

Amsterdam, 28 March 2024

Athora Netherlands Annual Results 2023

Strong Operating Capital Generation of € 457 million and commercial success supported by targeted inorganic growth

Financial Results

- Solvency II **Operating Capital Generation (OCG) 69% higher at € 457 million** (2022: € 271 million) supported by repositioning of our investment portfolio and higher interest rates.
- Gross **inflows increased by 29%** to € 2,682 million (2022: € 2,083 million), driven by increased premiums and deposits in the pensions and retirement business, a new innovative pension buy-out with Pensioenfonds Aon, the acquisition of Onderlinge 's- Gravenhage's 2nd pillar pension portfolio and inflows from the acquired Willis Towers Watson's (WTW) Dutch Premium Pension Institution (PPI).
- Athora Netherlands reached a settlement agreement with interest groups regarding investment-linked insurance policies, € 95 million provision taken in 2023.
- **Operating Result** (before taxation) **of € 559 million** more than doubled (2022: € 278 million) driven by higher investment income, supported by the repositioning towards higher returning assets.
- The IFRS Net Result of € 863 million (2022: € -619 million) is largely driven by the positive Operating Result and supported by the beneficial update of Illiquidity Premium (ILP). In 2022, the IFRS Net Result was negatively impacted by market impacts related to higher interest rates and spread widening.

Solvency

- Solvency II ratio stable at 206% (YE2022: 205%) for Athora Netherlands N.V. Strong Operating Capital Generation and management actions were partially offset by the impact of asset repositioning, market variances and the settlement agreement.
- SRLEV N.V. Solvency II ratio of 210% (YE2022: 207%)

Strategic Progress

- Strong progress in the execution of Ambition 2025 strategy.
- Legal merger of Zwitserleven PPI and WTW's PPI completed with focus now turning to operational integration to drive commercial and cost benefits.
- Successful migration of the 2nd pillar pension portfolio of Onderlinge 's- Gravenhage to Athora Netherlands administration systems.
- Transfer of administrative tasks pertaining to the legacy individual life portfolio to Tata Consultancy Services (TCS).
- Move to modern and sustainable office building in Amsterdam.
- Athora Netherlands maintained number one position in the VBDO ranking as the most sustainable investor in the insurance sector in the Netherlands.
- On 27 March 2024, a capital distribution of € 75 million was approved by Athora Netherlands' shareholder.

Results overview

In € millions	FY2023	FY2022
Operating Result (before taxation)	559	278
IFRS Net Result	863	-619

In € millions / percentage	31 December 2023	31 December 2022
IFRS Equity	4,004	3,149
Solvency II ratio	206%	205%

Jan de Pooter, CEO and Chair of the Executive Committee of Athora Netherlands:

“We delivered strong financial and commercial results in 2023 against a challenging macro-economic and geo-political backdrop. We are now halfway through the Ambition 2025 strategic plan and are delivering on all our targets.

Commercially, we saw record business volumes in 2023, both organically and through acquisitions resulting in total growth of 29%. Business flows were healthy in both pensions and retirement. Our strategic focus on pensioners paid off with good results in our annuity business, where we were able to attract new business due to our focus on pensioners and their wellbeing. Organic business volumes were complemented by an innovative buy-out solution (that was developed together with Pensioenfonds Aon), the inclusion of WTW’s PPI, as well as the acquisition of the 2nd pillar pension portfolio of Onderlinge ‘s- Gravenhage. The legal merger of Zwitserleven PPI and WTW’s PPI was completed in December. The team is now focused on completing the operational integration of the two units, creating a combined platform to capture future growth.

In addition, we successfully migrated the 2nd pillar pension portfolio of Onderlinge ‘s- Gravenhage to our administration systems. In order to maintain a seamless experience for our customers, we continuously improve our portals recognising the significance of convenience and accessibility. We remain focused on the growth of our business and will continue to assess complementary inorganic opportunities that can accelerate our strategy.

We kept our costs under control while we continue to invest in the transformation and expansion of our business. Zwitserleven remains the leading brand in pensions and we recently launched the renewed Zwitserleven brand story: “the Zwitserleven Feeling, a feeling that we share”.

After many years, the new Dutch pension law (Wtp) came into force in 2023. As the only pension focused insurer, Athora Netherlands is optimally positioned to capture the opportunities in the dynamic Dutch pension market, together with our strategic partners. With our clear focus, robust capital position, talented workforce and commercial momentum, we have all the ingredients in place to build a leading position in the market.

We recently announced the settlement agreement with the interest groups regarding the investment-linked insurance policies. Through this agreement we provide clarity and aim to bring closure to this long-standing industry issue for our customers.

One of the key levers of our strategy is to increase our investment income through the repositioning of part of our investment portfolio towards higher returning assets, offering better risk-return

characteristics. This allows us to offer competitive rates to our customers and drive substantially higher Operating Capital Generation, supporting the future trajectory of the business.

We are proud that our efforts and expertise on sustainable investing have once again been recognised, as we maintained the number one position in the VBDO as the most sustainable investor in the insurance sector in the Netherlands. We consider this as an encouragement to also explore more specific impact investments in the Netherlands. As an example, we recently provided funding to a Dutch company that provides smart mounting systems for solar panels.

Our Solvency II ratio is strong and has been stable and above 200% during the year, reflecting strong Operating Capital Generation and positive management actions, more than outweighing the impact of repositioning our investment portfolio and market variances. Our strong capital position provides comfort to our customers and forms a solid and sustainable platform to further develop our business.

Supported by our high Solvency II levels and strong capital generation, a capital distribution of € 75 million was approved by Athora Netherlands' shareholder.

In 2023 we moved to our new office location Edge West in Amsterdam, while our location in Alkmaar has been redesigned. The new offices provide a sustainable and energising environment for all our colleagues. The Leesman survey, a global benchmark that measures how well office environments support employees' work activities, awarded Athora Netherlands' new office with the highest score in the Benelux. The improved work environment, commercial success, participation to various socially relevant initiatives and clarity about strategic direction have all contributed to a notable improvement of employee satisfaction.

I am very pleased with our performance in 2023 and would like to thank our employees for their hard work and commitment, as well as our customers and business partners for their continued trust. I look forward to continue executing our Ambition 2025 strategy to become a leading pension solutions provider in the Netherlands.”

Publication Annual Reports & Solvency and Financial Condition Report

Today, Athora Netherlands also published its Annual Report Athora Netherlands N.V. 2023, the Annual Reports 2023 of SRLEV N.V., Proteq Levensverzekeringen N.V. and the Solvency and Financial Condition Report (SFCR) 2023 of Athora Netherlands N.V.

These documents can be downloaded at www.athora.nl/investors

Financial Results

FINANCIAL RESULTS		
In € millions	FY2023	FY2022 ¹
Gross Inflows	2,682	2,083
- of which: Gross Written Premium	2,145	1,763
- of which: Net inflow PPI ²	537	320
Direct Investment Income	1,055	795
Operating Result (before taxation)	559	278
IFRS Net Result	863	-619
<p>¹ Financial Results are based on IFRS 17 and IFRS 9 accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards.</p> <p>² Per 1 April 2023, Athora Netherlands acquired WTW's Dutch PPI. Therefore, net inflow PPI 2023 includes the 2023 9-months net inflow of WTW's Dutch PPI. The net inflow 2022 consists only of that of Zwitserleven PPI.</p>		

Gross inflows increased by € 599 million to € 2,682 million compared with the same period in 2022, driven by growth in both the retirement and pension solutions segments. The buy-out transaction with Pensioenfond Aon and the acquisition of the Onderlinge 's- Gravenhage second pillar pension portfolio contributed € 290 million. The inclusion of the Willis Towers Watson's (WTW) PPI as of the second quarter added € 172 million to the gross inflows. Individual life insurance premium income decreased by € 43 million, in line with the closed book strategy for individual life products.

INVESTMENTS FOR ACCOUNT OF PARTICIPANTS PPI'S		
In € millions	31 December 2023	31 December 2022
Investments for account of participants PPI's ¹	3,912	1,641
<p>¹ Per 1 April 2023, Athora Netherlands acquired WTW's Dutch PPI. Therefore, per 31 December 2023 this represents the combination of our PPI's and per 31 December 2022 this only consists of that of Zwitserleven PPI.</p>		

Assets under Management (AuM) of the PPI business increased by more than 140% from € 1.6 billion to € 3.9 billion, following the acquisition of WTW's PPI, over € 537 million inflows, value transfers and positive market developments.

Direct investment income consisting of interest received, dividends and rental income increased by € 260 million to € 1,055 million compared with 2022 (€ 795 million). The positive effect of the repositioning of the investment portfolio towards higher returning assets more than offset the impact of the run-off of the individual life investment portfolio.

The IFRS Net Result of € 863 million (2022: € -619 million) is mainly driven by the impact of the yield decrease in the fourth quarter leading to higher market values of investments and the positive evolution of the Operating Result. In 2022, the impact of the yield environment was negative; IFRS Net Result was mainly driven by the change in market value of investments from higher interest rates and spread widening.

The Operating Result before taxation increased from € 278 million to € 559 million, underpinned by higher returns on the asset portfolio, regular Contractual Service Margin (CSM) release and a lower UFR-drag.

The reconciliation of Operating result (before taxation) to IFRS Net Result is presented in the table below:

RECONCILIATION OPERATING RESULT TO IFRS NET RESULT		
In € millions	FY2023	FY2022
Operating Result (before taxation)	559	278
Taxation	-144	-72
Operating Result (after taxation)	415	206
1) Market variances	459	-462
2) One-off Items	63	-283
3) Capital Flows (including funding costs)	-29	-57
4) Other	-	69
5) Non-Operating CSM	-45	-92
IFRS Net Result	863	-619

- 1) Market variances were positive in 2023, supported by the beneficial update of Illiquidity Premium (ILP) in line with a yearly Strategic Asset Allocation (SAA) update towards higher returning investments. Other market variances were broadly neutral, with positive impacts from interest rates decreases offset by negative impacts from mortgage spread widening and property variances. Mortgage spread widening is anticipated to be temporary as mortgage rates re-price to reflect changes in prevailing interest rates.
- 2) One-off items mainly reflect an agreement reached in June 2023 to change existing group life longevity reinsurance contracts, which resulted in a positive impact. In June, Athora Netherlands changed the existing group life longevity reinsurance contracts which resulted in a positive impact of 14%-points to the Solvency II ratio. The settlement agreement with interest groups regarding investment-linked insurance policies decreased the Eligible Own Funds by € 95 million and had an impact of -/-6% points on the Solvency II ratio.
- 3) Capital flows in 2023 comprised Athora Netherlands' regular funding costs of € 29 million on outstanding debt instruments. In 2022, capital flows included regular funding costs of € 26 million and a € 31 million loss related to the (partial) repurchase of subordinated notes.
- 4) Other in 2022 consists of a € 69 million valuation adjustment from the Deferred Tax Asset (DTA) becoming fully recoverable.
- 5) Non-Operating CSM net-of-tax includes the CSM effect on above items. The CSM slightly increased during the period, mainly driven by the IFRS accounting treatment relating to changes in the discount rate, amendments to group life longevity reinsurance contracts and methodology & assumption changes.

Insurance contracts

INSURANCE CONTRACTS		
In € millions	31 December 2023	31 December 2022
Insurance contract liabilities	41,713	40,364
Of which: Net Contractual Service Margin (combined reinsurance held and insurance)	1,929	1,974

The Net Contractual Service Margin (reinsurance and insurance netted) decreased by € 44 million (FY2023: € 1,929 million; FY2022: € 1,974 million). The decrease of the Contractual Service Margin (CSM) from the periodic release was largely compensated by positive impacts from changes in group life reinsurance contracts and methodology & assumption changes.

Financial Result per Segment

The majority of the life insurance activities of Athora Netherlands are performed within the legal entity of SRLEV N.V. Developments in the IFRS Net Result of Athora Netherlands are therefore also applicable for SRLEV.

FINANCIAL RESULT PER SEGMENT					
In € millions	SRLEV	Proteq	Zwitserleven PPI	Holding	Total
IFRS Net Result 2023	857	24	1	-19	863
IFRS Net Result 2022	-520	-12	1	-88	-619

IFRS Net Result for the legal entity Proteq Levensverzekeringen N.V. (Proteq) was positive influenced in 2023 due to the investment result and change in DTA position. The IFRS Net Result of Proteq in 2022 was impacted by a negative development in the fair value of the derivatives portfolio.

IFRS Net Result for the segment Holding improved in 2023 as a result of a less negative impact (compared to 2022) from the accounting treatment of the Own Pension Contract within Athora Netherlands N.V. A lower (or higher) market value of fixed income investments is reflected in the income statement, while the related decrease (or increase) in the provision for employee benefits (IAS19) is recorded through Equity (Other Comprehensive Income). Athora Netherlands provides funding to subsidiaries by means of subordinated loans. Interest received on intercompany Tier 1 loans is recorded directly in Equity, while interest paid to external parties is included in the income statement.

Capital Management

SOLVENCY II POSITION ATHORA NETHERLANDS			
In € millions / percentage	31 December 2023	31 December 2022	
Eligible own funds Athora Netherlands	3,326	3,181	
Consolidated group SCR	1,616	1,552	
Solvency II Surplus Athora Netherlands	1,710	1,629	
Solvency II ratio Athora Netherlands	206%	205%	

SOLVENCY II POSITION SRLEV			
In € millions / percentage	31 December 2023	31 December 2022	
Eligible own funds SRLEV	3,350	3,159	
Consolidated SRLEV SCR	1,592	1,524	
Solvency II Surplus SRLEV	1,758	1,635	
Solvency II ratio SRLEV	210%	207%	

The Solvency II ratio of Athora Netherlands N.V. remained broadly stable at 206% (YE2022: 205%). Strong Operating Capital Generation and Management actions were largely offset by the impact of assets repositioning, market variances and the settlement regarding the investment-linked insurance policies.

Operating Capital Generation (OCG) in 2023 increased to € 457 million, compared to € 271 million in 2022. OCG increased as a result of higher returns on the asset portfolio, higher interest rates and the resulting lower UFR-drag. In 2023, OCG contributed 32%-points to the Solvency II ratio.

Repositioning of the investment portfolio towards higher return assets, to improve run-rate OCG, increased the Solvency Capital Requirement (SCR) and reduced the own funds. The combined impact led to a reduction of the Solvency II ratio of 14% points.

Market variances had a negative impact of 28%-points and were mainly driven by spread widening of Dutch Residential Mortgage Loans and commercial real estate. The impact on Residential Mortgage Loans is viewed as temporary due to the delay in mortgage repricing when interest rates move quickly. This impact is anticipated to reverse as new mortgage rates are reset.

In June 2023, Athora Netherlands reached an agreement to change existing group life longevity reinsurance contracts, which resulted in a positive impact of 14%-points to the Solvency II ratio. In the second half of 2023 Athora Netherlands executed an equity hedge on exposures originating from the fee income of unit-linked client funds. This led to a positive impact of 4%-points to the Solvency II ratio. Another one-off impact was the settlement agreement that was reached with interest groups regarding investment-linked insurance policies. The related provisions decreased the year-end 2023 solvency ratio by 6%-points.

The Solvency II ratio of SRLEV increased to 210% at the end of 2023 from 207% at the end of 2022. The drivers of the change in the Solvency II ratio of SRLEV are similar to those of Athora Netherlands.

One of the objectives of the Capital Policy is to ensure that capital is used as efficiently and flexibly as possible to facilitate the implementation of Athora Netherlands' strategy. One of the possible utilisations of capital that Athora Netherlands may consider is capital distribution to the shareholder in the form of (interim) dividend, share buy-back or capital repayment from the reserves. The timing,

the form and the amount of potential capital distribution are subject to various qualitative and quantitative considerations, prevailing market conditions and outlook thereof. Athora Netherlands may also consider more frequent than annual capital distribution, but would make related decisions on a case-by-case basis. On 27 March 2024, a capital distribution of € 75 million was approved by Athora Netherlands' shareholder. This capital distribution has not been reflected in the year-end Solvency II position of Athora Netherlands (-/-6% point) and SRLEV (-/-5% point).

Consolidated Statement of Financial Position Athora Netherlands N.V.

Before result appropriation and in € millions	31 December 2023	31 December 2022 ¹	1 January 2022 ²
Assets			
Intangible assets	5	-	-
Property and equipment	34	35	42
Investments in associates and joint ventures	40	38	211
Investment property	986	1,012	615
Investments	44,930	42,481	55,720
Investments for account of third parties	7,560	4,108	3,354
Derivatives	6,507	10,552	3,834
Deferred tax	770	1,049	754
Reinsurance contracts held assets	13	8	14
Loans and advances due from banks	3,066	4,263	376
Corporate income tax	42	24	-
Other assets	223	221	301
Cash and cash equivalents	386	363	404
Assets held for sale	-	-	41
Total assets	64,562	64,154	65,666
Equity and liabilities			
Share capital ³	0	0	0
Reserves	3,654	2,799	3,293
Total shareholders' equity	3,654	2,799	3,293
Holders of other equity instruments	350	350	350
Total equity	4,004	3,149	3,643
Subordinated debt	922	914	913
Borrowings	62	62	62
Insurance contract liabilities	41,713	40,364	52,161
Reinsurance contracts held liabilities	210	94	430
Liabilities from investments for account of third parties	7,560	4,108	3,354
Provision for employee benefits	452	469	682
Other provisions	111	23	45
Derivatives	7,987	13,166	1,415
Amounts due to banks	1,249	1,579	2,638
Corporate income tax	-	-	22
Other liabilities	292	226	263
Liabilities directly associated with assets held for sale	-	-	38
Total equity and liabilities	64,562	64,154	65,666
<p>1 Financial Results are based on IFRS 17 'Insurance Contracts' and IFRS 9 'Financial Instruments' accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards. The total impact is a reduction of € 36 million in shareholders' equity at 31 December 2022.</p> <p>2 The initial application of IFRS 17 and IFRS 9 has a total impact of € 350 million (reduction) in shareholders' equity at 1 January 2022. The impact of IFRS 17 and IFRS 9 is, respectively, a reduction in shareholders' equity of € 1,518 million and an increase in shareholders' equity of € 1,168 million at 1 January 2022.</p> <p>3 The issued and paid-up share capital of Athora Netherlands N.V. is € 238,500</p>			

Consolidated Statement of Profit or Loss Athora Netherlands N.V.

In € millions	FY2023	FY2022 ¹
Insurance revenue	1,818	1,874
Insurance service expenses	-1,644	-1,671
Net expenses from reinsurance contracts held	-13	-35
Insurance service result	161	168
Result on investments	2,669	-6,391
Result on investments for account of third parties	821	-591
Result on derivatives	1,006	-5,365
Result on liabilities from investments for account of third parties	-821	591
Share in result of associates	4	1
Impairment losses and reversals	1	-5
Investment result	3,680	-11,760
Insurance finance income or expenses	-2,367	10,396
Reinsurance finance income or expenses	-131	347
Insurance finance income and expenses	-2,498	10,743
Other income	14	7
Other operating expenses	-159	-41
Other finance result	-51	-51
Other income and expenses	-196	-85
Result before tax	1,147	-934
Tax expense or benefit	-284	315
Net result for the period	863	-619
¹ Financial Results are based on IFRS 17 and IFRS 9 accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards.		

Alternative Performance Measures

This press release contains alternative performance measures (APM's) also referred to as non-GAAP measures in addition to the figures which have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Definition and usefulness of Operating Result (OR):

The Operating Result (OR) presents the financial performance on underlying operations of the business and provides a long-term view of IFRS result consistent with the Solvency II Operating Capital Generation definition.

The IFRS Net Result of Athora Netherlands has a period-to-period volatility due to the valuation of most assets and liabilities at fair value. In the Operating Result, market variances, capital flows (incl. funding costs), methodology and assumption changes and other one-time items are considered non-operating and are therefore eliminated from the IFRS Net Result.

Elements included in the Operating Result are:

- market return accretion of assets over liabilities,
- unwinding effects of the portfolio including CSM and Risk Margin release,
- impact of the UFR-drag,
- value of onerous new business, and
- in-period experience variance on operating expenses and other non-insurance operating items.

The Operating Result should be viewed as complementary to, and not as a substitute for IFRS Net Result.

Definition and usefulness of Gross Inflows:

Gross Inflows provide an indication for the business volumes through our insurance entities and our PPI, and comprise Written Insurance Premiums and Customer funds deposited in the PPI which are not accounted for as premiums.

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About Athora Netherlands

Athora Netherlands N.V. is the holding company for, among others, SRLEV N.V., Proteq Levensverzekeringen N.V., Zwitserleven PPI N.V. Athora Netherlands' subsidiaries are active on the Dutch market with the Zwitserleven and Reaal brands. A balance sheet total of € 65 billion (end of December 2023) makes Athora Netherlands one of the largest insurers in the Netherlands. Athora Netherlands Holding Limited is the sole shareholder of Athora Netherlands N.V. For more information, please visit www.athora.nl.

Disclaimer

This press release is released by Athora Netherlands N.V. and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the annual results 2023 of Athora Netherlands N.V. as described above.

This press release must not be interpreted as an opinion or recommendation with regard to the purchase or sale of securities issued by Athora Netherlands N.V. and/or one or more of its subsidiaries. This press release does not contain any value judgements or predictions with regard to the financial results of Athora Netherlands N.V. and/or its subsidiaries. If you do not wish to receive any press releases from Athora Netherlands, please send an email to info@athora.nl.

This press release contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation and should be read in combination with the annual report 2023 of Athora Netherlands N.V.

As per 31 December 2023 the same key accounting principles have been applied as per 31 December 2022 for the annual report 2022 of Athora Netherlands N.V. except for the impact of IFRS 17 and 9 which became effective in 2023 and for which the 2022 comparative figures have been restated. More information about the impact of IFRS 17 and 9 can be found in the annual report 2023 of Athora Netherlands N.V. in chapter 6.1 'Accounting Policies for the Consolidated Financial Statements'.