ANNUAL REPORT 2022

ACHMEA REINSURANCE COMPANY N.V.

Achmea Reinsurance Company N.V. is registered at the Dutch Chamber of Commerce no: 18024166

BOARD OF DIRECTORS REPORT

GENERAL

The activities of Achmea Reinsurance Company N.V. support the goals of the Achmea Group. As Achmea's reinsurance expert, Achmea Reinsurance Company N.V. has three roles: advisor, purchaser and risk carrier. In these roles Achmea Reinsurance Company N.V. provides reinsurance coverage to the Dutch and foreign insurance entities of Achmea. As such, it serves as the principal centre of excellence. The reinsurance portfolio on behalf of third parties was created to diversify insurance risk and to increase earnings for Achmea.

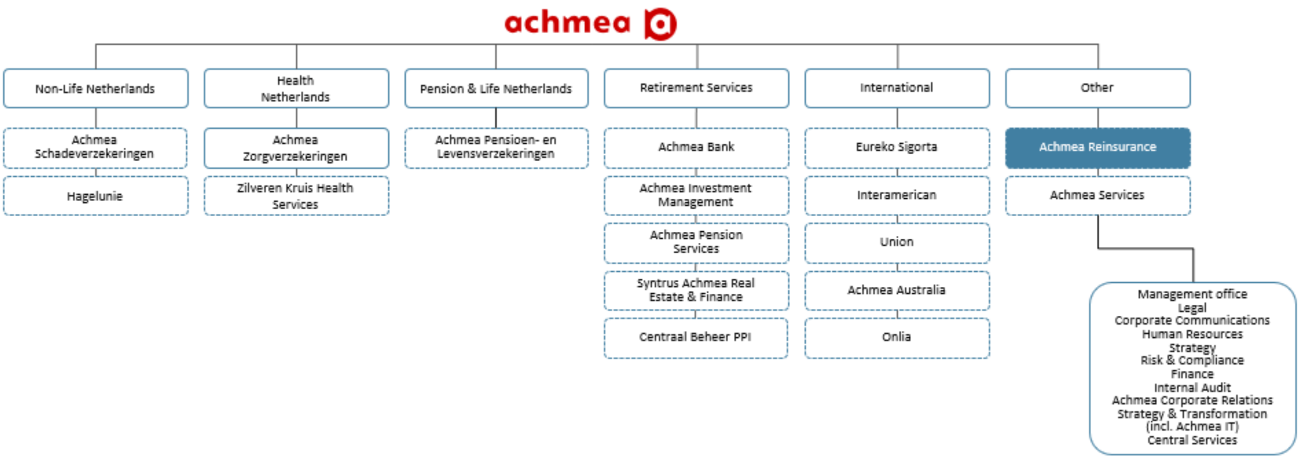
ORGANISATIONAL STRUCTURE

Legal structure

Achmea Reinsurance Company N.V. is part of the Achmea Group and is domiciled in Tilburg, the Netherlands. Achmea B.V. owns 100% of the shares of Achmea Reinsurance Company N.V. At year-end 2022, 49.4[1] full-time equivalents (FTEs) worked for Achmea Reinsurance Company N.V. (2021: 46.8[1] FTEs). All employees are employed by Achmea Interne Diensten N.V.

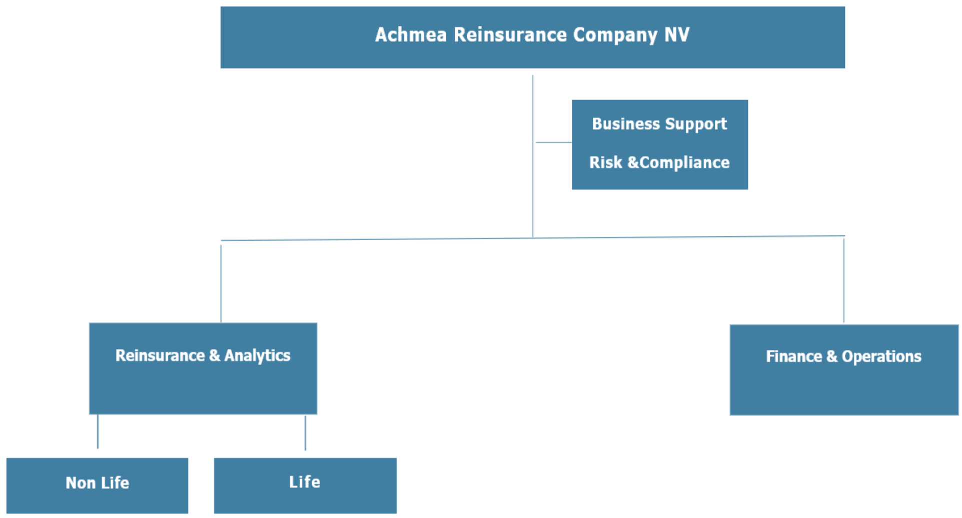
Organisational structure

The following chart gives an overview of how the Achmea Group's activities are organised. These include the activities for Achmea Reinsurance Company N.V. Support services such as IT, administration and facility services are carried out by executive staff and shared service centres. This also applies to support activities for personnel



The chart on the following page gives an overview of how Achmea Reinsurance Company N.V. is organised. Day-to-day activities are performed by the Reinsurance & Analytics and Finance, Operations & Risk teams. The Reinsurance & Analytics team is fully focused on the client (client intimacy) while the Finance, Operation & Risk team focusses on finance and risk (operational excellence).

[1] 2022: 49.4 FTEs excluding external personnel hires
2021: 46.8 FTEs excluding external personnel hires



STRATEGY

Achmea Group's strategy

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 its core business and in its growth areas Achmea is investing in technology, customer service and services, proposition development, and innovations. This will enable the company to continue to serve its customers in the best way possible, while creating sustainable value for its stakeholders. We achieve this through the five building blocks outlined below, which we further strengthened in 2022.

Large client base
Achmea has a strong position in the market. With its brands and broad product portfolio, the company is able to reach and retain a very large customer group, enabling it to realise synergies and efficiencies, freeing up space to invest in the further development of products and services.

Skilled employees
The involvement and professionalism of everyone at Achmea is crucial to realising our strategy. During 2022, Achmea and every part of the organisation communicated with employees about Sustainable Living Together and the company's values. To fulfil its promise as a good employer, Achmea wants to remain an attractive employer with up-to-date employment conditions. In the current tight labour market, attracting and retaining employees is vital, especially with the growth in hybrid and working from home.

Strong partnerships
Achmea works with its partners to better help customers, to strengthen future distribution, and to offer solutions for social issues. For example, we work closely with municipalities and care institutions to develop different forms of housing in combination with care services for the elderly.

Expertise in data & digital
The use of data and technology is vital if we are to effectively serve our customers, today and into the future. This is why Achmea is expanding its expertise in data and digitisation by implementing one way of working across the entire organisation.

Outstanding financial position
Achmea needs a strong financial base to expand its core business, to finance growth and to realise its social ambitions. Customers, employees, shareholders, regulators and credit rating agencies expect a healthy financial position. Achmea aims to further improve its financial results, to generate more capital and to free up more capital, supported by balance sheet optimisation.

Strategy of Achmea Reinsurance Company N.V.

Achmea Reinsurance Company N.V. is the competence centre in the field of reinsurance within the Achmea Group. Its success lies in the experience and expertise of our specialists across the many fields of reinsurance. Its main purpose is that of Group reinsurer. Because of our composite license, Achmea Reinsurance Company N.V. is the only entity within Achmea that can make use of the inherent diversification between Life, Non-Life and Health risks. Achmea Reinsurance Company N.V. primarily serves Achmea Group companies. Achmea Reinsurance Company N.V. also offers reinsurance to a select number of third parties to further diversify our book of business and enhance the profitability of Achmea. As the reinsurance competence centre for the Achmea Group, Achmea Reinsurance Company N.V. has three functional roles: advisor, risk carrier and reinsurance buyer.

Its activities support the Achmea Group’s goal of being relevant to its customers and leading in the market. The know-how of Achmea Reinsurance Company N.V. ensures that the Achmea Group is able to fulfil its (long-term) commitments to its customers. Its activities contribute to the continuity of the Group by creating long-term financial value for Achmea through reinsurance, in particular by contributing to capital management and insurance risk management and by contributing to Achmea's profit growth objectives with third-party reinsurance.

As an advisor, Achmea Reinsurance Company N.V. advises its internal clients – the Achmea Group and its individual insurance entities – on the development and implementation of the reinsurance policy. Achmea Reinsurance Company N.V. does this by advising on reinsurance purchases, plays a leading role in several expert panels modelling catastrophe Risk under the Partial Internal Model (PIM) and by being actively involved in various Achmea Group committees and other bodies. In its role as risk carrier, Achmea Reinsurance Company N.V. assembles all reinsurance demands of the Dutch insurance entities and those of the insurance entities abroad. As well as offering them protection against the volatility of results, this yields diversification benefits that create capital efficiency for the Group.

Progress

Achmea Reinsurance Company N.V. in its role as advisor

In its role as reinsurance advisor to the Achmea Group and its legal entities, Achmea Reinsurance Company N.V. focusses on offering guidance about optimal reinsurance solutions and helping to ensure solid reinsurance protection by hedging risks internally and externally. In support of Achmea Schadeverzekeringen N.V. and N.V. Hagelunie, in 2022 Achmea Reinsurance Company N.V. participated as a full member of their joint Reinsurance Committee. The Reinsurance Committee plays a leading role in discussing the reinsurance needs of the Achmea Non-Life entities. In addition, Achmea Reinsurance Company N.V. provides these entities with day-to-day support and advice on special acceptances and facultative business.

Achmea Reinsurance Company N.V. advises the Executive Board of Achmea through the Reinsurance Delegates Committee composed of the CFO, CRO and Director Actuarial of Achmea Group and the Managing Director of Achmea Reinsurance Company N.V. This committee decides on relevant reinsurance matters concerning Group reinsurance protection.

Achmea Reinsurance Company N.V. aims to support the reinsurance departments of the operating companies abroad by sharing know-how and making use of the purchasing power and large network of Achmea Reinsurance Company N.V. Parts of the reinsurance schemes of the operating companies have been integrated in the Achmea Group programme since 2018, and Achmea Reinsurance Company N.V. has steadily extended this integration since then.

Achmea Reinsurance Company N.V. and the operating companies have initiated a Steering Committee to discuss further opportunities to integrate the various reinsurance programmes, which, in 2022 led to greater mutual co-operation and alignment. This included sharing best practices and monitoring reinsurance market developments. The use of contracted brokers was also discussed during the year.

In 2022, Achmea Reinsurance Company N.V. continued to act as an advisor to the Reinsurance Committees of the operating companies providing support and advice, particularly in the context of the hardening reinsurance market.

Achmea Reinsurance Company N.V. participated in a series of expert panels on modelling catastrophe risks for the Achmea Group. These expert panels advise the Group Risk Committee on the calibration of catastrophe models. Achmea Reinsurance Company N.V. is also closely involved in the management of internal models covering natural catastrophe risk.

During the year, Achmea Reinsurance Company N.V., Achmea Bank N.V., and Syntrus Achmea Real Estate & Finance B.V. were part of a working group that studied the potential impact of climate risks on mortgage and real estate portfolios.

Achmea Reinsurance Company N.V. in its role as risk carrier

Being the group reinsurer, Achmea Reinsurance Company N.V. participates as a risk carrier in some of the Catastrophe and Non-Catastrophe reinsurance programmes of Achmea Group and operating companies abroad. In 2022, Achmea Reinsurance Company N.V. changed the retained exposure in the Catastrophe programme to match its own risk appetite and optimise the balance between capital protection and earnings protection.

In terms of third-party reinsurance, Achmea Reinsurance Company N.V. successfully expanded its Life book of business whilst maintaining underwriting discipline. In Non-Life, Achmea Reinsurance Company N.V. took several measures to restructure the portfolio to improve the portfolio’s long-term sustainability.

Achmea Reinsurance Company N.V. in its role as buyer

From 1 July 2022, the structure of the reinsurance programmes remained broadly the same as 2021, although the structure and, in particular, the integration of the reinsurance programmes of the operating companies were simplified.

Fortunately, Covid-19-related travel restrictions were largely lifted in 2022, again enabling in-person technical market visits. At the same time, we continued online visits, working closely with our contracted reinsurance brokers to the full satisfaction of our reinsurers.

The hardening of the reinsurance market accelerated in 2022, driven by changes in political risks, sparking several financial market-wide corrections and developments (such as investment results) and a continuation of catastrophe events. These developments meant that it took a great deal of effort for Achmea Reinsurance Company N.V. to place its reinsurance programme on 1 July 2022, finding the right balance between capital optimisation and earnings protection, in terms of potential volatility reduction.

Since 2019, Achmea Reinsurance Company N.V. has reinsured the disability portfolio of Achmea Schadeverzekeringen N.V. for the line of business ‘WIA/WGA’ (Wet Inkomen en Werk naar Arbeidsvermogen, the law on income protection and labour). In 2022, Achmea Reinsurance Company N.V. organised meetings with Achmea Schadeverzekeringen N.V. and the contracted broker to update reinsurers on the portfolio's development, claim figures and underwriting strategy for the purpose of the renewal of the stop-loss treaty from 1 January 2023.

In the third quarter, Achmea Reinsurance Company N.V. issued a request for proposal to three reinsurance brokers to identify new cooperation partners for the next few years. After a careful selection procedure, Achmea Reinsurance Company N.V. appointed two brokers for both catastrophe and non-catastrophe.

Other developments

Sharing specialist knowledge amongst colleagues is vital to reduce the vulnerability of the organisation, and this is especially important given the relatively high average age of Achmea Reinsurance Company N.V. employees.

To combat this, in 2022 a number of key employees approaching retirement age transferred in a structured manner (often tacit) knowledge to colleagues within Achmea Reinsurance Company N.V. We have also identified employees who have the profile to potentially work at Achmea Reinsurance Company N.V. when key personnel leave. And in 2022 Achmea Reinsurance Company N.V. successfully hired a number of young(er) employees, which will help us pass knowledge on to the next generation of Achmea Reinsurance Company N.V. talent.

RESULTS AND DEVELOPMENTS IN 2022

Key results

The financial statements have been compiled in accordance with the International Financial Reporting Standards (IFRS), including the International Accounting Standards (IAS) and interpretations as adopted by the European Union (EU-IFRS).

The operational result was € 13.1 million negative in 2022 (2021: € 26.6 million). The lower result is mostly due to € 20.0 million in claims from the February storm and a number of major claims in our internal reinsurance programme in 2022. In addition, claims in our external reinsurance programme were higher than in 2021, mostly because of natural disasters, although this was partially mitigated by the higher premiums resulting from the hardening of the market and the stronger US dollar.

Gross written premiums amounted to € 376.8 million in 2022, an increase compared to 2021 (€ 312.7 million). This increase was 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 main developments in 2022 are explained in more detail in the following paragraphs.

BREAKDOWN OF NET RESULT

(X € 1,000)

	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL 2022	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL 2021
Gross written premiums	308,563	68,255	-	376,818	254,208	58,463	-	312,671
Reinsurance premiums	-178,291	-14,998	-	-193,289	-153,112	-15,182	-	-168,294
Movement in insurance liabilities for net unearned premiums	-13,771	-1,070	-	-14,841	-3,283	-251	-	-3,534
Net reinsurance premiums	**116,501**	**52,187**	**-**	**168,688**	**97,813**	**43,030**	**-**	**140,843**
Investment income	3,331	-3,928	7,501	6,904	2,094	-511	23,498	25,081
Other income	990	318	1,834	3,142	-	-	1,056	1,056
Total income	**120,822**	**48,577**	**9,335**	**178,734**	**99,907**	**42,519**	**24,554**	**166,980**
Net expenses from insurance contracts	121,820	13,211	-	135,031	74,397	12,956		87,353
Operating expenses	24,595	32,221	-	56,816	23,835	28,361		52,196
Other expenses	-	-	-	-	853		7	860
Total expenses	**146,415**	**45,432**	**-**	**191,847**	**99,085**	**41,317**	**7**	**140,409**
Result before taxes	**-25,593**	**3,145**	**9,335**	**-13,113**	**822**	**1,202**	**24,547**	**26,571**
Taxes	**0**	**0**	**-3,383**	**-3,383**	**-**	**-**	**6,673**	**6,673**
Net result	**-25,593**	**3,145**	**12,718**	**-9,730**	**822**	**1,202**	**17,874**	**19,898**

Developments Non-Life business

The 2022 Non-Life portfolio result before taxes was € 25.6 million negative (2021: € 0.8 million).

The result before taxes of Achmea Reinsurance Company N.V. Non-Life business decreased mainly due to € 20.0 million in claims from the February storm and a number of major claims in our internal reinsurance programme in 2022. In addition, claims in our external reinsurance programme were higher than in 2021, mostly because of a series of natural disasters.

Gross written premiums for the Non-Life business in 2022 were € 308.6 million (2021: € 254.2 million).
Premiums increased in 2022, driven mainly 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.

Developments Life business

The Life business produced a result before taxes of € 3.1 million in 2022 (2021: € 1.2 million). The increase was mainly because of the claims development related to the 2022 mortality pools.

Life gross written premiums increased to € 68.3 million in 2022 (2021: € 58.5 million) mainly because of the renewal of a Canadian contract of a Canadian business partner and Life mortality catastrophe business.

The total claims result is disclosed partly under investment income (foreign exchange result) and partly under the technical provisions, which are reported in the gross incurred claims. The net foreign exchange result is due to the hedging of the expected foreign exchange.

Developments in non-technical items

The result before tax decreased by € 15.2 million, mainly because of the result on investments. Compared to 2021, the investment income account other non-technical decreased to € 7.5 million in 2022 (2021: € 23.5 million), due to developments in the investment portfolio.

ABRIDGED STATEMENT OF THE FINANCIAL POSITION

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Investments	461,115	500,859
Amounts ceded to reinsurers	315,859	230,629
Other assets	178,712	137,213
Total assets	**955,686**	**868,701**
Total equity	271,578	313,232
Liabilities related to insurance contracts	601,247	481,903
Other Liabilities	82,861	73,566
Total liabilities	**955,686**	**868,701**

Investments

Investments decreased to € 461.1 million (2021: € 500.9 million) mainly as a result of portfolio devaluation due to increased interest rates.

Amounts ceded to reinsurers

The amounts ceded to reinsurance was € 315.9 million, an increase of € 85.2 million (2021: € 230.6 million) mainly because of the conclusion of a contract in the income protection portfolio, the claims from the February storm in 2022 and a number of major claims in our internal reinsurance programme in 2022.

Equity

In 2022, equity decreased to € 271.6 million (2021: € 313.2 million) mainly because of the result of 2022 and the decrease in the revaluation reserve due to increased interest rates.

Liabilities related to insurance contracts

The liabilities related to insurance contracts increased to € 601.2 million (2021: € 481.9 million). Achmea Non-Life business increased mainly because of the conclusion of a contract in the income protection portfolio and the claims from the February storm in 2022. Third party Non-Llife business increased also mainly because of natural disasters.

CAPITAL AND RISK MANAGEMENT

As a financial services provider, Achmea Reinsurance Company N.V. is exposed to a wide variety of risks, including insurance risk, market risk, counterparty default risk, liquidity risk, operational risk, compliance risk and strategic risk. Effective capital and risk management ensures that Achmea Reinsurance Company N.V. identifies risks on time, manages them carefully and holds sufficient capital.

SOLVENCY RATIO (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Eligible own funds Solvency II	290,747	314,763
Solvency Capital Requirement	193,334	179,013
Surplus	**97,413**	**135,750**
Ratio (%)	150%	176%

At year-end 2022, Achmea Reinsurance Company N.V. had a solid capital position under Solvency II, evidenced by a Solvency Ratio of 150%. The Solvency II ratio has decreased by 26% points to 150% (31 December 2021: 176%). The capital position is the result of a combination of decrease of the Eligible Own Funds and a higher Solvency Capital Requirement. The decrease of the Own Funds is due to the outcome of negative financial market developments and negative developments within the reinsurance and investment portfolio. The main reason of the increase of the Solvency Capital Requirement can be found in a higher Solvency Capital Requirement Non-Life. This is due to the renewals of the 1st of July 2022 and 1st of January 2023.

The qualitative composition of the risk profile and the key risks identified in achieving the strategy remained largely unchanged in 2022.

Section General note 2 Capital and risk management in the financial statements contains a more detailed description of Achmea Reinsurance Company N.V.’s risk profile and capital and risk management policy.

CORPORATE GOVERNANCE

General

Achmea Reinsurance Company N.V. is part of the Achmea Group in which Achmea B.V. is the ultimate parent company.

Achmea B.V. is a private company with limited liability, with its statutory seat in Zeist. While Achmea Group is governed, organised and managed in the same manner as many listed organisations, its origins as a co-operative contribute to the way corporate governance is structured at the Supervisory Board and shareholder levels. Achmea adheres to the following relevant corporate governance codes: the Dutch Insurers’ Code and the relevant provisions of the Dutch Corporate Governance Code.

Standing data of the company

Achmea Reinsurance Company N.V. is a public limited company with its statutory seat in Tilburg and its principal place of business at Spoorlaan 298 in Tilburg, the Netherlands. The objective of the company is to transact reinsurance business within the meaning of the Dutch Financial Supervision Act. The company's authorised share capital amounts to € 18,160,000 and consists of 40,000 shares with a nominal value of € 454, of which 10,000 are issued and fully paid-up shares (the issued share capital is € 4,540,000). The shares are registered. No share certificates are issued. The shareholder of Achmea Reinsurance Company N.V. is Achmea B.V.

CORPORATE GOVERNANCE CODES

Insurers’ Code of Conduct

The Insurers’ Code of Conduct includes a number of principles relating to the careful treatment of customers and the life-long education of directors and internal supervisors. This Code of Conduct (the most recent version dates from 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, among other things, the Achmea Purpose, in which sustainability and social involvement play a prominent role, and has integrated this into its processes and the Achmea Code of Conduct. For information about the embedding of the principles of careful customer treatment, please refer to the chapter 'Our customers' of the Annual Review of Achmea. Details on how life-long education of directors and internal supervisors is embedded are included in the relevant sections of this chapter.

Dutch Corporate Governance Code

Since 1 January 2004, listed companies in the Netherlands are required to report on compliance in their Directors' report with the Dutch Corporate Governance Code 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 Executive 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. The updated Dutch Corporate Governance Code was published on 20 December 2022. The 2023 Board of Directors report will account for compliance with the updated Dutch Corporate Governance Code (2022) for the first time.

Although Achmea is not a listed company it has voluntarily adopted and embedded the majority of the Code's principles in its governance structure. Where applicable, Achmea is almost fully in compliance with the principles and best practices. Corporate governance is primarily determined at Group level and has been arranged by setting up and organising a Group-wide governance structure and through the formulation of a Group-wide policy. For further details and an explanation of Achmea's compliance to the Dutch Corporate Governance Code, reference is made to the latest Achmea annual report on the Achmea website at www.achmea.com. To a significant degree, Achmea Reinsurance Company N.V.'s corporate governance is subject to the scope of operations of Achmea's corporate governance. Wherever relevant, specific points that are of importance in implementing corporate governance for Achmea Reinsurance Company N.V. are explained in more detail in the next section.

Code of conduct

Achmea aims to be a leader in terms of its own rules of conduct and in anticipating current and new regulations. For example, Achmea decided that all employees take a special oath or affirmation for the financial industry, which is in line with Achmea's 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.

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 integrity violation or fraud incident nevertheless occur, this can be reported on a confidential basis. A whistleblower policy is in place for this purpose.

As part of the Achmea Group, Achmea Reinsurance Company N.V. fully complies with the general Code of Conduct drawn up at Achmea Group level. The Achmea Code of Conduct and whistleblower policy can be found at www.achmea.com.

CORPORATE GOVERNANCE AT THE LEVEL OF ACHMEA REINSURANCE COMPANY N.V.

Responsibilities and role in corporate governance.

The Board of Directors of Achmea Reinsurance Company N.V. is responsible for managing the company, and is responsible for and has the authority to make decisions concerning Achmea Reinsurance Company N.V.'s day-to-day business in accordance with the principles set out in the articles of association. The Board of Directors 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 Board of Directors. The entire Board is involved in risk management. Involvement in risk management is evidenced by, among other things, the fact that the Board of Directors and the senior manager Finance & Operations (the Management Team) have a seat on the Finance & Risk Committee of Achmea Reinsurance Company N.V. and that risk management, compliance topics and fraud are regularly discussed in Management Team meetings.

The Supervisory Board is responsible for supervising and advising the Board of Directors on its conduct and general management of the business. Supervisory Board approval is required for important business-related decisions, strategic decisions, 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. This applies irrespective of the fact that fundamental and large-scale strategic changes or investments must have the approval of the majority 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 Board of Directors, the Company Secretary, the internal auditor, the actuarial department and the external auditor. However, if deemed appropriate by the Supervisory Board, information can also be obtained from corporate officers of Achmea Reinsurance

Company N.V. or Achmea B.V. and external advisers who can be invited to attend Supervisory Board meetings or provide permanent education. The Supervisory Board consists of members who, although they are appointed by Achmea B.V., 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.

Composition and diversity

The Board of Directors consists of Messrs E.C. Bom (chairman) and H.Chr. Mentink. The members of the Board of Directors are appointed by Achmea B.V. The members of the Board of Directors match the general profile for board members and have been approved by the Dutch regulator (De Nederlandse Bank) in terms of their suitability and reliability. The daily management of Achmea Reinsurance Company N.V. is in the hands of these two statutory directors and the senior manager Finance & Operations. Until 1 March 2022, Ms T.L. van Staten fulfilled this role she was succeeded on 1 December 2022 by Ms R. Moubarek. During the period from 1 March 2022 to 1 December 2022, the activities of the senior manager Finance & Operations were adequately and professionally maintained by the statutory directors. The members are selected based on their proven experience and competence in the (re)insurance industry. They provide a good mix of specific (re)insurance experience (Non-Life, Pension & Life), as well as in areas such as finance and risk management. Achmea Reinsurance Company N.V. acknowledges the importance and benefits of diversity.

In 2022, the Supervisory Board had three members: Mr M.A.N. Lamie (chairman) and Ms L.T. Suur (both are members of the Executive Board of Achmea), and Ms M.G. van Ee, an external board member. Ms Van Ee stepped down as board member per 1 December 2022, with Mr R.Th. Wijminga appointed as external board member of the Supervisory Board for a period of four years from that date. The General Meeting (re)appoints members of the Supervisory Board. 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 (re)insurance, financial and risk management experience. 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. In addition to diversity in terms of knowledge, expertise and age, there is also gender diversity: the Supervisory Board consists of two male members and one female member. Achmea Reinsurance Company N.V.’s Supervisory Board therefore meets the legal requirement regarding gender 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.

Permanent education

It is important to keep abreast of the continuous changes in the financial sector and to respond appropriately. The members of the Board of Directors maintain and broaden their level of knowledge and expertise through tailor-made programmes and workshops in such fields as finance, corporate governance, risk management, compliance and audit.

Mr Bom and Mr Mentink attended various permanent education (PE) sessions in 2022. In the first half of 2022 both gentlemen attended a PE-session on the upcoming change in the system of pensions in the Netherlands and a strategic vison on outsourching. Furthermore, in November 2022 both gentlemen attended a session on an update of the intern model Solvency II.

Supervisory Board committees

There are no sub-committees on the Supervisory Board of Achmea Reinsurance Company N.V. because of the size of the board. Financial, control, risk and compliance topics are discussed in the regular meetings of the Supervisory Board. The board members have adequately provided for the safeguarding of the required knowledge.

Achmea B.V. has three specialised committees that advise the Supervisory Board of Achmea: the Audit & Risk Committee, the Remuneration Committee and the Selection & Appointment Committee. This Remuneration Committee is responsible for formulating guidelines and monitoring the implementation and compliance with the remuneration policy for the entire Achmea Group, including Achmea Reinsurance Company N.V.

FUTURE

A number years ago Achmea Reinsurance Company N.V. wrote in the future paragraph of its annual report that Achmea Reinsurance Company N.V. was living in a 'VUCA' world': a Volatile, Uncertain, Chaotic and Ambiguous world. After more than two years of restrictions aimed at curtailing the spread of Covid-19, Achmea Reinsurance Company N.V. was very happy that the company could return to a more normal world, including social interactions with colleagues and business partners.

One thing is for sure, the world has not become less 'VUCA' since then; since 24 February 2022 a war has raged in Ukraine, at a distance from Tilburg less than that of Gibraltar. This is something Achmea Reinsurance Company N.V. would not have foreseen as a realistic scenario last year. Alongside the terrible humanitarian consequences for the Ukrainian people – and for the ordinary Russian people – it has caused a number of economic key indicators, which were already under pressure following the pandemic, to come under even greater pressure. Inflation has risen to levels the world has have not seen for decades, interest rates rose steeply and there is a tight labour market across a number of sectors.

In this VUCA world Achmea Reinsurance Company N.V. is renewing and assuming its reinsurance programmes. Achmea Reinsurance Company N.V. was one of the first European companies that had to renew its reinsurance programmes after Russia's invasion of Ukraine, the February storm, and after inflation rates climbed steeply. A 1 July renewal has many advantages, but being the first big player entering markets during such turmoil meant that premiums were higher and the conditions tighter than those of our peers. Achmea Reinsurance Company N.V. was comforted by the fact that we were only front-running the renewals of our peers from last January, and our renewal turned into a new reference point in the hardening market.

It is in these hardening markets that the value of a Group reinsurer such as Achmea Reinsurance Company N.V. is really apparent. Being a risk carrier for reinsurance exposures within Achmea Group, Achmea Reinsurance Company N.V. can capture part of the risks and retain these exposures within the Group. The current market developments mean that the costs of reinsurance are higher than they have been for a long time. Achmea Group and Achmea Reinsurance Company N.V. will look for a new equilibrium between cession and retaining the insurance exposures.

The flip side is that market hardening supports Achmea Reinsurance Company N.V.'s aim to gradually grow a balanced third-party reinsurance business. Recent renewals showed that the terms and conditions of our inward book improved from the perspective of the risk carrier.

As mentioned, the environment in which Achmea Reinsurance Company N.V. operates is changing rapidly, with significant challenges in the markets in which we operate. However, this also creates opportunities and in the coming years Achmea Reinsurance Company N.V. will continue to improve its data quality and operational administration processes.

For all portfolios - Life and Non-Life irrespective if from Achmea Group companies or from third parties - data quality will become increasingly important. In 2023, Achmea Reinsurance Company N.V. will report in accordance with the IFRS 17 standards, which will have an impact on the presentation of our results and the way we steer the company.

Achmea Reinsurance Company N.V. has a strong team of experts, which has grown in recent years through the addition of new employees. We continue to invest in developing the knowledge and skills of our staff, and regularly cooperate with students and trainees who join us to learn about the business or write their theses. This is beneficial for everyone involved.

SUSTAINABILITY AND CLIMATE CHANGE

Each year the focus on sustainability and climate change increases, and Achmea Reinsurance Company N.V. recognises the importance of these issues from both an ESG perspective and the impact climate change can have on our future financial results. Achmea Reinsurance Company N.V. is committed to Achmea's Sustainable Living Together purpose, and is therefore committed to the objectives that are part of this purpose. One of these is to make sustainable solutions accessible to customers, showing that Achmea takes responsibility for the world of tomorrow. Achmea believes it is vital to actively contribute to the objectives of the Paris Climate Agreement.

As a member of the Net Zero Insurance Alliance (NZIA), Achmea is committed to the goal of climate-neutral operations by 2050 at the latest. In 2022, Achmea enshrined this in its strategy through the publication of its Climate Transition Plan. More information about initiatives related to sustainability and climate change can be found in Achmea's annual report.

Impact of climate change on reinsurance

Achmea Reinsurance Company N.V. recognises trends concerning climate change. Climate change is likely to lead to more severe thunderstorms with extreme rain or hail and strong gusts of wind, as well as prolonged periods of drought. These developments mainly affect P&C insurance. Achmea Reinsurance Company N.V. has no indications that climate change trends will have a financial impact on (reinsured) Life insurance.

These developments are evaluated annually, in the preparation of the renewals. Changes in patterns and frequency of covered and non-covered perils are scrutinised. The consequences are implemented in amended reinsurance structures, terms and conditions. Consequently, the monetary impact of weather-related losses for Achmea Reinsurance Company N.V. is well managed and well balanced with its risk appetite. In the longer term, these climate trends might lead to losses that will no longer be (re)insurable, either because of the high frequency with which these occur, or because the premium is unaffordable. This implies that (infra)structures need to be adapted to mitigate these climate development risks.

In addition to the physical risks, the climate change transition itself might also have an impact. However, based on current insights, the transition risk is limited for Achmea Reinsurance Company N.V.

Impact of climate change on investments in capital markets

The value of Achmea Reinsurance Company N.V.'s investments reflect the values that are assigned to them in financial markets. Social awareness of ESG-related issues, and the climate in particular, has increased considerably in recent years.

Companies that do not make substantial efforts in doing what's socially accepted and sustainable for our planet, or commit to a strict transition plan, lose market share and face downward pressure on their share price, with the ultimate consequence of 'stranded assets'. Achmea has a CSR policy in place. This policy provides guidelines for a sustainable investment portfolio. Investment decisions are taken in line with the CSR policy.

At the same time, the value of investments are determined through various factors, other than ESG-related developments, of which the impact is more substantial. Additionally, Achmea Reinsurance Company N.V. has a diversified portfolio, which is carefully and constantly monitored. This means that the short-term impact for Achmea Reinsurance Company N.V. is limited, and most of the potential long-term impact can be averted in a timely manner, due to the relatively high level of short-term assets in the portfolio.

Impact of climate change on business operations

The impact of climate change on the business operations of Achmea Reinsurance Company N.V. is considered not to be significant.

SUBSEQUENT EVENTS

Earthquake Turkey

The impact of the earthquakes that affected Turkey in February 2023 cannot be indicated precisely at this time, but the Board expect this loss will be below € 10 million. This loss is not a part of the 2022 results.

Tilburg, 6 April 2023

The Board of Directors of Achmea Reinsurance Company N.V.:

E.C. Bom H.Chr. Mentink

SUPERVISORY BOARD REPORT

MAIN DEVELOPMENTS IN 2022

The Board convened on seven occasions in 2022, four regular meetings, an extra meeting in respect of the annual report, a deep dive on the topic 'internal reinsurance vehicle' and a permanent education session about the 'known unknowns'. All meetings were face-to-face, and the Supervisory Board was pleased to be able to meet again in person after two years of mostly online meetings due to the Covid-19 pandemic.

During the regular meetings, topics such as reports on commercial, finance and risk developments, the strategic personnel plan and developments, risk appetite, and ORSA were addressed. At the end of 2022, the 2023 budget was discussed.

The Board has asked Aon respectively Munich Re to provide the members of the Management Team and the Supervisory Board with deep dives respectively on the topic 'internal reinsurance vehicle' 'known unknowns'.

In addition to the formal meetings, there was also contact between the members of the Supervisory Board and the directors of Achmea Reinsurance Company N.V. on various technical subjects, such as the impact of natural catastrophe events in relation to the Group reinsurance programme and third-party reinsurance portfolio of Achmea Reinsurance Company N.V.

TASKS AND DUTIES OF THE SUPERVISORY BOARD

The Supervisory Board performs its duties based on two roles: supervisor and advisor (solicited and unsolicited advice).

There are no sub-committees on the Supervisory Board of Achmea Reinsurance Company N.V. given the size of the board. Financial, control, risk, compliance and internal audit topics are discussed in the regular meetings of the Supervisory Board. The board members have adequately provided for the safeguarding of the required knowledge.

Strategy

One of the Supervisory Board's key duties is monitoring Achmea Reinsurance Company N.V.'s strategy, which focuses on strengthening the current business model of Group reinsurer and continuing the strategy of selective growth of third-party reinsurance. The topic was regularly discussed during the meetings of the Supervisory Board. The changing market circumstances as a result of the geopolitical crisis, the strong rise in inflation, and the storms in February played an important role in the Supervisory Board's agenda during 2022, not least because of the mid-year renewals Achmea Reinsurance had to complete for Achmea Group.

The Supervisory Board noted that the employee engagement scores based on the survey carried out during the year remained high. Work pressure remains an important point of attention.

Finance and risk

The Supervisory Board discussed Achmea Reinsurance Company N.V.'s financial situation in detail during each meeting of 2022, based on the interim, quarterly and annual results. In addition, the 2022 annual report was discussed and approved in an extra meeting which was attended by the external auditor and Actuarial Function Holder.

During the meetings, the Supervisory Board focussed on the progress made on the strategic agenda and the financial ratios. Financially, 2022 was confronted with many headwinds. Russia's invasion of Ukraine caused the financial markets to fall sharply, while the February storm and hurricane Ian led to significant losses and eroded Achmea Reinsurance Company N.V's Eligible Own Funds. The hardening markets resulted in higher premiums and therefore Achmea Reinsurance Company N.V.'s (forward looking) required solvency II capital rose strongly, as many risk elements are driven by a premium volume factor. Due to lower Eligible Own Funds and higher required solvency II capital, the ratio plunged from 176% ultimo 2021 to 150.4% at year-end 2022. This is just above Achmea Reinsurance Company N.V.'s minimum solvency II requirement.

In 2022 no dividend was paid over the year 2021.

Risks and their impact on Achmea Reinsurance Company N.V. were also an important agenda item for the Supervisory Board in 2022. This includes the Strategic Risk Assessment (SRA), development of scenarios, and Own Risk Solvency Assessment (ORSA). All the analyses lead to Achmea Reinsurance Company N.V.'s risk appetite, which is monitored on a quarterly basis in risk and compliance reports. The internal control of privacy regulations, cyber security, integrity rules and control of outsourcing, among other topics, were also discussed in detail. The Supervisory Board concluded that the integral risk reporting has improved further.

Compliance with laws and regulations and audit

The Supervisory Board noted in 2022 that the compliance requirements arising from laws and regulations, external regulation and (inter)national (industry) associations continue undiminished. The Supervisory Board views the clarity and transparency of the requirements imposed by regulators positively. The amount of time this entails, both for the Board of Directors and the organisation, remains as high as ever.

In the Supervisory Board meeting of 24 March 2022, Achmea Internal Audit presented and clarified an overview of all conducted audits over 2021 and the planned audits for 2022.
Furthermore, prior to the extra Supervisory Board Meeting of 5 April 2022, the Supervisory Board had a meeting with the external independent auditor.

Remuneration

The Achmea remuneration policy applies to the board members and senior management of Achmea Reinsurance Company N.V.

The Supervisory Board of Achmea Reinsurance Company N.V. is kept informed about the remuneration policy and monitoring by the Remuneration Committee of the Achmea Group. Any specific items concerning remuneration of Achmea Reinsurance Company N.V. will be discussed with the Remuneration Committee of Achmea.

Composition of the Board of Directors

The composition of the Board of Directors has not changed in 2022. The directors Messrs E.C. Bom (chairman) and H.Chr. Mentink form the management team of Achmea Reinsurance Company N.V. together with the senior manager Finance, Operations and Risk. Ms T.L. van Staten, senior manager Finance, Operations and Risk, left Achmea Reinsurance Company N.V. per 1 March 2022 for a position at Achmea International. She was succeeded by Ms R. Moubarek per 1 December 2022.

Composition of the Supervisory Board

Until 1 December 2022 the Supervisory Board consisted of Mr M.A.N. Lamie (chairman) and Ms L.T. Suur-(both of whom are members of the Executive Board of Achmea), and Ms M.G. van Ee (external board member). Ms Van Ee stepped down as board member per 1 December 2022. As per that date Mr R.Th. Wijmenga was appointed as member of the Supervisory Board for a period of four years. Mr Wijmenga is also a member of the Achmea Group Supervisory Board.

The Supervisory Board would like to thank Ms M.G. van Ee for her very constructive role in the Supervisory Board of Achmea Reinsurance Company N.V. Her knowledge of and experience in the reinsurance industry and the clear way she shared that knowledge was of great value for both the Supervisory Board and Achmea Reinsurance Company N.V.

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

Independence

All members of the Supervisory Board of Achmea Reinsurance Company N.V. perform their duties without burden and consultation. For a detailed account of compliance with the Corporate Governance Code on the independence criterion, please refer to the 2022 annual report of Achmea on the Achmea website www.achmea.nl.

All members of Achmea Reinsurance Company N.V.'s Supervisory Board fulfil their duties without burden or consultation, comply with the independence principle stated in 2.1.8 sub i Corporate Governance Code.

Permanent education

A permanent education session was organised by Achmea Reinsurance Company N.V. on 10 November 2022 and was attended by all members of the Supervisory Board as well as one of the members of the Achmea Group Supervisory Board and the key function holder Risk Management. This session focused on monitoring emerging risks, the so-called 'known unknown' risks and the possible impact for Achmea and Achmea Reinsurance Company N.V.

The Supervisory Board believes that permanent education adds value to the performance of the Supervisory Board and the Board of Directors.

Evaluation of the Supervisory Board

Each year the Supervisory Board carries out a self-assessment of its performance. This self-assessment was held on 8 June 2022. Because Mr Wijmenga was appointed in December 2022, the next self assessment will be held by the end of 2023 and will focus on the composition and role of the Supervisory Board, the effectiveness of supervision and transparency, and the relation with the Board of Directors.

Acknowledgements

Looking back on 2022, the Supervisory Board would like to thank the Board of Directors, and the staff of Achmea Reinsurance Company N.V., for their great commitment, transparency and enthusiasm over the year. The Supervisory Board appreciates the efforts made, which have given further substance to the strategy and development of Achmea Reinsurance Company N.V. in its role as Achmea Group's reinsurer and as reinsurer for third parties, and trusts that in 2023 the co-operation with the Board of Directors will continue in the same positive spirit.

Tilburg, 6 April 2023

The Supervisory Board of Achmea Reinsurance Company N.V.:

M.A.N. Lamie Chairman	L.T. Suur	R.Th. Wijmenga

Financial Statements

STATEMENT OF FINANCIAL POSITION

(BEFORE APPROPRIATION OF RESULT)

(X € 1,000)

	NOTES	31 DECEMBER 2022	31 DECEMBER 2021
Assets			
Investments	3	461,115	500,859
Amounts ceded to reinsurers	4	315,859	230,629
Income tax receivable		10,010	154
Receivables and accruals	10	124,487	100,053
Cash and cash equivalents	11	44,215	37,006
Total assets		**955,686**	**868,701**
Equity			
Equity attributable to holders of equity instruments of the company	12	271,578	313,232
Liabilities			
Liabilities related to insurance contracts	4	601,247	481,903
Financial liabilities	13	76,941	62,801
Derivatives	3	1,199	1,570
Deferred tax liabilities	14	4,721	9,195
Total liabilities		**684,108**	**555,469**
Total equity and liabilities		**955,686**	**868,701**

INCOME STATEMENT

(X € 1,000)

	NOTES	2022	2021
Gross written premiums		376,818	312,671
Reinsurance premiums		-193,289	-168,294
Change in provision for unearned premiums (net of reinsurance)		-14,841	-3,534
Net earned premiums	**6**	**168,688**	**140,843**
Investment income	7	6,904	25,081
Other income		3,142	1,056
Total income		**178,734**	**166,980**
Gross expenses from insurance contracts		297,841	154,855
Reinsurance recoveries		162,810	67,502
Net expenses from insurance contracts	8	**135,031**	**87,353**
Operating expenses	9	56,816	52,196
Other expenses	15	-	860
Total expenses		**191,847**	**140,409**
Result before tax		**-13,113**	**26,571**
Income tax expenses	16	-3,383	6,673
Net result		**-9,730**	**19,898**

STATEMENT OF COMPREHENSIVE INCOME

(X € 1,000)

	NOTES	2022	2021
Items that will not be reclassified to the Income statement [1]			
Items that may be reclassified subsequently to the Income statement [1]			
Unrealised gains and losses on financial instruments 'Available for sale'		-33,083	16,914
Gains and losses on financial instruments 'Available for sale' reclassified to the Income Statement on disposal		-2,836	-13,530
Impairment charges on available for sale instruments reclassified to the Income statement on disposal		3,995	634
Net other comprehensive income	**17**	**-31,924**	**4,018**
Net result		-9,730	19,898
Comprehensive income		**-41,654**	**23,916**
Comprehensive income attributable to:			
Holders of equity instruments of the company		-41,654	23,916

1. *The net position excluding taxes is shown within this overview.*

STATEMENT OF CHANGES IN EQUITY

(X € 1,000)

	SHARE CAPITAL	SHARE PREMIUM	REVALUATION RESERVE	RETAINED EARNINGS	PROFIT FOR THE YEAR	TOTAL EQUITY
Balance at 1 January 2021	**4,540**	**135,479**	**19,643**	**128,401**	**1,253**	**289,316**
Net other comprehensive income			4,018			4,018
Net result					19,898	19,898
Comprehensive income			**4,018**		**19,898**	**23,916**
Appropriations to reserves				1,253	-1,253	
Balance at 31 December 2021	**4,540**	**135,479**	**23,661**	**129,654**	**19,898**	**313,232**
Net other comprehensive income			-31,924			-31,924
Net result					-9,730	-9,730
Comprehensive income			**-31,924**		**-9,730**	**-41,654**
Appropriations to reserves				19,898	-19,898	
Balance at 31 December 2022	**4,540**	**135,479**	**-8,263**	**149,552**	**-9,730**	**271,578**

Reference is made to note 12 for more information about total equity.

STATEMENT OF CASH FLOWS

(X € 1,000)

	NOTES	2022	2021
Cash flow from operating activities			
Results before tax		-13,113	26,571
Adjustments of non-cash items and reclassifications:			
Unrealised results on Investments including foreign currency results and value changes.		11,249	-19,603
Amortisation and impairment charges on Deferred acquisition cost			
(Accrued) Interest expenses		-126	227
		-1,990	**7,195**
Changes in operating assets and liabilities:			
Changes in Receivables and accruals (excluding Deferred acquisition costs) and Other liabilities recognised as Financial liabilities		-21,394	-5,375
Changes in Liabilities related to insurance contracts net of reinsurance		34,114	36,846
Changes in Investments		-3,675	-25,130
		9,045	**6,341**
Cash flows operating items not reflected in Results before tax:			
Paid Income taxes		154	-1,978
		154	**-1,978**
Total cash flow from operating activities		7,209	11,558
Net cash flow		**7,209**	**11,558**
Net cash and cash equivalents at 1 January		37,006	25,448
Net cash and cash equivalents at 31 December		44,215	37,006
Cash and cash equivalents include the following items:			
Cash and bank balances		44,215	37,006
Cash and cash equivalents at 31 December	**11**	**44,215**	**37,006**

Included in the cash flows from operating activities for 2022 is interest received amounting to nil (2021: € 0.3 million) and dividends received amounting to € 5.2 million (2021: € 3.9 million).

Notes to the Financial Statements

GENERAL

A. GENERAL INFORMATION

Activities

The activities of Achmea Reinsurance Company N.V. primarily consist of reinsurance (life and non-life) business and everything associated with or facilitating reinsurance. The company has its registered office and principal place of business at Spoorlaan 298, Tilburg, the Netherlands and is registered at the Chamber of Commerce, trade register 18024166.

Group relationships

Achmea Reinsurance Company N.V. is part of the Achmea Group. Achmea B.V. owns 100% of the shares of Achmea Reinsurance Company N.V.

Transactional relationships between Achmea Reinsurance Company N.V. and companies of the Achmea Group are included under investments, receivables and payables. For details on these transactions we refer to note 3 and note 23.

1. ACCOUNTING POLICIES

B. AUTHORISATION FINANCIAL STATEMENTS

The Achmea Reinsurance Company N.V. financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the Board of Directors on 6 April 2023. On the same date, the Supervisory Board gave its advice to the General Meeting on adoption of the financial statements. The Board of Directors 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 Reinsurance Company N.V. 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 Reinsurance Company N.V. Financial Statements comply with the requirements of Section 362, paragraph 9, Book 2 of the Dutch Civil Code and has been prepared under the going concern assumption All amounts in the Financial Statements are in thousands of Euros, unless stated otherwise. Assets and liabilities in the statement of financial position are classified based on liquidity.

These financial statements have been prepared on the basis of going concern. The financial statements include the material risks and uncertainties that are relevant to the ability of the continuity of the company for at least the next 12 months.

In the statement of financial position, the income statement and the statement of cash flows items of a similar nature are condensed. In the notes these items are disaggregated as they are of relative importance for Achmea Reinsurance Company N.V. Relative importance is assessed based on both quantitative and qualitative criteria. Quantitative criteria relate to the totals of the relevant category in the statement of financial position, the income statement and the statement of cash flows 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 Reinsurance Company N.V. 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 IASB disclosure initiative principles and related materiality principles.

Furthermore Achmea Reinsurance Company N.V. has separated the notes into two sections: 'Notes to significant balance sheet and income statement items' and 'Other notes'. The notes concerning the core activities of Achmea Reinsurance Company N.V. are included in 'Notes to significant 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 STANDARDS

In 2022, the following new Standards, amendments to Standards and Interpretations issued by the International Accounting Standard Board (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 Reinsurance Company N.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.

E. CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

The following standards and Interpretations were issued in 2022 or prior years and are not applied by Achmea Reinsurance Company N.V. in preparing its Financial Statements 2022. These are:

Implementation of IFRS 9 and IFRS 17

With the adoption of IFRS 9 and IFRS 17, the accounting principles for financial instruments and insurance contracts change. The initial application of these standards will have a significant impact on Achmea Reinsurance Company N.V.'s 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 Reinsurance Company N.V started an implementation process, taking into account the interaction of IFRS 17 with IFRS 9. The introduction of both standards is expected to have a limited effect on equity on the transition date of 1 January 2022. The determination is still in progress at the signing date of this report. 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 financial statements.

IFRS 9 Financial Instruments

IFRS 9 entered into force on 1 January 2018. Achmea Reinsurance Company N.V. has delayed the introduction of IFRS 9 until the implementation of IFRS 17 as of 1 January 2023. The required disclosures are included in Note 30 Credit quality financials assets.

IFRS 9 introduces an adjusted model for the classification and valuation of financial assets. This model is driven by the cash flow characteristics of a financial asset and the business model in which this asset is held. For the majority of its investment portfolio, Achmea Reinsurance Company N.V. uses the fair value on the balance sheet. Achmea Reinsurance Company N.V. takes advantage of the option that IFRS 9 offers for measurement at fair value with value changes recognised in the income statement 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. This adjustment is expected to have a limited effect on the value of investments at the transition date. The determination is still pending at the signing date of this report. No adjustments will be made to the valuation of financial liabilities.

IFRS 9 has introduced a credit-loss model to determine impairment losses. This model requires taking into account expected credit losses when financial instruments are first recognised. In case of a significant credit deterioration of the financial instrument, expected credit losses should be taken into account for the full lifetime. The impact of the new model for expected credit losses on the transition date is very limited.

Achmea Reinsurance Company N.V. will adjust the corresponding figures for IFRS 9 and also applies the classification overlay approach from IFRS 17 to the corresponding figures for financial assets sold over the course of 2022. As a result, IFRS 9, like IFRS 17, will be applied retroactively as of 1 January 2022 in the 2023 financial statements. This increases the comparability between the figures in financial year 2023 with the corresponding figures of financial year 2022 for the combined impact of IFRS 9 and IFRS 17.

IFRS 17 Insurance Contracts

IFRS 17 establishes a number of principles in relation to the recognition, presentation, measurement and disclosure of insurance contracts. The goal of this new standard is to offer 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 increases the international comparability of insurers' financial statements. The standard is effective for reporting periods beginning on or after 1 January 2023.

The main change concerns the measurement of insurance contracts. The interpretation of the term 'insurance contract' has remained almost the same as the current definition under IFRS 4 and the classification of contracts and of insurance risks has not undergone any material changes.

Under IFRS 17, Achmea Reinsurance Company N.V. no longer uses tariff rates in the valuation of insurance contracts in the valuation of life insurance provisions, valuation of loss provisions on nominal value.

IFRS 17 will be applied to all insurance activities within Achmea Reinsurance Company N.V. In addition, contrary to current reporting, insurance-related receivables and payables will be considered in the measurement of insurance liabilities. The life insurance contracts and related outgoing reinsurance contracts are long-term in nature, and therefore the General Measurement Model will be applied. For non-life insurance contracts and related outgoing reinsurance contracts for which insurance coverage is generally for one year or less or meets the suitability test, Achmea Reinsurance Company N.V. applies the simplified valuation model ('Premium Allocation Approach'). The grouping of the insurance contracts follows the classification by product groups under Solvency II as much as possible, with a further subdivision under IFRS 17 according to the way in which these contracts are managed in line with and/or 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 Reinsurance Company N.V. 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 has a surcharge for non-financial risk when 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 Reinsurance Company N.V. 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 Reinsurance Company N.V.'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 principles under IFRS 17. Achmea Reinsurance Company N.V.'s discount curve is composed bottom-up, consisting of a risk-free rate plus an illiquid 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 Reinsurance Company N.V. 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 investments in the income statement.

IFRS 17 introduces a Contractual Service Margin in the measurement of insurance contracts (Contractual Service Margin, CSM) under the general valuation model and the variable compensation 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 corresponding life insurance figures, 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 portfolios written in the years up to and including 2019 is determined based on the transition balance sheet using the fair value approach.

The final determination of the expected effect of the adoption of IFRS 17 on the value of insurance liabilities at transition date 1 January 2022 and the comparative figures for 2022 has not been fully completed at the signing date of this report.

Other amendments with future application date

In 2022, the EU approved the following changes with a future application date. These amendments to standards have no impact on Total equity or Net result or only a limited impact on the presentation and notes of Achmea Reinsurance Company N.V.

- Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies (effective date 1 Januari 2023);
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates (effective date 1 Januari 2023);
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (effective date 1 Januari 2023).

In addition to the above-mentioned (amendments to) standards, standards have also been published with a future application date or (amendments) in previous years which Achmea Reinsurance Company N.V. has not applied in preparing the 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 Reinsurance Company N.V., 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 en Classification of Liabilities as Current or Non-current - Deferral of Effective Date (effective date 1 Januari 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 financial statements of Achmea Reinsurance Company N.V.

G. CHANGES IN ACCOUNTING ESTIMATES

For the preparation of these Financial Statements, estimates and assumptions are used for which the actual outcomes may vary. In preparing these Financial Statements, the nature of the estimates and assumptions made in applying Achmea Reinsurance Company N.V.'s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Achmea Reinsurance Company N.V. Financial Statements 2021.

H. 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.

Statement of cash flows

The statement of cash flows has been set up according to the indirect method with a breakdown into cash flows from operating, investing and financing activities. Cash and cash equivalents comprise cash and bank balances. Bank overdrafts that are repayable on demand and form an integral part of Achmea Reinsurance Company N.V.'s cash management processes are recognised as a component of cash and cash equivalents. In the total cash flow from operating activities, result before tax is adjusted for those items in the income statement, and for changes in operating assets and liabilities, that do not result in actual cash flows during the year. Due to the nature of Achmea Reinsurance Company N.V.'s activities, in which insurance is part of the operations, cash flows related to investments and insurance liabilities are presented as part of the total cash flows from operating activities.

Foreign currency differences

The financial statements are presented in Euros, which is Achmea Reinsurance Company N.V.'s functional and presentation currency.

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 qualifying net investment hedges. Refer to the accounting policies in the applicable disclosures for more details regarding the accounting of foreign currency differences for specific assets and liabilities.

Recognition financial instruments

When Achmea Reinsurance Company N.V. becomes a party to the contractual provision of a financial instrument (i.e. at trade date), Achmea Reinsurance Company N.V. recognises the instrument at fair value including transaction cost (unless it 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 or when Achmea Reinsurance Company N.V. has substantially transferred all risks and rewards of ownership. If Achmea Reinsurance Company N.V. neither substantially transfers nor retains all the risks and rewards of ownership of a financial asset, it is derecognised if Achmea Reinsurance Company N.V. no longer has control over the asset.

In transfers where control over the asset is retained, Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. is exposed to changes in the value of the asset. A financial liability (or a part of a financial liability) is derecognised when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expired). Upon derecognition, the difference between the disposal proceeds and the carrying amount is recognised in 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 Reinsurance Company N.V. 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 when Achmea Reinsurance Company N.V.:
- 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, impairment of an asset occurs 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 Reinsurance Company N.V. assesses whether there is an indication that an asset could be impaired and whether it is necessary to recognise an impairment loss. Impairments on investments are recognised as ‘Impairments on investments’ in 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 (‘reversal of impairments on investments’ 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. 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.

I. KEY ACCOUNTING ESTIMATES

For the measurement of certain items of the financial statements, Achmea Reinsurance Company N.V. 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.

2. CAPITAL AND RISK MANAGEMENT

Achmea Reinsurance Company N.V. is part of Achmea and falls within scope of the overall risk management and capital management structure at Achmea.

Effective capital and risk management is essential for Achmea Reinsurance Company N.V.'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 including Achmea Reinsurance Company N.V. 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 of Achmea Reinsurance Company N.V.

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 Reinsurance Company N.V. 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).

This paragraph discusses capital and risk management at Achmea and specific points for Achmea Reinsurance Company N.V. 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

The Strategic Risk Assessment is a comprehensive assessment of key risk themes carried out annually by the management board of Achmea Reinsurance Company N.V. 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) and the Autoriteit Financiële Markten under the Current Monitoring Methodology. Overall, Achmea Reinsurance Company N.V.'s internal governance is assessed as mature, with adequate risk management. This means that 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:

Key themes	**Details**	Control measures
STRATEGIC RISK		
Sustainability	**Explanation** Sustainability risks are related to all ESG (Environmental, Social and Governance) elements and affect Achmea Reinsurance Company N.V. as an insurer, Achmea Reinsurance Company N.V. as an investor and financier and to Achmea Reinsurance Company N.V.'s own business operations. These risks can have a negative impact on the cost of claims and investment income, among other things. Achmea Reinsurance Company N.V. 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.	**Control Measures** The initiatives geared towards achieving our sustainability and climate change objectives have been brought together in one central programme, 'Achmea Reinsurance Company N.V. Sustainable Together', ensuring completeness and consistency in the measures to be taken. Risk control measures within the various operating companies include adjusting the product and service range, tightening premiums and conditions and also reinsurance. Achmea Reinsurance Company N.V. has applied a Socially Responsible Investment (SRI) policy in its investment business (including an exclusion policy) for quite some time. Achmea Reinsurance Company N.V. 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).
Future earnings model	**Explanation** It is important for Achmea Reinsurance Company N.V. to update its processes, products and services promptly and to adapt to developments in its portfolio and new trends. New developments include, amongst others, the possibility that competitors will launch new distribution, product and/or service models, and the possibility of a decrease in the insurance requirement for Property & Casualty insurance due to the fact that, as a result of technological developments, certain risks do not occur or occur less frequently. In addition, there are general trends in matters such as demographics, laws and regulations, changing social viewa but also macro-economic trends with a potential impact on the revenue model.	**Control measures** The mentioned developments are being closely followed. There are various group-wide initiatives in the field of technology, customer service, proposition development and innovations. Focus and implementation power has been strengthened by seting up the new department, DIM (Distribution, Innovation and Market). The objective is to increase Achmea Reinsurance Company N.V.'s operating result.
Geopolitical developments and inflation	**Explanation** Geopolitical trends and inflation can lead to lower returns on investments, higher claims, higher personnel expenses and decreasing sales of new insurance policies 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 Reinsurance Company N.V., inflation is primarily reflected in higher wage costs and a higher cost of claims, deriving from both wage inflation and price inflation.	**Control measures** Achmea Reinsurance Company N.V. 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. Capital is held to cover the residual risk and scenarios are worked out as part of the ORSA. (Also refer to section F Market risk).
Increasing legislative and regulatory requirements and political developments	**Explanation** Achmea Reinsurance Company N.V. has to deal with many laws and regulations. There is a risk that Achmea Reinsurance Company N.V.'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 Reinsurance Company N.V. product lines. In addition, Achmea Reinsurance Company N.V. is exposed to reputational risk when it fails to comply with (forthcoming) laws and regulations.	**Control measures** Since increasing legislative and regulatory requirements are closely monitored, necessary measures can be initiated in time. In 2022, continued attentionwas 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	**Explanation** Tightness on the labour market can have a direct and an indirect impact. The direct impact is the risk of Achmea Reinsurance Company N.V. being unable to attract and retain the talent required for innovation and business continuity. This can disrupt services and lead to Achmea Reinsurance Company N.V. incurring	**Control measures** Several initiatives have been started within Achmea Reinsurance Company N.V. in response to these developments. These include further developing the sourcing policy. Furthermore, there is a strong focus on Strategic Workforce Management, further

	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.	strengthening Achmea Reinsurance Company N.V.'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.
MARKET RISK		
Financial markets	**Explanation** As a financial services provider, Achmea Reinsurance Company N.V. 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.	**Control measures** This risk is controlled by the risk management measures as described in the section Market Risk.
Natural Catastrophe	**Explanation** 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** Contral 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 Reinsurance Company N.V. 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.
OPERATIONAL RISK		
Cybercrime	**Explanation** Cybercrime is an increasingly important social issue, including for Achmea Reinsurance Company N.V. '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 Reinsurance Company N.V. reputation as a result of social media incidents and/or loss or theft of privacy-sensitive data.	**Control measures** Through a cyber security maturaty 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 Reinsurance Company N.V.'s reputation is continuously monitored. In addition Achmea Reinsurance Company N.V. has taken out its own cyber-risk insurance. With information security and privacy management measures in the internal control framework, the mail security and privacy risks are managed.

B. CAPITAL POSITION

Capital management at Achmea including Achmea Reinsurance Company N.V 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 V ("Capital Requirements Directive V", CRD V).

At year-end 2022 Achmea Reinsurance Company N.V. is sufficiently capitalised in accordance with statutory requirements.

SOLVENCY RATIO

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Eligible own funds Solvency II	290,747	314,763
Solvency Capital Requirement	193,334	179,013
Surplus	**97,413**	**135,750**
Ratio (%)	150%	176%

For the purposes of calculating the required model Achmea Reinsurance Company N.V. 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 Solvency II ratio has decreased by 26% points to 150% (31 December 2021: 176%). The capital position is the result of a combination of decrease of the Eligible Own Funds and a higher Solvency Capital Requirement. The decrease of the Own Funds is due to the outcome of negative financial market developments and negative developments within the reinsurance and investment portfolio. The main reason of the increase of the Solvency Capital Requirement can be found in a higher Solvency Capital Requirement non-Life. This is due to the renewals of the 1st of July 2022 and 1st of January 2023. The identified elements within the risk response, mainly non-life risk (See section E insurance risk), ensure that Achmea Reinsurance Company N.V. remains sufficiently capitalised in the future in accordance with the statutory requirements.

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.

ELIGIBLE OWN FUNDS SOLVENCY II

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Tier 1	290,747	314,763
Total eligible own funds Solvency II	**290,747**	**314,763**

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 EQUITY AND SOLVENCY II ELIGIBLE OWN FUNDS

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Equity Financial statements	**271,578**	**313,232**
Solvency II valuation and classification differences	19,169	1,531
Available own funds Solvency II	**290,747**	**314,763**
Not qualifying equity and foreseeable dividends		
Eligible own funds Solvency II	**290,747**	**314,763**

Compared to year-end 2021 the eligible own funds decreased with € 24,1 million to € 290,7 million (year-end 2021: € 314.8 million). The decrease is mainly the outcome of negative financial market developments; negative development within the reinsurance and investment portfolio, mitigated by the renewal effect of profitable contracts.

Key assumptions and estimates for the Solvency II calculation

For the Solvency II calculation Achmea Reinsurance Company N.V. 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 H 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.

C. THE RISK PROFILE

In describing Achmea Reinsurance Company N.V.'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 Reinsurance Company N.V. 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, custumer due diligence, privacy (compliance with the General Data Protection Regulation, integrity and fraud control and competition.
Liquidity risk	Achmea Reinsurance Company N.V. is exposed to liquidity risk with regard to the reinsurance activities.
Market risk	As a financial service provider, Achmea Reinsurance Company N.V. is exposed to market risk due to its investment portfolio. This encompasses interest rate risk, equity risk, property risk, spread risk, currency risk and market concentration risk.
Operational risk	Achmea Reinsurance Company N.V. 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 digitization of our services and liability risk for products and services.
Counterparty risk	Achmea Reinsurance Company N.V. 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 intermediaries and policyholders.
Insurance risk	Achmea Reinsurance Company N.V. is exposed to life, non-life and health risks through its product range as a reinsurance company as a consequence of differences between expectations and actual developments or improbable events.
Strategic risk	Strategic risk relates to Achmea Reinsurance Company N.V.'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 above mentioned 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 Reinsurance Company N.V. is exposed to the risk of current or future negative effects of environmental (E), social (S) or governance (G) incidents or circumstances on Achmea Reinsurance Company N.V., its counterparties, assets, investments, liabilities and operations.
Environmental risk (E)	Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. 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 Reinsurance Company N.V.'s employees). This can derive from the loss of social capital or product liability or failing to realise Achmea Reinsurance Company N.V.'s social sustainability ambitions.
Governance risk (G)	Achmea Reinsurance Company N.V. is exposed to the risk of negative governance effects as a result of the way in which Achmea Reinsurance Company N.V. 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.

Quantitative risk profile

The Solvency Capital Requirement provides a quantification of the risk profile. For calculating the capital Required Achmea Reinsurance Company N.V. uses a partial internal model, that has been approved by the College of Supervisors. An internal model provides Achmea Reinsurance Company N.V. 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 partial internal model is:

- For non-life risk the natural catastrophe risk (for the dominant Dutch and Greek perils).
- For market risk the risks related to interest rate, equity and spread risk.

Results partial internal model

The table below gives an overview of Achmea Reinsurance Company N.V. risk profile based on the capital required results under Solvency II as calculated using the partial internal model.

SOLVENCY CAPITAL REQUIREMENT (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Market risk	74,040	91,416
Counterparty Risk	13,505	13,171
Life Risk	45,700	45,401
Health Risk	25,090	20,718
Non-Life Risk	220,517	175,337
Diversification	-109,921	-108,100
Basic Solvency Capital Requirement	**268,931**	237,943
Operational Risk	12,556	10,287
LAC EP	-25,161	-15,119
LAC DT	-62,992	-54,098
Solvency Capital Requirement	**193,334**	179,013

In accordance with the Solvency II regulations, the loss-absorption capacity (LAC) has been taken into account when calculating the required capital. In case of losses, a part of this can be offset with the LAC DT.

A large part of the Solvency Capital Requirement results directly from the product range and consists of insurance risk, comprising life, non-life and health risks. As a financial service provider Achmea Reinsurance Company N.V. is also exposed to market risk due to its investment portfolio. Furthermore the risk profile according to the Solvency Capital Requirement includes counterparty risk and operational risk. The Solvency Capital Requirement increased by an amount of € 14.3 million to € 193.3 million (year-end 2021: € 179.0 million). The increase in Solvency Capital Requirement is mainly caused by an increase in non-life risk. This is mainly due to clearer destinction between proportional and non proportional exposure and increased premiums per the renewal of the 1st of January 2023 due to the hardening reinsurance market. Negative financial market developments decreased the Market Risk.

D. RISK MANAGEMENT SYSTEM

The risk management system Achmea Reinsurance Company N.V., sets out how the risks at Achmea level and for each main risk are managed.

For an adequate risk management system at Achmea Reinsurance Company N.V, 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 Reinsurance Company N.V. 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 Reinsurance Company N.V. assesses the various risk types and the risks inherent in conjunction with another.
- Principles pertaining to the culture such as the encouragement by the Achmea Executive Board and management of Achmea Reinsurance Company N.V. 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.

Integrated risk management framework (IRMF) describes the risk management system of Achmea Reinsurance Company N.V. and sets out in more detail the principles of the risk strategy.

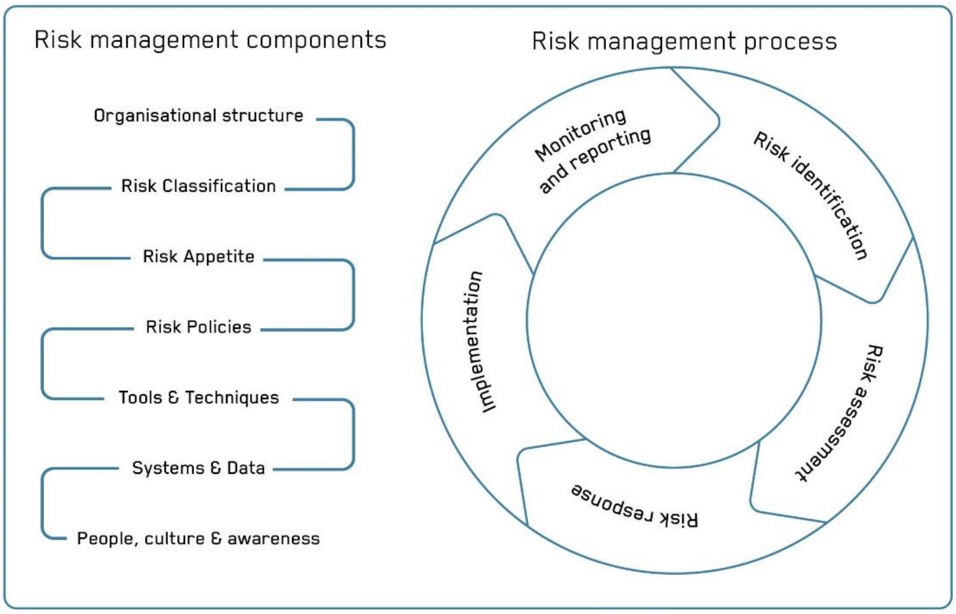
Integrated risk management framework (IRMF)

The IRMF describes how the risks at Achmea Reinsurance Company N.V. 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.

<u>Three Lines model</u>

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

RISK MANAGEMENT FRAMEWORK



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.

<u>Three Lines model</u>

Achmea Reinsurance Company N.V.'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	SUPPORT, MONITORING AND CONTROL	ASSESSMENT 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 safeguard the compliance, risk management and actuarial function under Solvency II at group level and for the Dutch supervised insurance entities. - International insurance entities have their own compliance, risk management and actuarial functions under Solvency II - Achmea Reinsurance Company N.V. has their own R&C department.	- The Internal Audit staff 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 in the Executive Board helps ensure a permanent focus on risk management in our business operations. The first line is supported by the second line, which also monitors the execution by the first line and reports periodically on Achmea Reinsurance Company N.V.'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. The Supervisory Board of Achmea Reinsurance Company N.V. supervises the Board of Directors of Achmea Reinsurance Company N.V. and also fulfils the role of the Audit & Risk Committee for Achmea Reinsurance Company N.V.

Risk committees

Achmea has risk committees both at group level and within the business units.

- 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 optiminisation 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, Achmea Reinsurance Company N.V. has two Risk Committees that discuss and manage risks. The Underwriting Committee handles the insurance risk and the Finance & Risk Committee handles financial, strategic, underwriting and operational risks.

Solvency II key functions

The ‘Three Lines’ model has been set up for all supervised entities, including Achmea Reinsurance Company N.V. The compliance, risk management and actuarial functions are in place for Achmea Reinsurance Company N.V., with these being performed for the Dutch insurance entities by the Compliance, Risk Management and Actuarial departments at the group level. These functions report to the Executive Board of the entities, but also have direct access to the business as well as a formal escalation line to the chairperson 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.

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 Reinsurance Company N.V.’s capital position after approval.

Risk Appetite

Risk appetite reflects Achmea Reinsurance Company N.V.’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 Reinsurance Company N.V.'s risk strategy and their translation into KRIs.

Financial	**Principles**	**KRI's**
Capital	Achmea Reinsurance Company N.V. has a strong capital position.	- Solvency ratio Solvency II
Liquidity	Achmea Reinsurance Company N.V.'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 Reinsurance Company N.V. knows as a reinsurer 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 - Counterparty limit breaches - Amount of Solvency Capital Requirement for insurance risks - Deviation from expected annual result due to catastrophic events
Non-Financial	Principles	**KRI's**
Operational risk / internal control	Achmea Reinsurance Company N.V. knows as a reinsurer 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
Compliance	Achmea Reinsurance Company N.V. has an adequate compliance policy to comply with laws and regulations. Employees, clients, suppliers and other partners of Achmea operate with integrity.	- Violations of laws and regulations - Implementation of laws and regulations - Integrity violations
Sustainability	Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. 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 Statutory directors and boards of the operating companies including Achmea Reinsurance Company N.V. and the Executive Board, in which the key risks are identified and assessed.

- Achmea Reinsurance Company N.V. 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 once a year during forecast at Achmea Reinsurance Company N.V., 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 stress tests for the ORSA and Achmea Reinsurance Company N.V.'s Preparatory Crisis Plan and can lead to the evaluation of the strategy. Additionally, a detailed insight into the integral risk profile of Achmea Reinsurance Company N.V., supervised entities and business units is obtained by consolidating the output of all risk management processes, instruments and techniques within Achmea Reinsurance Company N.V. 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 of Achmea Reinsurance Company N.V. 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 risks 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. Thesereports 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 Reinsurance Company N.V. as well as Achmea as Group is prepared for, and can recover from, severe (financial) developments.

E. INSURANCE RISK

From the perspective of Achmea Reinsurance Company N.V. as a reinsurer, 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.

Reinsurance

Achmea has a Reinsurance Policy in which all responsibilities with regard to the reinsurance process are laid down. Achmea Reinsurance Company N.V. is the reinsurance company of the group and fulfils three roles: advisor, risk carrier and purchaser. Achmea Reinsurance Company N.V. 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 Company N.V. 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 Company N.V. decides on the retention within the framework of the reinsurance policy, Achmea's risk appetite and the risk appetite of Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. includes the intention to extend the programme in its modelling. In order to protect the result for IFRS purposes, Achmea Reinsurance Company N.V. purchased aggregate excess-of-loss cover for 2022. Furthermore Achmea Reinsurance Company N.V. uses insurance-linked securities (catastrophe bonds) on a limited scale.

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. The liabilities related to reinsurance 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, Expense and Catastrophe Risk.

Risk profile

The Solvency Capital Requirement under Solvency II provides a quantification of Life risk.

LIFE RISK (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Mortality	5,925	6,709
Expense	624	358
Catastrophe	43,680	43,156
Diversification	-4,529	-4,822
Solvency Capital Requirement Life risk	**45,700**	**45,401**

Compared to 2021 the Life Underwriting Risk remained broadly the same.

Risk response

Reinsurance is used by Achmea Group to limit mortality and catastrophe risk. Achmea Reinsurance Company N.V. has a quota-share agreement with Achmea Pensioen- en Levensverzekeringen N.V., part of which is partially placed externally. These contracts are sensitive for mortality and catastrophe risk.

Non-life Risk

Non-life risk is the risk of loss or of adverse change in the value of Reinsurance liabilities resulting from differences in actual 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 risks covered by Achmea Reinsurance Company N.V. are within the typical lines of business, such as motor (hull and liability), marine / transport / aviation and fire and natural events.

The Solvency Capital Requirement under Solvency II provides a quantification of Non-life risk.

NON-LIFE RISK (SOLVENCY II CAPITAL REQUIREMENT) (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Lapse	1,477	2,376
Premium and reserve	92,163	86,986
Catastrophe	178,608	132,019
Diversification	-51,731	-46,044
Solvency Capital Requirement Non-life risk	**220,517**	**175,337**

The capital required for non-life risk increased by € 45.2 million.

The increase of € 5.2 million in Premium and Reserve Risk was the result of higher premium volumes due to market hardening, growth of underlying exposure and to new contracts. Lower claim reserves decreased the Reserve Risk.

The Catastrophe Risk increased by € 46.6 million. This increase is due to portfolio developments (renewal, hardening market, clearer distinction between proportional and non-proportional exposures).

Within non-life, catastrophe risk is a large risk. Mainly the property and motor hull reinsurance lines are exposed to catastrophe risk. The predominant risk sources are wind damage and hail risk in the Netherlands. Motor hull in the Netherlands includes the risk of flood. For non-life concentration risk refers to major claims resulting from the above-mentioned natural perils.

As a result of climate change, the probability of catastophes is expected to increase. Achmea Reinsurance Company N.V. has close ties with the 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.

Achmea Reinsurance Company N.V. also covers risk for a selected number of third parties (insurers and reinsurers). This book of business is exposed to a variety of natural perils, such as wind (US, EU, Japan), earthquake (Japan, US, Australia, Turkey), flood (EU) and hail.

Risk response

Underwriting guidelines ensure a good assessment of the risk, acceptance (under possible conditions) and premium setting.

Achmea Reinsurance Company N.V. is used by Achmea Pensioen- en Levensverzekeringen N.V., Achmea Schadeverzekeringen N.V. and N.V. Hagelunie and several non dutch entities 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. Achmea Reinsurance Company N.V. manages part of Achmea Group's program retention.

The Achmea Reinsurance Company N.V. 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.
- Achmea Reinsurance Company N.V. is used at all Achmea's foreign insurance entities to mitigate Underwriting Risk, in particular for Non-Life Catastrophe Risk.
- Property: this is an excess-of-loss programme for the individual claims (mainly fire claims) of the relevant portfolios. Achmea Reinsurance Company N.V. maintains a retention on this programme.
- Marine: this is an excess-of-loss programme for the individual and accumulated claims of the Dutch and foreign supervised entities.
- Cyber: is a quota share protection as this portfolio is being developed.
- General Liability and Motor Third Party Liability: this is a reinsurance programme for general and motor liability risks.
- Achmea Reinsurance Company N.V. also has a book of inward reinsurance contracts. Focus of this book is geographically diversification by creating a balanced portfolio of world-wide reinsurance liabilities. Due to the combination of the Dutch and world-wide reinsurance liabilities the portfolios is more stable than the individual underlying risks.

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.

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 Reinsurance 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).

Risk profile

The capital Requirement under Solvency II provides a quantification of Health risk.

HEALTH RISK (SOLVENCY II CAPITAL REQUIREMENT) (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Health risk SLT	1,476	1,965
Health risk NSLT	1,972	1,771
Health catastrophe	24,063	19,551
Diversification	-2,421	-2,569
Solvency Capital Requirement Health risk	**25,090**	**20,718**

The increase, € 4.4 million, of the Health underwriting risk is mainly due to new contracts and the effect of foreign currencies.

Risk response

The Insurance liability for Health is tested each half year for adequacy.

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, spread risk, currency risk and market concentration risk. Inflation risk 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 Reinsurance Company N.V. is exposed to market risk due to its investment portfolio and insurance products. For the composition of the investment portfolio please refer to Note 3 Investments.

MARKET RISK (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Interest rate	8,947	4,658
Equity	58,069	68,292
Spread	18,820	21,878
Currency [1]	7,555	7,782
Property	2,521	-
Diversification	-21,872	-11,194
Solvency Capital Requirement Market risk	**74,040**	**91,416**

1. *Standard formula*

The required capital for market risk decreased by € 17.4 million from € 91.4 million to € 74.0 million. This decrease is mainly the result of decreasing market values due to negative financial market developments and divestments, causing the Equity Risk to decrease by € 10.2 million. Divestments and investments have an impact on the other risks. The diversification effected the Solvency Capital Requirement Market Risk by € 10.7 million.

The Solvency II solvency position is sensitive to market fluctuations. The table below provides an overview of this sensitivity. The total value of the equity portfolio as at 31 December 2022 was € 98.3 million, consisting of a developed market portfolio and an emerging market portfolio. A drop in equity values is based on a 20% decrease of the total value of the equity portfolio of Achmea Reinsurance Company N.V. as at 31 December 2022. The 20% drop in equity values equals a decrease in the market value of the equity portfolios of € 28.3 million and has an Eligible Own Funds impact net of tax of € 21.3 million. This decrease in market values would cause the market risk, LACEP and LACDT to decrease by € 3.3 million. The combined effect on the Eligible Own Funds and Solvency Capital Requirement would negatively impact the Solvency II ratio by 8%-pt. In 2021 the impact of the shock was 9%-pt.

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

(X € 1,000)

	31 DECEMBER 2022			31 DECEMBER 2021		
	IMPACT ELIGIBLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)	IMPACT ELIGIBLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)
Equity -20%	-21,310	-3,290	-8%	-25,837	-5,766	-9%

Risk response

The Market Risk Policy describes the elements of the market risk management process:

- The limit on the market risk is annually set within the limits of the risk appetite, as a fixed amount for Achmea Group and Achmea Reinsurance Company N.V.
- In the investment plan of Achmea Reinsurance Company N.V. 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.

The Market Risk Policy describes how the interest rate risk is managed. The interest rate policy is to mitigate the interest rate risk of investments and liabilities using different interest scenarios. For this assessment, interest rate shocks are applied to the replicating portfolios and the related actual investment portfolios. The interest rate sensitivity of the net position is assessed on a monthly basis.

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 € 839 thousand (2021: € 164 thousand) with a notional amount of € 10.5 million (2021: € 3.5 million).

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 Achmea Reinsurance Company N.V. 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 Achmea Reinsurance Company N.V. is 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 Reinsurance Company N.V. does not apply specific limits for equity risk, but limits are applied at market risk level.

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.

Achmea Reinsurance Company N.V. 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 20 Credit quality financial assets.

Spread risk is managed and monitored as part of the Counterparty Risk Policy and the Market Risk Policy. Achmea Reinsurance Company N.V. mitigates the spread risk through a prudent investment strategy that balances the exposure types (corporates, financials, covered bonds, government related bonds 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

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 Reinsurance Company N.V. is exposed to currency risk, as part of the regular investment portfolio (equities, fixed-income investments and listed real estate) and non-Dutch third party reinsurance contracts denominated in foreign currency.

The exchange rate risk table below shows the total exposure to the major currencies at year end.

EXCHANGE RATE RISK (X € 1,000)

	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	94,231	50,438	43,793	70,601	63,354	7,247
Japanese yen	10,883	10,639	244	11,665	11,631	34
Pound sterling	5,798	5,994	-196	12,825	12,787	38
Canadian dollar	4,040	4,317	- 277	3,917	3,933	-16
Swiss franc	3,750	3,800	-50	6,127	5,922	205
Australian dollar	3,534	3,584	-50	5,248	5,279	-31
Hong Kong dollar	1,938		1,938	1,984		1,984
Danish kroner	1,683		1,683	3,099	-11	3,110
Swedish kroner	1,399		1,399	2,392	-16	2,408
Norwegian kroner	1,258		1,258	1,095		1,095
Singapore dollar	1,188		1,188			
Other	270		270	1,185	30	1,155
	129,972	**78,772**	**51,200**	**120,138**	**102,909**	**17,229**

The exposure in the investment portfolio is generally hedged with foreign exchange contracts. Achmea Reinsurance Company N.V. hedges the currency risk of the reinsurance and retrocession contracts on an economic basis in line with the investment policy.

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 Reinsurance Company N.V.

Risk profile

Achmea Reinsurance Company N.V. is exposed to counterparty risk related to, derivatives, bank balances, treasury and reinsurance. For the Solvency Capital Requirement the credit risk on countries is included in Spread risk.

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 20 Credit quality financial assets.

Required capital under Solvency II provides quantitative insight into the level of counterparty risk. In 2022 the required capital increased from € 13.2 million at year-end of 2021 to € 13.5 million year-end of 2022. The increase is mainly due to higher tax position.

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, 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.

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 ACHMEA GROUP (X € 1,000,000)

	SUPRA NATIONAL INSTITUTIONS AND GOVERNMENTS	OTHER COUNTERPARTIES
AAA	(no limit)	700
AA+, AA, AA-	500	500
A+, A, A-	400	400
BBB+	250	250
BBB	200	200
BBB-	125	125

Achmea Reinsurance Company N.V. uses rating from S&P, Moody's, Fitch, DBRS as well as AMBest (only for reinsurers). If multiple ratings are available for the same financial instrument, the second best rating is used. See Note 20 Credit quality financial assets. Creditworthiness is assessed on an individual basis for each counterparty in order to define the maximum exposure appropriate to the risk profile.

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 Company N.V. the Underwriting Committee decides on the composition of the panel of reinsurers. Counterparty risk is monitored quarterly by the Risk Committee of Achmea Reinsurance Company N.V.

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 at the legal entities, including Achmea Reinsurance Company N.V.

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 reinsurance liabilities are presented in Note 4. Liabilities related to insurance contracts and amounts ceded to reinsurers. In addition the liquidity risk is related to collateral requirements arising from the derivative positions mainly held in order to hedge the interest rate risk.

Risk response

The Liquidity Risk Policy describes how liquidity risk is managed. Achmea has defined metrics for each of its supervised entities including Achmea Reinsurance Company N.V. as well as the holding company. The metrics provide insight in Achmea Reinsurance Company N.V.'s liquidity position and liquidity risk exposure for various time horizons under normal conditions as well as for a range of stress scenarios. On an annual basis, Achmea Reinsurance Company N.V. performs an liquidity risk assessment.

In line with the business plan, liquidity planning takes place at both holding and Achmea Reinsurance Company N.V. 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.

Insurance specific liquidity risk is managed by Achmea Reinsurance Company N.V. In their liquidity planning, cash inflows and outflows from reinsurance activities are taken into account. Liquidity risk is mitigated through the availability of cash and a high level of investments in liquid assets. An important measure in the management of liquidity risk at Achmea Reinsurance Company N.V. is alignment of the payment conditions in the reinsurance contracts of the incoming and outgoing reinsurance contract.

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 Reinsurance Company N.V. 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 revolving 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 a reinsurer 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 € 10.3 million at year-end 2021 to € 12.6 million at year-end 2022.

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 Reinsurance Company N.V. and appropriate control measures. Also during the year risk analyses are conducted at various levels and on various topics, e.g. in the form of scenario analysis. 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.

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.

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 Reinsurance Company N.V. are stated. These general rules of conduct are applicable to all Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. 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 which are monitored in the Achmea Control Framework. 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.

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.

Compliance topics

In 2022, there were no significant instances of non-compliance with laws and regulations at the business units.

The following topics are relevant for Achmea Reinsurance.

Customer Due Diligence (CDD)
Compliance with CDD-legislation 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.

A preliminary analysis has been launched into the establishment of a KYC Centre within Achmea with the aim of centralising operational CDD activities. A detailed design of the KYC Centre is currently being drawn up, followed by plotting the organisational consequences per business unit.

Privacy
Privacy is of great importance to Achmea Reinsurance Company N.V. 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.

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.

K. CAPITAL MANAGEMENT

The objective of capital management is to ensure that the Achmea Group and all its entities including Achmea Reinsurance Company N.V. 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 and the credit ratings assigned by rating agencies.

Achmea B.V. provides access to the capital and money markets. The holding company finances the insurance entities including Achmea Reinsurance Company N.V. 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 Achmea Reinsurance Company N.V. are set out below.

RATINGS

ENTITY	TYPE	S&P
Achmea Reinsurance Company N.V.	FSR[1]	A-

1. *FSR: Financial Strength Rating*

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 including Achmea Reinsurance Company N.V. 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 including Achmea Reinsurance Company N.V. 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.

3. INVESTMENTS

INVESTMENTS OWN ACCOUNT BY NATURE

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Investments - at fair value changes through profit and loss		
Derivatives	5,197	617
Fixed income investments	10,698	6,494
Investments - available for sale		
Equities and similar investments	176,425	194,870
Fixed income investments	268,795	298,878
Total	**461,115**	**500,859**

Equity investments and similar investments amounting to € 176.4million (31 December 2021: € 194.9 million) consist of investments in listed ordinary shares of € 106.9 million (31 December 2021: € 125.9 million), investments in real estate funds of € 11.5 million (31 December 2021: € 5.3 million), investments in fixed-income funds of € 31.8 million (31 December 2021: € 33.1 million) and investments in Alternatives of € 26.2 million (2021: € 30.6 million).

For more information on fair value and changes in fair value see Note 5 Fair value hierarchy.

MOVEMENT TABLE INVESTMENTS

(X € 1,000)

	INVESTMENTS - AT FAIR VALUE THROUGH PROFIT OR LOSS		INVESTMENTS – AVAILABLE FOR SALE		TOTAL	
	2022	2021	2022	2021	2022	2021
Balance at 1 January	**7,111**	**6,950**	**493,748**	**442,868**	**500,859**	**449,818**
Investments and loans granted	6,873	7,360	313,362	347,378	320,235	354,738
Divestments and disposals	3,355	-5,860	-319,915	-323,748	-316,560	-329,608
Fair value changes	1,054		-42,741	24,636	-41,687	24,636
Foreign currency differences	-2,520	-1,231	1,890	4,784	-630	3,553
Amortisation	21	-110	-1,249	-1,941	-1,228	-2,051
Accrued interest and rental	1	2	125	-229	126	-227
Balance at 31 December	**15,895**	**7,111**	**445,220**	**493,748**	**461,115**	**500,859**

Derivatives are used for hedging purposes. Achmea Reinsurance Company N.V. holds no financial instruments for trading purposes. Based on their contractual maturity, an amount of € 238.7 million (2021: € 227.4 million) in fixed income investments and other investments is expected to be recovered later than twelve months after the reporting date. For all assets without a contractual maturity date, it is assumed that they will be recovered later than twelve months after the reporting date.

FIXED INCOME INVESTMENTS OWN ACCOUNT BY NATURE

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Government and Government related or guaranteed bonds	171,054	147,461
Securitised bonds	9,452	15,941
Corporate bonds	98,987	141,970
Total	**279,493**	**305,372**

DERIVATIVES CLASSIFIED BY NATURE

(X € 1,000)

	ASSETS	LIABILITIES	31 DECEMBER 2022
Interest rate derivatives	839	303	536
Currency derivatives	4,125	823	3,302
Equity derivatives	1	73	-72
Other derivatives	232		232
	5,197	**1,199**	**3,998**

	ASSETS	LIABILITIES	31 DECEMBER 2021
Interest rate derivatives	164	11	153
Currency derivatives	254	1,541	-1,287
Equity derivatives	7	18	-11
Other derivatives	192		192
	617	**1,570**	**-953**

ANALYSIS BY ESTIMATED TIME TO MATURITY OF UNDISCOUNTED CASHFLOWS OF DERIVATIVES (LIABILITIES)

(X € 1,000)

31 DECEMBER 2022	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	→ 5 YEARS	TOTAL
Interest rate derivatives	303				303
Currency derivatives	823				823
Equity derivatives	73				73
	1,199				**1,199**

31 DECEMBER 2021	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	→ 5 YEARS	TOTAL
Interest rate derivatives	11				11
Currency derivatives	1,541				1,541
Equity derivatives	18				18
	1,570				**1,570**

ANALYSIS OF INTEREST- AND CURRENCY DERIVATIVES FOR INVESTMENTS OWN RISK BY NOTIONAL AMOUNT AND FAIR VALUE

(X € 1,000)

			31 DECEMBER 2022			31 DECEMBER 2021
	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest Rate derivatives	10,542	839	303	3,481	164	11
Currency derivatives	78,772	4,125	823	102,909	254	1,194
	89,314	**4,964**	**1,126**	**106,390**	**418**	**1,205**

KEY ASSUMPTIONS AND ESTIMATES WHEN ASSESSING THE VALUATION OF INVESTMENTS

Impairment testing of financial assets

Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. 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.

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 5 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

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 held for trading 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;
- 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 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 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 '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, previously recognised in Total equity, are transferred from Total equity 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.

4. LIABILITIES RELATED TO INSURANCE CONTRACTS AND AMOUNTS CEDED TO REINSURERS

(X € 1,000)

	31 DECEMBER 2022 LIABILITIES RELATED TO INSURANCE CONTRACTS	31 DECEMBER 2022 AMOUNTS CEDED TO REINSURERS	31 DECEMBER 2021 LIABILITIES RELATED TO INSURANCE CONTRACTS	31 DECEMBER 2021 AMOUNTS CEDED TO REINSURERS
Non-life insurance				
Unearned premiums	92,919	52,430	70,850	44,133
Outstanding claims (including IBNR)	462,042	255,313	357,264	180,293
Total Non-life insurance	**554,961**	**307,743**	**428,114**	**224,426**
Life insurance	**46,286**	**8,116**	**53,789**	**6,203**
Total	**601,247**	**315,859**	**481,903**	**230,629**

The liabilities related to insurance contracts increased to € 601.2 million (2021: € 481.9 million). The liabilities related to insurance contracts increased mainly because of the conclusion of a contract in the income protection portfolio. Also the February storm in 2022 and several natural disasters increased the liabilities related to insurance contracts.

The table below shows the reinsurance liabilities analysed by estimated time to maturity. The life insurance and income protection are analysed on the basis of the discounted cash inflows and outflows in connection with insurance contracts; property & casualty insurance contracts are analysed on the basis of undiscounted cash flows.

ANALYSIS BY ESTIMATED TIME TO MATURITY OF LIABILITIES RELATED TO INSURANCE CONTRACTS

(X € 1,000)

2022	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	24,258	80,097	54,291	15,028	173,674
Property & Casualty	227,620	87,001	43,323	23,343	381,287
Life Insurance	21,072	11,823	11,736	1,655	46,286
Balance at 31 December	**272,950**	**178,921**	**109,350**	**40,026**	**601,247**

2021	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	TOTAL
Non-life insurance					
Income protection	9,614	51,750	42,314	18,110	121,788
Property & Casualty	174,659	54,735	49,809	27,123	306,326
Life Insurance	19,781	15,879	15,607	2,522	53,789
Balance at 31 December	**204,054**	**122,364**	**107,730**	**47,755**	**481,903**

PORTFOLIO ANALYSIS

(X € 1,000)

	31 DECEMBER 2022		31 DECEMBER 2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	%	LIABILITIES RELATED TO INSURANCE CONTRACTS	%
Life	46,286	8	53,789	11
Property	267,871	44	197,788	41
Casualty	113,416	19	108,538	23
Income Protection	173,674	29	121,788	25
Total	**601,247**	**100**	**481,903**	**100**

MOVEMENT TABLE NON-LIFE

(X € 1,000)

	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	70,850	44,133	62,210	38,776
Added during the year	308,563	178,292	254,208	153,112
Released to the Income Statement	-286,495	-169,995	-245,568	-147,755
Balance at 31 December	**92,918**	**52,430**	**70,850**	**44,133**
OUTSTANDING CLAIMS (INCLUDING IBNR) NON-LIFE				
Balance at 1 January	357,264	180,293	268,672	133,459
Current period claims reported	240,331	142,881	106,221	51,400
Previous period claims reported/released	36,542	12,172	28,540	8,963
Plus claims reported	**276,873**	**155,053**	**134,761**	**60,363**
Current period claims paid	95,123	62,367	4,864	3,769
Previous period claims paid	76,971	17,666	41,305	9,762
Less claims paid	**172,094**	**80,033**	**46,169**	**13,529**
Balance at 31 December	**462,043**	**255,313**	**357,264**	**180,293**
TOTAL NON-LIFE	**554,961**	**307,743**	**428,114**	**224,426**

The reinsurance liabilities include claims handling costs of € 5.2 million (2021: € 4.7 million). The above non-life claims constitute an exhaustive summary of the most important claims already incurred.

The tables below show the claims development table for Non-life and net of retrocession.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(X € 1,000)

(BEFORE REINSURANCE)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	240,331	106,221	93,903	79,666	88,528	69,494	199,629	21,921	3,809	66,447	
One year later		132,190	116,220	78,529	97,982	56,250	189,936	16,905	3,049	66,558	
Two years later			123,333	72,300	97,236	49,588	187,354	16,710	2,975	66,311	
Three years later				79,783	95,163	48,409	183,953	25,862	2,817	66,214	
Four years later					95,807	46,280	183,924	31,805	2,756	65,963	
Five years later						45,010	186,450	31,743	1,227	65,901	
Six years later							186,909	31,732	1,169	65,631	
Seven years later								24,824	2,058	65,762	
Eight years later									1,967	65,694	
Nine years later										65,620	
Estimate of cumulative claims	**240,331**	**132,190**	**123,333**	**79,783**	**95,807**	**45,010**	**186,909**	**24,824**	**1,967**	**65,620**	**995,774**
Cumulative payments	95,123	39,366	52,620	32,459	88,304	41,646	181,470	14,197	897	64,118	610,200
Reinsurance liabilities claims prior years (<2013)											76,468
Outstanding claims at 31 December 2022	**145,208**	**92,824**	**70,713**	**47,324**	**7,503**	**3,364**	**5,439**	**10,627**	**1,070**	**1,502**	**462,042**

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(X € 1,000)

(NET OF REINSURANCE)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	97,450	54,821	48,847	28,645	64,476	58,296	32,346	8,894	3,809	13,826	
One year later		75,553	66,806	28,298	67,438	49,432	27,535	3,717	2,599	14,266	
Two years later			71,779	22,579	67,842	42,772	26,360	3,482	2,525	14,169	
Three years later				20,070	66,013	41,593	26,360	3,133	2,367	14,072	
Four years later					66,534	39,465	26,021	9,076	2,306	13,820	
Five years later						38,195	28,432	3,014	1,227	13,687	
Six years later							29,090	3,003	1,169	13,489	
Seven years later								3,041	1,250	13,620	
Eight years later									1,269	13,552	
Nine years later										13,478	
Estimate of cumulative claims	**97,450**	**75,553**	**71,779**	**20,070**	**66,534**	**38,195**	**29,090**	**3,041**	**1,269**	**13,478**	**416,459**
Cumulative payments	32,756	29,916	46,167	14,483	59,411	34,833	24,355	969	727	11,976	255,593
Reinsurance liabilities claims prior years (<2013)											45,864
Outstanding claims at 31 December 2022	**64,694**	**45,637**	**25,612**	**5,587**	**7,123**	**3,362**	**4,735**	**2,072**	**542**	**1,502**	**206,730**

MOVEMENT TABLE LIFE

(X € 1,000)

	2022		2021	
	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED TO REINSURERS	LIABILITIES RELATED TO INSURANCE CONTRACTS	AMOUNTS CEDED[1] TO REINSURERS
PROVISION FOR LIFE POLICY LIABILITIES				
Balance at 1 January	53,789	6,203	59,724	3,943
Benefits paid	-29,543	-5,843	-26,281	-4,880
Net premiums received	68,255	14,997	58,463	15,182
Technical result	-41,945	-7,241	-37,599	-8,042
Unwinding of discount	42		156	
Effect of changes in benchmark rate	-4,312		-674	
Balance at 31 December	**46,286**	**8,116**	**53,789**	**6,203**
TOTAL LIFE INSURANCE LIABILITIES	**46,286**	**8,116**	**53,789**	**6,203**

On July 1, 2020, as part of its policy of diversifying its capital protection tools, Achmea Reinsurance Company N.V. sponsored the issuance of a catastrophe bond by Windmill Re II DAC an Irish seated ‘Designated Activity Company’, which provides the company with multi-year risk transfer capacity of € 100.0 million to protect itself against wind storm risks in the Netherlands. The risk period for Windmill II Re DAC runs from July 1, 2020, to June 30, 2024. In order to facilitate the setup of Windmill II Re DAC, Achmea Reinsurance Company N.V. agreed to indemnify a number of external service providers in line with market practise.

KEY ESTIMATES TO DETERMINELIABILITIES 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 discount rate used to determine the life policy liabilities whose cash flows are based on locked assumptions related to Dutch activities ranges between 3% and 4%. Life policy liabilities relating to Dutch activities whose cash flows are discounted using market based interest rates are based on the Euro swap curve, including an illiquid premium depending on the profit sharing features of the insurance contract, which is extrapolated by means of an ultimate forward rate (UFR, 3.45% at year-end 2022, 3.60% at year-end 2021). The UFR is the risk-free discount rate after the last liquid point in the Euro swap market and it is based on a long-term equilibrium rate of 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

Insurance liabilities also include the impact of minimum guarantees which are included in certain insurance contracts. The recognition 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 Liabilities related to insurance contracts 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 other derivatives embedded in an insurance contract that do not bear any insurance risk 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 Reinsurance Company N.V. tests the adequacy of the recognised insurance liabilities and related assets at each reporting date 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, Achmea Reinsurance Company N.V. will recognise a loss. The deficit is compensated by increasing the related insurance liabilities.

Provisions for unearned premiums

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 duration of the contract.

Outstanding claims provision including incurred but not reported claims

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 Outstanding claims provision is based on estimates of expected insurance losses and unexpired risks. The provision also includes amounts for incurred but not reported claims at reporting date. 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 made 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.

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 which are based on the (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 locked assumptions are discounted at fixed discount rates (often 3% or 4% depending on their date of inception). For the Dutch life insurance business, the fair value changes of related interest sensitive financial instruments are recognised as Profit sharing and bonuses for policyholders.

The provision for unearned premiums, provision for premium deficiency and unexpired risks and provision for outstanding claims/benefits are included to the extent that these relate to the life insurance business.

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 Reinsurance Company N.V. 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.

5. 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.

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 fact that they are traded in money markets. Other deposits with credit institutions are in general classified as level 2 due to the facts that they are not traded and subject to restrictions.

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2022

(X € 1,000)

	LEVEL 1	LEVEL 2	TOTAL 31 DECEMBER 2022
Assets			
Recurring fair value measurements			
Investments			
Equities and similar investments	108,288	68,137	176,425
Fixed income investments	274,505	4,988	279,493
Derivatives	840	4,357	5,197
Cash and cash equivalents	44,215	-	44,215
Total assets measured at fair value on a recurring basis	**427,848**	**77,482**	**505,330**
Non-recurring fair value measurements			
Liabilities			
Derivatives	376	823	1,199
Total liabilities measured at fair value on a recurring basis	**376**	**823**	**1,199**

ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING AND NON-RECURRING BASIS AS AT 31 DECEMBER 2021

(X € 1,000)

	LEVEL 1	LEVEL 2	TOTAL 31 DECEMBER 2021
Assets			
Recurring fair value measurements			
Investments			
Equities and similar investments	139,845	55,025	194,870
Fixed income investments	288,852	16,520	305,372
Derivatives	170	447	617
Cash and cash equivalents	37,006		37,006
Total assets measured at fair value on a recurring basis	**465,873**	**71,992**	**537,865**
Non-recurring fair value measurements			
Liabilities			
Derivatives	30	1,540	1,570
Total liabilities measured at fair value on a recurring basis	**30**	**1,540**	**1,570**

Main changes in the fair value hierarchy in 2022

At each reporting date Achmea Reinsurance Company N.V. 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 concerning 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 Reinsurance Company N.V.'s policy is to determine the level of the fair value hierarchy in each reporting period and to recognise transfers into and out of fair value hierarchy levels at the beginning of the reporting period. In 2022 no changes were made to level-classification of assets and liabilities at fair value. There were no transfers between level 1 and 2 for recurring valuations at fair value during the year.

VALUATION TECHNIQUES USED AND VALUATION PROCESS WITHIN ACHMEA FOR LEVEL 2 MEASUREMENTS.

Depending on the specific assets and liabilities, Achmea Reinsurance Company N.V. has set valuation policies and procedures for determining the fair value. The valuation process for each type of assets or liability is explained below, together with a description of the technique used and the relevant inputs.

Investments – Equity and similar investments

When available, Achmea Reinsurance Company N.V. 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, mainly fixed income 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 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.

Investments – Fixed income

In general, the fair value of these fixed-income investments is determined by means of the 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.

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 typical 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 these are not available, using pricing models based on the net present value of estimated future cash flows. The pricing models which are used are industry standard valuation models (such as the Black and Scholes model) that 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 (if part of the contractual cash flows of the derivative). Achmea Reinsurance Company N.V. normally mitigates counterparty credit risk in derivative contracts by including collateral agreements in the contracts (where practical).

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.

(X € 1,000)

	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					
Receivables and accruals	124,487		124,487		124,487
Liabilities					
Deposits from reinsurers	10,683		10,683		10,683
Other liabilities and accruals	66,258		66,258		66,258

(X € 1,000)

	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
Assets					
Receivables and accruals	100,053		100,053		100,053
Liabilities					
Deposits from reinsurers	7,949		7,949		7,949
Other liabilities and accruals	54,852		54,852		54,852

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.

Receivables and accruals

Receivables are generally 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. Other liabilities are classified as level 2 due to the fact that there is no active market for these financial instruments.

The level 2 classified receivables comprise primarily short-term amounts due in connection with the ordinary operating activities of Achmea Reinsurance Company N.V. These receivables are measured at amortised cost less accumulated impairment losses. The fair value of these receivables is determined on the basis of the discounted value of the expected cash flows, taking into accounted expected credit losses. 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

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 Reinsurance Company N.V. 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.

6. NET EARNED PREMIUMS

(X € 1,000)

	2022	2021
Gross written premiums non-life	308,563	254,208
Reinsurance premiums	-178,291	-153,112
Change in provision for unearned premiums	-13,771	-3,283
Net earned premiums Non-life	**116,501**	**97,813**
Gross written premiums life	68,255	58,463
Reinsurance premiums	-14,998	-15,182
Change in provision for unearned premiums	-1,070	-251
Net earned premiums Life	**52,187**	**43,030**
Total net earned premiums	**168,688**	**140,843**

BREAKDOWN GROSS WRITTEN PREMIUMS TO BRANCHES

(X € 1,000)

	2022	2021
Non-life insurance		
Casualty	10,900	9,701
Property	227,415	185,103
Health	70,248	59,404
Gross written premiums Non-life	**308,563**	**254,208**
Gross written premiums Life	**68,255**	**58,463**
Total gross written premiums	**376,818**	**312,671**

ACCOUNTING POLICIES NET EARNED PREMIUMS

Gross written premiums for Life 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 premiums for Non-life insurance (except for disability insurance contracts) are recognised at the effective date of the insurance contract for the premiums to be received during the contract period. The contract period is the period during which Achmea Reinsurance Company N.V. is unable to (entirely) adjust the premiums or the insurance policy conditions for the changed risk profile of policyholders. Premiums for Non-life insurance contracts are generally recognised as earned in proportion to the period of insurance coverage provided.

7. INVESTMENT INCOME

RESULTS ON INVESTMENTS

(X € 1,000)

	2022	2021
Direct income		
Investments available for sale	7,531	6,288
Investment costs	-307	-631
Total	**7,224**	**5,657**
Realised and unrealised results on financial assets and derivatives liabilities		
Investments at fair value through profit or loss	3,059	4,191
Investments available for sale	562	18,253
Total	**3,621**	**22,444**
Impairment losses on investments		
Investments available for sale	-5,385	-846
Total	**-5,385**	**-846**
Foreign currency differences	1,444	-2,174
Total income from investments	**6,904**	**25,081**

The Investment Income decreased strongly by € 18.1 million. This decrease is caused by a large realised and unrealised result on financial assets of € 18.8 million due to falling share prices and lower realised gains on fixed-income securities.

DIRECT INCOME INVESTMENT BY CATEGORY

(X € 1,000)

	2022	2021
Direct income own account by type:		
Interest income	916	78
Dividend	6,615	6,210
Total	**7,531**	**6,288**

ACCOUNTING POLICIES INVESTMENT INCOME

The accounting policies for investment income are closely related to the accounting principles for investments. See Note 3 Investments for further explanation.

8. NET EXPENSES FROM INSURANCE CONTRACTS

(X € 1,000)

	2022 GROSS	2022 REINSURANCE	2021 GROSS	2021 REINSURANCE
Non Life				
Claims paid	172,094	80,034	46,169	13,529
Changes in insurance liabilities own risk	104,779	75,019	88,592	46,834
	276,873	**155,053**	**134,761**	**60,363**
Life				
Benefits paid	29,540	5,843	26,279	4,879
Changes in insurance liabilities	-8,572	1,914	-6,185	2,260
	20,968	**7,757**	**20,094**	**7,139**
Total net expenses from insurance contracts	**297,841**	**162,810**	**154,855**	**67,502**

For changes in insurance liabilities, reference is made to note 4 Liabilities related to insurance contracts and ceded to reinsurers.

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 4 for further explanation.

9. OPERATING EXPENSES

(X € 1,000)

	2022	2021
Staff expenses	7,011	7,148
General expenses	7,443	6,016
Gross operating expenses	**14,454**	**13,164**
Changes in deferred acquisition costs		
Commissions paid and accrued	72,558	64,733
Reinsurance profit sharing and commission	-30,196	-25,701
	42,362	**39,032**
Total operating expenses	**56,816**	**52,196**

Personnel

All personnel is employed by Achmea Interne Diensten N.V., a group company of Achmea. The staff expenses and other operating expenses associated with the activities of Achmea Reinsurance Company N.V. are allocated to Achmea Reinsurance Company N.V.

At year-end 2022, 49.4 full-time equivalents (FTEs) worked for Achmea Reinsurance Company N.V. (2021: 46.8 FTEs).

Achmea Interne Diensten N.V. allocates the pension expenses to the various Achmea Group entities. Allocation is effected on the basis of the pensionable salary of the current employees. For further information relate to note 21 Related party transactions.

Changes in deferred acquisition costs

Changes in deferred acquisition costs are related to amortisation of deferred acquisition costs of life insurance contracts. As the amount of deferred acquisition costs was fully released to the income statement in prior year, there was no movement in current year.

Commissions paid and accrued

The commissions paid and accrued increased by € 7.8 million due to the developments in incoming business from third parties.

Auditor's fees

By virtue of Article 2: 382a, of the Dutch Civil Code, the individual components of our external auditor's fees are not disclosed. To this end, reference is made to the Consolidated Financial Statements of Achmea B.V. The other audit services performed by the independent auditor are:

- Audit of the regulatory reporting for Solvency II to be submitted to the regulator De Nederlandsche Bank

ACCOUNTING POLICIES OPERATING EXPENSES

The accounting policies for operating expenses are closely related to the accounting principles of related balance sheet items. We refer to the accounting policies of related balance sheet items.

OTHER NOTES

Other statement of financial position

10. RECEIVABLES AND ACCRUALS

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Receivables from accepted reinsurance	4,810	4,925
Receivables from retrocession	28,443	5,259
Investment receivables	335	166
Other prepayments and accrued income	66,410	66,408
Deposits to cedants	22,807	21,027
Taxes and social security premiums	1,682	2,268
Total	**124,487**	**100,053**

An amount of € 13.3 million (31 December 2021: € 12.5 million) of the Receivables and accruals is expected to be recovered more than twelve months after reporting date. All other receivables are expected to be recovered within 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. There were no impairment losses that occurred on receivables from retrocession in both 2022 and 2021.

The Receivables from retrocession are significantly higher in 2022 as compared to 2021 as a result of settling claims against reinsurers related to the February storm in 2022.

For a list of the Receivables from group companies, please refer to Note 21 Related party transactions.

KEY ASSUMPTIONS AND ESTIMATES RECEIVABLES AND ACCRUALS – DEFERRED ACQUISITION COSTS

These are detailed in the note on key assumptions and estimates of liabilities related to insurance contracts and amounts ceded to reinsurers.

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. Acquisition expenses related to securing the right to provide investment management services related to investment contracts are deferred to the extent deemed recoverable from future revenues. Deferred acquisition costs related to investment contracts are tested separately for impairment. Achmea does not consider anticipated investment income in the determination of the recoverability. Any irrecoverable 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.

11. CASH AND CASH EQUIVALENTS

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Bank balances	44,215	37,006
Balance at 31 December	**44,215**	**37,006**

The cash and cash equivalents are at the free disposal of Achmea Reinsurance Company N.V. They comprise bank balances. Liquidity management is performed at Group level. Current account positions in Achmea B.V.'s cash pool that are payable on demand constitute an integral part of this liquidity management, and accordingly constitute part of the cash and cash equivalents of Achmea Reinsurance Company N.V.

ACCOUNTING POLICIES CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash, bank balances and call deposits and are measured at fair value.

12. EQUITY

Share capital

The authorised capital consists of 40,000 shares each of a nominal value of € 454, of which 10,000 shares have been issued and fully paid-up. In 2022 and 2021, there were no movements in the paid-up and called-up capital.

Share premium

In 2022, as was the case in 2021, there were no movements in the share premium reserve.

Revaluation reserve

Based on the accounting principles used by Achmea Reinsurance Company N.V., a revaluation reserve is formed. The revaluation reserve contains an amount of € 13.0 million (2021: € 1.5 million) relating to unrealised losses net of deferred taxes on assets carried at fair value. In determining the non-distributable revaluation reserve under Dutch regulations these losses cannot be deducted. As a result an amount of € 13.0 million (2021: € 1.5 million) is not available for distribution to shareholders.

Retained earnings

The Retained Earnings are at the disposal of the General Meeting of Achmea Reinsurance Company N.V.

The appropriation of results is presented in the Company Financial Statements of Achmea Reinsurance Company N.V. for 2022, Note 23. Proposal for appropriation of result. According to the proposal of the Board of Directors for the appropriation of results, with regard to financial year 2021 the result is added to the Retained Earnings by resolution of the General Meeting of the company.

In 2022 no dividends were paid to the shareholder out of the retained earnings.

13. FINANCIAL LIABILITIES

OTHER LIABILITIES

(X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Liabilities out of direct insurance	30,746	10,926
Accruals and deferred income	29,219	42,592
Deposits from reinsurance	10,683	7,949
Other investment liabilities	5,125	146
Liabilities to group companies	1,168	1,188
Balance at 31 December	**76,941**	**62,801**

Accruals and deferred income is significantly lower in 2022 compared to 2021. This is attributable to the WGA/WIA contract.

FAIR VALUE OF FINANCIAL LIABILITIES DETERMINED USING VALUATION TECHNIQUES

In the absence of an (active) market, the fair value of non-quoted financial assets and liabilities is estimated by using present value or other valuation techniques. Reference is made to Note 5 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 assets and 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.

ACCOUNTING POLICIES FINANCIAL LIABILITIES

Other liabilities

At initial measurement Other liabilities are accounted for at fair value, later measurement are accounted for at amortised cost.

14. DEFERRED TAX LIABILITIES

The movements in deferred tax assets and liabilities during the fiscal year can be specified as follows:

(X € 1,000)

	BALANCE AT 1 JANUARY 2021	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2022
Investments	9,165	6,900	-11,071	-273	4,721
Deferred Tax local tariff change	30		-30		
	9,195	**6,900**	**-11,101**	**-273**	**4,721**
Deferred tax liabilities	9,195				4,721

(X € 1,000)

	BALANCE AT 1 JANUARY 2020	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2021
Investments	5,669	1,544	1,679	273	9,165
Deferred Tax local tariff change		30			30
	5,669	**1,574**	**1,679**	**273**	**9,195**
Deferred tax liabilities	5,669				9,195

An amount of nil (2021: € 0.3 million) of the Deferred tax assets and liabilities is expected to be recovered more than twelve months after reporting date.

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 Reinsurance Company N.V. will receive the tax benefits. A change in judgement could have a substantial effect on value of the deferred tax asset. In determining the tax position, Achmea Reinsurance Company N.V. has taken into account its estimate of the associated future expenses. Furthermore, management considers tax planning strategies to 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. 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.

15. OTHER EXPENSES

(X € 1,000)

	2022	2021
Other technical expenses		853
Charged expenses		7
Total		**860**

Restructuring charges (2022: nil; 2021: € 7 thousand) are charged to the other expenses because they are not considered part of the reinsurance business.

ACCOUNTING POLICIES OTHER EXPENSES

The accounting policies for other expenses are closely related to the accounting principles of related balance sheet items. We refer to the accounting policies of related balance sheet items.

16. INCOME TAX EXPENSES

RECONCILIATION OF EFFECTIVE TAX RATE

(X € 1,000)

	2022	2021
Result before tax	-13,113	26,571
Corporation tax rate	25,8%	25,0%
Income tax using the corporation tax rate	-3,383	6,643
Tax effect on:		
Change in tax rate		30
Effective tax amount	**-3,383**	**6,673**

The effective tax rate in 2022 amounts to 25.8% (2021: 25.1%).

INCOME TAX EXPENSES

(X € 1,000)

	2022	2021
Current tax expenses		
Current year	-10,010	4,826
	-10,010	**4,826**
Deferred tax expenses		
Current year	6,627	1,553
Prior year		264
Reduction in tax rate		30
	6,627	**1,847**
Total Income tax expense in Income Statement	**-3,383**	**6,673**

Deferred income tax of € 6.9 million (2021: € 1.6 million) has been disclosed in more detail in Note 14 Deferred tax assets and liabilities.

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. 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 in to account.

Tax positions are calculated at the level of the legal entity. Settlements are made within the tax unity. Current receivables or liabilities are recorded as Income tax receivable or Income tax payable. The tax position is calculated as if the legal entity is an autonomous taxable entity.

17. NET OTHER COMPREHENSIVE INCOME

(X € 1,000)

	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
Unrealised gains and losses on financial instruments 'Available for sale'	-44,589	11,505	-33,083	22,891	-5,977	16,914
Gains and losses on financial instruments 'Available for sale' reclassified to the Income Statement on disposal	-3,821	985	-2,836	-18,039	4,509	-13,530
Impairment charges on financial instruments 'Available for sale' reclassified to the Income Statement on disposal	5,385	-1,389	3,995	845	-211	634
Total Other comprehensive income	**-43,025**	**11,101**	**-31,924**	**5,697**	**-1,679**	**4,018**

18. HEDGE ACCOUNTING

Achmea Reinsurance Company N.V. applies fair value hedge accounting for the portfolios exposed to foreign currency risk. 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.

Foreign exchange contracts 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 € 3.7 million (31 December 2021: € -0.7 million). The fair value of a foreign exchange contract 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 € 2.4 million (2021: € 4.2 million) and the fair value changes of the related derivatives amounted to € 4.2 million (2021: € 4.9 million), including value changes resulting from changes in the forward premium.

ACCOUNTING POLICIES HEDGE ACCOUNTING

Achmea Reinsurance Company N.V. applies fair value hedge accounting for certain investment portfolios. When Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. 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 Reinsurance Company N.V. starts amortising the related fair value adjustment over the remaining duration of the hedged item when the hedge relationship is discontinued. When Achmea Reinsurance Company N.V. 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.

19. CONTINGENCIES

Legal procedures

Achmea Reinsurance Company N.V. was not involved in lawsuits or arbitration proceedings as at 31 December 2022.

Contingent assets

CONTINGENT ASSETS (X € 1,000)

	2022	2021
Commitment relates to Investments	5,000	14,000
Guarantee received		
Balance at 31 December	**5,000**	**14,000**

No guarantees from reinsurers were received by Achmea Reinsurance company N.V. in 2022.

Contingent liabilities

CONTINGENT LIABILITIES (X € 1,000)

	2022	2021
Deed of pledge	70	66
Balance at 31 December	**70**	**66**

Achmea Reinsurance Company N.V. has provided a Letter of Credit to the Internal Revenue Service of the United States of America for an amount of € 70 thousand, allowing Achmea Reinsurance Company N.V. doing business in the US.

Tax entity

As regards value-added tax (VAT) and Corporate income tax, Achmea Reinsurance Company N.V. is part of the fiscal unity Achmea B.V. and is therefore jointly and severally liable for the obligations of the fiscal unity.

20. CREDIT QUALITY FINANCIAL ASSETS

The table below shown 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 (X € 1,000)

31 DECEMBER 2022	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Fixed income investments	65,812	61,128	37,683	41,085	73,785			279,493
Derivatives		839	1	232			4,125	5,197
Amounts ceded to reinsurers			227,780	71,473	1,711	1,628	13,267	315,859
Receivables and accruals		208	43,397	67,704	1,650	3,109	8,419	124,487
Cash and cash equivalents			37,561	6,654				44,215

EXTERNAL CREDIT RATING ASSETS (X € 1,000)

31 DECEMBER 2021	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Investments								
Fixed income investments	66,900	50,209	34,820	64,017	86,924		2,502	305,372
Derivatives		160	10	192			255	617
Amounts ceded to reinsurers			173,420	42,197	646	1,415	12,951	230,629
Receivables and accruals		186	28,766	57,741	816	3,111	9,433	100,053
Cash and cash equivalents			20,390	16,616				37,006

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

(X € 1,000)

	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
Receivables and accruals	290	707		997	39,889

FINANCIAL ASSETS, THAT ARE PAST DUE OR IMPAIRED

(X € 1,000)

	PAST DUE BUT NOT IMPAIRED				IMPAIRED ASSETS
31 DECEMBER 2021	**0-3 MONTHS**	3 MONTHS – 1 YEAR	MORE THAN ONE YEAR PAST DUE	AMOUNT OVERDUE	CARRYING AMOUNT AFTER IMPAIRMENT
Receivables and accruals	1,037	90	828	1,955	42,845

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

(X € 1,000)

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	BALANCE OF THE FINANCIAL ASSETS AND LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS RECEIVED	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives assets	5,197		5,197			3,378	
Derivatives liabilities		1,199	1,199		105		
				3,998	105	3,378	7,272
Cash and cash equivalents	55,172	17,610	37,561	37,561			37,561
31 DECEMBER 2021							
Derivatives assets	617		617			180	
Derivatives liabilities		1,570	1,570		589		
				-953	589	180	-1,362
Cash and cash equivalents	64,718	62,359	2,359	2,359			2,359

Disclosure concerning the temporary exemption from IFRS 9

IFRS 9 entered into force on 1 January 2018. Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. has determined annually that postponement of the application of IFRS 9 is permitted. With effect from the 2021 financial year, Achmea Reinsurance Company N.V. 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 Reinsurance Company N.V. will apply IFRS 9 as of 1 January 2023, regardless of whether it meets the conditions of the deferral approach.

Because Achmea Reinsurance Company N.V. 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 below includes information on the cash flow characteristics for all financial assets. Achmea Reinsurance Company N.V. has implemented the principles in IFRS 9, including the business model. Based of the business model investments in the amount of

€ 32.1 million (2021: € 33.1 million), have been included in column Other (financial assets that do not meet the SPPI test, including financial assets that meet the definition held for trading or that are 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.

CASHFLOW-CHARACTERISTICS FINANCIAL ASSETS IN SCOPE OF IFRS9

(X € 1,000)

	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)			OTHER (FINANCIAL ASSETS THAT DO NOT MEET THE SPPI TEST, INCLUDING FINANCIAL ASSETS THAT 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	BOOKVALUE AS AT 31-12-2022	FAIR VALUE AS AT 31-12-2022	CHANGE IN FAIR VALUE FOR THE YEAR 2022	BOOK VALUE AS AT 31-12-2022 [1]	FAIR VALUE AS AT 31-12-2022	CHANGE IN FAIR VALUE FOR THE YEAR 2022
Investments									
Equities and similar investments				176,425	176,425	-16,077	176,425	176,425	-16,077
Fixed income investments	274,605	274,605	-25,887	4,888	4,888	-688	279,493	279,493	-26,575
Derivatives				5,197	5,197	1,080	5,197	5,197	1,080
Receivables and accruals	335	335					335	335	
Cash and cash equivalents	44,215	44,215					44,215	44,215	

1. *The table only includes 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 3 Investments and Note 10 Receivables and accruals. This concerns for example premium receivables.*

CASHFLOW-CHARACTERISTICS FINANCIAL ASSETS IN SCOPE OF IFRS9

(X € 1,000)

	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)			OTHER (FINANCIAL ASSETS THAT DO NOT MEET THE SPPI TEST, INCLUDING FINANCIAL ASSETS THAT 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 31-12-2021	FAIR VALUE AS AT 31-12-2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021	BOOK VALUE AS AT 31-12-2021 [1]	FAIR VALUE AS AT 31-12-2021	CHANGE IN FAIR VALUE FOR THE YEAR 2021
Investments									
Equities and similar investments				194,870	194,870	27,497	194,870	194,870	27,497
Fixed income investments	296,027	296,027	-4,752	9,345	9,345	-161	305,372	305,372	-4,913
Derivatives				617	617	1	617	617	1
Receivables and accruals	166	166					166	166	
Cash and cash equivalents	37,006	37,006					37,006	37,006	

1. *The table only includes 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 3 Investments and Note 10 Receivables and accruals. This concerns for example premium receivables.*

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'.

The table below includes Receivables in the column 'Financial assets that do not have low credit risk', as Achmea Reinsurance Company N.V. 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.

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)

(X € 1,000)

31 DECEMBER 2022									FINANCIAL ASSETS THAT DO NOT HAVE LOW CREDIT RISK	
	AAA GOVERNMENT BONDS	AAA	AA	A	BBB	BELOW BBB	NO RATING	BOOK VALUE SPPI ASSETS TOTAL	TOTAL FAIR VALUE	TOTAL BOOK VALUE
Investments										
Fixed income investments	65,812	61,128	37,683	40,593	69,389			274,605		
Receivables and accruals							335	335	335	335
Cash and cash equivalents			37,561	6,654				44,215		

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)

(X € 1,000)

31 DECEMBER 2021									FINANCIAL ASSETS THAT DO NOT HAVE LOW CREDIT RISK	
	AAA GOVERNMENT BONDS	AAA	AA	A	BBB	BELOW BBB	NO RATING	BOOK VALUE SPPI ASSETS TOTAL	TOTAL FAIR VALUE	TOTAL BOOK VALUE
Investments										
Fixed income investments	66,900	50,209	34,820	61,270	80,326		2,502	296,027	2,502	2,502
Receivables and accruals							166	166	166	166
Cash and cash equivalents			20,390	16,616				37,006		

21. 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).

Since Achmea B.V., as head of the group, exercises direct or indirect control over all legal entities that form part of the Achmea Group, Achmea Reinsurance Company N.V. deems these entities to be related parties too.

Achmea Reinsurance Company N.V. also deems its collective defined contribution pension plan (executed by Stichting Pensioenfonds Achmea) to be a related party. Members of the Board of Directors and Supervisory Board and their close family members are also deemed to be related parties by Achmea Reinsurance Company N.V.

In addition Achmea Reinsurance Company N.V. maintains business relationships with related parties as part of the company’s ordinary activities (particularly in the area of insurance). The transactions with such parties are not considered material to Achmea Reinsurance Company N.V. either individually or in the aggregate.

REMUNERATION OF THE BOARD OF DIRECTORS AND SUPERVISORY BOARD

The members of the Board of Directors of Achmea Reinsurance are the statutory directors, holding key management positions at Achmea Reinsurance Company N.V.

In addition, they perform activities for Achmea as a group and have a number of responsibilities in that context. This is related to the nature and organisation of the Achmea Group, a financial conglomerate, in which directors can be involved in several entities.

The remuneration of the members of the Board of Directors of Achmea Reinsurance Company N.V. 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 a member of the Board of Directors of Achmea Reinsurance Company N.V. includes elements of variable remuneration. The Executive Board of Achmea B.V. in consultation with the (Remuneration Committee of the) Group's Supervisory Board decides on the granting of awards of variable remuneration to a member of the Board of Directors of Achmea Reinsurance in the year after the performance. The granting of awards of variable remuneration 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 "Other long-term employee benefits". In addition to their salaries, the Board of Directors of Achmea Reinsurance Company N.V. have a pension scheme. This is the same pension scheme that applies to all other employees of Achmea. The pension scheme is executed by the Achmea Pension Fund ("Stichting Pensioenfonds Achmea").

REMUNERATION OF THE BOARD OF DIRECTORS OF ACHMEA REINSURANCE COMPANY N.V. FOR THE FINANCIAL YEAR

(X € 1,000)

	2022	2021
Short term employee benefits	515	501
Post-employment benefits	211	246
Other long term employee benefits	22	22
Employers' share social security contributions	16	17
Total	**764**	**786**

A total amount of € 764 thousand was recognised in the reporting period 2022 for Board Directors remuneration (2021: € 786 thousand). This total amount pertains to the performance 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 Board of Directors of Achmea Reinsurance Company N.V. This expense is recognised in 2022. Likewise in 2021 the expense was recognised for variable remuneration for the performance year 2020.

Below is an overview of the remuneration of the Board of Directors of Achmea Reinsurance Company N.V. for the performance year 2022. The variable remuneration is presented in respect of the performance year. This can differ from the 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.

REMUNERATION OF BOARD OF DIRECTORS OF ACHMEA REINSURANCE COMPANY N.V. FOR THE CURRENT PERFORMANCE YEAR

(X € 1,000)

Active Board members as at 31 December 2022[1]	ANNUAL SALARY (SHORT TERM EMPLOYEE BENEFITS) [2]	VARIABLE REMUNERATION AWARDED (OTHER SHORT TERM EMPLOYEE BENEFITS) [2]	VARIABLE REMUNERATION CONDITIONALLY AWARDED (OTHER LONG TERM EMPLOYEE BENEFITS) [2,4]	POST EMPLOYMENT BENEFITS (LIMIITED TO TAX LIMIT) [3]	CONTRIBUTION NET POST EMPLOYMENT BENEFITS (OVER TAX LIMIT) [3]	WAGE BENEFIT (OVER TAX LIMIT) [3]	TOTAL
E.C. Bom, chairman	271	t.b.d.	t.b.d.	44	50	26	391
H.Chr. Mentink	222	t.b.d.	t.b.d.	44	31	16	313
Total 2022	**493**	**t.b.d.**	**t.b.d.**	**88**	**81**	**42**	**704**
Total 2021	**479**	**22**	**22**	**110**	**69**	**67**	**769**
Average number of active Directors 2022: 2,00							
Average number of active Directors 2021: 2,00							

1. *All active board Directors were employed throughout 2022.*
2. *Excluding employers' share in social security contributions.*
3. *The post-employment benefits have as elements: the expense for the accrual of the maximum pensionable salary € 114,866 (this is the fiscal cap 2022; 2021 € 112,189), and the gross contribution to the net post-employment benefits over the fiscal cap based on the age-related 3% DC scale and the wage benefit over the fiscal cap. See the notes to post-employment benefits below. The column 'wage benefit over tax limit' in individual cases includes a compensation for deprivation of benefits under the old Directors scheme.*
4. *€ 110 thousand was recognised as a liability at the balance sheet date in respect of deferred variable remuneration awarded (conditionally) in previous years to current and former board members.*

Annual salary

The annual salary of the Board of Directors of Achmea Reinsurance Company N.V. is the fixed all-in salary on an annual basis including holiday allowance. On 1 January 2022 the salary of the members of the Board of Directors was raised by 3%. Insofar as applicable the benefit of private use of a lease car is also included in the fixed annual salary.

Variable remuneration awarded

At the time of preparation of the Annual Accounts 2022, the decision on the award of variable remuneration for the performance year 2022 will not yet have been taken. Should this be awarded, then this is included in the Remuneration Report 2022 that is 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 2021 variable remuneration was finalized after the adoption of the Financial Statements 2021 and it was decided to award a variable remuneration in the amount of € 44 thousand to the Board of Directors of Achmea Reinsurance Company N.V. This amount is recognised as an expense in the Financial Statements 2022.

Post-employment benefits

The pension scheme applicable to all other Dutch personnel also applies to the Board of Directors of Achmea Reinsurance Company N.V. This is a CDC financed pension scheme aimed at career average salary and with a contribution capped at 40% of the sum of pension bases (as agreed in de collective labour agreement 2021-2023), with among others the following characteristics at year-end 2022:

- Maximum pensionable salary € 114,866
- Accrual 1.875% per year, if this fits within the collective contribution cap (expected accrual percentage 2022: 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 over the fiscal cap arrangements have been made as of 1 January 2015 (in the collective labour agreement) for alternative pension accrual. These arrangements apply to all Achmea employees and they also apply to the Board of Directors of Achmea Reinsurance Company N.V. The arrangements also apply to employees who entered the employment of Achmea after this date.

The total premium contributed by the employer before 1 January 2015 for pension accruals over the fiscal cap will be converted into a new contribution by the employer for pension accruals over the fiscal cap without affecting costs. The total employer contribution is determined each calendar year based on the total sum of the maximum pensionable earnings over the fiscal cap and capped at 40%, based on the interest rate level at 31 December of the previous calendar year.

The employer contribution consists of two components, mentioned below. Component 1 will be financed first and component 2 will be financed from the remainder of the total contribution which may not be used for the first component.

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 above table). 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.

Clawback

In 2022, there were no adjustments or claw back of remuneration from former years with regard to the Board of Directors of Achmea Reinsurance Company N.V., nor were there any in 2021.

Loans

Members of the Board of Directors have loans outstanding with the banking operations of Achmea. The loans amount to € 0.13 million (2021: € 0.13 million). The weighted interest rate of these loans is 2.25% (2021: 2.25%). The loans are mortgage loans. In 2022 nil has been repaid (2021: nil).

Remuneration of supervisory board members

In 2022 two members of the Supervisory Board of Achmea Reinsurance Company N.V., Mr Lamie (chairman) and Ms Suur were also member of the Executive Board of Achmea B.V. They did not receive a separate remuneration for their activities in the Supervisory Board of Achmea Reinsurance Company N.V. That means that the remuneration of these two members of the Supervisory Board of Achmea Reinsurance Company N.V. that should be recognised in these financial statements is nil. Ms van Ee was as an external member of the Supervisory Board. She received a remuneration of € 16,042 for her activities in 2022 (2021: € 17,500). Ms van Ee was succeeded by Mr R.Th. Wijmenga who is also a member of the Achmea Group Supervisory Board.

For more details on remuneration of the Executive Board of Achmea B.V., reference is made to the Achmea B.V. financial statements.

Members of the Supervisory Board have no loans outstanding with the banking operations of Achmea 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.

TRANSACTIONS WITH ASSOCIATES OF THE ACHMEA GROUP

Shareholders

The shareholder of Achmea Reinsurance Company N.V. is Achmea B.V. which held 100% of the shares (100% of the voting rights) as at 31 December 2022.

In 2022, as in 2021, there are no transactions with shareholders and ultimate parent company.

TRANSACTIONS WITH ASSOCIATES OF THE ACHMEA GROUP (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Receivables from accepted reinsurance:		
Achmea Schadeverzekeringen N.V.		
Eureko Sigorta A.S.	69	43
Interamerican Property & Casualty Insurance Company Single Member S.A.		1
Total	**69**	**44**
Deposits to cedants:		
Achmea Schadeverzekeringen N.V.	273	340
Achmea Pensioen- en Levensverzekeringen N.V.	8,112	7,073
Interamerican Property & Casualty Insurance Company Single Member S.A.	1,314	1,319
Total	**9,699**	**8,732**
Prepayments and accrued income:		
Assets		
Achmea Schadeverzekeringen N.V.	293	11,396
N.V. Hagelunie	312	576
Union Poist'ovna A.S.	33	
Interamerican Property & Casualty Insurance Company Single Member S.A.	132	652
Total	**770**	**12,624**
Other liabilities		

Achmea Pensioen- en Levensverzekeringen N.V.	595	574
N.V. Hagelunie		69
Achmea Interne Diensten N.V.	1,151	1,164
Total	**1,746**	**1,807**
Liabilities related to insurance contracts:		
Achmea Schadeverzekeringen N.V.	309,112	253,073
N.V. Hagelunie	35,180	21,028
Interamerican Property & Casualty Insurance Company Single Member S.A.	8,554	5,345
Eureko Sigorta A.S.	1,188	791
Union Poist'ovna A.S.	4,540	682
Total	**358,574**	**280,919**
Liabilities from accepted reinsurance:		
N.V. Hagelunie	3,814	2,312
Achmea Schadeverzekeringen N.V.	14,002	4,346
Union Poist'ovna A.S.	534	
Interamerican Property & Casualty Insurance Company Single Member S.A.	2,480	
Achmea Pensioen- en Levensverzekeringen N.V.		68
Total	**20,830**	**6,726**
Earned Reinsurance premiums net of retrocession:		
Achmea Schadeverzekeringen N.V.	161,317	143,300
Achmea Pensioen- en Levensverzekeringen N.V.	15,519	15,706
N.V. Hagelunie	24,189	20,417
Eureko Sigorta A.S.	3,299	2,034
Union Poist'ovna A.S.	1,595	955
Interamerican Property & Casualty Insurance Company Single Member S.A.	9,512	5,210
Total	**215,431**	**187,622**
Claims net of retrocession:		
Achmea Schadeverzekeringen N.V.	152,243	60,668
Achmea Pensioen- en Levensverzekeringen N.V.	5,362	4,727
N.V. Hagelunie	23,700	16,391
Eureko Sigorta A.S.	675	343
Union Poist'ovna A.S.	4,194	
Interamerican Property & Casualty Insurance Company Single Member S.A.	4,916	13
Total	**191,090**	**82,142**
Commissions:		
Achmea Schadeverzekeringen N.V.	16,160	14,768
N.V. Hagelunie	218	184
Achmea Pensioen- en Levensverzekeringen N.V.	7,298	8,241
Eureko Sigorta A.S.	0,288	209
Total	**23,964**	**23,402**
Administrative and investment expenses		
Achmea Investment Management B.V.	464	540
Total	**464**	**540**

Other operating expenses and staff costs
All staff who work for Achmea Reinsurance Company N.V. are employed by Achmea Interne Diensten N.V., a subsidiary of Achmea B.V. The Achmea Group's pension commitments have been placed with Stichting Pensioenfonds Achmea. The staff costs and other operating expenses associated with the activities are passed on to Achmea Reinsurance Company N.V. The associated pension expenses are allocated on the basis of the pensionable salary of current employees.

As part of the Achmea Group, Achmea Reinsurance Company N.V. also undertakes many transactions with other group companies, particularly in the field of internal service provision. When attributable, the operating expenses associated with the company's activities are charged to Achmea Reinsurance Company N.V. The current account balances resulting from these transactions are included in the statement of the financial position under Financial liabilities.

Charges relating to Achmea B.V.'s restructuring programme are not directly related to reinsurance business, and are charged to the other expenses.

OTHER OPERATING EXPENSES AND STAFF COSTS (X € 1,000)

	31 DECEMBER 2022	31 DECEMBER 2021
Achmea Interne Diensten N.V.		
Financial liabilities	1,151	1,164
Operating expenses including staff costs	14,454	13,341
Other expenses		8

Transactions, receivables and liabilities with other related parties

Rabobank

For its operations, Achmea Reinsurance Company N.V. uses various regular banking services of the Rabobank Group, a major shareholder of Achmea. All services and transactions with Rabobank are based on regular market rates.

Pension liabilities

Achmea Interne Diensten N.V. has placed the pension commitments for their employees which are deployed at Achmea Reinsurance Company N.V. with Stichting Pensioenfonds Achmea (SPA).

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. The pension scheme is a so-called Collective Defined Contribution (CDC) scheme. The financial and actuarial risks are in substance transferred to the employees, implying amongst others that the future increase on vested rights for current employees has become conditional on the funded status within the plan. The related CDC contributions are allocated by Achmea Interne Diensten N.V. to Achmea Reinsurance Company N.V. on the basis of pensionable salary of current employees. The provision is determined on the basis of the number of active years of service until the balance sheet date, the estimated level of salary as at the expected retirement date and the market interest rate on the high-quality bonds issued by the entities. These liabilities will be reduced by any assets related to this scheme.

IAS 19 Employee Benefits is applicable to Achmea Reinsurance Company N.V. based on the situation that the defined benefit plans share risks between entities under common control. For the disclosures on the IAS 19 Employee Benefits (based on IAS 19.150) reference is made the 2022 financial statements of Achmea B.V. (www.achmea.com).

Pension costs charged to Achmea Reinsurance Company N.V. amount to € 2.0million in 2022 (2021: € 2.2 million).

22. STATUTORY DOMICILE

Achmea Reinsurance Company N.V. has its registered office and principal place of business at Spoorlaan 298, Tilburg, the Netherlands and is registered at the Chamber of Commerce, trade register 18024166.

23. PROPOSAL FOR APPROPRIATION OF RESULT

Allocation of Profit 2021

The 2021 financial statements were adopted on 15 April 2022 by resolution of the General Meeting.

The General Meeting decided, in accordance with the proposal of the Board of Directors, to add the net profit for the financial year 2021 (€ 19,898 thousand) to the retained earnings.

Proposal for allocation of Profit 2022

The Board of Directors proposes that the General Meeting appropriate the allocated result at year-end 2022 of € 9,730 thousand negative to be entirely withdrawn to the retained earnings. This proposal has not yet been incorporated in the financial statements.

24. SUBSEQUENT EVENTS

EarthquakeTurkey

The impact of the earthquakes that affected Turkey in February 2023 cannot be indicated precisely at this time, but the Board expect this loss will be below € 10 million. This loss and is no part of the 2022 results.

AUTHORISATION OF THE FINANCIAL STATEMENTS

Tilburg, 6 April 2023

Board of Directors of Achmea Reinsurance Company N.V.

E.C. Bom

H.Chr. Mentink

The members of the Supervisory Board of Achmea Reinsurance Company N.V.

M.A.N. Lamie
Chairman

L.T. Suur

R.Th. Wijmenga

PROVISIONS IN THE ARTICLES OF ASSOCIATION REGARDING RESULT APPROPRIATION

Article 30 of the company's articles of association contains the following provisions on profit appropriation:

30.1. Distribution of profit pursuant to this article will be made after adoption of the financial statements showing that this is permissible.

30.2. The profit is at the disposal of the General Meeting. If a vote on distribution of profits is tied, the relevant profits will not be distributed.

30.3. The company may make distributions to those entitled to the distributable profits only insofar as the company's equity exceeds the amount of the issued share capital plus the reserves required to be maintained by law.

30.4. A deficit may only be offset against the reserves required to be maintained by law to the extent that this is permitted by law.

INDEPENDENT AUDITOR'S REPORT

To: the shareholder and supervisory board of Achmea Reinsurance Company N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Achmea Reinsurance Company N.V. based in Tilburg.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Achmea Reinsurance Company N.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 financial statements comprise:

- The statement of financial position as at 31 December 2022
- The following statements for 2022: the income statement, the statements of comprehensive income, changes in equity and cash flows
- The notes comprising a summary of the significant 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 Reinsurance Company N.V. (hereinafter: "Achmea Reinsurance" 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 Reinsurance is a reinsurer with focus on life and non-life business. Achmea Reinsurance provides reinsurance coverage to the Dutch and foreign insurance entities of Achmea Group but also to third parties. Achmea Reinsurance is part of the Achmea Group and is completely owned by Achmea B.V. Achmea Reinsurance outsources certain activities to shared service centers within Achmea Group and we tailored our audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.
References to departments and functions in this section concern the departments and functions from Achmea Reinsurance and/or Achmea Group.

We determined materiality and identified and assesed 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	€ 5.400.000 (2021: € 6.000.000)
Benchmark applied	2% of equity as at 31 December 2022
Explanation	We consider Achmea Reinsurance total shareholder's equity and solvency, and the ability to meet policyholder liabilities, key indicators for the users of its financial statements. In determining the percentage of equity applied, we have taken into account the solvency ratio of the company. We determined materiality consistent with previous 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 € 270.000 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 audit

Achmea Reinsurance has multiple activities which are being outsourced within Achmea Group to shared service centers. The financial information of these activities are included in the financial statements.

Because we are ultimately responsible for the opinion on the financial statements as a whole, we are responsible for directing, supervising and performing the audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for the outsourced activities . Decisive were the size and/or the risk profile of the activities. On this basis, we selected activities for which an audit or review had to be carried out on the complete set of financial information or specific items. The selected activities are related to investments and operating expenses that includes staff and general expenses.
We have used the work of other EY auditors in the audit of these significant activities.

By performing the procedures mentioned above for selected activities, together with additional procedures performed by ourself, we have been able to obtain sufficient and appropriate audit evidence about the financial information to provide an opinion about the financial statements.

Teaming, use of specialists and internal audit

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a client in the (re)insurance industry. We included specialists in the area of IT audit and made use of our own actuaries and experts in the area of income taxes.

We performed our audit in cooperation with Internal Audit of Achmea, leveraging their in-depth knowledge of Achmea Reinsurance and the work performed. We agreed about the joint coordination of the audit planning, the nature and scope of the work to be performed, the report 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 are high on the public agenda and lead to significant change for many businesses and society. The board of directors of Achmea Reinsurance has reported in “Sustainability and climate change” in section 2 of the annual report how the company is addressing climate-related and environmental risk, the company’s commitments and 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 company’s commitments are taken into account in accounting estimates and significant assumptions as well as in the design of relevant internal control measures by Achmea Reinsurance, including those related to the estimation of liabilities related to insurance contracts. Furthermore, we read the board of directors report and considered whether there is any material inconsistency with the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the financial reporting judgments, accounting 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 board of directors’ 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 2. Capital and risk management in the financial statements for the board of directors’ (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 code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation 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. 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 note 1. Accounting Policies under ‘I. Key accounting estimates’ and the related notes to the balance sheet items in the notes to 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 described in our key audit matter 'Uncertainties in the measurement of liabilities arising from reinsurance contracts', we specifically considered whether the judgments and assumptions used in the valuation of liabilities related to insurance contracts and the liability adequacy test indicate a management bias that may represent a risk of material misstatement due to fraud.

We did not identify a risk of fraud in revenue recognition.

We considered available information and made enquiries of relevant executives, directors, internal audit, legal, compliance, actuarial function, risk management and the supervisory board.

The fraud risks 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, through discussions with the board of directors, inspecting the integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance reports and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected lawyers' letters and correspondence with regulatory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. 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 note 1, section 'C. Basis of presentation' of the notes to the financial statements, the financial statements have been prepared on a going concern basis. When preparing the financial statements, the board of directors 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 board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' 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 a reinsurance company. 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 going concern. 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.

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, the nature of our key audit matters did not change.

Estimates used in the measurement of liabilities arising from insurance contracts	
Risk	Achmea Reinsurance recognizes in the 2022 financial statements € 601 million in liabilities related to insurance contracts, of which € 46 million relates to Life business and € 555 million relates to Non-life business (of which € 93 million relates to unearned premium). The liabilities related to insurance contracts concern 63% of the balance sheet total. The measurement of liabilities related to insurance contracts and the application of the associated liability adequacy test require judgments about uncertain future outcomes, whereby various assumptions are made with regard to the ultimate settlement value of the insurance liabilities in the adequacy test. The main assumptions relate to interest rates, mortality and morbidity rates, trends in claims and assumptions used in the liability adequacy test. The liability adequacy test is performed in order to assess whether the recognized insurance liabilities are adequate, using current estimates of future cash flows under the insurance contracts and a risk margin. The use of other actuarial techniques and assumptions may lead to materially different results of estimates of the liabilities related to insurance contracts. Moreover, we considered the risks related to management override of controls or other inappropriate influence over the estimation process. We therefore consider the estimates used in the measurement of liabilities related to insurance contracts to be a key audit matter. We refer to note 4. Liabilities related to insurance contracts and amounts ceded to reinsurers of the financial statements.
Our audit approach	Our audit procedures included evaluating the appropriateness of the company's accounting policies with respect to the measurement of insurance liabilities and the liability adequacy test in accordance with IFRS 4 'Insurance contracts'. We further assessed whether the assumptions and methods used to determine estimates are appropriate and have been applied consistently. We involved our own actuaries to assist us in performing the audit procedures in this area. Our key audit procedures included an evaluation of the company's methodology for calculating insurance liabilities and an evaluation of the design of controls related to the measurement of the liabilities from insurance contracts, and the liability adequacy test. We considered the analyses of movements in insurance liabilities during the year. We evaluated 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. In doing so, we also considered the company's liability adequacy test. In addition, we performed specific audit procedures to assess the reasonableness of estimates of claims trends, in particular for the IBNR provision and catastrophe risk. We evaluated the disclosures relating to insurance liabilities and the results of the liability adequacy test in accordance with IFRS 4. In this context, we assessed in particular whether the disclosures adequately convey the degree of estimation uncertainty.
Key observations	We consider the estimates used in measuring liabilities arising from insurance contracts to be reasonable. The disclosures regarding the liabilities arising from insurance contracts meet the requirements of EU-IFRS.

Solvency II disclosures	
Risk	Achmea Reinsurance has disclosed its capital based on Solvency II principles in note Capital and risk management in the financial statements. The disclosure provides insight into the capital of Achmea Reinsurance based on Solvency II principles compared to the equity under IFRS. The capital is determined based on the available capital (€291 million) and required capital (€193 million). This results in a solvency ratio of 150% as at 31 December 2022. The determination of the solvency ratio requires judgement, among other things regarding the use of methods and the determination of the 'best estimate' of the technical provision, the risk margin and the required capital, taking into account the loss compensation regarding taxes (LAC DT). Achmea Reinsurance uses a partial internal model to determine the capital requirements that has been approved by the College of Supervisors. Achmea Reinsurance also uses a partial internal model for determining the non-life natural catastrophe risk and market risk. For the other risks, Achmea Reinsurance uses the standard formula when determining the capital requirements. We have taken the presentation and accuracy of the capital and the Solvency II ratio as disclosed in the financial statements as key audit matter.
Our audit approach	With the help of our actuarial specialists, we performed audit procedures on the Solvency II calculations. These include: • Considering the appropriateness of the assumptions used in the measurement of the best estimate of the technical provisions. We have used company-specific and sector-specific data and expectations for future developments in mortality and costs. • Considering the appropriateness of the methodology used to estimate the risk margin compared to company-specific and sector-specific data and generally accepted methods in actuarial practice. • Reviewing the model validations performed (including the partial internal models used to determine the capital requirements including new elements such as equity and real estate risk and changes in flood risk) and evaluating the impact of any findings of the Risk management and the Actuarial Function. • Evaluating the methodology and assumptions for accounting for tax loss absorbing capacity (LAC DT) in the calculation of the capital requirement compared to company and industry data and the results of internal and external assessments made during the year with regard to the methodology and the assumptions. • Reading correspondence with the regulator. We have evaluated the design and implementation of controls with regard to Solvency II calculations and, where deemed necessary, tested their operating effectiveness. The evaluation included, where relevant, the interpretation of guidelines, assumptions and recalculations on a sample basis. We evaluated whether the disclosure of capital and risk management, including the explanation of the assumptions made by the group and their impact (such as the application of the contract limits of disability insurance), in note 2 'Capital and risk management of the financial statements are in accordance with the requirements of IAS 1 'Presentation of Financial statements'.
Key observations	We believe that the disclosure of the capital and the Solvency II ratio, including the assumptions used and its impact, is adequate and in accordance with EU-IFRS.

Report on other information included in the annual report

The annual 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 the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

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 board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by 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 Reinsurance Company N.V. on 16 December 2019, as of the audit for the year 2021 and have operated as statutory auditor ever since that date.

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 board of directors and the supervisory board for the financial statements

The board of directors 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 board of directors is responsible for such internal control as board of the directors 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 board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the shareholder either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors 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.

We have exercised professional judgment and have maintained professional skepticism 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 board of directors
- 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 supervisory board that also fulfils the role of the audit & risk committee 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 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, 6 April 2023

Ernst & Young Accountants LLP

Signed by drs.M. Koning RA