

Achmea posts strong operational result of €585 million over 2021

- Higher result Non-Health activities due to autonomous growth in the Netherlands and abroad, positive development of the real estate and equity markets
- Result Health activities affected by the €392 million contribution of reserves to limit increases in premiums
- Market leadership in Health reinforced, market position in Non-Life and asset management strengthened; AuM increased to €247 billion
- Raised sustainability ambitions with focus on accelerated climate-neutral business operations, investments and products
- Solvency ratio robust and increased to 214%, even after provisioning for setting 2022 health premiums and recent share buyback
- Free Capital Generation increased to €740 million based on strong results and positive financial markets developments

Bianca Tetteroo, Chair of the Executive Board:

Achmea stands for Sustainable Living. Together.

We want to make a long-term contribution to an inclusive society in which we live alongside each other in harmony and good health without anyone feeling excluded. This starts with peaceful coexistence. It is almost impossible to imagine how drastic it is for people when that is at stake. But the surreal situation in Ukraine shows how little this can be taken for granted, and how vulnerable we are as a society and as human beings.

The situation in Ukraine is, of course, in stark contrast to developments in Dutch society. For the Netherlands, the past year was again dominated by Covid-19, which led to new issues in healthcare and increasing social polarisation. These trends cannot be viewed separately from the other major social challenges we face as a society. The impact of climate change, shortage of affordable housing and tight job market combined with continued pressure on healthcare: these affect people's daily lives, sometimes radically. Many of our colleagues talk to customers every day and hear this at first hand.

It makes us constantly aware of the contribution that Achmea can and wants to make to a world in which we live together sustainably. We do this by insuring existing and new risks and focussing on prevention. By constantly developing innovative, sustainable solutions. And by joining forces with our customers, Vereniging Achmea, Rabobank and other strategic partners to solve major social challenges in the domains of health, living and working, mobility and income. In doing so we create sustainable value for our customers, employees, the company and society. In the Netherlands and abroad.

Considering our many millions of customers we have not just a right, but also an obligation to speak up. We do this through a continuous dialogue with the companies and sectors in which we invest on widely-accepted principles, such as human rights, labour standards and the climate. In 2021 we continued to call on the pharmaceutical industry to assume responsibility in the Covid-19 pandemic and make vaccines more widely available on a global scale. At the end of last year, we also made our position on a fireworks ban clear in a national campaign.

Sustainability ambitions raised

Making society more sustainable is also an important component of Achmea's mission and we raised our ambitions in this respect in 2021. These ambitions are climate-neutral business operations by 2030, a climate-neutral investment portfolio by 2040 and climate-neutral insurance portfolio no later than 2050. In the new Collective Labour Agreement we have included that all colleagues can use a one-off climate budget worth €2,500 net. An extra incentive to make their homes more sustainable. We are also encouraging our customers to live in a more climate-aware manner by offering energy-saving solutions such as green roofs and solar panels. By doing so we are providing valuable services to complement our insurance products.

Despite the energy transition, we will continue to experience more extreme weather phenomena in the future, such as the subsequent storms that hit the Netherlands in February 2022 and the floods in Limburg last summer. There, we were immediately on site to support our customers and take action to repair damages and provide compensation, so that our customers could get back to their lives as quickly as possible. The Maas River was also on the verge of breaking through. Fortunately, this did not happen. Flooding from large rivers is currently not covered in the Netherlands. We believe that all Dutch people should be able to be properly insured against the risk of flooding from the major rivers, the sea and the large inland waterways. As Achmea and through the Dutch Association of Insurers, we are looking together with the government for a suitable solution to this flood risk. It is important to look for a solidarity-based insurance solution, whereby the risk can be insured at a reasonable premium in areas with a relatively high risk of flooding.

Strong financial performance in 2021

In 2021 we realised a strong financial result with a growth in new customers, stable income and an increase in assets under management (AuM). The result on the Non-Health activities increased to €575 million (last year: €395 million) due to autonomous growth and higher investment income. We reinforced our market leadership in Health and strengthened our market position in Non-Life and Asset Management, with AuM growing further to €247 billion. Our Health activities generated a small positive total result of €10 million, despite the contribution of €392 million in reserves to limit increases in premiums. The number of health insurance policyholders grew by about 300,000 to 5.1 million in 2022. In our Non-Health activities Pension & Life in particular earned a sharply higher result, boosted by sound investment results. In Non-Life the result remained stable and robust, despite the higher number of claims arising from natural disasters and provisions for personal injury claims from previous years owing to lower interest rates. At International the result increased in part due to robust growth in the number of customers, premium growth (14%) and an improvement in results in Greece and Slovakia. The result at Retirement Services was affected by the ongoing investments in digitisation, improved customer services, growth and efficiency while the number of customers and revenue continued to grow steadily. The Group's solvency ratio increased to 214% and Free Capital Generation increased to €740 million partly driven by favourable financial market developments.

High customer satisfaction with increased Net Promoter Scores

An important foundation for us is the trust our customers have in our products and services and the high level of appreciation for our customer service. While we operated more hybrid and there was more digital customer service in 2021, the Net Promoter Scores of our biggest brands increased. For example, Centraal Beheer Schade's NPS rose from +23 to +28.

Strategy The Sum of Us aimed at growth

Our solid capital position creates capacity for us to continue investing in growth and customer service, accelerating our strategy The Sum of Us and helping solve social issues. Achmea focuses on growth and has sharpened financial goals for the coming years. To accomplish our goals we operate as one Achmea, with clear roles and responsibilities for all business units. We are strengthening the synergy within the company, optimising our balance sheet, continuing to invest in the development of our engaged employees, and achieving economies of scale in the areas of data and technology, innovative solutions and indirect costs. In addition to growth opportunities in Health and Non-Life, we see opportunity to grow in Retirement Services. We are preparing for the new Dutch pension agreement and support our institutional clients in the transition to the new pension system by providing both asset management solutions and pension services. In this way, we continuously improve the services to our millions of clients with new, innovative products and solutions. We are also expanding our international business with a focus on organic growth in direct distribution channels, targeted acquisitions, the roll-out of InShared in Germany, and growth in Agribusiness.

Sustainable employability employees important

2021 was a year in which Covid-19 still had a major impact on society. A year in which we still mainly served our customers from our 17,000 home offices. The involvement and dedication was no less, as was demonstrated by the high scores of our Employee Engagement Survey. I would like to thank all my colleagues warmly for this. Sustainable employability is very important to us at Achmea. This is reflected in our employment practices and in the employer promise that we have drawn up together with the Central Works Council. This pledge emphasizes the utilization of talents and employee development. The current trends in the labour market only underline the importance of this. It is very rewarding for people to be able to develop themselves throughout their lives. It contributes to individual job satisfaction, healthy businesses, and advancement in the labour market.

As Chair of the Executive Board, I am proud and grateful for being given the opportunity in April 2021 to succeed Willem van Duin. In the same period, Aad Veenman stepped down as Chair of the Supervisory Board and Mijntje Lückerath as member of the Supervisory Board. We welcomed Jan van den Berg as the new chair and Tjahny Bercx as a new member of the Supervisory Board. The Executive Board was strengthened in October last year by the appointment of Daphne de Kluis. As of 1 March this year Henk Timmer resigned from the Executive Board. I am happy that we recently could announce that as of 12 April Michiel Delfos will be appointed as member of the Executive Board and Chief Risk Officer. I would like to offer Willem, Aad, Mijntje and Henk my sincere thanks for their enormous contributions to the company that Achmea is today. It is a huge privilege to be able to head this wonderful company and to steer it in the role we envisage for ourselves. Our vision of Sustainable Living. Together will be our guide over the next few years. Anchored in our strategy, this is the driving force behind our goal of creating a sustainable and inclusive society. For today's generation and all those still to come.

ACHMEA ANNUAL RESULTS 2021 - 10 MARCH 2022

For the presentation of the annual results and more information please visit:

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Group results

KEY FIGURES

	(€ MILLION)		
RESULTS	2021	2020	Δ
Non-Life Netherlands	264	260	2%
Pension & Life Netherlands	392	253	55%
Retirement Services	18	22	-18%
International activities	47	23	104%
Other activities	-146	-163	n.m.*
Operational result excluding Health Netherlands	575	395	46%
Health Netherlands	10	235	-96%
of which Basic Health Insurance	-127	75	n.m.*
of which Supplementary Health Insurance	140	166	-16%
Operational result including Health Netherlands	585	630	-7%
Corporate income tax impact rate change	-19	-92	n.m.*
Corporate income tax expenses	136	80	70%
Net result	468	642	-27%
Gross operating expenses¹	2,132	2,058	4%
Non-Life Netherlands	3,766	3,668	3%
Health Netherlands	14,025	14,284	-2%
Pension & Life Netherlands	859	1,005	-15%
International activities	1,260	1,104	14%
Gross written premiums	20,026	20,175	-1%
BALANCE SHEET	31-12-2021	31-12-2020	Δ
Total assets	89,506	93,655	-4%
Total equity	10,633	10,559	1%
ASSETS UNDER MANAGEMENT (in € billion)	31-12-2021	31-12-2020	Δ
Achmea Investment Management	220	203	8%
Syntrus Achmea Real Estate & Finance	40	37	7%
Total Assets under Management**	247	227	9%
SOLVENCY II	31-12-2021	31-12-2020	Δ
Solvency ratio after dividend ²	214%	208%	6%-pt
RATINGS	31-12-2021	31-12-2020	
S&P (Financial Strength Rating)	A (Stable)	A (Stable)	
Fitch (Insurer Financial Strength)	A+ (Stable)	A+ (Stable)	
EMPLOYEES IN THE NETHERLANDS AND ABROAD³	31-12-2021	31-12-2020	Δ
FTEs Netherlands	13,672	14,062	-3%
FTEs International	3,152	3,205	-2%
Total FTEs	16,824	17,267	-3%

*n. m.: not meaningful

**Total Assets under Management after eliminations

Group results

OVERVIEW OF GROUP RESULTS

Achmea earned a strong operational result of €585 million in 2021 (2020: €630 million). The result from our health business is lower than last year, primarily owing to the contribution of reserves to limit increases in premiums. The Non-Health result is significantly higher thanks to autonomous growth and a sharp upturn in investment income. Non-Life noted a sound operational result supported by premium growth. The increase in result at Pension & Life was largely driven by the higher investment results. At Retirement Services, the result decreased due to investments in improved customer services, growth and efficiency, while at International the result increased in part due to robust growth in the number of customers, premium growth and an improvement in the result in Slovakia and Greece.

The operational result at Non-Life Netherlands increased marginally to €264 million in 2021 (2020: €260 million). The insurance results are lower because of a higher cost of claims caused by snowstorm Darcy in early 2021 and the flooding in Limburg, as well as additional provisions for personal injury claims from previous years, partly owing to the continued low market interest rates. This was offset to some extent by an improved result at income protection insurance and a decline in the number of break-ins and traffic accidents, in part due to Covid-19. The drop in the expense ratio caused by further digitisation and efficiency improvements also made a positive contribution. The combined ratio increased to 93.9% (2020: 92.9%). The investment results were slightly higher.

Health Netherlands earned a result of €10 million in 2021 (2020: €235 million). The lower results are mainly caused by the allocation of our reserves to limit the increase in premiums for 2022. This was offset to some extent by the government contribution from the statutory catastrophe scheme in relation to Covid-19, lower health expenses in part due to a scaling down in elective care and a positive result on supplementary health insurance.

The operational result at Pension & Life Netherlands increased to €392 million in 2021 (2020: €253 million). This improvement was mainly driven by an increase in the investment results because of the positive development of financial markets and by lower expenses because of efficiency improvements.

The operational result for Retirement Services decreased to €18 million in 2021 (2020: €22 million). This decrease is due to higher expenses, in part related to investments in data-driven customer services, improvement of the organisation and preparations for market developments, such as the new pension agreement. Assets under Management increased by 9% to €247 billion thanks to the inflow of new customers.

The operational result for the International activities grew by €24 million to €47 million (2020: €23 million). This increase was primarily driven by an improvement in the result in Slovakia, partly due to one-off effects and partly due to lesser impact of

Covid-19 compared to 2020. The International activities realised strong premium growth while expenses increased moderately.

The result on Other activities improved by €17 million to €146 million negative. The operational result of Achmea Reinsurance increased to €27 million (2020: €2 million) owing to higher investment results and fewer claims in the Achmea portfolio. Financing expenses were lower as well. The result on our Other activities is negative because a significant portion of the expenses from the holding company and shared service activities, as well as the financing expenses for the bonds issued by Achmea, are shown in this segment.

Net result

The net result amounted to €468 million in 2021 (2020: €642 million). The effective tax expenses were €117 million (19.9%), €129 million higher than in the same period last year (2020: effective tax rate -1.8%). The reversal of a planned reduction of income tax rates in 2020 and the higher taxable results as a consequence of the sound result at the Non-Health activities in 2021 are the main drivers for the higher effective tax rate over 2021 compared to 2020.

Income

Gross written premiums decreased slightly by 1% to €20,026 million in 2021 (2020: €20,175 million). A reduction in premiums at Health, and in the Life service book caused by the run-off of the portfolio, was partly offset by premium growth in our strategically important growth markets of Non-Life and International, as well as by revenue growth at Retirement Services.

Written premiums at Non-Life Netherlands grew by 3% to €3,766 million (2020: €3,668 million) thanks to an increase in the number of retail and business customers at property & casualty. Premiums from our international property & casualty and income protection business grew by 8% to €560 million (2020: €518 million), mostly from growth in Australia and Greece.

Premiums within Health Netherlands decreased by 2% overall to €14,025 million (2020: €14,284 million) because of a drop in the number of policyholders in 2021 and a lower contribution per policyholder from the Health Insurance Equalisation Fund. Premiums from our international health business grew by 20% to €664 million (2020: €555 million), primarily due to growth in Slovakia.

Written premiums from pension and life insurance policies decreased by 13% to €938 million (2020: €1,078 million) due to the reduction in premiums at Pension & Life Netherlands. This decrease is in line with our service-book strategy.

At Retirement Services, income increased by 8% to €396 million in 2021 (2020: €368 million), mainly because of higher income from fees related to new customers.

Group results

GROSS WRITTEN PREMIUMS IN THE NETHERLANDS AND ABROAD

	(€ MILLION)		
	2021	2020	Δ
Non-Life	4,399	4,258	3%
Health	14,689	14,839	-1%
Life	938	1,078	-13%
Gross written premiums	20,026	20,175	-1%

Operating expenses

Gross operating expenses increased by 4% to €2,132 million in 2021 (2020: €2,058 million). Despite the overall improvement in efficiency, this increase was caused by higher personnel expenses deriving from indexations and higher pension contributions.

The total number of employees decreased to 16,824 FTEs (year-end 2020³: 17,267 FTEs). In the Netherlands, the number of FTEs decreased to 13,672 (year-end 2020³: 14,062 FTEs), mainly in the Health segment.

The total number of employees outside the Netherlands decreased to 3,152 FTEs (year-end 2020³: 3,205 FTEs).

Investments

Investment income⁴ from our own risk investment portfolio was €1,144 million in 2021 (2020: €993 million). The higher investment income is driven by financial market developments which were characterized by further recovery and growth after the economic decline in 2020. Equity markets rose and capital market yields increased. Spreads on corporate bonds initially tightened, only to widen again due to the drop in demand and growing risk perception.

The higher investment income consists for €124 million of higher residential, office and retail property valuations. Furthermore, compared to 2020 the impact of impairments on equities and fixed-income securities is €61 million lower over 2021. The investment income was also positively affected by the higher realised gains on equities (€65 million) and a higher result on commodity positions (€20 million). These positive effects were mitigated somewhat by the lower direct yields on fixed-income securities (€42 million).

Although by far the largest portion of our investment portfolio comprises fixed-income investments, the changes in the value of our fixed-income securities and interest-rate derivatives in our Dutch pension and life insurance business, caused by fluctuations in market interest rates, are not immediately visible in the results. All realised and unrealised investment income on fixed-income securities and interest-rate derivatives for own account and risk are set aside in a Provision for discounting of insurance liabilities. This forms part of our technical provisions to cover liabilities to our customers with pension or life insurance policies. Our fixed-income and interest-rate derivatives portfolio has decreased in value as a result of the higher yields and wider credit spreads. Although under the accounting rules this has no impact on the

result, this led to a decrease of the Provision for discounting of insurance liabilities by €2.2 billion to €9.7 billion in 2021 (year-end 2020: €11.9 billion).

The value of the total investment portfolio decreased to €51.9 billion (year-end 2020: €54.6 billion). This was largely due to the upturn in interest rates and wider credit spreads.

CAPITAL MANAGEMENT

Total equity

Achmea's equity increased by €74 million to €10,633 million in 2021 (year-end 2020: €10,559 million). This is mainly due to the addition of the net result, dividend and coupon payments amounting to €222 million and share buybacks totalling €131 million in December 2021.

DEVELOPMENT OF TOTAL EQUITY

	(€ MILLION)
Total equity 31-12-2020	10,559
Net result	468
Movement in revaluation reserve	22
Movement in exchange difference reserve	-42
Remeasurement of net defined benefit liability	-21
Dividends and coupon payments to holders of equity instruments	-222
Share buyback	-131
Total equity 31-12-2021	10,633

Solvency II

The solvency position of Achmea Group, partly based on internal models for calculating the required capital for the insurance risks of the property & casualty and income protection insurance and for market risks, increased to 214% in 2021. Apart from the strong operational result, this was also due to positive market developments, such as higher equity prices, property prices and tighter spreads on mortgages. The higher interest rates led to a decrease in the solvency capital requirement for longevity risk. In addition to the market developments, models changes and portfolio developments also had a positive impact on the Solvency II ratio. These positive developments were partly offset by the reduction in the UFR⁵ as of 1 January 2021, higher inflation forecasts, the share buyback programme and planned dividend and coupon payments.

SOLVENCY II RATIO FOR ACHMEA GROUP

	(€ MILLION)		
	31-12-2021	31-12-2020	Δ
Eligible Own Funds under Solvency II	10,363	10,696	-333
Solvency Capital Requirement	4,853	5,153	-300
Surplus	5,510	5,543	-33
Solvency II Ratio³	214%	208%	6%-pt

Group results

Free Capital Generation⁶

Total Free Capital Generation (FCG) amounted to €740 million in 2021. The FCG was mainly driven by portfolio developments, including the release of capital in the Pension & Life Netherlands service book, and by favourable market developments. The methodology and model changes also contributed positively to the FCG. Non-economic assumptions, including higher inflation forecasts, and the reduction of the UFR to 3.60% as of 1 January 2021 had a negative impact on the FCG. The operational result from the Dutch health business is not included in the FCG.

Financing

The debt-leverage ratio⁷ decreased to 23.9% (year-end 2020: 24.0%) because of an increase in total equity versus an unchanged debt position.

The fixed-charge coverage ratio improved marginally to 6.0x⁸ (2020: 5.9x), mostly due to the lower interest expenses resulting from the refinancing of €750 million in Senior Unsecured Notes at the end of 2020.

On 2 August 2021, 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, with a capital position of at least in the A range and a fixed-charge coverage ratio of 4x or higher. The credit rating (ICR⁹) for Achmea B.V. remained unchanged at BBB+. The rating (FSR¹⁰) 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 5 August 2021. This decision was supported by a score of Very Strong with regard to the business profile, capitalisation and leverage. Its ratings are A (IDR¹¹) and A+ (IFS¹²) respectively with a stable outlook.

Uncertainties

Uncertainty is an inherent part of our line of business. As an example, it is uncertain how the geopolitical situation, financial markets and Covid-19 will develop in the near future. The risks relating to the financial markets, and also related to the course of the recent events in Ukraine, are limited as much as possible through the investment policy and the restrictions it contains. The impact and volatility are kept within specific ranges based on the set limits for the various investments and interest rate sensitivities.

The result from our Dutch health business depends to an extent on the further evolution and duration of the Covid-19 pandemic, potential catch-up care that is required and the market dynamics surrounding setting premiums for 2023, partly in relation to termination of market-wide group discount. The catastrophe scheme will no longer apply from 1 January 2022. Covid-19-related expenses will therefore be part of the regular medical expenses. These expenses can be netted with the equalisation contribution at a later date through subsequent calculations.

Furthermore, changes to inflation expectations could have an impact on our future results and solvency development. Given the nature of our activities, there is always a risk of a catastrophe arising. This risk is restricted by means of reinsurance agreements.

It is not yet possible to assess the exact impact from the consecutive storms that hit the Netherlands in February 2022 and this is not included in the results over 2021. First estimates of the claim amount are up to €200 million, after re-insurance the impact on the result is about €100 million. The impact will be included in the results over the first half of 2022.

In addition, the course of events in Ukraine, international measures and the economic impact of these on financial markets and inflation are closely monitored. The extent of Achmea's investments in Russia, Ukraine and Belarus is very limited.

Non-Life Netherlands

- Premium growth through strong online distribution and highly-rated customer services
- Stable operational result of €264 million; combined ratio 93.9%
- Decreasing expense ratio due to further digitisation and efficiency improvements

RESULTS

	2021	2020	Δ
Gross written premiums	3,766	3,668	3%
Operating expenses	909	901	1%
Operational result	264	260	2%

NON-LIFE NETHERLANDS

	2021	2020	Δ
Claims ratio	69.3%	67.8%	1.5%-pt
Expense ratio	24.6%	25.1%	-0.5%-pt
Combined ratio	93.9%	92.9%	1.0%-pt

GENERAL INFORMATION

Achmea is the market leader in property & casualty and income protection insurance. We provide our retail and business customers with products such as mobility, home, liability and travel insurance. In addition, we offer sickness and disability insurance. We assist our customers on a daily basis when they are confronted with damage to their property or cause damage themselves. But also by continuing to pay their salaries when they become ill or disabled. In addition we are fully committed to creating added social value and to digitisation and, for example, giving our customers insight into the risks to which they are exposed. In doing so, we help our customers to prevent or restrict damage as much as possible. We distribute our products and services directly through our brands Centraal Beheer, FBTO and InShared, which gives us a strong position in the retail market. The InShared label was also launched in Germany at the end of 2021. Interpolis is the brand for customers of our important partner Rabobank and via Avéro Achmea we have an excellent partnership with intermediaries. Our focus is on a high level of customer satisfaction, social added value and digitisation of processes. This focus enables us to build on our market leadership, strong brands and wide distribution.

Gross written premiums

Gross written premiums increased by 3% to €3,766 million in 2021 (2020: €3,668 million). This growth was primarily driven by an increase in the number of retail and SME customers at property & casualty.

Gross written premiums from our property & casualty insurance business increased by 4% to €3,136 million (2020: €3,021 million) based on strong online distribution and highly-rated customer propositions in both the retail and commercial lines, as well as growth in NV Hagelunie's international portfolio.

Gross written premiums from the income protection insurance business decreased to €630 million in 2021 (2020: €647 million).

Operating expenses

Operating expenses increased marginally to €909 million in 2021 (2020: €901 million). The expense ratio decreased to 24.6% (2020: 25.1%) due to ongoing digitisation, efficiency improvements and increased revenue.

Operational result

The operational result at Non-Life increased to €264 million in 2021 (2020: €260 million). On balance the insurance result is lower. The combined ratio increased to 93.9% (2020: 92.9%) and remains solid. The investment results were slightly higher owing to the positive developments on the financial markets and the optimisation of the investment portfolio.

The result on property & casualty insurance decreased to €210 million in 2021 (2020: €238 million). This led to an increase in the combined ratio for the property & casualty insurance business to 94.4% (2020: 92.2%). The result was positively impacted by fewer reported claims caused by a decrease in the number of break-ins and traffic accidents, the latter in part due to lower traffic volumes during the Covid-19 pandemic. On the other hand, a higher cost of claims resulting from snowstorm Darcy in early 2021 and from flooding in Limburg has been incurred. Furthermore, additional provisions were being made in 2021 for personal injury claims from previous years, partly due to the continued low market interest rates.

The result from income protection insurance increased to €54 million in 2021 (2020: €22 million), despite the higher number of claims and longer recovery periods caused by Covid-19. The higher result derives from improvements (including premium adjustments) in the disability insurance for the self-employed, sickness and WIA (Disability Act) insurance portfolios. Our ongoing focus on timely convalescence is leading to a better result, with the combined ratio for income protection improving to 91.1% (2020: 96.9%).

Health Netherlands

- Positive result despite allocation of reserves to limit increase in premiums
- Further reduction in operational costs owing to ongoing focus on efficient business operations, with lowest costs per policyholder
- Number of customers up by 300,000 to 5.1 million in 2022

RESULTS

	2021	2020	Δ
Gross written premiums	14,025	14,284	-2%
Operating expenses	469	477	-2%
Operational result	10	235	-96%
Result current year	-47	260	n.m.*
Result prior years ¹³	57	-25	n.m.*

BASIC HEALTH

	2021	2020	Δ
Claims ratio	99.6%	97.6%	2.0%-pt
Expense ratio	1.8%	1.8%	-
Combined ratio	101.4%	99.4%	2.0%-pt

SUPPLEMENTARY HEALTH

	2021	2020	Δ
Claims ratio	79.2%	76.0%	3.2%-pt
Expense ratio	10.0%	10.6%	-0.6%-pt
Combined ratio	89.2%	86.6%	2.6%-pt

*n.m.: not meaningful

GENERAL INFORMATION

Zilveren Kruis, De Friesland, Interpolis, FBTO and Pro Life offer basic and supplementary health insurance. Emergency response centre Eurocross Assistance Company provides healthcare services worldwide. To ensure that healthcare remains affordable in the future, Achmea focuses on preventing illness and promoting a healthy lifestyle. Zilveren Kruis and Achmea's other health insurance brands aim to bring good health closer to everyone. Our ambition is to be able to provide healthcare online and at customers' homes ('zorg digitaal en thuis'). This will reduce the impact of treatments, improve the quality of life and help keep premiums affordable. Initiatives such as 'Gezond Ondernemen' (Healthy Enterprise) and the Actify lifestyle platform enable us to help our customers live and work healthier and motivate them to a healthy lifestyle.

Organising solidarity between customers and uniting various stakeholders in healthcare are objectives aligned with Achmea's cooperative identity. This is one way we give substance to our role in society.

Achmea is the market leader in health insurance. About 5.1 million people in the Netherlands opted to be insured by one of our health insurance brands in 2022. A substantial increase of about 300,000 policyholders compared to 2021 which translates into an estimated market share of 29% in 2022 (2021: 28%). Our market leadership and continued focus on efficient business

operations is reflected in the lowest cost per policyholder in the market.

Covid-19

The Covid-19 pandemic continues to have a large impact on healthcare, health insurers and society as a whole. Although the pandemic is now more under control, in part thanks to the vaccines, it continues to affect elective care. This could mean that catch-up care is required to compensate for care that was not provided. The catch-up care will be limited by the available healthcare capacity. Moreover, it will no longer be possible to catch up on some of the care that was not provided. There remains uncertainty about how long the impact of the Covid-19 pandemic will last.

Based on the statutory catastrophe scheme, higher Covid-19-related costs incurred by healthcare insurers in the Netherlands are largely compensated by additional contributions from the Health Insurance Equalisation Fund. As a result, health insurers received compensation for the Covid-19 expenses incurred above the own risk threshold. This catastrophe scheme applies to Covid-19 expenses incurred in 2020 and 2021.

With the approval of the Dutch Authority for Consumers & Markets (ACM), health insurers have also agreed to jointly absorb the consequences of Covid-19 for the 2020 and 2021 underwriting years, and to distribute the expenses resulting from Covid-19 and the compensation from the catastrophe scheme

Health Netherlands

based on their market share and incurred expenses as evenly as possible.

The catastrophe scheme will no longer apply from 1 January 2022. Covid-19-related expenses will then be part of regular medical expenses, with the macro risk being restricted by retrospective correction of total costs.

Gross written premiums

Gross written premiums from basic and supplementary health insurance were €14,025 million and therefore lower than last year (2020: €14,284 million). Gross written premiums from basic health insurance amounted to €12,816 million (2020: €13,064 million). Premiums decreased by about 2% because of a drop in the number of policyholders in 2021 and a lower contribution per policyholder from the Health Insurance Equalisation Fund. These effects were partly compensated by higher average premiums per policyholder and by the additional contributions from the catastrophe scheme in relation to the Covid-19 pandemic.

Gross written premiums from supplementary health insurance declined slightly to €1,209 million (2020: €1,220 million). This is due to a marginal decline in the number of policyholders in 2021.

Operating expenses

The total operating expenses of our health activities decreased to €469 million (2020: €477 million). This decrease is mainly due to a more efficient organisation and a temporary effect from the Covid-19 pandemic, as a result of which there is less work, which in turn leads to fewer FTEs being required and lower personnel expenses.

Operational result

The operational result from our health business amounted to €10 million in 2021 (2020: €235 million). The negative result on basic health insurance was caused by the contribution of capital to limit the increase in premiums for 2022. The result on other activities, including the healthcare offices and services, was negative as well. This was offset by a positive result on supplementary health insurance.

Basic health insurance

The operational result from basic health insurance amounted to €127 million negative over 2021 (2020: €75 million). The operational result in the current underwriting year was

€197 million negative (2020: €107 million). The negative result can mainly be explained by the contribution of €392 million from our reserves to limit increases in basic health insurance premiums in 2022 (2020: €136 million). This was partly compensated by lower-than-expected medical expenses for district nursing, the scaling down in elective care and a higher contribution from the statutory catastrophe scheme. The result from prior years amounted to €70 million (2020: €32 million negative) and is primarily owing to the additional contribution from the catastrophe scheme over the 2020 underwriting year.

In line with the results, the combined ratio of basic health insurance increased to 101.4% (2020: 99.4%) versus 2020.

Supplementary health insurance

Supplementary health insurance policies accounted for €140 million of the operational result from the health business (2020: €166 million); €153 million of the result derives from the current underwriting year (2020: €159 million). In addition there was a negative result from previous underwriting years of €13 million (2020: €7 million). Despite the slight decrease, the result remains high given the lower use of elective care in 2021.

Compared to last year, the percentage of basic health insurance policyholders with supplementary coverage declined marginally to about 74% (2020: 75%).

The combined ratio of supplementary health insurance policies increased in 2021 and stood at 89.2% (2020: 86.6%), mainly as a result of higher health expenses compared to last year.

Other (healthcare offices and services)

The Other category relates to healthcare offices that implement the Long-term Care Act (Wlz) and the healthcare service companies. The healthcare service companies, particularly Eurocross, aim to assist customers if they urgently require healthcare when abroad, travelling in the Netherlands or at home and to help people to improve their vitality at work and in everyday life. Although revenues of the healthcare offices largely disappeared due to the Covid-19 pandemic, an improvement in the operational result was achieved. The operational result for Other was €3 million negative in 2021 (2020: €6 million negative). This improvement is mainly due to cost savings and the support Eurocross gave public health services in source and contact tracing for Covid-19.

Pension & Life Netherlands

- Significantly higher result from positive developments on the real estate and equity markets
- Growth in written premiums for term life insurance
- Operating expenses further reduced

RESULTS

(€ MILLION)

	2021	2020	Δ
Gross written premiums	859	1,005	-15%
Operating expenses	144	149	-3%
Operational result	392	253	55%

GENERAL INFORMATION

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

The total technical provisions are evolving in line with the natural development of the portfolio, but at the same time are affected by market trends and short-term volatility. The technical provisions decreased by 7% to €44 billion in 2021.

Gross written premiums

Total gross written premiums decreased by 15% to €859 million in 2021 (2020: €1,005 million). Of this amount, €235 million came from the open book and €623 million from the service-book.

The open-book portfolio realised an increase in written premiums from term life insurance policies to €66 million (2020: €58 million). Production of individual annuities and pensions amounted to €170 million in 2021 (2020: €205 million).

Written premiums on our service-book pension portfolio totalled €64 million in 2021 (2020: €136 million), while total written premiums on our service-book life insurance portfolio amounted to €559 million (2020: €606 million). In line with our strategy, no new insurance contracts are being sold in these portfolios. The decline in premium income is in accordance with expectations and the result of natural portfolio development.

Operating expenses

Operating expenses decreased by €5 million to €144 million in 2021 (2020: €149 million). Expenses are evolving in line with expectations, with previous IT investments leading to a reduction in expenses. To accomplish this we invested in migration to a smaller number of systems. In addition, further investment in digital customer service has led to an improvement in efficiency.

Operational result

The operational result increased to €392 million in 2021 (2020: €253 million), mostly driven by an investment result that was €140 million higher than the previous year. This was mainly driven by positive developments on the equity and commodity markets and positive revaluations on the property markets.

Covid-19 had a minor impact on the technical result in both 2021 and 2020.

Retirement Services Netherlands

- AuM increases to €247 billion
- More pension funds opted in 2021 for our services
- Well-positioned for further growth through investments in efficient IT-systems and data-driven services

RESULTS

(€ MILLION)

RETIREMENT SERVICES	2021	2020	Δ
Total income	396	368	8%
Of which: administration and management fees pension administration	251	235	7%
Operating expenses ¹⁴	378	346	9%
Operational result¹⁵	18	22	-18%

ACHMEA BANK	2021	2020	Δ
Net interest margin	138	142	-3%
Fair value result ¹⁶	4	-8	n.m.*
Operating expenses	101	106	-5%
Changes to loan loss provisions	-2	-3	-33%

	31-12-2021	31-12-2020	Δ
Common Equity Tier 1 ratio	20.9%	20.4%	0.5%-pt

(€ BILLION)

ASSETS UNDER MANAGEMENT ¹⁷	31-12-2021	31-12-2020	Δ
Achmea Investment Management	220	203	17
Syntrus Achmea Real Estate & Finance	40	37	3
Total Assets under Management**	247	227	20

* n.m.: not meaningful

** Total assets under management after eliminations

GENERAL INFORMATION

Through Retirement Services Achmea provides (financial) solutions for institutional and retail customers for today and tomorrow. We are well positioned for the new pension agreement. We administer pension schemes for pension funds, including the Centraal Beheer General Pension Fund (APF), and support and advise employers on issues relating to retirement services. We provide products for asset accrual and support via strategic and portfolio advice. In addition, Retirement Services manages investments on behalf of Achmea Group, pension funds and the Achmea pension fund as well as institutional investors. Here we opt for sustainable investments that yield a financial and social return. In the retail market we position ourselves as a broad financial service provider that offers a wide range of savings, investment, mortgage and insurance products.

Our ambition is to achieve commercial growth. To this end, we are investing in scalability, flexibility and complexity reduction in the organisation. Furthermore, we are committed to diversification by means of balance sheet transactions with

institutional parties and partnerships with external parties with a view to expanding our services and achieving economies of scale.

Achmea Pension Services, Achmea Investment Management, Syntrus Achmea Real Estate & Finance and Achmea Bank all work together to achieve the ambitions of Retirement Services, with Centraal Beheer as the primary brand.

Operational result

The operational result for Retirement Services decreased to €18 million in 2021 (2020: €22 million). This is due to increased investments in data-driven customer services and investments in IT-systems in preparation for market developments, such as the new pension agreement. More expenses have also been allocated to this segment on balance. Assets under management increased to €247 billion (2020: €227 billion). In part as a result of the growth in assets under management, revenue climbed by 8% to €396 million in 2021 (2020: €368 million).

Retirement Services Netherlands

Achmea Bank

It was another highly competitive year on the mortgage market, with the low interest rate environment again prompting many people to move or convert their mortgages, with demand for longer fixed-rate periods. Production volume increased to €771 million in 2021 (2020: €703 million), most of which was arranged via the new Achmea Mortgages Investment Platform. In addition we acquired a €500 million mortgage portfolio from a.s.r. at the end of 2021. This transaction forms part of a multi-year strategic partnership. The high number of early repayments caused the mortgage portfolio to decrease on balance to €11.1 billion (2020: €11.6 billion).

Achmea Bank's result grew by €6 million to €41 million (2020: €35 million). The improved result was driven by higher compensation for early redemptions, lower expenses, a higher fair value result and lower loan loss provisions. The lower loan loss provisions are due to the portfolio's low credit risk profile, boosted by the continued positive trends on the housing market.

As of 31 December 2021, the Common Equity Tier 1 ratio stood at 20.9% (31 December 2020: 20.4%).

Achmea Investment Management

Assets under management at Achmea Investment Management increased by €17 billion to €220 billion as of year-end 2021 (year-end 2020: €203 billion). This is primarily thanks to new clients, such as Stichting Pensioenfonds Openbare Apothekers (€2 billion), Ahold Delhaize Pensioen (€6 billion) and ASN Vermogensbeheer (€3 billion), inflow into the CB APF (€3 billion), the inflow of TNT express into Pensioenfonds Vervoer (€1 billion) and positive returns pushing up the value of the portfolios.

The operational result of Achmea Investment Management amounted to €4 million in 2021 (2020: €12 million). This decrease is mainly owing to higher cost allocation with an impact of €8 million. Expenses were also higher due to an increase in the number of employees and investments in the IT and data landscape. As a result of the expansion of the client portfolio and an increase in services, revenue was about €12 million higher than in 2020. The investments in the IT and data landscape aim to strengthen the company's foundations and make it future-proof, including in relation to sustainability legislation and the estimated impact of the new pension agreement.

At an ICAAP ratio of 168%, Achmea Investment Management's capital position is strong.

Achmea Pension Services

Achmea Pension Services has concluded new contracts with Stichting Pensioenfonds Huisartsen (SPH) and Stichting Pensioenfonds Ahold Delhaize (ADP) to provide services from 1 January 2022. Moreover, Achmea Pension Services is currently in talks with several potential new clients interested in our services. Our clients rate our services highly.

The past year has been spent working hard preparing our new pension platform for serving the first DC fund. In the course of 2022, further functionality will be added to make the platform operational and available. .

Several more pension funds and employers (including HP) opted to join the Centraal Beheer APF in 2021, further boosting its position in the market.

The operational result at Achmea Pension Services was €28 million negative in 2021 (2020: €26 million negative). Compared to last year, revenue increased by €2 million. Set against this is an increase in expenses of €5 million, €4 million of which relates to the investment programme initiated in 2020.

Syntrus Achmea Real Estate & Finance

In 2021, assets under management in real estate and mortgages grew to €40 billion (year-end 2020: €37 billion), despite the sale of the Zakelijke Hypotheekfonds (€838 million) in the second quarter. Existing mandates have been expanded and new mandates realised. Total revenue increased to €123 million (2020: €101 million), mainly as a result of integration of the mortgage activities within Achmea as of October 2020 and the expansion of services to investors via the Achmea Mortgages Investment Platform. The mortgages provided through this platform are sold under the Centraal Beheer brand. The real estate investments have continued to grow to €12 billion, mostly owing to higher property valuations. The operational result over 2021 was €1 million (2020: €1 million).

The residential and healthcare property portfolios were unaffected by the Covid-19 crisis. Demand for owner-occupied houses and therefore mortgages remained high. Despite the retail portfolio being hit hard by Covid-19, a partial recovery versus 2020 was visible here as well.

At an ICAAP ratio of 134%, the capital position remains strong and solid, allowing us to continue our investment and growth and to evolve into a leading asset manager specialising in real estate and mortgages.

International activities

- Result grows to €47 million, with higher contributions from Slovakia and Greece
- Strong premium growth at International activities with slightly higher expenses
- Acquisitions of price comparison website InsuranceMarket.gr and Poštová poisťovňa completed, with focus on online distribution and growth

RESULTS

(€ MILLION)

	2021	2020	Δ
Gross written premiums	1,260	1,104	14%
Operating expenses	248	242	2%
Operational result	47	23	104%

GROSS WRITTEN PREMIUMS PER COUNTRY

	2021	2020	Δ
Slovakia	609	487	25%
Greece	367	351	5%
Turkey	236	231	2%
Australia	48	35	39%

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. In doing so, we focus on growth in existing and new market segments.

As part of this strategy, in 2021 Achmea acquired all outstanding shares in leading price comparison website Insurance Market for the Greek insurance market. The acquisition of Slovakian insurer Poštová poisťovňa was completed in 2021 as well. This will increase Union's scale as well as boosting its distribution capacity via the online channel, banking distribution and a national network of 1,500 post offices. This makes the acquisition a sound addition in the context of Achmea's international growth strategy.

Gross written premiums

Gross written premiums increased by 14% to €1,260 million (2020: €1,104 million). Adjusted for exchange rate effects, the increase amounts to 22%.

In Slovakia, written premiums in the health business grew by 25%. The acquisition of Slovakian insurer Poštová poisťovňa's portfolio and the resulting boost to distribution capacity via the online and banking channels meant that the property & casualty and life business realised growth of 23%.

In Greece, Interamerican posted growth of 5% on an aggregated level. The direct online start-up of Interamerican in Cyprus grew by 13%. Interamerican realised growth in excess of 7% in its property & casualty business versus 2020, partly because of its leading role in creating a mobility ecosystem, and in doing so has

strengthened its position as market leader. Its health business noted 3% growth in gross written premiums, largely thanks to modular healthcare product BeWell.

In Turkey, gross written premiums climbed 2% in euros despite the devaluation of the Turkish lira. The fire insurance portfolio in particular realised robust autonomous growth, partly thanks to actively using the long-term partnership with Garanti BBVA and its network.

In Australia, gross written premiums grew by about 33% in local currency to AUD76 million (2020: AUD57 million) owing to its unique 'All-in-One Farm Pack'. When converted to euros, this translates into a growth rate of 39%. This premium growth was made possible by the partnerships with Rabobank and Angus Australia.

In Canada, Onlia continued to grow via its digital business model.

Operating expenses

Operating expenses amounted to €248 million in 2021, an increase of 2% compared to 2020 (€242 million) and significantly lower than the premium growth of 14%.

Operational result

The total operational result of €47 million is €24 million higher than in 2020 (€23 million). This is mostly due to an improvement in the result in Slovakia, partly due to one-off effects and partly due to lesser impact of Covid-19 compared to 2020. Australia and Greece were hit by natural disasters, leading to a total impact of €19 million on the result in 2021 (€12 million in 2020). Furthermore, additional acquisitions made a positive contribution to the result of €5 million.

Other activities

- Improved result due to lower financing charges and higher result at Achmea Reinsurance

RESULTS

(€ MILLION)

	2021	2020	Δ
Total gross income	381	319	19%
Operating expenses	157	142	11%
Interest and similar expenses	58	72	-19%
Operational result	-146	-163	n.m.*
ACHMEA REINSURANCE			
Gross written premiums	312	289	8%
Operational result	27	2	n.m.*

*n.m.: not meaningful

GENERAL INFORMATION

Other activities includes the results of Achmea Reinsurance. In addition a significant part of the result relates to the expenses for activities at holding company level and at the Shared Service Centres.

Operational result

The operational result amounted to €146 million negative, an improvement of €17 million versus 2020. The result on our Other activities comprises the expenses from the holding company and shared service activities, as well as the financing charges for the bonds issued by Achmea. Underlying, the operational result of Achmea Reinsurance increased to €27 million. The result also improved thanks to decreased interest expenses on a bond that was refinanced in 2020 and to fewer expenses remaining at the holding.

ACHMEA REINSURANCE COMPANY NV

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

Gross written premiums amounted to €312 million in 2021, an increase compared to 2020 (€289 million). This increase is mainly driven by higher written premiums from Achmea portfolios following further integration of the reinsurance programmes of the International activities in the group reinsurance programme, portfolio growth and rising reinsurance premiums. Achmea Reinsurance's risk profile remained unchanged.

The operational result was €27 million in 2021 (2020: €2 million). The result is higher than in 2020, primarily thanks to higher investment results and fewer claims in the Achmea portfolio. The lower 2020 result was due to corporate fire claims in the Achmea portfolio and the impact of Covid-19 on investment results and third party portfolios.

Footnotes

GROUP RESULTS

Key figures

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

² The 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.

Investments

⁴ Investment income consists of investment income (own risk) in the Consolidated Income Statement, including income from associates and joint ventures and realised and unrealised gains and losses, adjusted for investment income directly related to the insurance liabilities (both fair value and other).

Solvency II

⁵ UFR: Ultimate Forward Rate

Free Capital Generation

⁶ This relates to the amount of free capital that is generated. This is the increase in capital above the Solvency Capital Requirement.

Financing

⁷ Leverage ratio: (non-banking debt + perpetual subordinated bonds) as a percentage of the total (total equity + non-banking debt + perpetual subordinated bonds minus goodwill)

⁸ The FCCR is based on the results and financing charges of the last four quarters.

⁹ ICR: Issuer Credit Rating

¹⁰ FSR: Financial Strength Rating

¹¹ IDR: Issuer Default Rating

¹² IFS: Insurer Financial Strength

HEALTH NETHERLANDS

¹³ Results on prior years refer to earnings from health expenses and/or equalisation from previous book years and allocations to a mutation of loss provisions.

RETIREMENT SERVICES NETHERLANDS

¹⁴ Operating expenses including other expenses

¹⁵ From 2021 this includes moving annual expenses from Other activities to Retirement Services.

¹⁶ 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.

¹⁷ The Assets under Management (AuM) include a derivatives (overlay) portfolio.