital channel online car and home insurance is offered via a joint venture (Onlia), and 50% of the non-life risk has been placed outside Achmea. In Germany, Achmea offers property & casualty insurance through its online Inshared brand. Also, Achmea offers insurance to the greenhouse horticulture sector internationally (Hagelunie).

The risks covered by Achmea are within the typical lines of business, such as motor (hull and liability), transport, fire and natural events, general liability and legal assistance.

The Solvency Capital Requirement under Solvency II provides a quantification of non-life risk.

NON-LIFE RISK

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Lapse	179	144
Premium and reserve	802	744
Catastrophe	592	513
Diversification	−449	−387
Solvency Capital Requirement Non-life risk	**1,124**	**1,014**

The capital required for non-life risk increased in 2022 from € 1.014 million to € 1.124 million. The Solvency Capital Requirement is calculated using an approved partial internal model. The increase in lapse risk was caused by improved profitability of the portfolio. The increase in premium- and reserve risk was due to increased provisions as a consequence of inflation and the February storm. Higher retention levels in reinsurance covers led to an increase in catastrophe risk.

Within non-life, catastrophe risk is a large risk. Mainly the property and motor hull insurance lines are exposed to catastrophe risk. The predominant risk sources are wind damage and hail risk in the Netherlands and earthquake risk in our entities in Greece (Interamerican) and Turkey (Eureko Sigorta). Motor hull insurance in the Netherlands includes the risk of flood. For non-life concentration risk refers to major claims resulting from the above-mentioned natural disasters and large fires. As a result of climate change, the probability of catastrophes is expected to increase. Achmea has close ties with leading organisations developing the catastrophe models, universities and the Royal Netherlands Meteorological Institute (KNMI). In this way Achmea is keeping close track of climate change and evaluating its impact.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Risk response

Underwriting guidelines ensure a good assessment of the risk, acceptance (under possible conditions) and premium setting. The underwriting guidelines prescribe that Achmea does not underwrite heavy industrial risks such as airports or power plants. An exception is made in Turkey, where these types of risks are underwritten from a strategic viewpoint. These risks are either 100% reinsured or underwritten with a very minimal retention.

Reinsurance is used to manage exposure to weather-related events, natural disasters, events involving multiple victims, major fires and large claims in general and motor third-party liability. Part of the retention is maintained at Achmea Reinsurance. The reinsurance programme includes the following covers:

- Non-life catastrophe programme: This is an excess-of-loss programme for the cumulated (mainly natural) catastrophe claims of the fire/technical insurance portfolios (residential, commercial, agro farmers) greenhouse (horticulture) and motor vehicles (hull – casco). These portfolios are pooled in an external programme with different retentions. For the Dutch entities Achmea Reinsurance provides three individual excess-of-loss programmes with also different retentions.
- For the non-Dutch entities Achmea Reinsurance carries the risk in reinsurance programmes for earthquake risk in Greece, Turkey and Slovakia and flood risk in Turkey and Slovakia. Eureko Sigorta has reinsured its largest catastrophe risk, earthquake risk, partly through the Turkish Catastrophe Insurance Pool and also through regular reinsurance treaties. Until 1 January 2023 Achmea Reinsurance also applies (annual) aggregate excess-of-loss cover to protect the financial result and the capital position.
- Property: this is an excess-of-loss programme for the individual claims (mainly fire claims) of the relevant portfolios. Achmea Reinsurance maintains a retention on this programme.
- General Liability and Motor Third Party Liability: this is a reinsurance programme for general and motor liability risks and large personal injury claims.

Developments related to climate change are being monitored. Climate change is taken into account in setting premiums and in reinsurance. Premiums and the structure and cover of reinsurance programmes can be modified each year. Over the long term we encourage policyholders, in cooperation with municipalities, to take preventive measures. These include the use of hardened glass for greenhouses, the green roofs offered by Interpolis and Blue Label, which offers municipalities insight into streets or neighborhoods with a high risk of flooding.

In lines of business such as general liability and motor liability (mainly bodily injury) with long settlements, the claims reserve is exposed to the risk of inflation. This risk is managed as part of market risk, periodically it is evaluated if this risk should be covered.

Health Risk

Health risk is present in medical expenses (short-term, health Not Similar to Life Techniques (health NSLT)), disability insurance (long-term, health Similar to Life Techniques (health SLT)) and sickness and accident insurance (short-term, health Not Similar to Life Techniques (health NSLT)).

Health risk is the risk of loss or of adverse change in the value of insurance liabilities resulting from:

- changes in the level, trend, or volatility of the medical expenses incurred in servicing insurance contracts (health NSLT);
- changes in the level, trend or volatility of the underlying risk drivers (longevity, incidence, lapse, expense, recovery and revision percentages) for disability insurance (health SLT);
- fluctuations in the timing, frequency and severity of insured events, and in the timing and amount of claim settlements (health NLST);
- uncertainty and provisioning assumptions related to outbreaks of major epidemics and/or pandemics, as well as the unusual accumulation of risks under such extreme circumstances (health CAT).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Risk profile

The risks of sickness and accident insurance are comparable to non-life risk and are managed accordingly, see the section on non-life risk. Below is more detailed information on medical expenses and disability insurance.

The Netherlands is the main market where Achmea offers health insurance. The health insurance system consists of two components: a basic health insurance system and a supplementary health insurance.

- For the basic health insurance, Achmea offers a direct settlement policy ('natura'), a selective direct settlement policy ('selectief'), a combined policy ('combinatie') and a refund policy ('restitutie'). The basic health insurance covers the standard health care, is mandatory for anyone who lives or works in the Netherlands and must be purchased from a health insurer based in the Netherlands. All health insurers have a duty to accept all applicants. Premiums for the basic health insurance are partly influenced by political decision-making. The Dutch government determines the extent of coverage under the basic health insurance package and the conditions applicable to the basic health insurance package, including admission and the maximum discount for group contracts (in 2022 5% of the gross written premium, as of 2023 collective discounts are no longer allowed).
- In addition, the government determines the payments health insurers receive from the Healthcare Insurance Equalisation Fund. The compensation paid through the Healthcare Insurance Equalisation Fund is financed by employers, employees and the Dutch government Payments by this fund depend on the risk profile and the portfolio of the health insurance company. Payments related to the statutory emergency scheme (section 33 of the Dutch Health Insurance Act ('Zorgverzekeringswet')) are also funded by the Health Insurance Equalisation Fund.
- Supplementary health insurance offers policyholders the opportunity to expand the cover provided by the basic health insurance. This insurance is optional and is comparable in nature and method to non-life insurance. The cover provided by these insurances is not tied to government stipulations and there is no obligation of acceptance and no risk equalisation system. Achmea offers a variety of dedicated supplementary health insurance packages. Premiums for supplementary health insurance are tailored to the cover offered.

In the process of estimating insurance liabilities and income from the Health Insurance Equalisation Fund, uncertainties are present due to the timeliness of the processing of invoices from healthcare providers and the restrictions of ex-ante budgeting. The estimated contribution from the catastrophe scheme Covid-19 contribution , which is paid from the Health Insurance Equalisation Fund, is regularly updated based on current Covid-19 developments. Because the uncertainties regarding Covid-19-related healthcare costs are limited, the estimate of the catastrophe contribution is also subject to limited uncertainties. Provisional contributions from the Health Insurance Equalisation Fund have been received in the first half of 2022. The final payment is expected in 2025.

For a health insurer, the uncertainties regarding basic health care mainly arise from political decisions and growing competition. This is because a large part of the activities of the Achmea health insurers are governed by the Dutch Health Insurance Act ['Zorgverzekeringswet']. The core of this act is a private-law health insurance system of regulated competition. The market and government are closely intertwined, and efficiency and innovation are partly realised through market forces between parties such as healthcare providers and health insurers. There is also uncertainty related to settlements with Zorginstituut Nederland (ZIN) per occurrence year. The uncertainty of the health-related expenses arises from the dependence on the timely receipt and processing of invoices by health insurers, the settlement of claims and the availability of reliable historical data.

Disability products cover the risk of a reduction in income resulting from inability to work due to disability (long-term, Health SLT). In the Netherlands, Achmea offers disability products based on local regulatory requirements. In the Dutch regulations there is a distinction between employers (including self-employed) and employees. For the self-employed there is no public insurance, and a full private insurance is available. For employees there is a public insurance, the Work and Income according to labour ability (Wet werk en inkomen naar arbeidsvermogen WIA) which consists of two covers: the income provision in case of full and permanent disability (Inkomensvoorziening volledig en duurzaam arbeidsongeschikten, IVA) and the return-to-work provision in case of partial or non-permanent disability (Werkhervatting gedeeltelijk arbeidsgeschikten, WGA). There are two types of private insurance: supplements to the public insurance and (re)insurance of the WGA, since an employer can choose to bear the WGA risk itself and exit the public insurance. Main uncertainties in the WGA insurance cover are the inflow and duration of the disability.

Disability insurance risks are changes in legislation, the level of absenteeism due to illness, the frequency and the extent to which people are disabled, the rate of recoveries from disability, mortality and the level of interest and inflation rates. The Q&A from De Nederlandsche Bank (DNB), in which individual disability products are viewed as long-term contracts, has already been mentioned in section B Capital Position. Another current theme is the Dutch government's intention to introduce mandatory disability insurance for the self-employed; it is however not yet possible to predict the consequences.

The capital Requirement under Solvency II provides a quantification of Health risk.

HEALTH RISK

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Health risk SLT	181	201
Health risk NSLT	1,791	1,674
Health catastrophe	64	61
Diversification	−130	−136
Solvency Capital Requirement Health risk	**1,906**	**1,800**

The Solvency Capital Requirement for the health risk increased in 2022 from € 1,800 million to € 1,906 million. The capital required for the income protection Insurance-related risks (health SLT) has been calculated using an approved partial internal model. For the other health risks, it has been calculated using the Solvency II standard formula. The increase in the risk is mainly due to higher claims provisions due to Covid-19 and an increase in the number of policyholders in the Dutch health business in 2022 and higher premiums in 2023 caused by inflation.

Risk response

Achmea has taken a number of measures to mitigate the uncertainties on the health costs. The insurance liabilities for outstanding claims and receivables from Zorginstituut Nederland are based on best estimates of expected amounts and a provision is formed for uncertainties. Claim estimates are generated periodically in order to gain insight into relevant developments and the adequacy of insurance liabilities. In addition to these measures, there is more information available on a national level about the macro claims, which is also used to assess the estimates. Furthermore, Achmea reduced the upward potential of specialised medical care, mental healthcare and district nursing by agreeing ceiling arrangements and fixed-sum contracts with healthcare providers. Achmea limits Counterparty Default Risk by periodic monitoring and stopping payments exceeding contractual arrangements.

Within disability, after the initial claims report a customer follows a reintegration program that assesses whether interventions by external service providers may be valuable. This can be, among other things, a workplace adjustment or waiting list mediation. In the vast majority of the agreements with maturities longer than one year the premium can be adjusted according to a clause in the policy conditions. The possibility of high claims per single risk for disability is mitigated by limiting the insured income and, in some cases, the use of reinsurance. A reinsurance contract has been agreed for the WGA product; Achmea Schadeverzekeringen N.V. has concluded a quota share agreement with Achmea Reinsurance for this purpose, fully retroceded to the reinsurance market. In addition to the quota share agreement Achmea Reinsurance offers stop-loss cover, which is also fully underwritten by the reinsurance market. Finally, additional cover is also provided for high salaries by the WIA supplementary cover product. This reduces the financial consequences and volatility of the work-related disability risk in relation to this portfolio.

F MARKET RISK

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in market prices of assets, liabilities and financial instruments. It encompasses interest rate risk, equity risk, property risk, spread risk, currency risk and market concentration risk. Inflation risk related to claims within the non-life entities is included in interest rate risk. The methodology for quantifying inflation risk as a part of market risk is included in the documentation of the internal model.

Risk profile

As a financial service provider, Achmea is exposed to market risk due to its investment portfolio, insurance products and retail banking products (mortgages, deposits, savings accounts and current accounts). For the composition of the investment portfolio please refer to Note 4 Investment property and Note 5 Investments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MARKET RISK

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Interest rate	537	1,192
Equity	1,382	1,361
Property	489	486
Spread	834	1,124
Currency	128	128
Concentration	0	0
Diversification	−1,320	−1,976
Solvency Capital Requirement Market risk	**2,050**	**2,315**

The required capital for market risk decreased from € 2,315 million to € 2,050 million in 2022. The required capital was calculated using an approved partial internal model. Higher interest rates in 2022 led to lower market values, reducing interest rate and spread risk. Widening spreads led to a further decrease in interest rate and spread risk. The decrease in required capital for market risk is partially countered by a smaller diversification benefit particularly due to the decrease in interest rate risk.

The solvency position is sensitive to market fluctuations. The table below sets out the sensitivities in relation to the solvency position at year end.

SOLVENCY II SENSITIVITIES

(€ MILLION)

	31 DECEMBER 2022			31 DECEMBER 2021		
	IMPACT ELIGABLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)	IMPACT ELIGABLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)
Equity -20%	-673	−82	−12%	-669	-99	−10%
Interest -50 basis points	158	60	1%	274	125	0%
Interest +50, basis points	-110	−31	−1%	-333	-100	−3%
Property -20%	-356	−10	−8%	-337	-7	−7%
Spread -50 basis points	125	29	1%	332	37	5%
Spread +50 basis points	-60	−35	0%	-88	-35	0%

In the determination of interest rate sensitivities (-/+ 50 bps), the Ultimate Forward Rate (UFR) is kept the same and is not shocked. In the case of spread sensitivity, the Volatility Adjustment is determined on the basis of the modified spreads. The outcomes are related to changes in the composition of the balance sheet and cash flows. Achmea applies some simplifications, for example, the sensitivities are determined on the basis of size, composition and sensitivity of the portfolios. In addition, the impact on the sensitive assets, liabilities and Solvency Capital Requirement is determined without redetermining the risk margin. The sensitivities have been calculated using the approved partial internal model for market risk. The existing hedging strategy has been taken into account as explained below under the risk response. Sensitivities have been calculated on the balance sheet excluding exposures of the banking entities.

The sensitivity equity -20% is determined by a 20% reduction in the market value of shares. The impact in 2022 has increased due to the higher impact of LAC EP MR as a result of higher 1-year interest rates. The sensitivity interest -/+50% is determined by a shock of -/+ 50 basis points on all interest-sensitive investments and best estimate technical provisions. Increased interest rates as compared to last year have reduced the relative sensitivity of an absolute shock of -/+ 50 basis points. Applying the property shock results in a decrease in property values. The impact of this sensitivity has increased due to the increased portfolio and property value in 2022. The sensitivity spread -/+50 basis points is determined by a shock of -/+ 50 basis points on all spread-sensitive investments. The spread sensitivity of -50 basis points decreased in 2022. The rise in interest rates contributed to a lower impact of this scenario.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Risk response
The Market Risk Policy describes the elements of the market risk management process:
- The primary purpose of the hedge on the interest rate risk is to stabilise the Solvency II ratio. For Achmea Pensioen- en Levensverzekeringen N.V. the interest-rate sensitivity is also managed from an economic perspective in accordance with the policy (aimed at stability of the Solvency II ratio in the long term).
- The limit on the market risk is annually set within the limits of the risk appetite, as a fixed amount for Achmea Group and the Dutch and foreign subsidiaries.
- In the investment plan of the Dutch entities an optimal return portfolio (the strategic investment mix) is determined that fits the set market risk budget and provides the highest return given additional restrictions on, for example, liquidity and maximum size per asset class. The market risk is monitored periodically, focusing on deviations from the strategic mix, and managing the interest rate exposure.

Interest rate risk

Interest rate risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the term structure of interest rates (both nominal and real) or in the volatility of interest rates. Inflation risk related to claims within with non-life entities, expressed as the difference between nominal and real interest rates, is also included in interest rate risk. Inflation and interest rates are positively correlated, so when increasing inflation leads to higher interest rates this will have a positive impact on Achmea in the long run, provided that Achmea has a net exposure to low interest rates.

Insurance activities
The solvency ratio is affected by the interest rate curve used in valuation. When valuing the liabilities, the curve prescribed and published by EIOPA including UFR is used. Due to the UFR, the value of long-term liabilities (best estimate and risk margin) does not move in line with the value of assets when interest rates change. As a result, the Solvency II ratio is sensitive to interest rate movements.

The Market Risk Policy describes how this interest rate risk is managed:
- Achmea manages the Interest Rate Risk using different interest rate scenarios. For this assessment, interest rate shocks are applied to the replicating portfolios and the related actual investment portfolios. Achmea Group maintains a limit for the interest rate sensitivity of the solvency ratio at parallel interest rate shocks of 50 basis points. The interest rate sensitivity of the net position is assessed on a monthly basis for the insurance entities.
- For the purpose of ensuring that the solvency ratio remains stable over the longer term, the interest rate sensitivity limits of the solvency ratio of Achmea Group and Achmea Pensioen- en Levensverzekeringen N.V. are wider when the solvency ratio is at a higher level. Additionally, the longer-term effects of parallel interest rate movements, changes in the shape of the interest rate curve and sensitivities for interest rate volatility are monitored for Achmea Pensioen- en Levensverzekeringen N.V.
- Achmea's foreign subsidiaries apply a duration matching approach within bandwidths laid down in the local investment plans and monitored locally via committees.
- Achmea does not set specific limits for inflation risk but does set limits for market risk as a whole.

The interest rate risk is hedged by means of a monthly interest management process that makes use of interest rate derivatives (swaps and swaptions). The value of the interest rate derivative position is € 1.514 million (2021: € 4.898 million) with a notional amount of € 52.3 billion (2021: € 45.8 billion).

Banking activities
The focus of the banking activities of Achmea is on retail banking products (mortgages, deposits and savings). The majority of these products or services generate interest rate risk. This risk is managed through the Interest Rate Risk Policy, which mitigates the risk by using derivatives.

SENSITIVITIES BANKING ACTIVITIES

(€ MILLION)

	2022 ACHMEA BANK	2021 ACHMEA BANK
Duration Equity (in years)	0.7	2.6
Stress test -200 basis points	-9	-19
Stress test +200 basis points	-25	-72
Income at Risk +100 basis points	25	14

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

During 2022, due to turmoil in the financial markets, Achmea Bank lowered the interest rate risk position, measured as the maturity of equity, from 2.6 to 0.7 years. As a result, large interest rate shocks have less impact on the market value of equity. However, this makes the shorter-term interest income, expressed as Income at Risk, more sensitive to interest rate changes.

Equity risk

Equity risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of equities and alternative investments.

For the Dutch insurance entities, the purpose of investing in equities is to cover the average long-term risk premium. Equities offer a higher return potential than fixed-income securities and offer diversification potential. Equities are spread across several asset classes to capitalise on diversification benefits. When the companies concerned are able to compensate inflation by improving business performance, then this will positively impact the nominal value of their equity. However, nominal value of equity can decrease as a consequence of increasing interest rates. Derivatives are not used to mitigate equity risk. Achmea does not apply specific limits for equity risk, but limits are applied at market risk level.

Achmea's non-Dutch subsidiaries each follow their own specific investment plans based on Group guidelines and local laws and regulations. As described in the general section on the Market Risk Policy the general principle with regard to market risk is that this risk should be limited for foreign subsidiaries.

Property risk

Property risk is the risk of loss resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of market prices of real estate. An overview of the property investment portfolio is given in Note 4 Investment property.

Property is part of the investment mix, taking into account expected return, volatility and correlation with bonds and equities. Property and infrastructure are assets that are positively correlated to inflation. Diversification within the property portfolio consists of diversification between and within the different regions and sub-asset classes.

Spread risk

Spread risk is the risk of loss resulting from the sensitivity to changes in the level or volatility of credits spreads in interest rates. The credit risk on mortgages is also taken into account in calculating the Solvency Capital Requirement under Solvency II.

Achmea runs spread risk in its fixed-income investments. For the composition of the fixed-income investments for the different rating classes please refer to Note 30 Credit quality financial assets. When drawing up the economic balance sheet Achmea also applies the Volatility Adjustment to many of its insurance entities to value the insurance liabilities. Changes in the spreads led to changes in the Volatility Adjustment and consequently in the value of the insurance liabilities.

Spread risk is managed and monitored as part of the Counterparty Risk Policy and the Market Risk Policy. Achmea mitigates the spread risk through a prudent investment strategy that balances the exposure types (corporates, financials, covered bonds, government related bonds, mortgages and asset backed securities), the credit rating, the maturity profile and the regional allocation. Based on the approved internal model for market risk the composition of the investment portfolio is further optimized.

There is a low spread risk between assets linked to liabilities from savings deposits, for which the interest income is based on the interest paid by the policyholder on his savings mortgage and the corresponding receivables from Rabobank. For savings mortgages without additional collateral, capital is held in accordance with DNB's Q&A regarding treatment of savings mortgages under Solvency II.

Currency risk

Currency risk is the risk resulting from the sensitivity of the values of assets and liabilities to changes in the level or volatility of currency exchange rates.

Achmea is exposed to currency risk, specifically in US dollars, as part of the regular investment portfolio (equities, fixed-income investments and listed real estate) and foreign incoming reinsurance contracts denominated in foreign currencies. Another important exposure concerns the Turkish Lira through subsidiary Eureko Sigorta and associate Garanti Emeklilik Ve Hayat AS. The Turkish Lira continued to depreciate against the euro during 2022 and as a result, Turkey is considered a hyperinflationary country for accounting purposes. The main effects of this are explained in Note 1 Accounting policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The exchange rate risk table below shows the total exposure to the major currencies at year end.

EXCHANGE RATE RISK (€ MILLION)

	2022 TOTAL EXPOSURE	2022 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2022 NET EXPOSURE	2021 TOTAL EXPOSURE	2021 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2021 NET EXPOSURE
Net position						
US dollar	1,381	1,272	109	1,382	1,294	88
Pound sterling	192	235	−43	342	370	−28
Japanese yen	175	172	3	179	177	2
Swiss franc	534	525	9	650	628	22
Turkish lira	16		16	22		22
Australian Dollar	47	52	−5	66	70	−4
Canadian dollar	43	46	−3	34	34	
Other	200	65	135	222	37	185
Total	**2,588**	**2,367**	**221**	**2,897**	**2,610**	**287**

The exposure in the investment portfolio is generally hedged with foreign exchange contracts, with the exception of exposure on commodities exposure and emerging markets investments (both fixed assets and equities) in line with the investment policy.

Achmea Reinsurance hedges the currency risk of the reinsurance and retrocession contracts on an economic basis in line with the investment policy.

The net investment in, or the income streams from, non-euro subsidiaries of Achmea are not hedged, because the operations of these subsidiaries are regarded as part of Achmea’s long-term strategy. However, dividends declared are hedged.

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 counterparty default risk. The balance sheet of Achmea does not comprise any market concentrations that lead to solvency capital requirements under Solvency II.

G. COUNTERPARTY DEFAULT RISK

Counterparty default risk is the risk of loss resulting from unexpected default, or deterioration in the credit standing, of the counterparties and debtors of Achmea.

Risk profile
Achmea is exposed to counterparty risk related to derivatives, bank balances, retail loans, reinsurance, securities lending, receivables of healthcare providers, intermediaries, and policyholders. The credit risk on mortgages and countries is taken into account under spread risk in calculating the Solvency Capital Requirement under Solvency II.

An overview of the financial investments categorised by credit rating, an overview of the assets and liabilities subject to offsetting and similar agreements and an overview of financial assets that are past due or impaired, are included in Note 30 Credit quality financial assets

Required capital under Solvency II provides quantitative insight into the level of counterparty risk. In 2022, the required capital decreased from € 202 million at the end of 2021 to € 174 million at the end of 2022. Higher interest rates reduced the risk of the derivatives portfolio and securities lending portfolio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Risk response

The counterparty risk group level governance framework is set out in the Counterparty Risk Policy, which describes amongst others the process for initiating transactions with new counterparties, the limits and the limit revision and exposure control process. The main ‘prevention’ objective in managing counterparty risk at group level is to prevent undesired concentrations and ensure that portfolios are well diversified. Additionally, important measures in managing counterparty risk are arranged, for example to ensure proper recovery processes to withstand credit events. For healthcare providers the aim is to prevent negative net positions to limit the counterparty risk.

The limits per rating in the Counterparty Risk Policy are the same as last year and are included in the following table:

MAXIMUM EXPOSURE ON GROUPLEVEL (€ MILLION)

AAA	700
AA+, AA, AA-	500
A+, A, A-	400
BBB+	250
BBB	200
BBB-	125
<=BB+ and no rating	Determined on a case-by-case basis

Achmea uses ratings from S&P, Moody’s, Fitch and DBRS as well as AMBest (only for reinsurers). For private placements Achmea uses Scope Ratings, Egan-Jones Ratings and Kroll Bond Rating Agency. If multiple ratings are available for the same financial instrument, the second-best rating is used. See Note 30 on Credit quality financial assets If no rating is available for private placements, then an ‘internal’ rating may be generated from the Moody’s RiskCalc model specifically for this class. This model is tested against the guidelines in the Model Management and Validation Policy. For counterparties with a lower rating or no rating, creditworthiness is assessed on an individual basis for each counterparty in order to define the maximum exposure appropriate to the risk profile.

The Counterparty Default Risk Policy also contains limit deviations for specific exposures such as for certain governments and banks. A specific deviation applies regarding exposure limits at group level to exposure to Rabobank Group. This exposure consists mainly of funds linked to capital policies, for which the interest yield is based on the interest paid by the policyholder on his savings mortgage. Additional securities have been agreed upon with Rabobank Group to mitigate this risk. Counterparty default risk only exists for the part of the portfolio for which no collateral has been arranged. This is reflected in the required capital for spread risk in line with DNB's Q&A and Good practices on the treatment of savings mortgages under Solvency II.

Derivatives

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. In addition, Central Clearing is used for a portion of the derivatives portfolio. Central Clearing is used when entering into new derivatives transactions; the majority of the derivatives portfolio runs through a Central Counterparty (CCP). Achmea uses ‘LCH Clearnet’ and ‘Eurex Clearing’ and has set a limit for both to limit the maximum exposure. The CCP’s accept only cash collateral and collateral is settled daily. In addition, clearing members must contribute to the CCP’s reserves to manage counterparty default risk under stress scenarios.

Reinsurers

Reinsurers are part of the counterparty risk governance framework, which provides guidelines for entering into transactions with new counterparties, limits and allocations per counterparty. At Achmea Reinsurance the Underwriting Committee decides on the composition of the panel of reinsurers. Counterparty risk is monitored quarterly by the Risk Committee of Achmea Reinsurance.

Policyholders
The counterparty risk of receivables relating to policyholders is managed by premium collection measures. In the event that the policyholder is in arrears in the payment of premiums for their (basic) health insurance for more than six months, there is a national regulation in place through Zorginstituut Nederland (ZIN), provided that Achmea has met all relevant conditions. This regulation ensures that all unpaid premiums due for more than six months are compensated. The risk for Achmea is therefore limited to at most six months of unpaid premiums per insured person. For other insurances, such as non-life and supplementary health insurance, the cover can be suspended or terminated in the event of default.

Healthcare providers
The counterparty risk related to healthcare providers is mitigated by monitoring the total amount of liabilities less receivables (including advances). When receivables exceed liabilities, there is a negative net position.

Retail loans
Achmea's retail loans are mainly comprised of loans with real estate as collateral (mortgages) and/or with a security deposit as collateral. The counterparty default risk is the risk of payment arrears and impairment resulting from deterioration in the credit standing of the counterparty.

H LIQUIDITY RISK

Liquidity risk is the risk of loss resulting from the inability to efficiently meet both expected and unexpected current and future cash flows and collateral needs without negatively affecting either daily operations or the financial position of the legal entity.

Risk profile
Achmea is exposed to liquidity risk at group level and with regard to its insurance and banking activities.

The liquidity position of the group at holding company level is affected by the outflow of external dividend, financing charges and other holding company expenses, and the inflow of dividend from subsidiaries. In addition, non-regular transactions have an impact, such as the refinancing of external funding, capital injections to subsidiaries and / or associates within the Group or M&A transactions.

From the perspective of the insurance activities, the liquidity risk is in particular related to stress scenarios such as catastrophes in the form of extreme storms and hail in the case of non-life insurance or large-scale surrender in the case of the life activities, whether or not in conjunction with a stress situation in financial markets. Maturity analyses of the insurance liabilities are presented in Note 6, Liabilities related to insurance contracts. In addition, the liquidity risk is related to collateral requirements arising from derivative positions mainly held in order to hedge the interest rate risk.

For the banking activities liquidity and refinancing risks exist due to the difference in maturity of assets and liabilities among others between mortgages and short-term savings. The following table shows the contractual maturities of the banking operations in 2022 and 2021.

LIQUIDITY RISK EXPOSURE BANKING

(€ MILLION)

2022	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Assets					
Investments	363	538	2,487	9,488	12,876
Cash and cash equivalents	937				937
Other assets	65				65
Total assets	**1,365**	**538**	**2,487**	**9,488**	**13,878**
Liabilities					
Financial liabilities	6,385	949	3,022	1,630	11,986
Derivatives	3	22	165	221	411
Total liabilities	**6,387**	**972**	**3,188**	**1,850**	**12,397**
Net liquidity gap	**–5,023**	**–433**	**–700**	**7,637**	**1,481**

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LIQUIDITY RISK EXPOSURE BANKING

(€ MILLION)

2021	LESS THAN 3 MONTHS	BETWEEN 3 AND 12 MONTHS	BETWEEN 1 AND 5 YEARS	MORE THAN 5 YEARS	TOTAL
Assets					
Investments	559	956	4,023	6,459	11,997
Cash and cash equivalents	799				799
Other assets	58				58
Total assets	**1,416**	**956**	**4,023**	**6,459**	**12,854**
Liabilities					
Financial liabilities	4,848	1,375	3,331	1,337	10,891
Derivatives	2	6	119	213	340
Total liabilities	**4,850**	**1,381**	**3,450**	**1,550**	**11,231**
Net liquidity gap	**–3,434**	**–425**	**573**	**4,909**	**1,623**

Risk response

The Liquidity Risk Policy describes how liquidity risk is managed. Achmea has defined metrics for each of its supervised entities as well as the holding company. The metrics provide insight in Achmea’s liquidity position and liquidity risk exposure for various time horizons under normal conditions as well as for a range of stress scenarios.

In line with the business plan, liquidity planning takes place at both Achmea B.V. and entity level. In addition, the liquidity contingency plan describes the procedures and measures to arrange liquidity in times of stress. This plan describes possible actions and sources of funds taking into account the behaviour of other counterparties. Each year a Liquidity Risk Assessment (LRA) is presenting the fullest and most up-to-date picture possible of the liquidity risks of the entities and of the Group. An assessment is also given of the quality of the risk response. The recommendations of the LRA serve as input for changes to policy, risk appetite or regular monitoring and reporting.

The liquidity position of the Achmea B.V. company is managed based on a monthly analysis of the four-year forecast and the availability of credit facilities. All projected cash flows are included and the impact of a number of relevant scenarios or expected transactions is calculated.

The liquidity risk of the insurance activities is managed by the entities. In their liquidity planning, cash inflows and outflows from insurance activities are taken into account for the liquidity risk of the insurance activities. Furthermore, a number of stress scenarios is set up and regularly updated by each insurer. These stress scenarios consider subjects such as a catastrophe in the case of non-life insurance, large-scale lapse in the case of life insurance and also the possible impact of changes in collateral requirements. Additionally, the impact of a stress situation in financial markets is assessed. The entities report on this matter each quarter. Liquidity risk within Achmea’s insurance operations is mitigated through the availability of cash and a high level of investments in liquid assets.

For the banking activities, Achmea manages its liquidity risk as part of its internal liquidity adequacy assessment process (ILAAP) at different levels:

- In the short term (overnight to one month), the bank’s cash position is managed on a daily basis.
- In the medium term, Achmea measures the net funding requirement (NFR) against different scenarios to control its liquidity risk. The NFR measures the amount of funding needed to fulfil requirements, including any refinancing requirement in the capital market and net increase in assets in the retail business (particularly mortgages).
- For the long term, the bank strives for a well-diversified funding base both in terms of maturity and funding sources. Furthermore, the bank has liquidity contingency plans in place.

Important metrics for the banking entity are the liquidity coverage ratio (LCR), and the net stable financing ratio (Net Stable Funding Ratio, NSFR). The liquidity coverage ratio (LCR) is defined as the stock of high-quality liquid assets divided by the net cash outflow over a 30-day period. The net stable funding ratio (NSFR) is, defined as the available amount of stable funding divided by the required amount of stable funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

I OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. This may result in financial loss, but also in reputational damage. Reputational risk is not considered a separate risk category, but a form of damage that may ensue from the risks Achmea is exposed to.

Risk profile

The main operational risks include risks related to information security and cybercrime, risks related to digitising our services and liability risks from products and services. Cybercrime risks are high, due to malware and ransomware attacks by cybercriminals using evolving techniques. Risks around website security and privacy-sensitive information also remain high due to the digitisation of our services involving changes to our websites and IT environment. The risk of irresponsible handling of big data is increasing in a world where data plays an increasingly important role. The reputation of insurers as part of the financial sector is still under pressure. Everything an insurer does is judged in a social context.

The required capital under Solvency II provides quantitative insight into the magnitude of operational risk. In 2022, the required capital for operational risk increased from € 596 million at year-end 2021 to € 626 million at year-end 2022 due to higher premiums in the Dutch healthcare business.

Risk response

The Operational Risk Policy describes how operational risk is managed. Additional policies and procedures apply to specific risk events, such as information security, business continuity and outsourcing:
- Information security: all activities towards the realisation of a continuously optimal level of availability, integrity and confidentiality of information and information systems to ensure business continuity, protect customers' interest, prevent financial loss and reputational damage and comply with laws and regulations. The Internal Control Framework includes control measures focusing on cyber security, IT architecture, data centre facilities, IT operations, logical access security and change management.
- Business Continuity Management (BCM): this concerns identifying threats and their potential impact, determining the minimum service level required for customers and other stakeholders, and implementing and testing measures to prevent major disruptions of business-critical chains and to mitigate the impact of the disruptions to an acceptable level. The Internal Control Framework includes control measures focusing on the prevention of system downtime and the back-up and recovery of data and systems.
- Outsourcing: outsourcing processes must be managed carefully, based on a risk/return evaluation, sustainability assessment including an ESG rating by Ecovadis and written documentation of reciprocal obligations. The Internal Control Framework includes control measures focusing on contracting, compliance with Service Level Agreements and registration of outsourcing.

Annually risk analyses are performed to identify the operational risks within Achmea and appropriate control measures. Also, during the year risk analyses are conducted at various levels and on various topics, e.g. in the form van scenario analyses. A scenario analysis related to cybercrime led, among other things, to the purchase of cyber risk insurance. Risk analyses also focus on innovations that impact operations and control such as the application of algorithms in processes.

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.

J. COMPLIANCE RISK

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Risk profile

Key compliance risks include the risks belonging to Duty of care, Product development, Customer due diligence (CDD), Privacy (compliance with the General Data Protection Regulation), Integrity and fraud, and Competition. In making considerations it is important that the main focus is on customers' interests, with attention being given 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 relates to 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

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

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

Achmea's Laws & Regulation Committee identifies new legislation and forthcoming amendments and determines the impact on the organisation. Implementation is the responsibility of operational management. In case of profound impact on Achmea, the committee will advise the Executive Board to start a comprehensive implementation project. Achmea ensures detection of developments in laws and regulations through a specific module in the Internal Control Framework and monitors proper and timely implementation. Supervisory investigations have a major impact on the business. These investigations arise not only from local regulations but also from international legislation such as EU legislation on the duty of care, outsourcing, CDD and sustainability. Much effort is required to assist the regulators in their investigations, and this is coordinated by the Supervision Committee.

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 for 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.

Privacy and CDD were the main focus areas for the compliance function in 2022. 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 these Task Forces, the approach to cross-divisional issues or issues with IT dependencies is coordinated to achieve additional progress.

Non- compliance

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 and Outsourcing.

Customer Die Diligence (CDD

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

A preliminary analysis has been launched into the establishment of a KYC Centre within Achmea with the aim of centralising operational CDD activities. The analysis is being carried out in several phases. A detailed design of the KYC Centre is currently being drawn up, followed by plotting the organisational consequences per business unit. For each CDD process, it will then be elaborated in more detail where the boundaries will be placed between the KYC Centre and the business unit itself. The impact on processes, employees and systems will also be further clarified. Finally, the writing of Workers Council advisory request and implementation will follow. Basis principle is that all business units will join this development. F Overall responsibility for CDD work remains with the supervised entities.

For Achmea Pensioen- en Levensverzekeringen N.V., findings from the 2021 on-site investigation carried out by DNB regarding compliance with the Act on the Prevention of Money Laundering and Terrorism Financing have been followed-up on. DNB reported findings on SIRA, risk classification and the CDD customer files. These findings led to a number of improvement actions: the SIRA and risk classifications have been adjusted. The design of the customer file has been adjusted, the demonstration of effectiveness for several periods is ongoing. After this, the findings are expected to have been followed-up appropriately. By the end of 2022, this progress was discussed with DNB. It is expected that after the discussion with DNB in spring 2023 the investigation will be concluded.

In 2022, AFM started an investigation at the business unit Syntrus Achmea Real Estate & Finance (SAREF) regarding the Prevention of Money Laundering and Financing of Terrorism Act (Wwft) with the aim of gaining insight into the reporting of an unusual transaction that SAREF made to the Financial Intelligence Unit (FIU). The requested information was delivered at the end of 2022. By letter dated 30 January 2023, AFM requested additional information from SAREF, including all documents from 2019 onwards that provide insight into SAREF's procedures regarding transaction monitoring and the reporting process regarding unusual transactions or an explanation of whether and, if so, which procedures SAREF has in place regarding these topics. This information was sent to AFM at the end of February 2023.

Privacy
Achmea attaches great importance to privacy compliance. Within the entire organisation, points of attention have been identified regarding the handling and control of unstructured data environments. Internal control was further improved in certain areas during 2022. Various improvement projects are in progress that relate to excessive data processing and data storage. The improvements will continue in the coming years, partly because of the complexity of the process of managing the physical archive and data storage, including unstructured data. A Steering Committee has been set up and plays an important role in accelerating the overall process.

Cyber security
Cyber security risk remains high due to such factors as external (ransomware) cyber threats and required improvements for ransomware recovery. With planned measures regarding improvements in backups and increasing recovery capability, the risk exposure is being reduced. Follow-up actions will continue into 2024. Projects to improve automated tooling have been started and will be completed in 2023.

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

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

Update legal proceedings
Achmea B.V., its subsidiaries and participating interests are involved in a number of legal and arbitration proceedings. These proceedings relate to claims filed arising from regular business activities.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

K. CAPITAL MANAGEMENT

The objective of capital management is to ensure that the Achmea Group and all its entities are always adequately funded to secure the interests of all stakeholders in the short and long term.

Capital position
Section B Capital position explains the solvency ratio under Solvency II and the composition of the eligible own funds under Solvency II. This section provides more information on the capital instruments used, the development of the liquidity position of the holding company and the credit ratings assigned by rating agencies.

CAPITAL INSTRUMENTS

(€ MILLION)

INTEREST RATE	NOTIONAL	YEAR OF ISSUE	DUE DATE	FIRST CALL DATE	OWN FUNDS TIER	SOLVENCY II VALUE 31 DECEMBER 2022	SOLVENCY II VALUE 31 DECEMBER 2021
4.625%	500	2019	Perpetual	24-03-2029	Restricted Tier 1	431	510
2.5%	250	2019	24-09-2039	24-06-2029	Tier 2	205	246
6.0%	500	2013	04-04-2043	04-04-2023[4]	Tier 2[1]	521	535
4.25%	750	2015	Perpetual	04-02-2025	Tier 2	741	797
5.5%	267[2]	2004	Perpetual[3]		Restricted Tier 1[1]	278	340

1 Grandfathering.
2 Preference shares.
3 Coupon reset date 01-01-2024.
4 This Instrument is called at 04-04-2023.

The 'grandfathering' instruments may no longer be included in the eligible own funds as of 1 January 2026. With the coming into effect of Solvency II on 1 January 2016 it was set out in legislation that capital instruments qualifying for Solvency I but not for Solvency II were allowed to be included in the Solvency II eligible own funds for a period of 10 years.

The decrease in the Solvency II value of the preference shares from 2021 to 2022 is largely related to the purchase by Achmea B.V. of certificates in the shares of Achmea Tussenholding B.V.

Both Achmea Bank N.V. and Achmea B.V. provide access to the capital and money markets. The holding company finances the insurance entities in the form of capital payments.

Rating agencies use their own methodologies to assess the creditworthiness of a company. The ratings assigned by rating agencies to the Achmea entities are set out below.

RATINGS

ENTITY	TYPE	S&P	FITCH	MOODY'S
Holding				
Achmea B.V.	ICR/IDR	BBB+	A	
Insurance entities				
Achmea Schadeverzekeringen N.V.	FSR/IFS	A	A+	
Achmea Zorgverzekeringen N.V.	FSR/IFS	A	A+	
Achmea Pensioen- en Levensverzekeringen N.V.	FSR/IFS	A	A+	
Achmea Reinsurance Company N.V.	FSR	A-		
ENTITY	TYPE	S&P	FITCH	MOODY'S
Achmea Bank N.V.	Long-term	A-	A	
	Short-term	A-2	F1	
	Conditional Pass-Through Covered Bond Programm		AAA	Aaa
	Soft Bullet Covered Bond Programm	AAA		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Achmea, in addition to the statutory frameworks for IFRS, Solvency II, the Capital Requirements Directive V (CRD V) and the Capital Requirements Regulation (CRR), also controls for capital surplus (according to the capital models of S&P and Fitch), the debt leverage ratio[1], the fixed charge coverage ratio[2] and the double leverage ratio[3]. The debt leverage ratio developed to 30.7% in 2022 (2021: 23.9%) due to an increase in funding and a decrease in equity due mainly to lower valuations of investments in 2022. The fixed charge coverage ratio developed to 2.6 (2021: 6.0) due to a lower result for 2022 from lower investment results. The double leverage ratio rose to 107.0% at year-end 2022 (2021: 103.3%) due to an increase in the assets of the operating companies relative to those of Achmea B.V.

Capital policy

In the Capital Policy the risk appetite is worked out in greater detail, based on internal capital standards as well as limits related to leverage and return.

- The principle premise of the capital policy is that 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.
- In addition, a buffer is held on group level to absorb any capital shortfall at the entities.
- The capital policy also includes an overview of the measures to be taken if internal limits are exceeded, including various options to change the risk profile.

The capital position of the Achmea Group and its entities is managed by monitoring the current capital position and projecting and analysing the future capital position including calculating the effects of scenarios and stress tests, and distributing capital within the Achmea Group.

Achmea's funding strategy is based on assuring access to international capital and credit markets at low cost, underpinned by credit ratings. Access to the capital and money markets is arranged both at Achmea Bank and holding level:

- Funding at holding level could come from dividends from subsidiaries, issuance of debt and credit lines with a number of national and international banks. At group level Achmea also maintains committed and uncommitted credit facilities with several mainly international banks. The committed credit facilities of € 1 billion were undrawn at year-end 2021.
- For the insurance activities the holding is involved in the financing of operational activities of certain subsidiaries by increasing capital.
- Achmea's banking activities main funding sources are securitisations, covered bonds, unsecured funding and retail funding (deposits and savings accounts). Achmea strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities.

Dividend and coupon payments

In preparing the financial statements the Executive Board proposes an appropriation of the Net result. In line with the dividend policy it is proposed to distribute a dividend of 45% of the Net result, excluding the Net Result of the Dutch health insurance entities, after deduction of coupon payments on hybrid capital designated as Other equity instruments, subject to the condition that the dividend distribution is not contrary to the prudential financial policy of the Group.

In compliance with the dividend policy, the Executive Board tests whether the solvency at the end of the financial year – based on the partial internal model – exceeds 130% and is expected to remain above 130% in the next 12 months. Additionally, an assessment is being made of whether the solvency remains above the target ratio of 165%. The solvability development at the legal entities is also tested. The proposal is based on the Group's long-term financial outlook, taking into account the interests of the Achmea stakeholders. This includes, among other things, legal reserve restrictions, capital and liquidity development over the planning period, the outcome of scenario and stress tests and various ratios from a rating agency perspective, such as the S&P and Fitch capital position, the debt leverage ratio and the fixed-charge coverage ratio.

[1] The debt leverage ratio is calculated as follows: Non-banking debts minus preferred shares as a percentage of the sum of equity attributable to holders of equity instruments in the company and non-banking debts minus Other equity instruments, preferred shares and goodwill.
[2] The fixed charge coverage ratio is calculated as follows: the ratio of interest and similar expenses related to non-banking activities and the operational result adjusted for interest and similar expenses related to non-banking activities, coupon payments on Other equity instruments and dividend on preference shares, transaction results and depreciation costs. The calculation is adjusted for amortisation of intangible assets.
[3] The double leverage ratio is calculated as follows: the ratio between (a) the sum of the equity of subsidiaries, including related goodwill and other intangible fixed assets and (b) the total equity of the group (share capital, hybrid capital, subordinated debt and preference shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The resolution to distribute dividends is passed by the General Meeting of Achmea B.V. The General Meeting is authorised to resolve on a different dividend distribution than the distribution proposed in the financial statements. Distributions may only be made to shareholders and other persons entitled to distributable profits to the extent that equity exceeds the reserves to be maintained pursuant to the law.

The resolution of the General Meeting to distribute dividends must be approved by the Executive Board. The Executive Board will only withhold its approval if it is aware that, or should reasonable be able to anticipate that, Achmea B.V., upon payment, will not be able to continue paying its due and debts.

Coupon payments on Other equity instruments are subject to the limitations described in the prospectus. The prospectus is available on the Achmea website (https://www.achmea.nl/investors/schuldpapier). These coupon payments are part of the Group liquidity forecast prepared in line with the liquidity policy (for more information refer to the liquidity risk section).

Achmea B.V. has several options to generate cash, to be able to pay dividends and the above-mentioned coupons. Examples include credit facilities, dividends paid by group companies with sufficient financial scope, disposal of assets and attracting additional funding. The group companies' financial scope for dividend payments is determined based on similar criteria as mentioned above. Depending on the activities of the group company different percentages and ratios apply.

3. SEGMENT REPORTING

Achmea's activities are divided into segments that are regularly reviewed by the Executive Board in order to allocate resources to the segment and to assess its performance. The segmentation and the method based on which the information on segments has been determined remained unchanged as compared to the Achmea B.V. consolidated financial statements for 2021. Achmea is divided into the following segments:

Non-life Netherlands

Consists of non-life insurance business in the Netherlands to cover customers' risks related mainly to motor vehicles, property, general liability, occupational health and accident, including disability and short-term sickness.

Health Netherlands

Covers basic and supplementary health insurance and health services in the Netherlands.

Pension & Life Netherlands

Covers pension and life business in the Netherlands, including unit-linked insurance (investment insurance).

Retirement Services Netherlands

Covers asset management and pension management activities in the Netherlands. Furthermore, this segment includes the activities of Achmea Bank focused on providing residential mortgage loans, saving accounts and investment funds in the Netherlands to individuals.

International activities

Contains activities outside the Netherlands. Segment International activities operates actively in the countries Australia, Greece, Slovakia and Turkey. Furthermore Achmea has started up an online insurance company in Canada, together with a partner. The international activities consist primarily of insurance activities. Insurance activities relate to the provision of Non-life, Health and Life insurance policies, including the provision of investment contracts containing no or insignificant insurance risk. Furthermore, associates are included within this segment.

Other activities

Includes Achmea Reinsurance and a wide range of other services that individually do not meet the quantitative requirements for separate reporting. Furthermore, investments not related to the abovementioned segments, Shared Service Centres and staff departments, net of their recharges to the above segments, are included in this segment.

The segments formulate strategic, commercial and financial policies within the overall strategy, performance targets and risk appetite set by the Executive Board. All segment income and expenses reported, with the exception of internal reinsurance contracts, relate to external customers.

The operational result is calculated by adjusting the result before tax 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICES NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Assets								
Intangible assets	646			57	65	19		787
Associates and joint ventures	13				23	10		46
Property for own use and equipment	1	2			57	318		378
Investment property			840		5	5		850
Investments								
Investments own risk	7,035	5,361	30,366	550	986	1,376	−1,190	44,484
Investments for account and risk of policyholders			12,094		126		−100	12,120
Banking credit portfolio				12,328				12,328
Deferred tax assets			491		14	248	5	758
Income tax receivable	34		187	14			−169	66
Amounts ceded to reinsurers	465		51		346	316	−358	820
Receivables and accruals	1,568	3,239	336	177	360	212	−250	5,642
Cash and cash equivalents	141	246	179	1,026	239	114	−10	1,935
Assets classified as 'Held for sale'						26		26
Total assets	**9,903**	**8,848**	**44,544**	**14,152**	**2,221**	**2,644**	**−2,072**	**80,240**
Equity								
Equity attributable to holders of equity instruments of the company	1,343	3,471	4,252	858	327	−975		9,276
Non-controlling interest			1			1		2
Total equity	**1,343**	**3,471**	**4,253**	**858**	**327**	**−974**		**9,278**
Liabilities								
Liabilities related to insurance contracts								
Insurance liabilities own risk	7,570	3,829	20,227		1,334	600	−1,046	32,514
Insurance liabilities where policyholders bear investment risks			11,753		19			11,772
Other provisions	22		2	2	54	158	687	925
Financial liabilities	939	1,544	4,421	12,882	480	2,696	−1,549	21,413
Derivatives	13	4	3,888	410		2		4,317
Deferred tax liabilities	16						5	21
Income tax payable					7	162	−169	
Total liabilities	**8,560**	**5,377**	**40,291**	**13,294**	**1,894**	**3,618**	**−2,072**	**70,962**
Total equity and liabilities	**9,903**	**8,848**	**44,544**	**14,152**	**2,221**	**2,644**	**−2,072**	**80,240**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

SEGMENT CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

(€ MILLION)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED INCOME STATEMENT PER SEGMENT 2022

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICE NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	3,881	14,790	813		1,453	376	−225	21,088
Outgoing reinsurance premiums	−247	−1	−16		−202	−193	223	−436
Change in provision for unearned premiums and current risks (net of reinsurance)	−15	392			−75	−15	2	289
Net earned premiums	**3,619**	**15,181**	**797**		**1,176**	**168**		**20,941**
Results from associates and joint ventures	2				−7	−18		−23
Investment income	−25	13	−5,954	268	24	18		−5,656
Share of re-insurers	24	139	3	277	69	26	−38	500
Total income (excluding non-operational items)	**3,620**	**15,333**	**−5,154**	**545**	**1,262**	**194**	**−38**	**15,762**
Gross expenses from insurance contracts	2,651	14,646	−5,380		1,133	298	−193	13,155
Share of re-insurers	−168				−205	−163	191	−345
Net expenses from insurance contracts	**2,483**	**14,646**	**−5,380**		**928**	**135**	**−2**	**12,810**
Fair value changes and benefits credited to investment contracts					−16			−16
Interest and similar expenses	3	3	7	154	1	64	−36	196
Operating expenses related to insurance activities	901	367	147		270	57		1,742
Operating expenses for non-insurance activities	40	125		392	14	94		665
Other expenses	3	71	3	13	73	28		191
Total expenses (excluding non-operational items)	**3,430**	**15,212**	**−5,223**	**559**	**1,270**	**378**	**−38**	**15,588**
Operational result	**190**	**121**	**69**	**−14**	**−8**	**−184**	**0**	**174**
Transaction results (mergers and acquisitions)[1]			−2	−27				−29
Result before tax	**190**	**121**	**67**	**−41**	**−8**	**−184**	**0**	**145**
Income tax expenses	48	0	18	−3	35	−58		40
Net result	**142**	**121**	**49**	**−38**	**−43**	**−126**	**0**	**105**
Expense ratio[2]	24.6%	2.4%			22.6%			
Claims ratio[2&3]	68.4%	96.5%			78.0%			
Combined ratio[2&3]	93.0%	98.9%			100.6%			
Amortisation charges	3	1		9	22	49		84
Impairment losses	15	20	37			10		82

1 A part of the recognized goodwill relating to Centraal Beheer PPI is impaired for an amount of € 29 million and is presented as Transaction results (mergers and acquisitions). As such, this amount is not part of the operational result. Refer to Note 12 Intangible assets for more information.

2 Ratios for the segment International include both Non-life and Health insurance.

3 Ratios for the segment Non-life are adjusted by adjusting Movements in insurance liabilities where policyholders bear investment risks (included in Net expenses from insurance contracts) amounting € 6 million for the unwinding of discount of the provisions for income products. This unwinding of discount took place based on the rate as applied to set the premiums of these contracts (so-called contract rate).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CONSOLIDATED INCOME STATEMENT PER SEGMENT 2021

(€ MILLION)

	NON-LIFE NETHERLANDS	HEALTH NETHERLANDS	PENSION & LIFE NETHERLANDS	RETIREMENT SERVICE NETHERLANDS	INTER-NATIONAL ACTIVITIES	OTHER ACTIVITIES	INTER-SEGMENT ELIMINATIONS	TOTAL
Gross written premiums	3,766	14,025	859		1,260	312	−196	20,026
Outgoing reinsurance premiums	−216	−1	−18		−171	−168	193	−381
Change in provision for unearned premiums and current risks (net of reinsurance)	−17	−256			−21	−4	3	−295
Net earned premiums	**3,533**	**13,768**	**841**		**1,068**	**140**		**19,350**
Results from associates and joint ventures					−4	−15		−19
Investment income	115	51	890	308	50	30	2	1,446
Other income	27	123	3	253	51	39	−38	458
Total income (excluding non-operational items)	**3,675**	**13,942**	**1,734**	**561**	**1,165**	**194**	**−36**	**21,235**
Gross expenses from insurance contracts	2,600	13,461	1,197		980	154	−83	18,309
Share of re-insurers	−103		−5		−147	−67	81	-241
Net expenses from insurance contracts	**2,497**	**13,461**	**1,192**		**833**	**87**	**−2**	**18,068**
Fair value changes and benefits credited to investment contracts					9			9
Interest and similar expenses	4	2	6	165	1	58	−34	202
Operating expenses related to insurance activities	874	353	144		240	52		1,663
Operating expenses for non-insurance activities	35	116		372	8	105		636
Other expenses	1			6	27	38		72
Total expenses (excluding non-operational items)	**3,411**	**13,932**	**1,342**	**543**	**1,118**	**340**	**−36**	**20,650**
Operational result	**264**	**10**	**392**	**18**	**47**	**−146**		**585**
Transaction results (mergers and acquisitions)								
Result before tax	**264**	**10**	**392**	**18**	**47**	**−146**		**585**
Income tax expenses	70	−1	68	5	13	−38		117
Net Result	**194**	**11**	**324**	**13**	**34**	**−108**		**468**
Expense ratio[1]	24.6%	2.6%			22.3%			
Claims ratio[1&2]	69.3%	97.8%			77.5%			
Combined ratio[1&2]	93.9%	100.4%			99.8%			
Amortisation charges	2	1		5	21	56		85
Impairment losses	4	3	5			1		13

1 The ratios for the segment International include both Non-life and Health insurance.
2 Ratios of the segment Non-life are adjusted by adjusting Movements in insurance liabilities where policyholders bear investment risks (included in Net expenses from insurance contracts) amounting € 41 million for the unwinding of discount of the provisions for income products. This unwinding of discount took place based on the rate as applied to set the premiums of these contracts.

GEOGRAPHICAL SEGMENT REPORTING, INCLUDING INTERGROUP ADJUSTMENTS

	THE NETHERLANDS	TURKEY	GREECE	SLOVAKIA	OTHER[1]	**TOTAL 2022**	TOTAL 2021
Gross written premiums	19,635	314	392	688	59	21,088	20,026
Other income	431	28	38	3		500	458
Total assets	78,019	547	1,158	414	102	80,240	89,556
Non-current assets	64,186	396	858	270	21	65,731	74,527

1 Other includes Australia and Canada.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

NOTES TO SIGNIFICANT BALANCE SHEET AND INCOME STATEMENT ITEMS

4. INVESTMENT PROPERTY

(€ MILLION)

	2022	2021
Balance at 1 January	1,028	973
Purchases	16	32
Disposals	–177	–99
Fair value changes recognised in profit or loss	11	122
Changes due to reclassification[1]	–26	
Transfer to property for own use	–2	
Balance at 31 December	**850**	**1,028**

1 For more information on the 2022 reclassification reference is made to Note 20 Assets and liabilities held for sale and divestments.

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Residential	696	676
Retail	24	168
Offices	128	180
Other	2	4
Total	**850**	**1,028**

Achmea's contractual liabilities for maintenance of investment property at year-end 2022 amounts to € 1 million (31 December 2021: € 1 million).

Investment property is leased under operating lease contracts, in general with fixed monthly lease payments which may be amended at contractually agreed times. Minimal rental income under operating lease contracts, not cancellable without penalty, for this investment property is as follows:

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Less than 1 year	10	19
1 - 5 years	28	42
Over 5 years	25	29
Total	**63**	**90**

KEY ESTIMATES TO DETERMINE THE VALUE OF INVESTMENT PROPERTY

The methods used to determine the revalued amount for Property for own use and fair value of Investment property are described in Note 8 Fair value hierarchy. The assumptions used in applying some of these methods are supported by the terms of any existing lease and other relevant contracts and by external evidence such as recent and expected general economic trends, current market rents for similar properties in the same location and condition. Various assumptions should be made and techniques applied in valuing property whereby these assumptions and techniques, may have significant consequences for the valuation.

Sufficient reference transactions in an effective market are available for the valuation as of 31 December 2022. Achmea sees no reason to adjust the valuations of the external appraisers.

ACCOUNTING POLICIES INVESTMENT PROPERTY

Investments property is measured at fair value. All fair value changes are recognised as Realised and unrealised gains and losses in the Investment income in the Income Statement. Rental income from Investment property is recognised as Investment income in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

5. INVESTMENTS

INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS		INVESTMENTS - AVAILABLE FOR SALE		INVESTMENTS - LOANS AND RECEIVABLES		TOTAL	
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
Investments own risk								
Equities & similar investments	99	86	3,543	3,293			3,642	3,379
Fixed income investments	1,924	2,669	29,445	35,788	2	2	31,371	38,459
Derivatives	5,913	6,363					5,913	6,363
Other financial investments	53	56	2,542	1,517	963	1,121	3,558	2,694
Investments for account and risk of policyholders								
Equities & similar investments	2,404	3,831					2,404	3,831
Fixed income investments	4,410	4,711					4,410	4,711
Derivatives	109	154					109	154
Other financial investments[1]	5,197	6,609					5,197	6,609
Banking credit portfolio								
Fixed income investments	113	146			12,215	11,786	12,328	11,932
Total	**20,222**	**24,625**	**35,530**	**40,598**	**13,180**	**12,909**	**68,932**	**78,132**

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

The total value of the investments decreased in 2022 with € 9.2 billion to € 68.9 billion. The decrease is mainly due to changes in fair value due to a further increase of interest rates and negative market developments.

Equity investments and similar investments of in total € 3,642 million (31 December 2021: € 3,379 million) consist of investments in listed ordinary shares of € 1,760 million (31 December 2021: € 1,830 million), alternative investments of € 774 million (31 December 2021: € 720 million), investments in real estate funds of € 713 million (31 December 2021: € 501 million), investments in fixed-income funds of € 262 million (31 December 2021: € 265 million) and other investments of € 133 million (31 December 2021: € 63 million).

In 2022 the impairments amount to € 82 million (2021: € 13 million). These impairments are recognised in the Income Statement under Realised and unrealised gains and losses.

Other financial investments for own account classified as Loans and receivables mainly concern savings accounts linked to life insurance contracts held with Rabobank Groep, for which the interest revenue is based on the interest rate that the policyholder pays on his mortgage loan.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MOVEMENTS INVESTMENTS

(€ MILLION)

	INVESTMENTS OWN RISK		INVESTMENTS FOR ACCOUNT AND RISK OF POLICYHOLDERS		BANKING CREDIT PORTFOLIO		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
Balance at 1 January	**50,895**	**53,664**	**15,305**	**15,250**	**11,932**	**12,725**	**78,132**	**81,639**
Change in composition of the Group[1]		42						42
Investments and loans granted	37,017	28,372	7,256	5,334	3,384	1,332	47,657	35,038
Divestments and disposals	−37,505	−28,115	−7,957	−6,456	−2,189	−2,048	−47,651	−36,619
Fair value changes	−6,814	−3,535	−2,566	877	−93	−26	−9,473	−2,684
Change in value due to fair value hedge accounting					−700	−138	−700	−138
Foreign currency differences including effects hyperinflation current year[2]	−107	−47	47	51	18	16	−42	20
Amortisation					−2	7	−2	7
Accrued interest and rental	−10	11	164	173			154	184
Cash movements			−129	68			−129	68
Changes due to reclassification		−8		8				
Oher changes[3]	1,008	511			−22	64	986	575
Balance at 31 December	**44,484**	**50,895**	**12,120**	**15,305**	**12,328**	**11,932**	**68,932**	**78,132**

1 Movement relates to the acquisition of Poštová poisťovňa by subsidiary Union poisťovňa.
2 For further information with regard to hyperinflation we refer to the General accounting policies.
3 Other changes relate to the consolidation of a number of investment pools. These pools are included in the consolidated figures of Achmea Pensioen- en Levensverzekeringen N.V. as a control relationship exists under IFRS 10. The increase in the share of the investments which Achmea is not entitled to is classified as 'Other changes'.

Investments own risk

The investments own risk designated as 'At fair value through profit or loss' as at 31 December 2022 amount to € 2,076 million (31 December 2021: € 2,811 million). Derivatives are used for hedging purposes. Achmea does not hold financial instruments for trading purposes.

Based on their contractual maturity, an amount of € 28,404 million (31 December 2021: € 34,258 million) of fixed income investments and other investments is expected to be recovered after twelve months after reporting date. For all assets without a contractual maturity date, it is assumed that they will be expected to be recovered after twelve months after the reporting date.

FIXED INCOME INVESTMENTS CLASSIFIED BY NATURE

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Government and government related guaranteed bonds	8,202	11,987
Securitised bonds[1]	1,920	1,482
Corporate bonds	11,870	14,121
Convertible bonds	261	251
Mortgages	7,657	8,818
Loans, deposits with credit institutions	178	388
Investment loans	1,274	1,405
Other	9	7
Total	**31,371**	**38,459**

1 Securitised bonds include € 137 million (2021: € 163 million) asset backed securities (collateralised), issued by structured entities.

Achmea's investments in non-consolidated structured entities such as bonds with collateral mortgages, collateral demand for car leasing and other pledged assets are presented in the line item Investments - Securitised bonds. The composition of Achmea's portfolios in the investments in structured entities is widely dispersed looking at the individual amount per entity. For the main part Achmea invests in the senior rated interest of these asset backed securities, limiting the potential credit losses. For the most significant non-consolidated structured entities the following table presents the maximum exposure to loss for Achmea as at 31 December 2021, which equals the carrying amount of the securities at that date. Furthermore, the table below presents a comparison of Achmea's interest with the total amount of Notes issued by the structured entity. The amount shown as Total amount of issued notes is based on the deal size at issue of the notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

INVESTMENTS IN NON-CONSOLIDATED STRUCTURED ENTITIES

(€ MILLION)

	31 DECEMBER 2022		31 DECEMBER 2021	
	MAXIMUM EXPOSURE TO LOSS	TOTAL AMOUNT OF ISSUED NOTES AT ISSUED DATE	MAXIMUM EXPOSURE TO LOSS	TOTAL AMOUNT OF ISSUED NOTES AT ISSUED DATE
Mortgage backed securities	90	10,554	109	11,216
Car leasing receivables securities	42	7,415	29	1,964
Other securities	5	221	25	2,225
Carrying amount of interest in structured entity as at 31 December	**137**	**18,190**	**163**	**15,405**

Achmea did not provide financial or other support to non-consolidated structured entities. Nor does Achmea have intentions to provide financial or other support to non-consolidated structured entities in which Achmea has an interest or previously had an interest.

DERIVATIVES CLASSIFIED BY NATURE

(€ MILLION)

	ASSETS	LIABILITIES	BALANCE 31 DECEMBER 2022	ASSETS	LIABILITIES	BALANCE 31 DECEMBER 2021
Interest rate derivatives	5,822	4,308	1,514	6,307	1,409	4,898
Currency derivatives	58	8	50	8	18	–10
Equity derivatives	31	1	30	46		46
Other derivatives	2		2	2		2
	5,913	**4,317**	**1,596**	**6,363**	**1,427**	**4,936**

ANALYSIS OF ESTIMATED TIME TO MATURITY OF UNDISCOUNTED CASHFLOWS OF DERIVATIVES (LIABILITIES)

(€ MILLION)

	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL 31 DECEMBER 2022	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL 31 DECEMBER 2021
Interest rate derivatives	142	939	694	3,500	5,275	120	178	130	910	1,338
Currency derivatives	7				7	17				17
Equity derivatives	1				1					
	150	**939**	**694**	**3,500**	**5,283**	**137**	**178**	**130**	**910**	**1,355**

ANALYSIS OF NOTIONAL AND FAIR VALUE FOR INTEREST AND CURRENCY DERIVATIVES OWN RISK

(€ MILLION)

	31 DECEMBER 2022			31 DECEMBER 2021		
	NOMINAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOMINAL AMOUNTS	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest derivatives	52,256	5,822	4,258	45,813	6,307	1,358
Cross-currency interest rate swaps	390		50	587		51
Forward exchange contracts	1,849	58	8	2,031	8	18
	54,495	5,880	4,316	48,431	6,315	1,427

Investments for account and risk of policyholders

Investments for account and risk of policyholders comprise assets for insurance contracts with segregated investments, deposits for group life contracts with full profit sharing, unit-linked life insurance policies, investment contracts and investments covering obligations under policies where the benefits are index-linked.

Investments for account and risk of policyholders are separated from other investments which are invested in accordance with the requirements towards holders of life insurance or investment contracts. Policyholders and holders of investment contracts are entitled to all gains recorded and to the total amount of the investments shown under this heading, but they also have to carry any losses. For this reason the valuation of Insurance liabilities where policyholders bear investment risks are linked to these investments.

Part of the Investments at the risk and expense of our policyholders concerns unlisted fixed income securities that are valued at fair value through the income statement. These are mainly balances linked to savings policies, the interest income from which is based on the interest paid by the policyholder on his savings mortgage. Part of the change in value of these investments is related to a change in the credit risk of the financial asset. Since these are investments for the account and risk of policyholders, this change in value is fully recognised in the Liabilities arising from insurance contracts and has no impact on the net result.

Investments for account and risk of policyholders are managed on behalf of policyholders on a fair value basis. Although individual instruments may (or may not) have a maturity depending on their nature, this does not impact the liquidity position of Achmea.

Banking credit portfolio

BANKING CREDIT PORTFOLIO CLASSIFIED BY NATURE[1]

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Mortgages	11,858	11,364
Loans, deposits and advances with credit institutions	478	574
Allowance account	−8	−6
	12,328	**11,932**

1 The Banking credit portfolio includes a provision for credit losses. Additions to and withdrawals from the provisions during 2021 amounted to € 7 million (2021: € 17 million) and € 5 million (2021: € 24 million).

An amount of € 478 million (31 December 2021: € 574 million) is not available on demand, and consists of collateral for derivatives and funds related to securitisation transactions. An amount of € 11,455 million (31 December 2021: € 10,424 million) of the Banking credit portfolio can be recovered after twelve months after reporting date.

The fair value of the Banking credit portfolio measured at amortised cost at year-end is € 11,837 million (31 December 2021: € 12,089 million). As at 31 December 2021, the carrying amount of the loans is affected by impairment losses amounting to € 73 million (31 December 2021: € 78 million). There are no reversals of impairment losses in both 2022 and 2021. The carrying amount is reduced with an amount for incurred credit losses. The impairment loss is mainly a result of individual assessments of the expected cash flows in relation to the loans. For 2022, the interest income related to impaired financial instruments is € 2 million (31 December 2021: € 1 million).

From 2021 onwards, the compensation for early redemptions, included in the interest rate on mortgage-backed loans as a surcharge for the so-called interest rate averaging for the new contracts, is allocated to the remaining (shorter) term of the old loan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

KEY ASSUMPTIONS AND ESTIMATES WHEN ASSESSING THE VALUATION OF INVESTMENTS

Impairment testing of financial assets

Each reporting date Achmea applies judgement to establish whether a loss event has occurred, resulting in an impairment loss for an investment. When the financial condition of a counterparty changes, Achmea specifically assesses the counterparty's ability to meet both principal and interest payments on fixed-income investments. Objective evidence of impairment of an equity investment classified as 'Available for sale' includes information about significant changes with an adverse effect have taken place in the market, the technological, economic or legal environment in which the counterparty operates, and indicates that the cost of the investment in the equity investment may not be recovered. A significant or prolonged decline in the fair value of an equity investment below its cost is also objective evidence for impairment. Equity investments held in an unrealised loss position that are below cost for over twelve consecutive months or significantly below cost (20%) at reporting date are impaired. When determining the impairment loss, qualitative indicators are also used before these thresholds are met.

The Banking credit portfolio is evaluated for impairment on the basis of the contractual cash flows of the assets in the portfolio and historical loss experience for assets with credit risk characteristics similar to those in the portfolio. An impairment of an asset exists if there is objective evidence that one or more events after the initial recognition have had a reliably estimated negative impact on the credit standing of the borrower and on the expected future cash flows of such asset. Current observable data may include changes in unemployment rates, arrears, property and commodity prices and the value of the collateral as well as developments in interest rates and exchange rates. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Fair value investments determined using valuation techniques

In the absence of an (active) market, the fair value of non-quoted investments is estimated by using present value of future cash flows or other valuation techniques. Reference is made to Note 8 Fair value hierarchy for a detailed description of the methods used. Valuation techniques are subjective in nature and can have a significant impact on the determination of fair values for certain investments. Valuation techniques involve various assumptions on the pricing factors. The use of different valuation techniques and assumptions could have an effect on the fair value.

ACCOUNTING POLICIES INVESTMENTS

Classification of investments

The general principle underlying the classification of investments, and therefore the accounting policies for investments, is that this is aligned with the valuation of related liabilities. Achmea applies the following framework:

- Investments backing banking liabilities measured at amortised cost and investments backing insurance liabilities related to own account savings accounts are classified as 'Loans and receivables';
- Investments backing banking liabilities measured at fair value, investments backing insurance liabilities where cash flows are discounted using current market interest rates, investments backing insurance liabilities where the policyholder bears the investment risk and investment contracts are classified as 'At fair value through profit or loss';
- Investments held for trading, mostly derivatives, and Private equity investments in the form capital interests in investment funds are classified as 'At fair value through profit or loss'. Achmea uses derivatives to manage its exposure to market risks arising from operating, investing and/or financing activities;
- Investments in which Achmea has no significant influence, despite holding an interest of 20% or more, are classified 'At fair value through profit or loss' or 'Available for sale';
- Other investments are classified as 'Available for sale'.

Initial measurement

An investment is initially measured at fair value increased by transaction costs that are directly attributable to the acquisition or issue of an investment, unless an investment is classified as 'At fair value through profit or loss'. In that case the initial measurement equals the fair value and transaction costs are included directly in the Income Statement.

In some cases, the fair value deviates the initially measured from the transaction price, (so called day 1 gain/loss). If the fair value is evidenced by observable market data, the 'day 1 result' will be accounted for in the Income Statement as Investment income Realised gains and losses. In all other cases, the value is adjusted to defer the difference between the fair value and initial value to future periods. The 'day 1 result' is recognised in the Income Statement only to the extent it arises from a change in a factor (including time) that market participants would take into account.

Subsequent measurement

Investments classified as 'Loans and receivables'

These investments are stated at amortised cost, less any allowance for uncollectability. If there is objective evidence that an impairment loss on 'Loans and receivables' has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet occurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). A new amortised cost schedule is determined which governs the future interest income recognised in the Income Statement.

The Banking credit portfolio, measured at amortised cost, is adjusted to reflect identified incurred losses (including incurred but not yet reported losses) within the portfolio. If all or part of the portfolio proves to be uncollectible, the amount concerned is written off from the corresponding allowance account.

Investments classified as 'Available for sale'

Investments classified as 'Available for sale' are measured at fair value. Other changes in fair value are transferred to the Revaluation reserve, part of Total equity net of deferred taxes. Exchange differences resulting from changes in the amortised cost of fixed-income investments are recognised in the Income Statement. Upon derecognition of the investment any cumulative unrealised gains or losses, recognised in Total equity, are transferred to the Income Statement as Realised gains and losses. Interest income on fixed-income investments is determined by using the effective interest rate method. When optional dividends are taken up as shares, an amount equal to the cash dividend is recognised in the Income Statement.

Investments classified as 'At fair value through profit or loss'

Investments classified as 'At fair value through profit or loss' are measured at fair value. Changes in fair value and exchange differences are recognised in the Income Statement. When optional dividends are taken up as shares, an amount equal to the cash dividend is recognised in the Income Statement.

Derivatives embedded in other financial instruments are separated and measured separately if they are not closely related to the host instrument. A convertible bond is separated into a bond part classified as 'Available for sale' and an equity conversion option classified as a derivative. The bond part is measured according to the valuation of a similar bond with the same characteristics. Depending on their value, derivatives are either presented as Investments (assets) or as Derivatives (liabilities). Derivatives assets and liabilities relating to the same counterparty are generally not included in the balance sheet on a net basis, as the IFRS netting requirements have not been met.

6. LIABILITIES RELATED TO INSURANCE CONTRACTS AND AMOUNTS CEDED TO REINSURERS

(€ MILLION)

	31 DECEMBER 2022		31 DECEMBER 2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
Non-life insurance				
Unearned premiums	1,519	131	1,427	118
Provision for unexpired risks	40		34	
Outstanding claims (including IBNR)	7,055	627	6,753	539
Profit sharing and bonuses for policyholders	38		27	
Total Non-life insurance	**8,652**	**758**	**8,241**	**657**
Health insurance				
Unearned premiums	32	1	29	
Provision for unexpired risks	2		394	
Outstanding claims (including IBNR)	3,954	1	3,960	1
Total Health insurance	**3,988**	**2**	**4,383**	**1**
Life insurance				
Provision for life policy liabilities	18,440	60	19,209	79
Provision for discounting of insurance liabilities	1,434		9,706	
Insurance liabilities where policyholders bear investment risk	11,772		14,629	
Total Life insurance	**31,646**	**60**	**43,544**	**79**
Total	**44,286**	**820**	**56,168**	**737**

The increase in the liabilities for non-life insurance is mainly caused by the impact of inflation and storm damage still to be settled. In addition, insurance liabilities are increasing due mainly to an increase in unearned premiums as a result of portfolio growth and premium adjustments.

The decrease in liabilities for health insurance is mainly caused by the release of the Provision for unexpired risks.

The decrease in liabilities for life insurance is mainly due to a lower provision for discounting of insurance liabilities due to the development of the unrealized changes in value of the investments. In addition, the provision for life policy liabilities has decreased in line with the service book strategy at Pension & Life.

Achmea assesses the adequacy of the recognised Liabilities related to insurance contracts and related assets at each reporting date (see accounting policies of Liabilities related to insurance contracts). The LAT margin for life and pension insurance liabilities turned into a LAT deficit during 2022 mainly due to rising interest rates, spread developments and standard changes in assumptions for cost inflation, mortality (the transition to the 2022 adjusted mortality table) and lapses. As a result, the liability adequacy test is leading for the measurement of these insurance liabilities at year-end 2022, as set out in the key assumptions and estimates to determine liabilities related to insurance contracts. Combined with the changes in accounting estimates used as explained in the general accounting principles, the LAT deficit as of 31 December 2022 amounted to € 39 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

This deficit is recognised in the consolidated income statement under Net Expenses from insurance contracts – Changes in insurance liabilities where policyholders bear investment risks. The deficit has an impact on the following balance sheet items:

- € 2 million has been deducted from the 'Intangible assets – Value of acquired insurance portfolio' (see Note 12 Intangible assets).
- € 9 million has been deducted from 'Receivables and accruals – Deferred Acquisition Costs' (see Note 16 Receivables and accruals).
- € 28 million has been added to Liabilities related to insurance contracts – Provision for life policy liabilities (see Note 6 Liabilities related to insurance contracts).

The decrease in Insurance Liabilities in which policyholders bear the risk is mainly caused by the value changes of the related investments and run-off of the closed book.

The table shows the insurance liabilities analysed by estimated time to maturity. The Life insurance and Income Protection contracts are analysed, based on the discounted cash in- and outflows related to the insurance contracts; Property & Casualty and Health insurance contracts are analysed, based on undiscounted cash flows.

ANALYSIS BY ESTIMATED TIME TO MATURITY OF LIABILITIES RELATED TO INSURANCE CONTRACTS

(€ MILLION)

2022	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	628	1,242	1,001	253	3,124
Property & Casualty	2,522	2,115	815	76	5,528
Health insurance	3,558	410	11	9	3,988
Life insurance	1,659	4,780	12,138	13,069	31,646
Balance at 31 December	**8,367**	**8,547**	**13,965**	**13,407**	**44,286**

ANALYSIS BY ESTIMATED TIME TO MATURITY OF LIABILITIES RELATED TO INSURANCE CONTRACTS

(€ MILLION)

2021	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	643	1,230	1,030	280	3,183
Property & Casualty	2,224	1,983	781	70	5,058
Health insurance	4,235	123	14	11	4,383
Life insurance	2,196	6,378	16,366	18,604	43,544
Balance at 31 December	**9,298**	**9,714**	**18,191**	**18,965**	**56,168**

NON-LIFE PORTFOLIO ANALYSIS

(€ MILLION)

		31 DECEMBER 2022		31 DECEMBER 2021
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Accident	3,124	36%	3,183	39%
Motor liability	2,533	29%	2,351	29%
Motor hull	440	5%	368	4%
Transport /aviation liability	75	1%	64	1%
Property	1,301	15%	1,100	13%
General liability	989	12%	988	12%
Legal assistance	175	2%	176	2%
Other	15	0%	11	0%
	8,652	**100%**	**8,241**	**100%**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MOVEMENT TABLE NON-LIFE

(€ MILLION)

	2022		2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
PROVISION FOR UNEARNED PREMIUMS NON-LIFE				
Balance at 1 January	1,427	118	1,383	99
Acquisitions[1]	5			
Change in composition of the Group	5			
Added during the year	4,674	405	4,399	352
Released to the Income Statement	−4,545	−370	−4,315	−310
Foreign currency differences	−42	−22	−40	−23
Balance at 31 December	**1,519**	**131**	**1,427**	**118**
PROVISION FOR UNEXPIRED RISKS NON-LIFE				
Balance at 1 January	34		41	
Added during the year	6			
Released to the Income Statement			−7	
Balance at 31 December	**40**		**34**	
OUTSTANDING CLAIMS (INCLUDING IBNR) NON-LIFE				
Balance at 1 January	6,753	539	6,428	486
Acquisitions[1]	5			
Change in composition of the Group	**5**			
Current period claims reported	3,208	279	2,711	134
Change in reported claims previous periods	−172	16	97	61
Plus claims reported	**3,036**	**295**	**2,808**	**195**
Current period claims paid	1,349	87	1,153	17
Previous period claims paid	1,414	94	1,307	65
Less claims paid	**2,763**	**181**	**2,460**	**82**
Foreign currency differences	−22	−26	−79	−60
Unwinding of discount	46		56	
Balance at 31 December	**7,055**	**627**	**6,753**	**539**
PROFIT SHARING AND BONUSES FOR POLICYHOLDERS				
Balance at 1 January	27		20	
Net movements during the period	11		7	
Balance at 31 December	**38**		**27**	
TOTAL NON-LIFE INSURANCE LIABILITIES	**8,652**	**758**	**8,241**	**657**

1 Concerns the acquisition of Groupama Poist'ovna A.S. by Union Poist'ovna A.S.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The tables below present the claims development table for Non-Life before and net of reinsurance.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(€ MILLION)

(BEFORE REINSURANCE)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	3,208	2,711	2,696	2,734	2,805	2,737	2,930	2,594	2,593	2,780	
One year later		2,604	2,657	2,643	2,744	2,645	2,909	2,622	2,532	2,615	
Two years later			2,533	2,734	2,704	2,611	2,814	2,658	2,587	2,634	
Three years later				2,624	2,844	2,558	2,815	2,597	2,542	2,641	
Four years later					2,667	2,564	2,785	2,564	2,419	2,598	
Five years later						2,494	2,767	2,513	2,366	2,507	
Six years later							2,757	2,530	2,356	2,494	
Seven years later								2,491	2,357	2,499	
Eight years later									2,328	2,486	
Nine years later										2,450	
Estimate of cumulative claims	**3,208**	**2,604**	**2,533**	**2,624**	**2,667**	**2,494**	**2,757**	**2,491**	**2,328**	**2,450**	**26,156**
Cumulative payments	−1,349	−1,710	−1,835	−2,030	−2,200	−2,102	−2,425	−2,182	−2,108	−2,300	−20,241
	1,859	**894**	**698**	**594**	**467**	**392**	**332**	**309**	**220**	**150**	**5,915**
Insurance liabilities claims prior years (<2013)											1,503
Effect of discounting											−363
Outstanding claims at 31 December 2022											**7,055**

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(€ MILLION)

(NET OF REINSURANCE)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	2,929	2,577	2,540	2,594	2,668	2,616	2,653	2,477	2,525	2,677	
One year later		2,471	2,485	2,509	2,628	2,574	2,696	2,555	2,468	2,519	
Two years later			2,360	2,616	2,598	2,540	2,606	2,602	2,548	2,540	
Three years later				2,500	2,762	2,492	2,619	2,528	2,507	2,560	
Four years later					2,579	2,506	2,590	2,506	2,385	2,523	
Five years later						2,442	2,576	2,454	2,335	2,436	
Six years later							2,565	2,478	2,326	2,475	
Seven years later								2,455	2,329	2,480	
Eight years later									2,309	2,470	
Nine years later										2,440	
Estimate of cumulative claims	**2,929**	**2,471**	**2,360**	**2,500**	**2,579**	**2,442**	**2,565**	**2,455**	**2,309**	**2,440**	**25,050**
Cumulative payments	−1,262	−1,683	−1,763	−1,984	−2,136	−2,070	−2,249	−2,165	−2,096	−2,293	−19,701
	1,667	**788**	**597**	**516**	**443**	**372**	**316**	**290**	**213**	**147**	**5,349**
Insurance liabilities claims prior years (<2013)											1,442
Effect of discounting											−363
Outstanding claims at 31 December 2022											**6,428**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

HEALTH PORTFOLIO ANALYSIS

(€ MILLION)

	31 DECEMBER 2022		31 DECEMBER 2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Basic Health insurance	3,768	94%	4,156	95%
Supplementary Health insurance	62	2%	63	1%
Other	158	4%	164	4%
	3,988	**100%**	**4,383**	**100%**

MOVEMENT TABLE HEALTH INSURANCE LIABILITIES

(€ MILLION)

	2022		2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
PROVISION FOR UNEARNED PREMIUMS HEALTH				
Balance at 1 January	29		28	
Added during the year	15,501	14	14,689	10
Released to the Income Statement	−15,498	−13	−14,688	−10
Balance at 31 December	**32**	**1**	**29**	
PROVISION FOR UNEXPIRED RISKS HEALTH				
Balance at 1 January	394		138	
Added during the year	2		394	
Released to the Income Statement	−394		−138	
Balance at 31 December	**2**		**394**	
OUTSTANDING CLAIMS (INCLUDING IBNR) HEALTH				
Balance at 1 January	3,960	1	3,642	
Current period claims reported	15,253	11	14,022	9
Change in reported claims previous periods	−53		−56	
Plus claims reported	**15,200**	**11**	**13,966**	**9**
Current period claims paid	11,813	11	10,401	8
Previous period claims paid	3,393		3,247	
Less claims paid	**15,206**	**11**	**13,648**	**8**
Balance at 31 December	**3,954**	**1**	**3,960**	**1**
TOTAL HEALTH INSURANCE LIABILITIES	**3,988**	**2**	**4,383**	**1**

The claims development table for Health as included below, is presented before reinsurance only, as a claims development table after reinsurance would not give a difference insight.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CLAIMS DEVELOPMENT TABLE FOR HEALTH

(€ MILLION)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	15,253	14,022	14,153	14,041	13,954	13,873	13,458	13,105	12,551	12,777	
One year later		13,975	14,118	13,911	13,856	13,663	13,229	12,897	12,321	12,598	
Two years later			14,098	13,852	13,817	13,624	13,218	12,844	12,216	12,473	
Three years later				13,855	13,843	13,618	13,243	12,885	12,186	12,541	
Four years later					13,843	13,618	13,252	12,960	12,209	12,556	
Five years later						13,618	13,252	12,954	12,254	12,582	
Six years later							13,252	12,954	12,251	12,685	
Seven years later								12,954	12,252	12,685	
Eight years later									12,252	12,685	
Nine years later										12,685	
Estimate of cumulative claims	**15,253**	**13,975**	**14,098**	**13,855**	**13,843**	**13,618**	**13,252**	**12,954**	**12,252**	**12,685**	**135,785**
Cumulative payments	−11,813	−13,521	−14,040	−13,853	−13,843	−13,618	−13,252	−12,954	−12,252	−12,685	−131,831
Outstanding claims at 31 December 2022	**3,440**	**454**	**58**	**2**							**3,954**

LIFE PORTFOLIO ANALYSES

(€ MILLION)

	31 DECEMBER 2022		31 DECEMBER 2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Insurances with guarantees regarding to investment income[1]	19,871	63%	28,848	66%
Other life insurance	11,775	37%	14,696	34%
	31,646	**100%**	**43,544**	**100%**

1 Includes life insurances for own account with guarantees regarding interest rate and life insurances where policyholders bear investment risks with a minimum guaranteed investment income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MOVEMENT TABLE LIFE INSURANCE LIABILITIES

(€ MILLION)

	2022		2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS
PROVISION FOR LIFE POLICY LIABILITIES				
Balance at 1 January	19,209	79	20,058	100
Benefits paid	−1,558	−22	−1,793	−28
Net premiums received	598	17	590	19
Technical result	−125	−12	−123	−10
Unwinding of discount	405	−2	535	−2
Cost withdrawal	−57		−57	
Movements due to deficit in the liability adequacy test	28			
Changes due to reclassification[1]	−62		−27	
Change in composition of the Group[2]			25	
Amortisation deferred interest surplus rebates	2		1	
Balance at 31 December	**18,440**	**60**	**19,209**	**79**
PROVISION FOR DISCOUNTING OF INSURANCE LIABILITIES				
Balance at 1 January	9,706		11,891	
Changes due to (un)realised fair value changes of related investments in fixed income through the Equity	−4,559		−740	
Changes due to (un)realised fair value changes of related investments in fixed income and interest rate derivatives through the Income statement	−3,730		−1,503	
Granted profit sharing rights[3]	17		58	
Balance at 31 December	**1,434**		**9,706**	
INSURANCE LIABILITIES WHERE POLICYHOLDERS BEAR INVESTMENT RISKS				
Balance at 1 January	14,629		14,772	
Benefits paid	−1,137		−1,427	
Net premiums received	311		348	
Technical result	−29		−28	
Unwinding of discount	40		40	
Cost withdrawal	−22		−25	
Effect of fair value changes	−2,082		922	
Changes due to reclassification[1]	62		27	
Balance at 31 December	**11,772**		**14,629**	
TOTAL LIFE INSURANCE LIABILITIES	**31,646**	**60**	**43,544**	**79**

1 Changes due to reclassifications in 2022 and 2021 relate to changes in Insurance liabilities where policyholders bear investment risks, resulting from reclassification related to changes in the assessment of the underlying risk of the contracts and resulting from contractual changes.
2 Movement relates to the acquisition of Poštová poisťovňa by subsidiary Union poisťovňa.
3 Dependent on the investment yield part of the Granted profit sharing rights accrues to Achmea. This is expected to amount to 40 bps of the average related insurance liabilities.

The Provision for life policy includes an amount of € 2.2 billion (31 December 2021: € 2.5 billion) related to non-participating benefits contracts, which is calculated using current discount rates.

For the Provision for life policy liabilities (before reinsurance) and Insurance liabilities where policyholders bear investment risks amounted to € 17 billion (31 December 2021: € 17 billion) respectively € 11.8 billion (31 December 2021: € 14.6 billion) relate to ‘service book’ in the Netherlands; benefits paid related to this ‘service book’ activities amounted to € 1.2 billion (2021: € 1.4 billion) respectively € 1.1 billion (2021: € 1.4 billion).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

With respect to life insurance, in 2012 Achmea implemented a compensation scheme for holders of unit-linked policies that had been agreed with consumer organisations. In addition, Achmea meets the additional requirements formulated at the time by the Dutch Minister of Finance. According to a number of customers, the compensation scheme and the policy have not been sufficient. This has been taken into account in the calculation of the provision for insurance liabilities. In January 2019, Achmea received a summons from Vereniging Woekerpolis.nl (association that represents customers with unit-linked policies) and the Dutch Consumers' Association. In June 2020, the District Court in Gelderland issued its judgement. This judgement was reason for Vereniging Woekerpolis.nl and the Consumers' Association to appeal. Vereniging Woekerpolis.nl submitted the statement of objections on 19 October 2021 and Achmea is now obliged to submit a statement of reply. The ruling of the Supreme Court on 11 February 2022 in a case of another insurer regarding the compensation scheme for unit-linked policies has been considered by Achmea and has not led to an adjustment of the provision for insurance liabilities.

KEY ESTIMATES TO DETERMINE LIABILITIES RELATED TO INSURANCE CONTRACTS

The measurement of Liabilities related to insurance contracts is an inherently uncertain process, involving assumptions for changes in legislation, social, economic and demographic trends, inflation, investment returns, policyholder behaviour, and other factors. Specifically, significant assumptions related to these aspects include interest rates, mortality and morbidity rates, trends in claims and assumptions used in the liability adequacy test. Where possible, Achmea uses market observable variables and models / techniques which are commonly used in the industry. The assumptions for non-observable market variables used are based on a combination of experience within Achmea and market benchmarks, such as those supplied by the statistics department of the Dutch Association of Insurers, the Dutch Society of Actuaries and similar bodies throughout Europe. The use of different assumptions in this evaluation could have an effect on the Liabilities related to insurance contracts and Net expenses from insurance contracts. The data used to calibrate the Liabilities related to insurance contracts outstanding claims related to Dutch health-insurance contracts is based on historical information.

Health Insurance

Achmea reassesses provisions for the underwriting year on an annual basis based on the latest information on claims level, macro-neutrality and settlements with the Dutch government (equalisation fund allocation for the related underwriting year). When appropriate, Achmea has made additional provisions.

The contribution for the Health Insurance Fund (including standard nominal premium) and claims level are preliminary and will probably change and shift between insurers for some years.

Life Insurance

At year-end 2022, the liability adequacy test was leading for measuring these insurance liabilities because the test provision is higher than the provision determined based on locked assumptions. At the end of 2021, the provision for operations in the Netherlands was still determined based on locked assumptions. The accounting principles for the liability adequacy test are explained in greater detail in the next section.

The discount rate used to determine the life insurance provisions for which the valuation of cash flows is based on locked-in assumptions related to Dutch activities ranges between 3% and 4%. Life policy liabilities relating to Dutch activities for which cash flows are discounted using market-based interest rates are based on the Euro swap curve, including an illiquidity premium depending on the profit sharing features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR, year-end 2022: 3.45%, year-end 2021: 3.6%). The UFR is used to determine the risk-free discount rate after the last liquid point in the Euro swap market and it is based on a long-term expected value based on historical data. The life policy liabilities for foreign operating companies are generally calculated based on discounting at the interest rate guaranteed for the product or in some cases based on projected returns on related investments.

For 2022, the provision was determined according to principles for the liability adequacy test explained below.

Liability adequacy test

Achmea tests the adequacy of the recognised insurance liabilities and related assets at each reporting date (see Accounting policies and Liabilities related to insurance contracts). The test considers current estimates of all contractual cash flows of the insurance liabilities, which are discounted for the life business and certain insurance contracts within the non-life business (disability insurance). The curve used for the adequacy test of the relevant non-life policies is based on the tariff bases; the curve used for life policies is based on the Euro Swap Curve, including an adjustment for credit risk, a country premium and an illiquidity premium, extrapolated by means of a UFR. This UFR is equal to the UFR used for the Solvency II calculation at the same reporting date (year-end 2022: 3.45%, year-end 2021: 3.6%). To assess the adequacy Achmea uses the most recent mortality tables, AG2022, adjusted for the specific nature and composition of Achmea's insurance base.

Other key assumptions for the life insurance adequacy test are:

- Lapse risks: these risks are determined based on an annual lapse survey conducted separately for life insurance and pension products. The review is performed at product group level and recalibrated based on, among others, the observed unexpected lapse in Achmea's portfolio.
- Cost per policy: based on budgets for the period 2023 to 2025 accounting period whereby the costs are extrapolated from 2026 onwards.
- Cost inflation: the inflation curve is based on a European price inflation curve adjusted for the difference compared to price inflation in the Netherlands, and an adjustment for expected labour productivity growth. For the period from 10 to 20 years, the inflation curve is extrapolated to the ECB's long-term target inflation rate of 2%.
- Risk margin: this margin is determined based on the Cost of Capital methodology as used under Solvency II. When determining the margin, the time diversification derived from the EIOPA proposal to amend the Solvency II regulations is taken into account. The cost of capital percentage applied is 4.5%.

The adequacy of the insurance liability for personal injury within Non-Life is assessed twice a year. See Explanatory notes 1. General accounting principles – Section G Changes in accounting estimates.

Minimum guarantees

Insurance liabilities also include the impact of minimum guarantees which are included in certain insurance contracts. The valuation of these guarantees depends on the difference between the potential minimum benefits payable and the total account balance, expected mortality and surrender rates. The determination of the potential minimum benefits payable also involves the use of assumptions on inflation, investment returns, policyholder behaviour, and mortality and morbidity trends. The use of different assumptions on these factors could have an effect on insurance liabilities and Net expenses from insurance contracts.

ACCOUNTING POLICIES LIABILITIES RELATED TO INSURANCE CONTRACTS

General measurement principles

Insurance contracts are defined as contracts that transfer significant insurance risk. Insurance risk exists if a scenario exists that has commercial substance under which, based on an insured event, additional payments have to be made. Insurance risk is considered significant if the payment on occurrence of an insured event differs at least 10% from the payment if the event does not occur. Options, guarantees and derivatives embedded in an insurance contract that do not bear any insurance risk on their own and that are not closely related to the host insurance contract are separately recognised as a derivative. Options and guarantees that are closely related to the insurance contract are included in the measurement of Insurance liabilities.

For participations in underwriting pools, co-insurance or guarantee fund agreements an amount equal to the share in these agreements, generally measured based on the specific provisions in these agreements, is recognised. The information used is received from the management of these agreements.

Achmea tests the adequacy of the recognised insurance liabilities and related assets at each reporting date (Value of Business Acquired (VOBA)), refer to the note with regard to Note 12 Intangible assets, and deferred acquisition costs, refer to Note 16 Receivables and accruals) and more often if deemed necessary. The test considers current estimates of all contractual cash flows of the insurance liabilities, including expected cost for claim handling, guarantees and embedded options. If the test shows that the insurance liabilities are inadequate, the recognised VOBA will be lowered against the Income Statement first, and then the accrued acquisition costs. Any remaining deficit is either compensated first by reductions of deferred acquisition costs or ultimately by increasing the related insurance liabilities.

Profit sharing and bonuses for policyholders (Non-life)

A provision is made for any profit share that policyholders or beneficiaries are entitled to. Vested rights that have not yet been credited to policyholder accounts are included in the provision for profit sharing and bonuses for policyholders. The provision includes amounts allocated under the relevant local statutory or contractual regulations to the account of policyholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Provision for unwinding of discount insurance liabilities (Life)
The Provision for insurance liabilities includes amounts arising from the fair value measurement of certain investments related to insurance contract liabilities whose cash flows are based on fixed (‘locked’) assumptions. These are investments in fixed-income securities measured at fair value and derivatives held to mitigate interest rate risk inherent in the related insurance liabilities. Realised and unrealised gains and losses relating to the valuation of these investments are transferred to the Provision for discounting of insurance liabilities. The effect of this provision is that the total value of these insurance contract liabilities (i.e. Provision for life insurance and Provision for discounting of insurance liabilities jointly) fluctuates with current interest rates. Additions to and withdrawals from the Provision for discounting of insurance liabilities result from transfers from the investments and are accounted for as follows:

- Unrealised revaluations of related interest rate derivatives through the Income Statement;
- Unrealised revaluation of related fixed-income securities through Total equity (for instruments classified as Available for sale) or Income Statement (for instruments classified as ‘Fair value through Profit and Loss’);
- Realised revaluation of related fixed-income securities through the Income Statement (sales results of instruments classified as ‘Available for sale’).

The release from the Provision for discounting of insurance liabilities is determined as the difference between the direct investment income from the related fixed-income securities and the interest required for the insurance liabilities, taking into account a margin. The transfer of (un)realised gains and losses on related investments to the Provision for discounting of insurance liabilities will no longer take place if the Provision for discounting of insurance liabilities were to become negative. If the Provision for discounting of insurance liabilities subsequently becomes positive (due to positive changes in the value of related investments), the aforementioned transfers to the Provision for discounting of insurance liabilities will be continued.

Provision for unearned premiums (Health and Non-life)
Gross written premiums attributable to income of future periods are accrued in the Provision for unearned premiums. The Provision for unearned premiums is determined in proportion to the remaining duration of the contract.

Provision for unexpired risks (Health and Non-life)
The Provision for unexpired risks is calculated for each insurance portfolio on the basis of estimates of future claims, costs, premium earned and proportionate investment income. For insurance policies covering a risk which increases during the duration of the policy of which premium rates are independent of age, this risk is taken into account in determining the provision.

Outstanding claims provision including incurred but not reported claims (Health and Non-life)

The Outstanding claims provision relates to insurance claims that have not been settled at reporting date. The provision is determined either case-by-case or statistically. The provision also includes amounts for incurred but not reported claims at reporting date.

The Outstanding claims provision is based on estimated expected claims payments. Waiting periods are taken into account when determining the provision for disability insurance. An average term is taken into account for the probability of rehabilitation. For some risks no adequate statistical data are available, such as environmental and asbestos damage claims and large-scale individual claims, because some aspects of these types of claims are still evolving. Provisions for such claims have been determined following an analysis of the portfolio in which such risks occur.

In determining the provision, costs for claim handling are taken into account. No deductions are made for salvage, subrogation and other expected recoveries from third parties for reported claims. These are accounted for under non-insurance assets acquired by exercising rights to recoveries, as part of Receivables and accruals.

Expected claim payments included in the Outstanding claims provision are not discounted except for the expected claim payments under disability insurance contracts. For this type of insurance contracts the provision reflects the present value of the expected claim payments, calculated on the basis of a fixed interest rate (3%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Provision for life policies

Liabilities related to insurance contracts for traditional life insurance contracts are established by the net-level premium method and based on the actuarial and economic assumptions (e.g. to morbidity -, mortality -, and interest rates). Different accounting principles are used to measure the life policy liabilities based on the accounting principles of related (financial) assets, the specific nature of the insurance portfolios, profit sharing features and embedded options.

- Liabilities related to insurance contracts measured at fair value. All assumptions used are based on actual assumptions and current market interest rates. Fair value changes are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Liabilities related tot insurance contracts whose cash flows are based on locked assumptions and are discounted using current market-based interest rates or using (projected) market return of related financial investments. Changes in the value of these insurance liabilities are recognised in the Income Statement. The related financial investments are classified as 'At fair value through profit or loss'.
- Liabilities related to insurance contracts whose cash flows are based on fixed (‘locked’) assumptions and are discounted at fixed rates (usually 3% or 4% depending on the effective date of the contract). For the Dutch life insurance industry, a Provision for discounting of insurance liabilities is maintained as part of the insurance liabilities for the change in value of certain investments held to hedge the interest rate risk of these insurance liabilities.
- Liabilities related to insurance contracts whose cash flows are directly influenced by profit sharing features are adjusted through the application of shadow accounting. Unrealised fair value changes of investments (classified as 'Available for sale') backing these insurance liabilities are transferred to Total equity. The related change in the value of the insurance liabilities is also included in the Total equity.

The provision for unearned premiums, provision for unexpired risks and provision for outstanding claims/benefits are included to the extent that these relate to the life insurance business.

Insurance liabilities where policyholders bear investment risks

Liabilities related to insurance contracts for unit-linked policies and other insurance contracts where the policyholder bears the investment risk are accounted for at the value of the associated investments. The insurance liabilities related to insurance contracts for contracts with segregated investments are generally calculated on the basis of the contractual provisions for the insurance contract. In case of a surplus of these segregated assets, the amounts are recognised as Financial liabilities - *Other liabilities*.

Amounts ceded to reinsurers

Reinsurance premiums ceded and reinsurance recoveries on benefits and claims incurred are deducted from the respective income and expense accounts. Prepaid reinsurance premiums represent the ceded portion of unearned premiums. Amounts recoverable from reinsurance are estimated in a manner consistent with the claim liability associated with the reinsured risk. An impairment loss is accounted for if there is objective evidence as a result of an event that Achmea will not receive all amounts due under the contract and this amount can be measured reliably. Accordingly, revenues and expenses related to reinsurance agreements are recognised consistently with the underlying risk of the business reinsured.

Adequacy of insurance liabilities

The adequacy is assessed at the level of activities related to Non-life insurance, Health insurance and Life insurance. These activities are designed according to the risk profile of the underlying insurance contracts.

For the Non-Life Insurance entities, the adequacy test is carried out at entity level.

The Health Insurance activities are assessed at the level of the Dutch health care activities collectively, as well as at entity level for the foreign health portfolios.

7. FINANCIAL LIABILITIES

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Investment contracts	205	226
Banking customer accounts	7,374	6,745
Loans and borrowings	6,612	5,653
Operational Leases	137	147
Other liabilities	7,085	7,312
Total financial liabilities	**21,413**	**20,083**

Investment contracts

Contracts with insignificant insurance risk are recognised as Investment contracts. The corresponding investments are presented as part of Investments backing linked liabilities.

MOVEMENT TABLE INVESTMENT CONTRACTS

(€ MILLION)

	2022	2021
Balance at 1 January	226	224
Consideration received	53	50
Consideration paid	−58	−57
Effect of fair value changes related to financial assets	−16	9
Balance at 31 December	**205**	**226**

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Within 1 year	8	9
1-5 years	18	29
5-15 years	10	13
Over 15 years	169	175
	205	**226**

Banking customer accounts

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY (INCLUDING ACCRUED INTEREST)

(€ MILLION)

	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 31 DECEMBER 2022	BANKING CUSTOMER ACCOUNTS	INTEREST PAYMENTS	TOTAL 31 DECEMBER 2021
Less than 3 months	5,197	10	5,207	4,427	8	4,435
3-12 months	379	16	395	331	18	349
1-5 years	1,104	86	1,190	1,168	90	1,258
Over 5 years	694	98	792	819	130	949
	7,374	**210**	**7,584**	**6,745**	**246**	**6,991**

The fair value of Banking customer accounts measured at amortised cost at year-end is € 7,396 million (31 December 2021: € 6,906 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Loans and borrowings

LOANS AND BORROWINGS CLASSIFIED BY FINANCING ACTIVITY

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Deposits from credit institutions	1,137	56
Secured bank loans	2,202	2,228
Unsecured loans	2,465	2,612
Subordinated loans	749	749
Others	59	8
Total loans and borrowings classified by financing activity	**6,612**	**5,653**

The fair value of loans and borrowings measured at amortised cost at year-end is € 6,583 million (31 December 2021: € 5,684 million). The amortised value of these loans and borrowings is € 6,624 million (31 December 2021: € 5,666 million).

A loan of € 1 million (2021: € 1 million) was measured at fair value in 'Other loans'. The fair value of this loan is equal to the nominal value.

MOVEMENT TABLE LOANS AND BORROWINGS 2022[1]

(€ MILLION)

	DEPOSITS FROM CREDIT INSTITUTIONS	SECURED BANK LOANS	UNSECURED LOANS[2]	SUBORDINATED LOANS	OTHER	TOTAL 2022
Balance at 1 January	56	2,228	2,612	749	8	5,653
Money deposited	1,137	498	590		266	2,491
Money withdrawn	−56	−190	−735		−215	−1,196
Amortisation		4	2			6
Foreign currency differences			19			19
Change in value due to fair value hedge accounting		−282	−23			−305
Reclassification		−56				−56
Balance at 31 December	**1,137**	**2,202**	**2,465**	**749**	**59**	**6,612**

1 Loans and borrowings include all capital and financing arrangements related to banking activities.
2 The issuance of the Greenbond of (€ 500 million) is included in the amounts on the 'Money deposited' lines. Refer also the Cash Flow Statement.

MOVEMENT TABLE LOANS AND BORROWINGS 2021[1]

(€ MILLION)

	DEPOSITS FROM CREDIT INSTITUTIONS	SECURED BANK LOANS	UNSECURED LOANS[2]	SUBORDINATED LOANS	OTHER	TOTAL 2021
Balance at 1 January	378	1,851	3,572	749	13	6,563
Money deposited	59	490	1,674		50	2,273
Money withdrawn	−381	−71	−2,640		−55	−3,147
Amortisation		3	−2			1
Foreign currency differences			17			17
Change in value due to fair value hedge accounting		−45	−9			−54
Balance at 31 December	**56**	**2,228**	**2,612**	**749**	**8**	**5,653**

1 Loans and borrowings include all capital and financing arrangements related to banking activities.
2 Loans and borrowings include the issuance (€ 743 million) and repayment (€ 750 million) of loans are included in the amounts on the 'Money deposited' and 'Money withdrawn' lines. Refer also the Cash Flow Statement.

ANALYSIS BY CONTRACTUAL REMAINING TIME TO MATURITY

(€ MILLION)

	LOANS AND BORROWINGS	INTEREST	TOTAL 31 DECEMBER 2022	LOANS AND BORROWINGS	INTEREST	TOTAL 31 DECEMBER 2021
Less than 3 months	1,151	3	1,154	387	3	390
3-12 months	1,059	23	1,082	1,050	19	1,069
1-5 years	3,214	64	3,278	2,700	44	2,744
Over 5 years	1,188	29	1,217	1,516	15	1,531
	6,612	**119**	**6,731**	**5,653**	**81**	**5,734**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Secured loans

The banking activities of Achmea are partly funded by loans secured by pledged mortgage receivables. With respect to this Achmea Bank issues processes this through separate entities (SPVs), through its Conditional Pass Through Covered Bond Programme and its Soft Bullet Covered Bonds programme. In case of the SPVs Achmea Bank transfers the mortgages to the SPV, and the SPV issues bonds covered by the residential mortgages. Under the Conditional Pass Through Covered Bond Programme and the Soft Bullet Covered Bonds programme, both with a maximum up to € 5 billion, Achmea Bank issues bonds covered by residential mortgages. All debentures are issued in euro. Achmea Bank also has a trust arrangement under which mortgage receivables are pledged to Stichting Trustee Achmea Bank as security for several banking liabilities. The carrying amount of these residential mortgage loans is € 5.8 billion (31 December 2021: € 5.1 billion).

Due to changes caused by fair value hedge accounting, secured bank loans decreased by € 305 million. In May 2022, subsidiary Achmea Bank N.V. issued € 500 million in Soft Bullet Covered Bonds with a maturity of 7 years and an end date of 24 May 2029. The bonds are listed on Euronext Amsterdam. This movement has been accounted for under the secured bank loans.

Unsecured loans and borrowings

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Senior Unsecured Bond Achmea Bank N.V.	635	1,397
Commercial Paper	585	470
Debt instruments Achmea B.V.	1,245	745
	2,465	**2,612**

In October 2012, Achmea Bank N.V. constructed an Unsecured Euro Medium Term Note (EMTN) programme of € 10 billion. At year-end 2022 the total outstanding amount is € 646 million, of which € 341 million Private Placements (31 December 2021: € 345 million). During 2022 a repayment of € 736 million took place (2021: € 750 million).

In 2013, Achmea Bank N.V. also set up a € 1.5 billion French commercial paper programme. With this programme Achmea Bank N.V is able to access the international money markets to further diversify its funding mix. At the end of 2022 the total outstanding amount is € 585 million (31 December 2021: € 470 million).

In May 2020 Achmea B.V. completed the issuance of an unsecured loan of € 750 million (Senior Unsecured Notes, transaction costs are included in the carrying amount). This loan has a maturity of 7 years (maturity date is 26 May 2027) and is listed on Euronext Dublin, Ireland. The coupon on this loan is 1.5%.

The syndicated credit facility of Achmea B.V. has a maximum size of € 1 billion. In 2021 the duration of this facility was extended to 2026. Both in 2021 and in 2022, the committed credit facility was undrawn.

Subordinated loans

In April 2013, Achmea B.V. issued € 500 million of Subordinated Notes with a coupon of 6%. These Subordinated Notes have a maturity of 30 years (maturity date is 4 April 2043) with a first call option after 10 years. The Notes are listed at Euronext Dublin, Ireland.

In addition, Achmea B.V. issued € 250 million of Subordinated Notes in September 2019 with a coupon of 2.5%. These Subordinated Notes have a maturity of 20 years (maturity date is 24 September 2039). The Notes are listed at Euronext in Dublin, Ireland.

In November 2022, Achmea B.V. issued € 500 million in subordinated green loans at a coupon rate of 3.625%. The subordinated green loans have a maturity of three years (the maturity date is 29 November 2025). These loans are listed on Euronext in Dublin, Ireland.

The subordinated loans are subordinated to all other current and future liabilities and they are all equal in rank. The average interest rate for 2022 was 3.28% (2021: 3.17%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Lease liabilities

The duration of Lease liabilities is as follows:

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Shorter than 1 year	23	23
Between 1 and 5 years	79	74
More than 5 years	35	50
Balance at 31 December	**137**	**147**

In the valuation of the lease liabilities non-lease components (for example, service costs) amounting to € 7 million (2021: € 9 million) have not been taken into account.

Other liabilities

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Liabilities out of direct insurance:		
Policyholders	1,030	1,362
Agents	95	89
Prepaid premiums	1,045	716
Obligation from received collateral in the form of cash[1]	840	2,679
Investment liabilities[2]	3,188	1,574
Reinsurance liabilities	68	80
Taxes and social security premiums	180	176
Creditors	131	114
Post-employment benefits	34	34
Accruals and deferred income	199	185
Other	275	303
	7,085	**7,312**

1 Obligation from received collateral in the form of cash relates to cash collateral amounts received by Achmea depending on the current value of the derivative. Achmea uses the cash received for investments.

2 Investment liabilities include third party interests of € 2,464 million as a result of the consolidation of certain investment pools. These pools are consolidated by Achmea Pensioen- en Levensverzekeringen N.V. as they are controlled based on IFRS 10.

An amount of € 336 million (31 December 2021: € 564 million) of the Other liabilities is expected to be settled more than twelve months after reporting date. For Other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value. The fair value of liabilities expected to be settled after twelve months after the reporting amounts to € 331 million as at 31 December 2022 (31 December 2021: € 510 million).

FAIR VALUE OF FINANCIAL KEY (ACCOUNTING) ESTIMATES TO DETERMINE THE LIABILITIES

In the absence of an (active) market, the fair value of non-quoted financial liabilities is estimated by using present value or other valuation techniques. Reference is made to Note 8 Fair value hierarchy for a detailed description of the methods used. Valuation techniques are subjective in nature and can have a significant impact on the determination of fair values for certain financial liabilities. Valuation techniques involve various assumptions on the pricing factors. The use of different valuation techniques and assumptions could have an effect on the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

ACCOUNTING POLICIES FINANCIAL LIABILITIES

Investment contracts

Financial instruments which give the investor the contractual right to receive a part of the proceeds of an investment pool with no or insignificant insurance risk are recognised as Investment contracts. Investment contracts are measured at fair value with changes in fair value through the Income Statement. These contracts are designated as 'At fair value through profit or loss' because they are, together with the related investments backing these liabilities, managed as a group. The fair value of investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value (against a risk-free interest rate). The fair value for non-linked investment contracts is the higher of the discounted exit value using a risk-free interest rate or the surrender value (adjusted for surrender penalties).

Banking customer accounts and Loans and borrowings

Banking customer accounts are measured at amortised cost. Loans and borrowings include all loans from external parties to Achmea, financial lease liabilities and financial reinsurance liabilities. These consist of deposits from banks, secured bank loans, unsecured bank loans and subordinated loans. These liabilities are measured at amortised cost. Collateral received from borrowers as far as this is invested in the securities lending programmes is recognised as a financial liability as there is an obligation to repay the cash received as collateral. These liabilities are measured at amortised cost. As no premiums or discounts are received on the collateral, the amortised cost equals the nominal value.

Fair value hedge accounting is applied to some loans when this is in accordance with the financial risk management policy. Some financial liabilities are designated as 'At fair value through profit or loss' when these liabilities are recognised due to the termination of insurance contracts and the future sale of related financial assets to reduce measurement inconsistencies.

Lease liabilities

Upon initial recognition the lease liabilities are valued based on the present value of the lease payments that have not yet been paid upon commencement of the lease. The discount rate is either the interest percentage implicit in the lease or, if this cannot be readily determined, the incremental borrowing rate. The incremental borrowing rate is based on a risk-free curve and if applicable a premium is added for credit standing and lease-specific aspects.

Lease payments related to short-term leases for equipment and vehicles and all leases for low-value assets are recognised as expenses in the income statement on a straight-line basis. Short-term leases are leases with a lease term of 12 months or less. Low-value assets include IT equipment and office furniture.

Lease payments that are taken into account in valuing lease liabilities are comprised of fixed lease payments, variable lease payments (for example dependent on an index), liabilities for the residual value of guarantees, the expected value of the exercise of purchase options and any penalties for early termination.

The lease liabilities are valued at amortised cost using the effective interest method. The value of the lease liability is remeasured in the event of changes in the future lease payments. If the right-of-use asset still has a carrying amount at the time of revaluation, a corresponding adjustment will be made to the carrying amount of the right-of-use asset. If the carrying amount is already zero, the revaluation will be recognised in the Income statement.

Other liabilities

Other liabilities are accounted for at amortised cost.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

8. FAIR VALUE HIERARCHY

Fair value hierarchy and fair value measurement

This note provides an analysis of assets and liabilities that are measured subsequently to initial recognition at fair value, grouped into three levels (fair value hierarchy) based on the significance of the inputs used in making the fair value measurements. The levels are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes assets and liabilities valued using quoted prices in active markets for similar assets and liabilities, quoted prices for identical or similar assets and liabilities in markets that are considered less than active or valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using significant non-observable inputs. This category includes all assets and liabilities where the valuation technique includes inputs not based on observable data and the non-observable inputs have a significant effect on the valuation of the assets or liability, such as investment property, venture capital investments, private equity investments, private sector loans, mortgages loans and advances which are part of the Banking credit portfolio.

Cash and cash equivalents are classified as level 1 when not subject to restrictions. Commercial paper, included within Deposits with credit institutions, is classified as level 1, due to the fact that these are traded in money markets. Other deposits with credit institutions are in general classified as level 2, as these are not traded and subject to restrictions.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS AS AT 31 DECEMBER 2022 (€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Recurring fair value measurements				
Investment property			850	850
Investments				
Equities and similar investments	3,886	925	1,235	6,046
Fixed income investments	24,143	3,974	7,775	35,892
Derivatives	272	5,750		6,022
Other financial investments	618	7,174		7,792
Cash and cash equivalents	1,935			1,935
Total assets measured at fair value on a recurring basis	**30,854**	**17,823**	**9,860**	**58,537**
Non-recurring fair value measurements				
Property for own use and equipment			378	378
Total assets measured at fair value on a non-recurring basis			**378**	**378**
Liabilities				
Recurring fair value measurements				
Financial liabilities				
Investment contracts		205		205
Derivatives	30	4,287		4,317
Total liabilities measured at fair value on a recurring basis	**30**	**4,492**		**4,522**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2021

(€ MILLION)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Recurring fair value measurements				
Investment property			1,028	1,028
Investments				
Equities and similar investments	6,076	282	852	7,210
Fixed income investments	30,683	3,664	8,967	43,314
Derivatives	98	6,419		6,517
Other financial investments	769	7,413		8,182
Cash and cash equivalents	1,569			1,569
Total assets measured at fair value on a recurring basis	**39,195**	**17,778**	**10,847**	**67,820**
Non-recurring fair value measurements				
Property for own use and equipment			473	473
Total assets measured at fair value on a non-recurring basis			**473**	**473**
Liabilities				
Recurring fair value measurements				
Financial liabilities				
Investment contracts		226		226
Loans and borrowings		1		1
Derivatives	5	1,422		1,427
Total liabilities measured at fair value on a recurring basis	**5**	**1,649**		**1,654**

Main changes in the fair value hierarchy in 2022

At each reporting date Achmea assesses the classification of assets and liabilities measured at fair value. The assessment of the classification in the fair value hierarchy requires judgement, for example the importance of (un)observable inputs used in determining the fair value or with respect to activity of the market. In case of inactive markets, judgement is required on the valuation techniques to be used in order to determine the fair value as well as the interpretation of the level of using market data. As a result, the outcome of the classification process may differ between reporting periods. Achmea's policy is to determine the level of the fair value hierarchy each reporting period and to recognise transfers into and out of fair value hierarchy levels as of the beginning of the reporting period. There were no transfers between level 1 and 2 for recurring valuations at fair value during the year. See the next page for transfers from and to level 3 measurements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MOVEMENT SCHEDULE FOR LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS 2022

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	ASSETS TOTAL	DERIVATIVES	LIABILITIES TOTAL
Balance at 1 January	**1,028**	**852**	**8,967**	**10,847**		
Investments and loans granted	16	475	1,706	2,197		
Divestments and disposals	-177	-98	-1,035	-1,310		
Fair value changes included in Income Statement	11	-18	-16	-23		
Fair value changes included in Other comprehensive income		22	-1,851	-1,829		
Changes due to reclassification	-28	2		-26		
Changes in fair value hierarchy (transfers to Level 3)			4	4		
Balance at 31 December	**850**	**1,235**	**7,775**	**9,860**		

MOVEMENT SCHEDULE FOR LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS 2021

(€ MILLION)

	INVESTMENT PROPERTY	EQUITIES AND SIMILAR INVESTMENTS	FIXED INCOME INVESTMENTS	ASSETS TOTAL	DERIVATIVES	LIABILITIES TOTAL
Balance at 1 January	**973**	**713**	**8,747**	**10,433**	**19**	**19**
Investments and loans granted	32	174	1,214	1,420		
Divestments and disposals	-99	-170	-955	-1,224	-18	-18
Fair value changes included in Income Statement	122	1	-2	121	-1	-1
Fair value changes included in Other comprehensive income		122	-37	85		
Changes in fair value hierarchy (transfers to Level 3)		12		12		
Balance at 31 December	**1,028**	**852**	**8,967**	**10,847**	**0**	**0**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

SIGNIFICANT UNOBSERVABLE INPUTS FOR LEVEL 3 FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE AT 31 DECEMBER 2022

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UN-OBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property	850	Market-rent-capitali-sation-method	Gross Initial Yield	3.7 - 13.7 (4.9) (%)	Increase will result in a decrease in value.
Investments					
Equities and similar investments	1,235	Net Asset Value	N/A	N/A	N/A
Fixed income investments					
Own account	7,662	Discoun-ted cash flows	Total spread	124 - 166 (bp)	An increase has no direct impact in the Income statement or total equity, but is transferred to the Provision for discounting of insurance liabilities through a direct adjustment in equity.
Banking credit portfolio	113	Discoun-ted cash flows	Total spread	41 - 227 (bp)	An increase of 10 basis points will result in a € 0.4 million lower income in the Income statement.

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

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UN-OBSERVABLE INPUT	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS TO FAIR VALUE
Investment property	1,028	Market-rent-capitali-sation-method	Gross Initial Yield	3.0 - 10.0 (5.2) (%)	Increase will result in a decrease in value.
Investments					
Equities and similar investments	852	Net Asset Value	N/A	N/A	N/A
Fixed income investments					
Own account	8,822	Discoun-ted cash flow	Total spread	118 - 356 (bp)	An increase has no direct impact in the Income statement or total equity, but is transferred to the Provision for discounting of insurance liabilities through a direct adjustment in equity.
Banking credit portfolio	145	Discoun-ted cash flow	Total spread	56 - 170 (bp)	An increase of 10 basis points will result in a € 0.4 million lower income in the Income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Equities and similar investments mainly consist of private equity investment portfolio, amounting to € 232 million (31 December 2021: € 257 million), property funds, amounting to € 690 million (31 December 2021: € 449 million), and infrastructurefunds, amounting to € 133 million (31 December 2021: € 115 million). The private equity investments have a highly diversified nature in terms of sector, geographical region and type of investment. For the main part of these investments, the fair value is determined using the Net Asset Value as reported by the fund manager or general partner and therefore, there is no significant unobservable input or combination of inputs that can be used to perform a sensitivity analysis

VALUATION TECHNIQUES USED AND VALUATION PROCESS WITHIN ACHMEA FOR LEVEL 2 AND 3 MEASUREMENTS.

Depending on the specific assets and liabilities Achmea has set valuation policies and procedures for determining the fair value. Below, for each type of assets or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investment property
Investment property consists of commercial and residential property. The fair value is based on prices in an active market, adjusted, if necessary, for any difference in nature, location or condition of the specific asset. All properties are appraised each quarter. The valuations are carried out by external independent appraisers who hold recognised and relevant professional qualifications. All valuations are carried out following valuation guidelines common in the industry.

The level 3 Investment property are located in the Netherlands. The fair value of this Investment property is determined using the income capitalisation method and is tested using the DFC method. According to the income capitalisation method a property's fair value is estimated based on the normalised rental income, which is divided by the property's updated rate of return (the market rate of return). The difference between gross and net rental income includes the same expense categories as those for the DCF method with the exception that certain expenses are not allocated to the period of the cash flow, but the average costs are included in the normalised rental income based on the term of the lease.

For the DCF method the fair value of the Investment property is determined based on estimates of future cash flows using a discount rate that reflects current market assessments of the uncertainty on the amount and timing of the cash flows. Transactions of properties sold in the Netherlands cannot (easily) be compared due to the lack of public available information. For this reason, the valuation of investment property has a higher degree of uncertainty compared to a more active market situation, where comparable, current transactions are used to validate the appraisal process. The assumptions used in applying the abovementioned valuation methods are supported by the terms of any existing lease and other relevant contracts and by external evidence, such as recent and expected general economic trends and current market rents for similar properties in similar location and condition. Common costs and obligations related to investment property such as vacancies, rent-free periods, maintenance and repair as well as any obligations that restrict the feasibility of the income and proceeds on disposal of the property are taken into account in the DCF-method. Rental growth rates are based on general economic trends, taking into account specific characteristics of the property being valued. Projections for the cash flows in the DCF-method are made for at least 10 years. The discount rate used depends on both the type of property being valued (e.g. commercial and residential property) as well as the specific characteristics of the property being measured. Due to the characteristics of the inputs for both valuation methods used all Investment Property located in the Netherlands is classified as level 3.

Investments - Equity and similar investments
When available, Achmea uses quoted market prices in active markets to determine the fair value of its equities and similar investments. The fair values of investments held in non-quoted investment funds are determined by management after taking into consideration information provided by the fund managers. If no market prices are available, internal models are used to determine fair value.

The level 2 classified Equities and similar investments are mainly Investments backing linked liabilities, which comprise mostly investments in unit linked funds. Investments backing linked liabilities are investments related to insurance contracts where the policyholder bears investment risks. These investments are classified as 'At fair value through profit and loss'. The fair value of the investments in unit linked funds is Achmea's share in the Net Asset Value of these funds. These unit linked funds invest primarily in listed securities and therefore the Net Asset Value of the fund is derived from observable input (e.g. quoted prices in active markets for these securities).

The remaining level 2 classified Equities and similar investments comprise Commodities and Real estate funds. The fair value of Commodities, classified as 'At fair value through profit or loss', represents amounts estimated to be received from or paid to a third party in settlement of these instruments. These instruments are valued by the broker based upon quoted prices in active markets. The fair value of Real estate funds, classified as 'Available for Sale' investments, represents the Net Asset Value of funds managed by Achmea. Achmea reviews these fair values and performs analytical procedures and trend analysis to ensure the fair values are appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The level 3 classified Equities and similar investments comprise private equity and alternative investments which are mainly classified as ‘Available for Sale’ investments. The private equity investment portfolio mainly consists of investments with a highly diversified nature in terms of sector, geographical region and type of investment. The alternative investment portfolio, classified as ‘Available for Sale’ investments, mainly consists of infrastructure related investments. The fair value of these portfolios is determined using the Net Asset Value as reported by the fund manager or general partner, which is considered to be the best proxy of fair value of the investment. If an adjustment needs to be recorded in the reported Net Asset Value, this is reflected in the fair value. Part of the private equity investment portfolio is related to Achmea's venture capital and is classified as 'At fair value through profit or loss'. The pricing models are based on models as recommended in the International Private Equity and Venture Capital Valuation Guidelines. Achmea reviews the valuations and performs analytical procedures to ensure the fair values are appropriate.

Investments - Fixed-income investments

In general, the fair value of these fixed-income investments is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Bonds and other fixed-income investments comprise mainly the bond part of a convertible bond. The related derivative part of the instrument is presented as part of derivatives. In general, the convertible bond is listed and the value of the instrument is therefore market observable. However, for the separate bond-part this is not the case. The fair value is determined by means the valuation of a similar bond with the same characteristics or if not available using a net present value methodology using estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 2 classified Loans and mortgages comprise mainly investment loans. The fair value of these investment loans is determined by means of a net present value methodology using an internally calculated yield taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 3 classified Loans and mortgages mainly comprise mortgage loans within the insurance business. The fair value of these mortgages is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Part of assumptions used in determining the fair value are unobservable.

The fair value derived by the pricing model is back tested with market information derived from recent market transactions for similar mortgages (where available) and/or internal prices used when issuing mortgage loans.

The level 2 classified Deposits with credit institutions comprise short-term deposits with banks with a fixed maturity. These deposits are not tradable and subject to restrictions due their fixed maturity. The fair value of these deposits is in general equal to the nominal value taking into account the time value of money were material. The level 2 classified Cash and other financial investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows during the fixed interest period, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 3 classified Banking credit portfolio comprises mainly private sector loans, which are classified as 'At fair value through profit or loss'. The fair value of these loans and advances is determined using pricing models based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for amongst others the price risk during the offering period. Some of the assumptions used in determining the fair value are unobservable. The fair value derived by the pricing model is compared with market information derived from recent market transactions for similar mortgages (where available) and/or internal prices used when issuing mortgage loans.

Investments - Derivatives (assets and liabilities)

The level 2 classified derivatives comprise Interest rate derivatives (including swaptions) currency derivatives and equity derivatives. Where quoted market prices are not available, other valuation techniques, such as option pricing or stochastic modelling, are applied. The valuation is performed by a data vendor. The valuation techniques incorporate all factors that a market participant would consider and are based on observable market data when available. Fair values of interest rate derivatives (including swaptions), equity derivatives and currency derivatives represent amounts estimated to be received from or paid to a third party in settlement of these instruments. These derivatives are valued using directly observed prices from exchange-traded derivatives or external pricing services or if not available using pricing models based on the net present value of estimated future cash flows. The pricing models which are used are standard industry valuation models (like Black and Scholes-model) and make use of current market data. The market data for interest rate derivatives and cross currency interest rate derivatives consist mainly of the swap curve of the related interest period and currency, where applicable adjusted for contract fees and margin (when part of the contractual cash flows of the derivative). Achmea normally mitigates counterparty default risk in derivative contracts by entering collateral agreements into the contracts where possible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Investments - Other financial investments
The level 2 classified Other financial investments comprise mainly saving accounts, part of Investments backing linked liabilities. The fair value is determined by means of a net present value methodology using estimated future cash flows, taking into account current interest rates and the counterparty margin in the discount curve. The counterparty credit surcharge is based on the risk of doubtful debt taking into account the cash flow characteristics of the savings deposits. Depending on these cash flow characteristics and the collateral obtained, the counterparty credit surcharge is determined. For the savings deposits, in the absence of collateral, the counterparty credit surcharge is based on the risk of doubtful debt of similar financial instruments issued by the party where the savings account is held.

Property for own use
The fair value of Property for own use is wholly based on appraisals by independent qualified appraisers. The valuation was determined by reference to both observations in the market and various calculation methods, such as the discounted cash flow method. Reflecting the economic environment and market conditions during the recent years, the frequency of property transactions has decreased. Appraisals are therefore generally based on the discounted cash flow method. This method establishes the fair value using the rental income of the property. The valuators use a market based discount rate adjusted for age, location and remaining rental contract period. Due to the lack of actual market transactions that can be used to validate this appraisal process, the valuation of Property for own use has a high degree of uncertainty. For 100% of the total fair value of Property for own use in the Netherlands an appraisal was executed during 2022.

Financial liabilities - Investment contracts
The level 2 classified investment contracts comprise linked and non-linked investment contracts. The fair value of linked investment contracts is the higher of the fair value of the financial instruments linked to the investment contracts, the surrender value (adjusted for any surrender penalties) and the discounted maturity value. The fair value for non-linked investment contracts is the higher of the surrender value (adjusted for surrender penalties) and discounted exit value (against a risk-free interest rate).

Financial liabilities - Loans and borrowings
The level 2 classified loans and borrowings comprise loans related to value transfers. The fair value of these loans is determined using pricing models based on the value of contractual future cash flows discounted using current interest rates based on the swap curve including a credit spread. Fair value changes related to Investment property and Equities and similar investment included in the Income Statement are presented as part of Realised and unrealised gains and losses; Fair value changes related to Fixed-income investments included in the Income Statement are presented as part of Investment income.

Fair value changes included in Other comprehensive income related to Equities and similar investments and Loans and mortgages are presented as part of Revaluation reserve. Changes due to reclassification are changes between Investment property and Property for own use related to changes in the use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The table below provides an overview of all assets and liabilities that are not measured at fair value, but for which the fair value is disclosed in the notes.

(€ MILLION)

	CARRYING AMOUNT AS AT 31 DECEMBER 2022				FAIR VALUE AS AT 31 DECEMBER 2022
		QUOTED PRICES IN ACTIVE MARKETS FOR IDENTICAL INSTRUMENTS	SIGNIFICANT OTHER OBSERVABLE INPUTS	SIGNIFICANT UNOBSERVABLE INPUTS	
		LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets					
Investments					
Fixed income investments	12,217		470	11,369	11,839
Other financial investments	963		961		961
Receivables	5,607		5,427		5,427
Liabilities					
Banking customer accounts	7,374		7,396		7,396
Loans and borrowings	6,612	1,992	4,591		6,583
Other liabilities	7,085		7,072		7,072

(€ MILLION)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

VALUATION TECHNIQUES USED AND VALUATION PROCESS WITHIN ACHMEA FOR LEVEL 2 AND 3 MEASUREMENTS

Depending on the specific assets and liabilities, Achmea has formulated valuation policies and procedures for determining the fair value. For each type of asset or liability a summary is provided of the valuation process, a description of the technique used and the relevant inputs.

Investments – Fixed-income investments

The fair value of the level 2 classified loans to credit institutions is equal to the net present value of the estimated future cash flows, taking into account current interest rates applicable to financial instruments with similar yield, credit quality and maturity characteristics.

The level 3 classified Banking credit portfolio comprises mainly of private sector loans and advances. These loans are classified as 'Loans and receivables' and measured at amortised cost less accumulated impairment losses. The fair value of these loans and advances is determined based on the discounted value of estimated future cash flows using current interest rates. The interest rate used is based on rates in the consumers market adjusted for spreads for amongst others the price risk during the offering period. Some of the assumptions used in determining the fair value are unobservable.

The level 3 classified Deposits with re-insurers, as part of the fixed-income investments, comprise accounts into which premiums and expected claims payments are deposited related to a specific risk insurance program, over which an agreed upon interest rate is earned. The unobservable inputs include amongst others models used for determining incurred but not reported losses related to the reinsurance contract.

Investments classified as category 2 mainly consist of savings accounts, part of Investments for account and risk of policyholders. The fair value is determined by means of a net present value methodology using estimated future cash flows taking into account current interest rates and the counterparty credit surcharge in the discount curve. The counterparty credit surcharge is based on the risk of doubtful debt taking into account the cash flow characteristics of the savings deposits. Depending on these cash flow characteristics and the collateral obtained, the counterparty credit surcharge is determined. For the savings for which no collateral is obtained, the counterparty credit surcharge is based on the bad debt risk of similar financial instruments issued by the party where the savings account is held.

Receivables

Receivables are in general classified as level 2, due to the fact that the amount deducted for counterparty default risk is insignificant as compared to the fair value of the nominal cash flows of these receivables. If the amount deducted for counterparty default risk is not insignificant, these assets are classified as level 3.

The level 2 and 3 classified Receivables comprise mainly short-term amounts due related to the ordinary operating activities of Achmea. These receivables are measured at amortised cost less accumulated impairment losses.

The fair value of these receivables is determined based on discounted value of the expected cash flows, taking into accounted expected credit losses.

The valuation models are based on current market data, such as the Euro Swap Curve. In addition to the Euro Swap Curve there are unobservable market inputs. The unobservable market inputs may include spreads which are embedded in the discount curve. For receivables expected to be recovered within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

Financial liabilities

The fair value of the level 2 classified Banking customer accounts comprise saving accounts and deposits. The fair value is based on the discounted present value of the expected future cash outflows, using current market interest rates.

The main part of the total Loans and borrowings is not measured at fair value.

The fair value of these level 2 loans is determined using pricing models based on the net present value of estimated future cash flows. The pricing models are based on current market data, such as the euro swap curve. In addition to the euro swap curve there are unobservable market inputs. The unobservable market inputs may include spreads which are embedded in the discount curve.

Other liabilities, except for liabilities to credit institutions, are classified as level 2 due to the fact that there is no active market for these financial instruments. Cash liabilities are classified as level 1. The level 2 classified Other liabilities comprise mainly short-term amounts payable related to the ordinary operating activities of Achmea. These other liabilities are measured at amortised cost. The fair value of these liabilities is determined based on discounted value of the expected cash flows. For Other liabilities expected to be settled within twelve months after reporting date the carrying amount is a reasonable approximation of the fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

9. NET EARNED PREMIUMS

(€ MILLION)

	2022	2021
Gross written premiums non-life	4,674	4,399
Reinsurance premiums	–405	–352
Change in provision for unearned premiums and current risks (net of reinsurance)	–101	–35
Net earned premiums Non-life	**4,168**	**4,012**
Gross written premiums health	15,505	14,689
Reinsurance premiums	–14	–10
Change in provision for unearned premiums and current risks (net of reinsurance)	390	–259
Net earned premiums Health	**15,881**	**14,420**
Gross written premiums life	909	938
Reinsurance premiums	–17	–19
Change in provision for unearned premiums and current risks (net of reinsurance)		–1
Net earned premiums Life	**892**	**918**
Total net earned premiums	**20,941**	**19,350**

BREAKDOWN GROSS WRITTEN PREMIUMS

(€ MILLION)

	2022	2021
Non-life insurance		
Accident	739	730
Motor liability	1,001	967
Motor hull	841	767
Transport/aviation liability	59	59
Property	1,468	1,352
General liability	331	315
Legal assistance	191	189
Other	44	20
Gross written premiums Non-life	**4,674**	**4,399**
Health		
Basic health insurance	6,110	5,595
Contribution from Health insurance fund	7,457	7,237
Supplementary health insurance	1,223	1,209
Other health insurance	715	648
Gross written premiums Health	**15,505**	**14,689**
Life		
Single premium policies own risk	286	280
Annual premium policies own risk	312	310
Single premium policies where policyholders bear investment risks	35	43
Annual premium policies where policyholders bear investment risks	276	305
Gross written premiums Life	**909**	**938**
Total gross written premiums	**21,088**	**20,026**

KEY ASSUMPTIONS AND ESTIMATES TO DETERMINE THE NET EARNED PREMIUMS

Gross written premiums for health insurance

The gross written premiums for health insurance also include the contribution from the Health Insurance Equalisation Fund. Valuing claims on the Health Insurance Equalisation Fund is an inherently uncertain process that relies on assumptions for national medical expenses and the assignment of budget parameters to medical expenses.

Additional contribution Emergency scheme

The emergency scheme set out in Section 33 of the Dutch Healthcare Insurance Act ended by operation of law on 31 December 2021. The emergency scheme and the related solidarity scheme will be definitively settled at the end of 2025. Because uncertainties regarding Covid-19-related healthcare costs are limited, partly due to the mitigating measure of retrospective correction of total costs, uncertainty with respect to the estimate of the emergency contribution (previous book years) in negligible.

Solidarity Scheme Contribution

Health insurers have reached solidarity agreements for 2020 and 2021, with redistribution of Covid-19 costs, emergency scheme contributions and other effects of Covid-19 in mind. The arrangement concerning the range set out in the solidarity agreements ensures that the difference between the actual equalisation result and the equalisation result without Covid-19 for the 2020 and 2021 claim years does not exceed the agreed range. Because of this, uncertainty with respect to the estimate of the emergency contribution (previous book years) is also negligible.

ACCOUNTING POLICIES NET EARNED PREMIUMS

Gross written premiums for Life insurance and disability insurance contracts are generally recognised in the Income Statement when due. When premiums are recognised, liabilities for future contract benefits are recorded, resulting in benefits and expenses being matched with the revenues and profits being recognised over the lifetime of the contracts. Gross written premiums for Non-life insurance (except for disability insurance contracts) and Health insurance are recognised at the effective date of the insurance contract for the premiums to be received during the contract period. The Gross written premiums for Health Insurance 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. Premiums for Non-Life and Health insurance contracts and Contribution from the Health Insurance Equalisation Fund for the current year are generally recognised as earned in proportion to the period of insurance coverage provided. The Health Insurance Equalisation Fund contribution for previous years is recognised directly in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

10. INVESTMENT INCOME

(€ MILLION)

	INVESTMENTS -AT FAIR VALUE THROUGH PROFIT OR LOSS[1]		INVESTMENTS - AVAILABLE FOR SALE		INVESTMENTS - LOANS AND RECEIVABLES		TOTAL	
	2022	2021	2022	2021	2022	2021	**2022**	2021
Direct income from investments								
Investments own risk	288	349	515	450	49	60	852	859
Investments for account and risk of policyholders	225	217					225	217
Banking credit portfolio					271	304	271	304
Investment expenses	–14	–12	–12	–13		–1	–26	–26
Direct operating expenses investment property	–14	–15					–14	–15
	485	**539**	**503**	**437**	**320**	**363**	**1,308**	**1,339**
Realised and unrealised gains and losses on financial assets and derivatives								
Investments own risk	–4,217	–1,672	–197	820			–4,414	–852
Investments for account and risk of policyholders	–2,580	875					–2,580	875
Banking credit portfolio	413	119			–419	–115	–6	4
Impairment losses on investments								
Investments own risk			–82	–13			–82	–13
Foreign currency differences[2]	50	56	68	37			118	93
	–6,334	**–622**	**–211**	**844**	**–419**	**–115**	**–6,964**	**107**
Total income from investments	**–5,849**	**–83**	**292**	**1,281**	**–99**	**248**	**–5,656**	**1,446**

1 Investments at fair value through profit or loss include investment income from property investments. The realised and unrealised gains and losses on financial assets and derivatives for Investments for own account of € -4.2 billion primarily comprise unrealised results on interest rate derivatives.
2 The currency risk is hedged for an important part by currency derivatives. The positions of the currency derivatives are recognised in Investments own risk and Investments for account and risk of policyholders. For more information on hedging refer to Note 28 Hedge accounting.

Total income from the investment portfolio amounts to € -5.7 billion in 2022 (2021: € 1.4 billion). The decrease is mainly due to a decrease in realised and unrealised gains and losses on investments own risk (€ 3.6 billion). The decrease in realised and unrealised gains and losses on investments own risk is mainly due to an increase of the interest rates in 2022. Furthermore negative developments in equity markets and an increase of the interest rate in 2022 resulted in lower income from realised and unrealised gains and losses of Investments for account and risk of policyholders (€ 3.5 billion).

An amount of € 0.2 million (2021: € 0.2 million) of Direct operating expenses investment property relates to property not generating any rental income in 2022.

(€ MILLION)

	INVESTMENTS OWN RISK		INVESTMENTS FOR ACCOUNT AND RISK OF POLICYHOLDERS		BANKING CREDIT PORTFOLIO		TOTAL	
	2022	2021	2022	2021	2022	2021	**2022**	2021
Direct income by type:								
Dividend	86	63	9	10			95	73
Rental income from investment property	42	47					42	47
Interest income	724	749	216	207	271	304	1,211	1,260
Total	**852**	**859**	**225**	**217**	**271**	**304**	**1,348**	**1,380**

Direct interest revenue from investments own risk classified as ‘At fair value through profit or loss’ includes revenue from derivatives amounting to € 242 million (2021: € 269 million).

Realised and unrealised gains and losses arising from financial assets designated at initial recognition as 'At fair value through profit or loss' amounted to € 350 million (2021: € 41 million) for Investments own risk, € 2,535 million (2021: € -808 million) for Investments for account and risk of policyholders and € -6 million (2021: € -16 million) for Banking credit portfolio.

A total of € 91 million (2021: € 129 million) of the unrealised results from fair value changes is related to investments own risk which are measured using a valuation technique. These are mainly related to investment property, unlisted derivatives and equities.

ACCOUNTING POLICIES INVESTMENT INCOME

For the accounting policies of investment income we refer to the accounting policies for investments. See Note 5 Investments for further explanation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

11. NET EXPENSES FROM INSURANCE CONTRACTS

(€ MILLION)

	2022 GROSS	2022 REINSURANCE	2021 GROSS	2021 REINSURANCE
Non-Life				
Claims paid	2,763	181	2,460	82
Changes in insurance liabilities own risk	379	150	455	143
Claim handling expenses	299		305	
Recoveries	−209		−180	
Changes in insurance liabilities due to granted profit sharing rights	13		9	
	3,245	**331**	**3,049**	**225**
Health				
Claims paid	15,206	11	13,648	8
Changes in insurance liabilities own risk	−6		318	
Claim handling expenses	70		74	
Recoveries	−29		−26	
	15,241	**11**	**14,014**	**8**
Life				
Benefits paid own risk	1,558	22	1,793	28
Benefits paid for insurances where policyholders bear investment risks	1,137		1,427	
Changes in insurance liabilities own risk	−769	−19	−874	−20
Changes in insurance liabilities where policyholders bear investment risks	−2,857		−143	
Amortisation interest surplus rebates	2		1	
Surplus interest and profit sharing to policyholders	−262		161	
Changes to Provision for discounting of insurance liabilities due to realised gains and losses on related investments in fixed income securities through Equity	−427		326	
Changes to Provision for discounting of insurance liabilities due to (un)realised gains and losses on related investments in fixed income securities and derivatives through Income statement	−3,730		−1,503	
Changes to Provision for discounting of insurance liabilities due to granted profit sharing rights and other changes	17		58	
	−5,331	**3**	**1,246**	**8**
Total expenses from insurance contracts	**13,155**	**345**	**18,309**	**241**

The value development of interest rate derivatives used to hedge the interest rate risk of the insurance liabilities is included in Provision for unwinding of discount insurance liabilities. This relates to the liabilities of the Dutch insurance business of which the cash flows are based on and discounted based on locked assumptions.

KEY ESTIMATES TO DETERMINE NET EXPENSES FROM INSURANCE CONTRACTS

ACCOUNTING POLICIES NET EXPENSES FROM INSURANCE CONTRACTS

The accounting policies for Net expenses from insurance contracts are closely related to the accounting principles for Liabilities related to insurance contracts and amounts ceded to reinsurance. See Note 6 for further explanation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

OTHER NOTES

Other statement of financial position

12. INTANGIBLE ASSETS

(€ MILLION)

	GOODWILL	SOFTWARE[1]	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	OTHER INTANGIBLE ASSETS	TOTAL 2022
Cost							
Balance at 1 January	637	290	3	11	129		1,070
Change in composition of the Group[2]	74	1		1	11		87
Internally developed		8					8
Sale, disposals and decommissioning		−52					−52
Purchases and acquisitions		13				3	16
Changes due to reclassification and other movements							
Foreign currency differences including current financial year hyperinflation impacts[3]		−1			−2		−3
Balance at 31 December	**711**	**259**	**3**	**12**	**138**	**3**	**1,126**
Amortisation and impairment losses							
Balance at 1 January		218		8	96		322
Change in composition of the Group[2]							
Sale, disposals and decommissioning		−52					−52
Amortisation charge for the year		26		1	6		33
Impairment loss recognised in income statement	29	1		2	6		38
Changes due to reclassification and other movements							
Foreign currency differences including current financial year hyperinflation impacts[3]		−1			−1		−2
Balance at 31 December	**29**	**192**		**11**	**107**		**339**
Carrying amount							
At 1 January	637	72	3	3	33		748
At 31 December	**682**	**67**	**3**	**1**	**31**	**3**	**787**

1 In the category Software at year-end 2022 an amount of € 29 million is included for internally developed software.
2 Mainly relates to the acquisition of Centraal Beheer PPI N.V. For more information refer to note 32 Interests in subsidiaries.
3 For more information on hyperinflation refer to General accounting policies.

An amount of € 765 million (31 December 2021: € 715 million) of the Intangible assets is expected to be recovered more than twelve months after the reporting date. The foreign currency differences in 2022 on distribution networks of € -1 million (31 December 2021: € -4 million) relate to Eureko Sigorta A.S.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

(€ MILLION)

	GOODWILL	SOFTWARE[1]	BRAND NAME	VALUE OF BUSINESS ACQUIRED	DISTRIBUTION NETWORKS	OTHER INTANGIBLE ASSETS	TOTAL 2021
Cost							
Balance at 1 January	621	275		7	135		1,038
Change in composition of the Group	16	3	3	3	6		31
Internally developed		7					7
Sale, disposals and decommissioning		−5					−5
Purchases and acquisitions		12			1		13
Changes due to reclassification and other movements		−1		1	2		2
Foreign currency differences		−1			−15		−16
Balance at 31 December	**637**	**290**	**3**	**11**	**129**		**1,070**
Amortisation and impairment losses							
Balance at 1 January		196		7	100		303
Change in composition of the Group		1					1
Sale, disposals and decommissioning		−5					−5
Amortisation charge for the year		21			7		28
Impairment loss recognised in income statement		5					5
Changes due to reclassification and other movements				1			1
Foreign currency differences					−11		−11
Balance at 31 December		**218**		**8**	**96**		**322**
Carrying amount							
At 1 January	621	79			35		735
At 31 December	**637**	**72**	**3**	**3**	**33**		**748**

[1] In the category Software at year-end 2021 an amount of € 24 million is included for internally developed software.

GOODWILL BY CASH GENERATING UNIT

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Non-life Netherlands	617	617
Retirement Services Netherlands[1]	45	
Other	20	20
	682	**637**

[1] Within Retirement Services Netherlands an amount of € 45 million relates to the acquisition of Centraal Beheer PPI N.V. For more information refer to note 32 Interests in subsidiaries.

Goodwill is mainly related to Achmea's Dutch operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The key assumptions in calculating the value-in-use of Non-life Netherlands in the annual impairment test are:

NON-LIFE NETHERLANDS

	2022	2021
Average annual premium/sales growth rate	3.4%	2.6%
Average claims ratio[1]	68.4%	68.8%
Average expense ratio[2&3]	26.6%	25.7%
Terminal value growth	2.0%	0.0%
Discount rate	8.5%	7.7%

1 The average claims ratio is adjusted for the technical interest (impact -1.3%, 2021: impact -1.3%).
2 The average expense ratio also includes, in addition to costs related to staff, IT, housing and acquisition also holding costs.
3 The average expense ratio is adjusted for the non-technical costs (impact -0.1%, 2021: impact -0.1%).

The surplus, being the positive difference between the recoverable amount and carrying amount, for Non-life Netherlands amounts to € 1,406 million (2021: € 1,059 million). The recoverable amount for the cash generating unit Non-life Netherlands is sensitive for deviations within key assumptions.

EFFECTS OF CHANGE IN ASSUMPTIONS NON-LIFE

(€ MILLION)

2022	CHANGE OF RATIO WITH	Δ SURPLUS
Average annual premium growth rate	−0.5%	−64
Average claims ratio	0.5%	−219
Average expense ratio	0.5%	−219
Terminal value growth	−0.5%	−81
Discount rate	0.5%	−210

The key assumptions in calculating the value-in-use of Retirement Services Netherlands in the annual impairment test are:

ACHMEA INVESTMENT MANAGEMENT B.V.

	2022	2021
Average annual premium/sales growth rate	3.4%	n.a.
Terminal value growth	2.0%	n.a.
Discount rate	10.3%	n.a.

CENTRAAL BEHEER PPI N.V.

	2022	2021
Average annual premium/sales growth rate	9.9%	n.a.
Terminal value growth	2.0%	n.a.
Discount rate	11.9%	n.a.

The surplus, being the positive difference between the recoverable amount and carrying amount, for cash generating units within Retirement Services Netherlands amounts to € 22 million (2021: n.a.). The recoverable amount for these cash generating units (Achmea Investment Management B.V. and Centraal Beheer PPI N.V.) is sensitive for deviations within key assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

EFFECTS OF CHANGE IN ASSUMPTIONS ACHMEA INVESTMENT MANAGEMENT B.V.

(€ MILJOEN)

2022	WIJZIGING VAN DE RATIO MET	Δ SURPLUS
Average annual premium/sales growth rate	-0.5%	-5
Terminal value growth	-0.5%	-2
Discount rate	0.5%	-7

EFFECTS OF CHANGE IN ASSUMPTIONS CENTRAAL BEHEER PPI N.V.

(€ MILJOEN)

2022	WIJZIGING VAN DE RATIO MET	Δ SURPLUS
Average annual premium/sales growth rate	-0.5%	-1
Terminal value growth	-0.5%	-1
Discount rate	0.5%	-2

For the distribution networks, given the economic developments and hyperinflation in Turkey the related intangible assets of € 6 million have been impaired to zero. Besides the run-off of the strategic premium included in the purchase price for Centraal Beheer PPI N.V., increased interest rates are a key driver for the reported impairment of € 29 million.

KEY ASSUMPTIONS IN IMPAIRMENT TESTING OF INTANGIBLE ASSETS

In testing for impairment of intangible assets, the carrying amount is compared with the recoverable amount, being the higher of an asset's fair value less costs to sell and value in use. Determining the value in use is an area involving management judgement, requiring assessment as to whether the carrying amount of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the net future cash flows, assumptions are required to be made in respect of uncertain elements like timing and amount of projected cash flows and development of future discount rates.

Goodwill

For the cash generating unit Non-life Netherlands, Achmea uses a Dividend Discount Model (DDM) to calculate the recoverable amount. The cash flow projections for the first three years are based on the budget approved by Achmea’s Executive Board. After these three years the terminal value is determined by applying a perpetual growth rate, i.e. the average long-term growth rate, to the perpetual dividend. Achmea uses the ‘Cost of Equity’ to discount the projected cash flows. The forecast takes into account the best estimate of the cash flow projections of the first three years and the lower terminal growth rate (terminal value determination) for the subsequent years. Achmea uses a discount rate to discount estimated cash flows. Where possible, the assumptions are calibrated using external sources. The discount rates are determined on the advice of an external party and are based on a so-called CAPM model (Capital Asset Pricing Model). This methodology is based on a risk-free rate plus a risk premium. This risk premium is based on the 'market risk premium' (return on equity investments above risk-free rate) times the beta that represents the specific risk profile of the cash generating unit. The terminal value growth, being the long-term average growth rate, is on a gross basis (not adjusted for inflation) and reflects expected industry averages. Achmea has performed an analysis on its most sensitive assumptions used to calculate the value-in-use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

ACCOUNTING POLICIES INTANGIBLE ASSETS

Hereafter, the specific accounting principles for each major class of Intangible assets are given. Based on management expectations, Achmea estimates whether the duration of use is limited (usually no more than twenty years) or indefinite. Assets with a limited useful life are depreciated straight line after initial recognition unless another method is more appropriate (adjusted for impairments, if applicable). Assets with indefinite useful lives are tested annually for impairment. Expenses for internally generated goodwill, brand names and research expenses are included in the Profit and Loss Account as expenses when they occur.

Software

Externally acquired and internally developed software is recognised at cost (including borrowing cost incurred). The maximum useful life of software is five years, or up to ten years when related to insurance policy systems. Software that is an integral part of a computer or a computer-controlled tool and in which that tool or computer does not work without the software (e.g. operating system software), is classified as equipment.

Brand name

Purchased brand name are recognised as an intangible asset. The initial measurement of a brand name is based on the application of the 'relief from royalty method', with the use of market observable variables and when not available management expectations that are presumed to be representative of assumptions market participants would use.

Value of business acquired

Upon acquisition of a portfolio of (insurance) contracts, Achmea recognises the value of the acquired insurance portfolios (VOBA, "Value Of Business Acquired") as intangible asset. The first valuation of VOBA is determined as the difference between the fair value of 'current' (insurance) contracts in the acquired business activities based on current estimates and assumptions at the time of the business combination and the obligation valued in accordance with the accounting principles of Achmea.

Distribution networks

When Achmea enters into a business combination it recognises distribution networks as an intangible asset. The initial measurement of this intangible asset is based on the application of the 'multi-period excess earnings method', with the use of market observable variables and management expectations. The valuation techniques used are commonly applied within the industry.

Other intangible assets

Other intangible assets acquired by Achmea are stated at cost less accumulated amortisation and impairment losses.
Other intangible assets are capitalised and amortised over their expected useful lives, which on average are between 5 and 20 years.

Goodwill

Goodwill arising on a business combination represents the excess of the consideration transferred to acquire the business over the fair value of the net identifiable assets, liabilities and contingent liabilities acquired at acquisition date. Goodwill is stated at cost less accumulated impairment losses. Recognised goodwill is subject to an impairment test at least annually. Achmea has allocated the acquired goodwill due to business combinations to cash generating units (CGUs) that are expected to benefit from the business combination. This is done on the basis of synergies expected to be realised by the combination. Goodwill is monitored at business unit level, being an aggregation of products or group of products with the same risk characteristics and at which level risks are managed and capital is allocated. Any excess of the carrying amount of the domain over its recoverable amount will firstly be allocated to goodwill. Impairment tests at CGU level are performed at a fixed time every year and more frequently if triggering events occur. If an impairment loss occurs, it will be allocated to the relevant CGU. An impairment recognised for goodwill is not subject to reversal in a subsequent period.

Impairment

At each reporting date, Achmea assesses whether an indication of an impairment exists for intangible assets with a finite useful economic life. Various indicators are used, such as whether the intangible asset is abandoned, readily obtainable in the market, or the cost to maintain the intangible asset is significantly higher than expected. An impairment on Intangible assets is recognised as Other expenses in the Income Statement. In addition, Achmea assesses at each reporting date whether there is any indication that an impairment loss recognised in a prior period for intangible assets may no longer exist or may have decreased. Achmea considers the various indicators, such as: whether the asset's market value has increased significantly during the period; whether significant changes (technological, market, economic or legal environment) with a favourable effect on Achmea have taken place during the period; whether market interest rates have decreased and are likely to affect the discount rate used in calculating value in use and increase recoverable amount materially. If this is the case, the carrying amount of the intangible asset is increased to its recoverable amount. An increase in the carrying amount of the asset due to the reversal of the impairment may not exceed the carrying amount if no impairment loss would have been recognised in the prior period. A reversal of an impairment on Intangible assets is recognised as Other expenses in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

13. ASSOCIATES AND JOINT VENTURES

(€ MILLION)

NAME OF THE COMPANY	COUNTRY	DESCRIPTION OF BUSINESS	DATE OF ACQUISITION / STARTING DATE	% OWNERSHIP 2022	% OWNERSHIP 2021	NET ASSET VALUE 2022	NET ASSET VALUE 2021	BOOK VALUE 31 DECEMBER 2022	BOOK VALUE 31 DECEMBER 2021
Garanti Emeklilik ve Hayat A.S.	Turkey	Life insurance	2007	15.00%	15.00%	16	15	16	15
Onlia Holding Inc.	Canada	Non-life insurance	2018	50.00%	50.00%	13	13	13	13
InAdmin RiskCo Holding B.V.	Netherlands	Administrative service provider	2020	100,00%	50.00%		3		3
Wagenplan B.V.	Netherlands	Leasing	2001	40,00%	50.00%	7		7	
Other						10	10	10	10
								46	41

Although Achmea holds less than 20% of the shares of Garanti Emeklilik ve Hayat A.S., Achmea exercises significant influence by virtue of its strategic interest, close co-operation with Eureko Sigorta and the contractual right to appoint a Board member.

As described in General Accounting Policies, Turkey is classified as a hyperinflationary economy in 2022. Achmea adjusted its capital interest in Turkish participation Garanti Emeklilik ve Hayat A.S. accordingly.

In 2022, Achmea B.V. acquired the 50% stake in InAdmin RiskCo Holding B.V. held by shareholder PGB Pensioendiensten B.V. Consequently Achmea has a 100% stake in and control of InAdmin RiskCo Holding B.V. at year-end 2022. As a result of the acquisition, InAdmin RiskCo Holding B.V. is no longer recognised as a participating interest; instead it is fully consolidated. For a detailed explanation of the transaction, please refer to Note 32 Interests in subsidiaries.

The movement in Wagenplan B.V. is related to the change in the participation held by Achmea. In 2022, Achmea transferred 10% of the shares it held to the co-shareholder in Wagenplan B.V., resulting in Achmea no longer having control over this entity. As a result, Wagenplan B.V. is no longer included in Achmea's scope of consolidation but instead it is recognised as an associate.

The book value of the associates and joint ventures is determined based on the (IFRS) financial statements for the same financial year of those entities (which accounting policies do not differ significantly from the policies applied by Achmea), where available. If not available, Achmea bases the book value on preliminary, unaudited figures received from the associate or joint venture. Achmea has established that, in the past, there were no material differences between those preliminary, unaudited figures and the (IFRS) financial statements of the associate or joint venture concerned.

14. PROPERTY FOR OWN USE AND EQUIPMENT

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Property for own use		
In development		
In use	211	229
Equipment		
Software	4	5
Hardware	21	21
Office furniture	12	10
Other	19	94
Right of use of property for own use and equipment		
Property Own Use	100	102
Equipment	11	12
	378	**473**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

In 2022, Achmea had nearly all of its property for own use valued by external appraisers and adjusted the balance sheet value accordingly.

The Other Equipment item is lower because Wagenplan B.V. is no longer included in Achmea's scope of consolidation.

During 2022, the carrying amount of the right of use of € 114 million decreased by € 3 million, consisting of an increase in new lease contracts (€ 10 million) and a decrease due to depreciation of capitalised right-of-use asset (€ 13 million).

KEY ASSUMPTIONS TO DETERMINE THE FAIR VALUE OF PROPERTY FOR OWN USE

Various assumptions should be made and techniques applied in valuing property whereby these assumptions and techniques, may have significant consequences for the valuation. The methods used to determine the revalued amount for Property for own use and fair value of Investment property are described in Note 8 Fair value hierarchy. The assumptions used in applying some of these methods are supported by the terms of any existing lease and other relevant contracts and by external evidence such as recent and expected general economic trends, current market rents for similar properties in the same region and condition. Components of assets and related liabilities are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Sufficient reference transactions are available for the valuation as of 31 December 2022 that confirm the valuations of the external appraisers.

ACCOUNTING POLICIES PROPERTY FOR OWN USE AND EQUIPMENT

Property for own use
Property for own use is measured at fair value at the date of revaluation less any (subsequent) accumulated depreciation and any (subsequent) accumulated impairment losses. Property for own use that is under construction or in development is stated at cost until its fair value can be reliably determined. Changes in the carrying amount resulting from revaluations of Property for own use are recorded in the Revaluation reserve, part of Total equity net of deferred taxes. A decrease in the carrying amount due to revaluation is recognised in the Revaluation reserve, part of Total equity, to the extent of any credit balance existing in the revaluation reserve in respect of that asset and for the remaining part in the Income Statement. A revaluation decrease will be reversed through the Income Statement in subsequent years if the revalued amount is higher than the carrying amount, but not higher than the cost minus accumulated depreciation. When Property for own use is derecognised, revaluations included in the Revaluation reserve will be transferred directly to Retained earnings and not through the Income Statement. If Property for own use comprises major components with a different useful life, they are accounted for as separate items.

Depreciation on Property for own use is charged to the Income Statement on a straight-line basis over the estimated useful economic life, generally not exceeding fifty years. The depreciation method and useful economic life are reviewed annually and adjusted if circumstances or expectations have changed significantly. Land is not depreciated. When Property for own use or its separate items accounted for is revalued, the cumulative depreciation is eliminated against the gross carrying amount of that item of Property for own use.

Equipment
Equipment is measured at cost (including borrowing costs incurred) less accumulated depreciation and impairment losses. If equipment comprises major components with a different useful life these are accounted for as separate items. Depreciation is charged to the Income Statement on a straight-line basis. The estimated useful life is: operating software three to five years, hardware three to four years, office furniture (including components) three to six years and other equipment three to six years. The depreciation method and useful life of equipment is reviewed annually and altered prospectively if circumstances or expectations have changed significantly.

Right-of-use asset for property for own use and equipment
Achmea makes use of the option not to recognise right-of-use assets and lease liabilities in the balance sheet for short-term leases (12 months or less) or leases of low-value assets (USD 5,000 or less). The right-of-use asset related to the leases is depreciated and recognised in the Income Statement during the term of the lease applying the straight-line method.

Achmea recognises a right of use in the balance sheet on the effective date, which is the date on which the lessor makes the underlying asset available for use. The right-of-use asset is valued at cost minus cumulative depreciation. Upon initial recognition, cost is equal to the amount of the lease liability plus lease payments that preceded the commencement period of the lease, plus initial direct costs, taking into account any costs of dismantling, removing or restoring the underlying asset and minus any lease incentives received.

Right-of-use assets are then depreciated on a straight-line basis over the duration of the lease, unless the economic life is shorter, in which case this is taken as the depreciation period. In addition, where applicable, the right-of-use asset is periodically reduced by impairment losses and, where applicable, adjusted for remeasurements of the lease liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

15. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during the fiscal year can be specified as follows:

(€ MILLION)

	BALANCE AT 1 JANUARY 2022	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2022
Intangible assets	−6	−2	2	−6
Property for own use and equipment	−10	−9	3	−16
Investments	−1,879	1,857	268	246
Liabilities related to insurance contracts	2,469	−2,239		230
Other provisions	34	−2	−6	26
Amortisation	1	−1		
Financial liabilities	−37	67		30
Loss carry-forwards	7	220		227
	579	**−109**	**267**	**737**
Comprising:				
Deferred tax assets				758
Deferred tax liabilities				21

(€ MILLION)

	BALANCE AT 1 JANUARY 2021	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2021
Intangible assets	−8	2		−6
Property for own use and equipment	−25	10	5	−10
Investments	−2,366	496	−9	−1,879
Liabilities related to insurance contracts	2,972	−501	−2	2,469
Other provisions[1]	33	−8	8	33
Amortisation	2	−1		1
Financial liabilities	27	−64		−37
Loss carry-forwards	10	−3		7
	645	**−69**	**2**	**578**
Comprising:				
Deferred tax assets				610
Deferred tax liabilities				32

1 The accounting for indexation of the pension provision has been changed retrospectively. As a result, the figures for the Netherlands as of 31 December 2021 have increased by € 50 million. For more information refer to the Accounting Policies.

In the 2023 Tax Plan of the Netherlands, the decision has been made to keep the high corporate tax rate as of 1 January 2023 at 25.8%.

The tax rates used in calculating deferred tax assets and liabilities differ per jurisdiction, and in both 2022 and 2021 these tax rates ranged from 10% to 36%. The tax jurisdiction with the largest part of the result and tax share concerns the Netherlands.

An amount of € 737 million (2021: € 560 million) of the Deferred tax assets and liabilities is expected to be recovered more than twelve months after reporting date. Recognition of these deferred tax assets is substantiated by the availability of sufficient annual taxable profit capacity during the reversal period. For entities in the Netherlands, this substantiation is analysed at the level of fiscal unity. In addition, various scenarios are analysed for Achmea Pensioen- en Levensverzekeringen N.V. regarding lower and higher equity positions and interest rates. For the other entities, the presence of sufficient taxable result capacity is analysed at standalone legal entity level.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Deferred tax assets amounting to € 58 million (2021: € 59 million), have not been recognised in respect of taxable losses of previous years. For these losses it is not probable that future taxable profits will be available, against which the temporary difference can be utilised. The recognised deferred tax assets relating to offsettable losses from previous years are valued based on the current tax laws.

Results within the Dutch Health Insurance business are reported as non-taxable results, based on the current tax laws. The tax exemption is applicable as far as these results are not distributed. If the results are partly or fully distributed, the annual results of the Dutch Health Insurance business will no longer be exempted from corporation tax. The annual results will then be taxable against the then current corporate tax rate.

KEY ASSUMPTIONS AND ESTIMATES TO DETERMINE THE DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are established for the tax benefit related to deductible temporary differences, carry forwards of unused tax losses and carry forwards of unused tax credits when, in the judgement of management, it is likely that Achmea will receive the tax benefits. In the process, the assumptions and estimates used, for example in capital planning and future profit projections, are applied. A change in judgement could have a substantial effect on value of the deferred tax asset. In determining the tax position, Achmea has taken into account its estimate of the associated future expenses. Furthermore, management considers tax planning strategies which increase the likelihood that the tax assets will be realised.

ACCOUNTING POLICIES DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided for using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of these assets and liabilities. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. To determine future profits, the capital planning Solvency II assumptions, like expected return on investments and (parts of) the run-off of the liabilities, Risk Margin, UFR-drag and results on (fixed income) investments, are used for Achmea Pensioen- en Levensverzekeringen N.V. In addition, for Achmea Pensioen- en Levensverzekeringen N.V., there is an assumption that annual dividend payments will be maximized based on internal policy. For the other components, the assumptions include future profits forecasts. The profit forecast is based on the most recent Rolling Forecast. All tax result forecast have a long-term horizon in line with the duration of the run-off of the Achmea Pensioen- en Levensverzekeringen N.V.'s liability book. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

16. RECEIVABLES AND ACCRUALS

(€ MILLION)

	2022	2021
Deferred acquisition costs	35	36
Receivables from direct insurance	1,642	1,256
Receivables from indirect insurance	168	189
Receivables on reinsurance	34	12
VWS-arrangements	302	163
Investment receivables	275	85
Contribution from Dutch Health insurance fund	1,423	2,327
Prepayments to Dutch hospitals	454	933
Payments related to Dutch short-term mental care (GGZ)	1	2
Other prepayments and accrued income[1]	380	375
Undue payments healthcare providers	621	525
Receivables under recourse	95	117
Other	212	191
Balance at 31 December	**5,642**	**6,211**

1 Including impact of hyperinflation in Turkey. For more information on hyperinflation refer to the Accounting Policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

An amount of € 1,704 million (31 December 2021: € 2,584 million) of the Receivables and accruals is expected to be recovered after twelve months after reporting date. For receivables expected to be recovered within twelve months after reporting date, the carrying amount is a reasonable approximation of the fair value. The fair value of receivables expected to be recovered after twelve months after the reporting date amounts to € 1,565 million as at 31 December 2022 (31 December 2021: € 2,425 million). Impairment losses recognised in 2022 related to Receivables and accruals amounted to € 69 million (31 December 2021: € -4 million) and are included in Other expenses.

The reduction in the contribution from the Health Insurance Equalisation Fund in the Netherlands is mainly due to the ceasing of reimbursements under the emergency scheme Note 9 contain additional information regarding the solidarity scheme and continuity contribution.

KEY ASSUMPTIONS AND ESTIMATES RECEIVABLES AND ACCRUALS - HEALTH SEGMENT

Health segment

The private health insurance system that is in force in the Netherlands consists of two parts: basic health insurance and supplementary health insurance. Coverage within basic health insurance is heavily determined by law and influenced by political processes. The basic health system (inherently) comprises uncertainties, due to the calculation methods applied. A system of risk mitigating features is in force in the Netherlands to reduce the uncertainties that are raised by the system. The measurement of receivables regarding the Health Insurance Fund is an inherently uncertain process, involving assumptions for national healthcare costs and allocation of healthcare costs to budget parameters. For more details regarding the uncertainties and the risk mitigating factors in health insurance, a reference is made to Note 2 Capital and risk management. Any change in the assumptions could have an impact on the settlement with the Dutch government (Health Insurance Fund).

DEFERRED ACQUISITION COSTS

These are detailed in the note on key assumptions and estimates of Liabilities related to insurance contracts.

ACCOUNTING POLICIES RECEIVABLES AND ACCRUALS

Receivables and accruals are measured at amortised cost, which usually equals the face value, adjusted for accumulated impairment losses.

Acquisition expenses directly or indirectly related to the sale of insurance contracts not measured at fair value are deferred to the extent that they are deemed recoverable from future revenues. Deferred acquisition costs are subject to recoverability testing at the time of policy issue and included in the liability adequacy test of insurance liabilities at the end of each reporting period. Any irrecoverability of Deferred acquisition costs as a result of liability adequacy testing is recognised as an impairment loss and included in Operating expenses. Deferred acquisition costs are amortised over the lifetime of the related contracts.

17. CASH AND CASH EQUIVALENTS

(€ MILLION)

	2022	2021
Cash and bank balances	1,164	1,569
Call deposits	771	
Balance at 31 December	**1,935**	**1,569**

Cash and cash equivalents subject to restrictions amounted to € 7 million (31 December 2021: € 49 million). In 2021 € 42 million of these restrictions related to the minimum reserve to be maintained at De Nederlandsche Bank N.V., this has been reported within the Banking credit portfolio in 2022.

ACCOUNTING POLICIES CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank balances and call deposits and are measured at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

18. EQUITY

The movements in Equity attributable to holders of equity instruments of the company are specified in the Consolidated Statement of Changes in Total equity.

OVERVIEW SHARE CAPITAL

	NUMBER OF ORDINARY SHARES	NOMINAL VALUE ORDINARY SHARES	NUMBER OF PREFERENCE SHARES	NOMINAL VALUE PREFERENCE SHARES	NUMBER OF A SHARES	NOMINAL VALUE A SHARES
	(PAR VALUE € 1 PER SHARE)	(€ MILLION)	(PAR VALUE € 1 PER SHARE)	(€ MILLION)	(PAR VALUE € 1 PER SHARE)	(€ MILLION)
Authorised	2,103,943,009	2,104	60,000,000	60	1	
Shares issued 1 January 2021	410,820,173	411	23,904,060	24	1	
Shares issued 31 December 2021[1]	**410,820,173**	**411**	**23,904,060**	**24**	**1**	
Shares issued 1 January 2022	410,820,173	411	23,904,060	24	1	
Shares issued 31 December 2022[1]	**410,820,173**	**411**	**23,904,060**	**24**	**1**	

1 All issued shares are fully paid up. Part of the shares are owned by Achmea itself, please refer to Own shares below. For a specification of other shareholders see Other information, Shareholders of Achmea B.V. at 31 December 2022.

Share premium

The Consolidated Statement of Changes in Total equity includes € 11,357 million Share capital/premium. This amount includes € 10,923 million share premium paid by the shareholders. This share premium reserve comprises share premium paid in by both holders of ordinary shares and holders of preference shares.

Share rights, approval rights and restrictions

Each share confers the right to one vote at Achmea's general meeting. Stichting Administratie-Kantoor Achmea is the holder of the A share. Special rights adhere to the A share. Many decisions of the general meeting of Achmea B.V. can only be made after approval of the holder of the A share. The general meeting decides whether or not to pay dividends to the holders of preference and ordinary shares.

The holders of preference shares are entitled to receive dividends when declared. The preference shares have a cumulative character. If Achmea is temporarily unable to pay out dividend, the right to payment of the arrears remains with these shares. Dividends paid are 3.7% per year of the share capital and the share premium paid for those shares. The aforementioned percentage, set in February 2014, is reviewed every ten years. The next assessment will take place before 1 January 2024. The Executive Board, with the approval of the Supervisory Board, may increase the set percentage annually by a maximum of 1.8%. When an external dividend is to be distributed, an assessment is made of whether the distribution is liable by testing against the risk appetite. A key factor in this assessment is holding company liquidity. This depends on the amounts distributed to Achmea B.V. by the legal entities – mainly Achmea Pensioen- en Levensverzekeringen N.V. and Achmea Schadeverzekeringen N.V. The level of interest for discounting the insurance liabilities has a major impact on the amounts that can be distributed by Achmea Pensioen- en Levensverzekeringen N.V. to Achmea B.V. and thus on the holding liquidity.

All preference shares in the share capital of Achmea B.V. have been issued to Achmea Tussenholding B.V. The shares in the share capital of Achmea Tussenholding B.V. are certified through Stichting Administratiekantoor Achmea Tussenholding and issued to a number of institutional investors. A portion of these certificates receipts are held by Achmea B.V. The value of the certificates receipts held by Achmea B.V. is € 89 million (2021: € 45 million) and is presented under 'Own shares' within Total equity.

An overview of the shareholders of Achmea as at 31 December 2022 is presented in Other Information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Own shares

The item 'Own shares' consists of (ordinary) shares purchased by Achmea B.V. and of Achmea B.V.'s stake as holder of certificates receipts issued by Stichting Administratiekantoor Achmea Tussenholding. Stichting Administratiekantoor Achmea Tussenholding is shareholder of Achmea Tussenholding B.V., a company which holds the preference shares in Achmea B.V.

No voting rights are attached to repurchased own shares and no dividend is payable on them. With respect to the certificates receipts that are indirectly related to the preference shares in Achmea B.V., the voting rights attached to the preference shares are exercised by Achmea Tussenholding B.V. Dividends distributed on the preference shares accrue entirely to Achmea Tussenholding B.V., in the understanding that the portion accruing to Achmea B.V. as certificates receipt holder is withheld from the dividend payment.

Legal reserves

A statutory reserve must be maintained for the retained earnings with regard to associates and joint ventures, internally developed capitalised software and healthcare offices.

An amount of € 79 million (31 December 2021: € 55 million) of Total equity contributed by subsidiaries at year-end 2022 is subject to claims under provisions in the articles of association of a number of subsidiaries. Amounts presented within the legal reserves cannot be distributed to shareholders. In addition to these Legal reserves there are other ring fenced reserves that cannot be distributed to shareholders, as set out in the Note to the Revaluation reserve.

Revaluation reserve

Based on the accounting policies used by Achmea, a revaluation reserve is formed. In addition, Dutch regulations require Achmea to establish an earmarked reserve for all positive unrealised fair value changes for assets for which there are no frequent market quotations or readily observable developments on liquid markets and for which the unrealised fair value changes are recognised in the income statement, 2022 € 285 million (31 December 2021: € 349 million). The reserve is formed by transferring the required amounts from Other reserves to the Revaluation Reserve.

Part of the Revaluation reserve is related to property for own use. The revaluation surplus for property for own use amounted to € 38 million in 2021 (2021: € 39 million). The majority of the remainder of the revaluation reserve is related to available for sale investments.

The total Revaluation Reserve amounts to € -251 million (2021: € 1,159 million) and contains a negative amount of € 1,243 million (31 December 2021: € 212 million) relating to unrealised losses net of deferred taxes on assets carried at fair value. The positive Revaluation Reserve thus amounts to € 992 million (31 December 2021: € 1,371 million), which cannot be distributed to shareholders.

Exchange difference reserve

Assets and liabilities of foreign subsidiaries, with a functional currency other than the euro, are translated into euros at the exchange rates at reporting date. The income and expenses of such subsidiaries are translated at the weighted average exchange rates for the reporting period. Translation differences arising from the application of reporting date exchange rates to the opening balance of the net assets and goodwill of such subsidiaries and to the foreign exchange results for the reporting period are recognised in the Exchange difference reserve. Amounts presented within the Exchange difference reserve cannot be distributed to shareholders. The main part of the operations in foreign currency is in Turkish Lira through its subsidiary Eureko Sigorta and its associate Garanti Emeklilik ve Hayat A.S. The income and expenses of these companies are converted at the average exchange rate for the financial year (the exchange rate on the balance sheet date for hyperinflationary currencies, see also I. Accounting Framework).

Hedging reserve

The amounts presented within the Hedging reserve cannot be distributed to shareholders. In determining the non-distributable amounts under Dutch regulations these amounts cannot be distributed. Consequently, in relation to the Hedging reserve an amount of € 7 million (2021: € 7 million) cannot be distributed to shareholders. If the hedge relation is discontinued Achmea amortises the related fair value adjustment over de remaining duration of the hedged position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Other reserves

Results within the Dutch Health Insurance business are reported as non-taxable results, based on the current tax laws. The tax exemption is applicable as far as these results are not distributed. When results are partly or fully distributed, the results of the health insurers will no longer be exempted from corporation tax. The annual results will then be taxable against the then current corporate tax rate.

Retained earnings contain an amount of € 48 million relating to defined benefit plans (31 December 2021: € -127 million). Changes in measurement of investments that cover defined benefit obligations and related liabilities concerning Achmea's defined benefit schemes are included in Other comprehensive income. Movements in the measurement of investments, which hedge defined benefit obligations, have been recognised in the revaluation reserve.

The appropriation of results is presented in the Company Financial Statements of Achmea B.V. for 2021, Note 22 Proposal for appropriation of result.

Other equity instruments

Achmea has two Other equity instruments to support the funding of the organisation. These Other equity instruments are hybrid loans of € 500 million in Perpetual Capital Securities with a coupon of 4.625% and a hybrid loan of € 750 million with a coupon of 4.25%. These equity instruments are classified as Other equity instruments and their purpose is to support the funding of the organisation. The Perpetual Capital Securities qualify as Restricted Tier 1 notes.

These hybrid loans, listed on Euronext in Dublin, Ireland, have a very long maturity period. The contractual terms and conditions are such that the payment of the coupon and redemption payments is in the power of disposal of the company and that no previously agreed payment obligations apply. And are therefore classified under IFRS as Equity.

Coupon payments on Other equity instruments are determined by Achmea and subject to the limitations described in the prospectus. The coupon payments will be charged to Retained earnings, part of Total equity.

ACCOUNTING POLICIES TOTAL EQUITY

Equity

Achmea B.V. shares held by the company (own shares) are accounted for by a reduction within Total equity at the moment of purchase by Achmea or its subsidiaries on the basis of the purchase price paid. Any results upon the subsequent sale of such treasury shares are recognised directly within Total equity.

Non-controlling interest

Any Non-controlling interest related to subsidiaries is presented as a separate component within Total equity and is equal to Non-controlling interest in the subsidiary's equity based on Achmea's accounting principles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

19. OTHER PROVISIONS

(€ MILLION)

	2022	2021
Post-employment benefits	780	1,058
Other provisions	145	147
Balance at 31 December	**925**	**1,205**

POST-EMPLOYMENT BENEFITS

(€ MILLION)

31 DECEMBER 2022	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	778	2	780
Fair value of total investments backing defined benefit obligation	−687		−687
Fair value of non-qualifying investments backing defined benefit obligation	687		687
Unfunded status	**778**	**2**	**780**
Effect of asset ceiling			
Net defined benefit liability	**778**	**2**	**780**

(€ MILLION)

31 DECEMBER 2021	THE NETHERLANDS	OTHER COUNTRIES	TOTAL
Present value of defined benefit obligation	1,056	2	1,058
Fair value of total investments backing defined benefit obligation	−940		−940
Fair value of non-qualifying investments backing defined benefit obligation	940		940
Unfunded status	**1,056**	**2**	**1,058**
Effect of asset ceiling			
Net defined benefit liability	**1,056**	**2**	**1,058**

1 The accounting for indexation of the pension provision has been changed retrospectively. As a result, the figures for the Netherlands as of 31 December 2021 have increased by € 198 million. For more information refer to the General Accounting Policies.

Achmea has a pension scheme for the major part of its employees. The pension scheme executed by Stichting Pensioenfonds Achmea, applicable to the major part of the 11,000 employees in the Netherlands, is a so-called Collective Defined Contribution (CDC) scheme. The obligation of Achmea related to the pension scheme is limited to payment of the agreed premium for the current year of service.

In 2022 contributions paid to the CDC scheme amounted to € 229 million (2021: € 275 million). The contribution is determined as the actuarially required contribution for the acquired pension rights in that year, taking into account current interest rates.

Achmea's defined benefit obligation is mainly related to the accrued rights of a number of (former) employees under former defined benefit plans. These defined benefit plans were maintained in The Netherlands, and for a limited amount in Greece. Benefits related to medical costs are not included in these plans.

The accrued rights of the former defined benefit pension obligations in the Netherlands of a number of (former) employees are insured with Achmea Pensioen- en Levensverzekeringen N.V., and therefore Achmea retains the financial and actuarial risks. As a result of the scheme being insured by Achmea Pensioen- en Levensverzekeringen N.V., the investments related to the insurance contracts do not qualify as investments to cover defined benefit obligations.

For the accrued rights of the former defined benefit pension schemes of a number of (former) employees in the Netherlands that are insured with Achmea Pensioen- en Levensverzekeringen N.V. and Stichting Bedrijfstakpensioenfonds Zorgverzekeraars, an indexation of pension rights applies that is administered by Stichting Pensioenfonds Achmea on the basis of the administration agreement, which risk will be borne by Achmea from 2024 onwards. The comparative figures have been adjusted accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS

(€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	NET DEFINED BENEFIT LIABILITY 2022
Balance at 1 January	1,058		1,058
Net interest expense on net defined benefit liability	13		13
Remeasurement of net defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions	3		3
Actuarial gains and losses arising from changes in financial assumptions	–270		–270
Experience gains and losses	9		9
Benefits paid by the plan			
Benefit payments	–33		–33
Balance at 31 December	**780**		**780**

MOVEMENT TABLE POST-EMPLOYMENT BENEFITS

(€ MILLION)

	DEFINED BENEFIT OBLIGATION	FAIR VALUE OF INVESTMENTS BACKING DEFINED BENEFIT OBLIGATION	NET DEFINED BENEFIT LIABILITY 2021[1]
Balance at 1 January	1,154		1,154
Net interest expense on net defined benefit liability	8		8
Other movements	–7		–7
Remeasurement of net defined benefit liability			
Actuarial gains and losses arising from changes in demographic assumptions			
Actuarial gains and losses arising from changes in financial assumptions	–59		–59
Experience gains and losses	–5		–5
Benefits paid by the plan			
Benefit payments	–33		–33
Balance at 31 December	**1,058**		**1,058**

1 The accounting for the indexation of the pension provision has been changed retrospectively. As a result, the defined benefit obligations as of 1 January 2021 have increased by € 199 million. For more information refer to the General Accounting Policies.

SIGNIFICANT ACTUARIAL ASSUMPTIONS AT REPORTING DATE (EXPRESSED AS WEIGHTED AVERAGE ASSUMPTIONS)

	2022		2021	
	THE NETHERLANDS	OTHER COUNTRIES	THE NETHERLANDS	OTHER COUNTRIES
Discount rate	3.70	0.21	1.10	0.41
Future salary increases[1]		0.03		1.50
Future pension increases				
Future pension increases for in-payment benefits[2]	0.90		0.57	
Rates of employee turnover[1]		2.30		1.75

1 In the Netherlands there are no more active members of a defined benefit scheme. Therefore these actuarial assumptions are no longer presented.
2 The accounting for indexation of the pension provision has been changed retrospectively. As a result, the weighted average for future pension increases for current benefits over 2021 has changed by 0.07. For more information on this, please refer to the General Accounting Policies.

The weighted average duration of the Defined Benefit Obligation is 14 years (2021: 16 years). The maturity of the expected undiscounted cash flows relating to the Defined benefit obligation is less than ten years for an amount of € 358 million (31 December 2021: € 369 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

OTHER PROVISIONS

(€ MILLION)

2022	RESTRUCTURING	LEGAL CLAIMS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	18	10	42	77	147
Acquisitions				12	12
Change in composition of the group				**12**	**12**
Additions	17	5	9	4	35
Usage	-21	-7	-3	-2	-33
Released	-2		-4	-10	-16
Balance at 31 December	**12**	**8**	**44**	**81**	**145**
Current	12	1	9	42	64
Non-current		7	35	39	81
Balance at 31 December	**12**	**8**	**44**	**81**	**145**

(€ MILLION)

2021	RESTRUCTURING	LEGAL CLAIMS	EMPLOYEE BENEFITS (EXCLUDING POST-EMPLOYMENT BENEFITS)	OTHER	TOTAL
Balance at 1 January	25	17	42	74	158
Additions	23	2	5	11	41
Usage	-27	-1	-2	-6	-36
Released	-3	-6	-2	-4	-15
Changes due to reclassification		-2		2	
Foreign currency differences			-1		-1
Balance at 31 December	**18**	**10**	**42**	**77**	**147**
Current	18	2	5	39	64
Non-current		8	37	38	83
Balance at 31 December	**18**	**10**	**42**	**77**	**147**

Restructuring

In the context of reorganisation programmes announced earlier, a provision was accounted for an amount of € 12 million as of 31 December 2022 (31 December 2021: € 18 million). The most important assumptions used in determining this restructuring provision relate to the average salary, the reassignment period and the probability of a reassignment to another position within Achmea or elsewhere.

Legal claims

Legal claims include liabilities related to legal claims and possible compensations in relation to insurance and non-insurance activities of Achmea. Due to the nature of these liabilities, the expected maturity is uncertain, but most claims are expected to have a maturity of more than twelve months after the balance sheet date. The value of legal claims is determined based on management judgement, external professional assessment and experience. In the Income Statement, the expenses related to this provision are presented net of the amount recognised for reimbursement. The total amount added to legal claims in 2022 has a small impact on the net result.

Employee benefits (excluding post-employee benefits)

Employee benefits provisions include employee benefits payable after more than twelve months after the balance sheet date, including provisions for long-service benefits, the sustainability budget and Early Retirement Scheme. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of more than twelve months after the balance sheet date. The value of Employee benefits provisions is determined, based on management judgement, external professional assessment and experience.

Other

Other provisions consist of liabilities related to the business activities and various other liabilities. These liabilities have different expected settlement dates, but the main part is expected to have a maturity of less than twelve months after the balance sheet date. The value of Other provisions is determined based on management judgement, external professional assessment and experience. In Slovakia, a statutory measure for Health Insurance Companies applies, as a result of which Union Zdravotná Poist'ovna A.S. has made a provision as of 31 December 2022 for € 36 million (31 December 2021: € 35 million).

KEY ASSUMPTIONS AND ESTIMATES OTHER PROVISIONS

Post-employment benefits

The determination of the defined benefit plan liability is based on actuarial models and calculations using the projected unit credit method. Inherent in these actuarial models are assumptions for discount rates, rates of increase in future salary and benefit levels, mortality rates, expected healthcare costs and consumer price index. The assumptions are based on available market data and are updated annually. The rate used to discount the defined benefit obligation is determined by reference to market yields on high quality corporate bonds (AA rating or similar). Achmea applies the Willis Towers Watson Rate: Link curve. Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in each country. To determine the defined benefit obligation the projection table AG2022, including fund-specific mortality experience, has been applied in the Netherlands. The actuarial assumptions may differ from the actual results due to changes in market conditions, economic trends, mortality rates, and other assumptions. Any changes in these assumptions could have an impact on the valuation of defined benefit plans.

Other provisions

The determination of provisions is an inherently uncertain process involving estimates regarding amounts and timing of cash flows.

ACCOUNTING POLICIES OTHER PROVISIONS

Post-employment benefits

Contributions payable to defined contribution pension plans are recognised as an expense in the Income Statement when incurred. The net obligation in respect of defined benefit pension plans is calculated separately for each plan, using the 'projected unit credit method'. In accordance with this method, the future benefits that employees have earned in return for their service in the current period and prior periods are estimated. The rates used for salary developments, discounting and other adjustments reflect the specific country conditions. The liability is discounted to determine the present value. Subsequently, the fair value of plan assets is deducted in order to calculate the Net defined benefit liability/asset.

Current service cost and net interest on the Net defined benefit liability/asset based on assumptions at the beginning of the reporting period are included in the consolidated Income Statement. Remeasurements of the Net defined benefit liability are included in the Consolidated statement of comprehensive income.

Achmea recognizes service costs for past employment as costs, at the first moment of:

A. plan amendment or occurrence of the curtailment; and
B. when it recognises related service cost or termination benefits.

Achmea recognises a gain or loss on settlement of a defined benefit plan when the settlement occurs. The present value of defined benefit assets at reporting date is recognised to the amount of the economic benefit that will be available to Achmea in the form of refund from the plan or reductions in future contributions. When Achmea is not unconditionally entitled to the surplus within the pension plan, the surplus is not recognised as a receivable on the Statement of Financial Position.

Other provisions

Other provisions are recognised when a legal or constructive obligation, which can be reliably estimated, exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the provision is to be used over a period longer than one year, expected cash flows are discounted. A provision for restructuring is recognised when management has approved a detailed and formal restructuring plan, and the restructuring was either commenced or has been announced to the parties concerned prior to reporting date. Costs relating to the ongoing activities of Achmea are not provided for. Achmea's net obligation in respect of other long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current period and prior periods. The obligation is calculated using the 'projected unit credit method' and is discounted to its present value. The fair value of related assets is deducted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

20. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Assets classified as held for sale

Achmea has a portfolio of investment properties of which an amount of € 26 million as at 31 December 2022 (2021: € 7 million) meets the criteria for 'Held for sale'. This part of the portfolio is classified as Assets classified as 'Held for sale'.

ACCOUNTING POLICIES ASSETS AND LIABILITIES HELD FOR SALE AND DIVESTMENTS

Assets or components of assets and related liabilities are classified as 'Held for sale' when it is highly probable that the carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A sale of an asset or a group of assets is highly probable if:

- Achmea is committed to a plan to sell these assets and has an active programme to locate a buyer;
- The assets are actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification as 'Held for sale'.

Assets and liabilities classified as 'Held for sale' are measured at the lower of their carrying amount or fair value less costs to sell and are presented separately in the Statement of Financial Position.

If a loss occurs when classifying assets and liabilities as 'Held for sale', this loss is recognised in Other expenses in the Income Statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Other income statement

21. OTHER INCOME

(€ MILLION)

	2022	2021
Fee income from trust and other fiduciary activities	272	237
Income from service contracts	173	158
Revenue from subleasing a right of use	1	2
Other income	54	61
	500	**458**

The other income relates in particular to fees for property development, asset management and fees for pension administration for affiliated pension funds. This revenue is largely earned during the contract period (continuous service) and mainly in the Netherlands.

ACCOUNTING POLICIES OTHER INCOME

There are two categories of other income to be distinguished. First, revenue from a one-off performance that is accounted for in the period in which the performance is delivered. Secondly, revenues from continuous service over a period. If the result of such transaction can be estimated reliably, the proceeds relating to that transaction are accounted for in proportion to the performance performed. The result of a transaction can be estimated reliably when the size of the returns can be measured reliably, the economic benefits are likely to flow to Achmea, the degree of completion of the transaction at the end of the fiscal year can be reliably measured and the transaction costs and transaction completion costs can be measured reliably. If the result of a transaction involving continuous services cannot be estimated reliably, only returns are accounted for the amount of costs recovered ("zero profit method"). Revenues are valued at the fair value of the consideration received or on which entitlement is obtained.

Revenue is accounted for on the basis of progress, with progress being dependent on the nature of the agreement. If an agreement mainly relates to the provision of services, revenue is accounted for to the extent that the services are delivered to a certain date as a percentage of the total services to be provided. If the service includes a certain amount of transactions within a specific period, revenue is linearly accounted for.

22. INTEREST EXPENSES AND SIMILAR EXPENSES

(€ MILLION)

	2022	2021
Interest expenses:		
Instruments entrusted	41	42
Debt securities issued	30	30
Derivatives liabilities held for risk management	56	59
Interest expenses lease liabilities	2	2
Other interest expenses	68	70
Impairment provision banking credit portfolio	−2	−2
Other banking expenses	1	1
	196	**202**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

23. OPERATING EXPENSES

(€ MILLION)

	2022	2021
Salaries	926	903
Social security charges	87	77
Pensions	218	254
Other	337	309
Staff costs	**1,568**	**1,543**
Depreciation Property for own use and equipment	31	33
Depreciation Right of use	20	24
General expenses[1]	555	532
Gross operating expenses	**2,174**	**2,132**
Commissions paid and accrued	635	573
Reinsurance profit sharing and commission	−30	−26
	2,779	**2,679**
Less: allocated Claims handling expenses	369	379
Less: allocated Investment expenses	3	1
	2,407	**2,299**

1 The General expenses include the costs of low-value leases amounting to € 0.1 million (2021: € 0.7 million), the costs of leases with a term of between 1 month and 1 year amounting to € 0 million (2021: € 0 million) and variable costs under leases not included in the valuation of the lease liability amounting to € 1.0 million (2021: € 1.1 million). Stemming from sale-and-leaseback transactions, expenses of € 0.1 million (2021: € 0.3 million) and income of € 0 million (2021: € 0.3 million) are included under general expenses.

Operating expenses that meet the definition of Claims handling expenses respectively Investment expenses are presented as part of Net expenses from insurance contracts respectively Investment income. For more information on Pensions refer to Note 19 Other provisions.

Depreciation on the right-of-use asset amounting to € 20 million (2021: € 24 million) concerns buildings for own use € 15 million (2021: € 16 million) and equipment € 5 million (2021: € 8 million).

The number of internal employees mentioned below only includes employees with which Achmea has an employment contract. An fte is based on a labour week of 34 hours (2021: 34 hours).

NUMBER OF EMPLOYEES (AT THE END OF THE YEAR, BASED ON FTE)

	ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	OTHER	TOTAL 2022
Internal fte's	12,064	812	772	1,507	120	15,275
External fte's	2,011	84	29	120	7	2,251

	ACHMEA NETHERLANDS	EUREKO SIGORTA	UNION POISTOVNA	INTERAMERICAN GREECE	OTHER	TOTAL 2021
Internal fte's	11,894	814	703	1,284	105	14,800
External fte's	1,778	79	11	148	8	2,024

The expenses related to the audit firm performing the audit of the annual accounts of Achmea B.V. and its subsidiaries are included in the General expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Ernst & Young Accountants LLP has been appointed as independent external auditor of Achmea with effect from 2021. The amounts included under 'Audit of financial statements' in the table are based on the expenses related to the audit of the annual accounts for the relevant financial year, regardless of whether the services of the independent external auditor and the audit firm have already been rendered in that financial year. The expenses include VAT.

The other audit services performed by the independent auditor are:

EXPENSES RELATED TO THE AUDIT:

(€ MILLION)

	ACHMEA NETHERLANDS	FOREIGN COUNTRIES	TOTAL 2022	ACHMEA NETHERLANDS	FOREIGN COUNTRIES	TOTAL 2021
Audit financial statements	7	1	8	7	1	8
Other audit services	1		1	1		1
	8	**1**	**9**	**8**	**1**	**9**

1) Statutory audit assignments; Audit of other financial statements and audit of the regulatory reports under the Financial Supervision Act (Wft). 2) Non-statutory assignments; Audit of internal control procedures; audit of the recognition of fees and subsidies; audit of external reporting under the Dutch Health Insurance Act and Long-term Care Act for the regulators; audit of Solvency II reports under group supervision; specifically agreed services for third parties; audit of prospectuses and comfort letters; assurance services with regard to data conversion; audit of a separate financial statement or audit of a specific element, account or item of a financial statement; assurance assignments other than assignments to audit or review historical financial information; assurance assignments with regard to the annual report; assurance assignments relating to cost price models.

Expenses related to audit firms other than Ernst & Young Accountants LLP are as follows: other audit services € 0 million (2021: € 0 million), other non-audit services € 5 million (2021: € 4 million) mainly relating to advisory and consulting services.

ACCOUNTING POLICIES OPERATING EXPENSES

The accounting policies for operating expenses are closely connected with those for the associated balance sheet items. Please refer to the accounting policies for the associated balance sheet items.

24. OTHER EXPENSES

(€ MILLION)

	2022	2021
Amortisation charges on intangible assets	33	28
Impairment losses on intangible assets	38	5
Impairment losses on receivables	44	−11
Other expenses[1]	105	50
	220	**72**

[1] Including € 7 million of hyperinflationary effects on monetary items and the restatement of income statement items. For more information on hyperinflation refer to General accounting policies.

Impairment losses on intangible assets mainly consists of the goodwill impairment related to Centraal Beheer PPI N.V. Impairment losses on receivables mainly consist of changes in provisions for doubtful debtors. Other expenses mainly consist of changes in Other provisions, a redemption amount, donations and hyperinflationary effects on monetary items.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

25. INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2022	2021
Result before tax	145	585
Dutch corporate tax rate	25.8%	25.0%
Income tax using the Dutch corporate tax rate	38	146
Effect of tax rates in foreign jurisdictions	−2	−3
Tax effect on:		
Non-deductible expenses	10	3
Tax exempt revenues	−30	−4
Participation exemption	6	−1
Non-deductible losses	5	9
Perpetuals	−14	−14
Other	20	
Under provided in prior years	3	
Regular (temporary) differences	**0**	**−7**
Change in tax rate	**4**	**−19**
Effective tax amount	**40**	**117**

The effective tax rate in 2022 amounts to 27,6% (2021: 19,9%). The tax effect on Other includes an expense of € 22 million related to the partly write-off of the deferred tax position of Hellenic Life Insurance Company S.A. due to uncertainty of feasibility at the balance sheet date.

SPECIFICATION OF THE CURRENT AND THE DEFERRED INCOME TAX

(€ MILLION)

	2022	2021
Current income tax		
Current year	−247	103
Under provided in prior years	3	2
	−244	**105**
Deferred income tax		
Origination and reversal of timing differences	284	12
	284	**12**
Total income tax expense in Income Statement	**40**	**117**

Deferred income tax of € 284 million (2021: € 12 million) which will be disclosed in more detail in Note 15 Deferred tax assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

OVERVIEW INCOME TAX EXPENSES ACHMEA BY GROSS PREMIUMS PER BUSINESS LINE

(€ MILLION)

	GROSS WRITTEN PREMIUMS 2022	GROSS WRITTEN PREMIUMS 2021	RESULT BEFORE TAX 2022	RESULT BEFORE TAX 2021	INCOME TAX EXPENSES 2022	INCOME TAX EXPENSES 2021
Dutch taxable activities per segment						
Non-life Netherlands	3,881	3,766	190	264	48	70
Pension & Life Netherlands	813	859	67	392	18	68
Retirement Services Netherlands			−41	18	−3	5
International activities	1,453	1,260	−8	47	35	13
Other activities	376	312	−184	−146	−58	−38
	6,523	**6,197**	**24**	**575**	**40**	**118**
Dutch non-taxable activities per segment						
Health Netherlands[1]	14,790	14,025	121	10		−1
Intersegment eliminations	−225	−196				
Total Dutch activities	**21,088**	**20,026**	**145**	**585**	**40**	**117**
International activities						
Turkey	315	236	−5	13	5	2
Slovakia	687	609	6	27	5	4
Greece	392	367	51	45	25	7
Other	59	48	−60	−38		
Total international activities	**1,453**	**1,260**	**-8**	**47**	**35**	**13**

[1] The primary health care activities of Achmea are exempt from income tax (Article 5(1)(e) of the Dutch Corporate Income Tax Act 1969). Achmea meets the requirement that profits can only be used for public health institutes.

Valuation of corporate tax income payable

The valuation of the corporate income tax depends, among other things, on the application of tax legislation and rulings in legal proceedings. Specific terms and clauses contained in tax legislation may apply to certain transactions or circumstances and may lead to different outcomes. The actual corporate income tax can therefore lead to different cash flows from the tax position.

ACCOUNTING POLICIES INCOME TAX EXPENSES

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised in Total equity, in which case these items are recognised in Total equity net of taxes. Expected tax receivables or payables are based on the taxable profit or loss for the year using tax rates enacted or substantially enacted at reporting date, and any adjustment to income tax receivable or payable in respect of previous years. In the measurement of the current income tax position, uncertainties regarding collectability have been taken into account

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

26. NET OTHER COMPREHENSIVE INCOME

(€ MILLION)

			2022			2021
	OTHER COMPREHEN-SIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHEN-SIVE INCOME	OTHER COMPREHEN-SIVE INCOME BEFORE TAX	INCOME TAX EXPENSE	NET OTHER COMPREHEN-SIVE INCOME
Remeasurements of net defined benefit liability	387	−65	322	−27	7	−20
Unrealised gains and losses on property for own use	−3	2	−1	−25	6	−19
Currency translation differences (including realisations) on subsidiaries, goodwill, associates and joint ventures	1		1	−46	4	−42
Unrealised gains and losses on financial instruments 'Available for sale'	−6,262	1,510	−4,752	−463	132	−331
Share in other comprehensive income of Associates and joint ventures	−1		−1	1		1
Changes in the Provision for discounting of insurance liabilities from unrealised investment income	4,559	−1,177	3,382	740	−181	559
Gains and losses on financial instruments 'Available for sale' reclassified to the Income Statement on disposal	384	−104	280	−573	130	−443
Reclassification to the Income statement as Provision for discounting of insurance liabilities from realised investment income	−427	110	−317	326	−82	244
Impairment charges on financial instruments 'Available for sale' reclassified to the Income Statement on disposal	82	−15	67	14	−3	11
Total other comprehensive income	**−1,280**	**261**	**−1,019**	**−53**	**13**	**−40**

27. EARNINGS PER SHARE

(€ MILLION)

	2022	2021
Net result	105	468
Of: Net result Health segment Netherlands	121	11
Net result excluding Health segment Netherlands	**−16**	**457**
Coupon payments on other equity instruments	−55	−55
Dividends on preference shares[1]	−17	−17
Net result attributable to holders of ordinary shares	**−88**	**385**

1 A distribution was made to the holders of preference shares in the amount of € 20 million (2021 € 20 million). Achmea B.V. received € 3 million (2021 € 3 million) thereof on the depositary receipts it holds in Stichting Administratiekantoor Achmea Tussenholding.

WEIGHTED AVERAGE NUMBER OF ORDINARY SHARES

	2022	2021
Issued ordinary shares at 1 January	375,685,702	390,002,711
Weighted average number of ordinary shares	**375,685,702**	**388,901,403**

Earnings per share are calculated as the quotient of Net result attributable to ordinary shareholders and the weighted average number of ordinary shares. The diluted earnings per share equal the earnings per share from continuing operations.

EARNINGS PER SHARE

	2022	2021
Earnings per share continuing operations (in euros per share)	0.09	1.02
Basic earnings per share (in euros per share)	**0.09**	**1.02**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Other notes

28. HEDGE ACCOUNTING

Achmea applies fair value hedge accounting for the interest rate risk related to banking activities. The fair value of the interest rate derivatives of the banking activities designated as hedging instrument for the purpose of hedge accounting as at 31 December 2022 amounted to € 155 million (31 December 2021: € 276 million). Fair value hedge accounting implies that the fair value movements from the hedging instrument and the fair value movements from the hedged item that are attributable to the hedging risk are recognised in the Income statement. The interest rate derivatives of the banking activities consist of interest rate derivatives as hedging instruments related to the Banking credit portfolio, as well as interest rate derivatives as hedging instruments for financing operations.

The fair value of the interest derivatives designated as hedging instruments related to the Banking credit portfolio amounts to € 473 million at year-end 2022 (31 December 2021: € 276 million). In accordance with hedge accounting policies, Achmea determines the hedge relationship every six months. The change in fair value of the Banking credit portfolio that is designated as the hedged item is recognised as part of the Banking credit portfolio and is subsequently amortised to profit or loss over the remaining life of the hedging instrument. The change in fair value of the interest derivatives designated as hedging instruments related to financing operations of the banking activities amounts to € 282 million at year-end 2022 (31 December 2021: nil). In accordance with hedge accounting policies, Achmea determines the hedge relationship for the life of the hedging instrument. The change in fair value of the financing operations that are designated as the hedged items is recognised as part of the Financial liabilities and is subsequently amortised to profit or loss over the remaining life of the hedging instrument, taking into account the development of the yield curve.

The results on hedge accounting for the banking activities are as follows:

RESULTS ON HEDGE ACCOUNTING

(€ MILLION)

	GAINS	LOSSES	TOTAL 2022	GAINS	LOSSES	TOTAL 2021
Fair value changes of the hedged item attributable to the hedged risk	615	−997	−382	128	−211	−83
Fair value changes of the related derivatives (including discontinuation)	1,022	−615	407	230	−127	103
Fair value changes of the hedging instrument - ineffective portion	1,637	−1612	25	358	−338	20

Currency derivatives are used as hedging instruments. The fair value of the currency derivatives designated as hedging instrument for the purpose of hedge accounting as at 31 December 2022 amounted to € -40 million (31 December 2021: € 7 million). The fair value of foreign exchange contracts varies with the foreign exchange rate which corresponds with the fair value changes related to foreign currency differences of an investment in a foreign currency. Furthermore a change in the forward premium affects the value development of the derivative, and this part of the value development is not included in hedge accounting. The fair value changes of the hedged item attributable to the hedged risk amounted to € 35 million (2021: € 53 million) and the fair value changes of the related derivatives amounted to € -62 million (2021: € -72 million), including value changes resulting from changes in the forward premium.

ACCOUNTING POLICIES HEDGE ACCOUNTING

Achmea applies fair value hedge accounting for its banking and treasury operations and certain investment portfolios. When Achmea applies fair value hedge accounting, a fair value adjustment is recognised in the Income Statement that reflects the changes in the fair value of the hedged items attributable to the hedged risk. Achmea assesses the effectiveness of the hedge relationship at each reporting date. The hedge relationship is discontinued when the effectiveness is not within the 80%-125% range or when the hedge is terminated or revoked. Achmea starts amortising the related fair value adjustment over the remaining duration of the hedged item when the hedge relationship is discontinued. When Achmea applies cash flow hedge accounting or applies hedge accounting for a net investment in a foreign operation, the fair value changes of the hedging instruments net of taxes are, for the effective part of the hedge relationship, recognised in the Hedging reserve, part of Total equity. Fair value changes due to ineffective parts of the hedge relationship are recognised in the Income Statement. Amounts accumulated in Total equity are recycled through the Income Statement in the periods in which the hedged item affects Net result.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

29. CONTINGENCIES

Legal procedures

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 determine the outcomes of pending or imminent legal proceedings, the Executive Board 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.

Contingent liabilities

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 for third parties under sales transactions.

CONTINGENT LIABILITIES

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Guarantees	49	86
Total	**49**	**86**

The Netherlands-based insurance companies of Achmea provided the 'Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.' with guarantees to a maximum of € 38 million (2021: € 38 million). Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V. is a company in which the participating insurance companies pool the claims and risks related to terrorism.

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.

At year-end 2021 Achmea has contractual liabilities in connection with credit facilities for customers, that are part of the building account agreements. If the clients meet the conditions, Achmea is obliged to provide credits in the amount of € 231 million (2021: € 115 million).

UNRECOGNIZED CONTRACTUAL COMMITMENTS

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Commitments related to investments	1,881	1,466
Total	**1,881**	**1,466**

Achmea provides mortgage loans for its own account and for the account and risk of its clients (pension funds). In this capacity Achmea has commitments arising from offers for mortgage loans. If the clients accept the offers Achmea is obliged to provide mortgage loans in the amount of € 1,1 billion (2021: € 1 billion). This commitment is offset by a received guarantee of € 146 million (2021: € 164 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Contingent liabilities in respect of shares subject to a put option agreement

Under the terms of the Assignment of Put Option Agreements concluded on 30 May 2005, upon exercise of their put option, a number of minority shareholders of Achmea B.V. (then known as Eureko B.V.) have the right to sell all or part of their shares to a third party. In this way, Achmea B.V.'s contractual obligation to repurchase the shares, in case of exercise of a put option by a minority shareholder, has been taken over by the relevant third party. When a put option is subsequently exercised and the offered shares are transferred to this third party, a group company designated by Achmea B.V. ('Achmea entity') has the obligation to enter into a derivative transaction with that third party. Upon entering into this transaction, the Achmea entity pays to that third party as buyer of the shares an upfront amount that is equal to the purchase price owed by this buyer to the selling shareholder under the put option in question and that is determined in the manner stipulated in the contract. The value of the outstanding put options will be determined between buyer and seller upon exercise or transfer and cannot be accurately determined as at the balance sheet date. Based on the number of outstanding put options, the value of the upfront amount is expected to be in the range of € 60 million and € 75 million.

Through the derivative transaction, part of the risk of change in value of the shares is taken over by the Achmea entity from the third party.

On 25 June 2013, the Achmea entity entered into the first derivatives transaction with the third party following the exercise of the put option by one of the minority shareholders of Achmea B.V. That third party then bought the shares of the shareholder in question and in turn transferred them by way of administration to Stichting Beheer Aandelen Achmea against the issue of depositary receipts for those shares to that third party.

During the term of the derivative transaction and if and insofar as the third party receives dividend from Achmea B.V. on the depositary receipts for shares in Achmea B.V. held by the third party, the third party is obliged to pay the amount of dividend received to the Achmea entity. However, this dividend remains with Achmea B.V. due to the waiver of the right to dividend by that third party on 30 May 2005. In compensation for this loss of income at the Achmea entity, insofar as a dividend is distributed by Achmea B.V., a payment will be made by Achmea B.V. to that Achmea entity in the amount of the payment that would otherwise be received from that third party. The Achmea entity in turn owes a fixed annual fee to the third party.

On 21 December 2021, Achmea B.V. purchased the shares held by Stichting Beheer Aandelen Achmea and the associated derivative transaction was terminated. The Achmea entity has received back from the third party the upfront amount paid in advance, corrected with that portion of the change in value of the (depositary receipts for) shares in Achmea B.V. that remains for the account of the Achmea entity during the term of the derivative transaction.

NUMBER OF OUTSTANDING OPTIONS

	31 DECEMBER 2022	31 DECEMBER 2021
Schweizerische Mobiliar Versicherungsgesellschaft AG[1]	2,769,246	2,769,246
Gothaer Allgemeine Versicherung AG	1,849,108	1,849,108
Gothaer Finanz Holding AG	2,206,482	2,206,482
Total	**6,824,836**	**6,824,836**

[1] Schweizerische Mobiliar Versicherungsgesellschaft AG acquired all Achmea B.V. shares held by Schweizerische Mobiliar Holding AG as at 21 December 2022 and, in relation with this, Schweizerische Mobiliar Versicherungsgesellschaft AG acquired the legal position of Schweizerische Mobiliar Holding AG under the put option agreement effective from the same date.

Contingent assets

Conflict between the Slovak Government and Achmea B.V.

In conflict with an agreement to encourage investments between the Slovak Republic and the Netherlands, the Slovak government enforced a ban on the distribution of profit on Slovak health insurers, including Union Zdravotná Poist'ovna A.S., a Slovak subsidiary of Achmea, in the period from 2007 until August 2011.

Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision the Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid. The compensation amounted to approximately € 25 million.

The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitration verdict for annulment to a German Court. In the first court hearing, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment to the Bundes Gerichtshof in Karlsruhe. The Bundes Gerichtshof raised some legal issues with the European Court of Justice. In March 2018 the Court of Justice ruled that the arbitration clause in the bilateral investment treaty on which the arbitration proceedings were based, was invalid. Partly based on this ruling of the European Court, the Bundesgerichtshof delivered its judgment. The Bundesgerichtshof followed the ruling of the European Court of Justice and overturned the arbitration verdict. Achmea has appealed against the judgment in Germany and has submitted a claim for damages in Slovakia. These procedures are ongoing.

Because of the compounding statutory interest, Achmea's claim now amounts to approximately € 32 million (2021: € 31 million). In view of the proceedings in Germany, Achmea does not consider the receivable amounts to be sufficiently certain to recognise it as an asset.

30. CREDIT QUALITY FINANCIAL ASSETS

The table below provides an overview of the credit quality of the financial investments based on (external) rating information. It also shows for which part of the financial investments no (external) rating is available.

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

31 DECEMBER 2022	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Fixed income investments[1]	5,574	4,536	4,145	6,520	6,301	695	20,338	48,109
Derivatives		271	4,360	624	26	6	735	6,022
Other financial investments				6,156	3		2,596	8,755
Amounts ceded to reinsurers			315	300	7	4	194	820
Receivables		1,586	80	60	176	12	3,693	5,607
Cash and cash equivalents		829	395	653		31	27	1,935

1 Loans and mortgages without a rating relate to NHG mortgages (mortgages with National Mortgage Guarantee) for an amount of € 4,885 million.

The tables includes the rating of financial instrument. Several external rating agencies are used to determine the rating of these financial instruments. In line with Achmea's internal policy for monitoring market risks, these ratings are translated to the S&P taxonomies. If there are multiple ratings available for the same financial instrument, the second best rating is used. If an instrument does not have an external rating, the rating of the issuing party is considered to be an appropriate rating of the financial instruments. However, if the instrument is guaranteed by a third party or the issuing party itself does not have a rating, the rating of the party guarantying the financial instrument is used. In all other cases, the instruments are included in table above/below as non-rated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

EXTERNAL CREDIT RATING ASSETS

(€ MILLION)

31 DECEMBER 2021	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Fixed income investments[1]	7,911	4,847	6,028	6,802	7,867	753	20,894	55,102
Derivatives		97	3,633	1,997	13	10	767	6,517
Other financial investments				7,727	3	16	1,557	9,303
Amounts ceded to reinsurers			275	275	8	4	175	737
Receivables		2,501	45	46	12	7	3,564	6,175
Cash and cash equivalents		817	341	369	1	13	28	1,569

1 Loans and mortgages without a rating relate to NHG mortgages (mortgages with National Mortgage Guarantee) for an amount of € 6,306 million.

The following table provides an overview of the carrying amounts of financial assets that are past due or impaired.

FINANCIAL ASSETS THAT ARE PAST DUE OR IMPAIRED

(€ MILLION)

	PAST DUE BUT NOT IMPAIRED				IMPAIRED ASSETS
31 DECEMBER 2022	0 - 3 MONTHS	3 MONTHS – 1 YEAR	MORE THAN ONE YEAR PAST DUE	AMOUNT OVERDUE	CARRYING AMOUNT AFTER IMPAIRMENT
Investments					
Fixed income investments					78
Other financial investments					1
Amounts ceded to reinsurers	6			6	
Receivables and accruals	105	16	14	135	333
31 DECEMBER 2021					
Investments					
Fixed income investments					81
Other financial investments					
Amounts ceded to reinsurers	2	3	3	8	
Receivables and accruals	46	9	70	125	130

The table below provides an overview of asset and liabilities subject to offsetting, enforceable Master Netting Agreements and similar agreements.

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS

(€ MILLION)

31 DECEMBER 2022	GROSS AMOUNTS OF RECOGNISED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNISED FINANCIAL LIABILITIES	NET AMOUNTS OF FINANCIAL ASSETS/ LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION[1]	BALANCE OF THE FINANCIAL ASSETS AND LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS RECEIVED/ GIVEN	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives assets	5,881		5,881				
Derivatives liabilities		4,317	4,317				
				1,564	-373	1,059	878
Cash and cash equivalents	3,454	1,968	1,486	1,486			1,486
31 DECEMBER 2021							
Derivatives assets	6,315		6,315				
Derivatives liabilities		1,427	1,427				
				4,888	1,647	2,353	888
Cash and cash equivalents	6,644	5,595	1,049	1,049			1,049

1 The net amounts for the derivatives are not equal to the balance sheet positions for both the assets and the liabilities. As of 31 December 2022, the difference for the assets is € 31 million (2021: € 48 million) due to equity derivatives without a netting agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Disclosures concerning the temporary exemption from IFRS 9

IFRS 9 entered into force on 1 January 2018. Achmea made an assessment as at the reference date 31 December 2015 of whether it was eligible for a temporary exemption (deferral) in relation to IFRS 9. The deferral approach is permitted if the percentage of liabilities connected with insurance relative to the total amount of liabilities is greater than 90 per cent or it is between 80% and 90% and it can be shown that a company does not engage in a significant activity unconnected with insurance.

Since then Achmea has determined annually that postponement of the application of IFRS 9 is permitted. With effect from the 2021 financial year, Achmea will no longer carry out this assessment, as it is no longer relevant. IFRS 17 was endorsed by the EU in 2021 and is effective from 1 January 2023. As a result Achmea will apply IFRS 9 as of 1 January 2023, regardless of whether it meets the conditions of the deferral approach.

Within Achmea Group, the insurance entities have also applied a temporary exemption from IFRS 9 in respect of the 2021 financial statement. As it is not an insurance company, Achmea Bank has applied IFRS 9 in the 2021 financial statements. These financial statements can be obtained from the Achmea Bank website. Most of the other entities within the group do not apply the IFRS 9 in drawing up the financial statements.

Because Achmea has deferred the implementation of IFRS9, additional information must be included on the cash flow characteristics of financial instruments and, for those financial instruments with contractual cash flows consisting of repayments of the principal and interest payments, information on the credit quality. This information is included in the tables on the following page.

The first table on the following page includes information on the cash flow characteristics for all financial assets. Achmea has implemented the principles of IFRS 9, including the business model. Based on the business model investments in the amount of € 763 million (2021: € 836 million), including € 450 million (2021: € 519 million) relating to investments in fixed income securities, have been included in other financial assets (non-“Solely Payments of Principal and Interest” (hereafter non-SPPI), including held for trading or managed on a fair value basis). Under IAS 39 these investments were classified as Available for sale. The inclusion of these financial instruments in other financial assets is because these investments are categorised as ‘managed on a fair value basis’. For these investments no SPPI test is required under IFRS 9 and therefore Achmea has opted not to develop an SPPI test for these financial instruments yet.

Furthermore all investments backing linked liabilities and classified as Fair Value through Profit &Loss (FVPL) under IAS 39 are included in other financial assets (non-SPPI, including held for trading or managed on a fair value basis). This is based on the expectation that these investments will be recognised as FVPL upon the implementation of IFRS 9 in combination with IFRS 17, due to the accounting mismatch arising from the valuation model which is to be applied for the insurance liabilities under IFRS 17 or the business model for these investments. Specifically it concerns Investments backing linked liabilities amounting to € 12,120 million (2021: € 15,305 million), including € 9,056 million (2021: € 10,638 million) relating to investments in fixed income securities. If the conclusions on the business model or the conclusions on the applicable valuation model for the insurance liabilities under IFRS 17 change, this may affect the notes to the table on the following page and a larger part of the financial assets may be included as SPPI-compliant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

CASHFLOW-CHARACTERISTICS FINANCIAL ASSETS WITHIN SCOPE OF IFRS 9

(€ MILLION)

	FINANCIAL ASSETS THAT MEET THE SPPI TEST, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			ALL OTHER FINANCIAL ASSETS: I.E. FINANCIAL ASSETS THAT DO NOT MEET THE SPPI TEST, THAT DO MEET THE DEFINITION OF HELD FOR TRADING, OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			TOTAL		
	BOOK VALUE AS AT 31 DECEMBER 2022	FAIR VALUE AS AT 31 DECEMBER 2022	CHANGE IN FAIR VALUE FOR THE YEAR 2022	BOOK VALUE AS AT 31 DECEMBER 2022	FAIR VALUE AS AT 31 DECEMBER 2022	CHANGE IN FAIR VALUE FOR THE YEAR 2022	BOOK VALUE AS AT 31 DECEMBER 2022[1]	FAIR VALUE AS AT 31 DECEMBER 2022	CHANGE IN FAIR VALUE FOR THE YEAR 2022
Investments									
Equities and similar investments				6,046	6,046	–1,478	6,046	6,046	–1,478
Fixed income investments	42,480	42,102	–6,565	5,623	5,623	–427	48,103	47,725	–6,992
Derivatives				6,022	6,022	–530	6,022	6,022	–530
Other financial investments	963	962	–110	7,739	7,739	–1,055	8,702	8,701	–1,165
Receivables and accruals	1,196	1,181	–31				1,196	1,181	–31
Cash and cash equivalents	1,935	1,935					1,935	1,935	

CASHFLOW-CHARACTERISTICS FINANCIAL ASSETS WITHIN SCOPE OF IFRS 9

(€ MILLION)

	FINANCIAL ASSETS THAT MEET THE SPPI TEST, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			ALL OTHER FINANCIAL ASSETS: I.E. FINANCIAL ASSETS THAT DO NOT MEET THE SPPI TEST, THAT DO MEET THE DEFINITION OF HELD FOR TRADING, OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS			TOTAL		
	BOOK VALUE AS AT 31 DECEMBER 2021	FAIR VALUE AS AT 31 DECEMBER 2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021	BOOK VALUE AS AT 31 DECEMBER 2021	FAIR VALUE AS AT 31 DECEMBER 2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021	BOOK VALUE AS AT 31 DECEMBER 2021[1]	FAIR VALUE AS AT 31 DECEMBER 2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021
Investments									
Equities and similar investments				7,210	7,210	1,394	7,210	7,210	1,394
Fixed income investments	48,973	49,276	–892	6,122	6,122	–59	55,095	55,398	–951
Derivatives				6,517	6,517	–2,827	6,517	6,517	–2,827
Other financial investments	1,137	1,246	–30	8,111	8,111	–136	9,248	9,357	–166
Receivables and accruals	969	974	–4				969	974	–4
Cash and cash equivalents	1,569	1,569					1,569	1,569	

[1] The tables above only include financial instruments which are expected to fall under IFRS 9. Certain financial instruments are expected to be included as part of the valuation of the insurance liabilities under IFRS 17. Therefore the carrying amount differs from the amounts stated in Note 5 Investments and Note 16 Receivables and accruals. This concerns for example premium receivables and receivables from insurers under recourse.

The table below shows the credit quality of all instruments meeting the SPPI test. The last column states per category of financial assets the amount of financial instruments that do not have a low credit risk. For now this is defined as instruments with a rating lower than ‘below investment grade’. For now these investments are included under ‘Financial assets that do not have low credit risk’.

For financial instruments included in Investments with ‘no rating’ the details of low credit risk still have to be specified. For now these are included in the table below under ‘Financial assets that do not have low credit risk’. This concerns mortgage receivables for an amount of € 19,515 (2021 € 20,182 million), for which it is expected that no use will be made of the permitted simplification to determine whether a significant deterioration in credit quality has occurred. Furthermore the table below includes Receivables in the column ‘Financial assets that do not have low credit risk’, as Achmea intends to apply the so-called simplified methodology for determining credit losses in the application of IFRS 9. Expected credit losses are calculated for the entire lifetime of an instrument, making it unnecessary to determine whether a significant deterioration in credit quality has occurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

FINANCIAL ASSETS THAT ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST (SPPI, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS)

(€ MILLION)

31 DECEMBER 2022									FINANCIAL ASSETS THAT DO NOT HAVE LOW CREDIT RISK	
	AAA GOVERNMENT BONDS	AAA	AA	A	BBB	BELOW BBB	NO RATING	TOTAL BOOK VALUE SPPI ASSETS	TOTAL FAIR VALUE	TOTAL BOOK VALUE
Investments										
Fixed income investments	3,642	4,379	2,982	5,827	5,203	217	20,230	42,480	20,069	20,447
Other financial investments				963				963		
Receivables and accruals			35	2	9		1,150	1,196	1,122	1,150
Cash and cash equivalents		829	395	653		31	27	1,935	58	58

FINANCIAL ASSETS THAT ARE SOLELY PAYMENTS OF PRINCIPAL AND INTEREST (SPPI, EXCLUDING FINANCIAL ASSETS THAT MEET THE DEFINITION OF HELD FOR TRADING OR THAT ARE MANAGED AND EVALUATED ON A FAIR VALUE BASIS)

(€ MILLION)

31 DECEMBER 2021									FINANCIAL ASSETS THAT DO NOT HAVE LOW CREDIT RISK	
	AAA GOVERNMENT BONDS	AAA	AA	A	BBB	BELOW BBB	NO RATING	TOTAL BOOK VALUE SPPI ASSETS	TOTAL FAIR VALUE	TOTAL BOOK VALUE
Investments										
Fixed income investments	6,398	4,682	4,448	5,950	6,549	132	20,814	48,973	21,248	20,946
Other financial investments				1,121		16		1,137	16	16
Receivables and accruals			14	9	10	0	936	969	937	936
Cash and cash equivalents		817	341	369	1	13	28	1,569	41	41

31. TRANSFER OF FINANCIAL ASSETS AND SECURITIES

Achmea transfers financial assets when it transfers the contractual rights to receive cash flows from the financial asset. In addition, Achmea transfers financial assets when it retains the aforementioned contractual rights, but enters into a contractual obligation to pay the received cash flows to one or more third parties. Achmea distinguishes the following transactions in the context of the transfer of rights (assets and securities):

- Transferred financial assets not (fully) derecognised in the event of securities lending. With these transactions Achmea transfers the legal ownership (but not the beneficial ownership) of assets and receives collateral in the form of cash or cash equivalents or other investments. The transferred assets are still recognised in the Statement of Financial Position;
- Transferred financial assets which are fully derecognised and over which Achmea no longer has control (regular sale);
- Providing mortgage receivables as collateral when raising loans for the banking business; and
- Receiving or providing collateral in the event of derivatives transactions. Received collateral in the form of cash or cash equivalents is recognised in the Statement of Financial Position with simultaneous recognition of a repayment obligation in the Statement of Financial Position.

Received collateral in the form of cash or cash equivalents is normally invested in designated high quality, liquid investments. Provided collateral in the form of cash or cash equivalents is no longer recognised in the Statement of Financial Position. For the right to receive the collateral back a receivable is recognised in the Statement of Financial Position. Received collateral in the form of investments is not recognised in the Statement of Financial Position, provided collateral in the form of investments are still recognised in the Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

The following notes provide further information on the transferred financial assets not or not (fully) derecognised and on collateral received or provided as security.

SECURITIES LENDING ACTIVITIES

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Carrying amount of transferred financial assets in the balance sheet	3,234	3,706
Fair value of non-cash collateral received not in the balance sheet	3,386	3,867
Net exposure	**−152**	**−161**

Achmea lends bonds and receives a fee for this (also called securities lending). The process of securities lending is facilitated by a lending agent, who receives a fee for its intermediary services between Achmea and the borrower. Securities lending involves transfer of the legal ownership to the borrower, whereas the beneficial ownership remains with Achmea. The securities lent are therefore still recognised in the Statement of Financial Position.

As security for performance of the obligation to return the borrowed securities, the borrower provides collateral in the form of other high quality liquid securities. The value of the borrowed securities and the related collateral is determined daily by means of so-called 'margin calls'. The collateral may consist of bonds or shares. Legal ownership of this collateral is transferred to Achmea, but beneficial ownership remains with the borrower. Therefore the collateral is not recognised in the Statement of Financial Position. The value of the collateral is at least 2-7% higher (so-called haircut) than the value of the securities lent. For collateral in the form of shares Achmea requires a higher haircut, given the higher volatility of shares. If a borrower fails to return the securities lent, the lending agent will liquidate the collateral and subsequently purchase the same securities as lent by Achmea and return these to Achmea. Any losses are not for the account of Achmea. If the lending agent is unable to return the same securities, Achmea will receive the market value of the securities lent in cash. The received collateral is not freely disposable and may not serve as collateral in other transactions.

Loans part of banking credit portfolio collateralised by mortgages

To finance the loans raised for its banking activities, Achmea has issued several funding instruments, secured by collateralised mortgage receivables part of the investments of the banking business. Due to these collaterals part of the mortgage receivables is not freely disposable.

LOANS PART OF BANKING CREDIT PORTFOLIO COLLATERALISED BY MORTGAGES

(€ MILLION)

	CARRYING AMOUNT	CARRYING AMOUNT	FAIR VALUE	FAIR VALUE
	31 DECEMBER 2022	31 DECEMBER 2021	31 DECEMBER 2022	31 DECEMBER 2021
Mortgages banking credit portfolio	11,858	11,364	11,482	11,664
Secured Loans and borrowings	2,202	2,228	2,185	2,191
Net position	**9,656**	**9,136**	**9,297**	**9,473**

MORTGAGES HELD AS COLLATERAL

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Collateral provided for trust arrangements	127	148
Collateral provided for covered bonds	4,196	2,793
Collateral provided for securitisation	1,525	2,153
	5,848	**5,094**

Collaterals provided for trust arrangements

Achmea Bank N.V. periodically pledges mortgage receivables to a Trustee as security for designated liabilities. In the event of default by Achmea Bank N.V., investors can recover the debt from the mortgage receivables given as collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Collaterals provided for covered bonds

Achmea Bank N.V. has a covered bonds programme. The payment of the principal of interest on the bonds issued is guaranteed by a bankruptcy remote 'Special Purpose Vehicle' (SPV). The guarantee provided by this entity is supported by mortgage receivables, given as collateral by Achmea Bank N.V. to this entity. The outstanding amount of these transferred mortgage receivables will at all times be at least 7% higher than the bonds issued under the programme. In the event of default by Achmea Bank N.V., an investor has recourse on the SPV and the underlying mortgage portfolio.

Collaterals provided for securitisation

Achmea Bank N.V. uses securitisation as a funding source. In all these securitisation transactions, Achmea Bank N.V. assigns a portfolio of mortgage receivables to a SPV which issues notes on the capital markets. with the received interest on the mortgage receivables the SPV can pay the interest on the notes. The maximum loss for Achmea on the transferred assets and liabilities amounted to € 1,493 million as at 31 December 2022 (31 December 2021: € 1,920 million) and has been determined based on the notes of the SPV's which are held by Achmea and the Deferred Purchase Price (excess margin). Collateral investments in the context of derivative transactions

RECEIVED OR COLLAPSED COLLATERAL INVESTMENTS IN THE CONTEXT OF DERIVATIVE TRANSACTIONS (€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Net position of assets and liabilities derivatives	1,596	4,936
Covered by securities in collateral	−373	1,647
Liquid funds received in collateral	977	2,320
Net position	992	969

In the event of collateral these arrangements are recorded in so-called ISDA Credit Support Annex agreements. These also stipulate the conditions – the so-called 'default events' – under which the party may use the cash collateral to reduce possible losses. Transfer of collateral in the form of securities takes place by 'transfer of title', meaning the legal ownership is transferred to the recipient of the collateral. The economic benefits, such as interest income, do not transfer to the receiver of the collateral. In most cases the received collateral consists of liquid investments, mostly liquid assets such as government bonds and cash or cash equivalents.

In most cases there is a central clearing of derivative positions, whereby an initial margin is always paid by Achmea. The initial margin is supplemented by a variation margin to be deposited or received that depends on the combined position of assets and liabilities derivatives with the relevant clearing partner. The total value of the collateral held at year-end 2020 also includes collateral deposited for cleared derivatives positions, the initial margin, of € 867 million (31 December 2021: € 851 million). For all derivatives where there is central clearing, the net position of assets and liabilities related to derivatives per individual counterparty is fully covered by collateral.

In case there is no central clearing bilateral arrangements regarding collateral to be received or provided have been agreed with Achmea's counterparties. The net position of the derivatives is taken as the starting point when determining the collateral to be received from or deposited with the relevant counterparty. The difference between the derivatives and the collateral (the net position) is in line with the contractual agreements on the initial margin and obligations to deposit additional collateral.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

32. INTERESTS IN SUBSIDIARIES

Set out below are Achmea's principal subsidiaries as at 31 December 2022. These are subsidiaries which are wholly owned, directly or indirectly, unless stated otherwise, and are involved in insurance or reinsurance business, banking services, asset management or services related to these activities. The included Dutch subsidiaries are medium or large entities. For the foreign subsidiaries the parent company is included and if there is no parent company all subsidiaries are included. The voting power in these subsidiaries held by Achmea is equal to the shareholding. The country of incorporation or registration is also their principal place of business. The principal subsidiaries of Achmea B.V. are listed by geographical segment.

	CORPERATE SEAT	% OF OWNERSHIP INTEREST HELD BY THE GROUP
THE NETHERLANDS		
Achmea Bank N.V.	The Hague	100%
Achmea Interne Diensten N.V.	Zeist	100%
Achmea Investment Management B.V.	Zeist	100%
Achmea Pensioen- en Levensverzekeringen N.V.	Apeldoorn	100%
Achmea Pensioenservices N.V.	Zeist	100%
Achmea Reinsurance Company N.V.	Tilburg	100%
Achmea Schadeverzekeringen N.V.	Apeldoorn	100%
Achmea Services N.V.	Zeist	100%
Achmea Zorgverzekeringen N.V.	Zeist	100%
Zilveren Kruis Zorgverzekeringen N.V.	Utrecht	100%
Centraal Beheer PPI N.V.	Amsterdam	100%
InShared Holding B.V.	Hoevelaken	100%
N.V. Hagelunie	The Hague	100%
Syntrus Achmea Real Estate & Finance B.V.	Amsterdam	100%
Achmea Innovation Fund B.V.	Zeist	100%
GREECE		
Interamerican Hellenic Life Insurance Company S.A.	Athens	99,89%
TURKEY		
Eureko Sigorta A.S.	Istanbul	100%
SLOVAKIA		
Union Poist'ovna A.S.	Bratislava	100%
Union Zdravotná Poist'ovna A.S.	Bratislava	100%

The activity in Australia is a branch office of Achmea Schadeverzekeringen N.V.

The full list of participations as set forth in Sections 379 and 414 of Book 2 of the Dutch Civil Code has been filed with the Trade Register of the Chamber of Commerce.

Consolidated structured entities

Achmea Bank N.V. (a subsidiary of Achmea B.V.) uses securitisation as a funding source. In all these securitisation transactions, Achmea Bank N.V. assigns a portfolio of mortgage receivables to a special-purpose vehicle (SPV) which issues bonds on the capital markets. With the proceeds of the Notes the SPV can finance the assigned mortgage receivables and with the received interest on the mortgage receivables the SPV can pay the interest on the bonds. The names of these SPVs are Dutch Residential Mortgage Portfolio II B.V. (for which the bonds were fully redeemed in December 2022), Securitised Residential Mortgage Portfolio I B.V. and Securitised Residential Mortgage Portfolio II B.V.

All these SPV's are controlled by Achmea and are therefore consolidated, in accordance with IFRS. Reference is made to Note 5 Investments - Banking credit portfolio and Note 31 Transfer of financial assets and securities for more information about these consolidated structured entities.

Significant restrictions related to subsidiaries

Certain of Achmea's subsidiaries, principally insurance and banking companies, are subject to restrictions on the amounts of funds they may distribute in the form of cash dividends or otherwise to their parent companies. For more information about these subsidiaries refer to Note 18 Equity.

Key changes in the composition of Achmea Group

Centraal Beheer PPI N.V.

Achmea B.V. acquired all shares of ABN AMRO Pensioeninstelling N.V. from ABN AMRO on 1 September 2022. The entity was renamed 'Centraal Beheer PPI N.V.' and is licensed by De Nederlandsche Bank to operate as a premium pension institution (PPI). The PPI has been implementing defined contribution (DC) plans since 2012 and its customers comprise approximately 955 employers and approximately 190,000 members from small and medium-sized enterprises and the large corporates market. Assets under management total approximately € 3.5 billion. Achmea, a PPI is a further strengthening in serving the employer market.

The purchase price is € 91 million. The associated goodwill of € 74 million will be allocated to the retirement services segment for € 72 million, and Pension & Life Netherlands for € 2 million. This goodwill mainly relates to synergy benefits in the segments. The expectation is that these benefits will be reflected in higher fee income from assets under management, sales of individual pension annuities and other annuities, and attracting new customers. Based on the annual impairment test, € 29 million was written off at year end 2022, bringing activated goodwill to € 45 million. The fair value of the assets acquired is € 22 million (including cash and cash equivalents to € 0.5 million and intangible assets related to distribution networks of € 9.1 million) and liabilities of € 5 million. Centraal Beheer PPI N.V.'s revenue in the period from 1 September 2022 to 31 December 2022 amounted to € 3.4 million, with a result of € 0.7 million. The revenue for the full financial year 2022 amounted to € 9.3 million, with a result of € 1.4 million.

In Admin RiskCo Holding B.V.

On 30 December 2022, Achmea B.V. acquired a 100% interest in InAdmin RiskCo Holding B.V. (classified as a business combination) at a purchase price of nil. Achmea was already a 50% shareholder of InAdmin RiskCo Holding (formally a joint venture with PGB Pensioendiensten B.V.). The fair value of the acquired assets amounts to € 11 million and of the liabilities to € 16 million. No intangible assets or goodwill were identified as a result of this acquisition.

33. RELATED PARTY TRANSACTIONS

Nature of related party transactions

Parties are considered to be related if one party has the ability to control or exercise significant influence over the other party in making financial or operating decisions (e.g. subsidiary). Achmea has various types of ordinary transactions (particularly in the area of insurance, banking and asset management), in the normal course of business, with related companies and parties.

Achmea also considers its defined benefit pension plan (Stichting Pensioenfonds Achmea) as a related party. Members of the Executive and Supervisory Board and their close family members are also considered related parties to Achmea.

In addition, related party transactions comprise transactions with associates, joint ventures, key management personnel and close family members of related parties. The transactions with those parties are not considered material to Achmea, either individually or in the aggregate. A list of Achmea's principal subsidiaries is presented in Note 32 Interests in subsidiaries.

Achmea could enter into transactions with entities controlled by its Executive Board and Supervisory Board members or their close family members. There were no such transactions with related parties in 2022 and 2021.

Remuneration of the Executive Board members

The members of the Executive Board are (former) directors of Achmea B.V., holding key management positions at Group level.

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

Besides a fixed salary, the remuneration package of an Executive Board member includes elements of variable remuneration. The Supervisory Boards decides, on the advice of the Remuneration Committee, on the granting of awards of variable remuneration in the year after the performance. The variable remuneration awarded in any specific year therefore applies to previous performance years. Half of the variable remuneration is deferred for five years. These awards of variable remuneration are included as part of the

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Other long-term employee benefits. In addition to their salaries, the members of the Executive Board have a pension scheme. As of 1 January 2015, this is the same as the scheme for personnel residing under the collective labour agreement (cao personnel). The pension scheme for the Executive Board members is executed by Stichting Pensioenfonds Achmea. The rights of the (former) members of the Executive Board accrued up to and including 31 December 2014 are insured at Achmea Pensioen- en Levensverzekeringen N.V.. The indexation of the rights of the (former) members of the Executive Board accrued at Achmea Pensioen- en Levensverzekeringen N.V. is determined and financed by Achmea Group.

REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE FINANCIAL YEAR

(€ MILLION)

	2022	2021
Short-term employee benefits	5.73	5.31
Post-employment benefits	1.98	2.41
Other long-term employee benefits	0.42	0.44
Employers share social security contributions	0.07	0.06
Other benefits	0	0.04
Total	**8.20**	**8.26**

A total amount of € 8.2 million was recognised in the reporting period 2022 for Executive Board remuneration (2021: € 8.26 million). This total amount pertains to the performance year or financial year 2022, except the variable remuneration for 2022. The variable remuneration pertains to the amounts awarded in a financial year with regard to the previous financial year or performance year, because when the financial statements for the previous financial year were adopted it was not yet decided whether variable remuneration would be awarded for that performance year. This is the case for both 2022 and 2021. For the performance year 2021 it was decided after the adoption of the Financial Statements 2021 to award a variable remuneration to the members of the Executive Board. In 2022 an expense of € 0.83 million was recognised for variable remuneration for the performance year 2021. In 2021 an expense of € 0.88 million was recognised for variable remuneration for the performance year 2020.

Below is an overview of the remuneration of the members of the Executive Board for performance year 2022. The variable remuneration is presented in respect of the performance year. This can differ from the financial year in which the expense is recognised, because the decision to award variable remuneration is made after adoption of the Financial Statements. This overview includes an aggregate comparison with 2021.

REGULAR REMUNERATION OF THE MEMBERS OF THE EXECUTIVE BOARD FOR THE CURRENT PERFORMANCE YEAR

Active members of the Executive Board as at 31 December 2022[1]	ANNUAL SALARY (SHORT-TERM EMPLOYEE BENEFITS)[1]	VARIABLE REMUNERATION AWARDED (OTHER SHORT-TERM EMPLOYEE BENEFITS)[1]	VARIABLE REMUNERATIO N AWARDED (OTHER LONG-TERM EMPLOYEE BENEFITS)[1]	POST-EMPLOYMENT BENEFITS (CAP € 114.866)[2]	CONTRIBUTION NET POST-EMPLOYMENT BENEFITS (OVER € 114.866)[2]	WAGE BENEFIT (OVER € 114.866)[2]	TOTAL
B.E.M. (Bianca) Tetteroo, Chairman	1.10	t.b.d.	t.b.d.	0.04	0.23	0.20	**1.57**
M.A.N. (Michel) Lamie, Vice-chairman/CFO	0.97	t.b.d.	t.b.d.	0.04	0.22	0.13	**1.36**
M.G. (Michiel) Delfos, CRO, as of 12 April	0.59	t.b.d.	t.b.d.	0.03	0.05	0.04	**0.71**
D.C. (Daphne) de Kluis	0.83	t.b.d.	t.b.d.	0.04	0.15	0.10	**1.12**
R. (Robert) Otto	0.87	t.b.d.	t.b.d.	0.04	0.18	0.12	**1.21**
L.T. (Lidwien) Suur	0.81	t.b.d.	t.b.d.	0.04	0.14	0.11	**1.10**
Former board member of the Executive Board							
H. (Henk) Timmer, CRO, till 1 March[3]	0.14	t.b.d.	t.b.d.	0.01	0.04	0.03	**0.22**
Total 2022	5.31	t.b.d.	t.b.d.	0.24	1.01	0.73	**7.29**
Total 2021	**4.87**	**0.42**	**0.42[4]**	**0.27**	**0.96**	**1.18**	**8.12**
Average number of active and former Executive Board members 2022: 5.8							
Average number of active and former Executive Board members 2021: 5.5							

1 Excluding employers' share in social security contributions.
2 The post-employment benefits consists of the following elements: the expense for the accrual for the maximum pensionable salary of € 114,866 (this is the fiscal threshold amount in 2022; in 2021 € 112.189), and the gross contribution to the net post-employment benefits exceeding the pension threshold amount based on the age related 3% DC-threshold and the pension wage exceeding the fiscal cap. See the notes to Post-employment benefits below. In the column 'Wage benefit over € 114,866', compensation is also included in individual cases relating to the expired benefits from the old management arrangement.
3 Mr Timmer retired as a member of the Executive Board/CRO on 1 March 2022. At the request of the Supervisory Board, he continued to act as an advisor to Achmea B.V. until 1 May 2022.
4 As at balance sheet date, an amount of € 2.0 million is payable in relation to the deferred variable remuneration (conditionally) awarded to current and former board members in previous years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Annual salary

The annual salary of the Executive Board is the fixed all-in salary on an annual basis including holiday allowance. Insofar as applicable the benefit of private use of a lease car is also included in the fixed annual salary.

On 1 January 2022, the salary of members of the Executive Board was increased by 3% (as of 1 January 2021: 3.1%).

Variable remuneration awarded

At the time of drafting the Financial Statements 2022 it was not yet decided to award a variable remuneration for the performance year 2022. Should this be awarded, then this shall be included in the Remuneration Report 2022 expected to be published in May 2023. This variable remuneration would be recognised in the Financial Statements 2023. For the performance year 2021 the decision on the variable remuneration was finalized after the adoption of the Financial Statements 2021, hence recorded in the result of financial year 2022, for an amount of € 0.83. This was reported on in the Remuneration Report 2021, which was published in May 2022.

Post-employment benefits

The (cao) pension scheme applicable to other personnel also applies to the Executive Board. This is a CDC financed pension scheme aimed at career average salary and a maximum premium of 40% of the pension base amount (based on the adjusted cao 2021-2023), with among others the following characteristics at year-end 2022:

- Maximum pensionable salary € 114,866
- Accrual 1.875% per year, if the premium is sufficient (expected accrual 2022 is ca. 1,6%)
- State pension offset € 15,289
- Retirement age: first day of the month in which the age of 68 is reached
- Dependants' pension
- Non-contributory continuation of the pension scheme in the event of partial or full incapacity for work
- Conditional indexation
- Employee contribution standard 3.25% of the pensionable earnings

Post-employment benefits over the fiscal cap

As of 1 January 2015 pension accrual is fiscally capped. In 2022 the fiscal cap is € 114,866.

For employees with an income exceeding this (fiscal) pension cap arrangements have been made as of 1 January 2015 (in the cao) for alternative pension accrual. The arrangements also apply to employees who entered the employment of Achmea after this date. These arrangements apply to all Achmea employees and they also apply to the Executive Board. Each year, Achmea sets the total budget for compensation for the group of employees with a pensionable salary exceeding the fiscal limit; this budget is a percentage of the pensionable salary exceeding the fiscal limit for pensionable salary. The percentage is equal to the percentage employer's share of the pension contribution intended for pension accrual below the fiscal pension limit.

The employer contribution consists of two components:

1. An age-related contribution by the employer which the employee (net of taxes) can use to participate in a net pension scheme for pension accrual over the fiscal cap ('contribution to net post-employment benefits' in the overview above). The age-related contribution is calculated based on the (maximum) graduated tax rates determined by the Ministry of Finance;
2. A so-called gross 'wage benefit pension'. Any remaining amount of the employer contribution will be used to calculate an equal percentage of wage benefit for all employees with a pensionable salary over € 114,866. In 2022 this percentage is 14,4% of the pensionable salary over the fiscal cap. This calculation is performed annually in January by Willis Towers Watson.

Termination benefits

Both in 2022 and 2021 no termination benefits were awarded related to termination of a labour contract.

Claw back

In 2022, there were no adjustments or claw back of remuneration from former years with regard to members of the Executive Board. nor were there any in 2021.

Loans

As at balance sheet date 2022, the members of the Executive Board have no outstanding loans with Achmea Bank N.V. (31 December 2021: idem).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

Remuneration of Supervisory Board member

The table below gives an overview of the remuneration of the Supervisory Board members of Achmea B.V. in 2022.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD PER YEAR[1] (€ MILLION)

Supervisory Board members as at 31 December 2022:	
J. (Jan) van den Berg, Chairman	0.19
W.H. (Wim) de Weijer, Vice-Chairman	0.14
T.R. (Tjahny) Bercx	0.09
M.R. (Miriam) van Dongen	0.15
P.H.M. (Petri) Hofsté	0.16
A.M. (Lex) Kloosterman	0.11
A.C.W. (Lineke) Sneller	0.13
R.Th. (Roel) Wijmenga	0.13
Total 2022	**1.10**
Total 2021	**1.08**

1 Excluding VAT and expenses. including remunerations for committee memberships and supervisory board memberships at group companies.

The composition of the Supervisory Board of Achmea B.V. remained unchanged in 2022. Members of the Supervisory Board have no loans outstanding with Achmea Bank N.V. at year-end 2022 and 2021.

Directors' liability

Achmea has taken out directors' liability insurance for Executive Board 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.

Rabobank

For its operations. Achmea uses various regular banking services of the Rabobank Group. All services and transactions with Rabobank are in an orderly transaction and based on regular market rates.

Distribution channel

Local Rabobank offices are a major distribution channel for Achmea's Dutch insurance products. Achmea has paid commissions of € 258 million to local Rabobank offices during 2022 (2021: € 256 million) for insurance policies sold through them. Affiliated members ('aangesloten leden') of the Rabobank are granted a discount of 15% for premiums for the supplementary health insurance.

Insurance services delivered to Rabobank

Rabobank has insured several risks with Achmea. including a group Health insurance contract with Zilveren Kruis. The premiums relating to this insurance coverage for 2022 are € 68 million (2021: € 68 million).

Balances and Commitments as of 31 December 2021 with Rabobank Group

The balance sheet position at Rabobank Group includes savings accounts for the account and risk of policyholders (see Note 5), bank accounts (see Note 17) and a credit facility that is reported as Loans and borrowings (see Note 7).

Vereniging Achmea

Vereniging Achmea is the association of member-policyholders of Achmea and its objective is ensuring the continuity of Achmea. Vereniging Achmea makes use of personnel and office space of Achmea. This is charged on at cost. For this reason. At year-end 2022 Achmea has a receivable in the amount of € 0.2 million (2021: € 0.1 million) on Vereniging Achmea. Vereniging Achmea issued two term deposits to Achmea B.V., a € 50.9 million deposit with an interest rate of 3.5% and an effective date of 28 November 2022, and a € 5.0 million deposit with an interest rate of 1.91% and an effective date of 22 December 2022 (31 December 2021: € 4.5 million). Other transactions with Vereniging Achmea are related to its relation with Achmea as shareholder and are explained in Note 18 Equity.

Stichting Pensioenfonds Achmea

Stichting Pensioenfonds Achmea (SPA) executes the pension plan for employees covered by the collective labour agreement of Achmea and for employees with whom participation in the SPA pension scheme has been agreed in their employment agreement. For most of the employees in the Netherlands. the pension scheme entails a defined contribution plan. In 2022 contributions made by Achmea relating to this defined contribution plan amounted to € 229 million (2021: € 275 million). For more information regarding the pension schemes executed by Stichting Pensioenfonds Achmea. reference is made to Note 19 Other provisions – Post-employment benefits. Achmea performs administrative and asset management services for Stichting Pensioenfonds Achmea. In 2022 it received € 9.9 million (2021: € 9.2 million) in fees for these services.

Stichting Achmea Algemeen Pensioenfonds

Stichting Achmea Algemeen Pensioenfonds administers multiple pension schemes under the name Centraal Beheer APF. On 11 July 2016, Achmea B.V. granted Stichting Achmea Algemeen Pensioenfonds a credit facility for a subordinated money loan for an indefinite period and up to a maximum amount of € 10 million to finance the buffer capital. The interest rate is 2.06%. At the end of 2022, the total amount of loans drawn is € 1.5 million (31 December 2021: € 1.5 million). In addition, in 2022 Achmea B.V. made donations totalling € 7.6 million to Stichting Achmea Algemeen Pensioenfonds (2021: € 9.5 million) to strengthen the buffer capital. Furthermore, on 1 January 2022, Achmea B.V. granted Stichting Achmea Algemeen Pensioenfonds a current account credit facility with a term of one year to pre-finance the purchase of investments for the benefit of the pension fund’s members and/or prospective members and thus for the temporary financing of Stichting Achmea Algemeen Pensioenfonds' liquidity objectives. By the end of 2022, all drawn loans under the facility have were redeemed. Achmea performs administrative and asset management services for Stichting Pensioenfonds Achmea. In 2022 it received € 8.7 million (2021: € 7.0 million) in fees for these services.

Stichting Achmea Foundation

Achmea has committed to an indefinite obligation to apply 0.5% of its net profit to fund Stichting Achmea Foundation. After determination of the result for the financial year 2022, the contributions on the 2021 result amounting to € 2.3 million (2021: € 3.2 million) have been paid. Stichting Achmea Foundation employs these funds to finance projects around the world for sustainable improvement of economic and/or social environment of groups where help is needed in society. Stichting Achmea Foundation makes use of personnel and office space of Achmea. This is charged on at cost.

34. SUBSEQUENT EVENTS

Third issue of soft bullet covered bond programme

On 31 January 2023, Achmea Bank N.V. made a third issue of € 500 million under its 2021 € 5 billion soft bullet covered bond programme. Achmea Bank is using the proceeds to finance and refinance part of its Dutch mortgage portfolio. This third issue brings the current total of covered bonds issued by Achmea Bank to € 3 billion. The bonds have a maturity of 7 years with a maturity date of 31 January 2030, and a coupon rate of 3%. The bond has an AAA rating from Standard & Poor's and is listed on Euronext Amsterdam.

Call Tier 2 loan

On 28 February 2023, Achmea announced its intention to exercise the call option on the € 500 million and 6% loan, with a first call date of 4 April 2023. This is expected to reduce the Solvency II ratio by 8%-point.

Earthquake in Turkey

The impact of the earthquakes that struck Turkey in February 2023 is not material in financial terms and is not part of the 2022 results. This non-material impact will be included in the results for the first half of 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS ACHMEA B.V.

AUTHORISATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Zeist, 8 March 2023

The Executive Board

B.E.M. (Bianca) Tetteroo, Chairman

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

M.G. (Michiel) Delfos, CRO

D.C. (Daphne) de Kluis

R. (Robert) Otto

L.T. (Lidwien) Suur

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J. (Jan) van den Berg, Chairman

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A.M. (Lex) Kloosterman

A.C.W. (Lineke) Sneller

R.Th. (Roel) Wijmenga

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COMPANY FINANCIAL STATEMENTS

BALANCE SHEET

(BEFORE APPROPRIATION OF RESULT)

(€ MILLION)

	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
Assets			
Intangible assets	2	662	609
Financial fixed assets	3	11,031	11,764
Deferred tax assets	4	229	14
Total fixed assets		**11,922**	**12,387**
Receivables	5	19	45
Cash and cash equivalents	6	62	33
Total current assets		**81**	**78**
Total assets		**12,003**	**12,465**
Shareholders' equity			
Issued share capital		434	434
Share premium		10,923	10,923
		11,357	**11,357**
Own shares		−507	−466
Legal reserve		79	55
Revaluation reserve		−251	1,159
Exchange difference reserve		−528	−517
Hedging reserve		−7	−7
Retained earnings		−2,222	−2,822
Result for the year		105	467
		8,026	**9,226**
Other equity instruments		1,250	1,250
Equity attributable to holders of equity instruments of the company	**7**	**9,276**	**10,476**
Liabilities			
Other provisions	8	99	127
Long-term liabilities	9	1,494	1,493
Short-term liabilities	10	1,134	369
Derivatives	11		
Total liabilities		**2,727**	**1,989**
Total equity and liabilities		**12,003**	**12,465**

COMPANY FINANCIAL STATEMENTS ACHMEA B.V.

PROFIT AND LOSS

(€ MILLION)

	NOTES	2022	2021
Other operating income	14	1	31
Revenue from receivables included in fixed assets and similar income	15	–1	2
Results from associates and joint ventures		–17	–9
Total income		**–17**	**24**
Interest expenses and similar expenses	16	61	57
Other expenses	17	95	69
Total expenses		**156**	**126**
Result before tax		**–173**	**–102**
Income tax[1]	18	–37	–36
Results of subsidiaries and associates	3	241	533
Net result		**105**	**467**

1 A negative amount is a gain in the Income tax.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

General

Concerning the Company cash flow statement of Achmea B.V., the exemption as defined in the Guidelines of the Dutch Council for Annual Reporting (RJ) Section 360.106 was used.

The legally required list of participations as set forth in Sections 379 and 414 of Book 2 of the Dutch Civil Code has been registered with the Trade Register of the Chamber of Commerce.

Principles for the measurement of assets and liabilities and the determination of the result

Achmea B.V. makes use of the option provided in Section 362, Paragraph 8, Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of Net result applied in the Company Financial Statements of Achmea B.V. are the same as those applied in the Consolidated Financial Statements. By making use of this option the Equity attributable to holders of equity instruments is the same in the Consolidated Financial Statements and the Company Financial Statements. Investments in subsidiaries of Achmea B.V. are recognised at net asset value with goodwill, if any, recorded under intangible assets. The Company Financial Statements have been prepared in accordance with Book 2, Title 9 of the Dutch Civil Code.

Reference is made to Note 1 Accounting policies and the accounting policy for the specific balance sheet items in the Consolidated Financial Statements for a description of the accounting principles used.

In accordance with the relevant accounting standard, the impact of this correction on the pension provision as explained under Note 1 Accounting Policies of the consolidated financial statements has been incorporated in the comparative figures of 2021. This means that the equity and result for 2021 have been adjusted. These changes have a € -149 million effect on Total Equity at the beginning of 2021 and € -148 million at the end of 2021; a € 18 million effect on Other Provisions (Pension Provisions) at the beginning of 2021 and € 17 million at the end of 2021; a € 5 million effect on Deferred Tax Assets and € 4 million effect at the end of 2021; a € -136 million effect on Financial Fixed Assets at the start of 2021 and a € -135 million effect at the end of 2021; no effect on Net Income over 2021; and no effect on earnings per share in 2021.

Presentation of pension provision and related assets

In the company financial statements, the fair value of the insurance contract related to the pension provision and the value of this pension provision are presented as two separate balance sheet items. The fair value of the insurance contract is presented in accordance with the reimbursement rights for internally insured pension contracts in IAS 19.

The changes in both balance sheet items relate to interest expenses and income and actuarial gains and losses. These changes are included in the Income Statement. The movements in Shareholders' Equity are zero on balance and are not shown.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

2. INTANGIBLE ASSETS

For more detailed information on Goodwill reference is made to Note 12 Intangible assets in the Consolidated Financial Statements.

(€ MILLION)

	GOODWILL	TOTAL 2022	TOTAL 2021
Cost			
Balance at 1 January	609	609	609
Acquisitions	74	74	
Adjustment intangible assets[1]	8	8	
Balance at 31 December	**691**	**691**	**609**
Amortisation and impairment losses			
Balance at 1 January			
Impairment loss	29	29	
Balance at 31 December	**29**	**29**	
Carrying amount			
At 1 January	609	609	609
At 31 December	**662**	**662**	**609**

1 This concerns the reclassification of the Achmea Interne Diensten N.V. goodwill to Achmea B.V. The goodwill has been reclassified as it relates to a subsidiary of Achmea Schadeverzekeringen N.V., a subsidiary of Achmea B.V.

The acquisition of ABN AMRO Pensioeninstelling N.V. causes an increase in goodwill of € 74 million. Part of the capitalized goodwill related to this acquisition has been impaired at 31 December 31 for € 29 million. For a more detailed explanation of this transaction, please see Note 32 Interests in subsidiaries.

3. FINANCIAL FIXED ASSETS

(€ MILLION)

	SUBSIDIARIES	ASSOCIATES AND JOINT VENTURES	BONDS	DERIVATIVES	LOANS	REIMBURSE-MENT RIGHTS	TOTAL 2022	TOTAL 2021[1]
Balance at 1 January	**10,972**	**20**	**597**		**71**	**105**	**11,765**	**11,598**
Acquisitions	17						17	
Investments and loans granted	235	11	3,552		325		4,123	2,047
Sales, disposals and money withdrawn			−3,323		−329	−5	−3,657	−1,951
Annual results	241	−5					236	554
Fair value changes	−1,002	−3	−4				−1,009	−3
Dividend received	−385	−4					−389	−390
Foreign currency differences	−17	−2					−19	−47
Accrued interest			−1			1		1
Unrecognised actuarial gains and losses on employee benefits	−10					−26	−36	−27
Other changes								−18
Balance at 31 December	**10,051**	**17**	**821**	**0**	**67**	**75**	**11,031**	**11,764**

1 The accounting for indexation of the pension provision has been changed retrospectively. As a result, the valuation of the subsidiaries as of 1 January 2021 has been adjusted by € 149 million. For more information refer to Accounting Policies.

Bonds and Derivatives are measured at fair value. The fair value of those investments based on quotes in an active market (listed) amounts to € 821 million (31 December 2021: € 594 million). The purchase price as per 31 December 2022 of Bonds and Derivatives amounts to € 819 million (31 December 2021: € 598 million). An amount of € 67 million (31 December 2021: € 71 million) is recognised under Loans and Deposits, valued at amortised cost. The fair value of these investments amounts to € 67 million

NOTES TO THE COMPANY FINANCIAL STATEMENTS

(31 December 2021: € 71 million). The value of the insurance contract with Achmea Pensioen- en Levensverzekeringen N.V. refers to the fair value of the investments (reimbursement rights) in respect of the defined pension commitments from old schemes insured with Achmea Pensioen- en Levensverzekeringen N.V. (See Note 8 Other Provisions).

In the Income Statement, under Foreign currency differences of securities and loans, an amount of € 0 million is recognised (2021: € 0 million) for foreign currency differences related to securities.

4. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities are attributable to the following items:

(€ MILLION)

	BALANCE AT 1 JANUARY 2022	RECOGNISED IN PROFIT AND LOSS ACCOUNT	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2022	BALANCE AT 1 JANUARY 2021	RECOGNISED IN PROFIT AND LOSS ACCOUNT	RECOGNISED IN EQUITY	BALANCE AT 31 DECEMBER 2021
Others assets	4	−1		3	3	1		4
Employee benefits[1]	4			4	5		−1	4
Other liabilities	6	−8		−2	5	1		6
Tax value of loss carry-forwards		224		224				
	14	**215**		**229**	**13**	**2**	**−1**	**14**

[1] The accounting for indexation of the pension provision has been changed retrospectively. As a result, the Financial Liabilities as of 1 January 2021 have been adjusted by € 50 million. For more information refer to Note 1 Accounting Policies.

Achmea B.V. and the majority of its Dutch subsidiaries together form a fiscal unity for corporate income tax and VAT. As such the company is liable for all deferred and current corporation tax and VAT liabilities. A deferred tax claim was formed in 2022 for the tax entity's tax loss incurred in 2022. This loss can be compensated using the tax entity's future taxable profits.

As per 31 December 2022 an amount of € 184 million (31 December 2021: € 2 million) of deferred tax assets are expected to mature within one year after reporting date.

5. RECEIVABLES AND ACCRUALS

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Subsidiaries	19	45
	19	**45**

Receivables are measured at amortised cost. The fair value of these assets amounts to € 19 million (31 December 2021: € 45 million). In line with 2021, Receivables are expected to mature within one year after reporting date.

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances and short term deposits. Cash and cash equivalents that are subject to any restrictions amounts to € 1 million (2021: € 1 million).

These restrictions are mainly subject to the minimum reserve of cash and cash equivalents to be held with ABN AMRO Bank.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

7. EQUITY ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE COMPANY

STATEMENT OF CHANGES IN TOTAL EQUITY

(€ MILLION)

	SHARE CAPITAL	OWN SHARES	LEGAL RESERVES	REVALUATION RESERVE	EXCHANGE DIFFERENCE RESERVE	HEDGING RESERVE	RETAINED EARNINGS	RESULT FOR THE YEAR	OTHER EQUITY INSTRUMENTS	TOTAL EQUITY[1]
Balance 1 January 2021	**11,357**	**–335**	**65**	**1,069**	**–475**	**–7**	**–3,014**	**642**	**1,250**	**10,552**
Adjustment beginning balance[2]							–149			–149
Balance 1 January 2021	**11,357**	**–335**	**65**	**1,069**	**–475**	**–7**	**–3,163**	**642**	**1,250**	**10,403**
Net other comprehensive income				22	–42		–20			–40
Net result								467		467
Comprehensive income				**22**	**–42**		**–20**	**467**		**427**
Appropriations to reserves			–10	68			583	–642		–1
Dividends and coupon payments							–222			–222
Issue, (re)purchase and sale of equity instruments		–131								–131
Balance 31 December 2021	**11,357**	**–466**	**55**	**1,159**	**–517**	**–7**	**–2,822**	**467**	**1,250**	**10,476**
Net other comprehensive income			12	–1,342	–11		322			–1,019
Net result								105		105
Comprehensive income			**12**	**–1,342**	**–11**		**322**	**105**		**–914**
Appropriations to reserves			12	–68			523	–467		0
Dividends and coupon payments							–245			–245
Issue, (re)purchase and sale of equity instruments		–41								–41
Balance 31 December 2022	**11,357**	**–507**	**79**	**–251**	**–528**	**–7**	**–2,222**	**105**	**1,250**	**9,276**

1 Total equity relates to Equity attributable to holders of equity instruments of the company.
2 The accounting for indexation of the pension provision has been changed retrospectively. As a result, Total Equity as of 1 January 2021 has been adjusted by € 149 million. For more information refer to Accounting Policies.

Reference is made to the Consolidated statement of changes in total equity and Note 18 Equity attributable to holders of equity instruments of the company in the Consolidated Financial Statements for more information.

8. OTHER PROVISIONS

(€ MILLION)

	2022	2021[1]
Post-employment benefits	92	122
Other provisions	7	5
Balance at 31 December	**99**	**127**

1 The accounting for the indexation of the pension provision was changed retrospectively. As a result, the pension provisions as of 31 December 2021 have been adjusted by € 17 million. For more information on this, please refer to the General Accounting Principles.

Pension provisions

The movement of the pension provisions is as follows:

(€ MILLION)

	2022	2021[1]
Balance at 1 January	**122**	**132**
Net interest expense on defined benefit liability	1	1
Actuarial gains and losses arising from changes in:		
- Demographic assumptions	1	
- Financial assumptions	–28	–7
- Experience	1	
Benefit payments	–5	–4
Balance at 31 December	**92**	**122**

1 The accounting for the indexation of the pension provision has been changed retrospectively. As a result, the Pension Provisions as of 1 January 2021 have been adjusted by € -18 million. For more information refer to Accounting Policies.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

The provision for pension liabilities relates to defined benefit pension liabilities insured by Achmea Pensioen- en Levensverzekeringen N.V.

Annual contributions to the pension schemes are paid to finance the liabilities to be paid during the lifetime of the scheme, and are calculated in accordance with local statutory requirements. In addition, where applicable, additional contributions are paid to ensure that the pension schemes comply with applicable local regulations on investments and funding levels.

Other provisions

The movement of the other provisions is as follows:

(€ MILLION)

	2022	2021
Balance at 1 January	**5**	**4**
Additions	5	1
Usage	−3	
Balance at 31 December	**7**	**5**

Other provisions mainly relate to legal cases. In line with 2021 Other provisions are of a long-term nature.

9. LONG-TERM LIABILITIES

The movement of the long-term liabilities is as follows:

MOVEMENT TABLE LOANS AND BORROWINGS (€ MILLION)

	UNSECURED LOANS	SUBORDINATED LOANS	TOTAL 2022
Balance at 1 January	745	748	1,493
Reclass to short-term liabilities		−498	−498
Money deposited	498		498
Other changes	1		1
Balance at 31 December	**1,244**	**250**	**1,494**

MOVEMENT TABLE LOANS AND BORROWINGS (€ MILLION)

	UNSECURED LOANS	SUBORDINATED LOANS	OTHER	TOTAL 2021
Balance at 1 January	744	747	29	1,520
Money deposited				
Other changes	1	1	−29	−27
Balance at 31 December	**745**	**748**	**0**	**1,493**

The maturities of the long-term liabilities are between one and five years for an amount of € 1,244 million (2021: € 498 million) and longer than five years for an amount of € 250 million (2021: € 995 million).

The fair value of long-term liabilities measured at amortised cost at year-end is € 1,329 million (31 December 2021: € 1,493 million).

In May 2020 Achmea B.V. completed the issuance of an unsecured loan of € 750 million (Senior Unsecured Notes, transaction costs are included in the carrying amount). This loan has a maturity of 7 years (maturity date is 26 May 2027) and is listed on Euronext Dublin, Ireland. The coupon on this loan is 1.5%.

The syndicated credit facility of Achmea B.V. has a maximum size of € 1 billion. In 2021 the duration of this facility was extended to 2026. In 2022 and 2021, the committed credit lines were undrawn.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

In April 2013, Achmea B.V. issued € 500 million worth of subordinated loans with a 6% coupon. These subordinated loans have a duration of 30 years (maturity date is 4 April 2043), with a first call option after ten years. These loans are listed on the Euronext Dublin, Ireland.

In September 2019 Achmea B.V. issued € 250 million of subordinated loans with a coupon of 2.5%. These subordinated loans have a maturity of 20 years (maturity date is 24 September 2039) with a first call option after ten years. These loans are listed on the Euronext Dublin, Ireland.

In November 2022 Achmea B.V. issued € 500 million of subordinated green loans with a coupon of 3.625%. These subordinated loans have a maturity of 3 years (maturity date is 29 November 2025). These loans are listed on the Euronext Dublin, Ireland.

In the Profit and loss account, under Value changes in receivables included in fixed assets, an amount of € 0 million (2021: € 0 million) is accounted for as foreign currency differences relating to long-term liabilities.

10. SHORT-TERM LIABILITIES

(€ MILLION)

	31 DECEMBER 2022	31 DECEMBER 2021
Loans	577	8
Subsidiaries	285	191
Taxes	184	109
Other	88	61
	1,134	**369**

The fair value of Short term liabilities measured at amortised cost at year-end is € 1,134 million (31 December 2021: € 369 million).

The Loans include liabilities which have been reclassified from Long-term liabilities to Short-term liabilities. The expected maturity date of the Loans is within a year after the balance sheet date. For more information about these Loans please refer to Note 7 Financial liabilities.

11. DERIVATIVES

The fair value of the derivatives as of 31 December 2022 and 31 December 2021 is less than € 1 million.

12. RELATED PARTY TRANSACTIONS

For an overview of transactions with affiliates, please refer to Note 33 Related party transactions in the Consolidated Financial Statements.

13. CONTINGENCIES

Judicial proceedings

Achmea B.V. and the companies that are part of Achmea Group are involved in judicial and arbitration proceedings. These procedures relate to claims filed by and against these companies, arising from regular business activities, including the activities carried out in the capacity of insurer, lender, service provider, employer, investor and taxpayer. Although it is not possible to predict or determine the outcome of current or forthcoming legal proceedings, the Board of Directors is of the opinion that it is unlikely that the outcome of the procedures will have a material negative effect on the financial position of Achmea B.V.

Contingent liabilities

Achmea B.V. has issued guarantees for 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 for third parties under sales transactions.

Achmea B.V. has provided financial guarantees towards a 100% subsidiary related to a transfer of two loans and mortgages portfolios between this subsidiary and another 100% subsidiary (the activities and clients of this subsidiary were transferred to a third party outside Achmea Group in 2017). These financial guarantees will indemnify the subsidiary for specific risks, including credit risk and

NOTES TO THE COMPANY FINANCIAL STATEMENTS

specific legal risks related to these portfolios, to a total maximum of € 280 million. These financial guarantees are measured at fair value.

Achmea B.V. also issued guarantees, as part of specific tenders for non-life insurance contracts for local Dutch governments, related to the fulfilment of the obligations resulting from these contracts in case of non-performance by the non-life insurance group company.

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.

In the table below an overview is given of all the contingent liabilities provided by Achmea B.V. on behalf of its subsidiaries. No material losses are expected in respect of these guarantees and indemnities.

CONTINGENT LIABILITIES (€ MILLION)

	2022	2021
Guarantees	287	566
Balance at 31 December	**287**	**566**

Contingent assets

Conflict between the Slovak Government and Achmea B.V.

In contradiction of an agreement to encourage investments between the Slovak Republic and The Netherlands, the Slovak government has enforced a ban on the distribution of profit on Slovak health insurers, including Achmea's Slovak subsidiary Union Zdravotná Poist'ovna A.S., in the period between 2007 and August 2011.

Achmea sought compensation for the incurred loss and statutory interest paid through an international arbitration tribunal. In December 2012 the arbitration tribunal decided in favour of Achmea. Under this decision the Slovak Government is required to compensate Achmea for damages incurred and the statutory interest paid. The compensation amounted to approximately € 25 million.

The Slovak Government has publicly stated that it will not pay the amounts awarded to Achmea and has submitted the arbitration verdict for annulment to a German Court. In the first court hearing, the annulment request of the Slovak Republic has been rejected. The Slovak Government has appealed against this judgment to the Bundesgerichtshof in Karlsruhe. The Bundesgerichtshof raised some legal issues with the European Court of Justice. In March 2018 the Court of Justice ruled that the arbitration clause in the bilateral investment treaty on which the arbitration proceedings were based, was invalid. Partly based on this ruling of the European Court, the Bundesgerichtshof delivered its judgment. The Bundesgerichtshof followed the ruling of the European Court of Justice and overturned the arbitration verdict. Achmea has appealed against the judgment in Germany and has submitted a claim for damages in Slovakia. These proceedings are still ongoing.

Because of the compounding statutory interest, Achmea's claim now amounts to approximately € 32 million (2021: € 31 million). In view of the proceedings in Germany, Achmea does not consider the receivable amount to be sufficiently certain to recognise it as an asset.

14. OTHER INCOME

(€ MILLION)

	2022	2021
Other income	1	31
	1	**31**

Other income includes the release of other provisions.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

15. REVENUE FROM RECEIVABLES INCLUDED IN FIXED ASSETS AND SIMILAR INCOME

(€ MILLION)

	2022	2021
Other interest income	−1	2
	−1	**2**

Other interest income includes an amount of € 1 million (2021: € 1 million) relating to group companies.

16. INTEREST EXPENSES AND SIMILAR EXPENSES

(€ MILLION)

	2022	2021
Interest expenses loans and borrowings	51	53
Other interest expenses	10	4
	61	**57**

17. OTHER EXPENSES

(€ MILLION)

	2022	2021
Impairment results intangibles	29	
General expenses	66	69
	95	**69**

18. INCOME TAX

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(€ MILLION)

	2022	2021
Result before tax	−173	−102
Dutch corporate tax rate	25.8%	25%
Income tax using the Dutch corporate tax rate[1]	−45	−26
Tax effect on:		
Non-deductible expenses	8	2
Participation exemption	6	2
Other	−7	−14
Over/(under) provided in prior years	1	
Effective tax amount	**−37**	**−36**

1 A negative amount is a gain in the Income Tax.

The effective tax rate of 2022 amounts to 21.4 % (2021: 35.3%).

SPECIFICATION OF THE CURRENT AND THE DEFERRED INCOME TAX

(€ MILLION)

	2022	2021
Current income tax		
Current year	177	−34
Over/(under) provided in prior years	1	
	178	**−34**
Deferred income tax		
Origination and reversal of timing differences	−215	−2
Total income tax expense in Income Statement	**−37**	**−36**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

19. STATUTORY DOMICILE

Achmea B.V. has its registered office in Zeist, the Netherlands, with its principal place of business at Handelsweg 2 in Zeist, and is registered at the Chamber of Commerce under number 33235189.

20. NUMBER OF EMPLOYEES

Other than the Executive Board members, Achmea B.V. did not employ any personnel in either 2022 or 2021. For more information on the remuneration of the Executive Board refer to Note 32 Related party transactions in the Consolidated Financial Statements.

21. SUBSEQUENT EVENTS

Call Tier 2 loan

On 28 February 2023, Achmea announced its intention to exercise the call option on the € 500 million and 6% loan, with a first call date of 4 April 2023. This is expected to reduce the Solvency II ratio by 8%-point.

Earthquakes in Turkey

The impact of the earthquakes that struck Turkey in February 2023 is not material in financial terms and is not part of the 2022 results. This non-material impact will be included in the results for the first half of 2023.

22. PROPOSAL FOR APPROPRIATION OF RESULT

For the provisions of the articles of association relating to the appropriation of result reference is made to Other information.

TOTAL NET RESULT IS PROPOSED TO BE DISTRIBUTED AS FOLLOWS: (€ MILLION)

	2022
Net result attributable to holders of equity instruments of the company	105
Less: Net result segment Health Netherlands	121
Net result excluding segment Health Netherlands	**−16**
To be distributed as follows:	
Dividend on preference shares[1]	20
Addition to retained earnings	85
	105

1 An amount of € 5 million will be distributed on preference shares of which Achmea B.V. is the ultimate beneficiary (via the depositary receipts issued by Stichting Administratiekantoor Tussenholding) (see Note 18 Equity in the Consolidated Financial Statements).

The Executive Board’s proposal for the appropriation of the result is in line with the dividend policy adopted by the General Meeting and is based on the required Solvency II and statutory tests (test based on prudent capital and liquidity policy and the statutory balance sheet and distribution test). Resolutions by the General Meeting to appropriation of the result and thus to pay dividend are subject to the condition precedent of (i) a positive outcome of the aforementioned financial tests and (ii) the approval of the Executive Board. Each time before – successively – the decision of the General Meeting, the approval decision of the Executive Board and the dividend payment, an assessment will be made of whether the conclusions of the financial tests, in particular the distribution test, are still valid on the basis of current insights. If the outcome is positive, the Executive Board will determine and reconfirm that the distribution is still in accordance with prudent financial policy and that the distribution is therefore justified.

NOTES TO THE COMPANY FINANCIAL STATEMENTS

AUTHORISATION OF THE COMPANY FINANCIAL STATEMENTS

Zeist, 8 March 2023

The Executive Board

B.E.M. (Bianca) Tetteroo, Chairman

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A.M. (Lex) Kloosterman

A.C.W. (Lineke) Sneller

R.Th. (Roel) Wijmenga

OTHER INFORMATION

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REQUIREMENTS UNDER THE ARTICLES OF ASSOCIATION FOR APPROPRIATION OF RESULTS

The Articles of Association of Achmea B.V. contain the following provisions regarding appropriation of results.

The result will be appropriated pursuant to Article 34 and the provisions of this article can be summarised as follows:
- The profit shall be at the disposal of the General Meeting.
- Profit may only be distributed to shareholders and other persons entitled to distributable profits to the extent that its equity exceeds the total amount of its issued share capital and the reserves to be maintained pursuant to the law. The distribution of profit must be approved by the Executive Board. The latter will only withhold its approval if it is aware that, or should reasonably be able to anticipate that, the company, upon payment, will not be able to continue paying its due and payable debts.
- If the General Meeting decides on the distribution of dividends, first of all, if possible, a dividend equal to 3.7% of the nominal amount shall be paid to preference shareholders plus the share premium paid-up upon issue.
- Subject to the approval of the Supervisory Board, the Executive Board shall be authorised to increase the above mentioned percentage determined in February 2014 each year with a maximum of 1.8%.
- If no dividend in cash is distributed, a dividend in the form of preference shares can be resolved upon instead.
- If the General Meeting decides on the distribution of dividend and dividend on preference shares has not been paid in previous years, cash dividends shall first be paid to preference shareholders on these previous years, before any distribution can take place on other shares.

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SHAREHOLDERS OF ACHMEA B.V. AT 31 DECEMBER 2022

COMPANY	COUNTRY	NUMBER OF SHARES	SHARE % (ORDINARY)	SHARE % (INCL. PRES)
Vereniging Achmea directly and via Stichting Administratie-Kantoor Achmea[1]	The Netherlands	251,481,012	66,94%	62,94%
Coöperatieve Rabobank U.A.	The Netherlands	116,993,237	31,14%	29,28%
Gothaer Allgemeine Versicherung AG	Germany	2,072,055	0,55%	0,52%
Gothaer Finanz Holding AG	Germany	2,370,153	0,63%	0,59%
Schweizerische Mobiliar Versicherungsgesellschaft AG[3]	Switzerland	2,769,246	0,74%	0,69%
Total ordinary shares[2]		**375,685,703**	**100,00%**	
Achmea Tussenholding B.V. (preference shares)	The Netherlands	23,904,060		5,98%
Total ordinary shares and preference shares		**399,589,763**		**100,00%**

1 Including 1 A-share.
2 Excluding 35,134,471 shares held by Achmea B.V. See note 18 Equity for more information.
3 Schweizerische Mobiliar Holding AG transferred its shares to Schweizerische Mobiliar Versicherungsgesellschaft AG as of December 21, 2022.

Stichting Administratiekantoor Achmea is, amongst others, holder of the only A share issued by Achmea B.V. There are special rights entitled to the A share. Significant decisions of Achmea B.V.'s General Meeting can only be made with the approval of the holder of the A share. The Board members of Stichting Administratiekantoor Achmea are I.C. van den Broek, E.M.H. Hirsch Ballin, M.J.A. van Putten, A.W. Veenman and J. Versteegh.

OTHER INFORMATION

STATEMENT OF THE EXECUTIVE BOARD OF ACHMEA B.V.

The Executive Board of Achmea B.V. is responsible for the preparation of the Annual Report 2022, including the Consolidated Financial Statements 2022 and the Company Financial Statements 2022 of Achmea B.V. The Consolidated Financial Statements 2022 are prepared in accordance with International Financial Reporting Standards as adopted by the European Union effective at 31 December 2022. The Company Financial Statements 2022 and the Executive Board Report are prepared in accordance with Book 2, Part 9 of the Dutch Civil Code. The Executive Board reviewed the Achmea B.V. Consolidated and Company Financial Statements on 2 March 2023 and granted permission for submission to the Supervisory Board.

The Executive Board declares, in accordance with principle 1.4.3 of the Corporate Governance Code and based on its own assessment, that to the best of its current knowledge:

- the report provides sufficient insights into any failings in the effectiveness of the internal risk management and control systems;
- the aforementioned systems provide reasonable assurance that the financial reporting does not contain any material inaccuracies;
- based on the current state of affairs, it is justified that the financial reporting is prepared on a going concern basis; and
- the report states those material risks and uncertainties that are relevant to the expectation of the company's continuity for the period of twelve months after the preparation of the report.

The Executive Board of Achmea B.V. declares that, to the best of its knowledge, the Achmea B.V. Consolidated and Company Financial Statements 2022 give a true and fair view of the assets, liabilities, financial position and the result of Achmea B.V. and that the information contained herein has no omissions likely to modify significantly the scope of any statements made.

The Executive Board of Achmea B.V. also declares that the Executive Board Report 2022 gives a true and fair view of the situation as at 31 December 2022, the development and performance during 2022 and describes the principal risks of the businesses of the Group. The Achmea B.V. Consolidated Financial Statements 2022 and Company Financial Statements 2022 will be submitted to the Annual General Meeting for approval on 12 April 2023.

Zeist, 8 March 2023

The Executive Board

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

The following is an English translation of the independent auditor's report issued 8 March 2023.

Independent auditor's report

To: the shareholders and Supervisory Board of Achmea B.V.

Report on the audit of the financial statements 2022 included in the year report

Our opinion

We have audited the financial statements 2022 of Achmea B.V. based in Zeist, the Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- the accompanying consolidated financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2022 and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- the accompanying company financial statements give a true and fair view of the financial position of Achmea B.V. as at 31 December 2022 and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2022
- the following statements for 2022: the consolidated income statement, the consolidated statements of comprehensive income, changes in total equity and cash flows
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company balance sheet as at 31 December 2022
- the company profit and loss account for 2022
- the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the *Our responsibilities for the audit of the financial statements* section of our report.

We are independent of Achmea B.V. (hereinafter: Achmea, the group or the Company) in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the "Wet toezicht accountantsorganisaties" (Wta, Audit firms supervision act), the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Achmea B.V. is the holding company for a group of entities that operate mainly in the non-life, health, income-protection and life insurance business, offering savings and mortgage products and asset management and retirement services. These activities are conducted primarily in the Netherlands and selectively abroad. The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€140 million (2021: €150 million)
Benchmark applied	1,5% of equity attributable to holders of equity instruments of the company
Explanation	We consider Achmea’s total equity and solvency, and the ability to meet liabilities towards policyholders and others, the key indicators for the users of its financial statements. In determining the percentage applied, we have taken into account the solvency ratio of the group. The way in which we determined the materiality is consistent with the previous financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €5 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Achmea B.V. is at the head of a group of entities (hereafter: group entities). The financial information of this group is included in the consolidated financial statements.

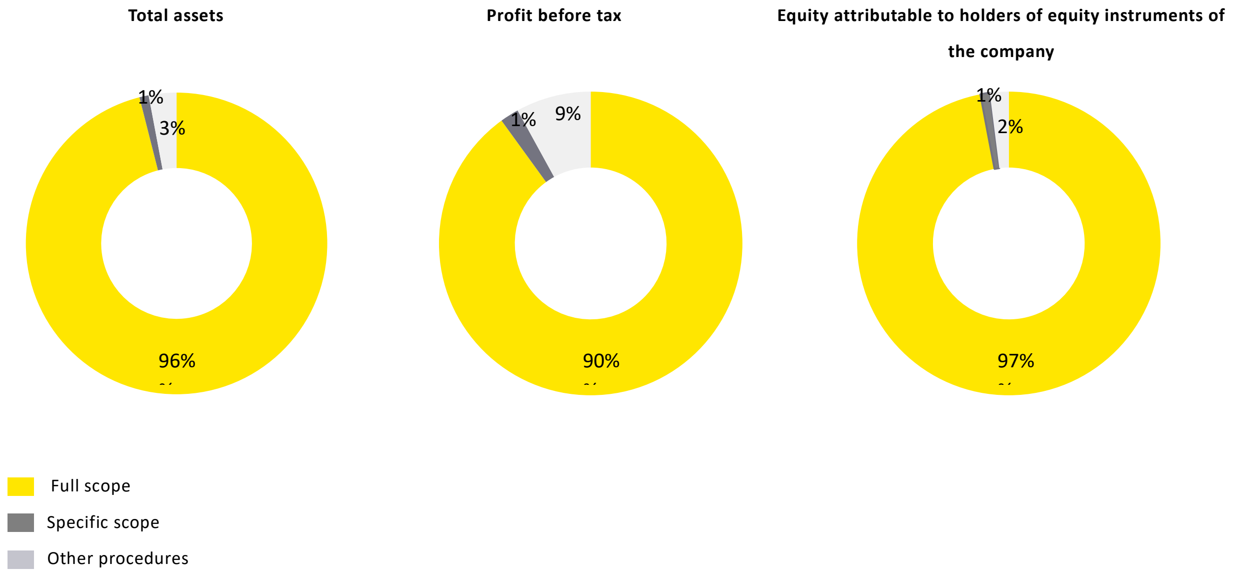
Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities in the Netherlands, Greece and Turkey based on size and risk. We have:

- Performed audit procedures ourselves, as group and component auditors, at group entities in the Netherlands
- Used the work of other auditors from EY Global member firms, operating under our coordination and supervision when auditing the group entities in Greece and Turkey
- Performed review procedures or specific audit procedures at other group entities.

OTHER INFORMATION

In total these procedures represent 97% of the group's total assets, 91% of profit/loss and 98% of equity attributable to holders of equity instruments of the company.



By performing the procedures mentioned above at components of the group, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of an internationally operating company active in several sectors of the financial services industry. We included specialists in the areas of IT audit, forensics, sustainability and legal specialists and have made use of our own actuaries, income tax specialists and experts in the areas of valuations of liabilities relating to insurance contracts, the valuation of unlisted investments, real estate and derivatives and the tax position.

We performed our audit in cooperation with Internal Audit of Achmea and make use of their in-depth knowledge of Achmea and work performed by Internal Audit. We agreed on the joint coordination of the audit planning, the nature and scope of the work to be performed, reporting and documentation. We evaluated and tested the relevant work performed by Internal Audit to satisfy ourselves that the work was adequate for our purposes and established what work had to be performed by our own professionals.

Our focus on climate risks and the energy transition

Climate change and the energy transition high on the public agenda and lead to significant change for many businesses and society. The Executive Board (hereinafter also referred to as 'management') of Achmea summarized Achmea's plans and commitments, and reported in the section 'How we deal with the impact of the climate change' and 'Risk management' of the year report how the group is addressing climate-related and environmental risks also taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition and the plans and commitments in this area, are taken into account in accounting estimates and significant assumptions as well as in the design of relevant internal control measures by Achmea including those related to the estimation of liabilities related to insurance contracts. Furthermore, we read the Executive Board report and considered whether there is any material inconsistency between the non-financial information in section 'How we deal with the impact of the climate change' and 'Risk management' and the financial statements.

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In our key audit matter “Estimates used in calculation of liabilities related to insurance contracts”, we describe the audit procedures responsive to the identified risk related to climate change and energy transition. Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgements, estimates or significant assumptions as at 31 December 2022.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control, including the risk assessment process and the Executive Board’s process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.

We refer to section Risk Management of the annual report in which the Executive Board has included its (fraud) risk analysis and to section Audit & Risk Committee report in which the Supervisory Board reflects on this (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Achmea’s code of conduct, Achmea’s whistleblower policy and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic and legal specialists. We specifically considered the different jurisdictions in which the Company’s operates in our assessment. We evaluated whether these factors indicate that a risk of material misstatement due fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. For these risks we have performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in ‘Key assumptions and estimates’ in the financial statements. We have also used data analysis to identify and address high-risk journal entries and evaluated the business rationale (or the lack thereof) of significant extraordinary transactions, including those with related parties. As included in our key audit matter ‘Estimates used in calculation of liabilities related to insurance contracts’, we have considered, because of the risk of management override of controls, among others, the judgments and assumptions that may represent a risk of material misstatement.

We did not identify a risk of fraud in revenue recognition.

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We considered available information and made enquiries of relevant members of the Executive Board, management, Internal Audit, legal, compliance & risk management departments, directors of group entities and the Supervisory Board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience. We have assessed it through, among others, discussions with the Executive Board, inspecting the integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance & risk management reports, communication with and reading correspondence from relevant regulatory and supervisory authorities, inspection of remediation plans and performing substantive tests of details of classes of transactions, account balances or disclosures. We refer to note 2 “Capital and Risk Management” to the financial statements.

We also inspected lawyers’ letters and remained alert to any indication of (suspected) non-compliance throughout the audit, particularly relating to indications for any shortcomings in relation to compliance with the Dutch Act on the prevention of money laundering and financing of terrorism, the Sanction Law and privacy. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether Achmea has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether Achmea implemented remediation plans. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
As disclosed in section ‘1. Accounting policies’ in the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the Executive Board made a specific assessment of the Company’s ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with the Executive Board exercising professional judgment and maintaining professional scepticism. We considered whether the Executive Board’s going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all relevant events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern, also focusing on whether the Company will continue to meet the regulatory solvency requirements for an insurance group. To this end, we also inspected the Own Risk & Solvency Assessment (ORSA). If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify material uncertainties about the Company’s ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause a company to cease to continue as a going concern.

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Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, we have identified the recoverability of deferred tax assets as a new key audit matter.

Estimates used in calculation of liabilities related to insurance contracts	
Risk	Achmea has liabilities related to insurance contracts of EUR 44 billion representing 62% of the group's total liabilities. The measurement of liabilities related to insurance contracts involves judgment over uncertain future outcomes, which involves setting various assumptions regarding ultimate the total settlement value of insurance liabilities, including those for guarantees provided to policyholders. The use of different actuarial techniques and assumptions could produce materially different estimates of liabilities related to insurance contracts. In this relation, we take into account the possibility of management override of controls and that management can influence the financial reporting process in other unauthorized forms. We therefore consider the estimates used in calculation of liabilities related to insurance contracts a key audit matter. We include the specific risk considerations per various lines of business of Achmea below. For Life insurance, various economic and non-economic assumptions are being used to estimate these long-term liabilities, both in the insurance contract liabilities as reported in the balance sheet and in the liability adequacy test. The liability adequacy test is performed in order to confirm that calculated insurance contract liabilities are adequate in the context of expected future cash outflows. As explained in the Note 6 'Liabilities related to insurance contracts and amounts ceded to reinsurers', the outcome of the liability adequacy test ('LAT') turned over from a LAT surplus to a LAT deficit in 2022. As a result, the insurance contract liabilities included on the balance sheet as per 31 December 2022 are increased with the LAT deficit. In case of the LAT deficit, changes in assumptions used in the liability adequacy test have direct impact on the results of Achmea. The liability adequacy test in respect of the individual life and group pension business requires the application of significant judgement in the setting of assumptions in respect of future expenses including scalability of recurring costs, mortality and longevity experience, lapses, discount rates and inflation. In 2022 Achmea has implemented a number of changes in estimates in relation to some of these assumptions as disclosed in '1. Accounting policies'. The implemented changes in the risk margin, the volatility adjustment used in the discount rate and the inflation have had an impact of approximately € 0,5 billion on the outcome of the liability adequacy test. Furthermore, the valuation of the liabilities related to unit-linked insurance contracts involves judgment on the outcome of legal claims and proceedings against the Company and the amounts required, if any, for any potential compensations. For Health insurance, the measurement of liabilities related to insurance contracts is firstly affected by the assumptions on the claims run-off patterns. Secondly, a significant contribution is received annually from the Dutch Health Insurance Fund. The estimated equalization contributions from the Dutch Health Insurance Fund comprise significant judgments on uncertain future income. Lastly, in order to determine whether a liability for loss-making insurance contracts should be recorded, the estimation of the expected technical result for 2023 is important which includes, among others, judgments in respect of the contribution from the Dutch Health Insurance Fund and the health care cost forecast for 2023. For Non-life insurance, the key judgments relate to the assumptions on the claim trends, most importantly in the domain of personal injury, estimation of incurred, but not reported provisions ('IBNR'), recovery rates and discount rate. For reinsurance, the main judgmental areas relate to the assumptions on the claim trends, estimation of IBNR and catastrophe risk on non-life reinsurance contracts. We refer to the Note 6 'Liabilities related to insurance contracts and amounts ceded to reinsurers' of the financial statements.

Estimates used in calculation of liabilities related to insurance contracts	
Our audit approach	Our audit procedures included, among others, evaluation of the appropriateness of the Company's accounting policies related to the measurement of insurance liabilities and the liability adequacy test according to IFRS 4 'Insurance contracts' and whether assumptions and the methods for making the accounting estimates are appropriate and have been applied consistently. We involved our actuaries to assist us in performing audit procedures in this area. Our key audit procedures included evaluating the Company's methodology for calculating the insurance liabilities and an evaluation of the design of internal controls in this respect. We evaluated the analyses of the movements in insurance liabilities during the year. We assessed whether the movements are in line with the changes in assumptions adopted by the Company, our understanding of developments in the business and our expectations derived from market experience. We evaluated the validity of the Company's liability adequacy tests results. This is a key test performed in order to assess whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its assurance contracts and a risk margin. In addition to the audit procedures listed above, our specific audit procedures per line of business of Achmea are included below. For Life insurance, our work specifically included evaluating the reasonableness of the liability adequacy tests methodology and changes in estimates, including the projected cash flows and challenging the assumptions adopted, such as expense assumptions including scalability of recurring costs, mortality experience, lapse assumptions, discount rates and inflation, based on Company's and industry experience data, expected market developments and trends. Furthermore, we have reviewed the documentation and discussed the unit-linked exposures with management and the Company's internal legal advisors as well as obtained a legal letter from Achmea's external legal advisor on the developments regarding the unit-linked exposure and its potential impact on the valuation of liabilities related to insurance contracts. For Health insurance, we have performed the following specific audit procedures: • Evaluating the estimation method per health care type, performing back-testing on estimates for the previous financial year, assessing whether the assumptions and outcomes are in line with our expectations based on sector knowledge and external publications and performing test of details. • Reconciling the assumptions and movements in the contribution of the Dutch Health Insurance Fund per budget year with the information received from Healthcare Institute of the Netherlands (ZiNL) and testing the reasonableness of the model including the assumptions used by Achmea in determining the equalization contributions. • Consideration of the reasonableness of the expected technical result 2023 related to evaluating whether a liability for loss-making insurance contracts should be recorded. In this relation, we have inspected the external publications of ZiNL with respect to the expected contributions for the claim year 2023 from the Dutch Health Insurance Fund. Additionally, we have assessed the estimated health care costs 2023 by reference to the contracts with healthcare providers in 2023, the (estimated) realization of the health care costs 2022 and external publications. For Non-life insurance, we have performed specific audit procedures on the assessment of the reasonableness of the claim trends, specifically for personal injury, estimation of IBNR, recovery rates and discount rates by reference to Company and industry data and recognised actuarial practice.

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Estimates used in calculation of liabilities related to insurance contracts	
	For reinsurance, we have performed specific audit procedures on assessment of the reasonableness of the claim trends, estimation of IBNR and catastrophe risk on non-life reinsurance contracts by reference to Company and industry data (including assumptions and impacts of the effects of climate change) and recognised actuarial practice. We evaluated Achmea's disclosures in relation to insurance liabilities and the outcomes of liability adequacy test(s) results in accordance with IFRS 4 'Insurance contracts'. In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty,
Key observations	We consider the estimates used in the calculation of liabilities related to insurance contracts to be reasonable. The disclosures of insurance liabilities and related results meet the requirements of EU-IFRS.

Fair value measurement of investments and related disclosures	
Risk	Achmea invests in various asset types. 73% of assets are carried at fair value in the statement of financial position. Of the total assets, 13% is related to investments for which no published prices in active markets are available. Fair value measurement can be subjective, such as for areas reliant on model based valuation. Valuation techniques for mortgages, loans, investment property, non-quoted equities and bonds, and derivatives involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different outcome of fair value. Associated disclosures are complex and dependent on high quality data. We therefore consider the fair value measurement of investments and related disclosures a key audit matter. The valuation of Level 3 assets where valuation techniques are applied in which significant unobservable inputs are used, form a specific focus area in our audit. We refer to the Note 4 'Investment properties', Note 5 'Investments' and Note 8 'Fair value hierarchy' to the financial statements.
Our audit approach	Our audit procedures included, among others, evaluating the appropriateness of the Company's accounting policies related to the fair value measurement of investments according to IFRS13 'Fair Value Measurement' and whether valuation techniques and inputs for measuring fair value are appropriate and have been applied consistently. We evaluated the design and tested operating effectiveness of the controls over valuation, independent price verification, parallel valuation and model validation and approval. We performed additional substantive procedures, supported by our valuation specialists where necessary. This included, where relevant, comparison of judgments made to current and emerging market practice and re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal and fair value information based on the Company's own purchase transactions. Finally, we evaluated the related disclosures in accordance with IFRS 7 "Financial instruments: disclosures" and IFRS 13 "Fair Value Measurement". In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty and ranges for significant unobservable inputs.

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Fair value measurement of investments and related disclosures	
Key observations	Based on our procedures performed, we consider the fair value of financial instruments to be within a reasonable range. The fair value disclosures of investments meet the requirements of EU-IFRS.

Deferred tax asset recoverability	
Risk	Achmea has recognized a (net) deferred tax asset of € 758 million, out of which an amount of € 227 million relates to tax losses carried forward and € 531 million refers to temporary differences. For the recognition of the deferred tax asset, an assessment of recoverability is required which involves judgment about the extent of the available future taxable profits and the tax planning opportunities available to the company. Determining future taxable profits involves setting various assumptions regarding the expected future income (including investment income), expenses and the capital position. The use of different assumptions could produce materially different outcomes and conclusions on the recoverability of the deferred tax asset. We therefore consider the estimates used in the recoverability assessment of the deferred tax assets a key audit matter. We refer to the Note 15 'Deferred tax assets and liabilities' of the financial statements.
Our audit approach	Our audit procedures included, among others, evaluating the appropriateness of the Company's accounting policies related to the measurement of deferred tax assets and liabilities according to IAS 12 'Income taxes'. We have furthermore assessed whether the assumptions and the methods for determining the estimates are appropriate and have been applied consistently. Our key audit procedures included evaluating the Company's methodology for determining future taxable profits and an evaluation of the design of internal controls in this respect. We have considered the validity of the company's assessment of the recoverability of deferred tax asset. In this relation, we considered the reasonableness of the forecast of future profits and assessed whether the assumptions used are in accordance with the company's multi-year budget approved by the Supervisory Board, consistent with the assumptions used for other frameworks (such as Solvency II) and in line with our expectations derived from market experience. As part of our procedures, we also evaluated the reasonableness of the forecasts by comparing the forecasted results for recent years with actual results, evaluating positive and negative variances. We considered the horizon of the forecast in conjunction with maximum compensation terms and have had a specific focus on reasonableness of the profit forecasts for years which are further into the future due to the inherently higher uncertainty. We also considered the reasonableness of the tax planning opportunities and the extent the company has influence on their application. We were assisted by our tax specialists in performing our audit procedures. We evaluated Achmea's disclosures in relation to deferred tax assets in accordance with IAS 12. In this relation we evaluated in particular that disclosures adequately convey the methods and assumptions used for the deferred tax assets recoverability assessment as well as the degree of estimation uncertainty.
Key observations	We consider the estimates used in the recognition of deferred tax assets to be reasonable. The disclosures of deferred tax assets and liabilities meet the requirements of EU-IFRS.

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Solvency II disclosure	
Risk	Achmea presents its capital position in accordance with Solvency II, in Note 2 ‘Capital and Risk Management’ of the financial statements. These disclosures provide information on the capital position of Achmea on a Solvency II basis of accounting compared to an IFRS basis. The determination of the Solvency II ratio involves judgments, among others in respect of methodologies used and setting “best estimate” assumptions. This specifically refers to the calculation of the best estimate of the insurance liabilities, the risk margin and the required capital, including deduction for the loss-absorbing capacity of deferred taxes (LAC DT). Achmea uses a partial internal model approved by the College of Supervisors for determining the required capital. This model includes calculation of the insurance risks for non-life and income protection insurance. Achmea also uses a partial internal model for calculating market risk. For the other risks, Achmea applies the standard formula in determining the solvency capital requirements. We have included the accuracy and reasonableness of Achmea’s Solvency II ratio as disclosed in the financial statements a key audit matter.
Our audit approach	We have performed audit procedures on the Solvency II calculations involving our actuaries. This included among others: • Considering of the appropriateness of the mortality experience, expense (including inflation), disability and lapse assumptions used in the valuation of the “best estimate” insurance liabilities by reference to Company and industry data and expectations of future mortality and expense developments. • Considering of the appropriateness of methodology of estimation of the risk margin by reference to Company and industry data and recognised actuarial practice. • Inspecting model validation performed (including the partial internal model used for determining the solvency capital requirement) and evaluation of the assessment of the impact of any findings of the Risk Management Function and Actuarial Function. • Evaluating the methodology and assumptions for loss absorbing capacity of deferred taxes in the calculation of the Solvency Capital Requirement by reference to the Company and industry data and results of internal and external reviews of the methodologies and assumptions performed during the year. • Reading communication with the regulator and considering of any follow-up actions. We evaluated the design and, where relevant, tested operating effectiveness of the internal controls over the Solvency II calculations. This included, where relevant, interpretation of guidelines, evaluation of judgments made and audit of calculations on a sample basis. We considered whether the Company’s disclosures in Note 2 ‘Capital and Risk Management’ of the financial statements in relation to capital and risk management are compliant with the relevant accounting requirements including IAS 1 ‘Presentation of Financial statements’, including the disclosures on the interpretations made by the Company and their impact (such as the interpretation on the contract boundaries on disability insurance).
Key observations	Based on our procedures performed, we consider that the Solvency II ratio as disclosed in the financial statements is accurately and reasonably determined and that the related disclosure of the ratio, including the assumptions used and their impact, is adequate and meets the EU-IFRS requirements.

Reliability and continuity of the information technology and systems	
Risk	The activities and financial reporting of Achmea are highly dependent on the reliability and continuity of the IT environment. Achmea has a complex IT landscape, with different parties involved. Effective IT general controls with respect to change management, logical access, infrastructure and operations, support the integrity and continuity of the IT environment as well as the operating effectiveness of the automated controls. Achmea as an internationally operating insurer, is inherently subject to higher risks of cybersecurity attacks. Based on the above, we identified the reliability and continuity of the IT environment to be a key audit matter.
Our audit approach	IT audit professionals are an integral part of the audit team and assessed the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of Achmea's automated data processing (or parts thereof) and we have not been instructed to do so by management. As part of our audit procedures, we assessed the impact of changes to the IT environment during the year. Furthermore, we performed the following procedures: • Evaluating the design of the IT general control processes and testing the operating effectiveness of general IT controls for the main IT processes. This was done for the IT applications in scope of our financial statements audit as well as for the underlying operating system including database management and tooling supporting the IT processes. • Designing and executing IT substantive procedures when IT controls where lacking or not operating effectively. • Reviewing relevant reports of vendors on the design and operating effectiveness of internal controls when one or more of the main IT processes have been outsourced, including critical cloud computing outsourcing and SaaS solutions. • Testing application controls over data processing, data feeds and interfaces where relevant for the financial reporting. • Evaluating key IT related projects and data migrations relevant to the financial statement audit. Our audit was not aimed at making a statement about the cybersecurity procedures, controls and reporting of Achmea. However we did obtain an understanding of the cybersecurity procedures, controls and reporting as performed by Achmea.
Key observations	Based on our IT general controls testing procedures and IT substantive procedures performed, we have obtained sufficient assurance about the reliability of the automated data processing of IT systems that are relevant in the context of the financial statements audit.

Report on other information included in the year report

The year report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains all the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report and other information in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were appointed by the general meeting as auditor of Achmea B.V. on 16 December 2019, as of the audit for the year 2022 and have operated as statutory auditor since that financial year.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the Executive Board and the Supervisory Board for the financial statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as the Executive Board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Executive Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Executive Board should disclose events and circumstances that may cast significant doubt on the Company’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

OTHER INFORMATION

We have exercised professional judgment and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the Audit & Risk Committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the Audit and Risk Committee of the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 8 March 2023

Ernst & Young Accountants LLP

W.J. Smit

Limited assurance report of the independent auditor on Achmea's sustainability information

To: the General Meeting and supervisory board of Achmea B.V.

Our conclusion

We have reviewed the sustainability information in the accompanying annual report for 2022 of Achmea B.V. at Zeist. A review is aimed at obtaining a limited level of assurance.

Based on our review procedures performed nothing has come to our attention that causes us to believe that the sustainability information does not present, in all material respects, a reliable and adequate view of:

- the policy and business operations with regard to corporate social responsibility; and
- the thereto related events and achievements in 2022;

in accordance with the reporting criteria as included in the section 'Reporting criteria'.

The sustainability information is included in the following chapters in the annual report:

- Introducing Achmea
- Context and strategy
- Our value creation (excluding "How we create financial value")
- Supplement B. Detailed sustainability information

Basis for our conclusion

We have performed our review of the sustainability information in accordance with Dutch law, including Dutch Standard 3810N 'Assurance-opdrachten inzake maatschappelijke verslagen' (Assurance engagements relating to sustainability reports), which is a specified Dutch standard that is based on the International Standard on Assurance Engagements (ISAE) 3000 'Assurance engagements other than audits or reviews of historical financial information'. Our responsibilities under this standard are further described in the section 'Our responsibilities for the review of the sustainability information' of our report.

We are independent of Achmea in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch code of ethics).

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

Reporting criteria

The reporting criteria used for the preparation of the sustainability information are the Sustainability Reporting Standards of the Global Reporting Initiative (GRI Standards) and the applied supplemental reporting criteria as disclosed in Supplement "A. Reporting principles" of the annual report.

The sustainability information is prepared with reference to the GRI Standards. The GRI Standards used are listed in the GRI Content Index as disclosed in Supplement "E. GRI index" of the annual report.

OTHER INFORMATION

The absence of an established practice on which to draw, to evaluate and measure sustainability information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time

Consequently, the sustainability information needs to be read and understood together with the reporting criteria used.

Limitations to the scope of our review

The sustainability information includes prospective information such as ambitions, strategy, plans, expectations, estimates and risk assessments. As discussed in paragraph "How we deal with the impact of climate change", the sustainability information includes information based on climate-related scenarios that is subject to inherent uncertainty because of incomplete scientific and economic knowledge about the likelihood, timing or effect of possible future climate-related impacts. Inherent to this prospective information the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the sustainability information.

The references to external sources or websites in the sustainability information are not part of the sustainability information as reviewed by us. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect to these matters.

Responsibilities of the management board and the supervisory board for the sustainability information

The management board is responsible for the preparation of reliable and adequate sustainability information in accordance with the reporting criteria as included in the section 'Reporting criteria', including the identification of stakeholders and the definition of material matters. The management board is also responsible for selecting and applying the reporting criteria and for determining that these reporting criteria are suitable for the legitimate information needs of stakeholders, taking into account applicable law and regulations related to reporting. The choices made by the management board regarding the scope of the sustainability information and the reporting policy are summarised in Supplement "A. Reporting principles" of the annual report.

Furthermore, the management board is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that is free from material misstatement, whether due to error or fraud.

The supervisory board is responsible for overseeing the sustainability reporting process of Achmea B.V.

Our responsibilities for the review of the sustainability information

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

Procedures performed to obtain a limited level of assurance are aimed to determine the plausibility of information and vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in review is therefore substantially less than the assurance obtained in an audit.

We apply the 'Nadere voorschriften kwaliteitssystemen' (NVKS, Regulations for quality management systems) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

OTHER INFORMATION

Our review included among others:

- Performing an analysis of the external environment and obtaining an understanding of relevant sustainability themes and issues, and the characteristics of the company;
- Evaluating the appropriateness of the reporting criteria used, their consistent application and related disclosures in the sustainability information. This includes the evaluation of the results of the stakeholders' dialogue and the reasonableness of estimates made by the management board;
- Obtaining through inquiries a general understanding of internal control, reporting processes and information systems relevant to the preparation of the sustainability information, without obtaining evidence about implementation or testing the operating effectiveness of controls;
- Identifying areas of the sustainability information with a higher risk of misleading or unbalanced information or material misstatements, whether due to error or fraud. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Interviewing management and/or relevant staff at corporate level responsible for the sustainability strategy, policy and results;
  - Interviewing relevant staff responsible for providing the information for, carrying out internal control procedures on, and consolidating the data in the sustainability information;
  - Obtaining assurance evidence that the sustainability information reconciles with underlying records of the company;
  - Reviewing, on a limited test basis, relevant internal and external documentation;
  - Performing an analytical review of the data and trends in the information submitted for consolidation at corporate level;
- Evaluating the consistency of the sustainability information with the information in the annual report which is not included in the scope of our review;
- Evaluating the overall presentation and content of the sustainability information;
- Considering whether the sustainability information as a whole, including the disclosures, reflects the purpose of the reporting criteria used.

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the review and significant findings that we identify during our review.

Amsterdam, 8 March 2023

Ernst & Young Accountants LLP

Signed by R.J. Bleijs

The supplements to the Executive Board Report contain further information on the preceding sections in this annual report. Supplement A. describes the basic principles we apply when compiling the annual report. Supplement B. complements our section Our value creation and contains additional employee information, information on our carbon footprint (own operations and investments) and other sustainability information on our own operations. Supplement C. contains information on the EU Taxonomy for sustainability. In supplement D. we make the connection between the individual sections of the annual report (Context and strategy and Our value creation) by showing how the material topics are embedded in our purpose and how we focus on these material topics. This annual report was compiled in line with the GRI guidelines and principles as given in the PSI. In supplements E. and F. we explain how we do this. Finally, supplement G. contains a glossary of terms.

SUPPLEMENTS

SUPPLEMENT A: REPORTING PRINCIPLES

Achmea's annual report comprises several parts. The Executive Board Report describes our strategy, the progress made in 2022, our vision of the future and how we mitigate the risks to which we are exposed. The supplements contain detailed sustainability reporting information. They also include a description of how we comply with the sustainable-reporting standards published by the Global Reporting Initiative (GRI) and the Principles for Sustainable Insurance (PSI) to which Achmea has signed up. In addition to further information on governance, the governance section contains the Supervisory Board report. The annual report includes the consolidated and company financial statements for Achmea over 2022 as well as Other information.

Our annual report can be downloaded from our website (www.achmea.nl) from 13 April 2023. A Dutch version of the text is also available. In the event of any discrepancies between the Dutch and English versions of this report, the Dutch version will take precedence.

Reporting principles

The annual report is compiled in line with Dutch legal requirements. In addition, our annual report has been compiled with reference to the GRI universal standards (GRI 1, 2 and 3). The Consolidated Financial Statements of Achmea B.V. are prepared in accordance with International Financial Reporting Standards as adopted by the European Union effective as at 31 December 2022 and the requirements of Section 362, paragraph 9, Book 2 of the Dutch Civil Code. The company financial statements of Achmea B.V. have been prepared in accordance with Book 2, Title 9 of the Dutch Civil Code, whereby we make use of the option provided in Section 362, paragraph 8, Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of net result applied in the Company Financial Statements of Achmea B.V. are the same as those applied in the Consolidated Financial Statements.

About this report

The Executive Board of Achmea B.V. is responsible for preparing the annual report. The (consolidated and company) financial statements are drafted under the supervision of the Group Finances department. Responsibility for the content and data to back up the non-financial and sustainability information contained in the annual report is assigned within the organisation. A working group takes care of determining the external reporting content. A steering committee approves the basic principles, draft copy and final copy. This steering committee is chaired by the director of Group Finances and also includes the directors of the departments Reporting, Performance Management, Strategy & Transformation and CSR & Sustainability and the senior managers of Internal & Brand Communication and Corporate Communications & Public Affairs.

Definition and scope of reporting

The financial information and a portion of the employee information contained in this annual report have been consolidated for Achmea B.V. and all its group companies (see Notes to the consolidated financial statements Achmea B.V. - Note 32. Interests in subsidiaries). Achmea operates primarily in the Netherlands (which accounts for approximately 93% of its gross written premiums, while 80% of its total workforce (FTEs) are employed there). Due to this strong Dutch focus, most of the non-financial and sustainability information only covers Achmea's Dutch operations. Where information is available and relevant, this is also included on Achmea's international operations. Achmea also reports on part of the value chain with respect to responsible investment and procurement for its own operations. Where this is the case, the different scope is indicated.

Measuring, estimating and calculating

The quantitative non-financial and sustainability information has been collected in our data management system and via non-accounting statements which are completed annually by the operating companies in charge. All information is assessed, and plausibility checks are performed. Descriptions of how non-financial information is determined can be found in supplements B. and C. Supplement G. Glossary also includes definitions of indicators.

Wherever possible comparative figures have been included for the relevant non-financial indicators. However, the impact of Covid-19 means that in some cases comparison of sustainability information for the years 2022 and 2021 (and previous years) is only possible to a limited extent. This applies, for example, to the carbon footprint from our investments, in which CO_2 data from a prior year is often used, and own operations. However, it is impossible to quantify the impact of Covid-19 and the sustainability policy separately, and as a result how the figures evolved over 2022 and 2021 cannot always be compared to each other.

Modifications to this report

In compiling the non-financial and sustainability information contained in the Executive Board Report, a number of changes have been made versus last year. From 2022 Achmea applies the GRI Universal Standards 2021, the effective date of which is 1 January 2022, with the option of application at an earlier date. Up to 2022, Achmea used the core option of the previous version of the GRI standards. This option is not available under the GRI 2021. The GRI 2021 include the option of reporting in line with the GRI (all standards) or with reference to specific GRI standards. In 2023 and 2024 we will focus on preparing for reporting in line with the Corporate Sustainability Reporting Directive (CSRD). For this reason, we have chosen the GRI option that best matches the former core option. This means that we apply the GRI 2021 with reference to 3 universal standards (GRI 1, 2 and 3).

SUPPLEMENT A: REPORTING PRINCIPLES

Supplement E contains an index that depicts how we comply with these 3 standards.

Furthermore, from 2022 we include the relational NPS for the consumer market for Interpolis and Centraal Beheer instead of the NPS for property & casualty insurance. We believe that the NPS for the consumer market gives a better overall picture of how customers rate the relevant brands. We have adjusted the comparative figures accordingly.

Finally, a number of changes have been made to the way we calculate the financed carbon emissions of our investments. Firstly, in 2022 we expanded the investments for which we calculate carbon emissions versus 2021 (e.g. to include Investment loans). In addition, we altered the method for calculating carbon emissions for our investments in businesses (equities and credits). From 2022 we use Enterprise Value including Cash (EVIC) instead of market capitalisation to define the attribution factor. This adjustment is in line with the recommendations of PCAF. We have not adjusted the comparative figures accordingly, because currently we do no not have consistent data available.

In some cases improvements have been made to the calculations for the sustainability information owing to more accurate data becoming available. Where this is applicable, we have included further information on this.

A summary of the changes to the accounting policies for determining our financial results has been included in the Consolidated Financial Statements Achmea B.V. over 2022, Notes to the Consolidated Financial Statements Achmea B.V., 1. General accounting policies.

Auditor’s scope and level of assurance

Achmea has asked its external auditor, EY, to audit and assess its external reporting. The level of certainty applicable to the report is shown below.

- EY has audited the 2022 consolidated and company financial statements as included in the Financial statements section of the annual report. EY issued an unqualified audit report with the consolidated and company financial statements on 8 March 2023. This report can be found in the section Other information, Independent auditor’s report.
- In addition to the audit of the financial statements, EY audited and assessed the sustainability information contained in the annual report (Executive Board Report section Introducing Achmea, Context & strategy, Our value creation (with the exception of the section How we create financial value) and supplement B. Detailed sustainability information. EY is responsible for providing an assurance report in which a ‘limited assurance’ is provided about the reliability and acceptability of the sustainability information contained in the parts of the annual report referred to above. The activities performed in obtaining a limited level of assurance are aimed at determining the plausibility of information and are not as in-depth as for assurance engagements aimed at obtaining a reasonable level of assurance. The level of assurance obtained in the review engagements is therefore considerably lower than the level of assurance obtained in audit engagements. EY provides no assurance as to the assumptions and feasibility of information relating to the future, such as the targets and objectives, projections and goals included in the report. The content of the websites referred to in this annual report, the other sections of the Executive Board Report and other supplements are not in scope of this assurance report. The assurance report can be found under Other information, Assurance report of the independent auditor.

We value your feedback

Integrated reporting will continue to evolve, and we expect to implement further improvements in the future in terms of our reporting. We would appreciate hearing your feedback on ways in which we might be able to improve our approach. You will find our address details on the last page of this annual report.

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

Supplement B contains an overview of the indicators we use to measure progress on sustainability and additional information required under certain frameworks. The section Value creation includes indicators. These are not discussed in this subsection but we do give additional information and/or explanations of how we arrived at the information. The first subsection includes information on our employees. In the section after that we explain how we measure the CO_2 connected to our own operations and value chain, and finally there is a subsection listing a number of indicators connected to our own operations.

EMPLOYEE INFORMATION

The Global Reporting Initiative (GRI) framework requires insight to be given into the composition of the workforce. This supplement contains additional information to that included in the section Value creation - How we create value for our employees. FTE information is based on data from the HR information system in the Netherlands and written statements for the foreign entities. To ensure a practical bundling of expertise, Achmea has an operational organisation model consisting of distribution divisions, product divisions, internal services departments and policy-setting staff services. For the implementation of Achmea's HR policy, HR employs the organisational structure below:

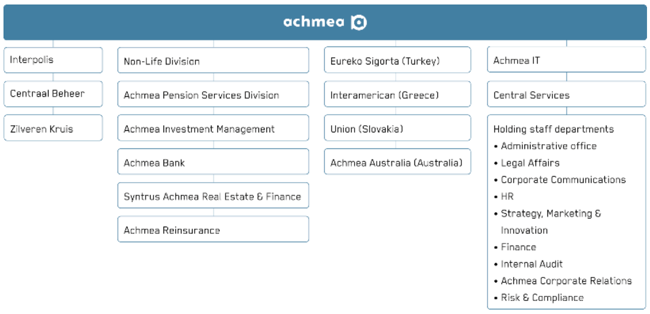


TABLE 1. NUMBER OF (INTERNAL) FTES AND EMPLOYEES OF ACHMEA AS AT 31 DECEMBER, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022		31 DECEMBER 2021	
NUMBER OF EMPLOYEES AS AT OP 31 DECEMBER	FTE[1]	EMPLOYEES	FTE[1]	EMPLOYEES
Achmea Corporate Relations	19	19	20	20
Achmea Bank	169	167	160	157
Achmea Investment Management	331	308	297	276
Centraal Beheer	863	900	829	857
Central Services	1,048	1,081	1,081	1,109
Pension & Life Division	460	474	467	476
Non-Life Division	2,630	2,679	2,609	2,643
Finance	519	511	468	458
Human Resources	130	129	146	144
Achmea IT	1,206	1,180	1,219	1,184
Interpolis	174	172	166	164
Achmea Pension Services	377	371	386	376
Syntrus Achmea Real Estate & Finance	425	412	452	436
Zilveren Kruis	2,293	2,388	2,322	2,407
Other	490	481	513	509
Subtotal for Achmea in the Netherlands, excl. third-party companies	**11,135**	**11,275**	**11,135**	**11,216**
Eurocross Assistance	186	175	165	154
InShared	148	136	114	104
Customer Contact Services	589	767	474	613
Pim Mulier	7	10	7	8
Subtotal for third-party companies	**929**	**1,088**	**760**	**879**
Subtotal for Achmea in the Netherlands	**12,064**	**12,363**	**11,895**	**12,095**
Achmea Australia	120	111	104	105
Eureko Sigorta	812	693	814	695
Interamerican Greece	1,507	1,334	1,284	1,133
Union	773	682	703	624
Subtotal for international subsidiaries	**3,211**	**2,820**	**2,905**	**2,557**
Total	**15,275**	**15,183**	**14,800**	**14,652**

[1] FTEs calculated using a standard working week (for employees covered by the collective labour agreement (CAO) in the Netherlands and employees in other countries: 34 hours; for Directors and Senior Management: 40 hours).

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

TABLE 2. NUMBER OF ACHMEA EMPLOYEES BY CONTRACT TYPE AND GENDER, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022		31 DECEMBER 2021	
NUMBER OF EMPLOYEES BY CONTRACT TYPE AND GENDER AS AT 31 DECEMBER	PERMANENT CONTRACT	TEMPORARY CONTRACT[1]	PERMANENT CONTRACT	TEMPORARY CONTRACT
Male	7,220	316	7,115	285
Female	6,968	679	6,777	475
Total	**14,188**	**995**	**13,892**	**760**

1 As at 31 December 2022, there are 3 female employees in the Netherlands who have no minimum set contracted hours (zero-hours contract) included in the Temporary contract column.

TABLE 3. NUMBER OF ACHMEA EMPLOYEES BY CONTRACT TYPE AND COUNTRY, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022		31 DECEMBER 2021	
NUMBER OF EMPLOYEES BY CONTRACT TYPE AND COUNTRY AS AT 31 DECEMBER	PERMANENT CONTRACT	TEMPORARY CONTRACT[x]	PERMANENT CONTRACT	TEMPORARY CONTRACT
The Netherlands	11,340	848	11,319	622
Australia	103	8	99	6
Greece	1,321	13	1,122	11
Slovakia	571	111	514	110
Czech Republic	25	5	24	3
Turkey	824	10	810	8
Suriname	4	-	4	-
Total	**14,188**	**995**	**13,892**	**760**

TABLE 4. NUMBER OF ACHMEA EMPLOYEES BY EMPLOYMENT RELATIONSHIP AND GENDER, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022		31 DECEMBER 2021	
NUMBER OF EMPLOYEES BY EMPLOYMENT RELATIONSHIP AND GENDER	FULL-TIME	PART-TIME	FULL-TIME	PART-TIME
Male	6,804	732	6,715	685
Female	4,633	3,014	4,312	2,940
Total	**11,437**	**3,746**	**11,027**	**3,625**

TABLE 5. NUMBER OF INTERNAL AND EXTERNAL EMPLOYEES, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022		31 DECEMBER 2021	
NUMBER OF EMPLOYEES BY EMPLOYMENT RELATIONSHIP AND GENDER	INTERNAL[1]	EXTERNAL[2]	INTERNAL[1]	EXTERNAL[2]
Male	7,536	1,259	7,400	1,099
Female	7,647	1,283	7,252	1,139
Total	**15,183**	**2,542**	**14,652**	**2,238**

1 Internal employees are those with an employment contract with Achmea.
2 External employees are those hired by Achmea, often to support the activities of internal employees.

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

TABLE 6. NUMBER OF ACHMEA EMPLOYEES BY CONTRACT TYPE, GENDER AND COUNTRY, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022				31 DECEMBER 2021			
	FULL-TIME		PART-TIME		FULL-TIME		PART-TIME	
NUMBER OF EMPLOYEES BY CONTRACT TYPE AND COUNTRY AS AT 31 DECEMBER	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
The Netherlands	5,560	2,979	691	2,958	5,549	2,841	654	2,897
Australia	55	54	1	1	55	48	-	2
Greece	646	645	22	21	580	527	20	6
Slovakia	187	477	1	17	174	428	2	20
Czech Republic	10	15	1	4	7	16	1	3
Turkey	346	460	16	12	350	449	8	11
Suriname	-	3	-	1	-	3	-	1
Total	**6,804**	**4,633**	**732**	**3,014**	**6,715**	**4,312**	**685**	**2,940**

TABLE 7. NUMBER OF EMPLOYEES COVERED/NOT COVERED BY A COLLECTIVE LABOUR AGREEMENT (CAO) BY GENDER AND COUNTRY, INCL. THIRD-PARTY COMPANIES AND INTERNATIONAL SUBSIDIARIES

	31 DECEMBER 2022	
NUMBER OF EMPLOYEES BY CONTRACT TYPE AND COUNTRY AS AT 31 DECEMBER	COVERED BY CAO	NOT COVERED BY CAO
The Netherlands	10,982	1,206
Australia	111	-
Greece	1,334	-
Slovakia	682	-
Czech Republic	-	30
Turkey	693	141
Suriname	-	4
Total	**13,802**	**1,381**

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

INFORMATION ON CARBON EMISSIONS CONNECTED TO OUR OWN OPERATIONS AND IN THE VALUE CHAIN

Achmea is well aware of the important role that financial institutions as insurer, investor and lenders occupy in the transition to a carbon-neutral society. We can have an impact here by making our own operations carbon-neutral. Yet we can also have an impact in our value chain, especially via our investments and funding and our insurance and services. This subsection gives insight into the carbon emissions connected to our own operations. We also reveal the financed carbon emissions connected to our investments and funding. The methodology for calculating insured carbon emissions has recently been announced for several types of insurance products. It is our ambition to be able to report on these in 2023.

In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon emissions are expressed in different scope categories. Scope 1 emissions are direct emissions from own sources or sources that are controlled by Achmea. Scope 2 emissions are indirect emissions from the generation of purchased energy and/or services. Scope 3 emissions are all relevant indirect emissions (not included in Scope 2) connected to our own operations that occur in Achmea's value chain. This concerns, for example, the carbon footprint of our employees' commuter mileage, but also the financed emissions via our investments or financing and insured emissions from our insurance portfolios.

The charts contain comparative figures. The impact of Covid-19 hinders comparison between 2022 and 2021 (and previous years). For example, the Covid-19 pandemic severely affected commuter mileage and work-related trips or flights. Yet there is also a Covid-19 effect when calculating financed emissions given that the own operations of other companies may have been similarly affected. These developments were positive for the carbon footprint. In addition, Achmea is actively pursuing a policy aimed at reducing carbon emissions. However, it is impossible to quantify the impact of Covid-19 and this policy separately, and this makes it more difficult to interpret the figures over 2022 compared to previous years.

Carbon emissions connected to our own operations

We seek to reduce the carbon emissions from our internal own operations and aim to achieve carbon neutrality in these by 2030. We reduce our environmental impact through reductions in and greening of our energy consumption, cutting paper consumption and reusing our waste. On top of this, since 2011 we have offset Achmea's net carbon emissions in the Netherlands by purchasing carbon emission certificates, whereby our policy of the past few years has been that these certificates must contribute to at least two of our focus SDGs.

Basis for conversion factors

The basis for most conversion factors for our footprint is the List of CO_2 emission factors (www.CO2emissiefactoren.nl). For paper we use the Milieubarometer of Stichting Stimular. For air travel our travel agent uses the conversion factors published by the Climate Neutral Group (CNG). Since 2021 our waste processor has used a new tool for its calculations, the impact checker (www.impactinstitute.com). This enables us to calculate carbon emissions more accurately than in the past. Commuting distance is estimated by multiplying the distance between the employee's registered place of work and their place of residence by the number of registered travel days. An adjustment is made for holidays and absenteeism and account is taken of the impact of Covid-19. Achmea uses green procurement in its own operations. This relates to e.g. gas, electricity, fuel for leased cars and external servers. For electricity, for instance, the origin and source of this green electricity are established in what are known as Guarantees of Origin (GOs); for 2022 this is European wind power.

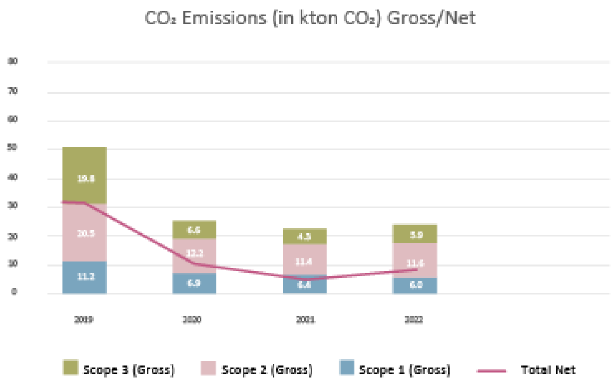
Scope of CO_2 data

We measure the carbon footprint of our energy use, mobility, refrigerants use, paper consumption, waste and outsourced servers. Carbon emissions for Achmea Netherlands are measured excluding third-party companies (please see supplement G. Glossary for the definition). Third-party companies are included in the calculation of the carbon footprint from the consumption of gas (Scope 1) and electricity (Scope 2). The carbon footprint from the use of Cloud services is also included in the calculations from 2021.

The availability and quality of these data has changed over the past few years. Major drivers here are the importance that Achmea and society at large attach to measuring the carbon emissions. This means that in comparisons across several years some data are included that were either not available or were incomplete in previous years. For instance, until 2018 only internal processes were in scope for paper consumption when calculating the carbon emissions, while paper flows from external processes have also been included. In 2021, we also improved the methodology for calculating emissions from the waste stream, which has resulted in lower estimated emissions than in previous years. The comparative figures for this have not been adjusted accordingly due to the lack of data based on the adjusted methodology.

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

The figure below shows the carbon emissions for the past few years.



Compared to the preceding year, a year of almost total lockdown because of Covid-19, gross carbon emissions increased slightly (2022: 23.5 kilotons compared to 2021: 22.1 kilotons). On the one hand this is the result of reduced energy consumption, due to the divestment of locations and energy-saving measures, and on the other to more work-related and commuter mileage. Net carbon emissions have also increased marginally (2022: 8.5 kilotons compared to 2021: 3.8 kilotons). This can mostly be attributed to the increase in work-related and commuter mileage. Energy-saving measures have less effect on net carbon emissions because the carbon emissions of the energy we purchase are already largely compensated by the energy suppliers. Net carbon emissions are offset in full by purchasing certificates.

Carbon emissions of our investment portfolio (financed emissions)

Achmea incorporates sustainability information, including data on climate change, into its investment process and reports on this. We do so knowing that climate change and the transition to a low-carbon economy can have an impact on the value of our investments. We measure the carbon content of the most relevant investments and loans and have set reduction targets and drawn up action plans. Where this is not yet done we will develop this in the coming years. Relevant investments are those in which we can make the greatest contribution to restricting climate change. This might be because we ourselves own and control them, such as in the case of real estate, credits and equities. Yet relevant can also mean that these investments occupy a large weight in our investment portfolio, such as government bonds and mortgages. For each of the individual asset classes we have defined action plans for reducing carbon emissions. Read more on this in the section How we create value for society. The reduction plans can be found here.

Our relevant own risk investments comprise investments in equities, credits, government bonds, mortgages, investment property and other investments (including investment loans). The table Overview of source and scope of carbon data for each asset class indicates for which part of the investments we were able to determine the financed carbon emissions. As agreed in the Dutch National Climate Agreement, over the next few years we will continue to investigate whether we can chart the carbon emissions of a larger portion of our investments. At the moment this is not always possible because of the lack of a uniform methodology for measuring CO_2 for some investments. In some cases CO_2 data are either unavailable or incomplete. This means it is not always possible to compare the carbon emissions of the individual asset classes. For example, for investment loans we only measure Scope 1 emissions, while for credits we measure Scope 1 and 2 emissions (see below for more information). In 2022, we expanded the investments for which we determine the carbon emissions, including Investment loans. We have not adjusted the comparative figures, as no consistent data is currently available.

Methodology

When calculating the absolute carbon emissions, carbon footprint and carbon intensity, we follow the recommendations of the Dutch Platform Carbon Accounting Financials (PCAF, first edition) and the Task Force on Climate-related Financial Disclosures (TCFD) respectively. In accordance with the Greenhouse Gas Protocol (GHG Protocol), the carbon footprint is expressed in different Scope categories. For the carbon emissions of investments we define these categories from the perspective of the entity/property in which we invest. Scope 1 emissions are direct emissions from own sources or investment entity/property sources that are under direct control. Scope 2 emissions are indirect emissions from the generation of energy and/or services purchased by the relevant investment entity/property. Scope 3 emissions are all relevant indirect emissions connected to the value chain of the investment entity/property.

Investments in businesses (equities and credits)

Scope 1 and 2 emissions are included in the calculation of the carbon emissions for the investments in equities and credits; Scope 3 emissions are excluded as companies do not use consistent methods to report on these. The portion of a company's carbon emissions that are allocated to the investment is determined by the ratio of the value of Achmea's investment (numerator) and the value of the company in which it invests (denominator). This ratio is called the attribution factor. From 2022 the value of the company (denominator) is Enterprise Value Including Cash (EVIC) and this is defined as the sum of the market capitalisation of ordinary shares and preference shares, the value of total debt and cash and cash equivalents. Up to 2022 we used market capitalisation here. Use of EVIC is in line with PCAF recommendations and the reason behind the change. The comparative figures have not been adjusted. The absolute carbon emissions of the investments are calculated by

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

multiplying the attribution factor by the total carbon emissions for the company: for an attribution factor of 1%, 1% of the carbon emissions of the company in which Achmea invests are allocated to Achmea. To determine the carbon footprint, the absolute carbon emissions are divided by the total market value of the equity or corporate bond portfolio and multiplied by € 1 million. This is how we calculate the carbon emissions for each million euros invested. The CO_2 intensity of the equity and corporate bond portfolios is measured using the weighted average CO_2 intensity method. The CO_2 intensity (ton CO_2 per million USD sales) of a company is allocated to the portfolio based on the current value of the investment versus the portfolio value multiplied by the carbon emissions of the company divided by the company's total sales in US dollars. The same method is used for investments for account and risk policyholders.

Investments in government bonds
We only include the Scope 1 emissions in the calculation of the carbon footprint for government bonds: Scope 2 and 3 emissions are excluded due to the lack of uniform and reliable data. The Scope 1 carbon emissions of a country's government sector are allocated proportionally to the portfolio's carbon footprint. The portion of a country's total (nominal) sovereign debt held in the portfolio is determined using an 'ownership approach'. This percentage is then used to calculate the portion of carbon emissions financed for that country.

Investments in mortgages and banking credit portfolio
When calculating the carbon emissions for mortgages, we first calculate the energy consumption for the underlying collateral. We include gas and electricity consumption in the scope, which means we restrict ourselves to the property's Scope 1 and Scope 2 emissions. This energy consumption is then converted into carbon emissions by multiplying the energy consumption by emission factors.

Investment property
When measuring the carbon emissions of investment properties, the first step is to determine the energy consumption of the property. We include the Scope 1 and Scope 2 emissions (emissions under the influence of the owner) and in the case of commercial properties also some of the Scope 3 emissions (emissions of the tenant). This energy consumption is then converted into carbon emissions by multiplying the energy consumption by emission factors. At portfolio level this is expressed in carbon emissions per square metre. This creates greater transparency on how the portfolio emissions evolve over the years.

Investment loans
When calculating the carbon emissions of the investment loans, we take account of the energy consumption of the residential properties managed by housing corporations. Due to restrictions on the availability of data, we only include the Scope 1 emissions (emissions connected to gas). The carbon intensity (CO_2 per m^2) of the portfolio containing loans to housing corporations is then calculated as the sum of the value of each loan to a housing corporation versus the total portfolio value multiplied by the housing corporation's carbon emissions per square metre.

Source and scope of CO_2 data

Investments in businesses (equities and credits)
We use CO_2 data purchased from MSCI ESG to calculate the carbon footprint of our investments in equities and credits (both for own risk and linked liabilities).

Investments in government bonds
The CO_2 data for calculating the carbon footprint of our investments in government bonds comes from Eurostat, the statistical office of the European Union.

Investments in mortgages and banking credit portfolio
The energy consumption of the mortgaged property is determined per postcode based on data obtained from network providers. When calculating average energy consumption for an energy label (if no postcode data is available), we base this on government data (Woononderzoek Nederland, or Dutch housing survey). Carbon emissions connected to (estimated) gas consumption are based on the emission factors given on www.CO2emissiefactoren.nl; for electricity these are based on emission factors published by Statistics Netherlands (CBS).

Investment property
The energy consumption of investment properties is determined based on data derived from smart meters, manual readings, invoices and the Typical Domestic Consumption Values (TDCVs) of national network operators. The carbon footprint for (estimated) energy consumption is based on the emission factors given on www.CO2emissiefactoren.nl.

Investment loans
The CO_2 intensity (CO_2 per m^2) is based on the annual benchmark of results for housing corporations in the Netherlands published by Aedes (Results of Aedes benchmark 2022 and 2021). Aedes is the Dutch Association of Housing Corporations.

The table on the next page shows for which portion of investments in each asset class the carbon footprint has been calculated and the source of the data.

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

OVERVIEW OF SOURCE AND SCOPE OF CARBON DATA FOR EACH ASSET CLASS

	Investments Own risk														Investments Account and risk policyholders			
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	Equities (Achmea EQ DM)		Credits (Achmea credits & Achmea treasury)		Government bonds[1] (Achmea government		Mortgages (investment insurance operations)		Bank credit portfolio		Investment property		Investment loans		Equities		Credits	
% of investments for which the carbon footprint has been measured (measured by the book value of the investment)	72%	75%	76%	66%	71%	83%	100%	99%	95%	91%	65%	81%	54%	note	83%	78%	7%	14%
Source of data on the basis of which CO_2 is being measured[2,3]																		
% based on reported CO_2 data	84%	84%	87%	82%	100%	100%									86%	84%	68%	60%
% modelled	16%	15%	13%	11%			100%	100%	100%	100%	100%	100%	100%	note	14%	16%	32%	9%
% no data available		1%		7%														31%

1 For government bonds, these are the investments in EU countries.
2 The CO_2 footprint of government bonds, mortgages and investment property is based on CO_2 data for the previous year (i.e., 2022 on reported data in 2021). For equities and credits, the data is based on the most recent information available: for Equities Own Account, 78% of the data reported by companies is based on data reported in 2021 or more recently, for Credits Own Account this is 76%. For Equity Account and Risk policyholders this is 89% of the data and for Corporate Bond Account and Risk policyholders it is 87%. For Investment loans, this concerns CO_2 data relating to 2020.
3 For Equity Own Account, 94% of the data is based on PCAF Quality Score 2 and 6% is based on Quality Score 4. For Credits Own Account, 99% of the data is based on Quality Score 2 and 1% is based on Quality Score 4. For Equity Account and risk policyholders, 94% of the data is based on PCAF Quality Score 2 and 6% on Quality Score 4. For Credits Account and risk policyholders, 87% of the data is based on Quality Score 2, 1% on Quality Score 3 and 12% on Quality Score 4. For government bonds we are not yet using the revised version of PCAF and we lack a PCAF quality score. For mortgages, real estate investments and investment loans, 100% has been modelled since CO_2 emissions are not reported directly. The quality score for the data used for mortgages under PCAF corresponds to quality score 5. For investment property, this corresponds most closely to PCAF quality score 2 (actual energy consumption and standard emission factors); however, investment properties in residential properties use SJVs, which assume the average energy consumption for a certain period of time. For Investment Loans, the quality of the data corresponds to PCAF quality score 5.

	ABSOLUTE CARBON EMISSIONS (KTON CO_2)	CARBON FOOTPRINT PORTFOLIO (TONNES OF CO_2 / MILLION EURO INVESTED CAPITAL)		CARBON INTENSITY (CO_2/M^2)	
	2022	2022	2021	2022	2021
Achmea mortgages[1]					
Using an attribution factor of 100%[1]					
- part of Own risk investments	173.8	19.8	22.4		
- part of Banking credit portfolio	263.6	22.5	26.2		
Using an attribution factor based on the loan as a portion of total collateral value[2]					
- part of Own risk investments	121.6	13.8	16.7		
- part of Banking credit portfolio	157.6	13.4	15.8		
Investment property	7.1	10.1	15.8	27.8	33.1
Investment loans				18.8	

1 Expressed relative to nominal value.
2 The PCAF system for determining the carbon footprint of mortgages is currently being discussed. In the past, the carbon footprint of the entire collateral was included. The calculation of the attribution factor is based on the last known fair value of the collateral.

	ABSOLUTE CARBON EMISSIONS (KTON CO_2)	CARBON FOOTPRINT PORTFOLIO[1] (TONNES OF CO_2 / MILLION EUROS INVESTED ASSETS)		CARBON INTENSITY (TONNES CO_2 / MLN USD SALES)	
	2022	2022	2021	2022	2021
Achmea equities[2]	61.3	48.3	67.9	67.0	75.0
MSCI World		56.2	67.0	122.3	127.5
Difference		-14.1%	1.5%	-45.2%	-41.2%
Achmea credits (including treasury)[2]	423.1	46.9		75.0	93.1
Benchmark		93.2		195.3	154.9
Difference		-49.7%		-61.6%	-39.9%
Achmea government bonds	15.6	2.7	2.6		
Investments for 'account and risk policyholders':					
- Equities		40.8		73.5	76.8
- Credits		36.1		151.7	82.9

1 The carbon footprint for equities and credits (including benchmark / reference index) was determined in 2022 based on EVIC and in 2021 based on market capitalization (see Methodology section).
2 The CO_2 intensity of the Global Quality Value Equities portfolio in 2022 amounted to 60.1 tonnes CO_2/MLN USD sales (2021: 58.5 tonnes CO_2/MLN USD sales) and the Global Enhanced Equities portfolio 61.7 tonnes CO_2/MLN USD sales (2021: 82.9 tons of CO_2/MLN USD sales).

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

Results

In 2022, the absolute carbon emissions are for the first time reported for the majority of our investments. This is also the case for the carbon footprint for Achmea Credits and carbon emissions from Investment loans. Due to the lack of (consistent) data, no comparative figures have been included for these categories. Only carbon intensity figures are available for investment loans.

To determine the carbon footprint for equities and credits, we used the EVIC method in 2022 and the market capitalisation in 2021 (see the Methodology section). Over 2022, the carbon intensity of the equity portfolio for which we measured the carbon emissions were 45.2% lower (2021: 41.2% lower) than the benchmark (MSCI World). Over 2022, the carbon footprint of the Achmea credits were 61.6% lower than the benchmark (2021: 39.9% lower).

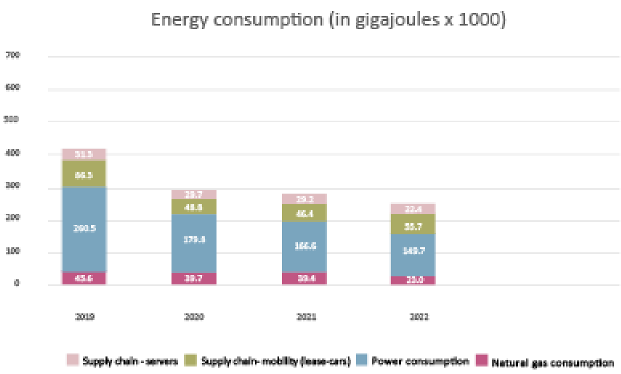
No benchmark has as yet been set for the purposes of comparing the carbon footprint of mortgages, investment property and investment loans.

OTHER INDICATORS

Below we list a variety of other indicators connected to our internal own operations.

Energy savings own business operations

Energy consumption for Achmea Netherlands, as shown in the figure below, is measured excluding third-party companies (please see supplement G. Glossary for the definition). Third-party companies are included in the calculation of the consumption of gas and electricity.



In 2022 energy consumption decreased by 11% versus 2021 (by 6% in 2021 compared to 2020). This can largely be attributed on the one hand to energy savings from the divestment of several buildings and on the other to energy-saving measures in buildings and seasonal fluctuations.

Paper and water consumption own operations

Paper and water consumption for Achmea Netherlands is measured excluding third-party companies (please see Supplement G. Glossary for the definition). Paper consumption comprises the paper we use for communications with our customers and for our internal own operations (a very small portion).

Since 2014 there has been a significant decrease in the number of physical communications sent to our customers. Where approximately 90 million physical expressions were sent in 2014, this has been reduced to approximately 20 million in 2022. This is despite the fact that Achmea's total insurance portfolio has grown in size. The decrease is due to far-reaching digitisation and self-service within the individual brands. Moreover, the focus of marketing has shifted from campaigns involving physical communications to digital communications. Since mid-2022 we no longer print the remaining 20 million communications on 90-gram paper but on 80-gram paper. Paper consumption in the Netherlands declined by 27% in 2022 versus 2021.

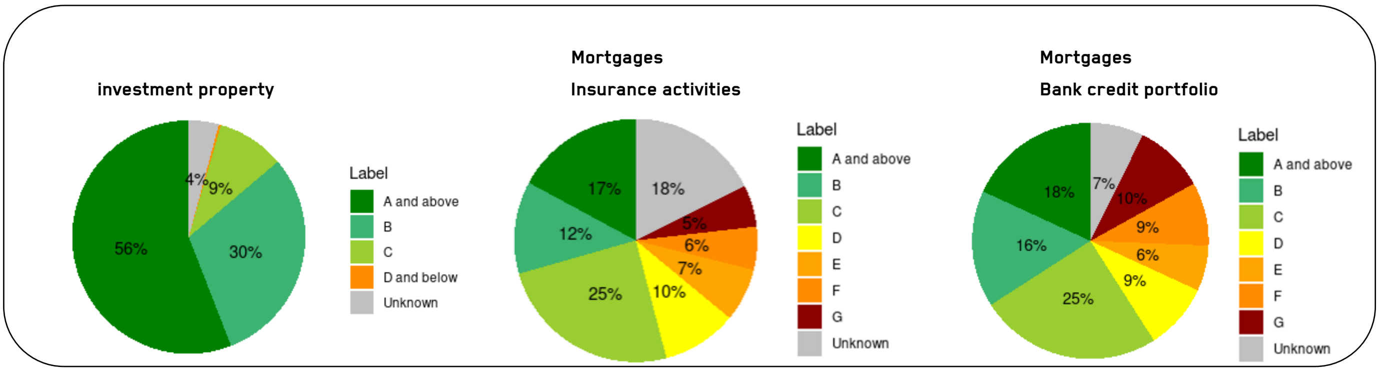
Water consumption is determined by measuring the water purchased from the water mains network (via water points in and to the building). This drinking water is used for e.g. the pantries, restaurants, window cleaning and toilets. Although we encourage our employees to drink (tap) water as part of our good health and vitality drive, we mainly work to combat wastefulness when it comes to drinking water. We do this with water-saving taps and toilets that use less water to flush. We have also installed a small number of waterless urinals. Water consumption increased by about 5% in 2022 versus 2021. The main reason for this is the lower occupancy rate of office locations in 2021 owing to Covid-19.

Energy labels own risk mortgage and property portfolios

We have set targets for energy labels in our mortgage and property portfolios. Our ambition is to bring the mortgage and property portfolios to an average A energy label as of 2030. For more information see the section How we create value for society. The energy label tells us how energy efficient a building is and which energy-saving measures are still possible. The class of energy label is determined based on fossil fuel consumption, expressed in kilowatt hours per square metre per year (kWh/m^2 per year). The smaller the amount of fossil fuel the home uses, the better the energy label. G is the lowest energy label and A++++ the highest. For each mortgage we have established the energy label of the collateral is (or unknown). We have done the same for the properties in our property portfolio. For each class of energy label the book value of all the mortgages or properties with this label are aggregated and expressed as a percentage of

SUPPLEMENT B: DETAILED SUSTAINABILITY INFORMATION

the portfolio's total book value. At the end of 2022, the distribution of the energy labels expressed as a percentage of the book value for the investment property or nominal value of the mortgages insurance activities and mortgages part of the banking credit portfolio is as follows:



SUPPLEMENT C: INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

SUSTAINABILITY OF OUR INVESTMENTS AND PREMIUM INCOME

The Taxonomy Regulation is an EU-wide classification system that enables investors and companies to assess whether specific economic activities are sustainable. It is initially focusing on the ecological sustainability of activities but over the next few years will be expanded to include the other sustainability criteria (Social and Governance). Under the EU Taxonomy, an activity is sustainable if it makes a positive contribution to at least one of the EU Taxonomy's environmental goals, while at the same time doing no significant harm to the other environmental goals (Do No Significant Harm) and meeting minimum (social) safeguards.

The EU Taxonomy has an impact on Achmea in a variety of ways. The EU Taxonomy is used by the asset managers within Achmea to assess how sustainable their investments are (under the Sustainable Finance Disclosure Regulation). In addition, we use the EU Taxonomy as a starting point to identify the criteria our insurance products should meet in order to be classified as sustainable. We can take this into account when developing products. As an insurer we are part of the value chain of other companies. This means that these companies request sustainability information from Achmea as well as information on the EU Taxonomy.

Article 8 of the regulation requires companies that come under the Non-Financial Reporting Directive (NFRD) to publish information on how and to what extent their activities are connected to economic activities that could be classed as 'ecologically sustainable' under the EU Taxonomy regulation. The NFRD currently applies to 'large public interest entities' (large PIEs). Achmea B.V. therefore needs to comply with the disclosure requirements in its consolidated annual report.

The effective date for the regulation is 2022, which means the information must be included in annual reports published from that year (i.e. over the 2021 financial year). A simplified regime applies to the annual reports over both 2021 and 2022. This simplified regime requires the disclosure of information on which portion of a company's activities are eligible for alignment with the EU Taxonomy (rather than whether an activity is actually aligned with the EU Taxonomy criteria, thereby contributing to the EU's goals).

Only those economic activities that can contribute most to the policy goals formulated by the EU are included in the EU Taxonomy. The EU Taxonomy has six environmental goals. So far only the criteria for meeting the environmental goals aimed at 'Climate Mitigation' and 'Climate Adaptation' have been defined through a separate Climate Regulation; the others will follow at a later stage. As a result, the disclosures in the 2022 annual report only relate to the two abovementioned goals.

Achmea Group, reported on in the consolidated annual report, is a financial services provider with dominant insurance activities. Although Achmea B.V. itself is not a financial service provider, given the consolidated nature of the annual report we believe it best to give an idea of the sustainability of our activities if we monitor the KPIs as defined for insurers in the EU Taxonomy. This means that in the annual report we disclose the portion of our investments and premium income that is eligible for alignment with the EU Taxonomy; in the annual reports from 2023 we will disclose whether the investments and premium income are actually in alignment with the EU Taxonomy criteria.

The classification of economic activities covered by the Climate Regulation is based on NACE (Nomenclature statistique des Activités économiques dans la Communauté Européenne, or Statistical classification of economic activities in the European Union). The Climate Regulation describes the conditions (screening criteria) that the economic activity must meet in relation to mitigation and adaptation in order to be aligned with the climate goals of the EU Taxonomy. The NACE codes are intended to aid in navigating the Taxonomy; only the specific description of the economic activity in the delegated acts gives the exact scope of the activities. The reference to NACE codes is therefore only indicative.

The EU Taxonomy requires us to make a number of interpretations and assumptions due to the lack of certain types of data. As far as possible we have aligned our interpretations with those of our sector peers, both in the Netherlands and in Europe. As this is new legislation and there is little experience either in the Netherlands or Europe of reporting such information, we expect the European Commission or other bodies to provide further guidance on this. It may be necessary to implement changes at some point in the future that could have an impact on the reported information in terms of both form and content.

Premiums eligible for alignment with the EU Taxonomy

The table on the next page gives the gross written premiums for the lines of business with (re)insurance contracts that are eligible for alignment with the EU Taxonomy. The economic activities of an insurer that may be eligible for alignment with the EU Taxonomy are only related to the environmental goal 'Climate Adaptation' and linked to NACE codes K65.12 (non-life insurance) and K65.20 (reinsurance). These are non-life and health insurance contracts that include cover for climate-related risks.

NACE code K65.12 includes insurance and reinsurance services based on the Solvency II lines of business (not life insurance), consisting of medical expense insurance, income insurance, workers' compensation insurance, motor vehicle

SUPPLEMENT C: INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

liability insurance, other motor insurance, marine, aviation and transport insurance, fire and other damage to property insurance and assistance. Reinsurance activities that cover climate-related risks (in the insurance contracts that are being reinsured) are also included in the gross written premiums eligible for alignment with the EU Taxonomy.

The table below gives the premiums of the (re)insurance activities that are part of the product groups in the Climate Regulation (non-life and health insurance). We then determined whether the policy terms and conditions explicitly cover climate-related risks such as storm damage. If a product provides cover for climate-related risks on the basis of the policy terms and conditions, all gross written premiums of the product are included and not only the part of the premiums that can be attributed to climate-related risks. If climate-related risks are not named specifically in the policy terms and conditions, the product group to which these (re)insurance contracts belong is not included in the premiums eligible for alignment with the EU Taxonomy. Health and disability insurance are examples of these.

Investments eligible for alignment with the EU Taxonomy

In order to provide insight into the sustainability of Achmea's investments as a financial conglomerate, we include all the investments listed in the consolidated financial statements of Achmea B.V. This means that we include disclosures on the total investments of the insurer/bank as stated on our balance sheet. The investments we manage on behalf of third parties in our role as an asset manager are not part of the consolidated balance sheet (as we do not bear the economic risk on these) and are therefore not included in the disclosures.

To decide which portion of the assets is eligible for alignment with the EU Taxonomy, in accordance with the requirements laid down for insurers, those investments are included that focus on financing or are connected to the economic activities aligned with the Taxonomy. This means that certain assets, including cash and intangible assets, are not included in the table on the next page.

In the 2022 annual report it is only necessary to disclose which investments have been made or loans granted for economic activities included in the delegated acts for the environmental goals 'Climate Mitigation' and 'Climate Adaptation'.

Investments issued by central governments, central banks and supranational issuers also include loans issued to regional governments and local authorities. This interpretation is the same as the definition used for Solvency II purposes. These investments are excluded (in both the numerator and the denominator) from the calculation of the percentage of investments eligible for alignment with the EU Taxonomy.

Derivatives are not included in determining which portion of the investments are eligible for alignment with the EU Taxonomy. This is because derivatives are primarily used to reduce risk rather than to finance an asset or economic activity.

Under *Assets/Investments not aimed at financing activities that qualify for alignment with the EU Taxonomy or for which no data is available*, the line Property for own use and other equipment includes equipment as well as the 'right of use assets' related to our operating lease contracts.

As an insurer, we invest in a large number of different types of companies. The further explanations to the EU Taxonomy (FAQ) require that the mandatory disclosures are based on factual information provided by the companies. During 2022, we looked for opportunities to unlock information about the EU Taxonomy for our investments, for example by using information collected by data suppliers. Due to the fact that data reported on the EU Taxonomy of the companies in which we invest was virtually unavailable at year-end 2022, we have included these investments in companies in the table below (part of line Investments for own account and Investments for

% OF PREMIUMS ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY

(€ MILLION)

	31 DECEMBER 2022	
	GROSS WRITTEN PREMIUMS	OF WHICH LINKED TO ACTIVITIES ELIGIBLE FOR ALIGNMENT WITH THE EU TAXONOMY
Gross written premiums:		
Non-Life	4,674	2,368
Health	15,505	-
Total gross written premiums for Non-Life and Health	**20,179**	**2,368**
% of premiums eligible for alignment with EU Taxonomy		12%

SUPPLEMENT C: INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

the account and risk of policyholders) in the table on the next page as *Assets/Investments not aimed at financing activities that qualify for alignment with the EU Taxonomy or for which no data is available.* Investments in nuclear and gas activities (if applicable) are accounted for accordingly in the table below.

The line Banking credit portfolio in the column *Assets/Investments that do not finance activities eligible for alignment with the EU Taxonomy or for which no data are available* includes deposits with credit institutions.

The Delegated Discourses to Article 8 of the Taxonomy Regulation prescribe that it must be indicated which part of the assets relates to investments issued by or provided to companies that do not fall within the scope of the NFRD. This may only apply to our investments in equities, credits and other assets. The information whether or not a company falls under the scope of the NFRD is currently not available. The mortgage portfolios of both the banking and insurance companies are aimed at providing loans to private individuals. These are not investments in companies. This also applies to our real estate investments. In any case, these investments do not fall within the scope of the NFRD.

Only very limited reported data was available for the preparation of the disclosures for the 2022 annual report for the investments in our investment portfolio. This has consequences for the ratio for 2022. The percentage as included in the table of 36% is not fully indicative of the percentage that we will report in the coming years. When more data becomes available (including data about investment funds in which we invest), the actual percentage can and will most likely differ from the percentage included in the table.

Voluntary additional disclosures on investments that qualify for alignment with the EU Taxonomy

To give an idea of which portion of the investments in listed companies may be eligible for alignment with the EU Taxonomy, we have made an estimate based on the NACE code for these investments. In doing so we took the NACE code corresponding to the issuing institution as our basis. If the NACE code is not included in the sectors as given in the screening criteria for the environmental goals, our assumption is that the relevant asset is not eligible for alignment with the EU Taxonomy. This is also the case if the issuing institution is a holding company. Although we believe the NACE code can give a good indication of the size of the economic activities that qualify for alignment with the EU Taxonomy, it may not be representative of the reported figures by the institutions.

In principle we used the first four digits of the NACE code. If it was not available, but a NACE code based on the first two digits was, we used that. We often invest in investment funds for the investments that we hold for the account and risk of policyholders. For funds managed by third parties,

INVESTMENTS ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY

(€ MILLION)

						31 DECEMBER 2022
	TOTAL ASSOCIATES AND JOINT VENTURES, PROPERTY FOR OWN USE AND OTHER EQUIPMENT, INVESTMENT PROPERTY AND INVESTMENTS	INVESTMENTS ISSUED BY CENTRAL GOVERNMENTS, CENTRAL BANKS AND SUPRANATIONAL ISSUERS (OTHER THAN GREEN GOVERNMENT BONDS)	TOTAL ASSETS MENTIONED BEFORE MINUS INVESTMENTS ISSUED BY CENTRAL GOVERNMENTS, CENTRAL BANKS AND SUPRANATIONAL ISSUERS (OTHER THAN GREEN GOVERNMENT BONDS)	DERIVATIVES	ASSETS / INVESTMENTS IN COMPANIES FOR WHICH AS AT YEAR-END 2021 NO REPORTED DATA ARE AVAILABLE AND OTHER ACTIVITIES NOT ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY	ASSETS / INVESTMENTS IN COMPANIES FOR WHICH AS AT YEAR-END 2021 NO REPORTED DATA ARE AVAILABLE AND OTHER ACTIVITIES NOT ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY
Associates and joint ventures	46	-	46	-	39	7
Property for own use and other equipment	378	-	378	-	167	211
Investment property	850	-	850	-	-	850
Investments:						
- Investments for own account	44,484	8,202	36,282	5,913	22,712	7,657
- Investments for the account and risk of policyholders	12,120	4,199	7,921	109	7,812	-
- Banking credit portfolio	12,328	-	12,328	-	478	11,850
	70,206	**12,401**	**57,805**	**6,022**	**31,208**	**20,575**
As % of Total assets mentioned before minus investments issued by central governments, central banks and supranational issuers						**36%**

SUPPLEMENT C: INFORMATION ON THE EU TAXONOMY FOR SUSTAINABILITY

information on the underlying investments within the fund was not always available. In those cases we have used the NACE code of the investment fund.

The NACE code used is determined based on a variety of sources, including annual reports, prospectuses, websites etc. In some cases NACE codes are defined based on professional judgement.

In addition to the aforementioned estimate based on the NACE codes, we have also included all our investments in green bonds as investments that qualify for alignment with the EU Taxonomy.

The table shows which part of our investments is expected to qualify for alignment with the EU Taxonomy based on the principles formulated above. When data reported by companies (which can also be used by the investment funds in which we invest) become available, the actual percentage can and will most likely differ from the percentage estimated in the table.

ESTIMATED % OF INVESTMENTS ELIGIBLE FOR ALIGNMENT WITH EU TAXONOMY

(€ MILLION)	31 DECEMBER 2022
Assets eligible for alignment with EU Taxonomy based on reported data (see table on previous page)	20,575
Increased by: estimated value of investments eligible for alignment with EU Taxonomy based on NACE code	4,471
Estimated value of assets eligible for alignment with EU Taxonomy	**25,046**
As % of Total associates and joint ventures, Property for own use and other equipment, Investment property and Investments minus investments issued by central governments, central banks and supranational issuers	**43%**

SUPPLEMENT D: CONNECTIVITY TABLE

How Achmea establishes its material topics is described in the section In dialogue with our stakeholders. In the table below we give a description of the material topics. Next we show how the material topics are embedded in our vision/mission (domains) and building blocks. More on this can be found in the sections Our purpose and Our strategy. The material topics are given in the order of importance attached to them by our stakeholders (from high to less high). We also demonstrate how Achmea manages these material topics and refer to the part of the annual report that contains more information on these. The indicators are tested for effectiveness with regard to measuring the progress of the strategy or impact. Some of the indicators we use to measure progress on material topics are qualitative; indicators for measuring progress quantitatively are still being developed. These will be worked out in more detail over the coming years.

MATERIAL TOPIC	LINK TO OUR PURPOSE (VISION/ DOMAINS & BUILDING BLOCKS)	WHAT IMPACT DO WE HAVE?	HOW WE MEASURE PROGRESS ON THIS TOPIC	EXECUTIVE BOARD REPORT	SECTION
Healthcare and health From a broad perspective on health Achmea encourages and helps people to live and work more healthily. When people require healthcare, wherever possible Achmea makes sure they receive it in familiar surroundings.	Bringing healthcare closer	Impact on our customers by providing insurance contracts that enable them to overcome setbacks. Contributing to society by keeping healthcare affordable and accessible. Accessibility and digitization can be at odds in this regard. Via our investment policy we are also working to ensure global access to medicines and healthy food.	We use qualitative objectives to manage the domain at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year. Also: Dialogue and engagement for investments Relational NPS Zilveren Kruis	Our value creation: How we contribute to the domain Bringing healthcare closer	All underlying sections
				Our value creation: How we create value for society	Our role in society as an investor and mortgage provider (Active ownership: In dialogue with companies)
				Our value creation: How we create value for our customers	Our brands and performance in 2022 (various examples in subsections)
Climate change Climate change in the form of extreme drought or flooding is having a huge impact on the (future) cost of claims and insurability. Achmea recognises the need to combat climate change and prevent global temperatures from rising further. This is why Achmea encourages the companies in which it invests to accelerate the transition to a sustainable economy. And Achmea wants to help make customers and society more resilient to the consequences of climate change.	Sustainable Living. Together	Impact on society by reducing the greenhouse emissions and energy consumption of our business operations and in the value chain (financed emissions and insured emissions). Our sustainability policy restricts this impact as much as possible, both in our own business operations and via investments, insurance and services that facilitate the transition to a fossil-free society. The impact is biggest in the value chain in this respect (investments and insurance and services).	Carbon footprint from own operations (in kton) and % reduction versus 2019 All indicators under Responsible investments	Our value creation: How we create value for society	Our role in society as an investor and mortgage provider Responsible own operations
				Our value creation: How we deal with the impact of climate change (TCFD subsection)	Climate strategy Key figures and objectives
				Supplement B. Detailed sustainability information	CO_2 emissions associated with our own operations CO_2 emissions from our investment portfolio (financed emissions)
				Supplement C. Information on the EU Taxonomy for sustainability	Sustainability of our investments and premium income
Sustainable and safe living environment Our quality of life is greatly affected by our immediate living environment. Many factors play a role here: general living conditions, security, sustainability, social contacts, accessibility and amenities such as shops, schools and public parks and green spaces. These values have come under pressure in recent years as a result of the housing shortage and affordability of homes. Insurance and services can contribute to safe and sustainable home and living environments in a number of ways.	Carefree living & working	Impact on society by providing insurance and services that facilitate making homes more sustainable. For instance by granting loans and providing information and advice. This contributes to a safe and liveable environment.	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our value creation: How we create value for our customers	Our brands and performance in 2022 (various examples in subsections)
				Our value creation: How we contribute to the domain Carefree living & working	All underlying sections

SUPPLEMENT D: CONNECTIVITY TABLE

MATERIAL TOPIC	LINK TO OUR PURPOSE (VISION/ DOMAINS & BUILDING BLOCKS)	WHAT IMPACT DO WE HAVE?	HOW WE MEASURE PROGRESS ON THIS TOPIC	EXECUTIVE BOARD REPORT	SECTION
Social equality In a society in which differences seem to be growing, solidarity is an important element. Everyone should be able to participate in a sustainable society in which we can live side by side in good health and comfort. Social inequality is increasing. This is why it is important to keep insurance, preventive measures and sustainable solutions within the reach of everyone.	Sustainable Living. Together	Impact on our customers by providing insurance products with clear terms and conditions at affordable premiums. Also by providing services (together with partners) that contribute to people being able to continue participating in society. We devote special attention here to vulnerable groups.	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our value creation: How we create value for our customers	Our brands and performance in 2022 (various examples in subsections)
				Our value creation: How we create value for society	Investing in society
Customer centricity An insurer needs to be relevant to the daily lives of its customers. This means standing ready to assist customers, rapid and good customer service and transparency on expenses and rates, but also offering appropriate advice - for instance on how to prevent damage or loss - and products and services that help consumers to become more sustainable safely and responsibly.	Large client base Skilled employees Expertise in data & digital	Impact on our customers by providing insurance and services that meet the wishes of customers. We want to provide insight into risks so that customers can make the right decisions for their personal situation about which risks they do or do not wish to insure or about other types of services.	Customer satisfaction scores Relational NPS	Our strategy	The sum of us (section Large client base)
				Our value creation: How we create value for our customers	Customer centricity and mutual trust form the basis of our actions Our brands and performance during 2022 (various examples in subsections)
Financial well-being In uncertain times, it is important that people can rely on a sound financial basis. Inflation and the absence of certainty are affecting the financial security of large numbers of people. A smaller group of people is footing the bill for a growing portion of the population. In a job market that is under pressure from employee shortages, and in an economy/society in which purchasing power is also being squeezed.	Income for today and tomorrow	Impact on our customers by helping them via insight, oversight and comprehensible products. So that they can make sound financial decisions over the course of their lives, have enough financial resources to overcome setbacks, not just now but in the future as well.	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our value creation: How we create value for our customers	Our brands and performance in 2022 (various examples in subsections)
				Our value creation: How we contribute to the domain Income for today and tomorrow	All underlying sections
Sustainable and safe mobility The Netherlands faces enormous challenges in relation to mobility, accessibility and reducing carbon emissions. The advent of driverless and electric vehicles could provide a fresh impetus to solving mobility and climate problems. These trends will generate new opportunities for mobility-related services, including road safety.	Smart mobility	Impact by providing insurance products and services that enable mobility now and in the future. Contribution to the transition to sustainable energy sources (e.g. insurability) and creating awareness via information campaigns aimed at improving road safety.	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our value creation: How we contribute to the domain Smart mobility	All underlying sections
Ethical and transparent business operations Trust is the key to providing financial services. This demands ethical and transparent business operations in which clearly-communicated arrangements and obligations are met. A sound and diverse management team and proportionate remuneration policy are also essential.	Expertise in data & digital Skilled employees	Impact by creating a working environment for employees in which they can work together with respect for one another and integrity. Impact on our customers because they need to be able to trust in the reliability of a financial service provider that spends funds lawfully. Also impact on our suppliers and society by working in a reliable and well-balanced manner.	Measures relating to corporate governance and internal controls and by attending mandatory courses on integrity (corporate ethics) and via the remuneration policy.	Our value creation: How we create value for our employees	Ethical corporate culture
				Governance: Corporate governance	Corporate governance codes (including Achmea Code of Conduct)

SUPPLEMENT D: CONNECTIVITY TABLE

MATERIAL TOPIC	LINK TO OUR PURPOSE (VISION/ DOMAINS & BUILDING BLOCKS)	WHAT IMPACT DO WE HAVE?	HOW WE MEASURE PROGRESS ON THIS TOPIC	EXECUTIVE BOARD REPORT	SECTION
Nature conservation and retention Our ecosystem is under pressure because of climate change. The retention and promotion of biodiversity and restoration of nature by planting forests and by prudent use and reuse of scarce commodities and materials are of paramount importance.	Sustainable Living. Together	Impact on e.g. biodiversity in the value chain via investments and the insurance products we provide. Our sustainability policy restricts the negative impact as much as possible. We also do this in our immediate (office) surroundings. The impact is biggest in the value chain in this respect (investments and insurance and services).	Engaged shareholdership Dialogue and engagement in investments	Our value creation: How we create value for society	Our role in society as an investor and mortgage provider Responsible own operations
Good employment practices Good employment practices mean investing in the personal development and education of employees, a safe and healthy workplace, long-term employability, sound terms and conditions of employment and a workforce that encompasses the full spectrum of diversity, with a focus on human rights and working conditions.	Skilled employees Outstanding financial position	Impact via our business operations on employees. A healthy work-life balance contributes to the well-being of employees, as does a diverse and inclusive working environment. Opportunities for personal and professional development ensure long-term employability, now and in the future.	Various Employee Engagement Survey scores Gender diversity in senior management (% of women)	Our strategy	The sum of us (section Skilled employees)
				Our value creation: How we create value for our employees	All underlying sections
Personal data protection The privacy of customers is a priority. Careful handling of data and protection against theft, data leaks and IT failures are essential to customer confidence in a financial service provider. Advising customers on how they can protect their data is an important element here.	Large client base Expertise in data & digital	By protecting personal data we aim to prevent the data of our customers and employees falling into the hands of unauthorised persons. There is a risk of data being used incorrectly and/or unethically, resulting in psychological and financial harm for customers and Achmea.	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our strategy	The sum of us (section Expertise in data & digital)
				Our value creation: How we create value for our customers	Customer centricity and mutual trust form the basis of our actions (first paragraph)
Sound financial performance To be able to provide the best-possible service it is important that we continue to invest in innovation and sustainability. A sound financial performance is crucial to creating enough financial capacity for this. This is also important for keeping premiums affordable.	Outstanding financial position	Impact by holding enough financial reserves so that we can offer our customers security when they need it, now and in the future.	Operational result Solvency ratio Gross written premiums Gross operating expenses	Our strategy	The sum of us (section Outstanding financial position)
				Group and segment performance	Performance of the group and all underlying paragraphs
				Our value creation: How we create financial value	First paragraph
Digitisation Technological trends and digitisation are enormously important to services. They enable customers to get in touch using whichever channel suits them best and at any time of the day or night. Big data offer new opportunities for better estimating risks and can form a basis for customised recommendations for prevention.	Expertise in data & digital	Impact because digitisation enables us to provide our insurance and services to customers in a cost-effective manner. There are also opportunities for improving services to customers (e.g. by offering digital services) so that customers can quickly receive the best-possible assistance.	We use qualitative objectives to manage the domains at various levels in the organisation. This is reflected in a range of initiatives that were either started or continued during the year.	Our strategy	The sum of us (section Expertise in data & digital) Management agenda (various examples in subsections)
				Our value creation: How we create value for our customers	Customer centricity and mutual trust form the basis of our actions Our brands and performance during 2022 (various examples in subsections)

SUPPLEMENT E: GRI INDEX

The Global Reporting Initiative (GRI) reporting framework comprises widely-accepted reporting standards for the economic, environmental and social performance of an organisation. This framework can be found on the GRI website (www.globalreporting.org). Achmea's Executive Board Report is compiled using this GRI 2021 framework, with reference to the standards. The table below lists the GRI principles and references to where the information can be found. The aim is to create transparency on how we comply with the relevant GRI principle.

INDICATOR	DESCRIPTION	REFERENCE/DETAILS/EXPLANATION
GRI 2: GENERAL DISCLOSURES 2021		
GRI 2-01	Information about te organisation	Contents Governance: Corporate Governance (Introduction) Consolidated financial statements, Note 3. Segment reporting (Geographical segment reporting, including intergroup adjustments) Colophon and contact information
GRI 2-02	Entities included in the organisation's sustainability reporting	Consolidated financial statements, Note 1. Accounting policies (H. Consolidation framework), Note 32. Interests in subsidiaries Supplement A. Reporting principles Supplement B. Detailed sustainability information
GRI 2-03	Reporting period for information provided, reporting cycle, contact point for questions regarding the report or its contents	Other information, Statement of the Executive Board of Achmea B.V. Supplement A. Reporting principles Colophon and contact information
GRI 2-04	The effect of any restatements of information provided in previous reports, and the reasons for such restatements	Consolidated financial statements, Note 1. Accounting policies (Amendments related to accounting policies, prior period corrections and changes in presentation) Supplement A. Reporting principles (Modifications to this report) Supplement B. Detailed sustainability information
GRI 2-05	Policy with regard to assurance	Supplement A. Reporting principles (Auditor's scope and level of assurance)
GRI 2-06	Primary activities, brands, products and/or services, markets served, description of the organisation's supply chain	Executive Board Report: Achmea at a glance; In dialogue with our stakeholders; Our value creation model; How we create value for customers Consolidated financial statements, Note 3. Segment reporting (Geographical segment reporting, including intergroup adjustments)
GRI 2-07	Information on employees	Supplement B. Detailed sustainability information (Employee information)
GRI 2-08	Information on workers not employed by Achmea	Supplement B. Detailed sustainability information (Employee information: external employees are those hired by Achmea, often to support the activities of internal employees). This information is not available in full and is restricted to those employees hired by Achmea. The term 'worker' encompasses a broad definition under the GRI. This makes it impossible for Achmea as an organisation with an extensive network of brokers and sub-contractors that fall within this definition to include this information without unnecessary expense or effort. This is exacerbated by the fact that future EU regulations (CSRD/ESRS) define the employees for which detailed information needs to be disclosed in line with the way Achmea currently reports on this.
GRI 2-09	The governance structure and composition of the organisation	Governance: Governance; Biographies Executive and Supervisory Board members
GRI 2-10	Appointment and selection of the highest governing body	Governance: Supervisory Board Report (Selection & Appointments Committee report); Corporate Governance (Executive Board, Composition and diversity & Supervisory Board, Composition and diversity)
GRI 2-11	Chair of the highest governing body	Governance: Corporate Governance
GRI 2-12	Role of the highest governing body in supervising management of the organisation's impact	Executive Board Report: In dialogue with our stakeholders; How we deal with the impact of climate change Governance: Corporate Governance (Executive Board, Responsibilities and role in corporate governance)

SUPPLEMENT E: GRI INDEX

INDICATOR	DESCRIPTION	REFERENCE/DETAILS/EXPLANATION
GRI 2-13	Delegation of responsibilities for management of the organisation's impact	Executive Board Report: How we deal with the impact of climate change (Governance with regard to sustainability themes including climate-related issues) Governance: Corporate Governance (Executive Board, Responsibilities and role in corporate governance)
GR 2-14	Role of the highest governing body in sustainability reporting	Executive Board Report: In dialogue with our stakeholders Other information, Statement of the Executive Board of Achmea B.V. Supplement A. Reporting principles
GRI 2-15	Conflicts of interest	Governance: Supervisory Board Report (Conflicts of interest); Corporate Governance (Dutch Corporate Governance Code) Consolidated financial statements: Note 2. Capital and risk management (compliance risk and operational risk); Notes to General accounting policies, Note 33. Related party transactions Sustainability according to Achmea – Achmea (Risk framework for the management of integrity)
GRI 2-16	Communication of critical areas for concern	Governance: Corporate Governance (Executive Board, Responsibilities and role in corporate governance) Sustainability according to Achmea – Achmea (Achmea General Code of Conduct, Whistleblower scheme)
GRI 2-17	Collective knowledge of the highest governing body	Governance: Supervisory Board Report (Continuing education); Corporate governance (Executive Board, Continuing education & Supervisory Board, Continuing education); Biographies Executive and Supervisory Board members
GRI 2-18	Evaluation of the functioning of the highest governing body	Governance: Supervisory Board Report (Remuneration Committee report)
GRI 2-19	Remuneration Policy	Governance: Supervisory Board Report (The role of employer and remuneration) Consolidated financial statements, Note 33. Related party transactions (Remuneration of the Executive Board members) Publications - Achmea (Remuneration Report) Sustainability according to Achmea – Achmea (Remuneration policy)
GRI 2-20	Process for determining remuneration	Governance: Supervisory Board Report (Remuneration Committee report) Publications - Achmea (Remuneration Report)
GRI 2-21	Annual total remuneration ratio	Governance: Supervisory Board Report (Remuneration Committee report) Publications - Achmea (Remuneration Report) The ratios are calculated based on the average annual remuneration of employees rather than the median of the annual remuneration of employees. Use of the average remuneration of employees is in line with the (future) Dutch Corporate Governance Code that Achmea voluntarily applies. From 2024 calculation based on the median will be required under EU regulations (CSRD/ESRS). We are investigating the option of reporting on both the average remuneration and the median for our entire workforce from 2023. For employees in the Netherlands the median of the annual salary is lower than the average annual salary. However, this difference only has a minor impact on the remuneration ratio.
GRI 2-22	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy for addressing sustainability	Executive Board Report: A word from our Chair
GRI 2-23	Policy commitments	Executive Board Report: How we create value for our customers; How we create value for society Governance: Corporate Governance (Corporate governance codes) Consolidated financial statements, Note 2. Capital and risk management (Compliance risk) Supplement F. PSI table Supplement G. Glossary Sustainability according to Achmea – Achmea (Achmea General Code of Conduct, Ethical Manifesto and Procurement Code of Conduct) SRI guidelines - Achmea (SRI guidelines)

SUPPLEMENT E: GRI INDEX

INDICATOR	DESCRIPTION	REFERENCE/DETAILS/EXPLANATION
GRI 2-24	Embedding of policy commitments	Executive Board Report: Value creation section Supplement E. GRI index Supplement F. PSI table SRI guidelines - Achmea (SRI guidelines)
GRI 2-25	Description of the processes that could potentially remedy the negative impact on the organisation	Sustainability according to Achmea – Achmea (Achmea General Code of Conduct and Ethical Manifesto) Websites of our brands (Customer service, including complaint system) SRI guidelines - Achmea (Our approach) Achmea Climate Transition Plan
GRI 2-26	The internal and external mechanisms for reporting concerns about unethical or unlawful behaviour	Executive Board Report: How we create value for our employees Sustainability according to Achmea – Achmea (Whistleblower scheme and Undesirable behaviour complaint system)
GRI 2-27	Compliance with laws and legislation	Executive Board Report: Risk management Consolidated financial statements, Note 2. Capital and risk management (Compliance risk)
GRI 2-28	Memberships of associations (such as industry associations) and national or international advocacy organisations	Supplement G. Glossary https://www.achmea.nl/waar-we-voor-staan/duurzaamheid/duurzame-diensten-en-verzekeringen https://www.achmea.nl/waar-we-voor-staan/duurzaamheid/duurzame-bedrijfsvoering SRI guidelines - Achmea (SRI guidelines)
GRI 2-29	Approach to stakeholder engagement	Executive Board Report: In dialogue with our stakeholders
GRI 2-30	Percentage of total employees covered by collective bargaining agreements	Supplement B. Detailed sustainability information (Employee information, table 8)
GRI 3: MATERIAL TOPICS 2021		
GRI 3-01	Process for defining the report content, the boundaries, and the principles for defining report content	Executive Board Report: In dialogue with our stakeholders
GRI 3-02	Material aspects identified in the process for defining report content	Executive Board Report: In dialogue with our stakeholders
GRI 3-03	Management approach to material topics	Executive Board Report: In dialogue with our stakeholders Supplement D. Connectivity table

SUPPLEMENT F: PSI TABLE

SOCIAL THEMES

Achmea signed the Principles for Sustainable Insurance (PSI) in 2012. The reference table below is designed to allow Achmea to account for the implementation of these principles in a transparent fashion. For further information about the PSI, see www.unepfi.org/psi.

PRINCIPLE 1: ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES (ESG) RELEVANT TO OUR INSURANCE BUSINESS ARE EMBEDDED IN OUR DECISION-MAKING

POSSIBLE ACTIONS: COMPANY STRATEGY	FULFILMENT/REFERENCE
Establish a company strategy at the Board and executive management levels to identify, assess, manage and monitor ESG issues in business operations	Executive Board Report - Our purpose, Our strategy, Our value creation
Dialogue with company owners on the relevance of ESG issues to company strategy	Executive Board Report - Our purpose, In dialogue with our stakeholders www.verenigingachmea.nl
Integrate ESG issues into recruitment, training and employee engagement programmes	Executive Board Report - How we create value for our employees
POSSIBLE ACTIONS: RISK MANAGEMENT AND UNDERWRITING	FULFILMENT/REFERENCE
Establish processes to identify and assess ESG issues inherent in the portfolio and be aware of potential ESG-related consequences of the company's transactions	Executive Board Report - How we create value for our customers, How we contribute to the domains, How we create value for society, How we deal with the impact of climate change (TCFD subsection)
Integrate ESG issues into risk management, underwriting and capital adequacy decision-making processes, including research, models, analytics, tools and metrics	Executive Board Report - How we deal with the impact of climate change (TCFD subsection) Consolidated financial statements, Note Capital and risk management
POSSIBLE ACTIONS: PRODUCT AND SERVICE DEVELOPMENT	FULFILMENT/REFERENCE
Develop products and services which reduce risk, have a positive impact on ESG issues and encourage better risk management	Executive Board Report - Our strategy, How we create value for our customers, How we contribute to the domains, How we create value for society
Develop or support literacy programmes on risk, insurance and ESG issues	Executive Board Report - How we create value for our customers Cooperatieve identiteit - Achmea (Stichting Lezen & schrijven)
POSSIBLE ACTIONS: CLAIMS MANAGEMENT	FULFILMENT/REFERENCE
Respond to customers quickly, fairly, sensitively and transparently at all times and make sure claims processes are clearly explained and understood	Executive Board Report - How we create value for our customers
POSSIBLE ACTIONS: SALES AND MARKETING	FULFILMENT/REFERENCE
Educate sales and marketing staff on ESG issues relevant to products and services and integrate key messages responsibly into strategies and campaigns	https://www.achmea.nl/en/waar-we-voor-staan/sustainability
Make sure coverage, benefits and costs of products and services are relevant and clearly explained and understood	Executive Board Report - How we create value for our customers
POSSIBLE ACTIONS: INVESTMENT MANAGEMENT	FULFILMENT/REFERENCE
Integrate ESG issues into investment decision-making (e.g. by implementing the Principles for Responsible Investment)	Executive Board Report - How we create value for society

PRINCIPLE 2: WE WILL WORK TOGETHER WITH OUR CLIENTS AND BUSINESS PARTNERS TO RAISE AWARENESS OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES, MANAGE RISK AND DEVELOP SOLUTIONS

POSSIBLE ACTIONS: CUSTOMERS AND SUPPLIERS	FULFILMENT/REFERENCE
Dialogue with clients and suppliers on the benefits of managing ESG issues and the company's expectations and requirements on ESG issues	Executive Board Report - In dialogue with our stakeholders, Our strategy, How we deal with the impact of climate change (TCFD subsection)
Provide customers and suppliers with information and tools that may help them manage ESG issues	Executive Board Report - How we create value for our customers
Integrate ESG issues into tender and selection processes for suppliers	Executive Board Report - How we create value for society, How we deal with the impact of climate change (TCFD subsection)
POSSIBLE ACTIONS: INSURERS, REINSURERS AND BROKERS	FULFILMENT/REFERENCE
Promote adoption of the principles	Executive Board Report - How we create value for our employees Governance – Corporate governance
Support the inclusion of ESG issues in professional education and ethical standards in the insurance industry	Executive Board Report - How we create value for our employees

SUPPLEMENT F: PSI TABLE

PRINCIPLE 3: WE WILL WORK TOGETHER WITH GOVERNMENTS, REGULATORS AND OTHER KEY STAKEHOLDERS TO PROMOTE WIDESPREAD ACTION ACROSS SOCIETY ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE ISSUES

POSSIBLE ACTIONS: GOVERNMENTS, REGULATORS AND OTHER POLICYMAKERS	FULFILMENT/REFERENCE
Support prudential policy, regulatory and legal frameworks that enable risk reduction, innovation and better management of ESG issues	Executive Board Report - How we deal with the impact of climate change (TCFD subsection) Consolidated financial statements, Capital and risk management
Dialogue with governments and regulators to develop integrated risk management approaches and risk transfer solutions	Executive Board Report - In dialogue with our stakeholders
POSSIBLE ACTIONS: OTHER KEY STAKEHOLDERS	FULFILMENT/REFERENCE
Dialogue with intergovernmental and non-governmental organisations to support sustainable development by providing risk management and risk transfer expertise	Executive Board Report - In dialogue with our stakeholders, How we create value for society
Dialogue with academia and the scientific community to foster research and educational programmes on ESG issues in the context of the insurance business	Executive Board Report - In dialogue with our stakeholders
Dialogue with media to promote public awareness of ESG issues and good risk management	Executive Board Report - In dialogue with our stakeholders, How we create value for society

PRINCIPLE 4: WE WILL DEMONSTRATE ACCOUNTABILITY AND TRANSPARENCY IN REGULARLY DISCLOSING PUBLICLY OUR PROGRESS IN IMPLEMENTING THE PRINCIPLES

POSSIBLE ACTIONS	FULFILMENT/REFERENCE
Assess, measure and check the company's progress in managing ESG issues and proactively and regularly disclose this information publicly	Through annual reporting, Half yearly MVB report www.achmea.com
Participate in relevant disclosure or reporting framework	Executive Board Report – Supplement A. Reporting principles, Supplement B. Detailed sustainability information Governance – Corporate Governance
Hold a dialogue with customers, regulators, credit rating agencies and other stakeholders to foster mutual understanding for the use of the principles	Executive Board Report - In dialogue with our stakeholders

SUPPLEMENT G: GLOSSARY

Annual Premium Equivalents (APEs)
The total amount in annual premiums from new regular premium business plus 10% of the total amount of single-premium business written during the year.

Asset-backed securities
Financial instruments financed with cash flow generated by an asset portfolio, with the assets having been provided as business security.

Assets under Management (AuM)
The market value of all the investments managed.

Average energy label mortgages
The average energy label of our mortgage portfolio (bank and insurer combined) is determined as the weighted average of the average energy label for mortgages within the investments of the insurance business and the mortgages within banking credit portfolio The average energy label is calculated by multiplying the standard energy consumption of an energy label by the number of properties with this energy label in the portfolio divided by the total number of properties in the portfolio.

Basic health insurance
Compulsory health insurance, mandatory for all residents of the Netherlands. This represents the cover provided by the basic health insurance, consisting of a standard package of healthcare services considered essential by the Dutch government.

Circular economy
The shift from ownership to usage (e.g. leasing arrangements), as well as the re-use of products (products as raw materials) as a solution to scarcity of raw materials.

Claims ratio
The claims ratio is claims, including claims handling expenses, expressed as a percentage of net earned premiums.

Climate neutral or climate neutrality
Climate neutral means that specific activities do not exacerbate the greenhouse gas effect, in other words that the activities do not contribute to the amount of CO_2 and other greenhouse gases in the atmosphere. This can be achieved by sharply reducing greenhouse gas emissions and by extracting these gases from the atmosphere, e.g. by planting trees. Climate-neutral, net zero or CO_2-neutral are terms that are often used as synonyms.

Climate Act
The Climate Act states that the Netherlands must reduce greenhouse gas emissions by 49% in 2030 and by 95% in 2050 versus 1990. This has been laid down in law. The Climate Act does not stipulate how these targets need to be met. The specific measures were agreed in the Dutch National Climate Agreement with those social partners that participated in consultations. Here, greenhouse gases other than CO_2 are converted into CO_2 equivalents.

CO_2
Carbon dioxide, or CO_2, is a gas that is naturally present in the atmosphere. However, human activity has resulted in the amount of CO_2 in the atmosphere increasing sharply in the last 150 years. This is mainly from burning fossil fuels, such as coal, oil and gas. CO_2 is the principal greenhouse gas.

CO_2 or carbon emissions
This is the amount of greenhouse gases relating to all the activities of a person or entity (e.g. a building, business, country). It includes direct and indirect emissions expressed in scope 1, 2 and 3 emissions. The carbon footprint often also comprises the emissions of other greenhouse gases, such as methane, nitrous oxide or chlorofluorocarbons (CFCs). To be able to add up the impact of the individual greenhouse gases, emissions data are converted into CO_2 equivalents.
- Scope 1: direct emissions from the organisation’s own sources. These are emissions from the organisation’s own buildings, transport and production-related activities;
- Scope 2: indirect emissions from the generation of purchased and consumed electricity or heat;
- Scope 3: indirect emissions from another organisation’s business operations. These are emissions from sources that are not owned by the organisation itself and over which we are unable to exert direct influence. Scope 3 also includes the financed emissions from our investment, mortgage and property portfolios and the insured emissions from our insurance portfolio.

CO_2 equivalents
There are other greenhouse gases besides CO_2. To be able to add up the impact of the individual greenhouse gases, these gases are normally converted into carbon dioxide equivalents (CO_2e). The greenhouse gases included under international treaties are methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulphur hexafluoride (SF6) and nitrogen fluoride (NF3).

Combined ratio
The combined ratio is a measure of profitability used by insurance companies to indicate how well they are performing in their day-to-day operations. A ratio below 100% indicates that the company is making underwriting profit while a ratio above 100% means it is incurring higher expenses and paying out more money in claims than it is receiving from premiums. A ratio of over 100% does not necessarily mean that an insurer is making a loss on the contract, however, given that an insurer can still generate investment income. The combined ratio is the sum of the claims ratio and the expense ratio.

SUPPLEMENT G: GLOSSARY

Collateral
An asset pledged by a borrower to secure a loan and subject to seizure in the case of default.

Compliance
The Compliance department ensures that laws and regulations are adhered to within an organisation. The purpose of compliance is to manage compliance risk and reduce any loss arising from such risk.

Corporate Governance
Corporate Governance refers to the way in which companies are governed, and involves maintaining a system of checks and balances within corporations. It refers to a combination of governing, managing, supervising and accounting for the company's policies to a number of different stakeholders, including customers, employees and shareholders and other capital providers.

Corporate Social Responsibility (CSR)
By engaging in Corporate Social Responsibility (also known as 'sustainable business'), we demonstrate that we are responsible for the quality of life in society and the communities in which we operate. This means being a responsible member of the community through charitable actions, which may include encouraging and facilitating volunteer work by employees.

Covered bonds
Debt instruments secured by a cover pool of mortgage loans, which provide bond holders with additional security.

Counterparty default risk
The risk to each party of a contract that the counterparty will not live up to its contractual obligations. Achmea is exposed to many counterparties in the areas of investment, treasury, banking, reinsurance, healthcare providers, brokers and policyholders.

Credit default swap (CDS) spread
A CDS is a contract between two parties that involves the transfer of third-party credit risk. It can be used as insurance for a bond investment portfolio, whereby, if the bond issuer defaults on repayment of the loan amount, the credit default swap compensates for this loss. The spread of a CDS is an indication of the risk associated with the swap, i.e. the difference between the expected yield of the CDS and the yield of the bond.

Credit risk
The risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Customer Centricity score
Each year, the Netherlands Authority for the Financial Markets (AFM) measures the extent to which banks and insurers place customers' interests first via its Customer Centricity Dashboard. The AFM awards the results of its survey a score on a scale of 1 to 5. The AFM's regular survey of specific topics enables it to establish how a company is evolving.

Customer Satisfaction Score
The customer satisfaction score is an indicator that indicates the degree of customer satisfaction in a company. This indicator is measured using a customer satisfaction survey. A customer satisfaction survey includes assessments of various aspects of the service. As part of this survey, customers are asked to score the Overall Service on a scale ranging from 1=very dissatisfied to 10=very satisfied. The average score of all customers is the customer satisfaction score.

Defined benefit pension plan (DB)
A type of pension plan in which an employer commits to paying a specified monthly benefit to its employees on retirement. The amount to be paid for the pension entitlement is set using a formula that is usually based on the employee's income and length of service.

Defined contribution pension plan (DC)
A type of pension plan under which an entity (a company) pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to meet its obligations to its current and future beneficiaries.

Derivatives
Financial instruments whose price depends on, or is based on, one or more underlying assets. Their value is determined by fluctuations in the underlying asset.

Double materiality
A term used in sustainability reporting, comprising two dimensions: impact materiality and financial materiality. Impact materiality and financial materiality are connected. A sustainability theme is material from an impact perspective when the company has a material actual or potential impact - positive or negative - on people or the environment over the short, medium and long term. A sustainability theme is material from a financial perspective when it has or can have material financial consequences for the company.

Dutch Association of Insurers (Verbond van Verzekeraars)
The Association of Insurers is an interest group comprised of private insurance companies operating in the Dutch market. The Association, whose members collectively represent most of the domestic insurance market, is an independent entity governed and funded by its members.

SUPPLEMENT G: GLOSSARY

Dutch National Climate Agreement
The Dutch National Climate Agreement is a package of measures and agreements between companies, social organisations and authorities to work together to approximately halve greenhouse gas emissions in the Netherlands as of 2030 (versus 1990).

ECB AAA Curve
Yield curve based on government bonds issued by Eurozone countries with a Fitch AAA rating set by the European Central Bank.

Employee Engagement Survey (MBO)
The MBO is an annual online survey that is conducted by an external party. All employees with a contract for a definite or indefinite period who are employed on 1 September will receive an invitation to participate. The MBO consists of a questionnaire by which an employee can provide feedback on various subjects. The questions concern, for example, employee involvement and enthusiasm as well as underlying HR themes such as leadership, employability and talent development. The content of the research is determined by Achmea itself. In principle the questionnaire is revised every year, but a large part of the questions remains unchanged. This allows Achmea to measure whether progress is being made on the various themes. An NPS indicator for employee satisfaction is also determined.

Engagement
The term engagement is mostly used in the context of Socially-Responsible Investment (SRI). It constitutes an active dialogue between investors and companies on the environment, society and corporate governance with the goal of achieving a positive change in behaviour. The term can also be used in a customer-supplier relationship or in the financial service provider relationship between e.g. the insurer and customer. Here it likewise refers to an active dialogue that aims to achieve a positive change in behaviour with respect to the environment or society.

Energy label
A home's energy label tells us how energy-efficient it is *and* what you can do to make it even more so. Possession of an energy label is mandatory on selling, leasing or completing construction of a residential property. Energy labels are registered at EP online (Netherlands Enterprise Agency). This is the official nationwide database on which energy advisors can register energy performance indicators and energy labels. Homeowners need to register their labels themselves.

Enterprise Value Including Cash (EVIC)
As the name suggests, Enterprise Value (EV) is the value of a company. It is an alternative valuation method that gives the market value of a company. EVIC is the sum of:

- the market capitalisation: this is equal to the company's current equity price multiplied by the number of outstanding shares;
- total debt: this is the sum of all the company's short-term and long-term liabilities;
- cash and cash equivalents: this is cash, foreign currencies and cash equivalents (bank accounts, short-term bonds etc.) and is equal to the company's liquid assets but potentially excluding tradeable securities.

ESG
The Environmental, Social and Governance aspects of an organisation that must be taken into account in order to conduct specific processes, including the investment of premium funds, in a socially-responsible manner.

Exclusion (relating to responsible investment)
Exclusion refers to the practice of refraining from investing in specific companies, such as those engaged in the manufacture of products regarded as controversial by the Dutch government, e.g. producers of cluster bombs, land mines, and biological and chemical weapons.

Execution only
Execution-only services refer to services whereby customers select their own insurance products, including all product options, without seeking actual advice from the insurer.

Expense ratio
The expense ratio is operating expenses, including internal costs of handling claims, less internal investment expenses and less restructuring provision expenses, expressed as a percentage of net earned premiums.

Financed emissions
Financed emissions are the greenhouse emissions that banks and investors finance via their loans and investments. An attribution factor is used to define the portion of the emissions that can be attributed to the bank or investor. The methods for this are described in the Partnership for Carbon Accounting Financials (PCAF) standard.

Free Capital Generation
The change in equity that is freely available, for example for dividend payments or investments. This is the increase in capital above the required capital under Solvency II or the required capital according to the own requirement.

FSC-certified
FCS, the Forest Stewardship Council, is an international organisation, established in 1993, dedicated to promoting responsible forest management. FSC sets global standards for forest management and provides certification (in the form of a seal of approval) to companies for their efforts in this area.

SUPPLEMENT G: GLOSSARY

Green Finance Framework (GFF)
Achmea has set up a Green Finance Framework (GFF) for green funding (more information can be found here). Achmea intends to allocate the proceeds from the funding instruments issued under the framework to sustainable mortgages and/or investments related to new and existing energy-efficient homes in the Netherlands and energy-efficient commercial properties in and outside the Netherlands. The GFF is based on the Green Bond Principles (ICMA, 2021) and Green Loan Principles (LMA/APLMA, 2021). and has been externally rated by ISS ESG. A Second Party Opinion is available for this. The methodology has also been assessed by CFP Green Buildings.

Global Reporting Initiative (GRI)
International organisation that sets guidelines for sustainability reporting.

Goodwill
The amount of future economic benefits arising from assets that are not capable of being individually identified and separately recognised as an asset in a business combination.

GPF: General Pension Fund
GPFs are new players in the second pillar of the pension market and are not restricted to a specific area. This allows GPFs to combine and administer the pension schemes of different employers or pension funds. This may result in economies of scale and cost benefits, while still maintaining control over the pension scheme.

Gross written premiums
Total written premiums on insurance and reinsurance contracts in a given period.

Impairment
The amount by which the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. The asset’s carrying amount is reduced to its fair value and recognised in profit and loss.

Insurance contract
A contract under which one party (the insurer) accepts an insurance risk from another party (the policyholder) by agreeing that the policyholder will receive compensation if a specific future event (i.e. the insured event) adversely affects the policyholder.

Insurers’ Code
This code of conduct is based on three core values of the insurance sector: ‘providing security’, ‘making it possible’ and ‘social responsibility’. The code serves as a basis for the activities of the Dutch Association of Insurers (Verbond van Verzekeraars) and its individual members. It combines existing and new self-regulation of the sector with general provisions.

Insured emissions (insurance-associated emissions)
These are greenhouse gas emissions that can be associated with (re)insurance policies. An attribution factor is used to define the portion of the emissions that can be attributed to the insurer. The methods for this are described in the Partnership for Carbon Accounting Financials (PCAF) standard for insurance-associated emissions.

Intangible asset
An identifiable, non-monetary asset without physical substance.

Integrity (corporate ethics)
Integrity or corporate ethics refers to acting in a conscientious manner and in line with the applicable codes of conduct. It includes not conducting business with organisations and/or individuals that are guilty of corruption and/or fraud and also covers the way fraudulent claims are handled.

Interest rate risk
The risk that the fair value or future cash flows of a financial instrument and/or commitments will fluctuate because of changes in market interest rates.

Intergovernmental Panel on Climate Change (IPCC)
A United Nations organisation that assesses the risks of climate change. The panel is made up of hundreds of experts from around the world, from universities, research centers, environmental organisations and other organisations. The IPCC does not conduct research itself, but evaluates research published in scientific journals.

International Financial Reporting Standards (IFRS)
Reporting standards and interpretations for companies issued by the International Accounting Standards Board (IASB). These comprise: International Financial Reporting Standards (IFRS and IAS); and Interpretations by the International Financial Reporting Interpretations Committee (IFRICs and SICs).

International Standardization Organization (ISO) standards
The ISO is an international organisation dedicated to drafting, managing and improving standards for all kinds of organisations, processes and inspections. The ISO standards are international standards aimed at optimising business processes that have been drawn up by the ISO.

SUPPLEMENT G: GLOSSARY

Learning instrument
All mandatory and non-mandatory group and individual, physical and online types of training offered within Achmea, such as educational courses, training sessions, e-learnings, games, knowledge clips, coaching and exams.

Liability Adequacy Test (LAT)
An assessment of whether the carrying amount of an insurance liability needs to be increased (or the carrying amount of related deferred acquisition costs or related intangible assets decreased), based on a review of future cash flows.

Liquidity risk
Liquidity risk constitutes the risk that actual and potential payments and obligations cannot be fulfilled at the time of their maturity.

Market risk
Market risk refers to the risk that an entire market or asset class declines, which can potentially affect the price and value of the assets in the portfolio.

Micro-insurance
Micro-insurance products are designed for the most deprived populations in developing countries. These insurance policies offer very low premiums, while the sum insured is low as well.

Mortgage-backed securities
Mortgage-backed securities are a type of asset-backed security that is secured by a mortgage or collection of mortgages.

Net Promoter Score (NPS)
The NPS is an important and widely known performance indicator used for example for determining customer satisfaction, customer loyalty and also employee satisfaction. The higher this score, the more satisfied and loyal customers and users are. The central question is how likely it is that customers/employee would recommend the company or brand to others. This results in a score that varies between -100 and +100.

Net-Zero Insurance Alliance (NZIA)
A group of insurers committed to converting their insurance and reinsurance portfolios to net-zero greenhouse gas emissions by 2050 in order to contribute to the goals set out in the Paris Agreement: to restrict the average global temperature increase to a maximum of 1.5 to 2 °C. More information can be found here.

Net Zero Asset Managers Initiative (NZAMI)
The NZAMI is an international alliance of asset managers committed to achieving an investment portfolio with net-zero carbon emissions in 2050, in line with the Paris Agreement's goal of a maximum temperature rise of 1.5°C. NZAMI members formulate reduction targets and report on their progress annually. Every five years the interim targets are reviewed and adjusted where necessary. The emphasis here lies on reducing CO_2 in the real economy and investing in climate solutions.

Operating expenses
All expenses associated with selling and operational activities (excluding commissions) after reallocation of claim handling expenses to the claims paid.

Operational risk
The risk that losses may occur from the inadequacy or malfunctioning of internal processes or systems, or external events.

Option
A financial instrument that conveys the right to buy (call option) or a right to sell (put option) a security at a reference price during a specified time frame.

Own risk investments
Own Risk investments relate to the premiums paid by our customers. These are invested in order to be able to meet future commitments.

Parent company
An entity that has control over one or more other companies (the subsidiary).

Partnership for Carbon Accounting Financials (PCAF)
The Partnership for Carbon Accounting Financials has developed a standard for measuring and reporting on the carbon emissions from loans and investments. The PCAF standard is the most commonly used standard internationally for measuring and reporting on financed carbon emissions from loans and investments.

Pillars of the Dutch pension system
In the Netherlands, a pension can be accrued in four different ways. These are known as the four pillars of the Dutch pension system. The first pillar is the state pension (AOW) that senior citizens receive from the Dutch government, the second is the pension that is accrued via the employer, the third is the individual pension accrued on a voluntary basis and the fourth is the accrual of (pension) capital via a person's own home.

SUPPLEMENT G: GLOSSARY

Principles for Responsible Investment (PRI)
The United Nations Principles for Responsible Investment (PRI) represent a framework for institutional investors. Launched in April 2006, the PRI aim to help integrate consideration of environmental, social and governance issues by institutional investors into investment decision-making. Further information is available at www.unpri.org.

Principles for Sustainable Insurance (PSI)
The United Nations Principles for Sustainable Insurance (PSI), launched in 2012, are a standards framework for insurance companies designed to incite the insurance industry to consider environmental impact, social living conditions, transparency, customer interests and corporate governance in its business operations. Further information is available in supplement F. and at www.unepfi.org.

Private equity
An asset class consisting of equity securities of companies that are not publicly traded on a stock exchange.

Prudent remuneration policy
A prudent remuneration policy attempts to find a balance between compensation that is commensurate with the abilities and level of responsibility of our employees, international standards and rules, and the expectations of our stakeholders. The principles for a controlled remuneration policy, as set by regulators De Nederlandsche Bank (DNB) and the Netherlands Authority for the Financial Markets (AFM), serve as the basis for evaluating the remuneration policies of financial companies. The principles and supervision of this policy are aimed at fighting the incentives which could potentially result in undesired and irresponsible risks being taken, which, in turn, could cause customer interests to be neglected.

Responsible investment
Responsible investment (also referred to as ‘ethical investment’ or ‘socially-responsible investment’) is a form of investment whereby financiers consider the impact on human beings and the environment in their investment decisions.

Service book
Portfolio of pension & life insurance contracts. This insurance portfolio consists of a closed portfolio of pension and life insurances in which no new policies are sold and an open portfolio of new sales of term life insurance policies and direct annuities.

Socially accepted return
In order to achieve a socially accepted return, it is important to strike a balance between implementation costs, profit and solvency on the one hand and the amount of the premiums on the other hand. There is a public interest, in particular, in privatised collective provisions such as the basic health insurance.

Solvency
Solvency expresses the degree to which insurers are able to meet their future obligations. All insurance companies are required by law to maintain a specific solvency margin as a safety margin (required solvency margin). This is regulated by De Nederlandsche Bank, thereby providing additional security to policyholders. If an insurance company’s actual solvency margin is equal to the minimum solvency requirement, the solvency ratio is 100%, while if an insurer maintains a capital than required, the solvency ratio exceeds 100%.

Solvency II (SII)
Solvency II is a European Union legislative initiative that became effective in all EU Member States on 1 January 2016. It is a standardised regulatory regime for insurers across Europe and contains legislation regarding insurance solvency and risk convergence.

Spread
The difference between the current bid and the current ask or offered price of a given security.

Stakeholders
Stakeholders are individuals or entities that have a stake in an organisation of whatever nature. They are involved in the organisation’s activities, share in its profits, influence its performance and assess its economic, social and environmental impact. Achmea focuses in her value creation mainly on the following stakeholder groups: customers, employees, capital providers and society.

Subordinated debt
Loans (or securities) that rank after other debts should the company fall into receivership or be closed.

Supplementary health insurance
The supplementary health insurance is a voluntary additional cover to the basic insurance cover, covering medical expenses.

SUPPLEMENT G: GLOSSARY

Sustainable development

Development that meets the needs of today's generation, without endangering the ability of future generations to meet their own needs. Sustainable development encompasses three dimensions: economic, ecological and social. Sustainable development refers to wider environmental and social interests rather than the interests of specific organisations.

Taskforce on Climate-related Financial Disclosures (TCFD)

Taskforce set up in 2015 by the Financial Stability Board to develop climate-related financial risk information. The idea is for the information to offer insight into the financial impact of climate change on an organisation.

Third-party companies

Third-party companies include Achmea subsidiaries of which the social and environmental aspects are not registered at the central level. This is in line with the structure used for HR policy (see also supplement D) and comprises the following entities: Eurocross Assistance, InShared, Klant Contact Services, Pim Mulier and Achmea Vitaliteit / Actify.

Ultimate Forward Rate (UFR)

The UFR represents the notional interest rate after the last liquid point (LLP) in the forward swap market. It is a risk-free notional interest rate used for long-term contracts which are undertraded due to the long period of time involved. The UFR is used for a variety of purposes, including the valuation of specific long-term contracts and to calculate the solvency ratio.

Unit-linked contracts

Life-insurance contract which involves investing in an investment fund through the purchase of units. There is often a choice between equity, bond and mixed funds.

United Nations Universal Declaration of Human Rights

Adopted and proclaimed by the General Assembly of the United Nations on 10 December 1948, the United Nations Universal Declaration of Human Rights sets out the fundamental rights of all people and is a key element of many organisations' codes of conduct as part of their supply-chain responsibility policies.

Underwriting risk

The risk the insurer has taken over from the policyholder. Achmea is exposed to life risk, non-life risk, income risk and health risk as a result of its broad insurance product range.

Value chain

An organisation's value chain includes the activities that convert inputs into outputs by adding value. It includes entities with which the organisation has a direct or indirect business relationship and that either:

- provide products or services that contribute to the organisation's own products or services, or
- receive products or services from the organisation.

VCS certificates

VCS stands for Voluntary Carbon Standard. These standards are used to determine whether carbon emissions are being reduced in sustainable projects. VCS are only used for assessments to obtain VERs (Verified Emission Reduction credits). The VERs issued by VCS are also known as VCUs (Voluntary Carbon Units).

Voting/Voting Policy

Achmea can influence companies by voting. By exercising voting rights, we want to encourage companies to, for example, improve the quality of their management and improve sustainability. We expect this to be positive for the development of shareholder value in the long term. For Dutch companies, our voting policy follows the Dutch Corporate Governance Codes. We also use the recommendations from this code when assessing the agenda items for which voting rights are applied. Outside the Netherlands we use the code of the ICGN (Global Corporate Governance Principles) and the local Corporate Governance Codes as a guideline. The voting policy, which details how Achmea votes on topics such as director appointments, capital structure and remuneration policy, can be found here.

COLOPHON AND CONTACT INFORMATION

Colophon and contact information

This is the English version of the Achmea annual report for 2022. A Dutch version of this report is also available. In the event of any discrepancies between the Dutch and English versions of this report, the Dutch version will take precedence. The annual report can be downloaded from the Achmea website (www.achmea.nl).

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