ACHMEA REINSURANCE COMPANY N.V.

ANNUAL REPORT 2023

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

TABLE OF CONTENTS

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. In 2023, Achmea Reinsurance Company N.V. decided to stop writing third-party Non-Life reinsurance and now only offers life reinsurance to a select number of third parties to diversify its book of business.

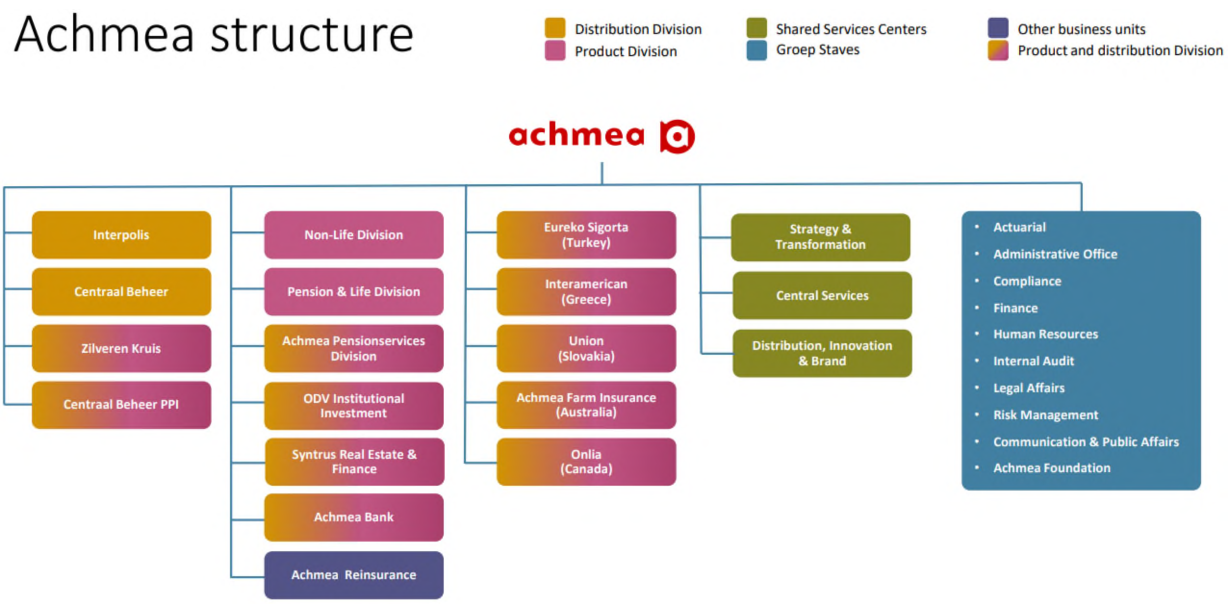
ORGANISATIONAL STRUCTURE

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 2023, 48.5[1] full-time equivalents (FTEs) worked for Achmea Reinsurance Company N.V. (2022: 49.4[1] FTEs). All employees are employed by Achmea Interne Diensten N.V.

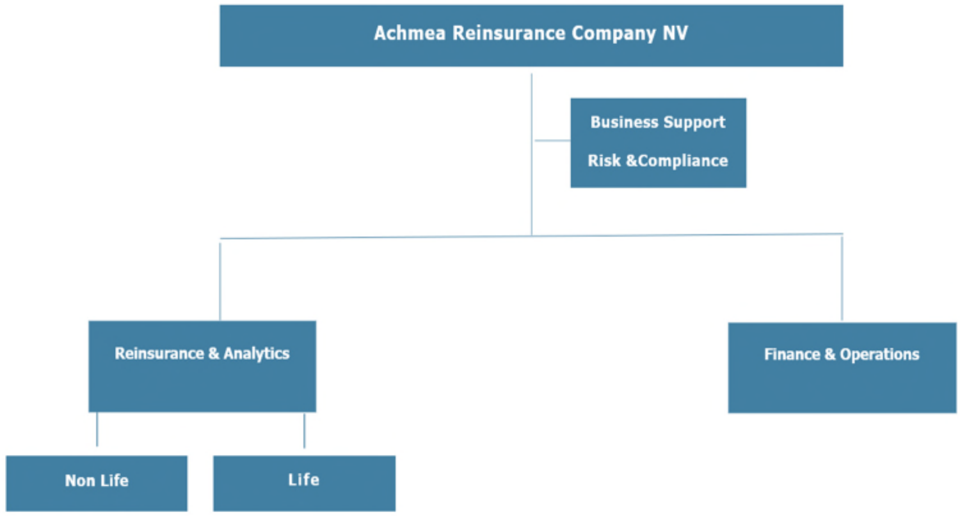
Organisational structure

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 teams. The Reinsurance & Analytics team is fully focused on the client (client intimacy), while the Finance & Operation team focusses on finance (operational excellence).

[1] 2023: 48.5 FTEs excluding external personnel hires
2022: 49.4 FTEs excluding external personnel hires



STRATEGY

Achmea's strategy

The Sum of Us is the strategy that operationalises the vision of 'Sustainable Living Together' into practice. Part of the strategy is for Achmea to invest in technology, customer service and services, proposition development and innovations, both in the core business and in its key growth areas. All of this enables Achmea to continue serving its customers to the best of its ability and to create sustainable value for its stakeholders. We do this from the following five building blocks that Achmea further reinforced in 2023.

Large client base
Achmea occupies a robust position in the market. By means of its brands and broad product portfolio, Achmea is able to reach and retain an extremely large group of customers. Its size means that Achmea is able to achieve synergy and efficiency and create capacity to invest in the ongoing development of products and services.

Skilled employees
The commitment and professionalism of all our Achmea colleagues is crucial to accomplishing our strategy. Achmea is putting its employer commitment into practice and aims to remain an attractive employer through its contemporary terms and conditions of employment. Recruiting and retaining employees is of crucial importance in a tight job market, especially given the new balance involving more hybrid and home working than before. Among other things, Achmea renewed its recruitment approach in 2023, supported by a campaign for Achmea as an employer brand.

Strong partnerships
Achmea works together with its partners to assist customers more effectively, to boost distribution capacity and to provide solutions to social issues. For example, we work closely with local parties such as municipalities and healthcare institutions with the aim of keeping healthcare provision accessible and affordable.

Expertise in data & digital
Use of data and technology is crucial to serving Achmea's customers, now and in the future. Achmea is therefore expanding its expertise on data and digitisation by applying a single working method throughout the entire organisation.

Outstanding financial position
Achmea needs a sound financial basis in order to expand its core business, finance growth and accomplish its social ambitions. Customers, employees, shareholders, regulators and rating agencies expect us to occupy a robust financial position. Achmea seeks to further improve the financial results, generate more capital and – backed up by balance sheet optimisation – generate a larger amount of free capital.

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, and as such has three functional roles: advisor, risk carrier and reinsurance buyer. Its main purpose is that of Group reinsurer and, because of its composite license, Achmea Reinsurance Company N.V. is the only entity within the Achmea Group that can make use of the inherent diversification between life, Non-Life and health risks. Its success lies in the experience and expertise of its specialists across the many fields of reinsurance. Achmea Reinsurance Company N.V. primarily serves Achmea Group companies.

In 2023, Achmea Reinsurance Company N.V. decided to stop writing third-party Non-Life reinsurance and now only offers life reinsurance to a select number of third parties to diversify its book of business.

The activities of Achmea Reinsurance Company N.V. support the Achmea Group's goal of being relevant to its customers and being a market leader. The know-how of Achmea Reinsurance Company N.V. ensures that the Achmea Group is able to fulfill its (long-term) commitments to its customers. Its activities contribute to the continuity of the Group by creating long-term financial value through reinsurance, in particular by contributing to capital management and insurance risk management.

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. do this by providing advice on reinsurance purchases, play a leading role in several expert panels that model 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 most reinsurance demands of the insurance entities abroad. In addition to 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 helps to ensure solid reinsurance protection by hedging risks internally and externally.

In support of Achmea Schadeverzekeringen N.V. and N.V. Hagelunie, in 2023 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 Group through the Reinsurance Delegates Committee, which is 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 of Achmea Group 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.

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 2023 led to further 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 2023, 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.

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

Achmea Reinsurance Company N.V. participates as risk carrier in some of the catastrophe and non-catastrophe reinsurance programmes of Achmea Group and operating companies abroad. Despite having to switch from prepaid reinstatements to paid reinstatements in the external market, in 2023 Achmea Reinsurance Company N.V. still managed to offer prepaid reinstatements to its internal clients. For third-party reinsurance, Achmea Reinsurance Company N.V. successfully expanded its life book while maintaining underwriting discipline. Achmea Reinsurance Company N.V. chose to cease underwriting inward third-party Non-Life business from 1 July 2023, creating better alignment with the long-term strategy of Achmea Group.

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

The reinsurance market continued to harden in 2023, forcing Achmea Reinsurance Company N.V to increase the retention of its reinsurance programme and to accept paid reinstatements instead of prepaid reinstatements. Additionally, Achmea Reinsurance Company N.V. substantially simplified the structure of the reinsurance programmes.

Since 2019, Achmea Reinsurance Company N.V. has reinsured the disability portfolio of Achmea Schadeverzekeringen N.V. for the WIA/WGA (Wet Inkomen en Werk naar Arbeidsvermogen, the law on income protection and labour) line of business. Achmea Reinsurance Company N.V. was able to successfully renew the pending stop-loss treaty as from 1 January 2024.

Other developments

It is important that specialist knowledge is shared widely amongst colleagues in order to reduce the vulnerability of the organisation. This is especially important as a number of key employees is approaching their retirement age. Key employees transfer their (often tacit) knowledge in a structured manner to younger colleagues within Achmea Reinsurance Company N.V. Achmea Reinsurance Company N.V. have continued to successfully hire 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 2023

Key results

Achmea Reinsurance Company N.V. reports for the first time under the new accounting standards IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts. Under IFRS 9/17 principles, changes in the value of both investments and liabilities resulting from changes in, for example, interest rates and share prices are recognised in the Income Statement. Under IAS 39 Financial Instruments, this impact was largely recognised directly in equity and therefore had less impact on earnings. The comparative figures for 2022 have been restated.

The result before income taxes of Achmea Reinsurance Company N.V. increased to € 23.9 million in 2023 (2022: € 35.4 million negative). This increase is mainly driven by higher premiums as a result of market developments, higher investment returns and lower impact of catastrophe events.

The main developments in 2023 are explained in more detail in the following paragraphs.

BREAKDOWN OF NET RESULT

(X € 1,000)

	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL 2023	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL 2022
Insurance revenue	278,947	41,256		320,203	251,865	42,455		294,320
Insurance service expenses	-186,937	-41,431		-228,368	-271,772	-36,552		-308,324
Net insurance service result from reinsurance contracts held	-89,383	314		-89,069	9,053	-3,089		5,964
Insurance service result	**2,627**	**139**		**2,766**	**-10,854**	**2,814**		**-8,040**
Investment return from (re)insurance activities	17,396	4,074	14,699	36,169			-35,992	-35,992
Finance result from insurance contracts	-22,296	-1,140		-23,436	43,138	-66		43,072
Finance result from reinsurance contracts held	14,129	199		14,328	-28,252	20		-28,232
Net financial result from (re)insurance activities	**9,229**	**3,133**	**14,699**	**27,061**	**14,886**	**-46**	**-35,992**	**-21,152**
Other operating expenses	3,943	768		4,711	4,180	-34		4,146
Interest and similar expenses	-1,514		-124	-1,638	-197		38	-159
Other results	2,612		228	2,840	2,080	-149	253	2,184
Result before income taxes	**6,815**	**2,504**	**14,595**	**23,914**	**-2,031**	**2,951**	**-36,283**	**-35,363**
Income taxes			12,249	12,249			-9,124	-9,124
Net result IFRS	**6,815**	**2,504**	**2,346**	**11,665**	**-2,031**	**2,951**	**-27,159**	**-26,239**

Developments Non-Life business

The 2023 non-life portfolio result is € 6.8 million and has increased by € 8.8 million compared to 2022.

This increase is due to a better Insurance service result of € 13.5 million, a lower Net financial result from (re)insurance activities of € 5.7 million and an increase in Other expenses of € 1 million.

The increase of the Insurance service result is mainly driven by higher premiums as a result of market developments and lower impact of catastrophe events. The lower result in 2022 was mostly due to € 20.0 million in claims from the February storm and a number of major claims in the internal reinsurance programme in 2022. In addition, in 2022 claims in the external reinsurance programme were higher mostly because of a series of natural disasters.

The decrease of the Net financial result from (re)insurance activities is due to a declining yield curve.

Developments Life business

The 2023 Life portfolio result is € 2.5 million and decreased by € 0.5 million compared to 2022. This decrease was mainly because of a claim related to the mortality per risk portfolio.

Developments in non-technical items

The other non-technical result before income taxes increased (€ 14.6 million in 2023 in comparison with € -36.3 mln in 2022). This increase is mainly because of the result on investments as a result of recovering financial markets.

ABRIDGED STATEMENT OF THE FINANCIAL POSITION

(X € 1,000)

	31 DECEMBER 2023	REVISED 31 DECEMBER 2022
Financial investments	522,209	456,241
Assets related to reinsurance contracts held	316,291	314,563
Other assets	42,261	64,051
Total assets	**880,761**	**834,855**
Total equity	304,606	292,941
Liabilities related to insurance contracts	566,986	521,748
Other Liabilities	9,169	20,166
Total equity and liabilities	**880,761**	**834,855**

Investments

Investments increased to € 522.2 million (2022: € 456.2 million) mainly as a result of positive financial market developments.

Assets related to reinsurance contracts held

The assets related to reinsurance contracts held per year end 2023 is € 316.3 million, an increase of € 1.7 million (2022: € 314.6 million). An increase of € 19.2 million is due to claim developments within the internal reinsurance programme (including the conclusion of a contract in the income protection portfolio). Developments within the premium provisions and outstanding balances decrease the amounts ceded to reinsurers by € 19.5 million.

Equity

In 2023, equity increased to € 304.6 million (2022: € 292.9 million), mainly because of the result of 2023.

Liabilities related to insurance contracts

The liabilities related to insurance contracts increased to € 567.0 million (2022: € 521.7 million).

The increase of € 45.3 million is mainly due to the conclusion of a contract in the income protection portfolio, claims from the storm Daniel in Greece, the earthquake in Turkey and several large fires within the Non-Life Group portfolio. Also a quota share contract within the Non-Life business has an increasing effect. Developments within the premium provisions and outstanding balances decrease the liabilities related in insurance contracts by € 9.6 million. The contractual service margin (Life) increased by € 3.8 million.

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 2023	31 DECEMBER 2022
Eligible own funds Solvency II	309,259	290,747
Solvency Capital Requirement	167,830	193,334
Surplus	**141,429**	**97,413**
Ratio (%)	184%	150%

At year-end 2023, Achmea Reinsurance Company N.V. had a solid capital position under Solvency II, evidenced by a Solvency ratio of 184%. The Solvency II ratio has increased by 34% points to 184% (31 December 2022: 150%).

The capital position is the result of a combination of increase of the Eligible Own Funds and a lower Solvency Capital Requirement. The increase of the Eligible Own Funds is due to the outcome of positive financial market developments. Also no major events within the third party Non-Life portfolio occurred during 2023, increasing the Eligible Own Funds. Negative results of a quota share contract Non-Life and a number of single large claims and catastrofes within the operating companies abroad of the Non-Life Group business portfolio decreased the Own Funds. The main reason of the decrease of the Solvency Capital Requirement can be found in a lower Solvency Capital Requirement Non-Life. This is a result of the decision to stop third party Non-Life business.

The qualitative composition of the risk profile and the key risks identified in achieving the strategy remained largely unchanged in 2023.

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.

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 sole shareholder of Achmea Reinsurance Company N.V. is Achmea B.V.

CORPORATE GOVERNANCE CODES

Insurers' Code of Conduct

Achmea complies with a number of relevant governance codes including: the Code of Conduct for Insurers and the majority of principles from the Dutch Corporate Governance Code.

The Insurers' Code of Conduct was drafted based on the core values adopted in 2018: 'dealing with risk', 'enabling' and 'being socially engaged'. The Code of Conduct for Insurers includes distinctive principles on, among other things, treating customers with care and continuing education for directors and internal supervisors. This Code of Conduct (current version June 2018) coordinates existing and new self-regulation with general provisions such as core values and rules of conduct.

Based on the Code of Conduct, insurers flesh out their social role based on their own corporate vision. Achmea fulfills this through, among other things, the Achmea purpose (Sustainable Living Together), in which sustainability and social involvement play a prominent role, and has embedded this in its processes and the Achmea Code of Conduct.

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 last amended in 2022.

Achmea B.V. is not a listed company and the same applies to all its insurance subsidiaries such as Achmea Reinsurance Company N.V. Achmea has voluntarily adopted the majority of the Code's principles and embedded them in its corporate governance. Where applicable, Achmea complies almost fully with the principles and best practice provisions. Corporate governance is largely determined and shaped at group level by setting up and establishing a group-wide governance structure as well as defining group-wide policies.

Corporate governance for Achmea Reinsurance Company N.V. is therefore to a significant extent subject to the scope of Achmea's corporate governance. Where relevant, specific points of attention relevant to the interpretation of corporate governance for Achmea Reinsurance Company N.V. are further explained below. For further details on corporate governance, please refer to the Achmea B.V. Annual Report 2023 on the Achmea website www.achmea.com.

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 (together 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. 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 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 Nederlandsche 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. This management team consists of two male members and one female member and therefore meets the aim for gender diversity of at least 1/3 women and at least 1/3 men. 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 2023, 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 Mr R.Th. Wijminga, an external board member and also member of the Supervisory Board of Achmea Group.

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. 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 aim for gender diversity of at least 1/3 women and at least 1/3 men. 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.

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

In 2023, Achmea Reinsurance Company N.V. changed its strategy, choosing to stop underwriting inward third-party Non-Life business and focusing fully on its role as Group reinsurer and on third-party life business.

The recent hardening of the markets has been reflected in substantial higher retentions, higher reinsurance spend and tighter conditions. In our role as Group reinsurer, Achmea Reinsurance Company N.V. partially mitigates the impact of these changes.

Reinsurance markets welcomed the move from a very soft environment, where the word 'no' was scarcely used, to a sound, well-organised and more sustainable market environment. In its role as risk carrier, Achmea Reinsurance Company N.V. could benefit from this tailwind. However, there were also times where Achmea Reinsurance Company N.V. had to agree to disagree, for example in the areas of strict interpretations of underwriting guidelines or model restrictions.

Achmea Reinsurance Company N.V. believes that the industry needs to continue to work hard, for a number of reasons. First, to remain relevant. Second, because the volatility that societies are currently experiencing will continue, impacted by environmental, political, economic, and emerging risks. And third, the impact of force majeure will continue. While many of these factors are in transition and not everything can be modelled based on historical data, it is important to note that with higher retentions the burden of loss currently impacts insurers more than reinsurers.

Achmea Reinsurance Company N.V. also believes that to navigate this transition, the industry needs to employ experts from a wider range of specialisms, including engineers, meteorologists, as well as political and IT scientists. At the same time, the industry should focus on honouring the intentions parties had at the moment agreements were made, rather than looking for legislative loopholes to avoid their responsibilities. Achmea Reinsurance Company N.V. believes that lasting relationships create the most solid basis for trust, which benefits both parties in the long run. This is why Achmea Reinsurance Company N.V. is very keen to collaborate further with our partners in the decades to come.

Internally, Achmea Reinsurance Company N.V. will adapt to the new reporting requirements in respect of ESG disclosures and further develop and implement tools to ensure it can effectively generate figures for IFRS 17 and Solvency II amendments in the years to come. In 2023, Achmea Reinsurance Company N.V. ran a one-year cycle under the new IFRS 17 reporting standard, which necessitated a substantial investment in re-evaluating and updating all tools, processes and procedures to the level needed for the new requirements.

Like many sectors, its industry is having to deal with the consequences of an aging workforce. This trend is also impacting Achmea Reinsurance Company N.V., and Achmea Reinsurance Company N.V. is focussing on hiring, training and retaining the next generation of experts. A key part of this is ensuring experienced employees can pass on their knowledge to new hires, which Achmea Reinsurance Company N.V. facilitates by organising lunch sessions that cover a broad range of knowledge-sharing topics.

The Management Team of Achmea Reinsurance Company N.V. hopes 2024 will be a year of open mindedness, critical thinking and peace for all people. Let us define that ambition through behaviour, so that when Achmea Reinsurance Company N.V. looks back on 2024, Achmea Reinsurance Company N.V. knows that it contributed positively (and in a carbon-neutral fashion) to society.

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.

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.

Implementation of future regulations (CSRD)
For Achmea B.V. the Corporate Sustainability Reporting Directive (CSRD) applies from the 2024 financial year, whereas Achmea Reinsurance Company N.V. refers to the consolidated disclosures of Achmea B.V. This EU directive replaces the disclosure of non-financial information decree (based on the NFRD). For disclosures concerning sustainability, reference is made to the Achmea B.V. annual report 2023, available on the Achmea website www.achmea.nl.

SUBSEQUENT EVENTS
There were no subsequent events which should be disclosed in the financial statements.

Tilburg, 5 April 2024

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

E.C. Bom H.Chr. Mentink

SUPERVISORY BOARD REPORT

MAIN DEVELOPMENTS IN 2023

In 2023, the Supervisory Board held four regular meetings and one extra meeting focused on the annual report. Two of the regular meetings were held in the company's offices in Tilburg, and after the regular meeting on 24 February 2023 a 'meet and greet' was held with new employees of Achmea Reinsurance Company N.V.

A range of topics were addressed during the regular meetings, such as reports on commercial, finance and risk developments, the strategic personnel plan and developments, risk appetite and ORSA. Additionally, the 2024 budget was discussed.

The 2023 permanent education session focused on 'longevity risks', organised by representatives of AON, one of the reinsurance brokers of Achmea Reinsurance Company N.V.

In addition to the formal meetings, members of the Supervisory Board and the directors of Achmea Reinsurance Company N.V. had contact by telephone and mail on a variety of technical subjects, including the impact of natural catastrophe events in relation to the Group reinsurance programme and the third-party reinsurance portfolio of Achmea Reinsurance Company N.V.

The Supervisory Board endorses the measures the Board of Directors took in 2023 in respect of the hardening reinsurance market.

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 Board's size. Financial, control, risk, compliance and internal audit topics are discussed in the regular meetings of the Supervisory Board. 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 as Group reinsurer and continuing the strategy of selective growth of third-party reinsurance.

In 2023, Achmea Reinsurance Company N.V. decided to stop writing third-party Non-Life reinsurance. The Supervisory Board fully endorses this strategic change and understands the rationale behind this decision.

The Supervisory Board noted that the employee engagement scores based on the 2023 survey remained high, although work pressure remains an important point of attention.

Finance and risk

In each meeting, the Supervisory Board discussed Achmea Reinsurance Company N.V.'s financial situation in detail based on the interim, quarterly and annual results. In addition, the 2023 annual report was discussed and approved in an extra meeting that was attended by the external auditor and the Actuarial Function Holder.

In 2023, a great deal of attention was paid to the developments of the company's capital, solvency and liquidity position. The Supervisory Board noted that the Solvency II ratio changed from 150.4% at year-end 2022 to 184.2% at year-end 2023, although this fluctuated throughout the year. The Supervisory Board recognises these developments.

In 2023, no dividend was paid over the year 2022.

Risks and their impact on Achmea Reinsurance Company N.V. were also important agenda items during Supervisory Board meetings in 2023. These included the Strategic Risk Assessment (SRA), development of scenarios, and Own Risk Solvency Assessment (ORSA). All the analyses concluded with 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 integral risk reporting has improved further.

Compliance with laws and regulations and audit

The Supervisory Board noted in 2023 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 February 2023, Achmea Internal Audit presented and clarified an overview of all conducted audits over 2022 and the planned audits for 2023. Prior to the extra Supervisory Board Meeting of 4 April 2023, the Supervisory Board met with the external independent auditor.

Remuneration

The Achmea Remuneration Policy applies to the Board of Directors 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 Achmea Group's Remuneration Committee.

Composition of the Board of Directors

The composition of the Board of Directors was unchanged in 2023. 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 and Operations Ms. R. Moubarek.

Composition of the Supervisory Board

The Supervisory Board consisted of Mr M.A.N. Lamie (chairman) and Ms L.T. Suur (both are members of the Executive Board of Achmea) and Mr R.Th. Wijmenga, who is an external board member.

Members of the Supervisory Board are selected based on a profile covering 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, they comply with the independence principle stated in 2.1.7 Corporate Governance Code. For a detailed account of compliance with the Corporate Governance Code on the independence criterion, please refer to the 2023 annual report of Achmea B.V. on the Achmea website: www.achmea.nl.

Permanent education

A permanent education session was organised by Achmea Reinsurance Company N.V. on 18 April 2023 and was attended by all members of the Supervisory Board as well as some members of the Achmea Group Supervisory Board, representatives of the Board of Directors of Achmea Pensioen en Levensverzekeringen N.V., the director of Balance Management and a senior manager of Financial Risk Management. This session focused on longevity risks and possible solutions 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 12 December 2023 and focussed 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 2023, 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-party life, and trusts that in 2024 the co-operation with the Board of Directors will continue in the same positive spirit.

Tilburg, 5 April 2024

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 2023	REVISED 31 DECEMBER 2022	REVISED 1 JANUARY 2022
Assets				
Financial investments	3	522,209	456,241	500,863
Corporate income tax	14		10,010	154
Reinsurance contracts held assets	4	316,291	314,563	247,248
Receivables and accruals	9	2,954	9,826	2,436
Cash and cash equivalents	10	39,307	44,215	37,006
Total assets		**880,761**	**834,855**	**787,707**
Equity				
Equity attributable to holders of equity instruments of the company	11	**304,606**	**292,941**	**319,180**
Liabilities				
Liabilities related to reinsurance contracts issued	4			
Liabilities related to reinsurance contracts issued Non-Life		533,761	486,972	412,684
Liabilities related to reinsurance contracts issued Life		33,225	34,776	41,534
Financial liabilities	12	1,510	6,810	1,474
Derivatives	3	1,228	1,206	1,570
Deferred tax liabilities	13		12,150	11,265
Corporate income tax	14	6,431		
Total liabilities		**576,155**	**541,914**	**468,527**
Total equity and liabilities		**880,761**	**834,855**	**787,707**

INCOME STATEMENT

(X € 1,000)

	NOTES	2023	REVISED 2022
Insurance revenue		320,203	294,320
Insurance service expenses		-228,368	-308,324
Net insurance service result from reinsurance contracts held		-89,069	5,964
Insurance service result	6	**2,766**	**-8,040**
Investment return from (re)insurance activities		36,169	-35,992
Finance result from insurance contracts		-23,436	43,072
Finance result from reinsurance contracts held		14,328	-28,232
Net financial result from (re)insurance activities	7	**27,061**	**-21,152**
Other operating expenses	8	4,711	4,146
Interest and similar expenses		-1,638	-159
Other results	15	2,840	2,184
Total other expenses		**5,913**	**6,171**
Result before tax		**23,914**	**-35,363**
Corporate income tax	14	12,249	-9,124
Net result		**11,665**	**-26,239**

STATEMENT OF COMPREHENSIVE INCOME

(X € 1,000)

	2023	REVISED 2022
Other comprehensive income		
Net result	11,665	-26,239
Comprehensive income	**11,665**	**-26,239**
Comprehensive income atrributable to:		
Holders of equity instruments of the company	11,665	-26,239

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 2022	**4,540**	**135,479**	**23,661**	**129,654**	**19,898**	**313,232**
First time adoption IFRS 9[1]			-22,757	22,757		
First time adoption IFRS 17[1]				5,948		5,948
Balance at 1 January 2022 revised	**4,540**	**135,479**	**904**	**158,359**	**19,898**	**319,180**
Net result					-26,239	-26,239
Comprehensive income					**-26,239**	**-26,239**
Appropriations to reserves			1,799	18,099	-19,898	
Balance at 31 December 2022	**4,540**	**135,479**	**2,703**	**176,458**	**-26,239**	**292,941**
Balance at 31 December 2022	**4,540**	**135,479**	**-8,263**	**149,552**	**-9,730**	**271,578**
First time adoption IFRS 9/17[1]			10,966	26,906	-16,509	21,363
Balance at 1 January 2023	**4,540**	**135,479**	**2,703**	**176,458**	**-26,239**	**292,941**
Net result					11,665	11,665
Comprehensive income					**11,665**	**11,665**
Appropriations to reserves			-600	-25,639	26,239	
Balance at 31 December 2023	**4,540**	**135,479**	**2,103**	**150,819**	**11,665**	**304,606**

1 For the impact of the first-time adoption of IFRS 9/17, see note 23 Notes on transition to IFRS 9/17.

Reference is made to note 11 for more information about total equity.

STATEMENT OF CASH FLOWS

(X € 1,000)

	NOTES	2023	REVISED 2022
Cash flows from operating activities			
Result before tax		23,914	-35,363
Adjustments of non-cash items and reclassifications:			
Non-cash items included in Insurance service result		-2,766	8,040
Non-cash items included in Investment result from (re)insurance activities		-29,332	43,967
Non-cash items included in Finance result from insurance contracts		23,436	-43,072
Non-cash items included in Finance result from reinsurance contracts held		-14,328	28,233
Exchange rate differences and other movements		1,476	914
		-21,514	**38,082**
Changes in operating assets and liabilities:			
Changes in Receivables and accruals and Other liabilities recognised as Financial liabilities		6,894	-7,754
Changes in Insurance contract liabilities and assets net of Reinsurance contracts held assets		38,438	1,687
Changes in Financial investments		-52,640	10,402
		-7,308	**4,336**
Cash flows operating items not reflected in Result before tax:			
Received Income taxes			
Paid Income taxes			155
			155
Total Cash flow from operating activities		**-4,908**	**7,209**
Net cash flow		**-4,908**	**7,209**
Net cash and cash equivalents at 1 January	10	44,215	37,006
Net cash and cash equivalents at 31 December	10	**39,307**	**44,215**

Notes to the Financial Statements

GENERAL

GENERAL DISCLOSURES

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 financial investments, receivables and payables. For details on these transactions please refer to note 3 and note 23.

1. GENERAL ACCOUNTING POLICIES

A. APPROVAL OF FINANCIAL STATEMENTS

The Achmea Reinsurance Company N.V. financial statements for the year ended 31 December 2023 were authorised for issue in accordance with a resolution of the Board of Directors on 5 April 2024. On the same date, the Supervisory Board gave its advice to the General Meeting to adopt 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.

B. 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 2023 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'.

C. CHANGES TO REPORTING

Achmea Reinsurance Company N.V. applied IFRS 9 and IFRS 17 for the first time in 2023. The application of these new standards will have a significant impact on these financial statements. Subsection 34 explains the main resulting changes. In these financial statements, the new accounting policies and applied assumptions and estimates are included in note '3 – Financial investments' and note '4 – Assets and liabilities related to insurance contracts issued and share of reinsurers in insurance liabilities held'. The comparative figures in the 2023 financial statements have been restated to reflect the new IFRS 9 and IFRS 17 accounting standards.

With effect from 31 December 2023, the Minimum Tax Act 2024 (*Wet minimumbelasting 2024)* came into force. This legislation implements EU Directive 2022/2523 and stems from the agreements reached within the OECD context on the introduction of a minimum profit tax of effectively 15% (Pillar 2). This law applies to multinational companies with annual revenues that exceed the limit of € 750 million. In May 2023, the IASB made amendments to IAS 12: International Tax Reform Pillar Two Model Rules. The amendments mandate a temporary exception for recognition and disclosure of deferred tax effects arising from Pillar 2 corporate tax legislation. Achmea Reinsurance Company N.V. has applied this mandatory exception. In addition, the current corporate tax expenses arising from Pillar 2 should be disclosed separately during the periods in which this corporate tax legislation is in force. For more information, please refer to Note 13 'Deferred tax liabilities' and Note 14 'Corporate income tax'.

In addition, the following new standards, amendments to standards and interpretations issued by the International Accounting Standard Board (IASB) were adopted as of 1 January 2023. These have no significant impact on Total equity as per 31st of December 2023, Net result for 2023 and corresponding figures of Achmea Reinsurance Company N.V.:

- Amendments to IAS12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction;
- Amendments to IAS 1 Presentation of Financial Statements: Disclosure of Accounting Policies;
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates.

D. CHANGES IN STANDARDS AND AMENDMENTS WITH FUTURE APPLICATION DATE

In recent years, the following amendments to standards have been published with a future application date The effective date of these amendments is 1 January 2024 and when applied they are expected to have no impact on Total Equity, Net Income and no or limited impact on Achmea Reinsurance Company N.V.'s presentation and disclosures:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current, Classification of Liabilities as Current or Non-Current – Deferral of Effective Date, Non-current Liabilities with Covenants;
- Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback;
- Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements;

Achmea Reinsurance Company N.V. did not apply these changes early.

E. AMENDMENTS RELATED TO ACCOUNTING POLICIES, PRIOR PERIOD CORRECTIONS AND CHANGES IN PRESENTATION

From 1 January 2023, IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts have been applied. The initial application of these standards will have a significant impact on Achmea Reinsurance Company N.V.'s consolidated financial statements, because the valuation, presentation and determination of results for both insurance contracts and financial instruments will be substantially different. Further information is included in explanatory note 23 Notes on transition to IFRS 9/17.

F. CHANGES IN ACCOUNTING ESTIMATES

The preparation of these financial statements involves the use of estimates and assumptions that may differ from the actual outcome. Due to the transition to IFRS 9 and IFRS 17, the assumptions and estimates in the application of Achmea Reinsurance Company N.V.'s accounting policies and the key sources of estimation uncertainty for the preparation of the 2023 financial statements are no longer the same as for Achmea Reinsurance Company N.V.'s 2022 financial statements. The comparative figures in the 2023 financial statements have been restated to reflect the new IFRS 9 and IFRS 17 accounting standards. The key sources of estimation uncertainty are included in the explanatory notes to the provisions.

G. ACCOUNTING FRAMEWORK

This section sets out the general accounting policies. All assets and liabilities are measured on initial recognition at their fair value at that time. 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 applicable 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.

Inward and outward reinsurance

In the annual report 'inward reinsurance' is equivalent to 'reinsurance contracts issued' or 'insurance contracts', whereas 'outward reinsurance' is equivalent to 'reinsurance contracts held'.

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. Further explanations are provided in the accounting policies of the relevant asset categories.

For financial assets not measured at fair value through profit or loss, Achmea Reinsurance Company N.V. recognises expected credit losses (Expected Credit Loss, ECL) according to a "three-stage" model (see note 3 Financial investments for more details).

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 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, monitoring of risks and accounting for these activities through reports. 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, which is used to calculate the required capital (Solvency Capital Requirement). 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 2023, B. Capital position, C. Risk profile, D. Risk Management System, E. Insurance risk, F. Market risk, G. Counterparty risk, H. Liquidity risk, I. Operational risk, J. Compliance risk and K. Capital management.

A. KEY RISK THEMES IN 2023

The Strategic Risk Assessment is a comprehensive assessment of key risk themes carried out annually by the Board of Directors 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. Addionally, these activities are monitored 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	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.	Achmea Reinsurance Company N.V communicated its climate objectives externally at the end of 2022 and updated them at the end of 2023, including among others objectives related to the insurance portfolio. The activities aimed at achieving all sustainability targets within Achmea Reinsurance Company N.V. 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. In Achmea Reinsurance Company N.V.'s regular business activities, attention is being paid to risk

		control measures regarding sustainability. This includes for example within our insurance business adjusting the product and service range, tightening premiums and conditions and also reinsurance. Within the investment activities a Socially Responsible Investment (SRI) policy (including an exclusion and engagement policy) has been applied for quite some time now. 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 ORSA, qualitative and quantitative analyses on climate-related risks (including stress and scenario testing) were carried out. The risk classification has also been adjusted, with sustainability risk being defined as a transversal risk (see under C. Risk profile).
Future earnings model	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 views but also macro-economic trends with a potential impact on the revenue model.	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 setting 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	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. Though inflation decreased in 2023 compared to 2022 it is still at a higher level than in recent decades. 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. This effect is (partially) mitigated due to the correction of own claims (from prior years) for inflation.	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. Achmea Reinsurance Company N.V. makes no use of inflation-linked investment instruments due to the substantial basis risk (only partial correlation between the hedged inflation and inflation in our liabilities).
Increasing legislative and regulatory requirements and political developments	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 organising 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	Since increasing legislative and regulatory requirements are closely monitored, necessary measures can be initiated in time. Among other things in 2023, attention was paid to the implementation of current legislation and regulations on sustainability and climate change (including external reporting).

	reputational risk when it fails to comply with laws and regulations in a timely manner.	
Tight labour market	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 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.	Initiatives have been started within Achmea Reinsurance Company N.V. on various themes in response to these developments, including employability, employer brand, leadership and Strategic Workforce Management. Core elements of Strategic Workforce Management include stimulating internal employee mobility and focussing on upskilling- and reskilling. 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	As a financial services provider, Achmea Reinsurance Company N.V.'s significantly exposed to the financial markets because of its investment portfolio, products with minimum guarantees and profit-sharing provisions. Due to political and geopolitical 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. After a sharp increase in 2022, market interest rates fell slightly in 2023, but are still at a relatively higher level compared to previous years. Higher market interest rates are expected to have a positive effect on the long-term protection of policyholders,. but in the shorter term, interest costs on refinancing will increase, causing the Fixed Charge Coverage Ratio to deteriorate, with possible consequences for the rating. A period with (long-term) low interest rates remains possible.	This risk is controlled by the risk management measures as described in the section Market Risk.
Natural Catastrophe	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. .	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	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	Through a specific cyber security maturity model, the level of security is assessed, also involving scenario analyses. For control purposes, an Integral Security Approach has been implemented, with a strong focus on awareness and outsourcing. Achmea Reinsurance Company N.V.'s reputation is

	Reinsurance Company N.V. reputation as a result of social media incidents and/or loss or theft of privacy-sensitive data.	continuously monitored. In addition Achmea Reinsurance Company N.V. has taken out its own cyber-risk insurance. The main security and privacy risks are managed by means of information security and privacy management measures in the internal control framework.

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 2023 Achmea Reinsurance Company N.V. is sufficiently capitalised in accordance with statutory requirements.

SOLVENCY RATIO

(X € 1,000)

	31 DECEMBER 2023	31 DECEMBER 2022
Eligible own funds Solvency II	309,259	290,747
Solvency Capital Requirement	167,830	193,334
Surplus	**141,429**	**97,413**
Ratio (%)	184%	150%

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.

At year-end 2023, Achmea Reinsurance Company N.V. had a solid capital position under Solvency II, evidenced by a Solvency Ratio of 184%. The Solvency II ratio has increased by 34% points to 184% (31 December 2022: 150%). The capital position is the result of a combination of increase of the Eligible Own Funds and a lower Solvency Capital Requirement. The increase of the Eligible Own Funds is due to the outcome of positive financial market developments. Also no major events within the third party Non-Life portfolio occurred during 2023, increasing the Eligible Own Funds. Negative results of a quota share contract Non-Life and a number of single large claims and catastrofes within the operating companies abroad of the Non-Life Group business portfolio decreased the Own Funds. The main reason of the decrease of the Solvency Capital Requirement can be found in a lower Solvency Capital Requirement Non-Life. This is due to the decision to stop third party Non-Life business. 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 2023	31 DECEMBER 2022
Tier 1	309,259	290,747
Total eligible own funds Solvency II	**309,259**	**290,747**

The 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 2023	31 DECEMBER 2022
Equity Financial statements	**304,606**	**292,941**
Solvency II valuation and classification differences	4,653	-2,194
Available own funds Solvency II	**309,259**	**290,747**
Not qualifying equity and foreseeable dividends		
Eligible own funds Solvency II	**309,259**	**290,747**

Compared to year-end 2022 the eligible own funds increased with € 18.5 million to € 309.3 million (year-end 2022: € 290.7 million). The increase of the Eligible Own Funds is due to the outcome of positive financial market developments. Also no major events within the third party Non-Life portfolio occurred during 2023, increasing the Eligible Own Funds. Negative results of a quota share contract Non-Life and a number of single large claims and catastrofes within the operating companies abroad of the Non-Life Group business portfolio decreased the Own Funds.

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. An inherent aspect of 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, approved by the external College of Supervisors, 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. 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, customer 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.
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 of its future business model. Achmea runs the risk that internal and external events may make it difficult, or even impossible, for Achmea Reinsurance Company N.V. 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. In 2023 a structural ESG risk assessment has been implemented, supporting our sustainability-related activities.

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, real estate 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 2023	31 DECEMBER 2022
Market risk	90,813	74,040
Counterparty Risk	15,938	13,505
Life Risk	45,307	45,700
Health Risk	29,475	25,090
Non-Life Risk	185,430	220,517
Diversification	-116,833	-109,921
Basic Solvency Capital Requirement	**250,130**	**268,931**
Operational Risk	11,419	12,556
LAC EP	-35,362	-25,161
LAC DT	-58,356	-62,992
Solvency Capital Requirement	**167,830**	**193,334**

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 decreased by an amount of € 25.5 million to € 167.8 million (year-end 2022: € 193.3 million). The main reason of the decrease of the Solvency Capital Requirement can be found in a lower Solvency Capital Requirement Non-Life. This is a result of the decision to stop third party Non-Life business.

D. RISK MANAGEMENT SYSTEM

The Integrated Governance, Risk and Compliance system (IGRC) describes the design and implementation of Achmea Reinsurance Company N.V.'s risk management and internal control system. The Governance, Risk and Compliance components can be seen as separate components but are only truly effective when developed and applied in conjunction. This section explains this system using the risk strategy, the Three Lines model and an explanation of the IGRC framework.

Achmea Reinsurance Company N.V.'s mission, vision and strategy as laid down in the Purpose are translated into a mission and generic principles that are used to implement the risk strategy. Our mission is for Achmea Reinsurance Company N.V. to ensure efficient and integrated risk management and optimization of the risk profile for sustainable value creation. In addition, the following ten principles form the basis for the elaboration and design of the IGRC with respect to the governance, design and implementation of the control measures and Achmea Reinsurance Company N.V.'s risk appetite.

1	Achmea Reinsurance Company N.V. conducts its business in a socially responsible manner and endeavours to provide demonstrable sustainable added value. Moreover, Achmea Reinsurance Company N.V. responds adequately to social developments and thus maintains its relevance.
2	Achmea Reinsurance Company N.V. offers secure and transparent solutions to customers that consistently match customer interests, including fair pricing.
3	Risks are identified periodically, and when material changes occur, they are assessed, and control measures are implemented if necessary.
4	Achmea Reinsurance Company N.V. aims to achieve the optimal balance between risk and return and long-term and short-term objectives. Decision-making is clear, explicit and in line with strategic objectives and risk appetite. The remuneration policy discourages taking undesirable and irresponsible risks aimed at short-term results and personal gain.
5	Achmea Reinsurance Company N.V. is aware of all current laws and regulations. Laws and regulations are not only assessed along the legal bar of laws and regulations, but also along that of (supra-legal) social views and justified customer expectations.
6	Achmea Reinsurance Company N.V. stimulates an open corporate culture in which risks can be discussed and employees feel responsible for sharing knowledge about risks and in which (pro)active risk management is valued. Exemplary behaviour, open discussion of dilemmas, feasibility of policy and transparency are inextricably linked to the open corporate culture.

7	All Achmea Reinsurance Company N.V. employees should work towards an organisation with integrity in which people work, with integrity, for customers with integrity and collaboration partners with integrity. Achmea Reinsurance Company N.V. takes a broad view of integrity. Achmea Reinsurance Company N.V. is aware that compromising its integrity can also pose a risk to the integrity and good name of the financial sector as a whole.
8	Achmea Reinsurance Company N.V.'s governance structure is based on the Three Lines model. This structure ensures the independence of the key functions compliance, risk management and actuarial (second line) and internal audit (third line) from the line organisation.
9	Risk management is supported by a single unified risk management and internal control system that ensures consistency and coherence and contributes to: (1) consistent information for decision-making and monitoring, (2) a unified approach, and (3) structuring and prioritizing the activities of the business and key functions.
10	The risk management and internal control system makes optimal use of standardisation and digitisation of IT systems and processes of the business and key functions.

Three Lines model

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.

The Three Lines model is in place for all supervised entities. In this model, Achmea's line organisation is primarily responsible for the IGRC. The Executive Board and business management ensure adequate design and execution of the IGRC. The presence of a Chief Risk Officer on the Executive Board helps ensure a permanent focus on this in our business operations. The Executive Board is accountable to the Supervisory Board and the general meeting of shareholders of Achmea B.V. The first line is supported by the second line, which is responsible for maintaining the IGRC, supporting the execution and monitoring and reporting on the implementation by the first line. The third line complements these activities by periodically reviewing and reporting om the effectiveness of the entire IGRC. At the level of Achmea Reinsurance Company N.V., the Supervisory Board of Achmea Reinsurance Company N.V. supervises the Board of Directors.

Risk committees

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

- The Audit & Risk Committee supports the Supervisory Board in its supervision of, among other things, financial, administrative organisational and compliance matters, as well as on the risk profile and operation of the risk management system. The Supervisory Board of Achmea Reinsurance Company N.V. does not have its own Audit & Risk Committee, the supervision is fulfilled by the Audit & Risk Committee of Achmea B.V.
- 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 IGRC, 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 optimalisation 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 group level, Achmea Reinsurance Company N.V. has decentralised risk committees within the business units that focus on managing risks, possibly supplemented by specific committees such as Product Review Committees for the Product Approval and Review Process (PARP).

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.

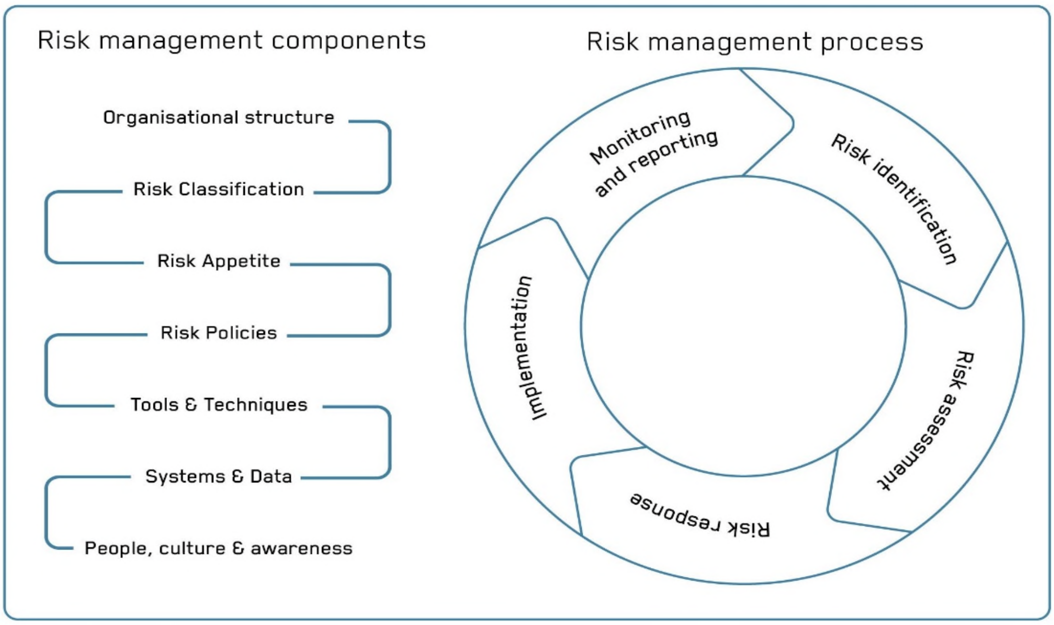
The internal audit function at group level is fulfilled by the Internal Audit department. This function reports to the chairs of the Executive Board, has a formal information and escalation line to the chairs of the Audit & Risk Committee and the Supervisory Board, and has direct and unlimited access to business units.

Framework

As mentioned in the risk strategy, risk management is supported by a single, uniform risk management and internal control system. This has been elaborated in the IGRC framework ensures consistency and coherence, contributing to consistent information for decision-making and monitoring, a unified approach and the structuring and prioritisation of the activities of the business and key functions compliance, risk management, actuarial and internal audit.

The framework as shown in the figure below shows the coherence of the components of the IGRC. Monitoring the internal and external environment is essential for the maintenance and implementation of the IGRC. When going through the management cycle and, in particular, identifying potential risks, knowledge of developments in the internal and external environment is essential. Specific points of attention in the external environment are emerging risks and existing and forthcoming laws and regulations. In the IGRC management cycle, taking developments in the internal and external environment into account, risks are identified, assessed, controlled, monitored and reported through a continuous process. Using the building blocks of the IGRC, the management cycle is applied at different levels (strategic, tactical and operational) and within specific contexts (organisational units, chains, processes, programmes/projects and risk types). For the evaluation of the IGRC.

RISK MANAGEMENT FRAMEWORK



The governance is explained in the description of the Three Lines model. Group-wide IGRC policies ensure that the management cycle is carried out consistently throughout the organisation. Below is a more detailed explanation of the building blocks, instruments and techniques and the risk appetite of the IGRC.

Tools and techniques
The tools and techniques of the IGRC provide concrete and practical support to implement the management cycle:

1	Risk Self Assessments (RSAs); which identify risks, assess them and determine a risk response.
2	Models and methodologies; specifically for the calculation of the required capital under Solvency II, the 'Solvency Capital Requirement' (SCR), Achmea Reinsurance Company N.V. uses a partial internal model approved by the external College of Supervisors, where some risks are quantified with an internal model and the other risks with the standard Solvency II formula.
3	Scenarios and stress tests, which assess and quantify risks.
4	The Achmea Control Framework (CFW); establishing internal control based on Key Risks/Key Controls.
5	Issue management, which monitors improvements regarding internal control.
6	Incident management, which monitors operational losses due to incidents, and supports a continuous improvement cycle through learning from mistakes.
7	Risk Letters; accepting the potential adverse effects of residual risk for a limited period of time.
8	Periodic reports; providing insight into the risk profile and management of risks.
9	ORSA/ICLAAP; The ORSA/ICLAAP identifies the extent to which current and future capital and liquidity positions are considered adequate under normal and extreme conditions.
10	Recovery and resolution; preparing a plan for recovery and/or resolution in circumstances of financial stress.

Periodically, mostly annually, risk analyses are performed regarding strategy, annual plans and at operational level for identifying and assessing risks and determining a risk response. Through regular monitoring and reporting, a reassessment of the risk profile takes place based on key developments in the internal and external environment, with the frequency depending on the type of risk. For the evaluation of the IGRC, periodic reviews take place on (parts of) the IGRC.

A generic control framework is available and integrated into the policy documents of the IGRC and the themes of the Achmea Control Framework (CFW). These complement each other; in general, the controls as laid down in the policy documents of the IGRC are further elaborated in the themes of the CFW. In strategic and tactical risk management, control is further established by defining and monitoring specific control measures.

The development, management and change of models with respect to, amongst other things, risk measurement, financial and business management calculations are subject to strict model governance which ensures that the models are managed properly. The risk profile of models is assessed, and it is compulsory for models with a very high gross risk to be periodically validated by the independent model validation function of the Risk Management department and approved by the MAC. Part of the management is that model changes are implemented and approved in accordance with a controlled change procedure.

In addition to approval in the MAC the partial internal model for Solvency II is approved by the Executive Board, the Statutory management of Achmea Reinsurance Company N.V., the A&RC and the Supervisory Board. After the internal governance is completed newly developed models are submitted for approval to the external College of Supervisors. Following approval by the MAC, major model changes are submitted to the external College of Supervisors for approval and are only used for determining Achmea Reinsurance Company’s capital position after approval. Through regular monitoring and reporting, the risk profile is reassessed based on the most important developments in the internal and external environment, with the frequency depending on the type of risk

Based on the implemented management cycle, the group-wide ORSA report is prepared annually for the insurance activities. The ORSA determines the extent to which the current and future capital and liquidity positions are considered adequate under normal and extreme conditions. The ORSA also assesses the adequacy of the partial internal model. If an event (internal or external) occurs with a potential significant impact on solvency (prudential and/or economic) and/or liquidity, i.e. where the limits of the risk appetite are (or are in danger of) being breached, a non regular ORSA is carried out.

These reports provide insight into and an assessment of the development of the risk profile, solvency and liquidity during the plan period, both under normal conditions (best estimate) and under stress. These reports are provided annually to local regulators whereby Achmea's ORSA report is also shared with the external College of Supervisors.
Under the 'Recovery and Resolution of Insurers' Act, Achmea has a recovery plan, the Preparatory Crisis Plan (VCP), - for both the Group and the Dutch insurance entities, with the aim of being prepared for crisis situations.
Internal Control Statements are issued annually by management at the conclusion of the year in which the management of a business unit indicates whether it believes that the reports during the year fairly reflect the effective operation of the business unit's internal control system.

Risk Appetite

The risk appetite describes the maximum level of risk that Achmea Reinsurance Company N.V. is willing to accept in realising its strategy and business and other objectives. Risk appetite consists of a qualitative statement, Key Risk Indicators (KRI) and associated limits and is determined from the strategy, risk strategy and annual objectives.

Below is an overview of the qualitative statements and their translation into KRIs. The sections that follow further explain the management of the risk appetite components.

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 Deviation from expected annual result due to catastrophic events
Non-Financial	**Principles**	**KRI’s**
Operational risk / internal control	An adequate Operational Risk Policy is pursued to avoid significant financial losses, incidents, issues and reputation damage due to operational, compliance, cyber and integrity risks. Achmea ensures that detected incidents and issues will be solved within the specified time period and that actions are taken to avoid repetition of failure.	Internal Control Framework Reputation score Financial loss due to operational risks Very urgent issues Disruption of business-critical chains
Compliance	We act in accordance with laws and regulations. Detected violations by Achmea, employees and third parties will be corrected in accordance with the incident management policy. We implement new or amended laws and regulations on time. Detected violations by Achmea, employees and third parties will be corrected in accordance with the incident management policy. Achmea employees, third parties, suppliers and customers act with integrity. Employees and external temporary employees act in accordance with the General Code of Conduct of Achmea. Achmea uses a zero-tolerance policy in case of penalising integrity violations. Risk Management aims at avoiding significant integrity violations regarding money laundering, terrorist financing, avoiding sanctions, corruption, conflict of interest, tax fraud, internal fraud, external fraud, market manipulation, cybercrime and socially unacceptable behaviour. Detected integrity violations will be corrected according to the Incident Policy.	Violations of laws and regulations Implementation of laws and regulations Integrity violations

Sustainability	Achmea Reinsurance Company N.V. pursues an ESG policy aimed at preventing and mitigating material negative (financial and non-financial) impact on the environmental (E), social (S) and governance (G) aspects related to our activities for its stakeholders.	MSCI ESG rating Sustainalytics ESG rating

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 fulfills three roles: advisor, risk carrier and purchaser. Achmea Reinsurance Company N.V. provides reinsurance cover for the Achmea entities. To this 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 of a financial nature and, has concluded a number of incoming reinsurance contracts for both life and Non-Life with strategic partners and other external insurers and reinsurers. Due to a strategic reorientation, no new incoming Non-Life reinsurance contracts with third parties will be issued with effect from 1 July 2023.

The Underwriting Committee of Achmea Reinsurance Company N.V. decides on the accepted risk level 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, the reinsurance programmes of the foreign entities have been further integrated. With a limited number of exceptions, the reinsurance programmes of the foreign entities are now integrated into Achmea Group's reinsurance programme. This led to cost benefits and improved the scope 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 contract 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. 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 is IFRS accounting. The liabilities related to reinsurance contracts held are determined at least four times a year.

Life risk

Life risk is the risk of loss, or of adverse change in the value of Liabilities related to insurance contracts, resulting from:

- 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 2023	31 DECEMBER 2022
Mortality Risk	6,615	5,925
Expense Risk	729	624
Catastrophe Risk	42,990	43,680
Diversification	-5,027	-4,529
Solvency Capital Requirement Life risk	**45,307**	**45,700**

Compared to 2022 the Life Underwriting Risk remained broadly the same. Mortality Risk increased by € 0.7 million, due to new contracts. The Catastrophe Risk decreased by € 0.7 million. This is the result of several (offsetting) effects. As a result of run off of contracts the Catastrophe Risk decreased by € 4.1 million. An increase of € 2.9 million is due to changes within existing contracts. New contracts have an increasing effect of € 0.5 million.

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 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 2023	31 DECEMBER 2022
Lapse Risk	1,456	1,477
Premium and Reserve Risk	87,958	92,163
Catastrophe Risk	142,720	178,608
Diversification	-46,704	-51,731
Solvency Capital Requirement Non-Life risk	**185,430**	**220,517**

The capital required for Non-Life risk decreased by € 35.1 million.

The decrease of € 4.2 million in Premium and Reserve Risk was the result of the decision to stop third party Non-Life business, causing the premium volume to decrease, having an impact on the Premium Risk of € -18.5 million. The Reserve Risk increased by € 10.5 million. Changes within diversification effects have an effect of € 1.4 million. Changes within the claims reserve have an impact of € 8.7 million.

The Catastrophe Risk decreased by € 35.9 million. The decrease is due to several factors:

- After the renewal of 1 July 2023 inward the reinstatement premium is prepaid. Outward the reinstatement premium became paid. Due to the hardening reinsurance market prepaid reinstatement isn't offered. The mismatch between inward and outward reinstatement premium has an effect of € 102.3 million.
- The decision to stop third party Non-Life business has an impact of € -96.8 million.
- Renewal changes in reinsurance program (higher retentions) have an effect of € -20.2 million.
- Minor model change concerning the add on for clustering has an impact of € -10.7 million.
- Due to storm Daniel the annual aggregate deductible is fully used, having an impact of € -5.4 million.
- Other renewal effects regarding Man Made and NP Reinsurance have an impact of € -2.5 million.

Other, mainly diversification effects have an impact of € -1.8 million.

As a result of the above-mentioned reasons the diversification decreases by € 5.0 million.

Within Non-Life, catastrophe risk is a large risk. The property and motor hull lines of business in particular are exposed to catastrophe risk. The predominant risk sources are storm and hail in the Netherlands. Motor hull in the Netherlands includes the risk of flooding. For Non-Life concentration risk refers to major claims resulting from the above-mentioned natural perils.

Due to climate change, the probability of weather-related catastophes is expected to increase. Achmea Reinsurance Company N.V. has close ties with the leading organisations developing the catastrophe models, as well as 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. In this book of business no new contracts are written as of 1 July 2023.

Risk response

Underwriting guidelines ensure a effective risk assessment, acceptance (under conditions when applicable) 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, agriculture) 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 two individual excess-of-loss programmes with also different retentions.
- Achmea Reinsurance Company N.V. is used at all Achmea’s foreign operating companies 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 and major injuries risks.

Developments relating 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 programs can be modified each year.

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 2023	31 DECEMBER 2022
Health risk SLT	1,456	1,476
Health risk NSLT	2,312	1,972
Health catastrophe	28,364	24,063
Diversification	-2,657	-2,421
Solvency Capital Requirement Health risk	**29,475**	**25,090**

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

F. MARKET RISK

Market risk is the risk of loss or adverse change in the financial situation resulting, directly or indirectly, from fluctuations in market prices of assets, liabilities and financial instruments. It encompasses interest rate risk, equity risk, property risk, spread risk, currency risk and market concentration risk. Inflation risk is included in interest rate risk.

An increase in expenses as a result of higher inflation is included in cost risk and is calculated under insurance risk using the standard formula.

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 Financial investments.

Achmea Reinsurance Company N.V. uses an internal model for the calculation of the market risk capital. The table below shows the market risk capital for the insurance activities.

MARKET RISK

(X € 1,000)

	31 DECEMBER 2023	31 DECEMBER 2022
Interest rate	17,147	8,947
Equity	67,788	58,069
Spread	23,480	18,820
Currency [1]	7,383	7,555
Property	3,230	2,521
Diversification	-28,215	-21,872
Solvency Capital Requirement Market risk	**90,813**	**74,040**

1. *Standard formula*

The required capital for market risk increased by € 16.8 million from € 74.0 million to € 90.8 million. This increase is mainly the result of increasing market values due to positive financial market developments, causing the Equity Risk to increase by € 9.7 million. The Interest Rate Risk increased by € 8.2 million, due to calibration effects. As a result of higher exposure on Senior Secured Loans and Treasury the Spread Risk increased by € 4.6 million. The diversification effected the Solvency Capital Requirement Market Risk by € - 6.3 million.

The Solvency II 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 2023 was € 118.0 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 2023. The 20% drop in equity values equals a decrease in the market value of the equity portfolios of € 32.8 million and has an Eligible Own Funds impact net of tax of € 24.4 million. This decrease in market values would cause the market risk, LACEP and LACDT to decrease by € 4.1 million. The combined effect on the Eligible Own Funds and Solvency Capital Requirement would negatively impact the Solvency II ratio by 10%-pt. In 2022 the impact of the shock was 8%-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 2023			31 DECEMBER 2022		
	IMPACT ELIGIBLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)	IMPACT ELIGIBLE OWN FUNDS	IMPACT SOLVENCY CAPITAL REQUIREMENT	IMPACT RATIO (%)
Equity -20%	-24,363	-4,105	-9%	-21,310	-3,290	-8%

Risk response

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

- The limit on the market risk is set annually 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. Inflation risk related to claims within with Non-Life entities, expressed as the difference between nominal and real interest rates, is also included in interest rate risk. Inflation and interest rates are positively correlated; rising inflation often leads to higher interest rates.

Insurance activities

The solvency ratio is affected by the interest rate curve used in valuation. When valuing the Liabilities related to insurance contracts, the curve prescribed and published by EIOPA including UFR is used.

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 € 124 thousand (2022: € 839 thousand) with a notional amount of € 2.9 million (2022: € 10.5 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. 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. is exposed to 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 optimised.

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)

	2023 TOTAL EXPOSURE	2023 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2023 NET EXPOSURE	2022 TOTAL EXPOSURE	2022 NOTIONAL AMOUNT OF HEDGING INSTRUMENTS	2022 NET EXPOSURE
Net position						
US dollar	84,944	65,756	19,188	94,231	50,438	43,793
Japanese yen	10,264	10,391	-127	10,883	10,639	244
Pound sterling	4,107	4,081	26	5,798	5,994	-196
Canadian dollar	4,546	4,524	22	4,040	4,317	- 277
Swiss franc	1,738	1,687	51	3,750	3,800	-50
Australian dollar	2,206	2,206		3,534	3,584	-50
Hong Kong dollar	493		493	1,938		1,938
Danish kroner	1,129		1,129	1,683		1,683
Swedish kroner	2,145		2,145	1,399		1,399
Norwegian kroner	1,157		1,157	1,258		1,258
Singapore dollar	466		466	1,188		1,188
Other	348		348	270		270
	113,543	**88,645**	**24,898**	**129,972**	**78,772**	**51,200**

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 2023 the required capital increased from € 13.2 million at year-end of 2022 to € 15.9 million year-end of 2023. The increase is mainly due to higher tax position, changes of ratings of counterparties and an increased risk-mitigating effect due to renewal of the group program as of July 1st 2023.

Risk response

The counterparty risk group level governance framework is set out in the Counterparty Risk Policy, which describes matters such as 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 category in the Counterparty Risk Policy are the same as last year and are given in the following table:

MAXIMUM EXPOSURE AT ACHMEA GROUP (X € 1,000,000)

	OTHER COUNTERPARTIES
AAA	700
AA+, AA, AA-	500
A+, A, A-	400
BBB+	250
BBB	200
BBB-	125

Achmea Reinsurance Company N.V. uses rating from S&P, Moody's, Fitch 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.

Derivatives
Derivative transactions are only initiated with counterparties that meet Achmea Reinsurance Company N.V.'s rating requirements and collateral requirements. ISDA (International Swaps and Derivative Association) master agreements are in place between Achmea Reinsurance Company N.V. entities and its derivative counterparties. The Counterparty Default Risk Policy defines collateral requirements that must be specified in the individually negotiated Credit Support Annexes (CSA).
Only 'prime collateral' is accepted, comprised of government bonds issued by highly rated countries and cash collateral in euros, US dollars, British pounds and Swiss francs. Independent valuation of derivatives, daily settlement of collateral and improved valuation adjustments related to the remaining maturity of the collateral received, further reduces the counterparty default risk. In addition, Central Clearing is used for a portion of the derivatives portfolio. Central Clearing is used when entering into new derivatives transactions; the majority of the derivatives portfolio runs through a Central Counterparty (CCP). Achmea uses 'LCH Clearnet' and 'Eurex Clearing' and has set a limit for both to limit the maximum exposure. The CCP's accept only cash collateral and collateral is settled daily. In addition, clearing members must contribute to the CCP's reserves to manage counterparty default risk under stress scenarios.

Reinsurers

Reinsurers are part of the counterparty risk governance framework, which provides guidelines for entering into transactions with new counterparties, limits and allocations per counterparty. At Achmea Reinsurance Company N.V. the Underwriting Committee decides on the composition of the panel of reinsurers. Counterparty risk is monitored half-yearly 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 into 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.

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 for arranging liquidity in times of stress. This plan describes possible actions and sources of funds taking into account the behavior of other counterparties. Each year a Liquidity Risk Assessment (LRA) presents the fullest and most up-to-date picture possible of the liquidity risks of the entities and of the Group. An assessment is also given of the quality of the risk response. The recommendations of the LRA serve as input for changes to policy, risk appetite or regular monitoring and reporting.

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 contracts.

I. OPERATIONAL RISK

Operational risk is defined as the risk of loss arising from inadequate or failing 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.

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 in which data plays an increasingly important role. Important risks related to outsourcing are concentration risks and subcontracting risks.

The required capital under Solvency II provides quantitative insight into the magnitude of operational risk. In 2023, the required capital for operational risk decreased from € 12.6 million at year-end 2022 to € 11.4 million at year-end 2023. The decrease is mainly to the decision to stop third party Non-Life business.

Risk response

The Operational Risk Policy describes how operational risk is managed. Additional policies and procedures apply to specific risk events, such as information security, business continuity and outsourcing:

- Information security: all activities towards the realisation of a continuously optimal level of availability, integrity and confidentiality of information and information systems to ensure business continuity, protect customers' interest, prevent financial loss and reputational damage and comply with laws and regulations. The Internal Control Framework includes control measures focusing on cyber security, IT architecture, data centre facilities, IT operations, logical access security and change management.
- Business Continuity Management (BCM): this concerns identifying threats and their potential impact, determining the minimum service level required for customers and other stakeholders, and implementing and testing measures to prevent major disruptions of business-critical chains and to mitigate the impact of the disruptions to an acceptable level. The Internal Control Framework includes control measures focusing on the prevention of system downtime and the back-up and recovery of data and systems.
- Outsourcing: outsourcing processes must be managed carefully, based on a risk/return evaluation, sustainability assessment including an ESG rating by Ecovadis and written documentation of reciprocal obligations. The Internal Control Framework includes control measures focusing on contracting, compliance with Service Level Agreements and registration of outsourcing.

In line with the IGRC, risk analyses are performed periodically to identify the operational risks within Achmea Reinsurance Company N.V. and appropriate control measures. Furthermore, risk analyses are conducted at various levels and on various topics, e.g. in the form of scenario analyses. Recently, scenario analyses have been carried out with regard to rogue trading, mandate management, IT disruption and cybercrime. In the past the cyber-scenario 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, what is based on the COSO model and common market standards and uses key risks and key controls. Annually, after the risk analyses have been performed, the frameworks's key risks and key controls are updated. The framework is subsequently used to systematically monitor the effectiveness of control measures throughout the organisation. Cross-references to information security of DNB and Solvency II are included in the framework. 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 threats 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) and other rules.

Failing to comply may result in legal or regulatory sanctions, material financial loss, or reputational damage. The Compliance Policy 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.

Risk profile

Key compliance risks include the risks associated with 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 paid to providing clear and timely product information to customers and to opportunities for improving the suitability of the sold product and the distribution process. A substantial number of incidents relate~~s~~ to relatively limited privacy issues. This can be explained on the one hand by digitisation and on the other hand by society's increased focus on privacy issues.

Risk response

Achmea's Laws & Regulation Committee identifies new legislation and forthcoming amendments and determines the impact on the organisation. Management is responsible for demonstrably correct and complete implementation. In case of profound impact on Achmea, the committee will advise the Executive Board to start an implementation project. Current examples include the Digital Operational Resilience Act (DORA), the new Pension Act and the Corporate Sustainability Reporting Directive (CSRD). In the implementation project groups, Compliance and Risk Management participate alongside management and the line organisation. Periodic reports are made to the Executive Board on the progress of implementation, risks and corrective measures regarding these types of projects. Achmea ensures detection of developments in laws and regulations through a specific module in the Internal Control Framework and monitors proper and timely implementation.

Regulatory investigations have a major impact on business activities. The investigations arise not only from local regulations, but also from international legislation such as EU legislation for Duty of Care, Outsourcing, CDD and Sustainability. The contribution made to supervisory investigations requires a lot of effort and this is coordinated by the Supervisory Committee.

Risk analyses are performed annually to identify risks within Achmea. Important risk analyses performed by Compliance are the Integrated Risk Analysis (IRA), and the annual Systematic Integrity Risk Analysis (SIRA). Risk Analyses are also conducted at various levels and on various topics during the year. With regard to compliance with laws, regulations and internal rules of conduct, the most important legal provisions are translated into risks. For the internal control of the identified risks, the Control Framework uses issue and incident management to continuously learn and improve. Effectiveness of controls, issues and incidents are reported in relation to the risk appetite on a quarterly basis.

Compliance is closely involved in monitoring compliance with the money Laundering and Anti-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. Issues that concern all of Achmea are discussed periodically in the Ethics Committee, involving the CRO, the Compliance director, HR, employees from the various divisions and an external specialist. In 2023, specific attention was paid to policies concerning sustainability, experimental healthcare needs, making phone calls in traffic and socially responsible investing. The integrity risk as part of compliance risk is set out in the Achmea Code of Conduct and the Integrity & Fraud Policy. This code of conduct states the core values, core qualities and rules of conduct of Achmea and applies to all Achmea employees. The Integrity & Fraud Policy contains the principles highlighting the integrity risks in operational management, such as: anti-corruption, gifts, side-line activities, contracting third parties and execution of the SIRA. In 2023, the SIRA was also executed for each supervised entity, with input from staff departments. A new topic is socially responsible investing in relation to greenwashing risks. Ongoing attention is paid to integrity risks by assessing the effectiveness of fraud control measures on a quarterly basis using the Internal Control Framework.

Privacy, Cyber security, IFRS 9/17 and CDD were the main focus areas for the compliance function within Achmea for 2023. 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.

<u>Evaluation of the compliance function</u>
Once every three years, the AFM assesses the maturity level of the compliance function within Achmea. The results were received in 2023 and discussed by the AFM and the Executive Board. Compared to the previous assessment from 2020, Achmea has improved three aspects with respect to its maturity level. Improvement actions resulting from this assessment are being followed up. The overall result is positive. There has also been an internal evaluation of the organisation of the compliance function using an external specialist. Improvement actions are in progress, including the further concretisation of the separation of duties and the independence of the compliance function from first- line and other second- line functions and also the periodic board review of the compliance function.

<u>Non- compliance</u>
Short-cycle monitoring is used to ensure compliance with laws and regulations, and instances of non-compliance may occur. The monitoring revealed areas of concern in the areas of CDD, Privacy, Cyber security, Duty of Care and Outsourcing.

Customer Due Diligence (CDD)
CDD is a top priority within Achmea, and the focus in 2023 was on improving control~~.~~ This involves continuous learning from developments in the business units, from audits, from outcomes of on-site investigations in the business units by supervisors, and from fines imposed on other companies, reports from regulators or court rulings. There is control from the central CDD Task Force, which includes two Executive Board members. In addition to improving control of CDD, this Task Force is also aimed at achieving high-quality and demonstrable solutions, where the ultimate responsibility lies with the supervised entities. Where possible and necessary, developments are accelerated.

The KYC Centre was established within Achmea in July 2023. All operational CDD activities are being centralised here, with the aim of making operations more uniform in the future and to pooling and increasing expertise within Achmea. In 2023, the banking, Non-Life insurance, asset management and shared service processes regarding relating to CDD were centralised. The remaining processes will be included in the course of 2024. Reporting of unusual transactions to the Financial Intelligence Unit (FIU) is handled by Achmea Reinsurance Company N.V. itself. Additionally, a generic CDD IT platform is being established. The main focus is on transaction monitoring, screening at both onboarding and in continuity and also keeping CDD files in order.

Privacy
Privacy is of great importance to Achmea Reinsurance Company N.V. Throughout the organisation, points of attention are continuously identified regarding compliance with the General Data Protection Regulation (GDPR/Privacy legislation. Internal control was further improved in certain areas during 2023. Various improvement projects are in progress. One of the improvement projects oversees the implementation of tooling that provides secure file sharing and secure emailing, both internally and externally. In addition, an 'Unstructured Data' core team is in place to implement solutions for handling and controlling unstructured data environments. This relates to excessive data processing and data storage. The improvements will continue in 2024, partly because of the complexity of the process of managing the physical archive and data storage, including unstructured data.

Cyber security
Cyber security risk remained high in 2023. Geopolitical developments increase the threat of attacks by 'nation-state actors'. The Executive Board regards the continued development of cyber resilience as a strategic priority. Consequently, Achmea invested last year in measures to further increase resilience against (ransomware) and other attacks.

In 2023, two data breaches occurred at Achmea due to ransomware at external partners. The business impact of these incidents was limited, but they do show that outsourcing risk remains as high as ever. Despite the fact that outsourcing complies with legal frameworks, steps are needed to increase resilience of external partners as well. In this context, a pilot was started at division Non-Life and Income. The pilot, surveyed cyber control measures at external partners. Based on this, external partners were categorised in different risk classes (so-called circles of trust), and it was determined whether additional actions were needed. This approach will also be rolled out across the other divisions in 2024.

The implementation of DORA legislation is a key focus area for 2024. In 2023, the first steps were taken for this purpose to determine the impact and the governance is in place to ensure DORA compliancy by 2025.

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, the development of the liquidity position of the holding company 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 if necessary.

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 set 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.

NOTES TO SIGNIFICANT BALANCE SHEET AND INCOME STATEMENT ITEMS

3. FINANCIAL INVESTMENTS

FINANCIAL INVESTMENTS CLASSIFIED BY NATURE

(X € 1,000)

	31 DECEMBER 2023[1]	REVISED 31 DECEMBER 2022[1]
Equities & similar investments	202,093	176,743
Fixed income investments		
Bonds Central Government	131,610	115,710
Bonds Government guaranteed	65,784	75,137
Bonds covered bonds	8,774	9,452
Corporate bonds	111,212	73,994
Total Fixed income investments	**317,380**	**274,293**
Derivatives	2,736	5,205
Total	**522,209**	**456,241**

[1] Financial investments mandatorily measured at fair value with changes in the fair value recognized in the income statement

Equity investments and similar investments amounting to € 202.1 million (31 December 2022: € 176.7 million) consist of investments in listed ordinary shares of € 127.1 million (31 December 2022: € 106.9 million), investments in real estate funds of € 13.3 million (31 December 2022: € 11.5 million), investments in fixed-income funds of € 35.7 million (31 December 2022: € 31.8 million) and investments in Alternatives of € 26.0 million (2022: € 26.2 million).

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

MOVEMENTS FINANCIAL INVESTMENTS

(X € 1,000)

	31 DECEMBER 2023	REVISED 31 DECEMBER 2022
Balance at 1 January	456,241	500,863
Investments and loans granted	354,149	320,249
Divestments and disposals	-325,565	-336,174
Fair value changes	28,966	-44,137
Foreign currency differences	1,797	13,945
Change due to reclass	5,829	
Accrued interest and rental	792	1,495
Balance at 31 December	**522,209**	**456,241**

Derivatives are used for hedging purposes. Achmea Reinsurance Company N.V. holds no financial instruments for trading purposes.

The financial investments increased by € 66 million in 2023 compared to 2022. The main development causing the increase in the year 2023 compared to the year 2022 is caused by the favourable development of financial markets.

Derivatives

The following tables present information on derivatives. Achmea Reinsurance Company N.V. uses all of the derivatives for risk management purposes.

DERIVATIVES CLASSIFIED BY NATURE

(X € 1,000)

	ASSETS	LIABILITIES	31 DECEMBER 2023
Interest rate derivatives	124	403	-279
Currency derivatives	2,554	818	1,736
Equity derivatives	58	5	53
Other derivatives		2	-2
	2,736	**1,228**	**1,508**
	ASSETS	LIABILITIES	31 DECEMBER 2022
Interest rate derivatives	839	303	536
Currency derivatives	4,133	830	3,303
Equity derivatives	1	73	-72
Other derivatives	232		232
	5,205	**1,206**	**3,999**

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

(X € 1,000)

31 DECEMBER 2023	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Interest rate derivatives	403				403
Currency derivatives	818				818
Equity derivatives	5				5
Other derivatives	2				2
	1,228				**1,228**
31 DECEMBER 2022	WITHIN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEARS	TOTAL
Interest rate derivatives	303				303
Currency derivatives	830				830
Equity derivatives	73				73
	1,206				**1,206**

Based on their contractual maturity, an amount of € 263.5 million (2022: € 238.7 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 more than twelve months after the reporting date.

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

(X € 1,000)

			31 DECEMBER 2023			31 DECEMBER 2022
	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOTIONAL AMOUNT	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest Rate derivatives	2,891	124	404	10,542	839	303
Currency derivatives	101,609	2,554	570	78,772	4,134	830
	104,500	**2,678**	**973**	**89,314**	**4,973**	**1,133**

Market concentration by investment portfolio

Achmea Reinsurance Company N.V. has no material market concentration in its investment portfolio. Market concentration risk is further explained in Note 2 capital and risk management, in the 'market risk' section.

KEY ASSUMPTIONS AND ESTIMATES WHEN ASSESSING THE VALUATION OF FINANCIAL INVESTMENTS

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.

ACCOUNTING POLICIES FOR FINANCIAL INVESTMENTS

Valuation and initial recognition in the balance sheet

The initial measurement of investments takes place at the moment Achmea Reinsurance Company N.V. becomes a party to a financial instrument, i.e. on the transaction date. Initial measurement is done at fair value excluding transaction costs for investments recognised at fair value with changes in fair value recognised in the income statement and at fair value through net other comprehensive income. Subsequent measurement depends on the classification of the investment.

Classification and subsequent measurements

Classification

Upon initial recognition, an investment is classified as measured at amortised cost, fair value with changes in fair value recognised in the net other comprehensive income or fair value with changes in fair value recognised in the income statement. The classification that determines the subsequent measurement is based on the business model of the investment portfolio and the SPPI test.

Investments are not reclassified after initial recognition unless Achmea Reinsurance Company N.V. changes its business model for these investments. In that case, all affected investments are accounted for according to the new classification in the reporting period in which the business model was changed. An investment is measured at amortised cost if it meets the following requirements:
- The investment falls within a business model that aims to receive contractual cash flows; and
- The contractual features lead to predetermined times when cash flows are received. The SPPI test is described in more detail below under SPPI test for contractual cash flows.

An investment is measured at fair value with changes in fair value recognised in the net other comprehensive income when it meets the following requirements:
- The investment falls within a business model that aims to both receive contractual cash flows and be able to sell the investments; and
- The contractual features lead to predetermined times when cash flows are received.

Shares and derivatives do not satisfy the SPPI test and are mandatorily measured at fair value with changes in fair value recognised in the income statement (Achmea Reinsurance Company N.V. does not use the option to measure shares at fair value through net other comprehensive income).

Business model assessment

For each investment portfolio, Achmea Reinsurance Company N.V. determines the purpose of the business model that represents how the portfolio is managed and reported to management. The business model is based on the formal terms and objectives of the investment portfolio, how the returns and risks of the portfolios that determine the performance of the business model are managed, how management is assessed and rewarded and the level of sales in the portfolio.

SPPI test for contractual cash flows

The SPPI test determines whether the contractual cash flows represent only the repayment of principal and interest on the outstanding balance of the loan ('solely payments of principle and interest'). This involves testing whether there are contractual provisions in the loan that could change the timing and size of the contractual cash flow, making it no longer compliant with the conditions of the SPPI test. Achmea Reinsurance Company N.V. takes the following into consideration:
- future events that may change the timing and size of the cash flow;
- leverage features;

- early repayment and extension options;
- provisions that limit the cash flows of certain investments for Achmea Reinsurance Company N.V.; and
- characteristics that may change the level of interest payments over time (e.g. periodic review of interest rates).

An early repayment option meets the SPPI conditions if it consists mainly of repayment of the principal and interest on this principal as well as reasonable compensation for early termination of the contract.

The entire investment portfolio of the insurance business is managed and performance is assessed based on fair value developments. Within this model, underlying investments are actively traded with the aim of maximising the results. These investment portfolios do not meet the requirements for the business model aimed at both receiving and being able to sell contractual cash flows and are therefore mandatorily measured at fair value (excluding transaction costs) with changes in fair value recognised in the income statement.

Subsequent measurement and processing of gains and losses

Investments are measured at fair value with changes in fair value recognised in the income statement.

Investments measured at fair value with changes in fair value recognised in the income statement (FVPL or 'Fair value through profit or loss') are measured at fair value. Changes in fair value, including interest or dividend income and foreign currency differences are recognised in the income statement. Investment income, foreign currency differences and other fair value changes are recognised in investment result from (re)insurance activities or non-insurance activities.

Non-impaired investments at initial recognition

If an investment is not impaired (no stage 3 ECL), interest income on the carrying amount of the investment is calculated based on the effective interest method. To determine the interest rate, Achmea Reinsurance Company N.V. takes into account all future cash flows subject to the contract terms of the investment, excluding expected credit losses (ECL).

If an investment is impaired (stage 3 ECL) after initial recognition, interest income on the amortised cost (gross amortised cost adjusted for impairment) of the investment is recalculated based on the effective interest rate. If the impairment no longer applies, interest is calculated again on the gross amortised cost of the investment (without adjustment for the impairment).

Impaired investment at initial recognition

Interest income is calculated on the amortised cost of the investment by applying the effective interest rate adjusted for creditworthiness. This adjusted effective interest rate is calculated based on future cash flows including ECL. If the creditworthiness of the investment improves, this effective interest rate will no longer be calculated on an amortised cost basis.

Derivatives, including those forming part of other financial liabilities

Derivatives, including those forming part of other financial liabilities that are separated from the main contract, are classified as held for trading unless they are part of a hedge relationship. Derivatives are measured at fair value with changes in fair value recognised in the income statement.

Impairments

Achmea Reinsurance Company N.V. accounts for expected credit losses (ECL) on investments and loans valued at amortised cost using a 'three-stage' model:
- Stage 1 (12-month ECL) for expected defaults on loans arising within 12 months of the balance sheet date. This relates to loans with a low credit risk and exposure to banks with an investment-grade credit rating.
- Stage 2 (total term ECL) for expected default during the total term in the event of a significant increase in credit risk since initial recognition, but for which there is no indication of impaired creditworthiness yet. If there is a payment delay of at least 30 days, there is a presumption that a deterioration in creditworthiness has occurred. This can still be deviated from (qualitatively substantiated).
- Stage 3 (total term ECL) for loans for which there is an indication of impaired creditworthiness. This involves an impairment.

Information on the ECL is provided in Chapter 29 Credit quality financial assets. For a transition to Stage 3, this applies if there is a payment delay of at least 90 days. In addition, indicators such as loan restructuring, debtor bankruptcy, fraud, insufficient income and special management are relevant. The effects of the triggers will be adopted unless Achmea Reinsurance Company N.V. deviates (qualitatively substantiated).

Purchased or original credit loss assets

Stage 3 also includes loans purchased or valued at credit loss in the balance sheet at the time of initial recognition. Purchased loans are loans whose risk is very high at first withdrawal and loans obtained at a high discount. If material, this specific category of assets is analysed separately from the other assets in Stage 3.

Determining the ECL

Credit losses are determined based on the cash value of all contractual cash flows that Achmea Reinsurance Company N.V. no longer expects to receive. The ECL is determined by three generally used underlying models: Probability of Default (PD), Loss Given Default (LGD), Exposure at Default (EAD).

PD reflects the probability that a debtor cannot meet their financial obligation. The EAD reflects the outstanding amount of the loan. The LGD is the amount Achmea Reinsurance Company N.V. expects to lose if the debtor can no longer meet their obligations, involving mitigation through collateral obtained.

Presentation of credit losses in the balance sheet

Credit loss for ECL of investments and loans valued at amortised cost is deducted from the carrying amount of the asset at the expense of Investment result from (re)insurance activities (for insurance business investments).

Write-off

The carrying amount of a financial asset is reduced when Achmea Reinsurance Company N.V. expects that all or part of the financial asset will not be received. This is normally the case when Achmea Reinsurance Company N.V. determines that the borrower has insufficient assets or income sources that can generate cash flows to make partial or full repayments. This assessment is carried out at the individual active level. Although Achmea Reinsurance Company N.V. does not expect significant receipts from amounts written off, written-off financial assets may be subject to Achmea Reinsurance Company N.V.'s regular recovery procedures.

Derecognition and Offsetting

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 transferred substantially all risks and rewards associated with the asset and if Achmea Reinsurance Company N.V. did not retain control of the asset.

In transfers where control over specific assets 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. Upon realisation, the difference between the disposal proceeds and the carrying amount is recognised in the income statement as a realised gain or loss.

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.

4. ASSETS AND LIABILITIES RELATED TO INSURANCE CONTRACTS ISSUED AND SHARE OF REINSURERS IN INSURANCE LIABILITIES HELD

ANALYSIS OF REINSURANCE CONTRACTS HELD

(X € 1,000)

			31 DECEMBER 2023			REVISED 31 DECEMBER 2022
	(RE)INSURANCE ASSETS	(RE)INSURANCE LIABILITIES	TOTAL	(RE)INSURANCE ASSETS	(RE)INSURANCE LIABILITIES	TOTAL
Reinsurance contracts issued						
Non-Life						
Premium allocation approach		533,761	533,761		486,972	486,972
Life						
General model		33,225	33,225		34,776	34,776
Totaal Reinsurance contracts issued		**566,986**	**566,986**		**521,748**	**521,748**
Assets related to reinsurance contracts held						
Non-Life						
Premium allocation approach	311,073		311,073	309,858		309,858
Life						
General model	5,218		5,218	4,705		4,705
Total assets related to reinsurance contracts held	**316,291**		**316,291**	**314,563**		**314,563**

The total value of reinsurance contracts increased to € 567.0 million (2022: € 521.7 million). Developments by portfolio are detailed in the following sections.

CSM maturity overview

The following tables show the expected realisation in favour of the income statement of the remaining Contractual Service Margin (CSM) after the balance sheet date for liabilities related to insurance contracts valued under the general model (GMM) approach.

(X € 1,000)

					31 DECEMBER 2023
	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	**TOTAL**
Life					
Reinsurance contracts issued	1,063	4,852	9,206	2,129	17,250
Reinsurance contracts held	-1,056	60	143	202	-651

(X € 1,000)

					31 DECEMBER 2022
	WITHIN 1 YEAR	1-5 YEARS	5-15 YEARS	OVER 15 YEARS	**TOTAL**
Life					
Reinsurance contracts issued	1,942	3,574	6,747	1,139	13,402
Reinsurance contracts held	172	-31	-77	-114	-50

Maturity overview of present value of future cash flows

The following tables show the expected outcome of the present value of future cash flows. These tables do not include the Risk Adjustment and the CSM. This table must be viewed in conjunction with the Capital and risk management section – H liquidity risk.

									31 DECEMBER 2023
	LESS THAN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 3 YEARS	BETWEEN 3 AND 4 YEARS	BETWEEN 4 AND 5 YEARS	BETWEEN 5 AND 10 YEARS	BETWEEN 10 AND 15 YEARS	MORE THAN 15 YEARS	TOTAL
Liabilities related to reinsurance contracts held issued									
Non-Life	118,923	47,485	40,936	39,298	39,298	103,157	45,848	91,695	526,640
Life	-1,085	10,947	-399	-229	-83	2,068	2,665	749	14,633
Total	**117,838**	**58,432**	**40,537**	**39,069**	**39,215**	**105,225**	**48,513**	**92,444**	**541,273**

									31 DECEMBER 2022
	LESS THAN 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 3 YEARS	BETWEEN 3 AND 4 YEARS	BETWEEN 4 AND 5 YEARS	BETWEEN 5 AND 10 YEARS	BETWEEN 10 AND 15 YEARS	MORE THAN 15 YEARS	TOTAL
Liabilities related to reinsurance contracts held issued									
Non-Life	113,450	42,606	36,730	35,260	35,260	92,558	41,134	82,274	479,272
Life	7,371	36,773	2,014	1,157	419	-10,432	-13,444	-3,781	20,077
Total	**120,821**	**79,379**	**38,744**	**36,417**	**35,679**	**82,126**	**27,690**	**78,493**	**499,349**

Analysis of reinsurance contracts issued by insurance sector

The tables below provide insight into insurance contracts by insurance sector (Non-Life and Life).
A breakdown of liabilities to reinsurance contracts issued will first be given for each insurance sector. A summary will then be presented for each insurance sector, including the trend in the carrying amount of insurance contracts. These statements include a statement of cash flows necessary to meet the liabilities after the balance sheet date and reconciliation of changes to the income statement. For the portfolios valued according to GMM, an analysis of the development of expected future cash flows, Risk Adjustment and CSM is also included.

PORTFOLIO ANALYSIS (X € 1,000)

	31 DECEMBER 2023		31 DECEMBER 2022		31 DECEMBER 2023		31 DECEMBER 2022	
	REINSURANCE CONTRACTS ISSUED	%	REINSURANCE CONTRACTS ISSUED	%	ASSETS RELATED TO REINSURANCE CONTRACTS HELD	%	ASSETS RELATED TO REINSURANCE CONTRACTS HELD	%
Life	33,225	6	34,776	7	5,518	2	4,705	6
Property	281,394	50	296,068	56	104,433	33	170,459	49
Casualty	85,425	15	83,640	16	44,768	14	34,366	14
Income Protection	166,943	29	107,264	21	161,872	51	105,033	31
Total	**566,986**	**100**	**521,748**	**100**	**316,291**	**100**	**314,563**	**100**

Insurance sector analysis: statement of movements in total reinsurance contracts issued Non-Life

MOVEMENTS IN TOTAL REINSURANCE CONTRACTS ISSUED – NON-LIFE 2023

(X € 1,000)

	LIABILITIES FOR REMAINING CORVERAGE		LIABILITIES FOR INCURRED CLAIMS		
			PAA		
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	**TOTAL**
Reinsurance contract issued assets					
Reinsurance contract issued liabilities	69,839	8,950	400,483	7,700	486,972
Balance at 1 January	**69,839**	**8,950**	**400,483**	**7,700**	**486,972**
Revenues insurance contracts Full Retrospective	-280,842				-280,842
Insurance revenue	**-280,842**				**-280,842**
Claims and related costs incurred in the previous and current periods			196,969	-1,268	195,701
Change in provision for onerous contracts		-8,718			-8,718
Insurance service expenses		**-8,718**	**196,969**	**-1,268**	**186,983**
Insurance service result	**-280,842**	**-8,718**	**196,969**	**-1,268**	**-93,859**
Financial income and expenses	-69		21,665	700	22,296
Effect of changes in exchange rates	1,047	-95	-2,186	-11	-1,276
Transfers within the insurance liabilities			-3,460		-3,460
Total changes in the statement of profit and loss	**-279,864**	**-8,813**	**212,988**	**-579**	**-76,268**
Premiums received	251,934				251,934
Claims paid and other costs of insurance-related services			-128,878		-128,878
Cash flows	**251,934**		**-128,878**		**123,056**
Reinsurance contract issued assets					
Reinsurance contract issued liabilities	41,909	137	484,593	7,121	533,761
Balance 31 December	**41,909**	**137**	**484,593**	**7,121**	**533,761**

MOVEMENTS IN TOTAL REINSURANCE CONTRACTS ISSUED - NON-LIFE 2022

(X € 1,000)

	LIABILITIES FOR REMAINING CORVERAGE		LIABILITIES FOR INCURRED CLAIMS		
			PAA		
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	**TOTAL**
Reinsurance contract issued assets					
Reinsurance contract issued liabilities	36,885	6,735	350,390	18,676	412,686
Balance at 1 January	**36,885**	**6,735**	**350,390**	**18,676**	**412,686**
Revenues insurance contracts Full Retrospective	-251,866				-251,866
Insurance revenue	**-251,866**				**-251,866**
Claims and related costs incurred in the previous and current periods			269,941	-9,470	260,471
Change in provision for onerous contracts		2,273			2,273
Insurance service expenses		**2,273**	**269,941**	**-9,470**	**262,744**
Insurance service result	**-251,866**	**2,273**	**269,941**	**-9,470**	**9,031**
Financial income and expenses	-9		-41,559	-1,569	-43,137
Effect of changes in exchange rates	2,181	-58	3,193	63	5,379
Total changes in the statement of profit and loss	**-249,694**	**2,215**	**229,728**	**-10,976**	**-28,727**
Premiums received	282,648				282,648
Claims paid and other costs of insurance-related services			-181,481		-181,481
Cash flows	**282,648**		**-181,481**		**101,167**
Reinsurance contract issued assets					
Reinsurance contract issued liabilities	69,839	8,950	400,483	7,700	486,972
Balance 31 December	**69,839**	**8,950**	**400,483**	**7,700**	**486,972**

The increase of € 74.3 million is mainly due the conclusion of a contract in the income protection portfolio, claims from the storm Daniel, Earthquake Turkey and several large fires within the Non-Life Group portfolio. Also a quota share contract within the Non-Life business has an increasing effect.

Insurance sector analysis: claims development for Non-Life before and net of reinsurance
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)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	228,888	248,755	106,221	93,903	79,666	88,528	69,494	199,629	21,921	3,809	
One year later		259,148	140,093	116,220	78,529	97,982	56,250	189,936	16,905	3.049	
Two years later			135,170	130,687	72,300	97,236	49,588	187,364	16,710	2,975	
Three years later				121,893	85,706	95,163	48,409	183,953	25,862	2,817	
Four years later					83,273	93,880	46,280	183,924	31,805	2,756	
Five years later						93,010	44,847	186,450	31,743	1,227	
Six years later							42,946	186,297	31,732	1,169	
Seven years later								186,078	24,271	2,058	
Eight years later									24,258	1,530	
Nine years later										953	
Estimate of cumulative claims	**228,888**	**259,148**	**135,170**	**121,893**	**83,273**	**93,010**	**42,946**	**186,078**	**24,258**	**953**	**1,175,617**
Cumulative payments	51,010	149,708	61,390	67,648	40,500	89,423	42,088	182,434	24,230	709	709,140
	177,878	**109,440**	**73,780**	**54,245**	**42,773**	**3,587**	**858**	**3,644**	**28**	**244**	**466,477**
Reinsurance liabilities claims prior years (<2013)											48,864
Risk adjustment											7,121
Impact of discounting											-30,748
Outstanding claims at 31 December 2023											**491,714**

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE (X € 1,000)

(NET OF REINSURANCE)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014	TOTAL
Estimate of cumulative claims:											
At end of underwriting year	116,183	111,098	54,821	48,847	26,645	64,476	58,296	32,346	8,894	3,809	
One year later		119,742	58,960	66,806	28,298	67,438	49,432	27,535	3,717	2,599	
Two years later			73,722	74,178	22,579	67,842	42,772	26,360	3,482	2,525	
Three years later				70,983	19,332	66,013	41,593	26,360	3,133	2,367	
Four years later					18,764	64,584	39,465	26,021	9,076	2,306	
Five years later						63,179	37,139	28,432	3,014	1,227	
Six years later							35,238	27,356	3,003	1,169	
Seven years later								26,292	--1,524	1,250	
Eight years later									243	834	
Nine years later										748	
Estimate of cumulative claims	**116,183**	**119,742**	**73,722**	**70,983**	**18,764**	**63,179**	**35,238**	**26,292**	**243**	**748**	**525,094**
Cumulative payments	32,826	59,587	49,154	55,000	15,569	59,930	35,274	34,370	2,469	709	334,888
	83,357	**60,155**	**24,568**	**15,982**	**3,196**	**3,249**	**036**	**1,922**	**-2,226**	**39**	**190,206**
Reinsurance liabilities claims prior years (<2013)											27,292
Risk adjustment											7,121
Impact of discounting											-9,948
Outstanding claims at 31 December 2023											**214,671**

Insurance business analysis: life

Insurance business analysis: statement of movements in total life insurance contracts

MOVEMENTS IN TOTAL REINSURANCE CONTRACTS ISSUED - LIFE 2023 (X € 1,000)

	LIABILITIES FOR REMAINING CORVERAGE			
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIABILITIES FOR INCURRED CLAIMS	TOTAL
Reinsurance contract issued assets				
Reinsurance contract issued liabilities	26,703	1,941	6,131	34,776
Balance at 1 January	**26,703**	**1,941**	**6,131**	**34,776**
Revenue from contracts under the Fair value approach	-8,919			-8,919
Revenue from regular contracts	-32,336			-32,336
Insurance revenue	**-41,255**			**-41,255**
Claims and related costs incurred in the previous and current periods			33,039	33,039
Change in provision for onerous contracts		8,393		8,393
Insurance service expenses		**8,393**	**33,039**	**41,432**
Insurance service result	**-41,255**	**8,393**	**33,039**	**177**
Financial income and expenses	1,082	57		1,139
Transfers within the insurance liabilities			811	811
Total changes in the statement of profit and loss	**-40,173**	**8,450**	**33,849**	**2,217**
Premiums received	27,995			27,995
Claims paid and other costs of insurance-related services			-31,672	-31,672
Cash Flows	**27,995**		**-31,672**	**-3,677**
Reinsurance contract issued assets				
Reinsurance contract issued liabilities	14,525	10,392	8,308	33,225
Balance 31 December	**14,525**	**10,392**	**8,308**	**33,225**

MOVEMENTS IN TOTAL REINSURANCE CONTRACTS ISSUED - LIFE 2022

(X € 1,000)

	LIABILITIES FOR REMAINING CORVERAGE			
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIABILITIES FOR INCURRED CLAIMS	TOTAL
Reinsurance contract issued assets				
Reinsurance contract issued liabilities	34,461		7,073	41,534
Balance at 1 January	**34,461**		**7,073**	**41,534**
Revenue from contracts under the Fair value approach	-8,596			-8,596
Revenue from regular contracts	-30,204			-30,204
Insurance revenue	**-38,800**			**-38,800**
Claims and related costs incurred in the previous and current periods			34,605	34,605
Change in provision for onerous contracts		1,947		1,947
Insurance service expenses		**1,947**	**34,605**	**36,552**
Insurance service result	**-38,800**	**1,947**	**34,605**	**-2,247**
Financial income and expenses	-1,736	-6		-1,742
Total changes in the statement of profit and loss	**-40,536**	**1,941**	**34,605**	**-3,990**
Premiums received	32,778			32,778
Claims & benefits paid			-35,548	-35,549
Cash Flows	**32,778**		**-35,548**	**-2,770**
Reinsurance contract issued assets				
Reinsurance contract issued liabilities	26,703	1,941	6,131	34,776
Balance 31 December	**26,703**	**1,941**	**6,131**	**34,776**

Insurance sector analysis: statement of movements in total life insurance contracts

MOVEMENTS IN TOTAL REINSURANCE CONTRACTS ISSUED VALUED AT GMM - LIFE 2023

(X € 1,000)

			CONTRACTUAL SERVICE MARGIN			
	PRESENT VALUE OF CASHFLOWS	RISK ADJUSTMENT	CONTRACTS UNDER FAIR VALUE TRANSITION APPROCH	OTHER CONTRACTS	TOTAL CSM	**TOTAL**
Reinsurance contract issued assets						
Reinsurance contract issued liabilities	20,077	1,297	8,907	4,494	13,402	34,776
Balance at 1 January	**20,077**	**1,297**	**8,907**	**4,494**	**13,402**	**34,776**
Release CSM for services provided			-884	-1,602	-2,486	-2,486
Change in the risk adjustment		-628				-628
Experience adjustment	2,129					2,129
Changes that relate to current services	**2,129**	**-628**	**-884**	**-1,602**	**-2,486**	**-985**
First recognition of contracts	-1,934	554		1,380	1,380	
Adjustments in estimates regarding CSM	-4,446	-292	4,036	702	4,738	
Adjustments in estimates regarding onerous contracts	8,257	63		101	101	8,423
Changes that relate to future services	**1,877**	**325**	**4,036**	**2,183**	**6,219**	**8,423**
Adjustment for claims incurred	-7,261					-7,261
Changes that relate to past services	**-7,261**					**-7,261**
Insurance service result	**-3,255**	**-303**	**3,152**	**581**	**3,735**	**177**
Financial income and expenses	677	348	44	71	115	1,140
Transfers within the insurance liabilities	810					810
Total changes in the statement of profit and loss	**-1,768**	**45**	**3,196**	**652**	**3,848**	**2,125**
Claims paid and other costs of insurance-related services	436					436
Acquisition of insurance cash flows	-3,241					-3,241
Cash flows	**-3,676**					**-3,676**
Reinsurance contract issued assets						
Reinsurance contract issued liabilities	**14,633**	**1,342**	**12,105**	**5,145**	**17,250**	**33,225**
Balance 31 December	**14,633**	**1,342**	**12,105**	**5,145**	**17,250**	**33,225**

MOVEMENTS IN TOTAL REINSURANCE CONTRACTS ISSUED VALUED AT GMM - LIFE 2022

(X € 1,000)

			Contractual service margin			
	Present value of cashflows	Risk adjustment	Contracts under fair value transition approch	Other contracts	Total CSM	**Total**
Reinsurance contract issued assets						
Reinsurance contract issued liabilities	38,945	688	205	1,696	1,901	41,534
Balance at 1 January	**38,945**	**688**	**205**	**1,696**	**1,901**	**41,534**
Release CSM for services provided			-681	-2,257	-2,938	-2,938
Change in the risk adjustment		-848				-848
Experience adjustment	3,956					3,956
Changes that relate to current services	**3,956**	**-848**	**-681**	**-2,257**	**-2,938**	**170**
First recognition of contracts	-6,041	879		5,162	5,162	
Adjustments in estimates regarding CSM	-11,565	1,367	10,067	131	10,198	
Adjustments in estimates regarding onerous contracts	2,406	-548	-682	-196	-878	980
Changes that relate to future services	**-15,200**	**1,698**	**9,385**	**5,097**	**14,482**	**980**
Adjustment for claims incurred	-3,397					-3,397
Changes that relate to past services	**-3,397**					**-3,397**
Insurance service result	**-14,642**	**850**	**8,705**	**2,840**	**11,545**	**-2,247**
Financial income and expenses	-1,457	-240	-2	-42	-44	-1,741
Total changes in the statement of profit and loss	**-16,099**	**610**	**8,703**	**2,798**	**11,501**	**3,988**
Acquisition of insurance cash flows	-2,770					-2,770
Cash flows	**-2,770**					**-2,770**
Reinsurance contract issued assets						
Reinsurance contract issued liabilities	**20,077**	**1,297**	**8,907**	**4,494**	**13,402**	**34,776**
Balance 31 December	**20,077**	**1,297**	**8,907**	**4,494**	**13,402**	**34,776**

Analysis of outward reinsurance contracts

The following tables show how the carrying amount of outward reinsurance contracts changes as a result of cash flows and recognition of income and expenses in the income statement. At the aggregate level, a table is included with an analysis of the changes in liabilities for cash flows necessary to meet the liabilities after the balance sheet date and the changes in liabilities for claims that have occurred before the balance sheet date and their reconciliation to the income statement. The table shows the total reinsurance contracts of Non-Life and Life.

For the portfolios valued according to GMM, an analysis of the development of expected future cash flows, Risk Adjustment and CSM is also included. This table relates only to Life.

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS – NON-LIFE 2023 (X € 1,000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE		REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS RECOVERY COMPONENT	LOSS RECOVERY COMPONENT	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	65,016	1,061	243,781	309,858
Reinsurance contract held liabilities				
Balance at 1 January	**65,016**	**1,061**	**243,781**	**309,858**
Recoveries of incurred claims and other income from reinsurance services		-1,006	70,970	69,964
Premiums and other charges from reinsurance services	-159,348			-159,348
Net result from reinsurance contracts held	**-159,348**	**-1,006**	**70,970**	**-89,384**
Financial income and expenses			14,129	14,129
Transfers within the insurance liabilities			-2,653	-2,653
Effect of changes in exchange rates			-6	-6
Total changes in the statement of profit and loss	**-159,348**	**-1,006**	**82,440**	**-77,663**
Premiums	128,307			128,307
Claims, investment components and other reinsurance service expenses			-49,179	-49,179
Cash flows	**128,307**		**-49,179**	**79,128**
Reinsurance contracts held assets	33,975	55	277,043	311,073
Reinsurance contract held liabilities				
Balance at 31 December	**33,975**	**55**	**277,043**	**311,073**

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS – NON-LIFE 2022

(X € 1,000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE		REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS RECOVERY COMPONENT	LOSS RECOVERY COMPONENT	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	28,369	4,838	206,272	239,479
Reinsurance contract held liabilities				
Balance at 1 January	**28,369**	**4,838**	**206,272**	**239,479**
Recoveries of incurred claims and other income from reinsurance services		-3,777	145,745	141,968
Premiums and other charges from reinsurance services	-141,946			-141,946
Net result from reinsurance contracts held	**-141,946**	**-3,777**	**145,745**	**22**
Financial income and expenses			-28,253	-28,253
Effect of changes in exchange rates			52	52
Total changes in the statement of profit and loss	**-141,946**	**-3,777**	**117,544**	**-28,179**
Premiums	178,593			178,593
Claims, investment components and other reinsurance service expenses			-80,034	-80,034
Cash flows	**178,593**		**-80,034**	**98,559**
Reinsurance contracts held assets	65,016	1,061	243,781	309,858
Reinsurance contract held liabilities				
Balance at 31 December	**65,016**	**1,061**	**243,781**	**309,858**

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS - LIFE 2023

(X € 1,000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE		REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS RECOVERY COMPONENT	LOSS RECOVERY COMPONENT	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	-10,905		15,610	4,705
Reinsurance contract held liabilities				
Balance at 1 January	**-10,905**		**15,610**	**4,705**
Recoveries of incurred claims and other income from reinsurance services			7,047	7,047
Premiums and other charges from reinsurance services	-6,732			-6,732
Net result from reinsurance contracts held	**-6,732**		**7,047**	**315**
Financial income and expenses	198			198
Total changes in the statement of profit and loss	**5,991**		**-5,478**	**513**
Premiums	15,148			15,148
Claims, investment components and other reinsurance service expenses			-15,148	-15,148
Cash flows	**15,148**		**-15,148**	
Reinsurance contracts held assets	-2,291		7,509	5,218
Reinsurance contract held liabilities				
Balance at 31 December	**-2,291**		**7,509**	**5,218**

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS - LIFE 2022

(X € 1,000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE		REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS RECOVERY COMPONENT	LOSS RECOVERY COMPONENT	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	612		7,161	7,773
Reinsurance contract held liabilities				
Balance at 1 January	**612**		**7,161**	**7,773**
Recoveries of incurred claims and other income from reinsurance services			5,826	5,826
Premiums and other charges from reinsurance services	-8,915			-8,915
Net result from reinsurance contracts held	**-8,915**		**5,826**	**-3,089**
Financial income and expenses	21			21
Effect of changes in exchange rates				
Total changes in the statement of profit and loss	**-8,894**		**5,826**	**-3,068**
Premiums	-2,623			-2,623
Claims, investment components and other reinsurance service expenses			2,623	2,623
Cash flows	**-2,623**		**2,623**	
Reinsurance contracts held assets	-10,905		15,610	4,705
Reinsurance contract held liabilities				
Balance at 31 December	**-10,905**		**15,610**	**4,705**

STATEMENT OF MOVEMENTS OUTWARD REINSURANCE CONTRACTS VALUED AT GMM – LIFE 2023

			CONTRACTUAL SERVICE MARGIN			
	ESTIMATE OF THE PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	CONTRACTS UNDER THE FAIR VALUE TRANSITION APPROACH	OTHER CONTRACTS	TOTAL CSM	TOTAL
Reinsurance contracts held assets	4,655				50	4,705
Reinsurance contract held liabilities						
Balance at 1 January	**4,655**					**4,705**
Recognised CSM for services received			1,273	-388	885	885
Change in the risk adjustment						
Changes as a result of experiences	-6,324					-6,324
Changes relating to services received in the period from reinsurance contracts	**-6,324**		**1,273**	**-388**	**885**	**-5,439**
Initial justification of contracts	-376			376	376	
Changes in estimates that adjust the CSM	-481	1	-673		-673	-1,153
Change in estimates on onerous contracts						
Changes relating to future services from reinsurance contracts	**-857**	**1**	**-673**	**376**	**-297**	**-1,153**
Asset adjustments to cover incurred losses	6,907					6,907
Changes relating to services received from past reinsurance contracts	**6,907**					**6,907**
Result for services from reinsurance contracts	**-274**		**601**	**-12**	**588**	**315**
Financing income and expenses from reinsurance contracts	46			12	12	58
Provision for credit risk reinsurer	140					140
Effects of changes in foreign currency						
Total recognised in the income statement	**186**			**12**	**12**	**198**
Total cash flows						
Reinsurance contracts held assets	4,597		651		651	5,218
Reinsurance contract held liabilities						
Balance at 31 December	**4,567**		**651**		**651**	**5,218**

STATEMENT OF MOVEMENTS OUTWARD REINSURANCE CONTRACTS VALUED AT GMM – LIFE 2022

			CONTRACTUAL SERVICE MARGIN			
	ESTIMATE OF THE PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	CONTRACTS UNDER THE FAIR VALUE TRANSITION APPROACH	OTHER CONTRACTS	TOTAL CSM	TOTAL
Reinsurance contracts held assets	7,773					7,773
Reinsurance contract held liabilities						
Balance at 1 January	**7,773**					**7,773**
Recognised CSM for services received				-1,416	-1,416	-1,416
Change in the risk adjustment.						
Changes as a result of experiences	-7,499					-7,499
Changes relating to services received in the period from reinsurance contracts	**-7,499**			**-1,416**	**-1,416**	**-8,915**
Initial justification of contracts	-1,422			1,422	1,422	
Changes in estimates that adjust the CSM	-52			52	52	
Change in estimates on onerous contracts						
Changes relating to future services from reinsurance contracts	**-1,474**			**1,474**	**1,474**	
Asset adjustments to cover incurred losses	5,826					5,826
Changes relating to services received from past reinsurance contracts	**5,826**					**5,826**
Result for services from reinsurance contracts	**-3,147**			**58**	**58**	**-3,089**
Financing income and expenses from reinsurance contracts	29			-8	-8	21
Provision for credit risk reinsurer						
Effects of changes in foreign currency						
Total recognised in the income statement	**29**			**-8**	**-8**	**21**
Total cash flows						
Reinsurance contracts held assets	4,655			50	50	4,705
Reinsurance contract held liabilities						
Balance at 31 December	**4,655**			**50**	**50**	**4,705**

KEY ASSUMPTIONS AND ESTIMATES WHEN ASSESSING THE MEASUREMENT OF LIABILITIES AND ASSETS RELATED TO INSURANCE/REINSURANCE CONTRACTS

Insurance contracts are divided into Non-life, Life insurance and reinsurance contracts. Within these product categories, a further division is made according to the applied valuation model. Where possible, Achmea Reinsurance company N.V. uses observable market 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 experiences within Achmea Reinsurance Company N.V. and market benchmarks, such as those supplied by the statistics department of the Dutch Association of Insurers, the Dutch Society of Actuaries and comparable institutions in Europe.

Insurance contracts are valued based on the following building blocks which are explained below in the following sections:
I Estimate of future cash flows
II Discount curve for present value calculation
III Risk Adjustment
IV Contractual Service Margin (CSM)

The fulfillment cash flows consist of building blocks I to III and represent the settlement of the obligations from the insurance contract with the policyholder. Building block IV, the CSM, represents Achmea Reinsurance Company N.V.'s future service fee from the insurance contract. See accounting policies liabilities and assets related to insurance/reinsurance contracts.

I Estimates of future cash flows

General
When estimating future cash flows at balance sheet date, Achmea Reinsurance Company N.V. uses all information available without disproportionate cost or effort up to the date of preparation of the financial statements. The information used includes both internal and external historical data on claims and other experiences to determine expectations about future events. Achmea Reinsurance Company N.V. primarily uses deterministic modelling techniques that are used for cash flows with limited complexity without options, guarantees or non-linear relationships.

Achmea Reinsurance Company N.V. also uses stochastic modelling techniques to estimate the expected value of insurance liabilities. The input is a large number of scenarios with various market variables such as interest rates and investment income, and underwriting variables such as cash flows and interdependencies between cash flows. The cash flows associated with each scenario are discounted and weighted by their estimated probabilities.

Cash flows within insurance contract limits relate directly to the settlement of insurance contracts, including cash flows where Achmea Reinsurance Company N.V. can determine the amount or timing. These directly attributable cash flows are allocated to the groups of insurance contracts to which they relate. If the cash flows are not directly attributable to groups of insurance contracts, they are allocated to the relevant groups using activity-based costing and scaling techniques.

In general, Achmea Reinsurance Company N.V. allocates cash flows for sales and acquisitions to groups of contracts based on the total premiums for each group. Claims handling costs are allocated based on the number of claims for each group and maintenance and administration costs are allocated based on the number of current contracts within each group.

Achmea Reinsurance Company N.V. assesses the extent and completeness of recognised loss liabilities and claims from reinsurance and recourse using a range of loss reserving techniques – for example, the chain ladder and Bornhuetter-Ferguson methods. These techniques assume that Achmea Reinsurance Company N.V.'s own claims experience is indicative of future claims development patterns and thus ultimate claims costs.

Reinsurance contract boundaries
For most Non-Life insurance contracts, Achmea Reinsurance Company N.V. can reset the premium or adjust insurance conditions each year when contracts are issued, based on the risks in the specific insurance contracts or insurance portfolios based on assessment of claims experience and expectations regarding development of the relevant risks. This only considers risks falling within the contract boundary and does not take into account risks relating to periods after the contract expires. A limited number of contracts is risk attaching and are currently in run off. The WGA/WIA contract has a contract boundary of 3 years based on a fixed contract term of three years (2022-2024), both inward and outward. The inward contract is fully retroceded, Achmea Reinsurance Company N.V. has no retention of its own.
The Life portfolio consists almost entirely of external incoming business. The vast majority of the Life contracts have a contract boundary of 1 year.

Reinsurance contracts
Achmea Reinsurance Company N.V. enters into both outgoing and incoming reinsurance contracts. For incoming reinsurance contracts, the general assumptions for estimating cash flows for insurance contracts apply. This section only explains the assumptions for outgoing reinsurance contracts.

For outward reinsurance contracts, reinsurance cash flows are determined based on modelling of expected cash flows in underlying insurance contracts based on cover issued during the coverage period of the reinsurance contract. The renewal of the majority of mainly non-proportional outgoing reinsurance contracts takes place annually. During this renewal, new reinsurance contracts are drawn up (separate from the previous contract), with new terms for reinsurance programmes, premiums and clauses.

Life
Expected cash flows include estimates of expected premium income and claims, morbidity and mortality, policyholder behaviour, lapse, expenses, inflation and interest.

Mortality tables
In determining fulfillment cash flows, Achmea Reinsurance Company N.V. uses the most recent population mortality tables (AG2022), adjusted for the specific nature and composition of Achmea Reinsurance Company N.V.'s insurance base. For products with longevity risk, a percentage adjustment is made to population mortality that is gender- and age-dependent. There are separate tables for pensions and annuities. Short-life risk

products use selection factors that are maturity dependent. In addition, a distinction is made between smokers and non-smokers for term-life insurance policies.

Costs and inflation
Cost assumptions are based on expected salary increases and available internal budget information. For the periods for which budgets are not yet available, costs are extrapolated. The inflation curve is based on a European price inflation curve with an adjustment for the difference with Dutch price inflation and an adjustment related to expected labour productivity growth. For the period of 10 to 20 years, a conversion is made to the ECB's long-term target of 2%.

Non-Life
Within Achmea Reinsurance Company N.V. the liability for incurred claims is based on estimates of expected claims payments.

Expected cash flows for disability insurance include estimates of expected premium income and claims, morbidity and mortality, policyholder behaviour, lapse, expenses, inflation and interest. In determining disability insurance liabilities, recovery probabilities based on averages are taken into account and waiting periods are included.

For some risks, no adequate statistical data are available, such as environmental and asbestos claims and large-scale individual claims, because some aspects of these types of claims are still evolving. Liabilities recognised in the balance sheet for such claims have been determined based on a portfolio analysis. In determining the liability for claims incurred, the claim handling costs and proceeds from expected recourse is taken into account.

II Discount curve for present value calculation
With the exception of the short-term premium provisions cash flows and the short-term premium provisions of Non-Life Netherlands, all cash flows are discounted. Achmea Reinsurance Company N.V.'s discount curve is composed bottom-up, consisting of a risk-free rate (swap curve as published by EIOPA) plus an illiquidity spread that is specific for each product group of insurance contracts based on the investment portfolio. Insurance illiquidity premiums are derived from the spreads that can be earned on Achmea Reinsurance Company N.V.'s illiquid, fixed income investments. For insurance contracts (in euros) with a remaining maturity of less than 30 years, the risk-free rate is based on the risk-free swap curve from which a Credit Risk Adjustment in accordance with Solvency II of 10 bps is deducted over the entire curve. For maturities of 30 years and longer, the risk-free curve is determined by extrapolating to an Ultimate Forward Rate (UFR), which as of year-end 2023 is 2.4% (year-end 2022: 2.8%, year-end 2021: 3.1%), from which a Credit Risk Adjustment is deducted. The UFR reflects long-term real interest rate and inflation expectations and is based on historical data. In addition, the ECB's 2% target inflation rate is taken into account. The UFR is reviewed periodically, and it is expected to fall further at constant interest rates and inflation. The following table shows the minimum and maximum of the discount curve used to discount cash flows in the currencies most important to Achmea Reinsurance Company N.V.

MINIMUM AND MAXIMUM YIELD CURVE USED TO DISCOUNT CASH FLOWS OF MAJOR CURRENCIES

2023							SPOT RATES (%)
	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR	30 YEAR	50 YEAR
Non-life - PAA[1]							
Euro	3.72 - 4.18	2.67 - 2.70	2.71 - 2.73	2.75 - 2.76	2.67 - 2.69		
Life Netherlands - General model							
Euro	3.36 - 3.84	2.32 - 2.79	2.39 - 2.84	2.47 - 2.85	2.42 - 2.75	2.19 - 2.48	2.05 - 2.31

[1] Due to the shorter maturities of Non-life insurance contracts accounted for under the PAA, the minimum and maximum yield curve of Non-life Insurance is included up to 20 years.

MINIMUM AND MAXIMUM YIELD CURVE USED TO DISCOUNT CASH FLOWS OF MAJOR CURRENCIES

2022							SPOT RATES (%)
	1 YEAR	5 YEAR	10 YEAR	15 YEAR	20 YEAR	30 YEAR	50 YEAR
Non-life -PAA[1]							
Euro	2.17 - 3.53	3.47 - 3.48	3.39 - 3.40	3.29 - 3.32	3.01 - 3.07		
Life Netherlands - General model							
Euro	3.17 - 3.53	3.13 - 3.47	3.10 - 3.40	3.01 - 3.29	2.75 - 3.01	2.26 - 2.50	2.11 - 2.34

[1] Because of the shorter maturities of Non-life insurance contracts accounted for under the PAA, the minimum and maximum yield curve of Non-life insurance is included up to 20 years.

Cash flows based on the proceeds of the underlying financial instruments are adjusted to match the fluctuations of those instruments. This is done using risk-neutral valuation techniques and discounting is applied at a risk-free discount rate increased by an illiquidity premium. When the cash flow is estimated using a stochastic model, that cash flow is discounted at discount rates corresponding to the scenarios computed in the model. Those resulting discount rates are on average equal to interest rate shocks of the risk-free yield plus the illiquidity premium.

III Risk Adjustment

The Risk Adjustment is the allowance for the non-financial risks associated with insurance/reinsurance contracts. This compensation for the uncertainty about size and timing of non-financial cash flows is determined separately for each insurance/reinsurance entity.

The Risk Adjustment of insurance contracts issued is determined both gross (before) and net (after reinsurance) using the cost of capital method. The Risk Adjustment of outbound reinsurance contracts is equal to the difference between the calculated gross Risk Adjustment of the issued insurance contracts before reinsurance and net after reinsurance. Under the cost of capital method, Achmea Reinsurance Company N.V. determines a cost of capital percentage over the capital required over each report, adjusted for discounting and a surcharge for illiquidity. The solvency capital requirement is calculated by determining the probability distribution of the present value of cash flows from insurance contracts on each balance sheet date and calculating the capital required for Achmea Reinsurance Company N.V. to meet its obligations from insurance contracts with 99.5% reliability with a 1-year horizon. The cost of capital reflects the additional remuneration for non-financial risks. The applied cost of capital is 4.5%.

The Risk Adjustment for non-financial risk is allocated to the groups of insurance/reinsurance contracts based on an analysis of the groups' risk profiles. In determining Risk Adjustment for non-financial risk, diversification benefits from providing different insurance contracts are taken into account in a manner consistent with the compensation required, the risk appetite. The effects of benefits are determined by using a correlation matrix technique.

The tables below shows the confidence levels on a 1-year basis corresponding to the risk adjustments as calculated using the cost of capital method.

NON-LIFE (%)

	2023	2022
Netherlands	72.1	72.5

LIFE (%)

	2023	2022
Netherlands	89.7	87.5

IV Contractual Service Margin (CSM)

The CSM recognised on the balance sheet represents the unearned consideration of groups of insurance contracts realised with future services. The CSM is recognized in the income statement during the coverage period of the insurance contracts, based on the defined coverage units representing the scope of service. Coverage units are assessed and revised annually.

PRODUCT	BASIS ON WHICH THE AMOUNT OF SERVICES PROVIDED ARE DETERMINED
Reinsurance:	
Savings insurance	Insured benefit
Quota share	Insured risk capital

ACCOUNTING POLICIES LIABILITIES AND ASSETS RELATED TO INSURANCE/REINSURANCE CONTRACTS

Insurance risk (re)insurance contracts

Insurance contracts are defined as contracts that transfer significant insurance risk, where the policyholder is compensated for the loss suffered as a result of the insured event. The insurance contract assumes a significant existing insurance risk (prior to the conclusion of the contract) from the policyholder. Commutation and expense risks associated with insurance contracts do not constitute insurance risk. Insurance risk exists if there is a scenario with commercial substance under which, based on an insured event, additional payments have to be made.

Applied valuation model insurance/reinsurance contracts
Insurance contracts are divided into Life, Non-Life and reinsurance contracts (outgoing). Within these product categories, a further subdivision is made according to the valuation model applied:
- General measurement model (GMM) Or general valuation model;
- Premium allocation approach (PAA), or simplified valuation model.

For both incoming and outgoing reinsurance contracts, Life applies GMM and Non-life applies PAA.

The simplified valuation model PAA is applied for the insurance contracts where:
- the group's coverage period is one year or less; or
- application of the simplified valuation model (PAA) does not result in a materially different valuation than under the application of the general valuation model.

See also V Valuation – contracts valued under the PAA.

INSURANCE AND REINSURANCE CONTRACTS

I Separation of components of insurance and reinsurance contracts

On initial recognition of an insurance or reinsurance contract, Achmea Reinsurance Company N.V. separates the following components and accounts for them as stand-alone financial instruments to which IFRS 9 applies:
- embedded derivatives whose economic characteristics and risks are not closely related to those of the insurance contract and whose contract terms would not meet the definition of an insurance or reinsurance contract if it were a stand-alone contract; and
- separate investment components that are not highly interrelated with the insurance components and for which contracts with equivalent terms can be sold separately in the same market.

In addition, Achmea Reinsurance Company N.V. separates all obligations to transfer separate goods or services to policyholders that are not related to insurance coverage and accounts for them as separate service contracts to which IFRS 15 applies. The obligation to provide a good or service is separated off if the cash flows and risks associated with providing the good or service are not related to the cash flows and risks associated with the insurance component. Currently, Achmea Reinsurance Company N.V. has no products from which components can be separated.

II Grouping of insurance and reinsurance contracts

Insurance contracts
Upon initial recognition, insurance contracts are aggregated into portfolios of insurance contracts with similar risk profiles, which are also managed together. The grouping of insurance contracts follows the classification under Solvency II as far as possible. Each portfolio is recognised upon initial recognition in annual cohorts (by year of issue), divided into the following three groups based on expected profitability which are not adjusted during the life of the insurance contracts in the group:
- contracts that are loss-making at initial recognition;
- contracts that have no significant probability of becoming loss-making at initial recognition; and
- any remaining contracts in the annual cohort.

Groups of contracts are determined upon initial recognition and their composition is not revised.

An insurance contract will be recognised in a group from the first of the following moments:
- start of the coverage period of the group of contracts (in other words, the period during which Achmea Reinsurance Company N.V. provides services in exchange for premiums within the limits of the contract);
- when the first payment from the policyholder becomes due or, if there is no contractual due date, the date when the premium is received from the policyholder; and
- when facts and circumstances indicate that the agreement is onerous and Achmea Reinsurance Company N.V. is bound by a contract.

The insurance/reinsurance contracts, acquired as part of a business combination of entities or business under common management (hereinafter referred to as: business combination) are recognised at the date on which control was acquired (see Chapter 1 General accounting policies, section H Consolidation). This also applies to insurance contracts acquired in the context of a transfer of contracts.

Reinsurance contracts held
Grouping of outward insurance contracts also follows the classification under Solvency II as far as possible. Some reinsurance contracts provide cover for underlying insurance contracts included in different groups. In that case, the reinsurance group may consist of a single contract.

A group of outgoing reinsurance contracts is recognised from the first of the following moments.
- Reinsurance contracts providing proportionate coverage: the date on which an underlying insurance contract is first recognised in the balance sheet. This applies to quota share reinsurance contracts;
- Other outward reinsurance contract: the start of the coverage period of the reinsurance contract.

If Achmea Reinsurance Company N.V. identifies an onerous group of underlying insurance contracts at an earlier date and the related reinsurance contract has already been entered into before that earlier date, the reinsurance contract will be recognised at that earlier date (see the section Reinsurance of onerous underlying insurance contracts in Chapter IV Valuation of contracts according to GMM) and section V Valuation – contracts valued according to the PAA.

III Contract boundary

The boundaries within which the future cash flows of insurance contracts and reinsurance contracts are defined are explained below:

Insurance contracts issued
Cash flows are within the contract boundary if they arise from material rights and obligations existing during the reporting period in which Achmea Reinsurance Company N.V. can require the policyholder to pay premiums or in which Achmea Reinsurance Company N.V. has a material obligation to provide services under insurance contracts to the policyholder. This refers to insurance cover including investment services that are not separated as a separate component.

A material obligation to provide services ends when:
- Achmea Reinsurance Company N.V. has the practical ability to reassess the risks of the relevant policyholder and can set a premium or benefit level that fully reflects the risks of the reassessment; or
- Achmea Reinsurance Company N.V. has the practical ability to reassess the risks of the portfolio in which the contract is included and can adjust the premium or insurance terms accordingly. This does not take into account risks relating to periods after this reassessment date.

A contract modification may result in termination of the existing insurance contract and recognition of a new contract (see below Chapter VI Derecognition and changes in the insurance/reinsurance contract).

Reinsurance contracts held
Cash flows are within the contract boundary if they arise from material rights and obligations existing during the reporting period in which Achmea Reinsurance Company N.V. is required to pay amounts to the reinsurer or has a material right to receive services from the reinsurer.

A material right to receive insurance services from the reinsurer ends when the reinsurer:
- has the practical ability to reassess the risks transferred to it and can set a premium or benefit level that fully reflects the risks of the reassessment; or
- has the right to terminate the coverage.

In the case of contract modifications in reinsurance contracts, an assessment is made to determine whether there is a new contract (see Section VI Derecognition and changes in the insurance/reinsurance contract below).

IV Valuation of contracts according to GMM.

Insurance contracts (including reinsurance contracts issued)– valuation at initial recognition
At initial recognition, Achmea Reinsurance Company N.V. values a group of insurance contracts as the total of:
(a) the fulfillment cash flows or the expected value of insurance liabilities determined as the present value of expected future cash flows required to settle an insurance contract increased by a Risk Adjustment for non-financial risks; and
(b) the CSM or unearned compensation for future insurance services.

The Risk Adjustment for non-financial risk represents compensation for uncertainty regarding the amount and timing of estimated cash flows arising from non-financial risk.

In a profitable contract, the CSM of a group of insurance contracts represents the future revenues that Achmea Reinsurance Company N.V. realises upon fulfillment of the future services of the insurance contract. Upon initial recognition of a group of insurance contracts, the CSM represents the positive balance of fulfillment cash flows (expected premium income minus expected benefits and expenses) leading to a net-incoming cash inflow. The fulfillment cash flows are adjusted by any cash flows arising at the date of initial recognition of the group and recognition of amounts previously recognised on the balance sheet in advance of the group's initial recognition, including prepaid acquisition costs. The locked-in discount rate of the CSM is fixed after the annual cohort is closed.

Under IFRS 17, only cash flows for sales and acquisitions made before the recognition of related insurance contracts are presented as separate assets. The recoverability of these assets is assessed periodically. These assets are then included in the carrying amount of the related group of insurance contracts and are recognised in the income statement over the coverage period in line with Insurance revenue of the related group of insurance contracts.

For groups of insurance contracts acquired as part of a contract transfer or business combination, the compensation received is included in the fulfillment cash flows as premium at the acquisition date. In a business combination, the consideration received is equal to the fair value of the contracts at that date.

Onerous contract
If the total fulfillment cash flows upon initial recognition in the balance sheet is a net cash outflow, the group of insurance contracts is onerous. In this case, the amount of net cash outflow is recognised as a loss in the income statement. This also applies if the contracts were acquired in a business combination, as an adjustment to goodwill or in the income statement when there is negative goodwill. The loss component is presented separately as part of insurance liabilities. The loss component is then recognised in the income statement as part of insurance expenses over the life of the contract.

Insurance contracts issued – subsequent measurement
The carrying amount of a group of insurance contracts is determined at each reporting date and equals the sum of insurance liabilities for cover in future periods and insurance liabilities for claims incurred. The insurance liabilities for cover in future periods include (a) the fulfillment cash flows relating to insurance services to be provided based on the insurance contracts in future periods and (b) any remaining CSM at that date. The insurance liabilities for claims incurred include cash flows for claims incurred and related expenses not yet paid, including claims that have occurred but have not yet been reported (IBN(E)R claims).

The measurement of the insurance liabilities flows of a group of insurance contracts at the balance sheet date is based on current estimates of future cash flows, current discount rates and current estimates of the Risk Adjustment for non-financial risk. For measurement of the CSM included under insurance liabilities for cover in future periods of GMM contracts, the historical discount rate (locked-in) is applied per group of insurance contracts.

Changes in fulfillment cash flows are recognised as follows:
- changes in cash flows and Risk Adjustment relating to future services are adjusted to the credit or debit of the CSM (or recognised in the result from insurance-related services if the group of insurance contracts is onerous);
- changes relating to current service or service from previous years are included in insurance-related services in the income statement;
- effects of discounting or changes in the discount rate on estimated future cash flows and Risk Adjustment are recognised as financial result from insurance-related services in the income statement.

The methodology for calculating the CSM by type of insurance contracts is explained below.

Insurance contracts without direct participation features

The carrying amount of the CSM at each balance sheet date is equal to the carrying amount at the beginning of the year, adjusted for:

- the CSM of new insurance contracts added to the group of insurance contracts in the year;
- the unwinding of discount of the CSM during the year, at the fixed discount rate per group determined on initial recognition;
- changes in fulfilled cash flows relating to future services (see below), except for:
  a) any increase in outbound fulfillment cash flows that exceed the CSM. In that case, a loss component is created and accounted for in the income statement; or
  b) any decreases in outgoing fulfillment cash flows allocated to the loss component, reversing losses previously recognised in the income statement;
- the effect of any exchange rate differences on the CSM; and
- the amount recognised as insurance revenue in the income statement for insurance services provided in the year.

Changes in the fulfillment cash flows relating to future services that adjust the CSM:

- experience adjustments, arising from premiums received in the year, relating to cash flows related to future services, discounted at the discount rates determined at initial recognition;
- changes in estimates of the present value of future cash flows in insurance liabilities for cover in future periods, discounted at the discount rates determined upon initial recognition of the CSM;
- differences between an investment component that is not separated and not expected to be payable in the year and the actual amount payable in the year;
- differences between a loan to a policyholder expected to be repaid in the year and the actual amount to be repaid in the year; and
- changes in the Risk Adjustment for non-financial risks related to future services. Achmea Reinsurance Company N.V. separates the discounting effect and changes in the Risk Adjustment, with the discounting effect recognised in the financial result.

Changes in cash flows associated with changes in discretionary commitments are deemed to relate to future service and adjust the CSM accordingly.

Unwinding of discount of insurance liabilities for cover in future periods, changes in discount rate and other financial risk and changes in the effect of time value of money of future financial options and guarantees are not recognised in the CSM, but in the income statement as part of financial result from insurance-related services.

Outward reinsurance contracts held

For the valuation of reinsurance contracts, Achmea Reinsurance Company N.V. applies the same accounting policies as for insurance contracts without profit-sharing elements, together with the following adjustments.

The carrying amount of a group of reinsurance contracts at each balance sheet date is the sum of assets from reinsurance contracts covering future claims and assets from reinsurance contracts covering incurred claims. Assets from reinsurance contracts to cover future claims include the reinsurer's share presented under (a) the fulfillment cash flows related to services to be received in future periods and (b) any remaining CSM at that date.

Achmea Reinsurance Company N.V. values estimates of the present value of future cash flows based on assumptions that are consistent with the estimates used to determine the present value of future cash flows of the underlying insurance contracts, with an adjustment for the credit risk of the reinsurer not fulfilling its obligations. The effect of the reinsurer's credit risk and the effect of changes to it are recognised in the income statement at each balance sheet date under insurance result. The Risk Adjustment represents the extent of non-financial risk transferred by Achmea Reinsurance Company N.V. to the reinsurer.

On initial recognition, the CSM of a group of reinsurance contracts is equal to the net cost or net income on the reinsurance purchased (if the underlying insurance contracts are not onerous) valued as the total of:

- the fulfillment cash flows;
- amounts previously recognised relating to the group of reinsurance contracts;
- any cash flows arising at that time; and
- any income recognised in the income statement as a result of onerous underlying contracts recognised at that date (see 'Reinsurance of onerous underlying insurance contracts' below).

If the net costs of the reinsurance contract relate to an insured event that occurred prior to the starting date of the group of reinsurance contracts, these insurance costs will be recognised in the income statement, unless the reinsurance contract covers uncertainty regarding the financial settlement of an event that has already occurred.

The carrying amount of the CSM at each balance sheet date is the carrying amount at the beginning of the year adjusted for:
- the CSM of new contracts added to the group in the year;
- interest added to the carrying amount of the CSM during the year, discounted at the discount rates on nominal cash flows determined at initial recognition;
- revenue recognised in the income statement in the year on initial recognition of onerous underlying contracts (see below);
- reversals of the loss component insofar as there are no changes in the fulfillment cash flows of the group of reinsurance contracts (see section Net expenses from reinsurance contracts in Chapter VII Presentation below);
- changes in the fulfillment cash flows relating to future service provision discounted at the discount rates determined at initial recognition. This does not apply if the changes result from changes in the fulfillment cash flows of onerous underlying contracts (which do not adjust the CSM) that have been recognised in the income statement and create or adjust a loss component;
- the effect of any exchange rate differences on the CSM; and
- the amount recognised in the income statement due to services received in the year.

Reinsurance of onerous underlying insurance contracts
Achmea Reinsurance Company N.V. adjusts the CSM of a reinsurance contract and recognises a gain in profit or loss when it recognises a loss on initial recognition of onerous underlying contracts. The condition is that the reinsurance contract is concluded no later than the time when the loss-making underlying insurance contracts are recognised in the balance sheet. The adjustment of the CSM is determined by multiplying the following elements:
- the loss relating to the underlying insurance contracts; and
- the percentage of the claims or benefits of the underlying insurance contracts that Achmea Reinsurance Company N.V. expects to recover from the reinsurer.

If a reinsurance contract covers only part of the insurance contracts included in an onerous group of contracts, Achmea Reinsurance Company N.V. uses a systematic and rational method to determine the portion of losses recognised on the onerous group that relates to underlying contracts covered by the reinsurance contract.

For the group of reinsurance contracts, based on the valuation of underlying groups of onerous insurance contracts, a loss component is recognised and adjusted for subsequent measurement. This loss component is presented in the income statement as recovery of losses from reinsurance contracts. This component is not included in the allocation to premiums paid (see Net cost from reinsurance contracts under VII Presentation).

V Valuation of contracts according to the PAA

For Non-Life reinsurance, both inward and outward, Achmea Reinsurance Company N.V. applies the PAA method to simplify the valuation of groups of insurance contracts as the following criteria are met upon recognition in the balance sheet.
The WIA reinsurance contract has a fixed contract term of three years (2022-2024), both inward and outward. The inward contract is fully retroceed, ARNV has no retention of its own.

For insurance contracts:
- the group's coverage period is one year or less; or
- application of the simplified valuation model (PAA) does not result in a materially different valuation than under the application of the general valuation model.

For the reinsurance contracts, the following applies:
- The coverage period of each contract is one year or less. This applies to loss-occurring reinsurance;
- Application of the simplified valuation model (for risk attaching reinsurance contracts) does not result in a materially different valuation than under application of the general valuation model. When comparing different valuation methods, Achmea Reinsurance Company N.V. considers the impact of the different release patterns of reinsurance contracts for covering future claims and the impact of discounting. If significant variability is expected in fulfillment cash flows before a claim is filed, this criterion is not met.

Initial recognition and subsequent measurement
Upon initial recognition of each group of insurance contracts, the carrying amount of the insurance liabilities for coverage in future periods is equal to the premiums received upon initial recognition less any cash flows arising from acquisition costs (unless these are recognised directly in result), and adjusted for acquisition cash flows that occurred in previous periods and are attributable to that group.

Under IFRS 17, only cash flows for sales and acquisitions made before the recognition of related insurance contracts are presented as separate assets. The recoverability of these assets is assessed periodically. These assets are then included in the carrying amount of the related group of insurance contracts and are recognised in the income statement over the coverage period in line with Insurance revenue of the related group of insurance contracts. The exception to this are acquisition costs related to short-term contracts in Greece, which are charged directly to the income statement.

The carrying amount of the insurance liabilities for coverage in future periods is then increased by all premiums received and amortisation of cash flows for insurance acquisition recognised as expenses. This amortisation and any additional cash flows for insurance acquisitions allocated after initial recognition reduce the amount recognised as insurance revenue for services rendered (see VII Presentation).

If, at any time during the coverage period, facts and circumstances show that a group of insurance contracts is onerous, then a loss component is formed which increases the insurance liabilities for coverage in future periods to the level of estimate of the fulfillment cash flows of the insurance liabilities.

Achmea Reinsurance Company N.V. recognises insurance liabilities for claims incurred from a group of insurance contracts against fulfillment cash flows in respect of claims arising. The liability relates to estimates for future cash flows due to reported claims. In addition, an estimate is made for claims occurring at the balance sheet date that have not yet been reported (IBN(E)R). In property & casualty insurance, future cash flows are discounted at the discount rate at the end of the reporting. With the exception of short-term premium provisions, all cash flows are discounted.

Reinsurance contracts
Achmea Reinsurance Company N.V. applies the same accounting policies for the valuation of groups of reinsurance contracts, adjusted where necessary to reflect differences relative to insurance contracts and with an adjustment for credit risk to the reinsurer.

If a loss recovery component is recognised for a group of reinsurance contracts valued under the PAA, Achmea Reinsurance Company N.V. adjusts the carrying amount of assets from reinsurance contracts to cover future claims. See the section Reinsurance of loss-making underlying insurance contracts under Chapter IV Valuation of contracts according to GMM.

<u>VI Derecognition and changes in the insurance/reinsurance contract</u>

Achmea Reinsurance Company N.V. derecognises a contract when the contract expires, all obligations have been met or when the contract has been terminated; in other words, when the obligations specified in the contract have expired or been met or terminated.

Achmea Reinsurance Company N.V. also derecognises a contract if the terms change in such a way that recognition in the balance sheet and income statement would have been significantly different than if the new terms had always existed. In that case, a new contract based on the changed terms is recognised in the balance sheet. Significant changes include a change in scope, separating into components of an insurance/reinsurance contract, change in the contract boundary or grouping of insurance contracts. If a contract change does not result in a removal from the balance sheet, Achmea Reinsurance Company N.V. accounts for the change in cash flows as a change in estimates of fulfillment cash flows.

Upon derecognition of a contract in a group of contracts that is valued at GMM:
- the fulfillment cash flows allocated to the contracts are adjusted to remove the cash flows of the derecognised rights and obligations;
- the CSM of the group of insurance contracts is adjusted for the change in fulfillment cash flows, except when the changes are attributed to a loss component; and
- the number of coverage units for expected remaining insurance service is adjusted for coverage units that are no longer included in the group of insurance contracts (see VII presentation).

If a contract is derecognised because the contract is transferred to a third party, the CSM is also adjusted for the premium charged by the third party, unless the group of insurance contracts is on an onerous basis.

If a contract is no longer included because its terms are changed, the CSM is also adjusted to the premium that would have been charged if Achmea Reinsurance Company N.V. had entered into a contract with the terms of the new contract on the date of change, less any additional premiums charged before the change. The newly included contract is valued on the assumption that, on the date of change, Achmea Reinsurance Company N.V. received the premium it would have charged for a contract with similar terms, less the additional premium charged before the change.

<u>VII Presentation</u>
Portfolios of insurance contracts and reinsurance contracts, which are assets and liabilities, are presented separately in the statement of financial position.

The insurance liabilities are further separates into insurance liabilities for coverage in future periods and insurance liabilities for claims incurred. Reinsurance contracts are broken down into assets from reinsurance contracts covering future claims and assets from reinsurance contracts covering incurred claims.

Achmea Reinsurance Company N.V. breaks down amounts recognised in the income statement into:

- Insurance result, consisting of revenues and expenses from insurance-related services and the insurance result from reinsurance contracts; and
- Net financial result from insurance/reinsurance contracts, consisting of the Investment result from (re)insurance activities and the Financial result from insurance/reinsurance contracts.

Achmea Reinsurance Company N.V. separates the changes in Risk Adjustment for non-financial risk between Insurance result and Net financial result from insurance/reinsurance activities.

Revenues and expenses from insurance-related services exclude investment components and are recognised as described below.

Insurance revenue– contracts not valued under the GMM

Insurance revenue is realised to the extent that services arising from the insurance contract are provided. For contracts valued under the GMM, insurance revenue from insurance services provided represents the total of the changes in insurance liabilities for coverage in future periods. This comprises:

- a release of the CSM, determined based on allocated coverage units (see 'Release of the CSM' below);
- changes in the Risk Adjustment for non-financial risk relating to the current period;
- the release from insurance liabilities for coverage in future periods for claims, benefits and other insurance costs expected at the beginning of the year.

In addition, Achmea Reinsurance Company N.V. allocates – systematically, based on the passage of time – premiums to cover acquisition costs allocated to insurance liabilities for coverage in future periods. Achmea Reinsurance Company N.V. recognises the amount allocated, discounted on initial recognition of the group of contracts, as insurance revenue and an equal amount under insurance-related amortisation of acquisition costs.

Release of the CSM

The CSM of a group of insurance contracts is recognised in the income statement as insurance revenue during the coverage period of the insurance contracts. The allocation by period is based on the defined coverage units representing the scope of the service. This takes into account for each contract the amount of benefits provided and the expected coverage period. Coverage units are assessed and updated at each balance sheet date. The methodology is further detailed in IV Contractual Service Margin (CSM).

The services, provided based on insurance contracts, include insurance cover and, for policies with profit-sharing elements, investment services to manage the underlying investment portfolio on behalf of policyholders. In addition, Life contracts without direct profit-sharing elements may also have investment services attached to them. This does not apply to contracts for which:

- there is a investment component that is not separated or the policyholder has the right to withdraw an amount (e.g. the policyholder's right to receive a commutation value upon cancellation of a contract);
- the investment component or amount that can be drawn down is expected to include an investment return; and
- Achmea Reinsurance Company N.V. carries out investment activities to generate that investment return.

The expected coverage period reflects expectations of contract lapses and cancellations, as well as the likelihood of insured events occurring to the extent that they would affect the expected coverage period. The period of investment services ends no later than the date on which all amounts due to current policyholders in respect of those services are paid.

Insurance revenue – Contracts valued under the PAA

For contracts valued under the PAA, insurance revenue for each period is the amount of expected premium receipts for services. Achmea Reinsurance Company N.V. allocates expected premium income time-proportionally to each period. For contracts valued under the PAA, insurance revenue for each period is the amount of expected premium receipts for services. Achmea Reinsurance Company N.V. allocates the expected premium income time-proportionally to each period.

Loss components

For contracts that are valued according to the general GMA~~,~~ Achmea Reinsurance Company N.V. recognises a loss component for onerous groups of insurance contracts. The loss component of insurance liabilities for coverage in future periods is presented separately in the insurance contracts statement of movements.

The change in the loss component is then presented in the income statement as accruals/reversals of losses on onerous contracts. When fulfillment cash flows are realised, they are allocated between the loss component and insurance liabilities for coverage in future periods in a systematic manner. For this purpose, the proportion of the loss component to the total estimate of the present value of future cash outflows plus the Risk Adjustment for non-financial risk (or at initial recognition if a group of contracts is recognised for the first time in the year) is determined on a systematic basis at the beginning of each year. If the loss component is reduced to zero, any excess over the amount allocated to the loss component within the overall valuation model creates a CSM for the group of contracts.

Within the PAA model, the loss component is included as the component of insurance liabilities for cover in future periods. If the loss component is reduced to zero, the movement is recognised within the insurance liabilities for coverage in future periods.

Insurance-related costs

Insurance-related costs arising from insurance contracts are generally recognised in the income statement when incurred. Repayments of investment components that are not separated are not recognised as insurance-related costs. Insurance-related costs include:

- claims incurred and other insurance service costs – for some life contracts, claims incurred include premiums waived, for example, in the event of disability or incapacity;
- amortisation of acquisition cash flows: this amount is equal to the allocated amount recognised as part of insurance revenue;
- losses on onerous contracts and reversals of these losses;
- adjustments to liabilities for arising claims that do not result from the effects of discounting and changes in the discount curve;
- impairment losses on assets from insurance acquisition cash flows and reversals of these losses.

Net result from reinsurance contracts held

The expected net cost or net gain of reinsurance contracts includes an allocation of reinsurance premiums paid less the pre-estimated compensation recoverable from reinsurers.

Achmea Reinsurance Company N.V. recognises allocated reinsurance premiums in the income statement in proportion to the expected receipts of services arising from reinsurance contracts.

For a group of reinsurance contracts that compensate loss-making underlying insurance contracts, Achmea Reinsurance Company N.V. recognises a gain for the compensation Achmea Reinsurance Company N.V. expects to receive from the reinsurer for the insured loss component of the underlying insurance contract:

- on initial recognition of the onerous underlying contracts, if the reinsurance contract relating to those underlying contracts was entered into before or at the same time as those underlying contracts are recognised; and
- in the event of changes in the fulfillment cash flows of the group of reinsurance contracts that relate to future services, leading to changes in the fulfillment cash flows of underlying onerous contracts.

Financial result from insurance/reinsurance contracts held

Financial result from insurance/reinsurance contracts held includes changes in the carrying amount of groups of insurance and reinsurance contracts, arising from the effects of discounting and changes in the discount curve. The financial result from insurance/reinsurance contracts also includes changes in the valuation of groups of contracts due to changes in the value of the underlying investment portfolio (excluding additions and withdrawals). The financial result from insurance/reinsurance contracts is recognised in the income statement under Net financial result from (re)insurance activities.

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.

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS AS AT 31 DECEMBER 2023 (X € 1,000)

			TOTAL
	LEVEL 1	LEVEL 2	31 DECEMBER 2023
Assets			
Recurring fair value measurements			
Financial investments			
Equities and similar investments	129,022	73,071	202,093
Fixed income investments	299,175	18,205	317,380
Derivatives	182	2,554	2,736
Cash and cash equivalents	39,307		39,307
Total assets measured at fair value on a recurring basis	**467,687**	**93,829**	**561,516**
Liabilities			
Derivatives	408	820	1,228
Total liabilities measured at fair value on a recurring basis	**408**	**820**	**1,228**

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS AS AT 31 DECEMBER 2022 - REVISED

(X € 1,000)

	LEVEL 1	LEVEL 2	TOTAL 31 DECEMBER 2022
Assets			
Recurring fair value measurements			
Financial investments			
Equities and similar investments	108,288	68,455	176,743
Fixed income investments	269,305	4,988	274,293
Derivatives	840	4,365	5,205
Cash and cash equivalents	44,215		44,215
Total assets measured at fair value on a recurring basis	**422,648**	**77,808**	**500,456**
Liabilities			
Derivatives	376	830	1,206
Total liabilities measured at fair value on a recurring basis	**376**	**830**	**1,206**

Main changes in the fair value hierarchy in 2023

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 2023 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.

FAIR VALUE (HIERARCHY) ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

(X € 1,000)

	CARRYING AMOUNT AS AT 31 DECEMBER 2023				FAIR VALUE AS AT 31 DECEMBER 2023
		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	2,954		2,954		2,954
Liabilities					
Other liabilities and accruals	1,510		1,510		1,510

FAIR VALUE (HIERARCHY) ASSETS AND LIABILITIES NOT MEASURED AT FAIR VALUE

(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	9,826		9,826		9,826
Liabilities					
Other liabilities and accruals	6,810		6,810		6,810

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. INSURANCE SERVICE RESULT

INSURANCE SERVICE RESULT

(€ X 1,000)

			2023
	NON-LIFE	LIFE	TOTAL
Insurance revenue	278,947	41,256	320,203
Insurance service expenses	-186,937	-41,431	-228,368
Net insurance service result from reinsurance contracts held	-89,383	314	-89,069
Insurance service result	**2,627**	**139**	**2,766**

(€ X 1,000)

			REVISED 2022
	NON-LIFE	LIFE	TOTAL
Insurance revenue	251,867	42,453	294,320
Insurance service expenses	-271,773	-36,551	-308,324
Net insurance service result from reinsurance contracts held	9,053	-3,089	5,964
Insurance service result	**-10,853**	**2,813**	**-8,040**

The result from insurance/reinsurance related services is € 10.8 million higher than in 2022. At Non-Life, the increase is € 13.5 million. This increase is mainly caused by higher premiums due to a hardened reinsurance market and lower claims costs at the external business. At Life, there is a decrease of € 2.7 million.

REVENUE FROM INSURANCE-RELATED SERVICES

(€ X 1,000)

			2023
	NON-LIFE	LIFE	TOTAL
Contracts falling under the GMM			
Insurance proceeds for coverage in future periods			
Release of CSM accounted for in the period for insurance services provided		2,486	2,486
Change in the Risk Adjustment		628	628
Release from provision for expected benefits, claims and other expenses relating to insurance services provided		41,335	41,335
Adjustments of premiums as a result of experience (‘experience adjustment’)		-3,193	-3,193
Release of insurance acquisition costs from premiums			
Contracts falling under the GMM		**41,256**	**41,256**
Contracts falling under the PAA	**278,947**		**278,947**
Revenue from insurance-related services	**278,947**	**41,256**	**320,203**

(€ X 1,000)

	NON-LIFE	LIFE	2022 TOTAL
Contracts falling under the GMM			
Insurance proceeds for coverage in future periods			
Release of CSM accounted for in the period for insurance services provided		2,927	2,927
Change in the Risk Adjustment		848	848
Release from provision for expected benefits, claims and other expenses relating to insurance services provided		38,272	38,272
Adjustments of premiums as a result of experience ('experience adjustment')			
Release of insurance acquisition costs from premiums		406	406
Contracts falling under the GMM		**42,453**	**42,453**
Contracts falling under the PAA	**251,867**		**251,867**
Revenue from insurance-related services	**251,867**	**42,453**	**294,320**

Revenue from insurance-related services increased by € 25.9 million. This increase is almost entirely Non-Life and is the result of higher premium income due to a hardened reinsurance market.

EXPENSES FROM INSURANCE-RELATED SERVICES

(€ X 1,000)

	NON-LIFE	LIFE	2023 TOTAL
Claims and expenses incurred in prior and current periods	-195,654	-33,038	-228,692
Amortisation of acquisition costs			
Losses and adjustments to losses on onerous contracts	8,718	-8,393	324
Total expenses from insurance-related services	**-186,937**	**-41,432**	**-228,368**

(€ X 1,000)

	NON-LIFE	LIFE	2022 TOTAL
Claims and expenses incurred in prior and current periods	-269,500	-32,567	-302,067
Amortisation of acquisition costs			
Losses and adjustments to losses on onerous contracts	-2,273	-3,984	-6,257
Total expenses from insurance-related services	**-271,773**	**-36,551**	**-308,324**

The tables above summarise the charges from insurance-related services for Non-Life and Life. The allocation of operating expenses to the insurance result is presented in Chapter 23.

ACCOUNTING POLICIES FOR INCOME AND EXPENSES FROM INSURANCE-RELATED SERVICES

For the accounting policies for revenues and expenses from insurance-related services, please refer to the accounting policies described in Note 8 Accounting policies for liabilities and assets related to insurance contracts.

7. NET FINANCIAL RESULT FROM (RE)INSURANCE ACTIVITIES

NET FINANCIAL RESULT FROM (RE)INSURANCE ACTIVITIES (€ X 1,000)

			2023
	NON-LIFE	LIFE	TOTAL
Investment result from (re)insurance activities			
Interest income / expenses on financial assets not measured at FVPL			
Other investment income[1]	32,668	4,073	36,741
Investment expenses financial assets	572		572
Total investment result from (re)insurance activities	**32,096**	**4,073**	**36,169**
Finance result from insurance contracts			
Changes in fair value financial investments of insurance contracts with direct profit-sharing elements			
Unwinding of discount on insurance contracts	-1,621	-423	-2,044
Effect of changes in the discount curve and other financial assumptions	-20,675	-717	-21,392
Total finance result from insurance contracts	**-22,296**	**-1,140**	**-23,436**
Finance result from reinsurance contracts held			
Unwinding of discount on reinsurance contracts	302	5	307
Impact of changes in the credit risk of reinsurers	13,827	194	14,021
Total finance result from reinsurance contracts held	**14,129**	**199**	**14,328**
Net finance result from (re)insurance activities	**23,929**	**3,132**	**27,061**

[1] The other investment income mainly concerns realised/unrealised results on financial investments mandatorily valued at FVPL.

NET FINANCIAL RESULT FROM (RE)INSURANCE ACTIVITIES (€ X 1,000)

			2022
	NON-LIFE	LIFE	TOTAL
Investment result from (re)insurance activities			
Interest income / expenses on financial assets not measured at FVPL	31		31
Other investment income[1]	-31,617	-3,942	-35,559
Investment expenses financial assets	464		464
Total investment result from (re)insurance activities	**-32,050**	**-3,942**	**-35,992**
Finance result from insurance contracts			
Unwinding of discount on insurance contracts	883	204	1,087
Effect of changes in the discount curve and other financial assumptions	42,256	-271	41,985
Total finance result from insurance contracts	**43,139**	**-67**	**43,072**
Finance result from reinsurance contracts held			
Unwinding of discount on reinsurance contracts	-1,058	-12	-1,070
Impact of changes in the credit risk of reinsurers	-27,195	33	-27,162
Total finance result from reinsurance contracts held	**-28,253**	**21**	**-28,232**
Net finance result from (re)insurance activities	**-17,164**	**-3,988**	**-21,152**

[1] The other investment income mainly concerns realised/unrealised results on financial investments mandatorily valued at FVPL.

The difference in the Total investment Result from (re)insurance contracts for 2023 versus 2022 is € 72.2 million. The year 2022 was particularly affected by sharp increases in interest rates, particularly in maturities up to 20 years and the widening of the spreads. This resulted in a negative result of € 36.0 million. The total finance result from insurance contracts in the year 2023 is a gain due to these developments and amounts to € 36.2 million. These opposing effects do not cancel each other out because interest rate risk management is mainly aimed at limiting the impact of interest rate and spread developments on the Solvency II ratio.

OTHER INVESTMENT INCOME

(€ X 1,000)

	2023	2022
Realised/unrealised results on investments valued at FVPL		
Equities and similar investments	**13,505**	**-15,284**
Fixed income investments:		
Government bonds and government-backed bonds	7,348	-18,085
Secured bonds	8	-83
Corporate bonds	3,185	-6,661
Total fixed income investments	**10,541**	**-24,829**
Derivatives	2,217	-1,630
Total realised/unrealised results on investments valued at FVPL	**26,263**	**-41,743**
Other investment income valued at FVPTL	10,579	6,255
Other investment income not FVPTL	-101	-71
Other investment income	**36,741**	**-35,559**

The realised/unrealised results from investments valued at FVPL increased in 2023 compared to 2022. This is mainly explained by developments in the financial markets. In 2023, equity prices rose and swap rates and corporate bond spreads fell.

DIRECT INVESTMENT INCOME

(€X 1,000)

	2023	2022
Direct results classified by type:		
Dividends on shares	5,459	5,263
Interest on fixed income investments	5,120	992
Total	**10,579**	**6,255**

Direct investment income is part of the Interest income/expenses on financial assets not measured at FVTPL and Other investment income as presented in the table Net finance result from (re)insurance contracts.

8. OTHER OPERATING EXPENSES

OTHER OPERATING EXPENSES

(X € 1,000)

	2023	2022
Operating expenses	15,632	14,454
Allocated to insurance service result	-10,922	-10,308
Other operating expenses	**4,711**	**4,146**

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 2023, 46.4 full-time equivalents (FTEs) worked for Achmea Reinsurance Company N.V. (2022: 49.4 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.

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

9. RECEIVABLES AND ACCRUALS

RECEIVABLES AND ACCRUALS (X € 1,000)

	31 DECEMBER 2023	31 DECEMBER 2022
Accounts receivable in respect of investments	875	5,524
Debts from non-insurance activities		
Taxes and social security premiums	2,079	1,683
Income and prepayments receivable		2,619
Other assets		
Total	**2,954**	**9,826**

An amount of € 1.5 million (31 December 2022: € 1.4 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 and accrued assets in both 2023 and 2022.

ACCOUNTING POLICIES RECEIVABLES AND ACCRUALS

Receivables and accruals are measured at amortised cost, which usually equals the face value, adjusted for accumulated impairment losses.

10. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS (X € 1,000)

	31 DECEMBER 2023	31 DECEMBER 2022
Bank balances	39,307	44,215
Balance at 31 December	**39,307**	**44,215**

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. Fair value is in line with the nominal value.

11. 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 2023 and 2022, there were no movements in the paid-up and called-up capital.

Share premium

In 2023, as was the case in 2022, there were no movements in the share premium reserve.

Revaluation reserve

Dutch regulations require Achmea Reinsurance Company N.V. to establish a legal reserve for all positive unrealised fair value changes for assets not listed on active markets and for which the unrealised fair value changes are recognised in the Income Statement. In determining the revaluation reserve the unrealised fair value changes of insurance contracts are taken into account in accordance with RJ 240. The reserve is formed by transferring the required amounts from Other reserves to the Revaluation Reserve. The Revaluation reserve is not freely distributable.

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 Financial Statements of Achmea Reinsurance Company N.V. for 2023, Note 21. Proposal for appropriation of result. According to the proposal of the Board of Directors for the appropriation of results, with regard to financial year 2022 the result is added to the Retained Earnings by resolution of the General Meeting of the company.

In 2023 no dividends were paid to the shareholder out of the retained earnings.

12. FINANCIAL LIABILITIES

OTHER LIABILITIES

(X € 1,000)

	31 DECEMBER 2023	31 DECEMBER 2022
Other investment liabilities	193	5,126
Liabilities to group companies	1,317	1,684
Balance at 31 December	**1,510**	**6,810**

From the financial liabilities expected (carrying amount) an amount of nil (2022: € 6.8 million) is expected to be settled more than twelve months after reporting date.

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

Other liabilities are measured at amortised cost.

13. 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 2023	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2023
Investments	4,804	-4,804			
Liabilities related to insurance contracts	7,346	-7,346			
Includes: Deferred tax assets					
Deferred tax liabilities	12,150	-12,150			

From 1 January 2023, Achmea Reinsurance Company N.V. will use IFRS 9 and 17 as its tax base. This leads to the declaration, becoming simpler and more reliable. Because the tax bases are more similar to IFRS, this additionally contributes to a better steering towards an effective tax burden of 15% at Achmea for Pillar 2 purposes. This valuation transition also results in the release of € 12.2 million of deferred tax liabilities in 2023.

(X € 1,000)

	BALANCE AT 1 JANUARY 2022	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	OTHER MOVEMENTS	BALANCE AT 31 DECEMBER 2022
Investments	8,923	4,119			4,804
Liabilities related to insurance contracts	8,808	1,462			7,346
Liabilities related to reinsurance contracts held	1,266	1,266			
Financial liabilities	-7,732	-7,732			
Losses to be offset					
	11,265	-885			12,150
Includes: Deferred tax assets					
Deferred tax liabilities					12,150

An amount of nil (2022: nil) 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.

14. CORPORATE INCOME TAX

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(X € 1,000)

	2023	2022
Result before tax	23,914	-35,363
Corporation income tax rate	25.8%	25.8%
Corporate income tax using the corporation tax rate	6,170	-9,124
Tax effect on:		
Under/(over) provided in prior years	3,189	
Participation exemption	2,890	
Effective tax amount	**12,249**	**-9,124**

The effective tax rate in 2023 amounts to 51.2% (2022: 25.8%). The increase in 2023 is due to under provided prior years and participation exemption.

SPECIFICATION OF THE CURRENT AND DEFERRED CORPORATE INCOME TAX

(X € 1,000)

	2023	2022
Current tax expenses		
Current year	24,399	-10,010
	24,399	**-10,010**
Deferred tax expenses		
Current year	-12,150	886
	-12,150	**886**
Total corporate income tax expense in Income statement	**12,249**	**-9,124**

Deferred income tax of € 12.2 million (2022: € 0.9 million) has been disclosed in more detail in Note 13 Deferred tax assets and liabilities.

ACCOUNTING POLICIES CORPORATE INCOME TAX

Corporate income tax on the profit or loss for the year comprises current and deferred corporate income tax. Corporate 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 corporate 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.

15. OTHER RESULTS

OTHER RESULTS

(X € 1,000)

	2023	2022
Other expenses	2,840	2,184
Total	**2,840**	**2,184**

Other expenses comprise foreign exchange revaluations.

16. CONTINGENCIES

Legal procedures

Achmea Reinsurance Company N.V. was not involved in lawsuits or arbitration proceedings as at 31 December 2023.

CONTINGENT ASSETS

(X € 1,000)

	2023	2022
Commitment relates to Investments	4,348	5,000
Guarantee received		
Balance at 31 December	**4,348**	**5,000**

No guarantees from reinsurers were received by Achmea Reinsurance Company N.V. in 2023.

CONTINGENT LIABILITIES

(X € 1,000)

	2023	2022
Deed of pledge	68	70
Balance at 31 December	**68**	**70**

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 € 68 thousand (2022: € 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.

17. CREDIT QUALITY OF 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 2023	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Financial investments								
Fixed income investments	73,172	62,097	39,200	61,826	80,580		505	317,380
Derivatives		26	156				2,554	2,736
Assets related to reinsurance contracts held			278,523	46,762			37	325,322
Receivables and accruals							2,954	2,954
Cash and cash equivalents			39,307					39,307

EXTERNAL CREDIT RATING ASSETS

(X € 1,000)

31 DECEMBER 2022	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NOT RATED	TOTAL
Financial investments								
Fixed income investments	65,813	55,924	35,187	26,888	70,771		19,710	274,293
Derivatives		840					4,365	5,205
Assets related to reinsurance contracts held			270,920	22,982	5,321	2,946	12,394	314,563
Receivables and accruals							9,826	9,826
Cash and cash equivalents			37,561	6,654				44,215

The tables above include the rating of the financial instruments. Several external rating agencies are used to determine the rating of these financial instruments. If there are multiple ratings available for the same financial instrument, the second best rating is used. If an instrument does not have an external rating, the rating of the issuing party is considered to be an appropriate rating of the financial instruments. However, if the instrument is guaranteed by a third party or the issuing party itself does not have a rating, the rating of the party guarantying the financial instrument is used. In all other cases, the instruments included in the table above/below are assessed as not rated.

The ECL on assets not measured at fair value in 2023 amounts is nil (2022: nil).

KEY ASSUMPTIONS AND ESTIMATES WHEN ASSESSING THE CREDIT QUALITY OF FINANCIAL ASSETS

For the key assumptions for determining expected credit losses (ECL), please refer to Note 3 Financial investments.

18. TRANSFER OF FINANCIAL ASSETS AND COLLATERAL

Achmea Reinsurance Company N.V. transfers financial assets when it transfers the contractual rights to receive cash flows from the financial asset. In addition, Achmea Reinsurance Company N.V. transfers financial assets when it retains the aforementioned contractual rights, but enters into a contractual obligation to pay the received cash flows to one or more third parties. Achmea Reinsurance Company N.V. distinguishes the following transactions in the context of the transfer of rights (assets and securities):

- Transferred financial assets not (fully) derecognised in the event of securities lending. With these transactions Achmea Reinsurance Company N.V. transfers the legal ownership (but not the beneficial ownership) of assets and receives collateral in the form of cash or cash equivalents or other investments. The transferred assets are still recognised in the Statement of Financial Position;
- Transferred financial assets which are fully derecognised and over which Achmea Reinsurance Company N.V. no longer has control (regular sale);
- Providing mortgage receivables as collateral when raising loans for the banking business; and

- Receiving or providing collateral in the event of derivatives transactions. Received collateral in the form of cash or cash equivalents is recognised in the Statement of Financial Position with simultaneous recognition of a repayment obligation in the Statement of Financial Position.

Collateral investments in the context of derivative transactions

RECEIVED OR COLLAPSED COLLATERAL INVESTMENTS IN THE CONTEXT OF DERIVATIVE TRANSACTIONS (€ MILLION)

	31 DECEMBER 2023	31 DECEMBER 2022
Net position of assets and liabilities derivatives	1,508	3,999
Covered by securities in collateral	-1,211	3,379
Liquid funds received in collateral	-53	105
Net position	**244**	**725**

In the event of collateral these arrangements are recorded in so-called ISDA Credit Support Annex agreements. These also stipulate the conditions – the so-called 'default events' – under which the party may use the cash collateral to reduce possible losses. Transfer of collateral in the form of securities takes place by 'transfer of title', meaning the legal ownership is transferred to the recipient of the collateral. The economic benefits, such as interest income, do not transfer to the receiver of the collateral. In most cases the received collateral consists of liquid investments, mostly liquid assets such as government bonds and cash or cash equivalents.

Bilateral agreements were reached with the various counterparties on collateral to be received or deposited. The net position of the derivatives is taken as the starting point when determining the collateral to be received from or deposited with the relevant counterparty. The difference between the derivatives and the collateral (the net position) is in line with the contractual agreements on the initial margin and obligations to deposit additional collateral.

Master netting agreements

The table below provides an overview of assets and liabilities subject to offsetting, enforceable Master Netting Agreements and similar agreements.

FINANCIAL ASSETS AND LIABILITIES SUBJECT TO OFFSETTING, ENFORCABLE MASTER NETTING ARRANGEMENTS AND SIMILAR AGREEMENTS (€ MILLION)

31 DECEMBER 2023	GROSS AMOUNTS OF RECOGNIZED FINANCIAL ASSETS	GROSS AMOUNTS OF RECOGNIZED FINANCIAL LIABILITIES	NET AMOUNTS OF FINANCIAL ASSETS/ LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION 1	BALANCE OF THE FINANCIAL ASSETS/LIABILI TIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS RECEIVED	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives assets	2,678		2,678				
Derivatives liabilities		1,175	1,175				
				1,503	1,211	53	239
Cash and cash equivalents	102,069	-62,826	39,243	39,243			39,243
31 DECEMBER 2022							
Derivatives assets	5,205		5,205				
Derivatives liabilities		1,206	1,206				
				3,999	3,378	-105	726
Cash and cash equivalents	57,398	19,837	37,561	37,561			37,561

1 The net amounts for the derivatives do not equal the provisions for both assets and liabilities. At 31 December 2023, the difference for assets is € 58 (2022: nil) and the difference for liabilities is € 53 (2022: € 73) due to equity derivatives without a netting agreement.

19. 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 of Achmea Reinsurance Company N.V.

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)

	2023	2022
Short term employee benefits	516	515
Post-employment benefits	185	211
Other long term employee benefits	18	22
Employers' share social security contributions	18	16
Total	**737**	**764**

A total amount of € 737 thousand was recognised in the reporting period 2023 for Board Directors remuneration (2022: € 764 thousand). This total amount pertains to the performance year 2023, except the variable remuneration for 2023. 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 2023 and 2022. For the performance year 2022 it was decided after the adoption of the Financial Statements 2022 to award a variable remuneration to the Board of Directors of

Achmea Reinsurance Company N.V. This expense is recognised in 2023. Likewise in 2022 the expense was recognised for variable remuneration for the performance year 2021.

Below is an overview of the remuneration of the Board of Directors of Achmea Reinsurance Company N.V. for the performance year 2023. 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 2022.

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 2023[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	274	t.b.d.	t.b.d.	47	43	13	
H.Chr. Mentink	224	t.b.d.	t.b.d.	48	27	8	
Total 2023	**498**	**t.b.d.**	**t.b.d.**	**95**	**70**	**21**	**684**
Total 2022	**493**	**18**	**18**	**88**	**81**	**42**	**740**
Average number of active Directors 2023: 2,00							
Average number of active Directors 2022: 2,00							

1. *All active board Directors were employed throughout 2023.*
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 € 128.810. This is the fiscal cap 2023; 2022 € 114,866), 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.*
4. *€ 18 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. Insofar as applicable the benefit of private use of a lease car is also included in the fixed annual salary.

On 1 January 2023 the salary of the members of the Board of Directors was raised by 1%.

Variable remuneration awarded

At the time of preparation of the Annual Accounts 2023, the decision on the award of variable remuneration for the performance year 2023 will not yet have been taken. Should this be awarded, then this is included in the Remuneration Report 2023 that is expected to be published later in 2024. This variable remuneration would be recognised in the Financial Statements 2024. For the performance year 2022 the decision on the 2022 variable remuneration was finalized after the adoption of the Financial Statements 2022 and it was decided to award a variable remuneration in the amount of € 36 thousand to the Board of Directors of Achmea Reinsurance Company N.V. This amount is recognised as an expense in the Financial Statements 2023.

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 2023:

- Maximum pensionable salary € 128,810
- Accrual 1.875% per year, if this fits within the collective contribution cap (expected accrual percentage 2023: 1.875%)
- State pension offset € 16,322.
- 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 2023 the fiscal cap is € 128,810.

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 € 128,810. In 2023 this percentage is 8.5% of the pensionable salary over the fiscal cap. This calculation is performed annually in January by Willis Towers Watson.

Termination benefits

Both in 2023 and 2022 no termination benefits were awarded related to termination of a labour contract.

Clawback

In 2023, 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 2022.

Loans

Members of the Board of Directors have loans outstanding with the banking operations of Achmea. The loans amount to € 0.13 million (2022: € 0.13 million). The weighted interest rate of these loans is 2.25% (2022: 2.25%). The loans are mortgage loans. In 2023 nil has been repaid (2022: nil).

Remuneration of supervisory board members

In 2023 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. Mr R.Th. Wijmenga is an external member of the Supervisory Board. He received a remuneration of € 18 thousand for his activities in 2023 (2022: € 2 thousand (appointed on 1 December)). Mr Wijmenga 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 2023 and 2022.

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 2023.

In 2023, as in 2022, there are no transactions with shareholders and ultimate parent company.

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

	31 DECEMBER 2023	31 DECEMBER 2022
Deposits to cedants:		
Achmea Schadeverzekeringen N.V.	-340	340
Achmea Pensioen- en Levensverzekeringen N.V.		7,073
Interamerican Hellenic Insurance Company S.A..		1,319
Total	**-340**	**8,732**
Other liabilities		
Achmea Pensioen- en Levensverzekeringen N.V.	61	17
Achmea Interne Diensten N.V.	1,273	1,151
Total	**1,317**	**1,168**
Liabilities related to insurance contracts:		
Achmea Schadeverzekeringen N.V.	305,220	307,511
N.V. Hagelunie	23,499	38,756
Achmea Pensioen- en Levensverzekeringen N.V.	-6,849	-1,022
Interamerican Hellenic Insurance Company S.A.	70,535	13,222
Eureko Sigorta A.S.	13,454	1,477
Union Poist'ovna A.S.	5,390	5,271
Achmea Australia Achmea Schadeverzekeringen N.V.	262	
Total	**411,511**	**365,215**

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 2023	31 DECEMBER 2022
Achmea Interne Diensten N.V.		
Financial liabilities	1,273	1,151

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 to the 2023 financial statements of Achmea B.V. (www.achmea.com).

Pension costs charged to Achmea Reinsurance Company N.V. amount to € 1.8 million in 2023 (2022: € 2.0 million).

20. 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.

21. PROPOSAL FOR APPROPRIATION OF RESULT

Allocation of Profit 2022

The 2022 financial statements were adopted on 19 April 2023 by resolution of the General Meeting.

The General Meeting decided, in accordance with the proposal of the Board of Directors, to withdrawn the allocated result of € 26,239 thousand negative, to the retained earnings.

Proposal for allocation of Profit 2023

The Board of Directors proposes that the General Meeting appropriate the allocated profit at year-end 2023 of € 11,665 thousand entirely to the retained earnings. This proposal has not yet been incorporated in the financial statements.

22. SUBSEQUENT EVENTS

There were no subsequent events which should be disclosed in the financial statements.

23. NOTES ON THE TRANSITION TO IFRS 9/17

INITIAL APPLICATION OF IFRS 9 AND IFRS 17 ACCOUNTING POLICIES, PRIOR PERIOD CORRECTIONS AND CHANGES IN PRESENTATION

From 1 January 2023, IFRS 9 Financial Instruments and IFRS 17 Insurance Contracts standards have been applied. The initial application of these standards will have a significant impact on Achmea Reinsurance company N.V.'s financial statements, because the valuation, presentation and determination of results for both insurance contracts and financial instruments will be substantially different than in previous years. This note summarises the main changes in accounting policies and estimates due to application of these new standards.

The new accounting policies and applied assumptions and estimates are included in Note 3 Financial investments and Note 4 Assets and liabilities related to insurance contracts issued and share of reinsurers in insurance liabilities held.

IFRS 17 insurance contracts

IFRS 17 establishes a number of uniform principles in relation to the recognition, valuation, presentation and disclosure of insurance contracts, reinsurance contracts and investment contracts with discretionary participation features. 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 companies issuing insurance contracts, as well as for the purpose of international comparability.

The interpretation of the term 'insurance contract' in IFRS 17 has remained almost the same as the definition under IFRS 4, the classification of contracts and of insurance risks has not undergone any material changes. The main change concerns the valuation of insurance liabilities under IFRS 17.

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

IFRS 17 introduces a model in which groups of insurance contracts are measured based on estimates of the cash value of future cash flows expected to arise as Achmea Reinsurance Company N.V. meets the obligations of the contract. In addition, the model includes a risk adjustment for non-financial risk and a contractual service margin.

IFRS 17 will be applied to all insurance activities of Achmea Reinsurance Company N.V. These include life, non life and insurance contracts concerning the reinsurance business. In addition, contrary to current reporting under IFRS 4, insurance-related receivables and payables will be considered in the valuation of insurance liabilities.

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 includes assumptions used in and for cash flows and for determining contract boundaries.

Acquisition cost accounting

Within Achmea Reinsurance Company N.V., all acquisition costs were recognised directly in the income statement of the relevant financial year.

Under IFRS 17, only cash flows for sales and acquisitions made before the recognition of related insurance contracts are presented as separate assets. The recoverability of these assets is assessed periodically. These assets are then included in the carrying amount of the related group of insurance contracts and are recognised in the income statement over the coverage period in line Revenue from regular contracts of the related group of insurance contracts.

Transition provisions on adoption of IFRS 17

Depending on the availability and reproducibility of the necessary (actuarial) data, the full retrospective method will be used to determine the value of the insurance liabilities and therefore the CSM at transition date to determine the comparative figures for financial year 2022 under IFRS 17. This means that the comparative figures are restated as if IFRS 17 had always been applied

The full retrospective method has therefore been applied to the following insurance portfolios:

- All insurance portfolios within the Reinsurance business (with the exception of a few life insurance portfolios signed before 1 January 2020);

Upon retrospective application of IFRS 17 as of 1 January 2022:
- insurance and reinsurance contracts held by group are identified, recognised and measured as if IFRS 17 had always been applied;
- all assets for insurance acquisition cash flows are identified, recognised and measured as if IFRS 17 had always been applied, except for the assessment of the recoverable amount of sales and acquisition costs before 1 January 2023;
- items in the statement of financial position that would not have existed if IFRS 17 had always been applied are no longer recognised. It concerns prepaid acquisition costs for insurance contracts, intangible assets related to acquired insurance portfolios, insurance receivables and payables and provisions for charges attributable to existing insurance contracts. Under IFRS 17, these items are included in the measurement of insurance contracts.

Fair value of liabilities related to insurance contracts in the transition to IFRS 17

The fair value of insurance contracts takes into account the consideration required by the market participants to assume the obligations of the insurance contract. The way in which Achmea Reinsurance Company N.V. calculated the fair value in the transition to IFRS 17 differs from the regular valuation of liabilities related to insurance contracts (see also VIII Transition provisions at introduction IFRS 17).

Achmea Reinsurance Company N.V. determined the fair value of insurance contracts as the sum of the present value of the net cash flows expected to be generated by the contracts using a discounted cash flow model. The discounted cash flows in this model generally correspond to the cash flows and contract limits applied in the regular measurement of insurance liabilities under IFRS 17. In determining fair value, the cash flows in some segments take into account a higher cost level from the perspective of a market participant.

Achmea Reinsurance Company N.V. has included a premium in determining fair value that represents a risk premium demanded by market participants for the uncertainty inherent in cash flows and profit margin. This mark-up is reflected in a different cost of capital rate of 6% compared to a rate of 4.5% applied in valuation of fulfillment cash flows under IFRS 17. In determining the risk premium of the fair value, Achmea Reinsurance Company N.V. also takes into account a number of risks, for example related to general operational risk, which are not applied when determining the of fulfillment cash flows under IFRS 17. In addition, time diversification is not taken into account when determining the risk premium in fair value.

Under the fair value approach, the CSM (or loss component) at 1 January 2022 was determined as the difference between the fair value of a group of contracts at that date and the fulfillment cash flows at that date for the contracts as mentioned above.

For the following insurance contracts, Achmea Reinsurance Company N.V. applied the fair value method due to limitations in the availability and depth of information:

- Reinsurance portfolios both inward and outward (limited) signed before 1 January 2020.

For all contracts measured under the fair value approach, Achmea Reinsurance Company N.V. used historical information and reasonable and supportable information available at 1 January 2022 to determine:
- the groups of contracts;
- whether an agreement meets the definition of a contract with direct participation features; and
- how to identify discretionary cash flows for contracts without direct participation features.

All groups of contracts measured under the fair value approach include contracts issued at intervals of more than one year. For these groups, the discount rates at initial recognition were determined at 1 January 2022 instead of the date of initial recognition.

For groups of reinsurance contracts covering underlying onerous contracts, Achmea Reinsurance Company N.V. established a loss coverage component at 1 January 2022. Achmea Reinsurance Company N.V. determined this component by multiplying:
- the amount of the loss component relating to the LFRC under the underlying contracts at 1 January 2022; and
- the percentage of claims on the underlying contracts that Achmea Reinsurance Company N.V. expected to recover under the reinsurance contracts.

When applying the fair value method, determining the fair value Achmea Reinsurance Company N.V. has included a premium that represents a risk premium demanded by market participants for the uncertainty inherent in cash flows and profit margin. This premium is reflected in a different Cost of Capital used in determining the Risk Adjustment. For transition purposes, a rate of 6% is used in determining fair value. For the measurement of insurance liabilities under IFRS 17, Achmea uses a rate of 4.5%. In determining the Risk Adjustment, Achmea Reinsurance Company N.V. also includes a number of risks that are not included in the determination of the cash flows required to fulfill the group’s contractual obligations, for example, with regard to general operational risk.

IFRS 9 FINANCIAL INSTRUMENTS

Achmea Reinsurance Company N.V. adjusted the corresponding figures for IFRS 9 and also applied 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.

Classification and measurement of financial assets

IFRS 9 has a modified model for the classification and measurement of financial assets. This model is driven by the cash flow characteristics of an asset and the business model within which an asset is held. IFRS 9 replaces the categories of IAS 39: Investment 'Held to maturity', Loans and receivables and investments 'Available for sale'. Even after the introduction of IFRS 9, Achmea continues to maintain the same valuation at amortised cost and fair value in the balance sheet for the majority of its investment portfolio (as under IAS 39). No adjustments will be made to the valuation of financial liabilities.

To determine impairment losses, IFRS 9 has a model for expected credit losses. This leads to earlier recognition of credit losses under IFRS 9 compared to IAS 39 where only credit losses that have already occurred are recognised. The new impairment model will be applied for financial assets measured at amortised cost.

TRANSITION TO IFRS 9

Achmea Reinsurance Company N.V. adjusted the corresponding figures for IFRS 9 and also applied 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.

Unless described otherwise below, changes due to IFRS 9 have been applied retrospectively as of 1 January 2022.

The following assessments have been made based on the facts and circumstances present on 1 January 2022:
- The determination of the business model in which a financial asset is held;
- The allocation and termination of previous allocation of financial assets and financial liabilities measured at fair value with changes in fair value recognised in the income statement;
- The allocation of certain investments not held for sale as fair value with changes in fair value recognised in the income statement;
- If the financial asset had a low credit risk as of 1 January 2023, the assumption is that the credit risk of the asset has not significantly increased since initial recognition.

A quantitative explanation of the changes and impact of the transition to from IAS 39 to IFRS 9 is provided in the transition tables below.

The changes in classification and accounting policies for classification of financial instruments are explained in the tables below.

The application of IFRS 9 resulted in a classification and measurement of financial assets as explained below. The choices in accounting policies and presentation within the insurance business are based on the best possible accounting match with the recognition of insurance liabilities.

Under IFRS 9, upon initial recognition, an investment is classified as measured at amortised cost or fair value with changes in fair value recognised in the income statement.

Under IAS 39, investments of insurance contracts held for the account and risk of policyholders were measured at fair value with changes in fair value recognised in the income statement. Proprietary investments were classified as available for sale with changes in value recognised through net other comprehensive income.

Notes on the balance sheet valuation under IFRS 9

The transition to IFRS 9 is described in detail in transition tables below. IFRS 9 has had no impact on the balance sheet valuation of financial liabilities given the unchanged accounting policies of amortised cost for loans and funds drawn down and other liabilities and of fair value through the income statement for investment contracts. IFRS 9 also had no impact on the balance sheet valuation of cash and cash equivalents.

NOTES ON THE TRANSITION TO IFRS 9/17 PRINCIPLES BY ITEM IN THE STATEMENT OF FINANCIAL POSITION ON 1 JANUARY 2022

The following table provides an explanation of the transition from IFRS 4 and IAS 39 policies to IFRS 9/17 policies for each item in the statement of financial position as at the transition date 1 January 2022.

TRANSITION TO IFRS 9/17 ACCOUNTS BY ITEM IN THE STATEMENT OF FINANCIAL POSITION - ASSETS

(€ X 1,000)

		IFRS 9		IFRS 17			
ITEM STATEMENTS OF FINANCIAL POSITION IFRS 4 / IAS 39	31 DECEMBER 2021	REVAL-UATION	RECLASS-IFICATION	REVAL-UATION	RECLASS-IFICATION	REVISED 31 DECEMBER 2021	ITEM STATEMENT OF FINANCIAL POSITION IFRS 9 / IFRS 17
Assets							**Assets**
Financial investments	500,860					500,860	Financial investments
Income tax receivable	154					154	Deferred tax assets
(new item under IFRS 17)							Assets related to reinsurance contracts held
Non-Life	224,426			11,648	3,405	239,479	Non-Life
Life	6,203			1,213	356	7,773	Life
Receivables and accruals	100,053				-97,614	2,439	Receivables and accruals
Cash and cash equivalents	37,006					37,006	Cash and cash equivalents
Total assets	**868,701**			**12,863**	**-93,852**	**787,713**	**Total assets**

TRANSITION TO IFRS 9/17 ACCOUNTS BY ITEM IN THE STATEMENT OF FINANCIAL POSITION - LIABILITIES

(€ X 1,000)

		IFRS 9		IFRS 17			
ITEM STATEMENTS OF FINANCIAL POSITION IFRS 4 / IAS 39	31 DECEMBER 2021	REVAL-UATION	RECLASS-IFICATION	REVAL-UATION	RECLASS-IFICATION	REVISED 31 DECEMBER 2021	ITEM STATEMENT OF FINANCIAL POSITION IFRS 9 / IFRS 17
Total equity	**313,232**			**5,952**		**319,184**	**Total equity**
Liabilities							**Liabilities**
Liabilities related to insurance contracts							Liabilities related to insurance contracts
Non-Life	428,114			2,698	-18,126	412,686	Non-Life
Life	53,789			1,213	-14,398	41,534	Life
Financial liabilities	62,801				-61,327	1,474	Financial liabilities
Derivatives	1,570					1,570	Derivatives
Deferred tax liabilities	9,195			2,070		11,265	Deferred tax liabilities
Total liabilities	**555,469**			**6,911**	**-93,851**	**468,527**	**Total liabilities**
Total equity and liabilities	**868,701**			**12,863**	**-93,851**	**787,713**	**Total equity and liabilities**

The main changes in liabilities as of 1 January 2022 as a result of the transition are:

- Revaluations in the assets related to reinsurance contracts held (total 12,9 million) mainly due to loss recovery component and discounting
- Revaluations in the Liabilities related to insurance contracts (total € 4.8 million) mainly due to the loss of prudence provisions, changes in actuarial assumptions and bases, and the inclusion of a Contractual Service Margin (CSM) and Risk Adjustment (RA).

- Revaluation of the deferred tax liabilities (total 2,1 million) refers to the revalutions of the assets related to assets related to insurance contracts and Liabilities related to insurance contracts
- Reclassifications of Receivables and accruals (€-97.6 million, see previous page) and Financial Liabilities (€ -61.3 million) are related to the cash-flows of the assets related to reinsurance contracts held (total 3,8 million) and Liabilities related to insurance contracts (total € -32.5 million).

The effects of the revaluations are included (including tax effect) in Equity attributable to holders of equity instruments in the company.

Net result in Equity in 2022 compared to the 2022 financial statements
The net result for 2022 was € 9.7 million under IFRS 4/IAS 39 and is € -26.2 million under IFRS 9/17. The main change resulting from the transition concerns the recognition of market value developments of investments and insurance liabilities in the income statement. These securities are recognised in the income statement under IFRS 9/17, while under IAS 39/IFRS 4 a large part was recognised directly in equity.

Notes on the transition to IFRS 9 on 1 January 2023
The following transition tables present a reconciliation between the value of Investments under IAS 39 and under IFRS 9 as at 1 January 2023.

TRANSITION INVESTMENTS FROM IAS 39 TO IFRS 9 ON 1 JANUARY 2023

(€ X 1,000)

	IAS 39 VALUE	RECLASSIFICATION	EXPECTED CREDIT LOSS	IFRS 9 VALUE ADJUSTMENTS	OTHER VALUE ADJUSTMENTS	IFRS 9 VALUE
Insurance business and other investments						
Equities and similar investments	176,424					176,743
Fixed income investments	274,293					274,293
Derivatives	3,999					3,999
Total	**455,035**					**455,035**

Reclassifications:
The main movement in the transition from IAS 39 to IFRS 9 concerns the reclassification of 'Investments – available for sale' to the category 'Investments – with value changes through the income statement'.

Expected credit losses (ECL):
The difference with IAS 39 is mainly due to the fact that, under IFRS 9, a lifetime provision is made on certain items and macroeconomic factors such as house prices and inflation are included in the determination.

IFRS 9 value adjustments:
This refers to the value adjustments taking place following the implementation of IFRS 9 in relation to financial instruments, such as loans and bonds.

EQUITIES AND SIMILAR INVESTMENTS

(€ X 1,000)

	IAS 39 VALUE	RECLASSIFICATION	EXPECTED CREDIT LOSS	IFRS 9 VALUE ADJUSTMENTS	OTHER VALUE ADJUSTMENTS	IFRS 9 VALUE
Investments – with value changes through the Income Statement						
From FVPL (IAS 39)						
From available for sale (IAS 39)		176,424			319	176,743
Total FVPL		**176,424**			**319**	**176,743**
Investments – Available for sale						
From available for sale (IAS 39)	176,424				319	176,743
To FVPL (IFRS 9)		-176,424			-319	-176,743
Total FVOCI	**176,424**	**-176,424**				
Total equities and similar investments	**176,424**				**319**	**176,743**

FIXED INCOME INVESTMENTS

(€ X 1,000)

	IAS 39 VALUE	RECLASSIFICATION	EXPECTED CREDIT LOSS	IFRS 9 VALUE ADJUSTMENTS	OTHER VALUE ADJUSTMENTS	IFRS 9 VALUE
Investments – at fair value through profit or loss						
From FVPL (IAS 39)	10,698					10,698
From available for sale (IAS 39)		268,795			-5,200	263,595
To amortised cost (IFRS 9)						
Total FVPL	**10,698**	**268,795**			**-5,200**	**274,293**
Investments – Available for sale						
From available for sale (IAS 39)	268,795				-5,200	263,595
To FVPL (IFRS 9)		-268,795			5,200	-263,595
To amortised cost (IFRS 9)						
Total FVOCI	**268,795**	**-268,795**				
Total fixed income investments	**279,493**					**274,293**

DERIVATIVES

(€ X 1,000)

	IAS 39 VALUE	RECLASSIFICATION	ECL	IFRS 9 VALUE ADJUSTMENTS	IFRS 9 VALUE
Financial investments – with value changes through the Income Statement					
To FVPL (IAS 39)	3,999				3,999
Total FVPL	**3,999**				**3,999**
Total derivatives	**3,999**				**3,999**

TOTAL FINANCIAL INVESTMENTS

(€ X 1,000)

	IAS 39 VALUE	RECLASSIFICATION	EXPECTED CREDIT LOSS	IFRS 9 VALUE ADJUSTMENTS	OTHER VALUE ADJUSTMENTS	IFRS 9 VALUE
Investments – with value changes through the Income Statement[1]	14,697	440,338				455,035
Investments – Available for sale	440,338	-440,338				
Investments – Loans and Receivables						
Total Insurance business and other investments	**455,035**					**455,035**

AUTHORISATION OF THE FINANCIAL STATEMENTS

Tilburg, 5 April 2024

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

OTHER INFORMATION

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.

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

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

We have audited the financial statements for the financial year ended 2023 of Achmea Reinsurance Company N.V. based in Tilburg, the Netherlands.

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 2023 and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted in the European Union (EU-IFRSs) 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 2023
- The following statements for 2023: the income statement, the statements of comprehensive income, changes in equity and cash flows
- The notes comprising material accounting policy information 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 assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	€6.1 million (2022: €5.4 million)
Benchmark applied	2% of equity as at 31 December 2023
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 €307,500, 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. Furthermore, we have made use of our own actuaries, income tax specialists and experts in the areas of valuations of liabilities relating to insurance contracts, the valuation of unlisted investments, derivatives and the tax position.

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 on the joint coordination of the audit planning, the nature and scope of the work to be performed, reporting and documentation.
We evaluated and tested the relevant work performed by Internal Audit to satisfy ourselves that the work was adequate for our purposes and established what work had to be performed by our own professionals.

Our focus on climate risks and the energy transition
Climate change and the energy transition 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 2023.

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 Capital and risk management of de board of directors report 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 and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to 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.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things 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 F. Changes in 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 Estimates used in the measurement of liabilities arising from insurance contracts, we specifically considered whether the judgments and assumptions used in the valuation of liabilities related to insurance contracts 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, other than the risks related to management override of controls.

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 B. 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 twelve 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, we have identified the Initial application of IFRS 17 and IFRS 9 as
a new key audit matter.

Initial application of IFRS 17 and IFRS 9	
Risk	On 1 January 2023 Achmea Reinsurance adopted IFRS 17 Insurance Contracts and IFRS 9 Financial instruments, which replaced IFRS 4 Insurance Contracts and IAS 39 Financial instruments respectively. The Company applied IFRS 17 to insurance contracts issued and reinsurance contracts held retrospectively from 1 January 2022, using the transition approaches as outlined in note 23 Notes on the transition to IFRS 9/17 to the financial statements. The 2022 comparative figures as presented in these financial statements have been restated for the adoption of IFRS 17. Achmea Reinsurance also restated comparative figures for IFRS 9 and, in addition, applied the classification overlay approach from IFRS 17 to the comparative figures of financial assets derecognized during 2022. As a result IFRS 9, like IFRS 17, is applied retrospectively as of 1 January 2022 in the 2023 financial statements. On transition to the new standards, shareholders equity as of 1 January 2022 increased with €5,9 million, as a result of the discounting of obligation under insurance contracts. The impact of this partly offset by other valuation effects and deferred taxes. Auditing the company's initial application was complex as it related to the measurement of the company's insurance contract liabilities and determining the transition CSM, which involved making interpretations, setting fair value assumptions and using complex models. Accordingly, we have identified the initial application of IFRS 17 and IFRS 9 as a key audit matter.
Our audit approach	Our audit procedures included, among others, evaluation of the appropriateness of the company's accounting policies and transition requirements related to the transition to IFRS 17 and IFRS 9 to determine whether they comply with IFRS 17 and IFRS 9. Furthermore, we have assessed whether assumptions and the methods used for determining the accounting estimates are appropriate. We involved our actuaries to assist us in performing audit procedures in this area. Our key audit procedures included obtaining an understanding and evaluating the design of relevant internal controls over the initial application of IFRS 17 and IFRS 9. Furthermore, we have performed the following specific audit procedures, amongst others: • Evaluate management's assessment of the transition approach and methodological decisions made, including inspection of documentation on the lack of availability of reasonable and supportable historic information required by the full retrospective approach and the appropriateness of simplifications applied under the fair value approach • Assessing the analysis prepared by the company with respect to the classification of insurance contracts including the applicable measurement model and assessing the grouping of insurance contracts for compliance with IFRS 17 requirements • Assessing the appropriateness of key assumptions used in the calculation of the fair value of insurance contracts at transition to IFRS 17 by comparison with those used in IFRS 4 and Solvency II for the corresponding period, publicly available market data, the characteristics of the products and the requirements of IFRS 17 • Testing the methodology and calculation of the insurance contract liabilities, reinsurance contract assets and transition CSM through review of the model validation performed by Achmea Reinsurance • Testing of the accuracy and completeness of data used in the calculation of the transition balances by reconciliation to the underlying source systems

	• Assessing the analysis prepared by the company with respect to the classification of financial instruments for compliance with IFRS 9 requirements • Assessing the appropriateness of the valuation of the financial instruments at transition with those used or disclosed in IAS 39 and/or Solvency II for the corresponding period, publicly available market data and the requirements of IFRS 9 Finally, we assessed the adequacy of the disclosures on the initial application of IFRS 17 and IFRS 9 in the notes to the financial statements and note 23. In this relation we evaluated in particular that disclosures adequately convey the accounting policy choices made by Achmea Reinsurance, the assumptions used at transition and the financial impact at transition date.
Key observations	We consider the estimates used at transition to IFRS 17 and IFRS 9 to be reasonable. The disclosures on transition to IFRS 17 and IFRS 9 meet the requirements of EU-IFRSs.

Estimates used in calculation of liabilities related to reinsurance contracts	
Risk	Achmea Reinsurance has liabilities related to reinsurance contracts of €567 million representing 99% of the group's total liabilities. Out of this amount, €33 million has been measured under the general measurement model (GMM) and €534 million under the premium allocation approach (PAA, the simplified measurement model). At initial recognition, the company measures a group of insurance contracts under GMM as the total of: • Fulfilment cash flows, which comprise of estimates of future cash flows, adjusted to reflect the time value of money, required for the settlement of an insurance contract and a risk adjustment for non-financial risks • Contractual service margin (CSM), as the unearned profit for providing the insurance services in the future Under the PAA, a liability for incurred claims is recognized that reflects a current, explicit, unbiased and probability-weighted estimate of the present value of the expected future cash outflows (best estimate), required for the settlement of an insurance contract; this is increased with a risk adjustment for non-financial risks. The measurement of liabilities related to reinsurance contracts involves judgment over uncertain future outcomes, which involves setting various assumptions regarding the total settlement value of insurance liabilities. The determination of the liabilities related to reinsurance contracts requires the use of complex (actuarial) models and other computational tools for which it is important that their design and configuration is adequate, the assumptions used are appropriate and the input data is complete and accurate.
	The use of different actuarial techniques and assumptions could produce materially different estimates of liabilities related to insurance contracts. In this relation, we take into account the possibility of management override of controls and that management can influence the financial reporting process in other unauthorized manners. We therefore consider the estimates used in the calculation of liabilities related to insurance contracts a key audit matter.

	Furthermore, the insurance service results, including insurance revenue, are also produced to a significant extent with the use of the same processes, tools and assumptions. The specific risk considerations per line of business of Achmea Reinsurance are included below. The key assumptions used are the discount rate applied to adjust the expected future cash flows for time value of money (including applicable illiquidity premium) and the cost of capital percentage applied in the risk adjustment calculation. For life reinsurance, the valuation of liabilities related to individual life contracts requires the application of significant judgement in the setting of assumptions in respect of future expenses, including scalability of recurring costs and inflation, as well as the risk drivers applied in risk adjustment calculation. Lastly, the CSM release for the period as well as the expected insurance service expense are important drivers in determining the insurance revenue for the period. For non-life reinsurance, the key judgments relate to the assumptions on the claim trends, assumptions for disability and recovery and determining loss component. Furthermore, the insurance service result is driven by the release of the unearned premiums during the year and the changes on the risk adjustment for non-financial risks. We refer to the note 4 Assets and liabilities related to insurance contracts and share of reinsurers in insurance liabilities and note 6 Insurance service result of the financial statements.
Our audit approach	Our audit procedures included, among others, evaluation of the appropriateness of the company's accounting policies related to the measurement of insurance contract liabilities according to IFRS 17 Insurance contracts and whether assumptions and the methods for making the accounting estimates are appropriate and have been applied consistently. We involved our actuaries to assist us in performing audit procedures in this area. Our key audit procedures included evaluating the company's methodology for calculating the reinsurance contract liabilities and obtaining understanding and evaluating the design of internal controls in this respect.
	Furthermore, we performed the following procedures: • Testing of the accuracy and completeness of data as utilized by the company to value estimated future cash flows by reconciling such data to the underlying records • Challenging the assumptions on the discount rate (including illiquidity premium) and the cost of capital percentage used in valuation of insurance contract liabilities based on company's and market data • Challenging the nature, timing and completeness of changes in key assumptions, models and methods, including their impact on financial reporting • Evaluating the scope, extent and outcomes of the model validation performed by the company in respect of the valuation models and other computational tools • Performing analytical review procedures, including period to period analysis of changes in present value future cash flows, based on our understanding of developments in the business and our expectations derived from market experience and assessing whether such changes appropriately reflect the developments in the current reporting period In addition to the audit procedures listed above, our specific audit procedures per line of business of Achmea Reinsurance are included below.

	For life insurance, our work specifically included challenging the assumptions adopted, such as expense assumptions including scalability of recurring costs and inflation, based on company's and industry experience data, expected market developments and trends. With respect of the CSM release and the expected insurance service expense for the groups of insurance contracts that are valued under general measurement model, we assessed the assumptions used and performed analytical procedures on the outcomes. For non-life insurance, we have performed specific audit procedures on the assessment of the reasonableness of the claim trends, the expected future cash outflows, assumptions for disability and recovery and determining loss component by reference to company and industry data and recognized actuarial practice. With respect to expected insurance service expense, we assessed the assumptions used and performed analytical procedures on the outcomes. We evaluated the company's disclosures in relation to insurance contract liabilities in accordance with IFRS 17 Insurance contracts. In particular we evaluated that disclosures adequately convey the degree of estimation uncertainty.
Key observations	We consider the estimates used in the calculation of liabilities related to insurance contracts to be reasonable.

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 IFRSs. The capital is determined based on the available capital (€309 million) and required capital (€168 million). This results in a solvency ratio of 184% as at 31 December 2023. The determination of the Solvency II ratio involves judgments, among others in respect of methodologies used and setting best estimate assumptions. This specifically refers to the calculation of the best estimate of the insurance liabilities, the risk margin and the required capital, including deduction for the loss-absorbing capacity of deferred taxes (LAC DT). Achmea 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 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 company 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 engaged 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-IFRSs and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the 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.

Other information

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, 5 April 2024

Ernst & Young Accountants LLP

signed by M. Koning