ANNUAL REPORT

ACHMEA REINSURANCE COMPANY N.V.

2024

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

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BOARD OF DIRECTORS REPORT

GENERAL

The activities of Achmea Reinsurance Company N.V. are aligned with and support the strategic objectives of the Achmea Group. As Achmea's dedicated reinsurance expert, Achmea Reinsurance Company N.V. fulfils three key roles: advisor, purchaser and risk carrier. In these capacities, Achmea Reinsurance Company N.V. provides reinsurance coverage to the Dutch and foreign insurance entities within the Achmea Group, positioning itself as the primary centre of excellence for reinsurance. Additionally, the reinsurance portfolio established for Third Parties Life was designed to enhance risk diversification and increase earnings for Achmea.

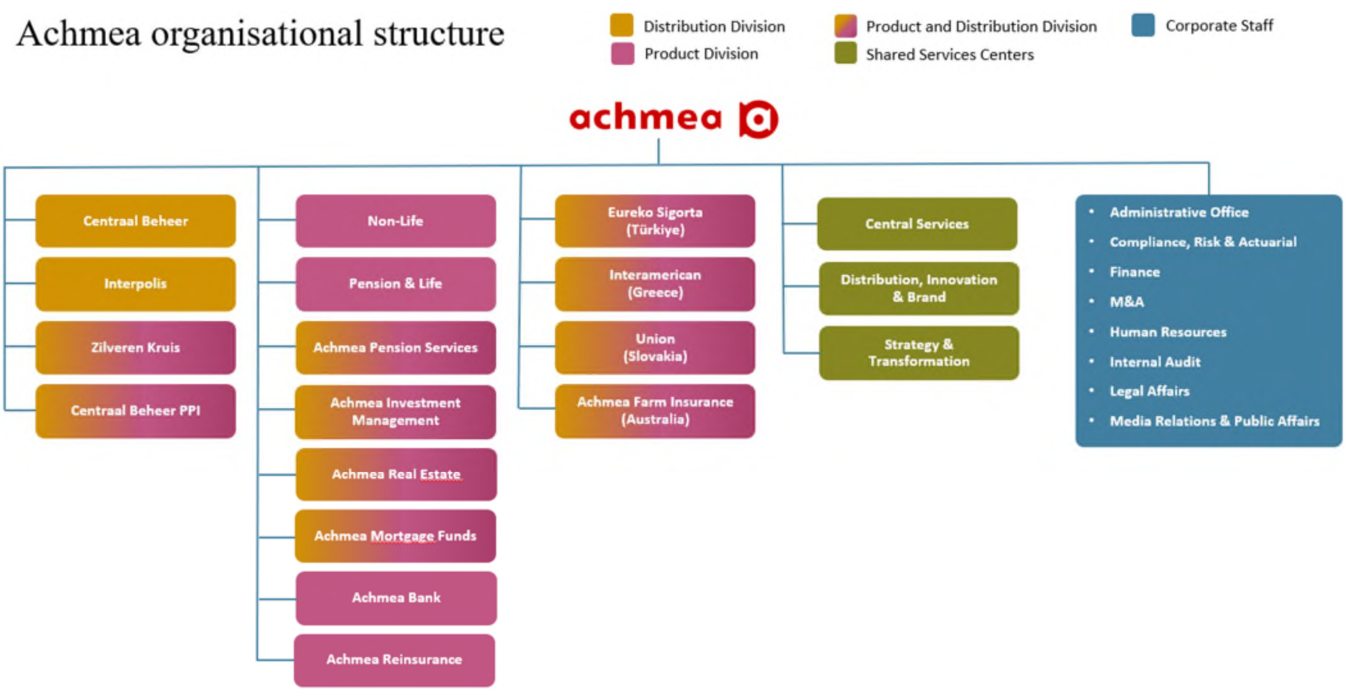
ORGANISATIONAL STRUCTURE

Legal structure

Achmea Reinsurance Company N.V. is part of the Achmea Group and is domiciled in Tilburg, the Netherlands. Achmea B.V. owns 100% of the shares of Achmea Reinsurance Company N.V. At year-end 2024, 47.3[1] full-time equivalents (FTEs) worked for Achmea Reinsurance Company N.V. (2023: 48.5[1] FTEs). All employees are employed by Achmea Interne Diensten N.V.

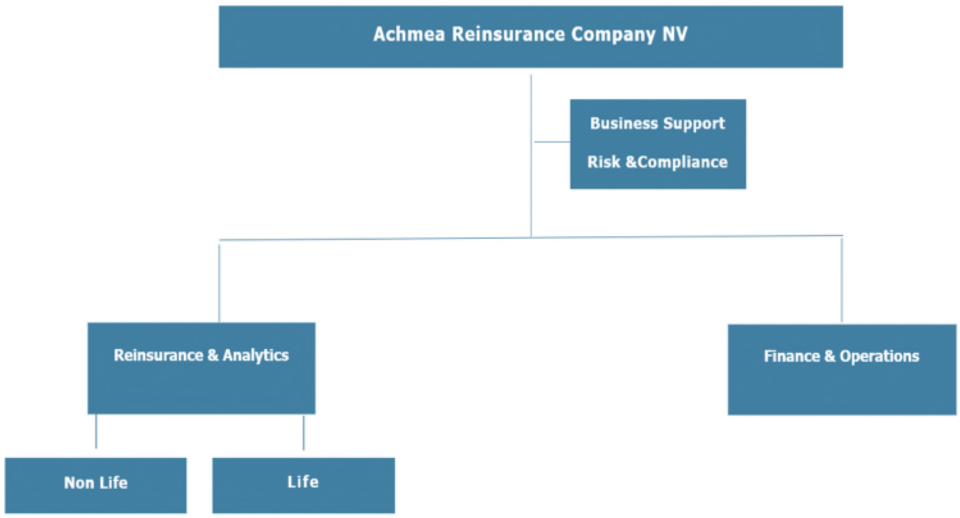
Organisational structure

The following chart provides 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 Corporate Staff Departments and shared service centres. This structure also extends to personnel-related support activities.



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] 2024: 46.3 FTEs excluding external personnel hires
2023: 48.5 FTEs excluding external personnel hires



STRATEGY

Achmea’s strategy

The Sum of Us (‘Kracht van Samen’) is the strategy that Achmea employs to pursue the vision of ‘Sustainable Living Together’. 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 2024.

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 fulfilling its employer promise and aims to remain an attractive employer with contemporary employment conditions. The new collective labour agreement, which came into effect in 2024, includes not only a wage increase due to inflation but also more generous secondary employment conditions, a continuation of the personal climate budget aimed at new employees, and more opportunities throughout the year to work more or fewer hours. In a tight labour market, engaging and retaining employees is of great importance, especially with the new balance of more hybrid and remote work than before.

Strong partnerships

Achmea collaborates with its partners to better assist customers, strengthen distribution, and provide solutions to social issues.

Expertise in data & digital

Utilizing data and technology is crucial for serving Achmea’s customers, now and in the future. Therefore, Achmea is expanding its expertise in data and digitization by implementing a single working method throughout the organisation.

Outstanding financial position

With excellent results in 2024, Achmea has a strong financial foundation to expand its core business, finance growth, and realize its social ambitions. Customers, employees, shareholders, regulators, and credit rating agencies expect a healthy financial position. Achmea aims to further improve financial results, generate more capital, and supported by balance sheet optimizations, free up more 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 and Non-Life 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.

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 fulfil 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. provides expert advice to its internal clients – the Achmea Group and its individual insurance entities – regarding the development and implementation of the reinsurance policy. This includes offering guidance on reinsurance acquisitions, taking a leading role in several expert panels that model catastrophe risk under the Partial Internal Model (PIM), and actively participating in various committees and bodies within the Achmea Group.

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 Achmea Group.

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 on 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 2024 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 Dutch 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. in the reinsurance markets. Some 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. Furthermore, Achmea Reinsurance Company N.V. advises the Australian operation of Achmea Schadeverzekeringen N.V. on reinsurance matters.

Achmea Reinsurance Company N.V. and the operating companies have regular consultations to discuss further opportunities to integrate the various reinsurance programmes, which in 2024 led to further mutual co-operation and alignment. This included sharing best practices and monitoring reinsurance market developments. The services of contracted brokers were also discussed during the year.

In 2024, 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 2024 Achmea Reinsurance Company N.V. still managed to offer prepaid reinstatements to its internal clients. After Achmea Reinsurance Company N.V. decided to cease underwriting inward third-party Non-Life business from 1 July 2023, creating better alignment with the long-term strategy of Achmea Group and resulting in a run-off portfolio. In 2024, the exposure of the Third Party P&C reinsurance book steadily declined. However, Achmea Reinsurance Company N.V. continued successfully expanding its Third Party Life book with disciplined underwriting.

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

In 2024, the reinsurance market showed a slight easing for natural catastrophe reinsurance covers, while continuing to harden for non-catastrophic risks, particularly property per risk and Motor Third Party Liability. Due to these market conditions, Achmea Reinsurance Company N.V. was required to accept a substantial increase in premiums, along with a significant rise in retention for property per risk.

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. In consultation with Achmea Schadeverzekeringen N.V., it has been decided not to renew the expiring treaties per 1 January 2025. The reason being the additional provisions on old years made the metrics such that a sustainable treaty for both parties could not be realised. It has been agreed with Achmea Schadeverzekeringen N.V. and the reinsurers involved that we will explore this further in the coming year.

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 other colleagues within Achmea Reinsurance Company N.V. Achmea Reinsurance Company N.V. has continued to successfully hire new employees, which will help us pass knowledge on to the next generation of Achmea Reinsurance Company N.V. talent.

RESULTS AND DEVELOPMENTS IN 2024

Key results

The result before income taxes of Achmea Reinsurance Company N.V. increased to € 84.2 million in 2024 (2023: € 23.9 million). This increase is mainly driven by the absence of large catastrophe events and higher investment returns.

The main developments in 2024 are explained in more detail in the following paragraphs.

BREAKDOWN OF NET RESULT (X € 1,000)

	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL 2024	NON-LIFE	LIFE	OTHER NON TECHNICAL	TOTAL 2023
Insurance revenue	260,508	51,583		312,091	278,947	41,256		320,203
Insurance service expenses	-192,819	-52,675		-245,494	-186,937	-41,431		-228,368
Net insurance service result from reinsurance contracts held	-18,293	-363		-18,656	-89,383	314		-89,069
Insurance service result	**49,396**	**-1,455**		**47,941**	**2,627**	**139**		**2,766**
Investment return from (re)insurance activities	17,149	3,571	21,569	42,289	17,396	4,074	14,699	36,169
Finance result from insurance contracts	-10,540	655		-9,885	-22,296	-1,140		-23,436
Finance result from reinsurance contracts held	8,187	21		8,208	14,129	199		14,328
Net financial result from (re)insurance activities	**14,796**	**4,247**	**21,569**	**40,612**	**9,229**	**3,133**	**14,699**	**27,061**
Other operating expenses	6,605	-950		5,655	3,943	768		4,711
Interest and similar expenses	-1,559		152	-1,407	-1,514		-124	-1,638
Other results	-746	882	-44	92	2,612		228	2,840
Result before income taxes	**59,892**	**2,860**	**21,461**	**84,213**	**6,815**	**2,504**	**14,595**	**23,914**
Income taxes			24,000	24,000			12,249	12,249
Net result IFRS	**59,892**	**2,860**	**-2,539**	**60,213**	**6,815**	**2,504**	**2,346**	**11,665**

Developments Non-Life business

The 2024 Non-Life portfolio result is € 59.9 million and has increased by € 53.1 million compared to 2023.

This increase is mainly due to a better Insurance service result of € 46.8 million, a higher Net financial result from (re)insurance activities of € 5.6 million and a positive effect in Other expenses of € 0.7 million.

The increase in insurance service result is mainly driven by the lower net cost of claims and higher net premium income on the group programme due to the renewal and the growth of the underlying portfolios. These results were partially offset by the lower premium income as a result of the decision to stop underwriting third party P&C reinsurance. The lower net cost of claims are a result of:

- The decrease in claims due to the absence of large natural catastrophe claims in the portfolio of Achmea Reinsurance Company N.V.;
- The decrease in claims due to the decision to stop underwriting Third Party P&C reinsurance;
- And the increase of insured claims on the WGA/WIA contract, which is compensated by the increase of reinsured claims on this contract.

The increase of the Net financial result from (re)insurance activities is due to positive financial market developments.

Developments Life business

The 2024 Life portfolio result amounts to €2.9 million, reflecting an increase of € 0.4 million compared to 2023. This growth was primarily driven by an improvement in the net financial result from (re)insurance activities, supported by positive developments in the financial markets.

Developments in non-technical items

The other non-technical result before income taxes increased (€ 21.5 million in 2024 in comparison with € 14.6 million in 2023). This increase is mainly due to positive financial market developments.

ABRIDGED STATEMENT OF THE FINANCIAL POSITION (X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
Financial investments	521,652	522,209
Assets related to reinsurance contracts held	414,749	316,291
Other assets	39,534	42,261
Total assets	**975,935**	**880,761**
Total equity	357,655	304,606
Insurance contract liabilities	602,742	566,986
Other liabilities	15,538	9,169
Total equity and liabilities	**975,935**	**880,761**

Investments

The investments amount to € 521.7 million, which is stable compared to 2023 (2023: € 522.2 million).

Assets related to reinsurance contracts held

The assets related to reinsurance contracts held per year end 2024 is € 414.7 million, an increase of € 98.4 million (2023: € 316.3 million). An increase of € 87.3 million is due to claim developments within the internal reinsurance programme (including the income protection portfolio). Developments in premium provisions and outstanding balances have led to an increase of €11.1 million in the amounts ceded to reinsurers.

Equity

In 2024, equity increased to € 357.7 million (2023: € 304.6 million), mainly because of the result of 2024.

Liabilities related to insurance contracts

The liabilities related to insurance contracts increased by € 35.7 million to € 602.7 million (2023: € 567.0 million). This increase is mainly due to developments within the premium provisions and outstanding balances which increase by € 37.3 million. A decrease of € 1.5 million is due to the claim developments within the internal reinsurance programme and the decision to cease underwriting Third Party P&C reinsurance.

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 II RATIO

(X € 1.000)

	31 DECEMBER 2024	31 DECEMBER 2023
Eligible Own Funds under Solvency II	375,436	309,259
Solvency Capital Requirement	174,788	167,830
Surplus	**200,648**	**141,429**
Ratio (%)	215%	184%

At year-end 2024, Achmea Reinsurance Company N.V. had a solid capital position under Solvency II, evidenced by a Solvency ratio of 215%. The Solvency II ratio has increased by 31% points to 215% (31 December 2023: 184%).

The improved capital position is the result of an increase of the Eligible Own Funds. The increase of the Eligible Own Funds is mainly due to day-to-day business since no major events occurred in the portfolio of Achmea Reinsurance Company N.V. during 2024. Furthermore, the Eligible Own Funds increased due to positive financial market developments, including interest payments and a capital distribution from the Other reserves. However, the Solvency Capital Requirement also increased, main reasons being the increase of market risk due to the increasing market values, the decrease of Non-Life underwriting risk due to the decision to stop underwriting Third Party P&C reinsurance and the decrease in the Loss Absorbing Capacity Expected Profits – Underwriting Risk (LACEP- UR) due to changes in the reinsurance program.

The qualitative composition of the risk profile and the key risks identified in achieving the strategy remained largely unchanged in 2024.

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 of 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 fulfils 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 2024 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 and compliance topics (including 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 general manager) and H.Chr. Mentink (director of the team Reinsurance & Analytics). 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 three male members and therefore does not meet 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 2024, 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. Wijmenga, an external board member and also member of the Supervisory Board of Achmea B.V.

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

What about the future? Despite many geopolitical challenges and uncertainties, 2024 brought robust profits to most insurance and reinsurance companies. They presented good operational results and with the help of financial tailwinds on the assets side of their balance sheets their profits were propelled to high levels. In the past years the hardened market conditions pushed not only the premiums up, but also the priorities. As a consequence of that, many natural catastrophe losses (especially those caused by secondary perils) were kept in the retentions of primary insurers.

These prosperous developments made reinsurers approach cedants differently in the last renewal. The recent 1-1 renewals showed that property cat prices for loss free programs were risk adjusted slightly lower renewed, compared to the past. The priorities were kept at expiring levels and paid reinstatement stipulations remained in place as well. This softening was contrary to Property per risk reinsurance – in particular for large industrial and commercial risks – which continued to be very hard. Bodily injury claim cost trends in some European countries (France and United Kingdom) are still rising and pushes MTPL (unlimited) premiums up. Achmea Reinsurance Company N.V. does not see these developments in its portfolios to the same extent as some reinsurers are stating. Achmea Reinsurance Company N.V. will monitor their its portfolios thoroughly and as always provide reinsurers during the renewal phase with detailed (best in class) renewal information .

Given these market circumstances Achmea Reinsurance Company N.V. will further expand its role of group reinsurer in line with its risk appetite and always as a function of the best interests of Achmea Group. We expect that the structures of the programs will not change fundamentally in the upcoming renewal, because these programs have been matured over the past years.

The partnerships between Achmea Reinsurance Company N.V. and its key reinsurers showed their robustness. We had some intense discussions around interpretations of wordings and the hardening market circumstances in the past years proofed clearly that different angles of perspectives did not wobble our relationships. This feature is unique in our business and the staff of Achmea Reinsurance Company N.V. value these intensively.

The coming years will also revolve around renewing Achmea Reinsurance Company N.V. staff, due to the upcoming retirement of experienced colleagues. Per 1 January 2025, Achmea Reinsurance Company N.V. executed a small internal reorganization with the aim to make the team more resilient for the upcoming challenges and requirements. Like many companies, Achmea Reinsurance Company N.V. has to deal with the consequences of an aging workforce, including its management.
Achmea Reinsurance Company N.V. puts a lot of effort in spreading all tactical knowledge to a larger group of staff members. By doing so Achmea Reinsurance Company N.V. will keep being a centre of excellence for reinsurance specialists within the Achmea Group and an attractive place for specialists to work at.

One thing for sure, with the current turmoil in the world the future will stay volatile, uncertain, chaotic and ambiguous in many perspectives. But that has been the case in the past years as well.

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.

In April 2024 Achmea joined the initiative ‘Forum for Insurance Transition to Net-Zero (FIT)’. This initiative is the successor of the Net Zero Insurance Alliance .

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 material financial impacts on (reinsured) Life insurance.

These developments are evaluated constantly, in preparation for the renewals. Changes in patterns and frequency of covered and non-covered perils are scrutinised. The consequences are implemented in amended reinsurance structures as well as 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 will not be affordable for a large group of customers. 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 our current insights, the transition risk is limited for Achmea Reinsurance Company N.V., both in market and in underwriting risks.

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 Corporate Social Responsibility (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 is 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

Reinsurance is by nature rather international oriented and travelling and meetings in person remaims an important aspect. However, the staff of Achmea Reinsurance Company N.V. is conscious when booking travels, with a strong preference using trains instead of planes. Having said that the material impact of climate change on the business operations of Achmea Reinsurance Company N.V. is not considered to be significant, but awareness is important for our staff.

Corporate Sustainability Reporting Directive (CSRD)

Achmea Reinsurance Company N.V. refers to the sustainability report in Achmea B.V.'s Annual Report 2024. This report provides an overview of our performance on the material sustainability themes and describes the activities we are taking to make a positive contribution to the world. For Achmea B.V.'s Annual Report 2024, please refer to the Achmea website, www.achmea.nl.

Subsequent events

No events with significant financial implications for Achmea Reinsurance Company N.V. occurred after the balance sheet date.

Tilburg, 3 April 2025

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

E.C. Bom H.Chr. Mentink

SUPERVISORY BOARD REPORT

MAIN DEVELOPMENTS IN 2024

The reinsurance markets have been hardening in recent years. This have led to tighter conditions, such as the increase of retentions and the abolition of pre-paid reinstatements. The Supervisory Board discussed the key decisions made during the renewal process with the Board of Directors and supported the outcome.

As a group reinsurer, Achmea Reinsurance Company N.V., performed an important role to optimise risk/return within the consolidated Achmea Group. The Board of Directors informed the supervisory board well about the choices made during the renewal processes and the impact of these choices on Achmea Reinsurance Company N.V. Also, the Supervisory Board was well informed about the run-off of the Non-Life Third Party P&C business, after the decision in the course of 2023 to turn this portfolio in run-off. The impact on Achmea's insurance portfolios caused by climate change remains a topic that received a lot of attention given the possible long term impact on both the frequency and severity of weather driven events. Finally, the Supervisory Board perceived persistent management focus on these developments.
The Supervisory Board also thoroughly discussed the preparations of de Board of directors in respect of the foreseeable changes in staffing caused by retirements in the upcoming years.

In 2024, the Supervisory Board held four regular meetings and one extra meeting focused on the annual report. The meeting of 6 March 2024 was held via Teams and the meeting of 6 June 2024 was held in the company's offices in Tilburg, followed by a lunch session to meet the new employees who joined Achmea Reinsurance Company N.V. since mid-2023. The other meetings took place in the head office of Achmea B.V. in Zeist.

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, the risk appetite, the Own Risk and Solvency Assessment (ORSA) and the 2025 budget.

In addition to the formal meetings, members of the Supervisory Board and the directors of Achmea Reinsurance Company N.V. had contact 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.

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 Life reinsurance. The Supervisory Board has discussed the strategy and supports the initiatives taken.

The Supervisory Board noted that the employee engagement scores based on the 2024 survey remained high. In 2025 continued attention will be given to the topic 'digitalisation and data-driven working'.

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 2024 annual report was discussed and approved in an extra meeting on 2 April 2024 that was attended by the external auditor and Actuarial Function Holder.

In 2024 the Solvency ratio rose substantially from 184% by year end 2023 to 215% by year end 2024. This was mainly due to an increase of the Eligible Own Funds and the release of capital after the decision to stop writing Third-Party Non-Life reinsurance became affective which impacted the Solvency Capital Requirement (SCR). In line with the capital adequacy policy of Achmea Group Achmea Reinsurance Company N.V. distributed in 2024 an amount of € 7.2 million out of the retained earnings to its shareholder.

The results before taxes of Achmea Reinsurance Company N.V. improved to € 84.2 million, mainly driven by a solid insurance service result (€ 47.9 million) and positive developments in financial markets (€ 40.6 million).

Risks and their impact on Achmea Reinsurance Company N.V. were also important agenda items during Supervisory Board meetings in 2024. These included the Strategic Risk Assessment (SRA), development of scenarios and 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 Supervisory Board concluded that Achmea Reinsurance Company N.V. acts in conformity with its risk appetite with an adequate compliance level. 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 2024 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 6 March 2024, Achmea Internal Audit presented and clarified an overview of all conducted audits in 2023 and the planned audits for 2024. Prior to the extra Supervisory Board Meeting of 2 April 2024, 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 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 was senior manager Finance & Operations until 1 December 2024 per which date she joined InShared. The Supervisory Board would like to thank Ms Moubarek for her strong contribution to Achmea Reinsurance Company N.V. Per 1 December 2024 Mr R.L. Berkelmans succeeded Ms Moubarek as senior manager Finance & Operations.

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 2024 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 26 November 2024. The permanent education session focused on cat bonds as an alternative to cover cat perils and a new cat bond Windmill III Re – Serie 1 supported by Achmea. The permanent education session was presented by senior reinsurance manager Mr. J.A. Noordegraaf, leader of the project and was attended by all members of the Supervisory Board as well as one of the members of the Achmea Group Supervisory Board and representatives of the Life and Non-Life entities of Achmea.
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 17 December 2024 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 2024, 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 2025 the co-operation with the Board of Directors will continue in the same positive spirit.

Tilburg, 3 April 2025

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 2024	31 DECEMBER 2023
Assets			
Financial investments	3	521,652	522,209
Reinsurance contract assets	4	414,749	316,291
Receivables and accruals	8	4,895	2,954
Cash and cash equivalents	9	34,639	39,307
Total assets		**975,935**	**880,761**
Equity			
Equity attributable to holders of equity instruments of the company		357,655	304,606
Total equity	**10**	**357,655**	**304,606**
Liabilities			
Liabilities related to reinsurance contracts issued	4	602,742	566,986
Liabilities related to reinsurance contracts issued Non-Life		574,791	533,761
Liabilities related to reinsurance contracts issued Life		27,951	33,225
Financial liabilities	11	5,604	1,510
Derivatives	3	4,447	1,228
Corporate income tax		5,487	6,431
Total liabilities		**618,280**	**576,155**
Total equity and liabilities		**975,935**	**880,761**

INCOME STATEMENT

(X € 1,000)

	NOTES	2024	2023
Insurance revenue		312,091	320,203
Insurance service expenses		-245,494	-228,368
Net insurance service result from reinsurance contracts held		-18,656	-89,069
Insurance service result	**6**	**47,941**	**2,766**
Investment return from (re)insurance activities		42,289	36,169
Financial result from insurance contracts		-9,885	-23,436
Finance result from reinsurance contracts held		8,208	14,328
Net financial result from (re)insurance activities	**7**	**40,612**	**27,061**
Other operating expenses		5,747	4,711
Interest and similar expenses		-1,407	-1,638
Other expenses			2,840
Total other expenses		**4,340**	**5,913**
Profit before tax		**84,213**	**23,914**
Income tax	12	24,000	12,249
Net result		**60,213**	**11,665**

STATEMENT OF COMPREHENSIVE INCOME

(X € 1,000)

	2024	2023
Other comprehensive income		
Net result	60,213	11,665
Comprehensive income	**60,213**	**11,665**
Comprehensive income attributable to:		
Holders of equity instruments of the company	60,213	11,665

STATEMENT OF CHANGES IN EQUITY

(X € 1,000)

	SHARE CAPITAL	SHARE PREMIUM	REVALUA-TION RESERVES	RETAINED EARNINGS	RESULT FOR THE YEAR	TOTAL EQUITY
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**
Balance at 1 January 2024	**4,540**	**135,479**	**2,103**	**150,819**	**11,665**	**304,606**
Net result					60,213	60,213
Comprehensive income					**60,213**	**60,213**
Appropriations to reserves			470	11,195	-11,665	
Distribution to shareholder				-7,164		-7,164
Balance at 31 December 2024	**4,540**	**135,479**	**2,573**	**154,850**	**60,213**	**357,655**

Reference is made to note 10 Equity for more information about Total equity.

STATEMENT OF CASH FLOWS

(X € 1,000)

	NOTES	2024	2023
Cash flows from operating activities			
Result before tax		84,213	23,914
Adjustments of non-cash items and reclassifications:			
Non-cash items included in Insurance service result		-47,941	-2,766
Non-cash items included in Investment result from (re)insurance activities		-23,355	-29,332
Non-cash items included in Finance result from insurance contracts		9,885	23,436
Non-cash items included in Finance result from reinsurance contracts held		-8,208	-14,328
Exchange rate differences and other movements		-247	1,476
		-69,866	**-21,514**
Changes in operating assets and liabilities:			
Changes in Receivables and accruals and Other liabilities recognised as Financial liabilities		-3,282	6,894
Changes in Insurance contract liabilities and assets net of Reinsurance contracts held assets and liabilities		18,444	38,438
Changes in Financial liabilities (excluding financing activities)		969	
Changes in Financial investments		-3,039	-52,640
		13,092	**-7,308**
Cash flows operating items not reflected in Result before tax:			
Paid Income taxes		-24,943	
		-24,943	
Total Cash flow from operating activities		**2,496**	**-4,908**
Cash flow from financing activities			
Capital distribution from the Other reserves and coupon payments		-7,164	
		-7,164	
Net cash flow		**-4,668**	**-4,908**
Net cash and cash equivalents at 1 January	9	39,307	44,215
Net cash and cash equivalents at 31 December	**9**	**34,639**	**39,307**
Cash and cash equivalents include the following items:			
Cash and bank balances		34,639	39,307
Cash and cash equivalents at 31 December	**9**	**34,639**	**39,307**

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 17 Related party transactions.

1. GENERAL ACCOUNTING POLICIES

A APPROVAL OF FINANCIAL STATEMENTS

The Achmea Reinsurance Company N.V. financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the Board of Directors on 3 April 2025. 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 2024 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. If references are made to the balance sheet in the financial statements, this refers to the statement of financial position.

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 International Accounting Standard Board (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 STANDARDS

The following new standards, amendments to standards and interpretations issued by IASB were adopted as of 1 January 2024. These have no significant impact on Total equity as per 31 December 2024, Net result for 2024 and comparative figures of Achmea Reinsurance Company N.V.:

- 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.

D Changes in standards and amendments with future application date

On 9 April 2024, the IASB issued the new standard IFRS 18: Presentation and Disclosure in Financial Statements with an effective date of 1 January 2027. Among other things, IFRS 18 requires a modified presentation of the statement of profit and loss and statement of cash flows, including prescribed subtotals for operating result and result before financing and income taxes. An explanation must be given of the performance indicators defined by management (management-defined performance measures or MPMs) used in the statement of profit and loss, as well as a numerical reconciliation with the IFRS (sub)totals in the statement of profit and loss.

On 9 May 2024, the IASB issued the new standard IFRS 19: Subsidiaries without Public Accountability: Disclosures with an effective date of 1 January 2027. This standard is aimed at subsidiaries that are not “Public Accountability entities” and offers the possibility to apply the reduced disclosure requirements.

In addition, the following amendments to standards with a future application date have been issued in recent years. The effective date of these amendments is 1 January 2025 or later and when applied will have no impact on Total equity, Net result and no or limited impact on the presentation and notes of Achmea Reinsurance Company N.V.:

- Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability (effective date 1 January 2025);
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) (effective date 1 January 2026);
- Annual Improvements Volume 11 (effective date 1 January 2026);
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) (effective date 1 January 2026).

Achmea did not apply these changes early. The impact of this new standard on the presentation and disclosures in Achmea Reinsurance Company N.V.’s financial statements will be further investigated.

E Amendments related to accounting policies, prior period corrections and changes in presentation

During 2024, a number of non-material reclassifications were made to the 2023 figures in the notes to balance sheet and income statement items. These reclassifications do not affect Net income and Total equity. The comparative figures have been adjusted accordingly.

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. No material adjustments related to estimation methodology were made in 2024 compared to Achmea Reinsurance Company N.V.'s 2023 financial statements.

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.

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.

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 2024, B. Capital position, C. Risk profile, D. Risk Management System, E. Insurance risk, F. Market risk, G. Counterparty default risk, H. Liquidity risk, I. Operational risk, J. Compliance risk and K. Capital management.

A. KEY RISK THEMES IN 2024

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. Additionally, these activities are monitored by De Nederlandsche Bank (DNB) 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, which are relevant to Achmea Reinsurance Company N.V., are described on the next page:

STRATEGIC RISK		
Sustainability	Description Sustainability risks are related to all ESG (Environmental, Social and Governance) elements and affect Achmea as an insurer, Achmea as an investor and financier and Achmea's own business operations. There may be strategic and reputational impacts if Achmea does not act quickly enough in the energy transition, its resilience regarding climate change, and if it is unable to fully achieve its (externally communicated) sustainability objectives and sustainability statements.	Control measures Achmea communicated its climate objectives externally. Based on new internal and external insights, these are periodically refined. The activities aimed at achieving all sustainability targets within Achmea have been brought together in one central programme, 'Achmea Sustainable Together', ensuring completeness and consistency in the measures to be taken, both at Group level and within the business units. The sustainability policy has been specified on various points in 2024 (including an ESG Underwriting policy). In Achmea's regular business activities, attention is being paid to risk control measures regarding sustainability throughout the Group. For our insurance activities, this includes, for example, adjusting the product and service offerings, refining the premium setting and terms, and reinsurance. In its investment and financing activities, Achmea has been working for some time with a Responsible Investment (RI) policy, including an exclusion and engagement policy. Within our own business operations, this involves, among other things, the sustainability of our buildings. Regular risk analyses are updated annually and are deepened in specific areas.
Future earnings model	Description The future revenue model of Achmea is influenced by various external developments in the market. This includes the introduction of new distribution, product, and/or service models, which intensify competition and can disrupt current business models. Additionally, broader social and economic trends play an important role, such as demographic shifts, changing laws and regulations, and the influence of changing societal views. Macroeconomic factors, such as interest developments, inflation, and economic growth, can also have consequences for Achmea's revenue model. 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. In consultation with Achmea Schadeverzekeringen N.V., it has been decided not to renew the expiring treaties per 1 January 2025. The reason being the additional provisions on old years made the metrics such that a sustainable treaty for both parties could not be realised. It has been agreed with Achmea Schadeverzekeringen N.V. and the reinsurers involved that we will explore this further in the coming year.	Control measures Achmea's revenue model focuses on achieving a strong operating result, with an emphasis on Operational Free Cash Flow (OFCG) to generate resources for investments in growth and innovation. The strategy aims to maintain existing products, supplemented by strategic explorations and collaborations, so that we can adapt our product portfolio and optimally seize new opportunities. To safeguard this revenue model, we have implemented the following control measures: - A clear strategy focused on operational results and OFCG, enabling us to create resources for future investments in growth and innovation. - A cycle for strategic review, in which the effectiveness of the strategy is periodically evaluated and adjusted as necessary. - Active renewal of products, services, and processes to flexibly respond to market and customer needs and strengthen our competitive position. - Financial and performance management monitors the progress of the strategy and ensures adjustments where necessary. - Monitoring the (future) use of capital and, where necessary, adjusting the capital allocation based on the changing product portfolio.

Geopolitical instability and inflation	Description Geopolitical developments (such as the war in Ukraine, conflicts in the Middle East, and the new government in the U.S.) and inflation can lead to lower investment returns, higher claims costs, increased personnel expenses, decreasing sales of insurance products and increased payment arrears, resulting in a negative impact on the profitability and solvency of Organizations under Supervision. Within Achmea, inflation is primarily reflected in higher wage costs and increased claims costs, deriving from both wage inflation and price inflation.	Control measures Achmea is monitoring developments closely. The consequences of inflation are managed by such means as expense measures, premium adjustments and product management. We support our customers wherever possible in preventing and solving payment difficulties, also in collaboration with the other parties involved. The investment portfolio contains natural hedges because of the correlation with interest rates, equities, real estate and commodities. For the Dutch entities, Achmea makes no use of inflation-linked investment instruments due to the substantial basis risk (only partial correlation between the hedged inflation and inflation in our liabilities). There is a relation with the risk 'Financial markets' that is described below under Market Risk.
Increasing legislative and regulatory requirements and political developments	Description Achmea has to deal with many laws and regulations. There is a risk that Achmea's business operations, earnings model and more specifically the solvency requirements will be affected by political developments and increasing requirements from laws and (tax) regulations and / or by organising solidarity in society differently. This risk affects all Achmea’s product lines. In addition, Achmea is exposed to reputational risk when it fails to comply with laws and regulations in a timely manner.	Control measures Since increasing legislative and regulatory requirements are closely monitored, necessary measures can be initiated in time. Among other things in 2024, attention was paid to the implementation of current and forthcoming legislation and regulations on sustainability and climate change (including external reporting concerning the CSRD), AI Act and the Digital Operational Resilience Act (DORA).
Tight labour market	Description Tightness on the labour market is considered to be structural in nature as a results of demographic developments. It has a direct and an indirect impact. The direct impact is the risk of Achmea being unable to attract and retain the talent required for innovation and business continuity. This could disrupt services and lead to Achmea incurring extra expenses. Use of external capacity can only partially absorb the impact.	Control measures Achmea actively engages with innovative initiatives aimed at shortening the duration of the application process and developing a 'bilingual Achmea' to expand its talent pool. Strategic Workforce Management also focuses on promoting internal mobility and emphasizes upskilling and reskilling. Furthermore, the transformation of the HR organization contributes to efficiency improvements in the processes of recruiting and onboarding new employees at Achmea.
Artificial intelligence	Description The developments in artificial intelligence (AI) are progressing rapidly and are being increasingly applied within Achmea, for example, in the evaluation of underwriting and claims handling, and to maintain high service levels. The main risks are: - Competitive advantage of other insurers who can apply AI faster and more efficiently, leading to potential loss of market share for Achmea. - Incorrect or unclear analyses by AI systems, which can result in wrong underwriting or claims assessments, negatively impacting customer satisfaction and results. - Ethical risks, such as biases in algorithms that disadvantage certain groups, which could result in reputational damage or fines. - Increased cyber risk.	Control measures The risks of AI are managed through: - Investments in AI research and development to stay at the forefront, combined with (strategic) partnerships with technology partners to accelerate AI capabilities and seize new market opportunities. - Development of a company-wide framework for the responsible use of AI ('Responsible AI') under the leadership of Strategy & Transformation. The existing control frameworks for IT, privacy, data governance, and the ethical framework of the Association of Insurers are integrated into this framework. This ensures explainable AI algorithms that provide transparency and enable verifiable results. - Implementation of control measures that ensure AI algorithms are free from biases and operate ethically. This includes control measures on underlying systems,

		models, and datasets, as well as utilizing experts to identify and eliminate bias.
MARKET RISK		
Financial markets	Description As a financial services provider, Achmea is 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. In 2024, the market interest rate remains at a higher level compared to previous years but is showing a slight declining trend throughout the year. A higher market interest rate is expected to have a favorable effect on the long-term protection of policyholders; however, in the short term, interest expenses from refinancing are increasing, which may worsen the Fixed Charge Coverage Ratio, potentially impacting the rating. A period of (prolonged) low interest rates remains possible.	Control measures This risk is controlled by the risk management measures as described in the section Market Risk.
Natural Catastrophe	Description In the non-life portfolio, catastrophic events caused by (extreme) weather conditions can have a significant impact. Due to climate change, the frequency, timing, and intensity of these events may vary. Global climate change trends, combined with inflation and lower investment returns, have led to a hardening of the reinsurance markets in recent years. However, the past year has been characterized by stabilization, with limited consequences for reinsurance premiums, retention, and reinsurance conditions. These developments have implications for the required capital and may increase the volatility of the results.	Control measures Control measures include model development, reinsurance and contingency plans. Regarding the non-life portfolio, these risks are taken into account in product development, pricing and conditions. The hardening reinsurance market has led to higher premiums for many products. Achmea works together with the companies that develop catastrophe models, as well as with universities and the Royal Netherlands Meteorological Institute (KNMI). This also ensures that climate change trends are closely monitored, and impacts evaluated. See also Section E on Non-life Risk
OPERATIONAL RISK		
Cybercrime	Description Cybercrime is an important social issue, one that also continues to grow in importance for Achmea. ‘Cybercrime’ refers to the risk of material damage arising from, for example, loss of data or unauthorised data processing, prolonged disruption of business operations, and hardware disruptions as a result of inadequate security measures. There is also the risk of damage to Achmea’s reputation as a result of social media incidents and/or loss or theft of privacy-sensitive data.	Control measures Through a specific cyber security maturity model, the level of security is assessed, also involving scenario analyses. For control purposes, an Integral Security Approach has been implemented, with a strong focus on awareness and outsourcing. Achmea’s reputation is continuously monitored. In addition Achmea has taken out its own cyber-risk insurance. The main security and privacy risks are managed by means of information security and privacy management measures in the Achmea control framework (CFW).

Emerging risks

Emerging risks are either newly developed risks, or existing risks that continually evolve. They typically feature a high degree of uncertainty in terms of their impact (difficult to quantify) and probability. These are transverse risks that extend across one or more of the risk types within the risk classification (see also Section C Risk profile). They can have a substantial potential impact on an insurer's capital, underwriting, investments and/or operations.

Achmea uses the Politics, Economics, Social, Technology, Environment and Legal (PESTEL) classification to identify emerging risks. This also provides input for the Strategic Risk Analysis. Impactful emerging risks include:

- global debt crisis;
- changes to monetary and fiscal policy;
- failure of critical infrastructure (Internet, electricity, communication systems);
- cybercrime.

In fact, all of these emerging risks are already more or less acknowledged among the main risks for the upcoming planning period. They are therefore known risks, for which measures have already been taken in the existing risk management process.

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 stipulated in Achmea's risk appetite and capital policy, Achmea Reinsurance Company N.V. aims for a target ratio of at least 165% at Solvency II.

At year-end 2024 Achmea Reinsurance Company N.V. is sufficiently capitalised in accordance with statutory requirements.

SOLVENCY II RATIO (X € 1.000)

	31 DECEMBER 2024	31 DECEMBER 2023
Eligible Own Funds under Solvency II	375,436	309,259
Solvency Capital Requirement	174,788	167,830
Surplus	**200,648**	**141,429**
Ratio (%)	215%	184%

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 2024, Achmea Reinsurance Company N.V. had a solid capital position under Solvency II, evidenced by a Solvency Ratio of 215%. The Solvency II ratio has increased by 31% points to 215% (31 December 2023: 184%). The improved capital position is the result of an increase of the Eligible Own Funds. The increase of the Eligible Own Funds is mainly due to day-to-day business since no major natural catastrophe events occurred at Achmea Reinsurance Company N.V. during 2024. Furthermore, the Eligible Own Funds increased due to positive financial market developments, including interest payments and a capital distribution from the Other reserves. However, the Solvency Capital Requirement also increased. The main reasons for the increase of the Solvency Capital Requirement can be found in the increase of market risk due to the increasing market values, the decrease of Non-Life underwriting risk due to the decision to stop underwriting Third Party P&C reinsurance and the decrease in the LAC EP – UR due to changes in the reinsurance program.

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 2024	31 DECEMBER 2023
Tier 1	375,436	309,259
Total eligible own funds Solvency II	**375,436**	**309,259**

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 IFRS EQUITY AND SOLVENCY II ELIGIBLE OWN FUNDS (X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
IFRS equity for the purpose of reconciliation to Solvency II eligible own funds	357,666	304,606
Solvency II valuation and classification differences	17,770	4,653
Available own funds Solvency II	**375,436**	**309,259**
Not qualifying equity and foreseeable dividends	0	0
Eligible own funds Solvency II	**375,436**	**309,259**

Compared to year-end 2024 the eligible own funds increased with € 66.1 million to € 375.4 million (year-end 2023: € 309.3 million). The increase of the Eligible Own Funds is due to day-to-day business and the outcome of positive financial market developments. The increase of the Eligible Own Funds is mainly due to day-to-day business since no major events occurred in the portfolio of Achmea Reinsurance Company N.V. during 2024. Furthermore, the Eligible Own Funds increased due to positive financial market developments, including interest payments and a capital distribution from the Other reserves.

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.

The scope of the reported SII figures is subject to assessment by De Nederlandsche Bank (DNB) as part of the supervisory review process. This means that interpretations may change.

C. RISK PROFILE

In describing Achmea's risk profile and risk management in its capacity as a financial service provider, a risk classification is used which is largely based on the Solvency II risk classification for calculating the solvency capital requirement (insurance risk, market risk, counterparty default risk and operational risk). Compliance risk is distinguished separately in the risk classification. Under Solvency II it is not viewed as a separate risk but included under operational risk. In addition, the listed types of risk include liquidity risk and strategic risk. As one of Achmea's entities, Achmea Reinsurance Company N.V. follows this risk profile.

Compliance risk	Achmea runs the risk of non-compliance with laws and regulations or failing to implement forthcoming laws and regulations on time, which may result in legal or administrative sanctions that in turn may result in substantial financial loss or reputational damage. Compliance risk is a distinct risk that is differentiated from other kinds of risk as a function in law and practice; as a risk class, it requires its own specific controls. Key compliance risks include the risks related to duty of care, product development, customer due diligence, privacy (compliance with the General Data Protection Regulation), integrity and fraud control and competition.
Liquidity risk	Achmea is exposed to liquidity risk with regard to its reinsurance activities.
Market risk	As a financial service provider, Achmea 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 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 default risk	Achmea is exposed to counterparty risk , as a consequence of unexpected bankruptcy or deterioration of the creditworthiness of counterparties and debtors, in its investments, treasury, reinsurance activities, and in its dealings with intermediaries.
Insurance risk	Achmea 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'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 to achieve its business objectives and strategic goals.

Achmea Reinsurance Company N.V. 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 including has defined a separate risk classification comprising Environmental, Social and Governance risks. As one of Achmea's entities, Achmea Reinsurance Company N.V. follows this risk classification.

Sustainability risk	Achmea is exposed to the risk of current or future negative effects of environmental (E), social (S) or governance (G) incidents or circumstances on Achmea, its counterparties, assets, investments, liabilities and operations.
Environmental risk (E)	Achmea is exposed to the risk of current or future negative effects of environmental factors on its assets, acceptance and activities (including those caused by climate change or loss of biodiversity).
Social risk (S)	Achmea is exposed to the risk of negative social implications in its direct or indirect treatment of different groups of stakeholders (society as a whole, communities and Achmea's employees). This can derive from the loss of social capital or product liability or failing to realise Achmea's social sustainability ambitions.
Governance risk (G)	Achmea is exposed to the risk of negative governance effects as a result of the way in which Achmea and its value chain govern themselves through policy, processes and controls, e.g. by failing to monitor sustainability targets properly or not promoting a culture of sustainability.

In risk assessments both the overall risk classification and the specific risk classification for sustainability risk are used. 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 De Nederlandsche Bank (DNB). 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 Achmea Reinsurance Company N.V.'s 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.'s 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 2024	31 DECEMBER 2023
Market risk	103,009	90,813
Counterparty risk	18,078	15,983
Life risk	42,544	45,307
Health risk	29,947	29,475
Non-Life risk	174,774	185,430
Diversification	-118,735	-116,878
Basic Solvency Capital Requirement	**249,617**	**250,130**
Loss absorbing capacity of Expected Profit (LAC EP)	-26,298	-35,362
Loss absorbing capacity of Deferred Tax (LAC DT)	-60,775	-58,356
Operational Risk	12,244	11,418
Solvency Capital Requirement	**174,788**	**167,830**

A large part of the Solvency Capital Requirement results directly from the product range and consists of insurance risk, comprising Life, Non-Life and Health risks. As a financial service provider Achmea Reinsurance Company N.V. is also exposed to market risk due to its investment portfolio. Furthermore, the risk profile according to the Solvency Capital Requirement includes counterparty risk and operational risk. The Solvency Capital Requirement increased by an amount of € 7.0 million to € 174.8 million (year-end 2023: € 167.8 million). The main reasons for the increase of the Solvency Capital Requirement can be found in the increase of market risk due to the increasing market values, the decrease of Non-Life underwriting risk due to the decision to stop underwriting Third Party P&C reinsurance and the decrease in the LAC EP – UR due to changes in the reinsurance program.

D. RISK MANAGEMENT AND INTERNAL CONTROL 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.

Risk strategy

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 - Executive Board and risk committees at Group level. - Business management and decentral risk committees within the business units.	SUPPORT, MONITORING AND CONTROL - The Compliance, Risk Management and Actuarial departments operate at both group and business unit level. Some entities have their own compliance and risk management department due to different legal requirements, specific knowledge or efficiency. - 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.	ASSESSMENT AND REVIEW - The Internal Audit department operates at both group and business unit levels.

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 on 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 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, for example Finance and Risk Committee and Underwriting Committee. The last committees make all reinsurance business related decisions.

Key functions

The compliance function, the risk management function, the actuarial function and the internal audit function have been set up at the group level and for the supervised entities, in line with the legislation and regulations.

- The central Compliance, Risk Management and Actuarial staff departments fulfil the compliance, risk management and actuarial functions at group level. These functions report to the Chief Risk Officer on the Executive Board.
- The internal audit function at group level is fulfilled by the central Internal Audit staff department. This function reports to the Chair of the Executive Board.

The second and third line group key function holders always have access to the chairs of the Executive Board, the Audit & Risk Committee and the Supervisory Board respectively. The entities’ second line key function holders can always contact these bodies through the group key function holder, or through the chair of the entity's management board followed by the entity's Supervisory Board. Additionally, key function holders may contact and report to external supervisory bodies as they deem necessary.

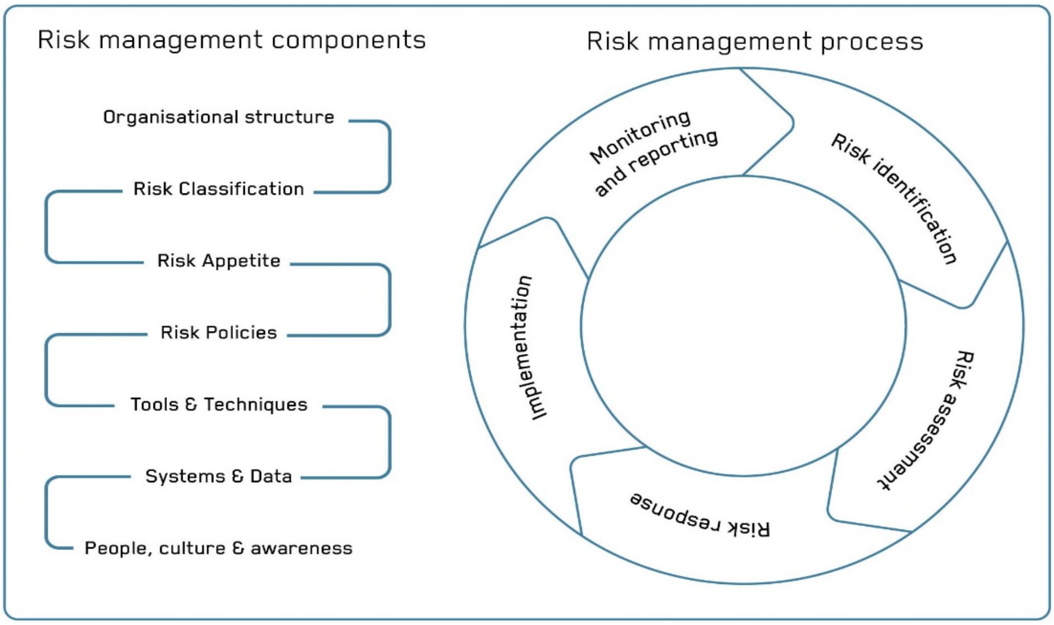
Framework

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. In the IGRC management cycle, given knowledge of developments in the internal and external environment, risks are identified, assessed, controlled, monitored and reported through a continuous process. Here, 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. This does not entail a positively effect on the qualification of the risk, however. The required risk response remains the same.
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 N.V.'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

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 (re)insurance contracts, resulting from inadequate pricing and provisioning assumptions and encompasses Life risk, Non-Life risk and Health risk.

Reinsurance

As Achmea's expert center Achmea Reinsurance has three roles: advisor, purchaser and risk carrier. Achmea Reinsurance provides the main reinsurance cover to the Dutch and foreign insurance entities within Achmea. Part of the reinsurance contracts are retroceded to the external reinsurance market. A portfolio of reinsurances assumed from third parties has been created in order to diversify insurance risk and to increase earnings for Achmea.

Achmea has a Reinsurance Policy which is part of the Group Policy framework. The Reinsurance policy contains an overview of all responsibilities with regard to the reinsurance process. Within the reinsurance process for the external Non-Life Group Reinsurance program there are specific roles: the Achmea entities decide on the level of retention within their risk appetite and the Underwriting Committee of Achmea Reinsurance decides on the retention for Achmea Reinsurance Company N.V. The Group Non-Life Catastrophe reinsurance programme is placed in the market after approval by the Reinsurance Delegates Committee and the Executive Board respectively. Given a close cooperation between Achmea Reinsurance and the reinsurance departments of the foreign insurance entities, Achmea Reinsurance has the possibility to participate in parts of their reinsurance programs as a risk carrier.

The Group Non-Life reinsurance programme mainly consists of catastrophe excess-of-loss contracts and per risk excess-of-loss contracts (Property, Casualty and Marine per Risk). The reinsurance programme consists of several layers to place the programme as efficiently as possible.

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 and SII. The liabilities related to reinsurance contracts held are determined at least four times a year , and more often if deemed necessary or required by law.

Life risk

Life risk is the risk of loss, or of adverse change in the value of Liabilities related to insurance contracts, resulting from:
- 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, 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 2024	31 DECEMBER 2023
Mortality	5,244	6,615
Expense	560	729
Catastrophe	40,773	42,990
Diversification	-4,033	-5,027
Solvency Capital Requirement Life risk	**42,544**	**45,307**

Compared to 2023 the Life Underwriting Risk remained broadly the same. Mortality Risk decreased by € 1.4 million, due to changes of the volume factor within the underlying portfolio. The Catastrophe Risk decreased by € 2.2 million. This is the result of changes of the volume factor within the underlying portfolio.

The longevity sensitivities are not presented as this impact is limited due to the small size of the portfolio and the portfolio being in run-off.

Risk response

Reinsurance is used to limit Mortality and Catastrophe Risk within the SCR for Life Underwriting Risk. Achmea Reinsurance Company N.V. has a quota-share agreement with Achmea Pensioen- en Levensverzekeringen N.V. Part of this quota-share is placed in the reinsurance market.

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.

SOLVENCY II SENSITIVITIES: NON-LIFE (X € 1,000)

	31 DECEMBER 2024			31 DECEMBER 2023		
	IMPACT REQUIRED IMPACT SII EQUITY	CAPITAL	IMPACT RATIO (%)	IMPACT REQUIRED IMPACT SII EQUITY	CAPITAL	IMPACT RATIO (%)
Combined ratio (+5%)	-2,629	1,939	-4%	-7,299	534	-5%

NON-LIFE RISK (X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
Lapse		1,456
Premium and reserve	69,965	87,958
Catastrophe	143,620	142,720
Diversification	-38,811	-46,704
Solvency Capital Requirement Non-life risk	**174,774**	**185,430**

The capital required for Non-Life risk decreased by € 10.7 million.

The Premium and Reserve risk decrease by € 18.0 million. The Reserve Risk decreased by € 17.8 million due to payments of claim reserves. The Premium risk decreased by € 1.3 million due to the Third Party P&C reinsurance business being in run-off. Changes within diversification effects have an effect of € 0.5 million.

The Catastrophe Risk increased by € 0.9 million. The decrease is due to several factors:

- The decision to stop underwriting Third Party P&C reinsurance has an impact of € -12.6 million.
- Renewal effects:
  - The mismatch between inward and outward reinstatement premium has a positive effect of € 10.0 million.
  - The derisking of the fire scenario has an effect of € -7.0 million.
  - Coverage being restored which as a positive effect of € 3.5 million.
  - Diversification within Catastrophe Risk has a positive effect of € 6.6 million, due to changes within the underlying portfolios.
  - Other effects have an impact of € 0.4 million.

As a result of the above-mentioned reasons the diversification decreases by € 10.9 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 windstorm 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 and large fires.

Due to climate change, the probability of weather-related catastrophes 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).

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.

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.

Reinsurance is used to limit the impact of weather-related events, natural disasters, major fires, large claims in general and motor third-party liability within the SCR for Non-Life Underwriting Risk. Part of the retention is maintained at Achmea Reinsurance Company N.V.

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 portfolios property/engineering (residential, commercial, agriculture farmers), greenhouse (horticulture) and motor hull of both the Dutch and the foreign insurance entities. The different portfolios are combined in an external programme with different layers. For both the Dutch and the foreign insurance entities, Achmea Reinsurance provides individual excess-of-loss programmes with also different retentions.
- Achmea Reinsurance Company N.V. is used at all Achmea's foreign insurance entities to mitigate Underwriting Risk, in particular for Non-Life Catastrophe Risk. All layers in excess of the catastrophe programs are integrated in the Group reinsurance program.
- Property & Engineering: This is an excess-of-loss programme for the individual claims (mainly fire claims) of the portfolios of the Dutch and foreign insurance entities. The individual entities maintain a retention on this type of risk. Achmea Reinsurance has the possibility to participate in the programme. Individual risks that exceed the treaty limit of the programmes are covered on a facultative basis.
- Marine: this is an excess-of-loss programme for the individual and accumulated claims of the Dutch and foreign supervised entities. The individual entities maintain a retention on this type of risk. Achmea Reinsurance has the possibility to participate in the programme. Individual risks that exceed the treaty limit of the programmes are covered on a facultative basis.
- General Liability and Motor Third Party Liability: this is a reinsurance programme for general liability, motor liability risks and large personal injury claims.

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 (X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
Health risk SLT	1,371	1,456
Health risk NSLT	3,345	2,312
Health catastrophe	28,495	28,364
Diversification	-3,264	-2,657
Solvency Capital Requirement Health risk	**29,947**	**29,475**

The Health underwriting risk remained almost equal compared to 2023.

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 2024	31 DECEMBER 2023
Interest rate	17,028	17,147
Equity	81,111	67,788
Property	5,139	3,230
Spread	21,436	23,480
Currency	6,989	7,383
Concentration	-28,694	-28,215
Solvency Capital Requirement Market risk	**103,009**	**90,813**

The required capital for market risk increased by € 12.2 million from € 90.8 million to € 103.0 million. This increase is mainly the result of increasing market values due to positive financial market developments, causing the Equity Risk to increase by € 13.3 million. The Property risk increased by € 1.9 million due to positive market developments, investments in indirect property and the yearly ESG calibration. The Spread Risk decreased by € 2.0 million due the yearly ESG calibration and spread effects. The diversification effected the Solvency Capital Requirement Market Risk by € - 0.5 million.

The Solvency II position is sensitive to market fluctuations. The table below provides an overview of this sensitivity in relation to the solvency position at year end. The total value of the equity portfolio as at 31 December 2024 was € 142.5 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 2024. The 20% drop in equity values equals a decrease in the market value of the equity portfolios of € 41.6 million and has an Eligible Own Funds impact net of tax of € 30.8 million. This decrease in market values would cause the market risk, LACEP and LACDT to decrease by € 6.3 million. The combined effect on the Eligible Own Funds and Solvency Capital Requirement would negatively impact the Solvency II ratio by 10%-pt. In 2023 the impact of the shock was 8%-pt.

SOLVENCY II SENSITIVITIES

(X € 1,000)

	31 DECEMBER 2024			31 DECEMBER 2023		
	IMPACT SII EQUITY	IMPACT REQUIRED CAPITAL	IMPACT RATIO (%)	IMPACT SII EQUITY	IMPACT REQUIRED CAPITAL	IMPACT RATIO (%)
Equity -20%	-30,845	-6,253	-10%	-21,473	-4,104	-8%
Interest -50 basis points	3,152	796	-1%	3,620	-308	3%
Interest +50 basis points	-3,088	-809	-1%	-3,548	252	-2%
Spread -50 basis points	3,552	-39	2%	4,681	-46	3%
Spread +50 basis points	-3,488	140	-2%	-4,610	205	-3%

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 € 196 thousand (2023: € 124 thousand) with a notional amount of € -4.5 million (2023: € 2.9 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 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.

CURRENCY RISK NON-EURO EXPOSURE (X € 1,000)

	ECONOMIC VALUE BEFORE STRESS				ECONOMIC VALUE AFTER STRESS				SCRFX		Δ
	2024		2023		2024		2023		2024	2023	
	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES	ASSETS	LIABILITIES			
USD (downward)	46,065	28,745	50,181	38,229	34,549	21,559	37,636	28,672	4,330	2,988	1,342
SEK (downward)	2,077	42	2,148	108	1,558	32	1,611	81	509	510	-1
CAD (2024: downward, 2023: upward)	-1,692	-3,492	-3,530	1,815	-1,269	-2,619	-2,646	1,362	450	1,337	-887
SGD (downward)	1,432		469		1,074		352		358	117	241
ZAR (upward)		1,012		340		1,265		255	253	85	168
Total (downward)	52,380	25,769	59,126	36,357	39,525	19,327	44,623	27,267	6,413	5,413	1,000
Total (upward)	-4,719	-2,416	-4,471	3,411	-5,899	-3,020	-5,588	4,264	576	1,970	-1,394
Total	**47,661**	**23,353**	**54,655**	**39,768**	**33,626**	**16,307**	**39,035**	**31,531**	**6,989**	**7,383**	**-394**

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 2024 the required capital increased from € 15.9 million at year-end of 2023 to € 18.1 million year-end of 2024. The increase is mainly due to changes within the claims reserve, 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 GROUP LEVEL

	(€ MILLION)
AAA	700
AA+, AA, AA-	500
A+, A, A-	400
BBB+	250
BBB	200
BBB-	125
<=BB+ and no rating	Determined case-by-case

Achmea Reinsurance Company N.V. uses ratings 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 Finance & 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 the 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 2024, the required capital for operational risk increased from € 11.4 million at year-end 2023 to € 12.2 million at year-end 2024. The increase is mainly due to developments in the earned premium.

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, for example, 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 AI.

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 framework'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, Digital Operational Resilience Act (DORA), 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 2024, 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 2024, 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, AI and DORA were the main focus areas for the compliance function within Achmea for 2024. 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 CDD and DORA, 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>

In 2024, an on-site review of the operation of the compliance key function for the insurance entities, including Achmea Reinsurance Company N.V., was carried out together with De Nederlandsche Bank (DNB). The outcomes were received and discussed with DNB. The regulator found that Achmea Reinsurance Company N.V. has designed and implements the compliance key function in a professional manner.

<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 and Duty of Care.

Customer Due Diligence (CDD)

The topic of CDD continues to be a top priority within Achmea. Further improvements to control were a priority in 2024. This involves continuous learning from developments in the business units, from 2nd and 3rd line monitoring and audits, outcomes of on-site visits by regulators to the business units, from decisions to impose a fine at other companies, and reports from regulators or court rulings. In addition to management from the supervised business units, there is additional management by the central CDD Task Force.

Similarly to 2023, progress is monitored against delineated pending actions that were open in 2024 and had realistic deadlines. Settlement was targeted throughout 2024, with a major focus on transferring CDD processes to the Know Your Customer (KYC) Centre launched in July 2023. All executive CDD activities will be centralised here, with the aim of making the work more uniform in the future, and combining and increasing expertise within Achmea. During 2024, virtually all CDD processes were transferred to the KYC Centre. The implementation of CDD processes is supported by a generic CDD IT platform. This platform will continue to be developed during 2025. During 2024, the focus was mainly on implementing support for transaction monitoring. In 2025, the priority will shift to screening, both in the onboarding phase and on an ongoing basis, and maintaining CDD files effectively.

Throughout 2024, continued attention was paid to compliance with sanctions that changed frequently, partly due to Russia's invasion of Ukraine. Mandatory reporting on these sanctions to regulators and the Ministry of Finance was achieved satisfactorily.

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 2024. 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 2025, 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 2024. 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. For example, in 2024, Achmea passed an Advanced Red Team test with positive results in order to have an external partner test its resilience. There were no major incidents in 2024.

The implementation of DORA legislation in 2024 led to some further refinements in cyber resilience and a higher degree of demonstrability for risk management. In addition to an update of policies and processes, these refinements entail the establishment of far-reaching technical measures. Partly prompted by the DORA implementation, further steps were taken last year with respect to Third Party Risk. Agreements with critical vendors regarding cyber resilience have been refined and contracts have been brought into line with DORA requirements.

For the time being, geopolitical and technological developments do not seem to offer any prospect of a decrease in cybersecurity risk, keeping it high on the management agenda in 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

	12/31/2024	12/31/2023
S&P (Financial Strength Rating)	A- (stable)	A- (Stable)

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

INVESTMENTS CLASSIFIED BY NATURE (X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
Equities & similar investments	244,470	202,093
Fixed income investments		
Bonds from or guaranteed by Governments	156,358	197,394
Securitised bonds	2,568	8,774
Corporate bonds	117,524	111,211
Total fixed income investments	**276,450**	**317,380**
Derivatives	732	2,736
Total	**521,652**	**522,209**

All investments of Achmea Reinsurance Company N.V. are measured mandatorily at fair value with changes in the fair value recognised in the income statement.

Equity investments and similar investments amounting to € 244.5 million (31 December 2023: € 202.1 million) consist of investments in listed ordinary shares of € 153.7 million (31 December 2023: € 127.1 million), investments in real estate funds of € 19.0 million (31 December 2023: € 13.3 million), investments in fixed-income funds of € 28.6 million (31 December 2023: € 35.7 million), investments in Alternatives of € 25.0 million (2023: € 15.3 million) and Other investments of € 18.3 million (2023: € 10.7 million).

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

MOVEMENTS FINANCIAL INVESTMENTS (X € 1,000)

	2024	2023
Balance at 1 January	**522,209**	**456,241**
Investments and loans granted	375,824	354,149
Divestments and disposals	-423,290	-325,565
Fair value changes	35,462	28,966
Foreign currency differences	7,943	1,797
Accrued interest and rental	661	792
Changes due to reclassification	877	5,829
Other changes	1,966	
Balance at 31 December	**521,652**	**522,209**

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

The financial investments decreased with € 0.6 million in 2024 compared to 2023. The main cause of this development is the sales of investments. However, these are largely offset by increases in value.

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 2024
Interest rate derivatives	196	43	153
Currency derivatives	469	4,286	-3,817
Equity derivatives	67		67
Other derivatives		118	-118
Total	**732**	**4,447**	**-3,715**
	ASSETS	LIABILITIES	31 DECEMBER 2023
Interest rate derivatives	124	403	-279
Currency derivatives	2,554	817	1,737
Equity derivatives	58	5	53
Other derivatives		3	-3
Total	**2,736**	**1,228**	**1,508**

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

(X € 1,000)

	LESS THAN 1 YEAR	1-3 YEARS	3-5 YEARS	> 5 YEAR	TOTAL
31 DECEMBER 2024					
Interest rate derivatives	43				43
Currency derivatives	4,286				4,286
Equity derivatives					
Other derivatives	118				118
	4,447				**4,447**
31 DECEMBER 2023					
Interest rate derivatives	403				403
Currency derivatives	818				818
Equity derivatives	5				5
Other derivatives	2				2
	1,228				**1,228**

Based on their contractual maturity, an amount of € 250.7 million (2023: € 263.5 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 NOTIONAL AND FAIR VALUE FOR INTEREST AND CURRENCY DERIVATIVES OWN RISK

(X € 1,000)

			31 DECEMBER 2024			31 DECEMBER 2023
	NOMINAL VALUE	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES	NOMINAL VALUE	FAIR VALUE ASSETS	FAIR VALUE LIABILITIES
Interest derivatives	-4,465	196	43	2,891	124	404
Forward exchange contracts	118,836	469	4,286	101,609	2,554	570
Total	**114,371**	**665**	**4,329**	**104,500**	**2,678**	**974**

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, that is 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.

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 2024			31 DECEMBER 2023
	(RE)INSURANCE ASSETS	(RE)INSURANCE LIABILITIES	TOTAL	(RE)INSURANCE ASSETS	(RE)INSURANCE LIABILITIES	TOTAL
Reinsurance contracts issued						
Non-life						
Premium allocation approach		574,791	574,791		533,761	533,761
Life						
General model		27,951	27,951		33,225	33,225
Totaal Reinsurance contracts issued		**602,742**	**602,742**		**566,986**	**566,986**
Assets related to reinsurance contracts held						
Non-life						
Premium allocation approach	414,139		414,139	311,073		311,073
Life						
General model	610		610	5,218		5,218
Total assets related to reinsurance contracts held	**414,749**		**414,749**	**316,291**		**316,291**

The total value of reinsurance contracts increased to € 602.7 million (2023: € 567.0 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 2024
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 5 AND 15 YEARS	OVER 15 YEARS	TOTAL
Life					
Reinsurance contracts issued	187	3,624	8,389	2,398	14,598
Reinsurance contracts held	-994	141	350	456	-47

(X € 1,000)

					31 DECEMBER 2023
	LESS THAN 1 YEAR	BETWEEN 1 AND 5 YEARS	BETWEEN 5 AND 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

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.

(€ 1.000)

									31 DECEMBER 2024
	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
Insurance contract liabilities									
Non-life	244,670	104,083	66,041	42,427	30,288	67,797	10,360	3,870	569,536
Life	7,332	6,045	217	169	81	-453	-1,177	-554	11,660
Total	**252,002**	**110,128**	**66,258**	**42,596**	**30,369**	**67,344**	**9,183**	**3,316**	**581,196**

									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
Insurance contract liabilities									
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**

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 2024		31 DECEMBER 2023		31 DECEMBER 2024		31 DECEMBER 2023	
	REINSURANCE CONTRACTS ISSUED	%	REINSURANCE CONTRACTS ISSUED	%	ASSETS RELATED TO REINSURANCE CONTRACTS HELD	%	ASSETS RELATED TO REINSURANCE CONTRACTS HELD	%
Life	27,951	5	33,225	6	610		5,518	2
Income Protection	286,656	48	166,942	29	217,093	53	161,872	51
Property	243,861	40	281,395	50	177,481	43	104,433	33
Casualty	44,274	7	85,425	15	19,565	4	44,768	14
Total	**602,742**	**100**	**566,987**	**100**	**414,749**	**100**	**316,591**	**100**

Insurance business analysis: Non-Life

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

MOVEMENTS IN TOTAL INSURANCE CONTRACTS - NON-LIFE 2024 (X € 1,000)

	LIABILITIES FOR REMAINING COVERAGE		PAA		
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	ESTIMATES OF PRESENT OF VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	TOTAL
Insurance contracts assets					
Insurance contracts liabilities	41,909	137	484,593	7,120	533,761
Balance at 1 January	**41,909**	**137**	**484,593**	**7,120**	**533,761**
Revenue from regular contracts	-257,703				-257,703
Insurance service revenue	**-257,703**				**-257,703**
Incurred benefits & claims and other insurance service expenses			105,088	1,490	106,578
Adjustments to liabilities for incurred claims			71,770	-3,649	68,121
Losses and reversal of losses on onerous contracts		192			192
Insurance service expenses		**192**	**176,858**	**-2,159**	**174,891**
Insurance service result	**-257,703**	**192**	**176,858**	**-2,159**	**-82,812**
Financial income and expenses	-208		10,024	445	10,261
Effect of changes in exchange rates	187		2,221	-151	2,257
Total changes in the statement of profit and loss	**-257,724**	**192**	**189,103**	**-1,865**	**-70,294**
Premiums received	287,676				287,676
Claims, investment components and other insurance service expenses paid			-176,350		-176,350
Cash flows	**287,676**		**-176,350**		**111,326**
Balance at 31 December	**71,861**	**329**	**497,346**	**5,255**	**574,791**
Insurance contracts assets					
Insurance contracts liabilities	71,861	329	497,346	5,255	574,791

The Adjustment to Liabilities for incurred claims of € 71.8 million is mainly related to the WGA/WIA contract, due to higher disability claims.

MOVEMENTS IN TOTAL INSURANCE CONTRACTS - NON-LIFE 2023

(X € 1,000)

	LIABILITIES FOR REMAINING COVERAGE		PAA		
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	ESTIMATES OF PRESENT OF VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	**TOTAL**
Insurance contracts assets					
Insurance contracts 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**
Revenue from regular contracts	-280,842				-280,842
Insurance service revenue	**-280,842**				**-280,842**
Incurred benefits & claims and other insurance service expenses			157,527	1,963	159,490
Adjustments to liabilities for incurred claims			39,443	-3,232	36,211
Losses and reversal of losses on onerous contracts		-8,718			-8,718
Insurance service expenses		**-8,718**	**196,970**	**-1,269**	**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	-1,245
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, investment components and other insurance service expenses paid			-128,878		-128,878
Cash flows	**251,934**		**-128,878**		**123,056**
Balance at 31 December	**41,909**	**137**	**484,593**	**7,121**	**533,761**
Insurance contracts assets					
Insurance contracts liabilities	41,909	137	484,593	7,121	533,761

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)	2024[1]	2023	2022	2021	2020	2019	2018	2017	2016	2015	TOTAL
Estimate of cumulative claims											
At the end of underwriting year	111,242	228,888	248,755	106,221	93,903	79,666	88,528	69,494	199,629	21,921	
One year later		255,804	259,148	140,093	116,220	78,529	97,982	56,250	189,936	16,905	
Two years later			299,112	135,170	130,687	72,300	97,236	49,588	187,364	16,710	
Three years later				149,161	121,893	85,706	95,163	48,409	183,953	25,862	
Four years later					121,202	82,273	93,880	46,280	183,924	31,805	
Five years later						81,289	93,010	44,847	186,450	31,743	
Six years later							92,938	42,946	186,267	31,732	
Seven years later								42,990	186,078	24,271	
Eight years later									184,452	25,258	
Nine years later										24,277	
Estimate of cumulative claims	**111,242**	**255,804**	**299,112**	**149,161**	**121,202**	**81,289**	**92,938**	**42,990**	**184,452**	**24,277**	**1,362,467**
Cumulative payments	23,832	115,747	193,829	81,897	79,667	46,003	90,140	42,375	182,971	24,251	880,712
	87,410	**140,057**	**105,283**	**67,264**	**41,535**	**35,286**	**2,798**	**615**	**1,481**	**26**	**481,755**
Insurance liabilities claims prior years (< 2015)											47,640
Risk Adjustment											5,255
Effect of discounting											-32,049
Outstanding claims at 31 December 2024											**502,601**

1. The decrease in the cumulative claims at the end of underwriting year 2024 compared to 2023 is the result of the decision to stop underwriting Third Party P&C reinsurance as at 1 January 2024 and less catastrophes compared to underwriting year 2023.

CLAIMS DEVELOPMENT TABLE FOR NON-LIFE

(X € 1,000)

(NET OF REINSURANCE)	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	TOTAL
Estimate of cumulative claims											
At the end of underwriting year	24,609	116,183	111,098	54,821	48,847	26,645	64,476	58,296	32,346	8,894	
One year later		96,079	119,742	58,960	66,806	28,298	67,438	49,432	27,535	3,707	
Two years later			119,024	73,722	74,178	22,579	67,842	42,772	26,360	3,482	
Three years later				76,442	70,983	19,332	66,013	41,593	26,360	3,133	
Four years later					72,014	18,764	64,584	39,465	26,021	9,076	
Five years later						18,080	63,179	37,139	28,432	3,014	
Six years later							63,662	35,238	27,356	3,003	
Seven years later								35,282	27,292	-1,524	
Eight years later									24,825	243	
Nine years later										2,517	
Estimate of cumulative claims	**24,609**	**96,079**	**119,024**	**76,442**	**72,014**	**18,080**	**63,662**	**35,282**	**24,825**	**2,517**	**532,534**
Cumulative payments	9,668	72,373	95,643	57,600	60,563	16,779	61,146	34,667	23,895	2,490	434,824
	14,941	**23,706**	**23,381**	**18,842**	**11,451**	**1,301**	**2,516**	**615**	**930**	**27**	**97,710**
Insurance liabilities claims prior years (< 2015)											29,750
Risk Adjustment											5,255
Effect of discounting											-8,209
Outstanding claims at 31 December 2024											**124,506**

Insurance business analysis: Life

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

MOVEMENTS IN TOTAL INSURANCE CONTRACTS - LIFE 2024 (X € 1,000)

	LIABILITIES FOR REMAINING COVERAGE			
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIABILITIES FOR INCURRED CLAIMS	TOTAL
Insurance contracts assets				
Insurance contracts liabilities	14,525	10,392	8,308	33,225
Balance at 1 January	**14,525**	**10,392**	**8,308**	**33,225**
Revenue from contracts under the Fair value approach	-2,189	-8,465		-10,654
Revenue from regular contracts	-36,276			-36,276
Insurance service revenue	**-38,465**	**-8,465**		**-46,930**
Incurred benefits & claims and other insurance service expenses			26,043	26,043
Losses and reversal of losses on onerous contracts		7,578		7,578
Insurance service expenses		**7,578**	**26,043**	**33,621**
Insurance service result	**-38,465**	**-887**	**26,043**	**-13,309**
Financial income and expenses	-740	86		-654
Effect of changes in exchange rates	-858			-858
Total changes in the statement of profit and loss	**-40,063**	**-801**	**26,043**	**-14,821**
Premiums received	40,555			40,555
Claims, investment components and other insurance service expenses paid[1]			-34,097	-34,097
Cash flows	**40,555**		**-34,097**	**6,458**
Transfer to other items in the statement of financial position	**795**	**2,294**		**3,089**
Balance at 31 December	**15,812**	**11,885**	**254**	**27,951**
Insurance contracts assets				
Insurance contracts liabilities	15,812	11,885	254	27,951

MOVEMENTS IN TOTAL INSURANCE CONTRACTS - LIFE 2023

(X € 1,000)

	LIABILITIES FOR REMAINING COVERAGE			
	EXCLUDING LOSS COMPONENT	LOSS COMPONENT	LIABILITIES FOR INCURRED CLAIMS	TOTAL
Insurance contracts assets				
Insurance contracts liabilities	26,703	1,941	6,131	34,775
Balance at 1 January	**26,703**	**1,941**	**6,131**	**34,775**
Revenue from contracts under the Fair value approach	-8,919			-8,919
Revenue from regular contracts	-32,336			-32,336
Insurance service revenue	**-41,255**			**-41,255**
Incurred benefits & claims and other insurance service expenses			33,039	33,039
Losses and reversal of losses on 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**	**2,127**
Premiums received	27,995			27,995
Claims, investment components and other insurance service expenses paid[1]			-31,672	-31,672
Cash flows	**27,995**		**-31,672**	**-3,677**
Balance at 31 December	**14,525**	**10,392**	**8,308**	**33,225**
Insurance contracts assets				
Insurance contracts liabilities	14,525	10,392	8,308	33,225

MOVEMENTS IN INSURANCE CONTRACTS VALUED AT GMM - LIFE 2024

(X € 1.000)

			CONTRACTUAL SERVICE MARGIN			
	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	CONTRACTS UNDER FAIR VALUE APPROACH	OTHER CONTRACTS	TOTAL CSM	TOTAL
Insurance contracts assets						
Insurance contracts liabilities	14,633	1,342	12,105	5,145	17,250	33,225
Balance at 1 January	**14,633**	**1,342**	**12,105**	**5,145**	**17,250**	**33,225**
Changes that relate to current services	**1,640**	**-777**	**-573**	**-1,491**	**-2,108**	**-1,245**
CSM recognised for services provided			-573	-1,491	-2,108	-2,108
Change in the risk adjustment for non-financial risk		-777				-777
Experience adjustments	1,640					1,640
Changes that relate to future services	**11,830**	**1,358**	**-2,447**	**1,454**	**-993**	**12,195**
Contracts initially recognised	-1,257	779		2,605	2,605	2,127
Changes in estimates that adjust the CSM	-1,403	623	1,475	-695	780	
Changes in estimates that result in losses and reversal of losses on onerous contracts	14,490	-44	-3,922	-456	-4,378	10,068
Changes that relate to past services	**-24,113**					**-24,113**
Adjustments to liabilities for incurred claims	-24,113					-24,113
Insurance service result	**-10,643**	**581**	**-3,082**	**-19**	**-3,101**	**-13,163**
Financial income and expenses and foreign currency differences	2,077	4	9	440	449	2,530
Effect of changes in exchange rates	-865	-233				-1,098
Total changes in the statement of profit and loss and other comprehensive income	**-9,431**	**352**	**-3,073**	**421**	**-2,652**	**-11,731**
Premiums received	40,555					40,555
Claims, benefits and other insurance service expenses paid	-34,097					-34,097
Cash flows	**6,458**					**6,458**
Balance at 31 December	**11,660**	**1,693**	**9,032**	**5,566**	**14,598**	**27,951**
Insurance contracts assets						
Insurance contracts liabilities	11,660	1,693	9,032	5,566	14,598	27,951

MOVEMENTS IN INSURANCE CONTRACTS VALUED AT GMM - LIFE 2023

(X € 1.000)

			CONTRACTUAL SERVICE MARGIN			
	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	CONTRACTS UNDER FAIR VALUE APPROACH	OTHER CONTRACTS	TOTAL CSM	TOTAL
Insurance contracts assets						
Insurance contracts 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**
Changes that relate to current services	**2,129**	**-628**	**-884**	**-1,602**	**-2,486**	**-985**
CSM recognised for services provided			-884	-1,602	-2,486	-2,486
Change in the risk adjustment for non-financial risk		-628				-628
Experience adjustments	2,129					2,129
Changes that relate to future services	**1,877**	**325**	**4,036**	**2,183**	**6,219**	**8,421**
Contracts initially recognised	-1,934	554		1,380	1,380	
Changes in estimates that adjust the CSM	-4,446	-292	4,036	702	4,738	
Changes in estimates that result in losses and reversal of losses on onerous contracts	8,257	63		101	101	8,421
Changes that relate to past services	**-7,261**					**-7,261**
Adjustments to liabilities for incurred claims	-7,261					-7,261
Insurance service result	**-3,255**	**-303**	**3,152**	**581**	**3,733**	**175**
Financial income and expenses and foreign currency differences	677	348	44	71	115	1,140
Effect of changes in exchange rates	810					810
Total changes in the statement of profit and loss and other comprehensive income	**-1,768**	**45**	**3,196**	**652**	**3,848**	**2,125**
Premiums received						
Claims, benefits and other insurance service expenses paid	-436					-436
Insurance acquisition cash flows	-3,241					-3,241
Cash flows	**-3,676**					**-3,677**
Balance at 31 December	**14,633**	**1,342**	**12,105**	**5,145**	**17,250**	**33,225**
Insurance contracts assets						
Insurance contracts liabilities	14,633	1,342	12,105	5,145	17,250	33,225

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 2024

(X € 1,000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE		REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS-RECOVERY COMPONENT	LOSS-RECOVERY COMPONENT	ESTIMATES OF PRESENT OF VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	33,975	55	277,043	311,073
Reinsurance contracts liabilities				
Balance at 1 January	**33,975**	**55**	**277,043**	**311,073**
Recoveries of incurred claims and other insurance service expenses		200	167,940	168,140
Premiums and other charges from reinsurance services	-186,433			-186,433
Net insurance service result from reinsurance contracts held	**-186,433**	**200**	**167,940**	**-18,293**
Financial income and expenses and foreign currency differences			8,187	8,187
Effect of changes in exchange rates			4	4
Total changes in the statement of profit and loss and other comprehensive income	**-186,433**	**200**	**176,131**	**-10,102**
Premiums	188,247			188,247
Claims, investment components and other reinsurance service expenses			-75,079	-75,079
Cash flows	**188,247**		**-75,079**	**113,168**
Balance at 31 December	**35,789**	**255**	**378,095**	**414,139**
Reinsurance contracts held assets	35,789	255	378,095	414,139
Reinsurance contracts liabilities				

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS 2023

(X € 1,000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE		REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS COMPONENT	LOSS-RECOVERY COMPONENT	ESTIMATES OF PRESENT OF VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	65,016	1,061	243,781	309,858
Reinsurance contracts liabilities				
Balance at 1 January	**65,016**	**1,061**	**243,781**	**309,858**
Recoveries of incurred claims and other insurance service expenses		-1,006	70,970	69,964
Premiums and other charges from reinsurance services	-159,348			-159,348
Net insurance service result from reinsurance contracts held	**-159,348**	**-1,006**	**70,970**	**-89,384**
Financial income and expenses and foreign currency differences			14,129	14,129
Transfers within the insurance liabilities			-2,653	-2,653
Effect of changes in exchange rates			-6	-6
Effect of changes in non-performance risk of reinsurers			1	
Total changes in the statement of profit and loss and other comprehensive income	**-159,348**	**-1,006**	**82,440**	**-77,914**
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**
Balance at 31 December	**33,975**	**55**	**277,043**	**311,073**
Reinsurance contracts held assets	33,975	55	277,043	311,073
Reinsurance contracts liabilities				

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS 2024

(€ 1.000)

	REINSURANCE ASSETS FOR REMAINING COVERAGE	REINSURANCE ASSETS FOR INCURRED CLAIMS	
	EXCLUDING LOSS-RECOVERY COMPONENT	ESTIMATES OF PRESENT OF VALUE OF FUTURE CASH FLOWS	TOTAL
Reinsurance contracts held assets	-2,291	7,509	5,218
Reinsurance contracts liabilities			
Balance at 1 January	**-2,291**	**7,509**	**5,218**
Recoveries of incurred claims and other insurance service expenses		9,008	9,008
Premiums and other charges from reinsurance services	-9,314		-9,314
Net insurance service result from reinsurance contracts held	**-9,314**	**9,008**	**-306**
Financial income and expenses and foreign currency differences	**2,943**		**2,943**
Total changes in the statement of profit and loss and other comprehensive income	**-6,371**	**9,008**	**2,637**
Premiums	8,940		8,940
Claims, investment components and other reinsurance service expenses		-16,185	-16,185
Cash flows	**8,940**	**-16,185**	**-7,245**
Balance at 31 December	**278**	**332**	**610**
Reinsurance contracts held assets	278	332	610
Reinsurance contracts liabilities			

MOVEMENTS OF TOTAL OUTWARD REINSURANCE CONTRACTS HELD ASSETS 2023

(€ 1.000)

	LIABILITIES FOR REMAINING COVERAGE	LIABILITIES FOR INCURRED CLAIMS	
	EXCLUDING LOSS COMPONENT	CONTRACTS NOT UNDER PAA	TOTAL
Reinsurance contracts held assets	-10,905	15,610	4,705
Reinsurance contracts liabilities			
Balance at 1 January	**-10,905**	**15,610**	**4,705**
Recoveries of incurred claims and other insurance service expenses		7,047	7,047
Premiums and other charges from reinsurance services	-6,732		-6,732
Net insurance service result from reinsurance contracts held	**-6,732**	**7,047**	**315**
Financial income and expenses and foreign currency differences	**198**		**198**
Total changes in the statement of profit and loss and other comprehensive income	**-6,534**	**7,047**	**513**
Premiums	15,148		15,148
Claims, investment components and other reinsurance service expenses		-15,148	-15,148
Cash flows	**15,148**	**-15,148**	
Balance at 31 December	**-2,291**	**7,509**	**5,218**
Reinsurance contracts held assets	-2,291	7,509	5,218
Reinsurance contracts liabilities			

MOVEMENTS OF OUTWARD REINSURANCE CONTRACTS HELD ASSETS VALUED AT GMM - LIFE 2024

(X € 1,000)

			CONTRACTUAL SERVICE MARGIN			
	ESTIMATES OF PRESENT VALUE OF FUTURE CASH FLOWS	RISK ADJUSTMENT	CONTRACTS UNDER FAIR VALUE TRANSITION APPROACH	OTHER CONTRACTS	TOTAL CSM	**TOTAL**
Reinsurance contracts held assets	4,567	1	650		650	5,218
Reinsurance contracts liabilities						
Balance at 1 January	**4,567**	**1**	**650**		**650**	**5,218**
Changes that relate to current services	**47**		**-2**	**-381**	**-383**	**-336**
CSM recognised for services provided			-2	-381	-383	-383
Experience adjustments	47					47
Changes that relate to future services	**286**	**-53**	**-600**	**367**	**-233**	
Contracts initially recognised in the year	-369			369	369	
Changes in estimates that adjust the CSM	655	-53	-600	-2	-602	
Changes that relate to past services	**-11,283**					**-11,283**
Adjustments to assets for incurred claims	-11,283					-11,283
Net insurance service result from reinsurance contracts	**-10,950**	**-53**	**-602**	**-14**	**-616**	**-11,619**
Financial income and expenses and foreign currency differences	4	4		13	13	21
Total changes in the statement of profit and loss	**-10,946**	**-49**	**-602**	**-1**	**-603**	**-11,598**
Premiums paid	8,940					8,940
Claims & benefits and other reinsurance service received	-1,950					-1,950
Total cash flows	**6,990**					**6,990**
Balance at 31 December	**611**	**-48**	**48**	**-1**	**47**	**610**
Reinsurance contracts held assets	611	-48	48	-1	47	610
Reinsurance contract liabilities						

MOVEMENTS OF OUTWARD REINSURANCE CONTRACTS HELD ASSETS VALUED AT GMM - LIFE 2023

(X € 1,000)

			Contractual service margin			
	Estimates of present value of future cash flows	Risk adjustment	Contracts under fair value transition approach	Other contracts	Total CSM	**Total**
Reinsurance contracts held assets	4,655		50		50	4,705
Reinsurance contracts liabilities						
Balance at 1 January	**4,655**		**50**		**50**	**4,705**
Changes that relate to current services	**-6,324**		**1,273**	**-388**	**885**	**-5,439**
CSM recognised for services provided			1,273	-388	885	885
Experience adjustments	-6,324					-6,324
Changes that relate to future services	**-857**	**1**	**-673**	**376**	**-297**	**-1,153**
Contracts initially recognised in the year	-376			376	376	
Changes in estimates that adjust the CSM	-481	1	-673		-673	-1,153
Changes that relate to past services	**6,907**					**6,907**
Adjustments to assets for incurred claims	6,907					6,907
Net insurance service result from reinsurance contracts	**-274**	**1**	**600**	**-12**	**588**	**315**
Financial income and expenses and foreign currency differences	46			12	12	58
Provision for credit risk reinsurer	140					140
Total changes in the statement of profit and loss	**-88**	**1**	**600**		**600**	**513**
Total cash flows						
Balance at 31 December	**4,567**	**1**	**650**		**650**	**5,218**
Reinsurance contracts held assets						
Reinsurance contract liabilities	4,567	1	650		650	5,218

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 fulfilment 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 fulfilment 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 2024 is 2.3% (year-end 2023: 2.4%, year-end 2022: 2.8%), 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 EN MAXIMUM YIELD CURVE USED TO DISCOUNT CASH FLOWA OF MAJOR CURRENCIES (%)

31 December 2024							Spot rates (%)
	1 year	5 year	10 year	15 year	20 year	30 year	50 year
Non-Life - PAA[1]							
Euro	2.82 - 3.33	2.70 - 2.72	2.75 - 2.77	2.77 - 2.78	2.63 - 2.66		
Life Netherlands GMM							
Euro	2.82 - 3.33	2.70 - 2.72	2.75 - 2.77	2.77 - 2.78	2.63 - 2.66	2.31 - 2.33	2.12 - 2.12

MINIMUM EN MAXIMUM YIELD CURVE USED TO DISCOUNT CASH FLOWA OF MAJOR CURRENCIES (%)

31 December 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 GMM							
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

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.

<u>III Risk Adjustment</u>

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 group's 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, taking into account the effects of reinsurance.

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.

	%	
	2024	2023
Non- Life Netherlands	73.3	72.1
Life Netherlands	89.6	89.7

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 fulfilment 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 fulfilment of the future services of the insurance contract. Upon initial recognition of a group of insurance contracts, the CSM represents the positive balance of fulfilment cash flows (expected premium income minus expected benefits and expenses) leading to a net-incoming cash inflow. The fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment 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 fulfilment cash flows of the group of reinsurance contracts (see section Net expenses from reinsurance contracts in Chapter VII Presentation below);
- changes in the fulfilment 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 fulfilment 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 retroceded, Achmea Reinsurance Company N.V. 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 fulfilment 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 fulfilment cash flows of the insurance liabilities.

Achmea Reinsurance Company N.V. recognises insurance liabilities for claims incurred from a group of insurance contracts against fulfilment 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.

VI Derecognition and changes in the insurance/reinsurance contract

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 fulfilment cash flows.

Upon derecognition of a contract in a group of contracts that is valued at GMM:
- the fulfilment 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 fulfilment 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.

VII Presentation

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 GMM, 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 fulfilment 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 fulfilment cash flows of the group of reinsurance contracts that relate to future services, leading to changes in the fulfilment 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.

VIII Transition to IFRS17

In the transition to IFRS 17 this accounting standard has been applied retrospectively to the following insurance portfolios:

All insurance portfolios of Reinsurance, with the exception of some Life portfolios closed before January 1, 2020.

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 2024 (€ 1.000)

	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
Assets				
Recurring fair value measurement				
Investments				
Equities and similar investments	155,828	71,867	16,775	244,470
Fixed income investments	273,958	2,492		276,450
Derivatives	263	469		732
Cash and cash equivalents	34,639			34,639
Total assets measured at fair value on a recurring basis	**464,688**	**74,828**	**16,775**	**556,291**
Liabilities				
Derivatives	43	4,404		4,447
Total liabilities measured at fair value on a recurring basis	**43**	**4,404**		**4,447**

FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE ON A RECURRING BASIS AS AT 31 DECEMBER 2023 (€ 1.000)

	LEVEL 1	LEVEL 2	LEVEL 3[1]	TOTAL
Assets				
Recurring fair value measurement				
Investments				
Equities and similar investments	129,022	61,780	11,291	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	**467,686**	**82,539**	**11,291**	**561,516**
Liabilities				
Derivatives	408	820		1,228
Total liabilities measured at fair value on a recurring basis	**408**	**820**		**1,228**

[2] Part of the equity and similar investments valued at level 3, were erroneously reported at level 2 in 2023. This has now been rectified for 2024 and for comparative purposes we have also made the correction in 2023.

Main changes in the fair value hierarchy in 2024

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 2024 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. See below for transfers from and to level 3 valuations.

Valuation techniques used and valuation processes within Achmea for level 2 and 3 valuations.
Depending on the financial instruments, Achmea Reinsurance Company N.V. has set valuation policies and procedures for determining the fair value.

MOVEMENT SCHEDULE FOR LEVEL 3 ASSETS AND LIABILITIES MEASURED AT FAIR VALUE ON A RECURRING BASIS

(x € 1,000)

	2024	2023
	EQUITIES AND SIMILAR INVESTMENTS	EQUITIES AND SIMILAR INVESTMENTS
Balance at 1 January	11,291	9,162
Investments and loans granted	4,915	3,130
Divestments and disposals	-55	
Fair value changes included in Statement of profit and loss	624	-1,001
Balance as at 31 December	**16,775**	**11,291**

Changes in fair value relating to Equities and similar investments and Fixed income investments recognised in the statement of profit and loss are presented as part of the Investment result from insurance/reinsurance activities.

SIGNIFICANT UNOBSERVABLE INPUTS FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE CLASSIFIED AS CATEGORY 3 ON 31 DECEMBER 2024

(€ 1.000)

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS WITH FAIR VALUE
Investments					
Equities and similar investments	16,775	Net Asset Value	N/A	N/A	N/A

SIGNIFICANT UNOBSERVABLE INPUTS FOR FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE CLASSIFIED AS CATEGORY 3 ON 31 DECEMBER 2023

(€ 1.000)

DESCRIPTION	FAIR VALUE IN MILLIONS	VALUATION TECHNIQUE USED	UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	RELATIONSHIP OF UNOBSERVABLE INPUTS WITH FAIR VALUE
Investments					
Equities and similar investments	11,291	Net Asset Value	N/A	N/A	N/A

Equities and similar investments category 3 consist mainly of investments in real estate funds amounting to € 16.8 million (31 December 2023: € 11.3 million). Because for the majority of these investments their fair value is determined using the intrinsic value (net asset value) as reported by the fund manager or the general partner, there is no significant unobservable input or combination of inputs that can be used to carry out a sensitivity analysis for this portfolio.

VALUATION TECHNIQUES USED AND VALUATION PROCESS WITHIN ACHMEA FOR LEVEL 2 AND LEVEL 3 VALUATIONS.

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. 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.

The Equities and similar investments classified as level 3 comprise of Real estate funds which are mainly classified 'At fair value through the Statement of profit and loss'. The fair value of these portfolios is determined using the net asset value as reported by the fund manager or general partner. This is considered to be the best proxy for the fair value of the investment. If an adjustment needs to be recorded in the reported net asset value, this is reflected in the fair value. Achmea Reinsurance Company N.V. assesses the valuations and performs analytical procedures 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.

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 2024				FAIR VALUE AS AT 31 DECEMBER 2024
		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	4,895		4,895		4,895
Liabilities					
Other liabilities and accruals	5,604		5,604		5,604

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

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)

			2024
	NON-LIFE	LIFE	TOTAL
Insurance revenue	260,508	51,583	312,091
Insurance service expenses	-192,819	-52,675	-245,494
Net insurance service result from reinsurance contracts held	-18,293	-363	-18,656
Total Insurance service result	**49,396**	**-1,455**	**47,941**

(X € 1,000)

			2023
	NON-LIFE	LIFE	TOTAL
Insurance revenue	278,947	41,256	320,203
Insurance service expenses	-186,937	-41,432	-228,368
Net insurance service result from reinsurance contracts held	-89,383	314	-89,069
Total Insurance service result	**2,627**	**138**	**2,766**

The result from insurance/reinsurance related services is € 45.2 million higher than in 2023.

For Non-Life, the increase of € 46.8 million is mainly driven by the lower net cost of claims and higher net premium income on the group programme due to the renewal and the growth of the underlying portfolios. These results were partially offset by the lower premium income as a result of the decision to stop underwriting third party P&C reinsurance. The lower net cost of claims are a result of:

- The decrease in claims due to the absence of large natural catastrophe claims in the portfolio of Achmea Reinsurance Company N.V.;
- The decrease in claims due to the decision to stop underwriting third party P&C reinsurance;
- And the increase of insured claims on the WGA/WIA contract, which is compensated by the increase of reinsured claims on this contract.

This is partially offset by lower premium income due to the ending of Third party P&C reinsurance.

For Life, there is a decrease of € 1.7 million.

INSURANCE SERVICE REVENUE

(X € 1,000)

			2024
	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		2,070	2,070
Change in the Risk Adjustment		777	777
Release from provision for expected benefits, claims and other expenses relating to insurance services provided		50,376	50,376
Adjustments of premiums as a result of experience (‘experience adjustment’)		-1,640	-1,640
Contracts falling under the GMM	**0**	**51,583**	**51,583**
Contracts falling under the PAA	**260,508**	**0**	**260,508**
Revenue from insurance-related services	**260,508**	**51,583**	**312,091**

INSURANCE SERVICE REVENUE

(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
Contracts falling under the GMM	**0**	**41,256**	**41,256**
Contracts falling under the PAA	**278,947**	**0**	**278,947**
Revenue from insurance-related services	**278,947**	**41,256**	**320,203**

Revenue from insurance-related services decreased by € 8.1 million. The decrease of € 18.4 million within the Non-Life portfolio is mainly due to the portfolio being in run-off. The increase of € 10.3 million in Life is mainly due to a lower estimate of future claims, allowing the provision to be reduced.

INSURANCE SERVICE EXPENSES

(X € 1,000)

			2024
	NON-LIFE	LIFE	TOTAL
Claims and expenses incurred in prior and current periods	-192,627	-40,468	-233,095
Amortisation of acquisition costs	0	0	0
Losses and reversal of losses on onerous contracts	-192	-12,207	-12,399
Total insurance service expenses	**-192,819**	**-52,675**	**-245,494**

(X € 1,000)

			2023
	NON-LIFE	LIFE	TOTAL
Claims and expenses incurred in prior and current periods	-195,654	-33,038	-228,692
Amortisation of acquisition costs	0	0	0
Losses and reversal of losses on onerous contracts	8,718	-8,393	324
Total insurance service expenses	**-186,937**	**-41,432**	**-228,368**

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 FINANCE RESULT FROM (RE)INSURANCE ACTIVITIES

(X € 1,000)

			2024
	NON-LIFE	LIFE	TOTAL
Investment result from (re)insurance activities			
Other investment results[1]	39,294	3,571	42,865
Investment expenses financial assets	-576	0	-576
Total investment result from (re)insurance activities	**38,718**	**3,571**	**42,289**
Finance income and expense from insurance contracts			
Unwinding of discount on insurance contracts	-5,660	-412	-6,072
Effect of changes in discount rate and other financial assumptions	-4,880	1,067	-3,813
Total finance result from insurance contracts	**-10,540**	**655**	**-9,885**
Finance income and expense from reinsurance contracts			
Unwinding of discount on reinsurance contracts	3,674	40	3,714
Impact of changes in the credit risk of reinsurers	4,513	-19	4,494
Total finance result from reinsurance contracts held	**8,187**	**21**	**8,208**
Net finance result from (re)insurance activities	**36,365**	**4,247**	**40,612**

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

NET FINANCE RESULT FROM (RE)INSURANCE ACTIVITIES

(X € 1,000)

			2023
	NON-LIFE	LIFE	TOTAL
Investment result from (re)insurance activities			
Other investment results[1]	32,668	4,073	36,741
Investment expenses financial assets	-572	0	-572
Total investment result from (re)insurance activities	**32,096**	**4,073**	**36,169**
Finance income and expense from insurance contracts			
Unwinding of discount on insurance contracts	-1,621	-423	-2,044
Effect of changes in discount rate and other financial assumptions	-20,675	-717	-21,392
Total finance result from insurance contracts	**-22,296**	**-1,140**	**-23,436**
Finance income and expense from reinsurance contracts			
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**
Total 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.

The Total net finance result from (re)insurance activities for 2024 versus 2023 has increased € 14 million. Both 2024 and 2023 are characterised by falling interest rates and incoming spreads. We do see a sharper decline for 2024 on short maturities and a smaller decline for longer maturities than 2023. Furthermore, government bond yields rose in 2024 versus a decline in 2023 resulting in a lower result for 2024. The development of equity indices for 2024 is slightly less positive than in 2023, but due to additional investments there is a higher result than in 2023.

OTHER INVESTMENT INCOME

(€ 1.000)

	2024	2023
Realised/unrealised results on investments valued at FVPL		
Equities and similar investments	30,849	13,637
Fixed income investments		
Government bonds and government-backed bonds	687	7,349
Secured bonds	43	8
Corporate bonds	1,976	3,186
Total fixed income investments	**2,706**	**10,543**
Income from derivatives	-4,501	1,580
Income other financial investments	12	164
Total realised/unrealised results on investments valued at FVTPL	**29,066**	**25,924**
Direct income FVTPL	13,799	10,817
Other investment results	**42,865**	**36,741**

The (un)realised results from investments valued at FVPL increased in 2024 compared to 2023. In 2024 and 2023, equity prices increased at about the same rate but due to additional investments in equities, the (un)realised result is higher in 2024. In 2024, we see a lower (un)realised result for fixed income than in 2023 this is mainly due to the increased interest rate on government bonds in 2024 where it decreased in 2023.

DIRECT INVESTMENT INCOME

(€ 1.000)

	2024	2023
Direct results classified by type:		
Dividends on shares	6,084	5,459
Interest on fixed income investments	7,715	5,358
Total	**13,799**	**10,817**

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.

OTHER OPERATING EXPENSES

(€ 1.000)

	2024	2023
Other operating expenses	16,277	15,632
Allocated to insurance service result	-10,530	-10,922
Total other operating expenses	**5,747**	**4,711**

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 2024, 47.3 full-time equivalents (FTEs) worked for Achmea Reinsurance Company N.V. (2023: 48.5 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.

8. RECEIVABLES AND ACCRUALS

RECEIVABLES AND ACCRUALS (X € 1.000)

	2024	2023
Investment receivables	1,170	875
Taxes and social security premiums	2,286	2,079
Receivables on group companies	1,439	
Balance at 31 December	**4,895**	**2,954**

An amount of € 1.8 million (31 December 2023: € 1.5 million) of the Receivables and accruals is expected to be recovered more than twelve months after reporting date. All other receivables are expected to be recovered within twelve months after reporting date. For receivables expected to be recovered within twelve months after reporting date, the carrying amount is a reasonable approximation of the fair value. There were no impairment losses that occurred on receivables and accrued assets in both 2024 and 2023.

ACCOUNTING POLICIES RECEIVABLES AND ACCRUALS

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

9. CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS (X € 1.000)

	31 DECEMBER 2024	31 DECEMBER 2023
Cash and bank balances	34,639	39,307
Balance at 31 December	**34,639**	**39,307**

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.

10. 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 2024 and 2023, there were no movements in the paid-up and called-up capital.

Share premium

In 2024, as was the case in 2023, 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 2024, 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 2023 the result is added to the Retained Earnings by resolution of the General Meeting of the company.

In 2024 an amount of € 7.2 million (2023: nil) was paid to the shareholder concerning a capital distribution from the Other reserves.

11. FINANCIAL LIABILITIES

OTHER LIABILITIES

(X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
Other investment liabilities	1,162	193
Liabilities to group companies	4,295	1,290
Other liabilities	147	27
Total financial liabilities	**5,604**	**1,510**

From the financial liabilities expected (carrying amount) an amount of nil (2023: nil) 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.

12. CORPORATE INCOME TAX

RECONCILIATION OF EFFECTIVE TAX AMOUNT

(X € 1.000)

	2024	2023
Result before tax	84,213	23,914
Corporate inome tax rate	25.8%	25.8%
Local corporation tax	21,727	6,170
Tax effect on:		
Participation exemption		2,890
Over/(under) provided in prior years	2,273	3,189
Regular (temporary) differences	**2,273**	**6,079**
Effective tax amount	**24,000**	**12,249**

The effective tax rate in 2024 amounts to 28.5 % (2023: 51.2%). The decrease in effective tax rate in 2024 is mainly due to a participation exemption in 2023.

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.

13. CONTINGENCIES

Legal procedures

Achmea Reinsurance Company N.V. was not involved in lawsuits or arbitration proceedings as at 31 December 2024.

CONTINGENT ASSETS

(X € 1,000)

	2024	2023
Commitment relates to Investments	1,000	4,348
Balance at 31 December	**1,000**	**4,348**

No guarantees from reinsurers were received by Achmea Reinsurance Company N.V. in 2024.

CONTINGENT LIABILITIES

(X € 1.000)

	2024	2023
Deed of pledge	72	68
Balance at 31 December	**72**	**68**

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 € 72 thousand (2023: € 68 thousand), allowing Achmea Reinsurance Company N.V. doing business in the US. Achmea Reinsurance Company N.V. has also provided a Letter of Credit for an amount of € 207 thousand (2023: € 0 thousand), due to conditions in the contract with a business partner.

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.

14. DEFERRED TAX LIABILITIES

Changes in deferred tax assets and liabilities during the financial year can be specified as follows:

(X € 1.000)

	BALANCE AT 1 JANUARY 2024	RECOGNISED IN INCOME	BALANCE AT 31 DECEMBER 2024	BALANCE AT 1 JANUARY 2023	RECOGNISED IN INCOME	BALANCE AT 31 DECEMBER 2023
Investments				4,804	-4,804	
Insurance liabilities				7,346	-7,346	
Other liabilities				7,346	-7,346	
				12,150	-12,150	
Includes:						
Deferred tax assets						
Deferred tax liabilities						

From 1 January 2023 Achmea Reinsurance Company N.V. will use IFRS 9 and 17 as their tax basis. This leads, among other things, to a simpler and more reliable tax return. Because the tax bases are more similar to IFRS, this also contributes to a better steering towards an effective tax burden of 15% at Achmea for Pillar 2 purposes. This valuation transition also results in nil (2023 € 12,150 thousand of deferred tax liability being released in 2024.

On 31 December 31 2023 the Minimum Tax Rate Act 2024 entered into force. This legislation implements EU Directive 2022/2023 and is the result of the agreements made within the OECD context on the introduction of a minimum effective profit tax rate of 15% (Pillar 2). The law applies to multinationals and domestic groups with an annual revenue of at least € 750 million. Achmea Reinsurance Company N.V.'s ultimate parent Achmea B.V. is subject to Pillar 2. Achmea Reinsurance Company N.V. does not expect to have to pay Pillar 2 tax.

KEY ASSUMPTIONS AND ESTIMATES TO DETERMINE THE DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets are established for the tax benefit related to deductible temporary differences, carry forwards of unused tax losses and carry forwards of unused tax credits when, in the judgement of management, it is likely that Achmea Reinsurance Company N.V. will receive the tax benefits. A change in judgement could have a substantial effect on value of the deferred tax asset. In determining the tax position, Achmea Reinsurance Company N.V. has taken into account its estimate of the associated future expenses. Furthermore, management considers tax planning strategies to increase the likelihood that the tax assets will be realised.

ACCOUNTING POLICIES DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax is provided for using the balance sheet liability method for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the tax base of these assets and liabilities. The amount of deferred tax provided for is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

15. 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)

	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NO RATING	TOTAL
Financial investments								
Fixed income investments	34,949	48,119	41,269	57,870	91,242	498	2,503	276,450
Derivatives		210	53				469	732
Reinsurance contract assets			266,585	145,447	516	515	1,686	414,749
Receivables							4,895	4,895
Cash & Cash equivalents			31,464	3,175				34,639

EXTERNAL CREDIT RATING ASSETS

(X € 1.000)

	AAA SOVEREIGN	AAA	AA	A	BBB	BELOW BBB	NO RATING	TOTAL
Financial investments								
Fixed income investments	73,172	62,097	39,200	61,826	80,580	0	505	317,380
Derivatives		26	156				2,554	2,736
Reinsurance contract assets			268,976	46,762	516		37	316,291
Receivables							2,954	2,954
Cash & Cash equivalents			39,307					39,307

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 2024 amounts is nil (2023: 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.

16. 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 DEPOSITED COLLATERAL INVESTMENTS IN THE CONTEXT OF DERIVATIVE TRANSACTIONS (X € 1,000)

	31 DECEMBER 2024	31 DECEMBER 2023
Net position of assets and liabilities derivatives	-3,715	1,508
Covered by securities in collateral	-3,815	1,211
Liquid funds received in collateral	-398	53
Net position	**498**	**244**

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 (X € 1,000)

31 DECEMBER 2024	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/LIABILITIES PRESENTED IN THE STATEMENT OF FINANCIAL POSITION	FINANCIAL INSTRUMENTS RECEIVED	CASH COLLATERAL RECEIVED (EXCLUDING SURPLUS COLLATERAL)	NET AMOUNT
Derivatives assets	732		732				
Derivatives liabilities		4,447	4,447				
				-3,715	-3,815	-398	498
Cash and cash equivalents	31,464		31,464	31,464			31,464
31 DECEMBER 2023							
Derivatives assets	2,736		2,736				
Derivatives liabilities		1,228	1,228				
				1,508	1,211	53	244
Cash and cash equivalents	102,069	-62,826	39,243	39,243			39,243

17. 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 (for example: 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 Company N.V. are the statutory directors, holding key management positions at Achmea Reinsurance Company N.V.

Remuneration Board of Directors

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.

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 board members are employed by Achmea Interne Diensten N.V. Achmea Reinsurance Company N.V. does not employ any employees itself. The Achmea group remuneration policy applies to all entities within Achmea B.V. in which Achmea has an interest or control of more than 50%, including Achmea Reinsurance Company N.V. In Achmea B.V.'s annual report, the Supervisory Board reports on its supervisory role with regard to the (variable) remuneration policy. The annual report of Achmea B.V. is published on www.achmea.nl in March 2025.

Annual salary

The salary of the statutory management is the gross fixed all-in salary on an annual basis including holiday pay and end-of-year bonus. The salary is paid in 12 equal parts. Where applicable, the fixed annual salary also includes the benefit of the private use of a lease car. As of 1 January 2024, there was a general differentiated salary increase of 3% - 6% for the members of the statutory management (2023: 1%). To the extent that growth is still possible within the salary scale, the members of the statutory board have received an individual salary step ('periodic') in addition to the general increase as of 1 January 2024.

Variable remuneration awarded

In addition to the fixed salary, variable remuneration based on target agreements is part of the regular remuneration package for one board member and a profit distribution for one board member. Achmea B.V., in its capacity as shareholder of Achmea Reinsurance Company N.V, will decide in consultation with the (Remuneration Committee of the) Supervisory Board of Achmea B.V. in the year following the performance year on the allocation of a variable remuneration or profit distribution to the Board of Directors for the performance year 2024. In the case of a variable remuneration, half of it is deferred for five years and it will be awarded in cash.

Pension
The statutory management of Achmea Reinsurance Company N.V. is subject to the pension scheme that applies to all collective labour agreement employees and senior management/Board of Directors employed by Achmea Interne Diensten N.V. This is a CDC-funded pension scheme with average pay ambition and a maximum contribution maximum contribution of 40% of the pension base amount (based on the amended collective labour agreement 2023-2025), including the following characteristics as of 1 January 2024:

- Maximum pensionable salary € 137,800.
- Accrual 1.875% per year, provided the premium is sufficient.
- Franchise € 17,545.
- Retirement age: first day of the month on which the age of 68 is reached.
- Survivor's pension.
- Non-contributory continuation of pension accrual in the event of partial or total incapacity for work.
- Conditional indexation.
- Personal contribution is standard 3.25% of the pension base.

This pension scheme is administered by Stichting Pensioenfonds Achmea.

Pension above the tax threshold
Since 1 January 2015, a limit has applied to the income on which pension accrual can take place with tax support. In 2024, this limit was € 137,800. For employees with an income above the (tax) pension limit, agreements have been made (in the collective labour agreement) about a different pension accrual as of 1 January 2015. Achmea determines the total budget for compensation for this group every year. This budget is a percentage of the pensionable salary above the pension limit for tax purposes. The percentage is equal to the percentage of the employer's share of the pension premium that is intended for pension accrual below the pension limit for tax purposes. These agreements also apply to the statutory management of Achmea Reinsurance Company N.V.

The employer's contribution includes the two components listed below:

- An age-related contribution from the employer that the employee can spend after taxation on participation in a net pension insurance for pension accrual above the pension limit for tax purposes (= gross "contribution to net pension" in Table Remuneration of board of directors of Achmea Reinsurance Company N.V. for the current performance year). The age-related contribution is calculated on the basis of the (maximum) tax scale set by the Ministry of Finance.
- A so-called gross "wage supplement pension". An equal percentage of the allowance is calculated for everyone with a pensionable income above € 137,800 from any remaining employer's share of the pension contribution. In 2024, this supplement will amount to 8% of pensionable income above the tax limit. The calculation will take place in January by Willis Towers Watson.

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

(X € 1,000)

	2024	2023
Short term employee benefits	548	516
Post-employment benefits	199	185
Other long term employee benefits	22	18
Total	**769**	**719**

Until last year, social security contributions were also included in this table. The total amount for 2023 has been adjusted accordingly in this table.

The total remuneration for the statutory board of Achmea Reinsurance Company N.V. charged to the financial year 2024 amounts to € 769 thousand (2023: € 719 thousand). This total charge relates to the performance year 2024, with the exception of variable remuneration or profit distribution for 2024. Decision-making on the actual allocation of variable remuneration or profit distribution for the performance year 2024 will take place after the adoption of the 2024 financial statements. For the 2023 performance year, variable remuneration for that performance year was granted after the adoption of the 2023 financial statements to the Board of Directors of Achmea Reinsurance Company N.V. In the 2024 annual charge, € 44 thousand is included as an expense for variable remuneration or profit distribution for the 2023 performance year. In the 2023 annual charge, € 36 thousand is included as an expense for variable remuneration or profit distribution for the 2022 performance year. The deferred variable remuneration (50%) for both performance years is included as part of the "Other long-term remuneration".

Below is an overview of the remuneration of the Board of Directors of Achmea Reinsurance Company N.V. for the performance year 2024. 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 2023.

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 2024[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]	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	289	t.b.d.	t.b.d.	50	47	13	399
H.Chr. Mentink	237	t.b.d.	t.b.d.	51	29	8	325
Total 2024	**526**	**t.b.d.**	**t.b.d.**	**101**	**76**	**21**	**724**
Total 2023	**498**	**22**	**22**	**95**	**70**	**21**	**728**
Average number of active Directors 2024: 2,00							
Average number of active Directors 2023: 2,00							

1. *All active board Directors were employed throughout 2024.*
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 € 137,800. This is the fiscal cap for 2024; 2023 € 128,810), and the gross contribution to the net post-employment benefits over the fiscal cap based on the age-related DC scale and the wage benefit over the fiscal cap. See the notes to post-employment benefits above.*

An amount of € 110 thousand was recognised as a liability at the balance sheet date in respect of deferred variable remuneration (2019 to 2023) awarded (conditionally) in previous years to current and former board members.

Termination benefits
Both in 2024 and 2023 no termination benefits were awarded related to termination of a labour contract.

Clawback
In 2024, 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 2023.

Loans
Members of the Board of Directors have loans outstanding with the banking operations of Achmea. The loans amount to € 0.13 million (2023: € 0.13 million). The weighted interest rate of these loans is 2.25% (2023: 2.25%). The loans are mortgage loans. In 2024 nil has been repaid (2023: nil).

Remuneration of Supervisory Board members
In 2024 two members of the Supervisory Board of Achmea Reinsurance Company N.V., Mr Lamie (chairman) and Ms Suur are also member of the Executive Board of Achmea B.V. They do 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 € 19 thousand for his activities in 2024 (2023: € 18 thousand). 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.

Loans
Members of the Supervisory Board have no loans outstanding with the banking operations of Achmea at year-end 2024 and 2023.

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 2024.

TRANSACTION WITH SHAREHOLDER AND ULTIMATE PARENT COMPANY (X € 1,000)

	2024	2023
Achmea B.V.:		
Distributions to shareholder	7	

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

	31 DECEMBER 2024	31 DECEMBER 2023
Deposits to cedants:		
Achmea Schadeverzekeringen N.V.		-340
Total		**-340**
Other receivables		
Achmea Interne Diensten N.V.	1,439	
Total	**1,439**	
Other liabilities		
Achmea Pensioen- en Levensverzekeringen N.V.	46	17
Achmea B.V.	57	
N.V. Hagelunie	3,003	
Achmea Interne Diensten N.V.	1,189	1,273
Total	**4,295**	**1,290**
Liabilities related to insurance contracts:		
Achmea Schadeverzekeringen N.V.	429,593	305,220
N.V. Hagelunie	13,444	23,499
Achmea Pensioen- en Levensverzekeringen N.V.	235	-6,849
Interamerican Hellenic Insurance Company S.A.	16,770	70,535
Eureko Sigorta A.S.	10,649	13,454
Union Poist'ovna A.S.	8,795	5,390
Achmea Australia (Achmea Schadeverzekeringen N.V.)	-133	262
Total	**479,353**	**411,511**

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 2024	31 DECEMBER 2023
Achmea Interne Diensten N.V.		
Financial liabilities	1,189	1,273

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 2024 financial statements of Achmea B.V. (www.achmea.com).

Pension costs charged to Achmea Reinsurance Company N.V. amount to € 1.8 million in 2024 (2023: € 1.8 million).

18. 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.

19. PROPOSAL FOR APPROPRIATION OF RESULT

Allocation of Profit 2023

The 2023 financial statements were adopted on 15 April 2024 by resolution of the General Meeting.

The General Meeting decided, in accordance with the proposal of the Board of Directors, to add the allocated result of € 11,665 thousand, to the retained earnings.

Proposal for allocation of Profit 2024

The Board of Directors proposes that the General Meeting appropriate the allocated profit at year-end 2024 of € 60,213 thousand entirely to the retained earnings. This proposal has not yet been incorporated in the financial statements.

20. SUBSEQUENT EVENTS

No events with significant financial implications for Achmea Reinsurance Company N.V. occurred after the balance sheet date.

21. AUTHORISATION OF THE FINANCIAL STATEMENTS

Tilburg, 3 April 2025

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.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report Independent auditor's report

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

Report on the audit of the financial statements 2024 included in the annual report

Our opinion

We have audited the accompanying financial statements for the financial year ended 2024 of Achmea Reinsurance Company N.V. based in Tilburg, the Netherlands.

In our opinion the financial statements give a true and fair view of the financial position of Achmea Reinsurance Company N.V. as at 31 December 2024 and of its result and its cash flows for 2024 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 2024
- The following statements for 2024: 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. 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 for professional accountants).

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 Company N.V. (hereinafter: Achmea Reinsurance or the company) 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 and also to certain third parties.
Achmea Reinsurance is part of the Achmea Group and is fully 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	€7.1 million (2023: €6.1million)
Benchmark applied	2% of total equity as at 31 December 2024 (2023: 2%)
Explanation	We consider Achmea Reinsurance total equity and solvency, and the ability to meet policyholder liabilities, key indicators for the users of its financial statements. In determining the percentage of total 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 €350,000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the audit of the financial statements

Achmea Reinsurance outsourced activities, including management of financial investments, to shared service centers within Achmea Group (components). The financial information of these activities is included in the financial statements.

We are responsible for planning and performing the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the financial information of the activities of Achmea Reinsurance as a basis for forming an opinion on the financial statements. We are also responsible for the direction, supervision, review and evaluation of the audit work performed for purposes of the audit of the financial statements. We bear the full responsibility for the auditor’s report.

We performed audit work at Achmea Reinsurance ourselves and we have used the work of other EY auditors for Achmea Group components for auditing the financial information of Achmea Reinsurance's activities outsourced to Achmea Group components. We communicated the audit work to be performed on these activities and the identified risks through instructions for the auditors for Achmea Group components.

We reviewed and evaluated the adequacy of the deliverables from auditors for Achmea Group components that performed audit work on the financial information of Achmea Reinsurance's activities and reviewed key working papers to address the risks of material misstatement. Any further audit procedures deemed necessary have been designed and then performed.

By performing the audit work mentioned above for the financial information of Achmea Reinsurance's activities outsourced to Achmea Group components, together with work performed at Achmea Reinsurance level, we have been able to obtain sufficient and appropriate audit evidence about the financial information of Achmea Reinsurance 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 IT audit specialists in the audit team. Furthermore, we have made use of our own actuaries, valuation experts and income tax specialists in the audit of liabilities relating to reinsurance contracts issued, the valuation of unlisted investments, derivatives and the tax position.

We performed our audit in cooperation with Internal Audit of Achmea Group, 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-related 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 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 reinsurance contracts issued. 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 and accounting estimates as at 31 December 2024.

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 the section "Capital and risk management" of the board of directors report for the board of directors' risk assessment after consideration of potential fraud risks.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the Achmea Code of Conduct, the Integrity & Fraud Policy, 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 organizations. For these risks we have, among other things, performed procedures 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 General Accounting Polices under 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 calculation of liabilities related to reinsurance contracts issued",
we specifically considered whether the judgments and assumptions used in the valuation of liabilities related to reinsurance contracts issued 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 procedures performed to address the fraud risks 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 "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 matter to the supervisory board. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with the previous year, we removed the key audit matter regarding the Initial application of IFRS 17 and IFRS 9. We also removed the key audit matter regarding the Solvency II disclosure, based on our reassessment of the risks of material misstatement in the financial statements.

Estimates used in the calculation of liabilities related to reinsurance contracts issued	
Risk	Achmea Reinsurance has liabilities related to reinsurance contracts issued of €603 million representing 97% of its total liabilities as at 31 December 2024. Of this amount, €28 million has been measured under the general measurement model (GMM) and €575 million under the premium allocation approach (PAA, the simplified measurement model). The measurement of the liabilities related to reinsurance contracts issued involves judgment over uncertain future outcomes, which involves setting various assumptions regarding the total settlement value of the reinsurance liabilities. The determination of the reinsurance liabilities requires the use of complex (actuarial) models and other computational tools for which it is important that the design and configuration are adequate, the assumptions used are appropriate, and the input data used is accurate and complete. The use of different actuarial techniques and assumptions could produce materially different estimates of liabilities related to reinsurance contracts issued. In this context, we take into account the possibility of management override of controls or other inappropriate influence over the financial reporting process. Therefore, we consider the estimates used in the calculation of liabilities related to reinsurance contracts issued as a key audit matter. The key assumptions used are: • The discount curve applied to adjust the estimated future cash flows for time value of money • The cost of capital percentage applied in the risk adjustment calculation • Non-economic assumptions applied to estimate future cash flows, specifically for non-life assumptions related to claim trends (including inflation) and for life assumptions related to determining of the loss component We refer to the note 3 Assets and liabilities related to insurance contracts issued and share of reinsurers in insurance liabilities held and note 5 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 reinsurance 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 own actuaries to assist us in performing audit procedures in this area. Our key audit procedures included evaluating the company's methodology for calculating of liabilities related to reinsurance contract issued and obtaining understanding and evaluating the design of controls in this respect. Furthermore, we performed the following procedures: • Testing of the accuracy and completeness of data as utilized by the company to determine estimated future cash flows by reconciling such data to the underlying records. • Challenging the discount curve and the cost of capital percentage applied in calculation of liabilities related to reinsurance contracts issued 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.

Estimates used in the calculation of liabilities related to reinsurance contracts issued	
	• 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 of estimated 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. • For non-life insurance contracts issued, we have performed specific audit procedures on the assessment of the assumptions related to claim trends (including inflation), by reference to company data and recognized actuarial practice. • For life insurance contracts issued, our work specifically included challenging the assumptions for determining the loss component, based on company's cash flow analyses, experience data and trends. We evaluated the company's disclosures in relation to liabilities related to reinsurance contracts issued and the insurance service result in accordance with IFRS 17. 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 reinsurance contracts issued to be reasonable.

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 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 board of directors 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 misstatements, whether due to fraud or error during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.
We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

In this respect we also submit an additional report to the supervisory board, that also fulfils the role of the audit & risk committee, in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor's report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 3 April 2025

EY Accountants B.V.

signed by M. Koning