

Press Release

Longer life expectancy leads to higher provisions and a lower result

Zeist, 11 October 2022 – On 13 September the Royal Dutch Actuarial Association (*Koninklijk Actuarieel Genootschap, AG*) published the AG2022 projection table (*Prognosetafel AG2022*). This shows that life expectancy in the Netherlands has increased further. Like other Dutch insurers and pension funds, Achmea uses these projections as one of the assumptions for determining the required amount of the technical provisions. As a result of the increase in life expectancy, our technical provisions will rise by some €90 million, according to an initial analysis.

Furthermore, at the publication of our interim 2022 results we reported that the surplus in the adequacy test for Achmea's insurance liabilities had decreased as a result of the strong increase in interest rates and was very limited as of 30 June. In addition to market interest rates, changes in spreads and life expectancy also affect the level of the surplus. In the event of a deficit in the liability adequacy test the provisions have to be increased and this is charged to the result. Given the surplus as of 30 June, the adjustment to life expectancy will lead to an estimated additional charge of €90 million.

The development of interest rates could lead to further movements in the surplus in the liability adequacy test and, if it is negative, to the annual result. These sensitivities were calculated as of 30 June 2022¹, whereby a rise of 50-100 basis points in the yield curve has a negative impact of approximately €200 - 400 million on the surplus in the liability adequacy test.

By contrast, higher interest rates will have a positive effect on capital generation and, therefore, also on the development in the Solvency II ratio over the longer term. Investment income increases due to higher interest rates and there is also a positive effect on the required provisions. Based on the position as of 30 June, this had an estimated annual positive effect of some €70 million on capital generation compared with the end of 2021. This effect is expected to have increased further in the past period as a result of further rises in market interest rates.

The impact of the new projection table on Achmea's Solvency II ratio is expected to be limited and the pro-forma Solvency II ratio remains very solid at about 200%.

In addition, the direct impact of increasing interest rates on Achmea's Solvency II ratio is relatively limited. A further increase of 100 basis points in interest rates is expected to have a negative impact of 2 percentage points on the Solvency II ratio.

¹ Based on a parallel shift in the yield curve

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About Achmea

Achmea is a broad financial services provider with strong brands such as Centraal Beheer, Interpolis and Zilveren Kruis. Achmea makes sure that people can get on with their lives at times when it really matters. We have been here for more than 210 years, by and for our customers and for society. Together with our customers, strategic partners and others, we deal with major social issues in health, living and working, mobility and income. In this way, we create sustainable value for our customers, our employees, our company and for society. Past generations could count on us; future generations must be able to do the same.

Achmea's customers contributed premiums of approximately €20 billion in 2021. Achmea is the market leader in Non-Life and Health in the Netherlands and a major player in Retirement Services. Achmea provides mortgages via Centraal Beheer and Woonfonds, among others. The asset manager, Achmea Investment Management, has €175 billion in assets under management. Syntrus Achmea manages €40 billion in real estate and mortgages on behalf of 70 pension funds and other institutional investors. Achmea is also internationally active in Turkey, Greece, Slovakia, Australia and Canada. The company employs approximately 17,000 FTEs, more than 3,000 of whom are active abroad. www.achmea.com

