ANNUAL REPORT 2023

Athora Netherlands N.V.

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1 OVERVIEW

2023 at a Glance

Athora Netherlands 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. We kept our costs under control while we continue to invest in the transformation and expansion of our 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.

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

Jan de Pooter, CEO

Gross Inflow [in mn]

€2,682

2022: €2,083

Direct Investment Income [in mn]

€1,055

2022: €795

Operating Result [in mn]

€559

2022: €278

Solvency II Ratio

206%

2022: 205%

Operating Capital Generation [in mn]

€457

2022: €271

IFRS Net Result [in mn]

€863

2022: -€619

ATHORA

Total Assets [in bn]	Credit Rating [Fitch]	Sustainability Ranking VBDO	Employees [fte]
€64.6	A-	#1 ★★★★½	1,057
2022: €65	2022: A-	2022: #1	2022: 1,256

Net Zero Target	Carbon Footprint [own operations]	Engagements [companies and governments]	Female-Male Ratio
2040/ 2050 own operations/ investments	682 ton	469	30/70%
	2022: 834 ton	2022: N/A	2022: 33/67%

Strong Brands	Customer Base	Delighted Customer Score	Female Managers [fte]
Zwitserleven Reaal	2 mn	54%	27%
	2022: 2 mn	2022: 54%	2022: 20%

1.1 Key Figures

KEY FIGURES		
In percentage / € millions	2023	2022
Regulatory Solvency II	206%[1]	205%
Operating Capital Generation	457	271
Operating Result before taxation[2]	559	278
IFRS Net Result	863	-619
Gross inflows	2,682	2,083
Direct investment income	1,055	795

1 Regulatory Solvency II ratio 2023 is not final until filed with the regulator.

2 Application of the new accounting standards IFRS 17 and IFRS 9 has been accompanied with the introduction of Operating Result as Alternative Performance Measure, replacing Net Underlying Result.

Athora Netherlands and Athora Netherlands N.V.

In this annual report, we use the name 'Athora Netherlands N.V.' when referring to the company financial statements of Athora Netherlands N.V. For the consolidated financial statements of the insurance business as a whole, we use the name 'Athora Netherlands'.

The Athora Netherlands' Board Report, as referred to in section 2:391 of the Dutch Civil Code includes the following chapters: 2023 at a Glance, Key Figures (chapter 1.1), Message from our CEO (chapter 1.2), Organisation (chapter 2), Strategy and Developments (chapter 3) and Corporate Governance (chapter 4), excluding Report of the Supervisory Board (chapter 4.4).

1.2 Message from our CEO

Dear stakeholders,

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 customers and business partners for their continued trust. A special thanks goes to our valued employees for their relentless support in the realisation of the transformation of our company and the Works Council for their constructive cooperation. I look forward to continue executing our Ambition 2025 strategy to become a leading pension solutions provider in the Netherlands.

Amsterdam, the Netherlands, 27 March 2024

Jan de Pooter, Chief Executive Officer

2 ORGANISATION

2.1 About Athora Netherlands

Athora Netherlands N.V. is the holding company of two insurance companies and a Premium Pension Institution (Premie Pensioen Instelling or PPI) with strong positions in the Dutch life and pension markets. Through our main brand Zwitserleven, we provide pension and life insurance products. Under the brand Reaal, we sell and provide service for life insurance products.

Athora Netherlands builds on a long heritage, stretching back more than 130 years. Complemented by the investment expertise and capital support of Athora Group, we aim to be a leading player in the Dutch pension and life insurance market.

With roughly 1,060 colleagues, Athora Netherlands aims to fulfil its purpose 'A sustainable partner for life, taking care of your tomorrow'. We do this by providing attractive and stable benefits and guarantees in every phase of our customers' pension and retirement journey.

Our overarching sustainability approach ensures that Athora Netherlands delivers on its purpose in a sustainable way. Athora Netherlands does so by investing in companies that make our planet a better place to live and by encouraging the sectors we invest in to act responsibly from an ecological, social and governance perspective. For more information on sustainability, see chapter 3.4 Sustainability.

Consequently, Athora Netherlands aims to grow in a balanced way and work towards a better world, so that our customers' future is truly carefree.

2.1.1 Legal Entities

Athora Netherlands N.V. is a public limited company with a two-tier board structure consisting of an Executive Board and a Supervisory Board.

As a holding company, Athora Netherlands N.V. has no material, direct business operations, but employs all personnel and services the business with staff and IT support. The principal assets of Athora Netherlands N.V. are the equity interests it holds in its operating subsidiaries.

The figure below shows the legal structure of Athora Netherlands N.V. as per 31 December 2023:

The structure of Athora Netherlands N.V.

2.1.2 Shareholder

Athora Netherlands Holding Ltd. is the sole shareholder of Athora Netherlands N.V. Athora Netherlands Holding Ltd. is a full subsidiary of Athora Holding Ltd. (Athora Group).

Athora Group is an insurance and reinsurance group fully focused on the European market. It is a specialised operator focusing on the large and attractive traditional life and pensions market. Its ambition is to become a leading provider of guaranteed life and pensions products and solutions in Europe.

To insurers looking to improve their capital position or make strategic changes, Athora Group offers innovative solutions in the areas of reinsurance and mergers & acquisitions. Athora Group also serves the needs of individual and corporate customers that continue to demand products offering safety of returns at a time when many operators are de-emphasising these products.

The business model of Athora Group is centred on the disciplined accumulation of stable and long-term insurance liabilities; a sophisticated approach to investment, capital and risk management; and an efficient operating model.

With supportive long-term shareholders and a strategic relationship with Apollo Global Management Inc. and its subsidiaries (Apollo), Athora Group can leverage the scale of Apollo's asset management platform.

Athora Group's culture is founded on a clear set of values: Dare to be different, Seek simplicity, Care, and Do the right thing.

2.2 Our Brands

Zwitserleven

With a heritage of more than 120 years and a complete focus on pensions, Zwitserleven is one of the best-known pension specialists in the Netherlands. By offering a broad suite of pension solutions for both savings (accumulation) and retirement (decumulation) we provide products for every phase of our customers' lives.

At Zwitserleven, we believe pension is more than a financing. It is a way to live your life the way you want and with whom you want. With this in mind, preparations took place in 2023 for the launch of a rebranding campaign in spring 2024: *Het Zwitserleven gevoel. Een gevoel dat we delen.* (The Zwitserleven feeling. It is a feeling we share).

Reaal

The history of Reaal goes back to 1891, with the establishment of the Noord Hollandsche Levensverzekerings Maatschappij N.V. (N.H.L.M.), which eventually resulted in the well-known brand Reaal after many acquisitions and mergers. Currently Reaal is known for a range of Life insurance products.

Only Immediate Annuity products are presently sold under the Reaal label. Reaal administrates a broad and diverse life insurance portfolio consisting of approximately 2.7 million insurance policies with a wide range of Funeral, Term Life, Endowments, Annuity and Unit linked products. Reaal strives to improve the financial resilience of customers by helping them make well-considered choices about their financial situation.

3 STRATEGY & DEVELOPMENTS

3.1 Corporate Strategy

Athora Netherlands is a pension and life insurance company focused on the Dutch market. We build on more than 130 years of knowledge and experience. With our strong consumer brands Zwitserleven and Reaal, we offer our customers attractive products and services to provide a good income for later.

Complemented by the investment expertise and capital support of Athora Group, we aim to be a leading player in the Dutch pension and life insurance market.

To achieve this aim and to fulfil our purpose “We are a sustainable partner for life, taking care of your tomorrow”, we have formulated our Ambition 2025 strategy, consisting of three key value creators:

Growth – A Business for the Future

We aim to address our target market successfully by providing attractive and stable benefits and guarantees in every phase of our customers’ pension and retirement journey. We offer accumulation solutions with our insured and pension premium institution (PPI) defined contribution plans. For the retirement (‘decumulation’) phase, we provide our customers with immediate pensions and immediate (variable) annuities. By delivering superior service, we aim to keep customer loyalty high throughout their pension and retirement journey, ensuring high retention rates.

In addition, we have strengthened our capabilities to offer attractive solutions such as opt-outs and buy-outs for pension funds of various sizes, which can opt for excellent, guaranteed and secured offerings.

We also continue to offer best-in-class service to our life service book customers, while this portfolio gradually runs off.

Operating Model – Our Focus is our Advantage

As a focused pensions and life insurance company, we strive for simplicity and customer centricity. This clear focus enables us to structure our organisation more easily, with fewer management layers and more agility to respond to market opportunities. Here cooperation across departments is crucial.

We also choose to cooperate with strategic partners if they can execute certain activities better or more efficiently than we can ourselves. In this way, we ensure continuity and keep costs under control by scaling up or down as needed. We have access to in-depth knowledge and capabilities and can offer our products at low cost to our customers, leaving them with more income for later. Next to that, we promote a culture and organisation that attracts and retains top talent.

Investments & Capital – Deliver on the Promise

We create and maintain stable financial resources to deliver on our promise to all stakeholders. We ensure that we maintain full control over our risk profile through an elaborate risk management framework founded on robust processes, clear governance, highly skilled people, and appropriate risk limits.

We target to provide stable and attractive offerings for our customers, while operating capital generation and efficient use of capital will contribute to a healthy financial position and provide resilient, long-term stable returns to our shareholder.

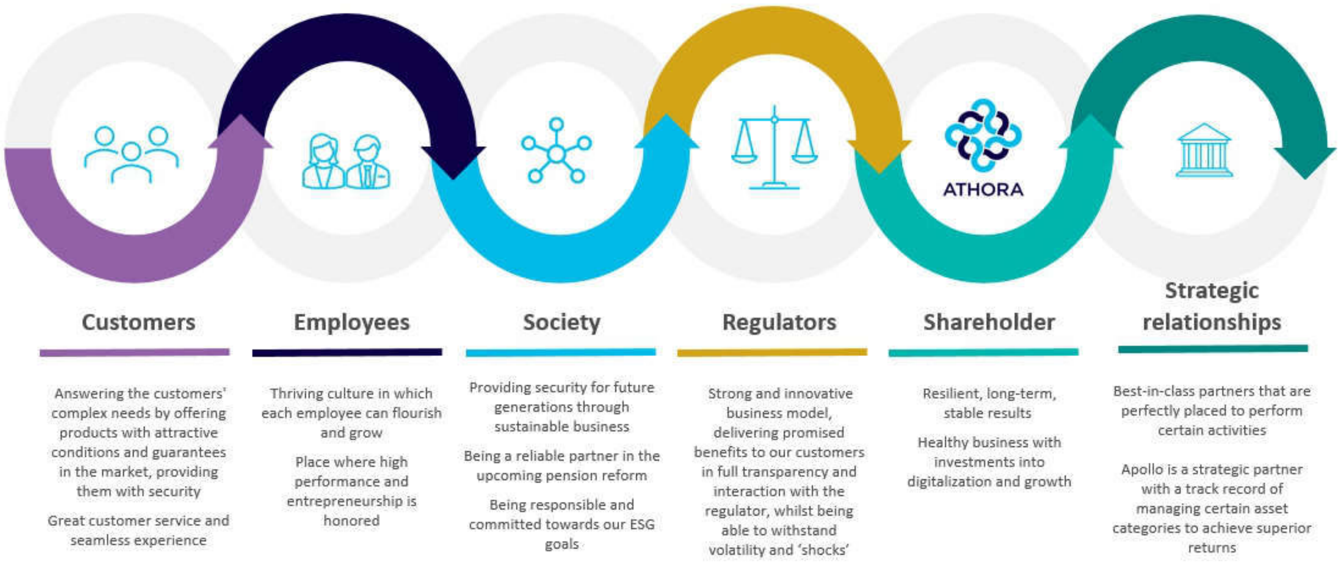
We leverage our strong asset management capabilities to have access to diversified investments. We also make the conscious choice to go for a diverse selection of private markets investments, while remaining selective and conscious of the risks we take.

Sustainability Approach

Integrated in these three key value creators is our overarching sustainability approach, ensuring Athora Netherlands delivers on its purpose in a sustainable manner. We will continue to embed sustainable investments and corporate social responsibility in the organisation. Sustainability is an important added value for all our stakeholders: customers, employees, society, regulators, shareholders and business partners. The way sustainability is embedded in each pillar of our strategy is outlined in detail in Chapter 3.4.

A Partner for Life

By delivering on these three key value creators, we will be able to successfully execute our strategy and thereby fulfil our purpose to serve our stakeholders and being a sustainable partner for life for our customers.



How to shape the future is something people find challenging

"2023 has been a year in which we have put our strategy to work. We have taken steps to focus more on the customer, rather than employers.

The new legislation is going to bring about changes in customer behaviour. From research, we know that customers don't really understand the changes that are coming. They look at retirement as an emotional moment in life, the time of great change. Many people are afraid of no longer belonging.

In the market, we mostly see product solutions being offered that do not fit well with customers' perceptions about their pension. They are mostly facing a social-emotional challenge. Not knowing how to get out of bed that first Monday after retirement, how you're going to shape the future is something people find challenging.

We're going to respond to that with the right content, by making them aware, connecting with their feelings and then providing the products that meet exactly what they need."

Geneviève Ho Sam Sooi, Director Personal Solutions

3.2 Developments and Business Performance

Trends and Developments

After many years, the new Wtp (*Wet toekomst pensioenen*) pension law came into force on 1 July 2023. Second pillar pension schemes will have to comply with this law, most likely, ultimately on 1 January 2028, which means that defined benefit schemes are no longer sold. As a focused pension specialist, Athora Netherlands is well-positioned to capture the opportunities in the dynamic Dutch pension market, together with our business partners. With our focus, capital position, workforce and commercial momentum, we have all ingredients in place to build a leading position in the market.

Business Performance in 2023

Athora Netherlands continued to make progress with our Ambition 2025 strategy, which is based upon three value creators: Growth, Operating Model, and Investments & Capital.

Growth

In 2023, we made significant progress with the execution of our growth strategy in pensions.

Commercially, we saw strong business volumes in 2023, both organically and through acquisitions.

Healthy organic business flows in both the accumulation and decumulation space were supported by an innovative buy-out 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. In addition, employers and advisors were updated on the latest developments in the market during the highly acclaimed annual Zwitserleven pension event in May.

The legal merger between Zwitserleven PPI and WTW's PPI was completed in December. We also successfully migrated the 2nd pillar pension portfolio of Onderlinge 's Gravenhage to our administration systems.

Pension Buy-outs

Pension buy-outs of various sizes are an important part of our pension growth strategy. The board of Pensioenfonds Aon offered former participants and pensioners an opt-out to Zwitserleven when transferring the closed pension schemes to Algemeen Pensioenfonds Stap. Together with the pension fund board, Zwitserleven worked out a customised solution that took into account the different risk preferences within the fund and focused on the future wishes of the participants. A solution was devised in the form of a standard collective value transfer of all members to Algemeen Pensioenfonds Stap. An opt-out for the fund's pensioners and former members allowed them to choose a lifelong guaranteed Zwitserleven pension with a fixed annual indexation of at least 2.0%. This gave concrete expression to a certain degree of freedom of choice for these members, which also strengthened support for the liquidation of the pension fund and the associated transition. Eventually, 168 participants opted for this solution, accounting for approximately € 58 million in invested pension assets.

Operating Model

New Executive Committee

In January 2023, Athora Netherlands appointed Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its new Executive Committee. This committee aims to improve the governance of Athora Netherlands, representing all relevant functions within the company. The Executive Committee is responsible for the management, strategy and operations of Athora Netherlands.

Expansion of Strategic Partnership with Tata Consultancy Services (TCS)

Athora Netherlands transferred the Operations and IT of its Life Service Business to TCS. This expansion of its long-standing strategic partnership with TCS will enable Athora Netherlands to further improve customer service levels, safeguard the continuity, and variabilise the expense base of its Life Service Business, a closed book consisting of individual life insurance products under the Reaal brand.

The expansion of the partnership involved the transfer of approximately 90 employees to TCS, who will continue to serve our customers of the Life Service Business. In addition to the Operations and IT of the Life Service Business, certain IT core infrastructure services were also transferred to TCS. Strategic partnerships, such as this one with TCS, are part of Athora Netherlands' Ambition 2025 strategy to become a leading, focused pensions and life insurance company.

First Place in VBDO Sustainability Ranking

In September, Athora Netherlands once again achieved first place in the benchmark 'Responsible Investment by Insurers in the Netherlands' with a score of 4.5 out of 5. The Dutch Association of Investors for Sustainable Development (VBDO) presents this survey every two years, comparing the sustainable investment policies of Dutch insurers in four areas: governance, policy, implementation and transparency.

Investments & Capital

Continued Redeployment of Investment Portfolio

As part of our business strategy, we continued the gradual rebalancing of our investment portfolio, achieving an increase in investment income and positive operating capital generation in 2023. Together with the continued diversification of investments, the investment management results—as a contribution to our overall performance—have shown further improvement over the past year.

Creating and Maintaining Stable Financial Resources

Athora Netherlands' Solvency II ratio increased to 206% at the end of 2023 (year-end 2022: 205%), reflecting material OCG and the positive impact from management actions. Our capital position provides comfort to our customers and forms a solid and sustainable platform to further develop our business.

Milestones 2023

Q1

- Athora Netherlands achieved 'Top Employer' certification in January for the second year in a row. This international quality mark is awarded annually to employers with an excellent HR policy. The list of top employers was announced by the Top Employers Institute.
- Also in January, Athora Netherlands announced the appointment of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to our new Executive Committee.

Q2

- The transfer of WTW's Dutch Premium Pension Institution (PPI) to Athora Netherlands was completed in April.
- On 1 May, Athora Netherlands' head office moved from Amstelveen to EDGE Amsterdam West. The modern and innovative working environment fits well with the hybrid way of working Athora Netherlands advocates. It is also one of the most sustainable office buildings in Europe with the highest sustainability scores from BREAAM and WELL.
- Also in May, the board of Pensioenfonds Aon offered former participants and pensioners an opt-out at Zwitserleven when transferring the closed pension schemes to Algemeen Pensioenfonds Stap. This opt-out allowed them to choose a lifelong guaranteed pension at Zwitserleven with a fixed annual indexation of at least 2.0%. 168 participants, representing around €58 million of invested pension assets, opted for this solution.

Q3

- In August, we closed the transaction to acquire the second pillar pension portfolio from Onderlinge 's-Gravenhage, consisting of about 11.300 policies, representing invested pension assets of approximately € 307 million.
- Athora Netherlands announced on 31 August that we will transfer the Operations and IT of our Life Service Business to Tata Consultancy Services (TCS). This expansion of our long-standing strategic partnership with TCS will enable us to further improve customer service levels, safeguard the continuity, and variabilise the expense base of our Life Service Business, a closed book consisting of individual life insurance products under the Reaal brand.
- In September, Athora Netherlands once again achieved the first place in the benchmark 'Responsible Investment by Insurers in the Netherlands' with a score of 4.5 out of 5. The Dutch Association of Investors for Sustainable Development (VBDO) presents this survey every two years, comparing the sustainable investment policies of Dutch insurers in four areas: governance, policy, implementation and transparency.
- In September, more than 800 employees assembled at Athora NEXT in Zaandam, to talk strategy and look at developments that lie ahead, such as the new WTP, AI developments, and the upcoming brand strategy for Zwitserleven.

Q4

- The legal merger of WTW's PPI and Zwitserleven PPI N.V. was effectuated on 2 December. The combined entity will focus on the operational integration.

ATHORA
NEXT

In September, almost all employees came together at Athora NEXT to talk strategy and look at the developments that lie ahead.

3.3 Financial Results and Capital Position

The Operating Result before taxation increased from € 278 million to € 559 million compared with 2022. The Operating Result increased as a result of higher returns on the asset portfolio, regular Contractual Service Margin (CSM) release and a lower UFR-drag.

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 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	2023	2022
Operating Result (before taxation)[1]	**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[2]	**863**	**-619**

1 Refer to 4. Principles Operating Result in Additional information for the description of the Alternative Performance Measure.
2 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.

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. The new SAA resulted in an increase of 25 bps in ILP is the long end (Year 7 onwards), and had a positive impact on P&L of € 486 million. 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 the Solvency II ratio by 6% points.
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.

FINANCIAL RESULTS		
In € millions	2023	2022
Gross Inflows	2,682	2,083
- of which: Gross Written Premium	2,145	1,763
- of which: Net inflow PPI[1]	537	320
Direct Investment Income	1,055	795
Operating Result (before taxation)	559	278
IFRS Net Result[2]	863	-619

1 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.
2 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.

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 Pensioenfonds Aon and the acquisition of the Onderlinge 's- Gravenhage second pillar pension portfolio contributed € 290 million. The inclusion of the Willis Towers Watson (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	3,912	1,641

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.

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 (2023: € 1,929 million; 2022: € 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

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**

SRLEV

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.

Proteq Levensverzekeringen

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. For the same period in 2022 the IFRS Net Result of Proteq was impacted by a negative development in the fair value of the derivatives portfolio.

Holding

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 Position

The estimated Solvency II ratio of Athora Netherlands increased to 206 per cent at year-end 2023 from 205 per cent at year-end 2022.

The main items driving the change in the Solvency II ratio were:
- Operating capital generation of +32 percentage point.
- Market impacts of -28 percentage point.
- One-off items of +2 percentage point.
- Capital flows of -5 percentage point.
- Other of +0 percentage point.

More information about the change in Solvency II ratio can be found in Chapter 7 'Managing Risks' in the consolidated financial statements.

The estimated Solvency II ratio of SRLEV increased to 210 per cent from 207 per cent.

SOLVENCY II POSITION				
	Athora Netherlands		SRLEV	
In € millions / percentage	2023[1]	2022	2023	2022
Eligible own funds	3,326	3,181	3,350	3,159
Consolidated group SCR	1,616	1,552	1,592	1,524
Solvency II Surplus	1,710	1,629	1,758	1,635
Solvency II ratio	206%	205%	210%	207%

1 Regulatory Solvency II ratio 2023 is not final until filed with the regulator.

SENSITIVITY		
	Solvency II ratio	
In %	2023	2022
10% lower mortality rates for all policies (longevity risk)	-6%	-4%
Interest +50 bps	-3%	-2%
Interest -50 bps	5%	1%
UFR -15 bps	-4%	-4%
UFR -50 bps	-14%	-14%
Excluding VA	-49%	-49%
Inflation +100 bps	-3%	0%
Equities -10%	-5%	-5%
Property -10%	-5%	-6%
Credit spreads Government Bonds +50 bps	3%	10%
Credit spreads Corporates/Mortgages +50 bps	7%	6%
All Credit spreads +50 bps	12%	16%

The new accommodation in Edge Amsterdam West ticks all the boxes

"The search for a new office began earlier, but in 2023 it gained momentum. Edge Amsterdam West met our programme of requirements perfectly, a building with lots of activity, colourful and above all sustainable. It is a gas-free building that generates its own energy with solar panels, in which the lights and climate respond to motion sensors. Moreover, it is near an NS Station, which encourages commuting by public transport. The bright atrium and stairs in sight contribute to the vitality of our employees."

Willem van Biezen, Head of Facility Management

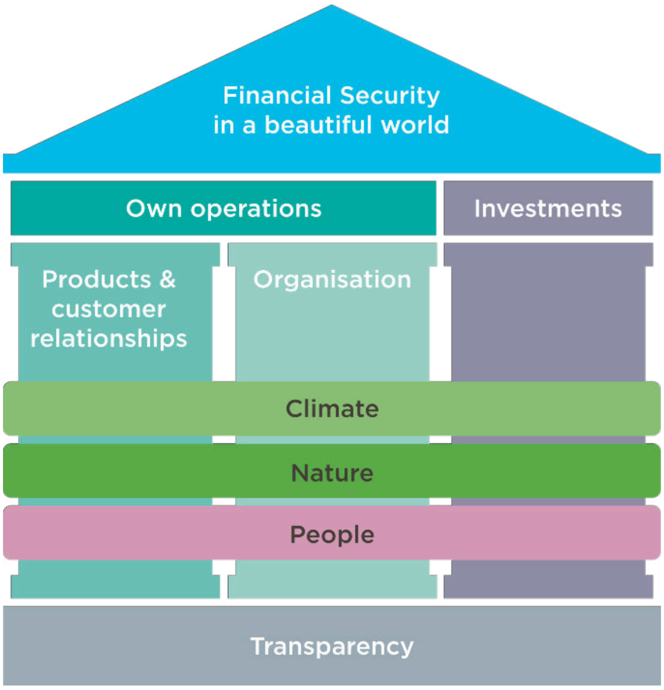
"When furnishing the building, a sounding board contributed to all the choices: the colour and type of flooring, the wall coverings and the chairs and desks. All materials used in the interior are from reused or sustainably developed materials. And a boardroom table was made from all the leftover wood. Simultaneously with the interior design in Amsterdam, we also gave our office in Alkmaar the same makeover, creating unity across both offices. It is wonderful to see that housing has a positive impact on the way people experience their work."

Nooike Brouwer, Housing Consultant FM

3.4 Sustainability

At Athora Netherlands, sustainability has long been an integral part of our strategy. Throughout our long heritage, our various predecessor companies were established with the goal of meeting the societal need for financial security in times of adversity and in the later stages of life. Our mission today is a continuation of that goal, supplemented with the conviction that financial security is worth so much more when it can be enjoyed in vibrant communities on a healthy planet, and that we have the means and, therefore, responsibility to contribute to a better world.

In 2023 Athora Netherlands under the stewardship of the Sustainability Office further refined and deepened the sustainability ambition and strategy and coordinated efforts to meet increasing expectations with respect to sustainable business practices from our stakeholders including clients, employees, regulators and society at large. We made good progress with further embedding sustainability in across business lines and functions, in the form of concrete choices, initiatives, KPIs and targets.



3.4.1 Sustainability Strategy

Our mission is that people enjoy financial security in a beautiful world, ecologically and socially.

We aim to deliver on this mission through the provision of excellent pension solutions, created and delivered in a sustainable manner, optimising financial, ecological and social return through:

- Products & customer relationships: In our role as insurer, we aim to ensure that our products are fair, transparent and accessible and protect the interest of our clients whilst enabling them to make sustainable choices.
- Organisation: In our role as employer and corporate citizen, we aim to ensure that we offer a fair and stable work environment, improve communities and our planet, and raise awareness about our activities and impact.
- Investments: In our role as investor, through our investments and integration of sustainability risk mitigation, make a positive, real and measurable impact on the economy, community and planet, and deliver long-term returns for our clients and business.

Across all elements of our business model, we commit to mitigating climate change and protecting and restoring nature, as well as promoting a fair and just treatment of people including a fair & equal living wage for our employees and workers throughout our value chain.

We are transparent about our sustainability objectives and our progress towards those.

Thus, through what we offer and how we conduct ourselves, we contribute to a world where our clients, our employees, the community and the planet are thriving and as a result provide long-term stability for the company and stable financial returns to our shareholders.

Strategy for Own Operations

The essence of our business is to serve society by providing fair and affordable pensions solutions whilst ensuring that our own operations are gentle on our planet and communities.

As part of our push to further embed sustainability in our own operations, we are strengthening policies and practices across all areas of our business and exerting influence on the companies and partners we work with. This spans from integration of sustainability in our product design and sales processes to energy and emissions saving measures in our facilities and IT, as well as supporting and developing our own employees and helping them make conscious choices, e.g., with respect to commuting.

Whilst the impact of these combined measures is modest and sustainability risks mostly manifest themselves outside our own operations, we believe setting the right example in how we conduct ourselves in our role as insurer, employer and corporate citizen is critical to our credibility in our role as sustainable investor.

Strategy for Investments

It is in our role as investor that we can make the most impact. Therefore, Athora Netherlands has formulated a holistic investment policy that takes into account the sustainability opportunities and risks of investments and the impact of investments on society. The long-term sustainability goal of all of our investments is that the entities in which we invest will operate within the ecological boundaries of our planet and the social foundations of society. In order to achieve these goals and comply with current and new legislation, our Sustainable Investment Policy consists of the following steps:

Step 1: Fundamental Investment Principles

The basis of our Sustainable Investment Policy is that companies, governments and institutions must comply with socio-ethical principles. These Fundamental Investment Principles are based on a range of international conventions and principles, including the United Nations' Principles for Responsible Investment (PRI), Global Compact (UNGC), the UN Guiding Principles on Business & Human Rights and the OECD Guidelines for Multinational Enterprises.

In addition, we do not invest in issuers that are subject to EU or UN sanctions, are involved in the production or trade of controversial weapons, are systematically involved in fraud, corruption or tax avoidance, or are significantly involved in tobacco, pornography or gambling. Companies, governments and institutions that do not comply with these principles exhibit unacceptable behaviour and are consequently excluded from the investment universe. All entities that comply with our Fundamental Investment Principles are also considered to meet the conditions of good governance as formulated in the SFDR, where applicable.

Compliance with our Fundamental Investment Principles is assessed on the basis of two main criteria:

(1) repeated or systematic involvement in activities covered by the Principles, as well as failure to adequately address such involvement; and (2) insufficient measures to prevent this involvement in the future. Athora Netherlands assesses whether companies, governments or institutions should be excluded as soon as it becomes clear that they cannot be convinced to change their behaviour. When it is decided to exclude an issuer and a company, government or institution and an investment is already made in the issuer, this investment will be sold with due observance of a certain time limit and, especially in case of illiquid assets, maturity of the asset. This may also apply to issuers that are not directly involved in violations of the Fundamental Investment Principles, but whose conduct or activities raise serious ethical questions.

Step 2: Sustainability Themes

On the basis of material sustainability drivers, Athora Netherlands also assesses the extent to which companies, governments and institutions have the potential and intentions to contribute to a more sustainable society and to prepare for the social transitions that are ongoing.

The purpose of this is twofold. On the one hand, this shows to what extent investments in these issuers contribute to the stated long-term sustainability goals. On the other hand, this assessment reduces the sustainability risks of the investments by assessing which companies, governments and institutions are (inadequately) prepared for changes in regulations, markets and society as required by the sustainability transition.

The potential and intention of companies, governments and institutions to change is referred to as the 'adaptability'. Companies, governments and institutions with insufficient adaptability are excluded from investment. This adaptability is assessed on the basis of seven Material Sustainability Drivers that indicate how issuers deal with various sustainability transitions, and take into account:

- Use of fossil fuels: Controlling the use of fossil fuels. This affects, among other things, climate change, air pollution, the availability of energy and health.
- Water use: Controlling the use of fresh water in areas where water is scarce. This affects, among other things, the availability of water, water quality, health and food production.
- Land use: The management of land use, especially for agricultural and mining purposes. This affects climate change, loss of biodiversity and water flows, but also local communities and social inequality.
- Chemical waste management: The management of toxic substances, long-life chemicals, hazardous waste and plastics. This affects the environment and public health.
- Social capital management: Activities to maintain the right to exist (the so-called license to operate). This affects, among other things, human rights, relationships within communities, social equality and the access to and affordability of, for example, health care and financing.
- Human capital management: Activities related to labour and trade union rights and working conditions. These affect educational opportunities and income and gender inequalities.
- Organisational behaviour and integrity: Actions to create an ethical business climate. These affect local communities, social justice and working conditions. For companies, this concerns their own organisational model, but also the way in which they deal with other companies in the chain.

We assess the degree of adaptability for every company, government or institution. A wide range of quantitative and qualitative sustainability indicators are used for this purpose, which come from a number of specialised ESG data suppliers. These indicators provide retrospective insight into the current degree of sustainability of companies and governments, but also provide insight into the goals, plans and investments to further shape the transition in a forward-looking manner.

Companies or governments that through their activities or operations in the long run do not show to have the adaptive capacity towards operating within the planetary boundaries and social foundations, are not included in the investable universe. We therefore strive to only invest in companies or governments that are transitioning towards this end.

Step 3: Positive Impact

Athora Netherlands strives to create a (net) positive impact through its investments, in addition to excluding unacceptable behaviour and mitigating sustainability risks. For this reason, we select companies for certain parts of our portfolio that make a conscious contribution to one or more sustainability objectives, without doing significant harm to other sustainability factors. It may concern companies that develop services or products that enable others to make a positive contribution to society. It may also concern companies that make a positive contribution to the Sustainable Development Goals with their own production methods.

Risk Management

Athora Netherlands believes that sound corporate behaviour and integrity, as defined for instance by UN Global Compact and the OECD Guidelines for Multinational Enterprises, contribute to the long-term financial performance of companies, the stability of communities and the Sustainable Development Goals, and therefore considers these factors and transparency about these in its investment decisions.

For entities that comply with the Fundamental Investment Principles, we assess whether they are able to control their exposure to the material risks of not operating in the safe zone. Also, part of this is their ability to capitalise on opportunities to operate within those zones. We are convinced that the integration of sustainability aspects and risks in the investment policy leads to better risk-return profiles. When assessing individual companies and governments according to the sustainability framework applied by Athora Netherlands, we explicitly look at the possible sustainability risks associated with the various sustainability themes and how companies and governments mitigate these risks.

In addition to sustainability risks relating to individual companies or sectors, Athora Netherlands also takes into account sustainability risks that may arise in specific countries or regions, such as increasing exposure to natural disasters (including climate change) or social unrest. Taking sustainability risks and opportunities into account creates a broader view of the companies, governments and institutions in which we invest in and improves decision-making, which can ultimately lead to the selection of companies, governments and institutions with lower downside risks and better returns.

Companies, governments and institutions can also be at risk from involvement in controversial themes and practices. In general, reduced involvement in controversial topics and practices for entities leads to reduced market risk and lower cost of capital. Lower cost of capital is generally associated with a higher investment valuation and/or greater return potential. Specific sustainability risks and the way in which we deal with them in order to mitigate these risks in its portfolios are discussed below as part of our active ownership.

Active ownership

Voting and engagement are two instruments that allow Athora Netherlands to stimulate improvement and upward movement of entities to a higher category within our sustainable investment framework.

Voting

Votes are cast on behalf of Athora Netherlands at shareholder meetings of investee companies to promote sustainable operations. This can involve voting on board proposals, proposals from other shareholders, or submitting their own proposals. Athora Netherlands follows the principles of the International Corporate Governance Network (ICGN), which are recognised as best practices and endorsed by the OECD's Principles of Corporate Governance. A voting policy has been developed based on these guidelines, covering typical agenda items at shareholder meetings. In addition, the voting policy includes specific themes from Athora Netherlands' sustainability policy, as shareholder resolutions often address governance, social, environmental, and ethical issues. Overall, Athora Netherlands uses its voting rights to encourage companies to operate sustainably and adheres to internationally recognised governance principles.

Engagement

We use engagement as one of instruments to influence behaviour of entities we invest in. Engagement involves actively entering into a dialogue with companies, and to a lesser extent with institutions and governments in order to propose solutions for their sustainability challenges and to stimulate change in the field of the environment, social aspects and/or corporate governance. The objectives of engagement include ensuring that improvement is shown in ESG policy and ESG performance; ensuring that improvements to ESG standards are achieved; and influencing laws and regulations related to ESG standards. The way in which the dialogue with companies, governments or institutions is entered into depends, among other things, on the reason for engagement, the willingness to cooperate and to answer questions. Engagement can be initiated from different angles, for example from new and/or changing laws and regulations and/or by collaborating with other investors to achieve certain ESG objectives and reduce ESG risks.

When it becomes clear after assessment that improvement of the policy or behaviour in the field of the environment, social aspects and/or corporate governance is necessary to prevent exclusion in the long-term, a proactive discussion is started. In the case of equity investments, for example, the interest in these companies can be made clear from the role of shareholder that improvement is necessary.

The conversations are tailored to the unique context of each company or institution, with a focus on collective engagements and long-term dialogues with the aim of achieving 'real-world impact' and systemic change. In 2023, individual and collective engagements were conducted with 469 companies and institutions on behalf of Athora Netherlands.

In particular, engagement was conducted on the following themes to contribute to the implementation of Athora Netherlands' sustainability policy and underlying objectives:

Through stewardship, we encourage companies to reduce greenhouse gas emissions and prepare for the impacts of climate change. Last year, 469 engagements were made with companies and governments, of which 266 (or 41%) were on climate change. This includes efforts through the collective platform Climate Action 100+, of which Cardano is a member partly on behalf of Athora Netherlands.

Climate Action 100+, the largest climate engagement initiative, has had demonstrable successes in recent years. For instance, the number of companies committed to a net-zero target has increased significantly. Whereas in 2021 only 50% of companies had a net-zero target, by 2023 this has increased to 77% of companies. Also, 87% of companies have set a medium-term carbon reduction target for 2023 and 93% of companies have invested in monitoring climate risks and opportunities at board level. Companies have also made progress in publishing carbon reduction targets.

In implementing these targets, companies are lagging behind. This puts meeting the 2030 medium-term targets of the Paris climate agreement further out of sight. In June 2023, the CA100+ therefore announced the start of the second phase of the initiative. This new phase lasts until 2030 and shifts the focus from the publication of climate reports and targets to the implementation of climate transition plans. This second phase of the initiative sets minimum requirements for investors leading engagement, such as target setting, engagement activities and appropriate escalation options. Athora Netherlands encourages these developments and supports Cardano which, as co-leader of the engagement with a major agricultural crop trader (Bunge), will focus on the publication and implementation of the climate transition plan to which it committed during previous discussions.

Other examples on topics were discussed:

Example: Agriculture's Carbon Footprint in the CA100+

The agriculture sector has an important role to play in meeting the Paris targets, but there are significant obstacles to putting this into practice. The sector has its own unique transition pathway. To reduce carbon emissions and improve environmental impact, farms and commodity traders need to take several initiatives, including preventing deforestation and reducing the carbon footprint of food commodity production. To support the transition of this sector, Cardano is leading an engagement partly on behalf of Athora Netherlands, for example from the Climate Action 100+ initiative with one of the world's largest agricultural commodity traders (Bunge). From this initiative, a shareholder resolution was drafted in 2023 asking this trader to set a net-zero target. Although the company already had targets to reduce carbon emissions by 2030, it lacked a longer-term action plan and targets. After several constructive discussions with the company, Bunge committed in writing to prepare a reduction plan as a first step towards a net-zero target. The commitment will be continued to oversee the publication of a credible action plan and the achievement of the remaining CA100+ targets.

Exclusion

If entities are categorised as non-adaptive, we consider them to be a significant risk to society and to investors. After consideration such entities will be excluded from investments. Since there is generally little willingness among these entities to change to business conduct that fits the safe and fair zone category, engagement is unlikely to be successful.

In 2023, the total number of companies and institutions excluded for violating international standards and/or involvement in harmful products has increased further. A total of 90 new companies and institutions have been excluded and 4 companies and institutions have been readmitted to the investable universe. With regard to country policy and its implementation, there have been no changes in the investable universe.

In 2023, the total number of companies excluded due to being non-adaptive increased again. Most of the new exclusions were based on high carbon intensity levels, either from own operations (scope 1 and 2) or products sold (scope 3). The high number of exclusions reflect the fact that the low carbon transition risks are materialising rapidly. The names of newly excluded entities and grounds for exclusion are published in quarterly reports published on our website throughout the year.

Investments in Real Estate

Athora Netherlands has defined KPIs in line with our 2050 net-zero Greenhouse Gases (GHG) emissions target. For realizing our sustainable ambitions in direct real estate, Athora Netherlands uses the following various instruments: renovations and maintenance, measuring, monitoring and reducing energy and water use and waste (re)use, dialogue with tenants and collaborate with partners.

We have engaged with a third-party advisor to set a baseline GHG emission for the Dutch office portfolio and built an improvement plan for each of the assets following a Carbon Risk Real Estate Monitoring ("CRREM") analysis. The Dutch office portfolio is used as a pilot. In case Athora Netherlands remains positive towards this approach, we envisage to perform the CRREM on the remaining real estate portfolio (i.e., the Dutch residential investments and European real estate portfolio) as well.

Athora Netherlands has engaged a third-party advisor to perform a BREEAM (Building Research Establishment's Environmental Assessment Method) assessment of the Dutch office portfolio. Besides, all EPC-labels of the Dutch office portfolio have been improved to at least label B, with 83% of the portfolio currently being label A (based on floor area), making the full portfolio compliant with Dutch regulation as per 2023.

We have set up a green lease clause to be included in all new and renewal leases in order to align tenants with environmental goals and enhance data sharing on sustainability metrics (e.g., energy usage). On the European real estate, a tenant survey plan has been set up to assess tenant satisfaction and improve the landlord-tenant relationship. This is in process to be incorporated on the full real estate portfolio from 2024 onwards.

It is our policy that all new real estate to be developed meet at least the "Very Good" requirements of BREEAM for new build for Asset and all renovated buildings we aiming to meet at least the "Good" requirements of BREEAM for refurbishment & fit-out and in-use for Asset.

Investments in Mortgages

Athora Netherlands invests in mortgages via external mortgage lenders. In the selection of and when engaging with mortgage lenders we focus on environmental and social matters. We expect from the mortgage lenders that they inform the borrower about possibilities to make their home more sustainable and motivate them to do so. Athora Netherlands expects the mortgage lenders to offer solutions to support energy-saving measures.

Social aspects should be taken into account by the mortgage lenders, among others we require the external mortgage lenders to protect people by avoiding over-lending and early identification of payment problems to prevent further problems. We expect periodic reports from the mortgage lenders on these elements. This includes reporting on energy labels of the collateral, deposits provided for sustainability, and the dealing with payment problems.

Investments in Bonds

Athora Netherlands invests a proportion of its total bond portfolio in bonds where the proceeds are exclusively applied to eligible environmental and social projects or a combination of both. These instruments match the ambition to contribute as broadly as possible to the financing of sustainable activities and thus contribute to reducing risks through this type of investment. A distinction is made between the following categories, aligning with international standards such as the Green Bond Principles:

- Green
- Social
- Sustainable
- Sustainability-linked[1]

BONDS WITH ENVIRONMENTAL AND/OR SOCIAL OBJECTIVE					
In € millions	Green	Social	Sustainable	Sustainability-linked	Total
Investments for general account	764	326	140	34	**1,264**
Investments for account of policyholders	902	193	496	59	**1,650**
Investments for account of third parties	123	13	48	14	**197**

3.4.2 Governance

Investment Governance

Various departments and committees within Athora Netherlands have the responsibility to adequately implement our Sustainable Investment Policy. In respect of Athora Netherland's own account investments Athora Netherlands' Investment Office is responsible for the implementation and execution of the Sustainable Investment Policy. The Investment Office reports to the Investment & Balance Sheet Commission (IBSC) of Athora Netherlands on compliance with this policy.

The Investment Office implements the outcome of the investment sustainability screening in the investment portfolios managed by the Investment Office itself and, where applicable, in the investments that are outsourced to external asset managers. For example, this could be the implementation of adjustments made in the exclusion list. In addition, the Investment Office takes an active role in assessing the

[1] Sustainability-linked bonds (SLB's) are bonds where the issuer pays less interest to investors when sustainability objectives have been achieved.

sustainability level of external managers, both during the initial selection process and during the subsequent continuous monitoring. An assessment of external managers organisation and the relevant investment product is performed by taking into account its sustainable investment policy (including its exclusion policy and its policy on voting and engagement) and the most recent PRI assessment of the asset manager, if applicable.

3.4.3 Materiality Assessment

In recent years including reporting year 2023, Athora Netherlands has reported sustainability information according to the *Non-Financial Reporting Directive* (NFRD) and with reference to the *GRI Standards*. As described in GRI 3, in 2022 we conducted a process to determine material sustainability topics by means of a stakeholder survey, considering both the impact we have as a company on people and the environment ("impact materiality") and the risks and opportunities that sustainability-related developments present for our company ("financial materiality").

From reporting year 2024 onwards, Athora Netherlands will be in scope of the successor of the NFRD, the *Corporate Sustainability Reporting Directive* (CSRD) and will need to report sustainability information based on European Sustainability Reporting Standards (ESRS).

A key requirement in the ESRS is to conduct a double materiality assessment (DMA) to establish the material topics that define for a large part the scope of reporting. The ESRS and accompanying guidance documents from the *European Financial Reporting Advisory Group* (EFRAG) describe in detail how such a DMA must be conducted. The double materiality assessment not only determines our reporting scope, it also provides insights for strategy development and allocation of the resources to achieve compliance with CSRD.

In preparation of reporting in accordance with the upcoming CSRD requirements, Athora Netherlands conducted a DMA for the first time in 2023, following the ESRS requirements as much as possible. Over the course of 2024 we aim to implement all remaining ESRS requirements including engagement with external stakeholders and a detailed review in our Executive Committee the assessment and outcomes.

A schematic of the DMA approach we embarked on is drawn below:

3.4.3.1 Mapping of Activities, Stakeholders and Business Relationships

As a first step of the double materiality assessment, we constructed an overview of our activities, our stakeholders and our business relationships throughout our value chain. The overview provides the input and context for identifying sustainability impacts, risks and opportunities.

As a financial institution, our regulators also have requirements and expectations with respect to social and environmental risk assessments and reporting, which have been included in the overview of activities, stakeholders and business relationships. Likewise, we took into account that Athora Netherlands is a signatory of the (Dutch) Climate Commitment Financial Sector, the Finance for Biodiversity Pledge and the Diversity at work/ Social Economic Council charter.

3.4.3.2 Identification of Sustainability Topics

The following step was to identify sustainability topics (environmental, social and governance) across Athora Netherlands own operations, investments and upstream and downstream value chain, taking the list of the sustainability topics in ESRS1 paragraph AR16 as a starting point, supplementing with other entity-specific or sector-specific topics.

A simplified representation of Athora Netherlands' value chain looks as follows:

As an insurer focused on pensions, operating in the Netherlands only, Athora Netherlands is exposed to sustainability risks and opportunities primarily through its investment portfolio. Nonetheless, also in relation to our own operations, including our products and customer relationships (insurance activities) and our organisation (incl. suppliers and business partners), a range of sustainability topics were included in the assessment.

This phase of the assessment resulted in a “long list” of sustainability topics for further assessment.

3.4.3.3 Assessment of Impacts, Risks and Opportunities

Next, we proceeded to determine actual and potential material impacts, risk and opportunities by applying criteria to assess both impact materiality and financial materiality for each of the topics on the “long list”, resulting in an overview of material topics or ‘double materiality matrix’ that will be the basis for Athora Netherlands sustainability disclosures.

We effectively performed the analysis twice. Once for Athora Netherlands’ own operations, including our products and customer relationships (insurance activities) and our organisation (incl. suppliers and business partners) and once for our investments, each time in a series of workshops with relevant subject matter experts. We applied scores for *scale, scope, remediability* (of negative impact) and *likelihood* for impact materiality and considered *continuation of use of resources* and *reliance on relationships* for financial materiality on a topic level. We also computed our exposure to a range of sustainability topics risks in our investment portfolio and considered how these exposures could translate impacts, risks and opportunities.

Our assessment confirmed that Athora Netherlands' exposure to sustainability topics is primarily through its investment portfolio. Through our investments is also where we can potentially make the most impact. For example, the vast majority of Athora Netherlands greenhouse gas emissions are financed emissions. Emissions from our own operations are minimal in comparison and as a monoline life insurer we do not have insured emissions.

As a next step, Athora Netherlands is currently performing a gap assessment on where to further strengthen policies and processes to manage these impacts, risks and opportunities and set appetite levels and ambitions and monitor progress towards those, To support this we are looking to enhance our insights through more and better data.

The outcome of this phase of the assessment is the following overview of material topics and impacts, risks and opportunities.

Topic	Subtopic	Description
Climate change	• Climate change mitigation • Climate change adaption • Energy	**Financial (transition risk)** The risk of financial loss in the investment portfolio as a result of the transition to a low-carbon and environmentally friendly economy (e.g. business model becoming obsolete) **Financial (physical risk)** The risk of financial loss in the investment portfolio caused by extreme weather conditions (e.g. prolonged droughts, floods and storms) **Impact (positive or negative)** The (reduction of) financed emissions as a result of investee companies transitioning to low-carbon and environmentally friendly business models as a result of active ownership (engagement & voting)
Water and marine resources	• Water withdrawls • Water consumption	**Financial** The risk of financial loss in the investment portfolio as a result of scarcity of (clean) water caused by overuse (excessive withdrawals and/or consumption)
Biodiversity and ecosystems	• Direct impact drivers of biodiversity	**Financial** The risk of financial loss in the investment portfolio as a result of biodiversity loss or collapse of ecosystems (e.g. leading to scarcity of food crops or fertile soil)
Own workforce	• Diversity • Training and skills development • Talent attraction and retention • Employee engagement	**Financial** The risk of financial loss resulting from failure to attract or retain a sufficient number of the employees needed for successful business operations
Workers in the value chain	• Working conditions • Other work-related rights	**Financial (positive or negative)** The (improvement of) working conditions (e.g. adequate wages, health & safety) and other work-related rights (e.g. child/forced labour) at investee companies as a result of active ownership (engagement & voting)
Consumers and end-users	• Information related impacts • Social inclusion	**Financial (positive or negative)** Availability of fair and suitable financial products, adequate service levels and clear and transparent information to help customer make informed decisions, by responsible and customer-centric product development and marketing; also careful handling of personal information of customers
Business conduct	• Management of relationships with suppliers • Corruption and bribery • Cyber security	**Financial** The risk of financial loss resulting from ineffective management of suppliers or from failure to attract customer or employees due to the loss of trust, reputation of licence to operate

3.4.3.4 Validation and Stakeholder Engagement

At various stages we used the input, challenge and feedback of internal and external stakeholders in the materiality assessment and the validation thereof. We also requested a ‘second opinion’ on the outcome of our initial assessment, which resulted in refinements made.

The final refined assessment was validated and approved by our Executive Committee and also discussed in the Audit Committee of the Supervisory Board.

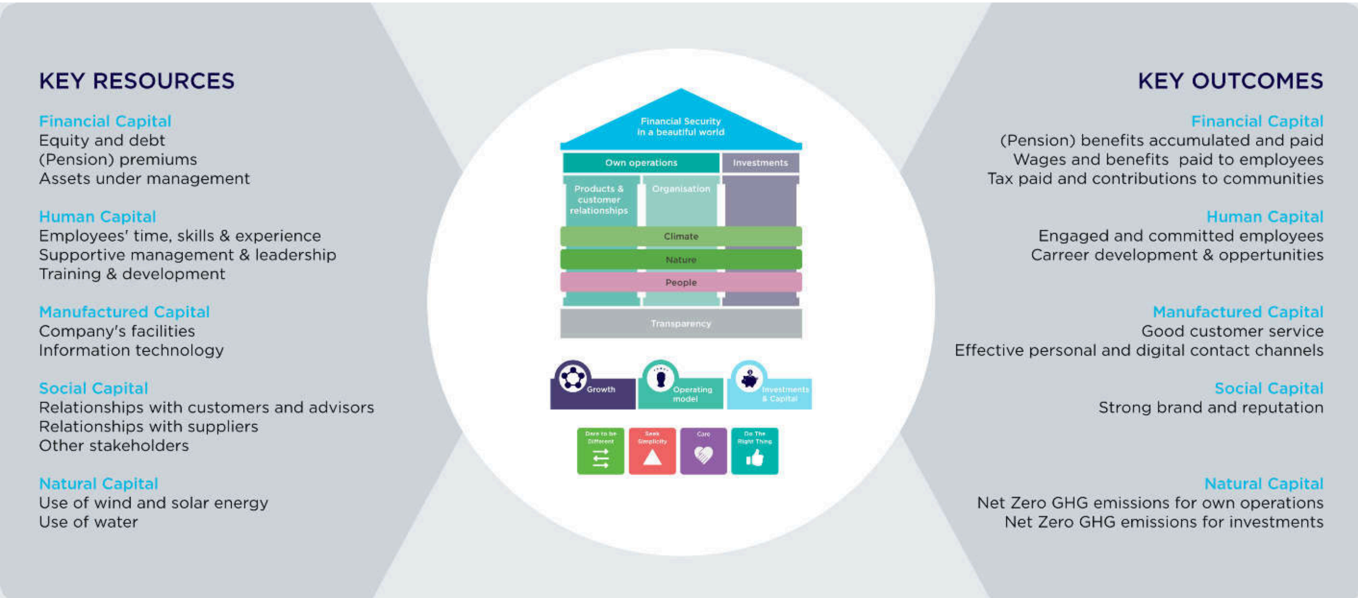
3.4.3.5 Planned Next Steps

Planned next steps in 2024 include:

- Validation of outcomes of the materiality assessment with external stakeholders
- Internal review and refresh of the materiality assessment
- Documentation of impacts, risks and opportunities (IROs) and value chain
- Further inclusion and determination of phased in approach to selected material topics and IROs
- Detailed validation of the refreshed assessment in Executive Committee

3.4.4 Our Value Creation Model

Through the three key value creators of our Ambition 2025 strategy, mentioned in 3.1 Corporate Strategy that align perfectly to the three sustainability pillars supported by our four company values, we aim to create long-term value for all our stakeholders. In the simplified version of our value creation model below we show how we use various types of resources to create outcomes from our business activities.



3.4.5 Taxonomy Alignment of Investments

The European classification framework for environmentally sustainable activities (the "EU Taxonomy") requires large companies to be transparent about the ecological sustainability of their activities and associated financial flows. The EU Taxonomy contains criteria to determine whether an economic activity of a company is environmentally sustainable. This provides insight into which part of the economic activities of companies can be regarded as an activity that contributes to one of the six environmental objectives. These objectives are: climate mitigation (in concrete terms: emission reduction), climate adaptation (in concrete terms: limiting climate change risks), water, circular economy, pollution and biodiversity. Criteria have been established for each objective and economic activity. Athora Netherlands reports on EU Taxonomy alignment of the activities of investee entities in accordance with the requirements of article 8 of the EU Taxonomy Regulation. This is presented in the table below.

The value of investments is based upon the value as determined for the consolidated financial statements and the general accounting policies as applied thereto. Listed equities and bonds are evaluated using data from Sustainalytics, which identifies businesses with activities within the classification system. In 2023, ESG data from Sustainalytics covers two of the six environmental objectives defined in the Taxonomy as well as exposures to nuclear energy and fossil gas-related activities, using the investments of four periods in 2023, while Sustainalytics data mainly uses reported taxonomy data from the 2022 financial year.

The EU Taxonomy is continually evolving to include more economic activities, and we also gain access to more data as more companies starts reporting. Other asset classes such as mortgages and real estate are also part of the reporting. However, as the data sources are limited, there is a shortage of data for these asset classes and therefore the alignment with the EU Taxonomy has not been included in the report.

In this year's report, we report only on the underlying data points regarding Taxonomy aligned turnover and capital expenditure (CapEx). Last year, we reported on what was considered eligible to the Taxonomy at the time. We expect the data sources and our share of Taxonomy-aligned investments to grow in the coming years, as the data sources are improving and more companies report their data.

EU TAXONOMY ALIGNMENT ATHORA NETHERLANDS			
	In percentage		In € millions
The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy- aligned economic activities **relative to the value of total assets covered by the KPI**, with following weights for investments in undertakings in percentage per below:[1]		The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy- aligned economic activities, with following weights for investments in undertakings in € millions per below:	
Turnover-based:	0.8%	Turnover-based:	459
CapEx-based:	1.4%	CapEx-based:	787
The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.		The monetary value of assets covered by the KPI. Excluding investments in sovereign entities.	
Coverage ratio:	87.6%	Coverage:	55,604
Additional, complementary disclosures: breakdown of denominator of the KPI in percentage and in € millions			
The percentage of derivatives relative to total assets covered by the KPI:	11.7%	The value in monetary amounts of derivatives:	6,507[2]
The proportion of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/ EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
For non-financial undertakings:	32.9%	For non-financial undertakings:	18,270
For financial undertakings:	12.6%	For financial undertakings:	6,988
The proportion of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/ EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU**:	
Total exposure from non-EU countries:	45.4%	Total exposure from non-EU countries:	25,258
The proportion of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU** over total assets covered by the KPI:		Value of **exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU**:	
For non-financial undertakings:	8.3%	For non-financial undertakings:	4,585
For financial undertakings:	9.6%	For financial undertakings:	5,342
The proportion of exposures to other counterparties and assets over total assets covered by the KPI:		Value of exposures to other counterparties and assets:	

	In percentage		In € millions
Turnover-based:	0.0%	Turnover-based:	-
CapEx-based:	0.0%	CapEx-based:	-
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	0.4%	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	176
The value of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:		Value of all the investments that are funding economic activities that are not Taxonomy-eligible:	
Turnover-based:	97.9%	Turnover-based:	54,409
CapEx-based:	96.8%	CapEx-based:	53,814
The value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:		Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:	
Turnover-based:	1.3%	Turnover-based:	736
CapEx-based:	1.8%	CapEx-based:	1,003
Additional, complementary disclosures: breakdown of numerator of the KPI in percentage and in € millions			
The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:		Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:	
For non-financial undertakings:		For non-financial undertakings:	
Turnover-based:	0.8%	Turnover-based:	438
CapEx-based:	1.3%	CapEx-based:	747
For financial undertakings:		For financial undertakings:	
Turnover-based:	0.0%	Turnover-based:	0
CapEx-based:	0.0%	CapEx-based:	15
The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:		Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned:	
Turnover-based:	0.4%	Turnover-based:	176
CapEx-based:	0.8%	CapEx-based:	330
The proportion of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI:		Value of **Taxonomy-aligned exposures to other counterparties and assets** over total assets covered by the KPI:	
Turnover-based:	0.0%	Turnover-based:	-
CapEx-based:	0.0%	CapEx-based:	-

1 Investments include investments own account and investments on behalf of policy holders, and consist of all investments, including cash, cash equivalents, mortgages, real estate, derivatives. Cash and cash equivalents are excluded from the numerator.

2 Derivatives assets, not set off against derivatives-liabilities. Derivatives are excluded from the numerator.

EU TAXONOMY ALIGNMENT ATHORA NETHERLANDS				
Breakdown of the numerator of the KPI per environmental objective in percentage[1]				
Taxonomy-aligned activities – provided 'do-not-significant-harm'(DNSH) and social safeguards positive assessment:				
(1) Climate change mitigation	Turnover:	0.7%	Transitional activities:	
	CapEx:	1.2%	Turnover:	0.1%
			CapEx:	0.1%
			Enabling activities:	
			Turnover:	1.2%
			CapEx:	0.9%
(2) Climate change adaptation	Turnover:	0.0%	Enabling activities:	
	CapEx:	0.1%	Turnover:	0.0%
			CapEx:	0.0%
(3) The sustainable use and protection of water and marine resources	Turnover:	N/A	Enabling activities:	
	CapEx:	N/A	Turnover:	N/A
			CapEx:	N/A
(4) The transition to a circular economy	Turnover:	N/A	Enabling activities:	
	CapEx:	N/A	Turnover:	N/A
			CapEx:	N/A
(5) Pollution prevention and control	Turnover:	N/A	Enabling activities:	
	CapEx:	N/A	Turnover:	N/A
			CapEx:	N/A
(6) The protection and restoration of biodiversity and ecosystems	Turnover:	N/A	Enabling activities:	
	CapEx:	N/A	Turnover:	N/A
			CapEx:	N/A
1 Based on both reported as well as estimated				

The own activities of Athora Netherlands are not eligible under the EU Taxonomy.

Exposures to Economic Activities related to Nuclear and Fossil Gas

In line with the EU Taxonomy, we report the share of our exposures to economic activities in gas and nuclear energy sectors.

NUCLEAR AND FOSSIL GAS RELATED ACTIVITIES		
Row	**Nuclear energy related activities**	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	YES

The tables hereafter show how our exposures to specific economic activities in the gas and nuclear energy sectors, turnover-based and capital expenditure based (CapEx-based), are taxonomy-aligned with climate change mitigation (CCM) and/or climate change adaption (CCA).

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) - CAPEX-BASED							
		Amount and proportion (the information is to be presented in monetary amounts and as percentages) - CapEx-based					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
Row	Economic activities	In € millions	In %	In € millions	In %	In € millions	In %
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0%	1	0.0%	-	0.0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	7	0.0%	7	0.0%	-	0.0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	666	1.2%	641	1.2%	25	0.0%
8	Total applicable KPI	674	1.2%	649	1.2%	25	0.0%

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (DENOMINATOR) - TURNOVER-BASED							
		Amount and proportion (the information is to be presented in monetary amounts and as percentages) - Turnover-based					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
Row	Economic activities	In € millions	In %	In € millions	In %	In € millions	In %
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	5	0.0%	5	0.0%	-	0.0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	390	0.7%	390	0.7%	-	0.0%
8	Total applicable KPI	395	0.7%	395	0.7%	-	0.0%

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) - CAPEX-BASED							
		Amount and proportion (the information is to be presented in monetary amounts and as percentages) - CapEx-based					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
Row	Economic activities	In € millions	In %	In € millions	In %	In € millions	In %
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	1	0.1%	1	0.1%	-	0.0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	7	1.0%	7	1.0%	-	0.0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	666	98.9%	641	98.9%	25	100.0%
8	Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI	674	100.0%	649	100.0%	25	100.0%

TAXONOMY-ALIGNED ECONOMIC ACTIVITIES (NUMERATOR) - TURNOVER-BASED							
		Amount and proportion (the information is to be presented in monetary amounts and as percentages) - Turnover-based					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
Row	Economic activities	In € millions	In %	In € millions	In %	In € millions	In %
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	5	1.2%	5	1.2%	-	0.0%
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/ 2139 in the numerator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
7	**Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI**	**390**	**98.8%**	**390**	**98.8%**	**-**	**0.0%**
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**395**	**100%**	**395**	**100%**	**-**	**0.0%**

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - CAPEX-BASED							
		Proportion (the information is to be presented in monetary amounts and as percentages) - CapEx-based					
		CCM + CCA		Climate change mitigation		Climate change adaptation	
Row	Economic activities	In € millions	In %	In € millions	In %	In € millions	In %
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	1,003	1.8%	1,003	1.8%	-	0.0%
8	Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI	1,003	1.8%	1,003	1.8%	-	0.0%

TAXONOMY-ELIGIBLE BUT NOT TAXONOMY-ALIGNED ECONOMIC ACTIVITIES - TURNOVER-BASED							
		Proportion (the information is to be presented in monetary amounts and as percentages) - Turnover-based					
		d		Climate change mitigation		Climate change adaptation	
Row	Economic activities	In € millions	In %	In € millions	In %	In € millions	In %
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	1	0.0%	1	0.0%	-	0.0%
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%	-	0.0%
7	**Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**735**	**1.3%**	**735**	**1.3%**	**-**	**0.0%**
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**736**	**1.3%**	**736**	**1.3%**	**-**	**0.0%**

TAXONOMY NON-ELIGIBLE ECONOMIC ACTIVITIES					
Row	Economic activities	CapEx-based (in € millions)	CapEx-based (in %)	Turnover-based (in € millions)	Turnover-based (in %)
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI	-	0.0%	-	0.0%
7	**Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI**	**53,814**	**96.8%**	**54,409**	**97.9%**
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**53,814**	**96.8%**	**54,409**	**97.9%**

3.4.6 Climate

Responsibility to Combat Climate Change

The earth is warming and the climate is changing. Athora Netherlands aims to provide financial security in a beautiful world, ecologically and socially. That is why we believe, along with the entire financial sector as financiers of the real economy, we have a responsibility to combat climate change.

Since 2015, just after the conclusion of the Paris Agreement, we have adopted a long-term climate target for our entire investment portfolio and own internal operations in line with that agreement. At that moment, an intermediate target was formulated to reduce greenhouse gas emissions in 2030 by 30% compared to 2010 and in 2021 we set new, more ambitious climate targets, in line with the latest scientific insights, with 2019 as the base year.

Our approach to reaching our climate targets acknowledges that climate change is caused by multiple factors and requires changes by all sectors. Where initial efforts focussed on the largest carbon emitters and scope 1 and 2 emissions, nowadays all sectors must realise they have to take responsibility and companies also have a responsibility to reduce emissions across their entire value chains (scope 3 emissions).

The shift from fossil fuels-based technologies to renewable energy technologies and the need to improve energy efficiency, already leads to a major paradigm shift in society. Yet, actions also have to reduce methane emissions from livestock, land use change and waste management, and nitrous oxide emissions from fertiliser use. In addition, they have to reverse the reduced carbon sink capacity of our ecosystems in the form of nature-based solutions. These require additional systemic changes that go beyond the technological solutions many climate change action plans currently focus on.

On top of that, knowing that climate impacts may be reduced but cannot be totally prevented, managing physical climate risks becomes more and more relevant where companies can take action to partly mitigate some of the physical climate risks they encounter.

Net-zero Greenhouse Gas Emissions by 2050, in line with a 1.5°C Climate Scenario

The overall, long-term target of Athora Netherlands is to achieve net-zero greenhouse gas (GHG) emissions at the latest by 2050, in line with the 1.5°C scenario of the IPCC, the ambitions stipulated by the Paris Agreement and the EU Climate Target Plan 2030.

The climate target applies to all investments of Athora Netherlands as well as its own operations, and covers scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions.

It includes CO_2 emissions as well as emissions from other greenhouse gases such as methane, nitrous oxides and fluorinated gasses.

Given the timespan of the overall target, Athora Netherlands has defined intermediate targets for 2030 and 2040:

- 50% GHG emissions reduction by 2030 compared to end 2019
- 75% GHG emissions reduction by 2040 compared to end 2019

Our Ambition

- Net Zero greenhouse gas emissions by 2040 for our own operations and by 2050 for our investments.
- Cover scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions.
- Includes both carbon emissions and emissions from other greenhouse gases.
- Intermediate investment reduction targets:
  - 50% reduction by 2030
  - 75% reduction by 2040
  - This equates to an average annual reduction of ≈7%
- In line with IPCC's 1.5°C scenario, the Paris Agreement and the EU Climate Target Plan 2030.

Athora Netherlands monitors and reports the aggregate scope 1 & 2 emissions and scope 3 emissions separately to avoid duplication and to prevent that mitigation efforts concentrate on own emissions while neglecting emissions within the value chain that may be more difficult to reduce.

Reductions will especially stem from energy efficiency, low carbon energy supply and renewable energy solutions. Yet, as only approximately two thirds of all greenhouse gases originates from fossil fuels related activities emitting CO_2, emitters of other greenhouse gases will also be targeted. For that reason, reductions will also be realised by lowering emissions from land use (e.g., (change of use, fertiliser use) and reducing fluorinated gas emission (e.g., from cooling appliances).

It is expected that different sectors will follow different reduction pathways. On top of this, as concluded by most carbon emission pathway studies that limit warming to 1.5°C with no or limited overshoot, it is expected that greenhouse gas emissions cannot completely be reduced to zero in 2050. The majority of scenarios assumes that a limited level of greenhouse gas emissions is unavoidable, and factors in negative emissions as a necessary solution to reach net zero in 2050. On the one hand, these negative emissions will need to come from nature-based solutions such as avoided deforestation and peatland drainage, peatland restoration, reforestation, restoration of cover crops, improved agricultural practices, improved fishing methods and protection of land and marine biodiversity. On the other hand, technological carbon capture and storage solutions play a role.

Athora Netherlands allows for limited negative emissions to offset emissions in its investment portfolio and own operations.

Climate Change Mitigation through a Net-zero Investment Portfolio

To achieve its climate targets, Athora Netherlands follows a strategy of climate change mitigation to reduce the sources or enhance the sinks of greenhouse gases.

Climate change adaptation is necessary to mitigate risks stemming from climate change but does not help reach the net-zero greenhouse gas emissions target.

In our role as an investor, we aim to actively contribute to decarbonisation in the 'real economy'. Rather than reallocating portfolio positions, Athora Netherlands stimulates investee issuers to adopt business models that are in line with a 1.5°C pathway. This translates into three strategies to reach the climate targets for Athora Netherlands' investment portfolio:

1. **Reduce greenhouse gas emissions of issuers by engagement and voting**
   Athora Netherlands adopts an active ownership strategy and urges corporate issuers to set GHG emission targets and to define actionable implementation plans to reach those targets. We have defined asset class specific KPIs and targets to ensure sufficient progress is made across our equity and corporate bond portfolios with respect to science-based targets. In addition, we have adopted a thermal coal phase out strategy with clear maximum

thresholds for thermal coal revenues per issuer, according to a predefined schedule for 2025, 2028 and 2030.

2. Invest in solutions that reduce, capture and store greenhouse gas emissions or increase low-carbon energy supply
   Athora Netherlands is increasing its investments in solutions that reduce greenhouse gas emissions, increase low-carbon energy supply or capture and store greenhouse gases. This includes investment in issuers generating renewable energy and developing the necessary technologies to generate low-carbon energy. It also includes investing in issuers that develop technologies and processes that use renewable instead of fossil-based sources or improve energy efficiency. As one means to measure progress, we have set targets for increasing investment in EU Taxonomy aligned activities.
3. Exclude issuers that lack the capacity to make the transition required for a net-zero economy
   Athora Netherlands already screens if and how issuers prepare for the low-carbon transition. Our Sustainable Investment Policy defines principles that lead to exclusion of the most environmentally impactful fossil fuel activities such as thermal coal, coal-fired power plants, as well as unconventional exploration such as shale oil and gas, tar sands and deep sea and arctic drilling.

The criteria to identify issuers that lack the capacity to adapt to the low carbon transition will become stricter, leading to divestment from (more) issuers in the future.

Our Ambition

- **Sovereign Bonds**
  Increasing the proportion of investments in green and/or social bonds to >10% by end 2025.
- **Corporate Bonds**
  Increasing the proportion of investments in green and/or social bonds to >10% by end 2025.
- **Listed Equity** (for account of policyholder only)
  Top-10 emitting issuers per sector must have set science-based targets by end 2024.
- **Private Equity & Infrastructure**
  Allocation of >5% to "Sustainable" and "Impact" investments by end 2024.
- **Real Estate**
  Engage with managers on investment plan to improve BREEAM certification.
- **Mortgages**
  Allocation of >15% to Energy A label mortgages.

Net Zero Operations throughout the Value Chain

Athora Netherlands' own operations have been CO_2e net neutral since 2015.

We have been using only renewable energy for over decade for our own housing and facilities, both purchased and generated from solar panels on our offices. In addition, we have increased energy efficiency by adjusting technical installations and lightning. Any remaining emissions are being offset by acquiring high-impact Gold Standard carbon credits.

Our Ambition

- Fully carbon neutral for own housing without using carbon credits by 2030 at the latest.
- The entire fleet of lease cars will be at least hybrid by 1 Jan 2025, and fully electric by 1 Jan 2026.
- Introduction of an innovative and flexible mobility plan to encourage and enable staff to commute in the most carbon-efficient way.
- Only use carbon-neutral data centres that run on renewable energy from Dutch wind and solar power.
- Build a comprehensive view on emissions and other climate risks in our value chain and develop procurement policies aligned with our Net Zero GHG emissions by 2040.

1. Housing, facilities and transport
   Going forward, we have set our ambitions even higher: we aim to have truly CO_2e neutral own housing and facilities without the need for offsetting by no later than 2030.
   A great step towards this goal was achieved by moving most of our staff to the energy positive EDGE Amsterdam West building in May 2023. Our other building in Alkmaar is also highly energy efficient (as well as gas-free), achieving an A-label.
   Additionally, as a result of tightening the car lease policy for staff our fleet will consist of only full electric vehicles by 2026, negating the single biggest source of CO_2 emissions from Athora Netherlands' own operations.
   We are developing an innovative and flexible mobility plan to encourage and enable staff to commute in the most CO_2e efficient manner (e.g., through a combination of public transport and bike).
   With most of our staff now partly working from home, we are also investigating ways to encourage staff to make their home office more sustainable.
2. "Green IT"
   The increase in applications of IT and their use, comes with energy consumption and associated GHG emissions. At Athora Netherlands we are conscious about this, and we actively seek for ways to minimise both. By using cloud software and storage we make more efficient use of (shared) resources, reducing energy consumption and emissions. We also look critically at options to actively purge large volumes of no longer needed documents and investigate how we can develop energy efficient algorithms (e.g., for artificial intelligence applications).

Also, our devices such as phone and laptop are 'waste neutral', which means that instead of ending up on landfills they are re-furbished and re-used and ultimately responsibly recycled, avoiding CO_2 emissions as well as saving valuable (and sometimes hazardous) raw materials.

3. Other suppliers in the value chain
   With the upcoming CSRD (and potentially CSDDD) regulations, scope 3 emissions will over time need to be measured and reduced for alignment to a 1.5°C climate scenario.
   Athora Netherlands is already anticipating on this, by including sustainability criteria including GHG emission data requirements in supplier contracts to build a comprehensive view on emissions and other climate risks in our value chain. This includes catering, hospitability and cleaning services, but also consultants and employment agencies as well as outsourcings partners in the Netherlands and abroad. Ultimately, we will only contract with parties that align with our net-zero GHG emissions by 2040 target.

How we Measure and Track Progress

In line with recommendations from the Taskforce on Climate Related Financial Disclosures (TCFD), Athora Netherlands discloses the GHG emissions and its strategies to further reduce emissions in its annual report. Through our partner Cardano we use the Platform Carbon Accounting Financials (PCAF) method to calculate our carbon footprint. Athora Netherlands frequently monitors and on an annual basis reports progress on the climate targets by the following metrics for scope 1, 2 and 3 emissions for investments:

- Greenhouse gas emissions intensity (tons of CO_2 equivalent / EUR);
- Absolute greenhouse gas emissions (tons of CO_2 equivalent).

Emission intensity is adjusted for inflation to capture the real greenhouse gas emissions reduction achieved.

Next to that, progress on reaching net zero targets at issuer level will be monitored annually with the following sector- and issuer-specific metrics:

- Sector-specific GHG emissions to output metrics e.g., CO_2 equivalent / MWh generated from fossil fuels for the Utilities and Oil, Gas and Consumable Fuels sectors;
- Issuer-specific GHG emission reduction requirements to align with a 1.5°C scenario.

In line with the Financial Sector Science-Based Targets guide, the emission reduction targets will be recalculated and revalidated every 3 to 5 years and if necessary be strengthened.

Finally, Athora Netherlands will also review its target on scope 3 emissions in the upcoming 3 to 5 years as data quality and standardised reporting by corporates on scope 3 emissions will improve over time.

Carbon Footprint of our Investments

The carbon footprint of the investments is calculated in line with the method developed by the Partnership Carbon Accounting Financials (PCAF). The carbon footprint consists of the absolute total scope 1, scope 2 and scope 3 carbon emissions of the entities in which investments are made. The data is expressed in tons of CO_2 equivalents, and therefore includes various greenhouse gases. Based on the share of the enterprise value of the company invested in (by ways of an investment in equity (shares) or in debt (bonds)) a part of the total carbon emissions of the entities is allocated to our investments. The sum of the carbon footprint of all individual investments corresponds to the reported total carbon footprint of the investments. CO_2 emissions were calculated based on the average of the four quarter ends of 2023. The CO_2e footprint is always a snapshot. For example, for the 2022 annual report, reporting was based on the information available at the time (January 2023). In the subsequent period, more reported data will be available from our data provider MSCI. Based on that additional data we have also recalculated the emissions over 2022 for the 2023 annual report to be as accurate as possible. In this way we can properly compare the two years.

To calculate the carbon footprint for as much of our portfolio as possible, we use the emissions a company reports through, for example, the Carbon Disclosure Project (CDP), their annual report or their sustainability report. If companies do not report these emissions, we use estimates from our external data providers. We measure the progress in CO_2e reductions of the companies we invest in.

CO_2 emissions of companies are distinguished into:

- Scope 1: includes direct CO_2 emissions caused by internal sources of the respective investment (own building, transport and production-related activities);
- Scope 2: includes indirect CO_2 emissions caused by generation of electricity or heat consumed on behalf of the respective investment;
- Scope 3: includes indirect CO_2 emissions released during the use of raw materials, basic materials and emissions caused by the use of the products after sale.

In addition to emissions from companies in our investment portfolios, Athora Netherlands also reports emissions from investee governments. In 2023, in line with new guidelines from the PCAF, Athora Netherlands made changes in measuring emissions for its sovereign bond investments. Instead of only emissions from the government itself, emissions from the domestic economy are now included.

CO_2 emissions from governments are distinguished between:

- Scope 1: includes domestic CO_2 emissions;
- Scope 2: includes indirect CO_2 emissions caused by the generation of consumed electricity or heat imported from abroad;
- Scope 3: includes indirect CO_2 emissions released from the use of raw and base materials in products imported from abroad.

In addition to the change in the calculation of CO_2 emissions for governments, Athora Netherlands has made a change in the way data quality is reported. Instead of the percentage of reported versus estimated data, Athora Netherlands now uses the PCAF quality score. This is a score from 1 (highest data quality) to 5 (lowest data quality).

The tables below show the average data quality score of the investment portfolios.

CARBON EMISSIONS PER INVESTMENT PORTFOLIO SCOPE 1 & 2 AND SCOPE 3[1,2]

	Investments per 31 December 2023	Investments for which CO_2e data is available[3]	Total emissions (ton CO_2e)[4]		Economic emission intensity (ton CO_2e per € million)		Weighted average emission intensity (ton CO_2e per € million turnover)		PCAF data quality score of total emissions	
Investments	In € millions	In %	Scope 1&2	Scope 3	Scope 1&2	Scope 3	Scope 1&2	Scope 3	Scope 1&2	Scope 3
Investments for general account	32,338	69%[5]	1,956,409	2,599,068	88	147	23	688	3.3	4.3
Investments for account of policyholders	12,592	91%	742,852	3,617,190	63	305	64	582	2.5	3.9
Investments for account of third parties	7,560	95%	85,000	645,974	49	343	85	604	2.1	3.8

1 Metrics in this table in scope of limited assurance
2 Source: MSCI ESG Research LLC and external asset managers
3 As a percentage of Investments per 31 December 2023. Notably for investments for general account there is significant uncertainty about the total emissions and emission intensity due to lack of granularity and availability of data, as reflected in the 69%.
4 Of the total emissions data 4.6% is based on 2022 or 2021 data.
5 55% for Scope 3

For details on the methodologies for the different asset classes within the investment portfolio to collect, assess and calculate carbon footprint, see Additional Information, section 1 Reporting Principles.

Climate Risks

We use scenario analysis to quantify the impacts of climate change. Multiple scenarios are applied here, because of policy uncertainty, multiple possible tipping points that could accelerate warming and potential technological advances that could help minimise climate change, among others. Each scenario uses a certain degree of warming, calculating the expected loss to the portfolio. It helps us to distinguish the frontrunners from the laggards within sectors, not only to identify which companies are most at risk, but also to be able to identify risks for different asset classes. Based on this, we assess whether these companies should be encouraged even more to adjust their policy or whether the screening should be tightened up. We use two scenarios for this purpose:

- 1.5°C (the Paris-aligned transition scenario): This is our target. It assumes that measures are taken to contain the rise;
- 2°C (late transition scenario): In our view, this is the more realistic forecast. Here, we assume that measures are introduced to address climate change, but are introduced too late to comply with the Paris Agreement.

These scenarios highlight the impact of physical and transition risks in different situations, allowing us to draw conclusions on the different components of climate change-related risks and opportunities.

CLIMATE RISKS UNDER 1.5 AND 2 DEGREES CELSIUS SCENARIOS[1]										
			1.5°C scenario				2°C scenario			
				Of which:				Of which:		
Investments	Average investments in 2023 (in € millions)	Coverage (in %)[2]	Total	Transition risks	Potential climate opportunities	Physical risks	Total	Transition risks	Potential climate opportunities	Physical risks
Investments for general account[3]										
Total	8,285	68.0%	-2.5%	-1.5%	0.1%	-1.1%	-1.5%	-0.5%	0.1%	-1.1%
Listed shares	60	98.5%	-16.7%	-12.5%	9.2%	-14.0%	-14.8%	-6.4%	5.5%	-14.0%
Corporate bonds	8,225	67.9%	-2.4%	-1.4%	0.0%	-1.0%	-1.4%	-0.4%	0.0%	-1.0%
Investments for account of policyholders										
Total	8,813	91.9%	-14.1%	-10.3%	6.3%	-10.8%	-12.7%	-5.7%	3.5%	-10.8%
Listed shares	6,963	99.0%	-15.6%	-11.3%	7.7%	-12.7%	-14.5%	-6.5%	4.2%	-12.7%
Corporate bonds	1,850	65.1%	-8.7%	-6.3%	0.9%	-3.9%	-5.9%	-3.0%	0.6%	-3.9%
Investments for account of third parties										
Total	6,782	92.3%	-14.1%	-9.8%	6.6%	-11.7%	-12.9%	-5.4%	3.7%	-11.7%
Listed shares	6,414	93.8%	-14.6%	-10.1%	7.0%	-12.3%	-13.4%	-5.6%	3.9%	-12.3%
Corporate bonds	368	67.0%	-5.7%	-4.7%	0.1%	-1.2%	-2.6%	-1.5%	0.1%	-1.2%

1 Source: MSCI ESG Research LLC

2 The Value at Risk measures the value of a company that is under pressure under a certain climate scenario. MSCI uses the AIM CGE model to calculate, assuming that carbon prices are introduced that incentivise companies to meet a given rise in global temperature, to what extent a company is at risk from stricter legislation, has opportunities because it develops technologies that are needed for the energy transition, or is at risk from the physical effects of climate change.

3 Note that the total climate risks are based on the companies for which risk estimates are available. For example, no estimates of climate risks are available for governments and supranational because the models are not yet suitable for this.

The estimates of the climate risks for Athora Netherlands are based on Value-at-Risk estimates for equities and bond investments. On average, the climate risks for bonds are lower than for equity investments because bonds have a greater chance of recovery as part of the invested capital for shareholders than in the event of bankruptcy (due to the effects of climate change). The underlying data show that for some of the companies in the portfolio, the climate transition does not result in risks, but offers the right opportunities of services that are necessary to generate renewable energy and realise energy savings. The risks from changing market conditions of stricter climate policies are expected to outweigh the opportunities for many companies.

In both scenarios we see that the transition risks are lower with higher temperature increases. This is because the required measures by companies are less ambitious in the transition in the higher temperature scenario. In contrast, physical risks increase at the highest temperature increases, due to damage caused by changing weather conditions due to climate change.

A major limitation of the methodology is that we cannot model physical risks that will only materialise in approximately fifteen years or more. Therefore, we believe that the physical risks outlined above underestimate the financial loss to the portfolio of higher warming scenarios, especially in the long term. At 2 degrees it is still necessary to reach net zero emissions over a longer period of time. As such, the transition will still occur, alongside more extreme physical risks. For these reasons, we remain committed to 1.5 degrees.

Another limitation of the scenarios is that we have not been able to include the following types of assets in the calculations because no data is yet available or because climate risks do not apply: government bonds, investments in private companies, derivatives on government bonds, green, social and sustainable bonds, commodities and cash.

Carbon Footprint of our Operations

For Athora Netherlands, it is important to minimise the negative impact of our own business operations on the environment. Being climate neutral with respect to housing is one of our main objectives. Our offices operate on one hundred percent green gas and electricity, as they have been doing for several years. In 2023, we achieved a 78% drop in net carbon emissions for our own internal organisation compared to our base year 2019. The main reasons for this decline were the way of working at home and in the office, the reduction of staff and the electrification of our lease cars. There was not only a reduction in net carbon emissions, but also a sharp reduction in usage of electricity (minus 69%) and gas (minus 45%) for own-use buildings compared to 2019. Gas consumption is higher than last year because of the rebuilding of the motorway A9 in Amstelveen and the consequences it had on the use of the ground-coupled heat exchanger. In May 2023 Athora Netherlands moved its headquarters from Amstelveen to Amsterdam. Amsterdam has no heating based on gas and therefore the total consumption of gas in 2024 will be none.

Commuting to the office and business travel are stable compared to 2022. However, due the concept of PASS (combination of working from at home and office), it has not returned to the level before the COVID-19 pandemic.

CARBON EMISSIONS OWN OPERATIONS				
	2023		2022	
	Carbon emissions in tonnes	Carbon intensity in tonnes CO_2e per € million turnover[1]	Carbon emissions in tonnes	Carbon intensity in tonnes CO_2e per € million turnover
Scope 1	87		161	
Scope 2	14		-	
Scope 3	576		673	
Net carbon emissions	**677**	**0.37**	**834**	**0.45**

1 As from 2023, 'Insurance revenue is used as 'Turnover'. 'Insurance revenue' is introduced by the adoption of the new accounting standard IFRS 17 'Insurance Contracts' on 1 January 2023. The comparative figure has been adjusted by using 'Insurance revenue' instead of 'Total income'.

A breakdown of our own energy and water consumption, waste, transport and their emissions is given in Additional information - 3 Carbon Footprint.

At this moment Athora Netherlands has no projects for the removal of our own GHG emissions via biogenic or technical solutions. Our first objective is to reduce our own emissions by altering our buildings and processes as well as by stimulating staff to make conscious transportation choices. To neutralise the own operations emissions, 918 tons of CO_2e Fairtrade Gold Standard, CDM for financial year 2023 were purchased. In total, this compensation is more than adequate for the actual emission basis, but it has also been decided to continue to support projects based on a social motive. It was therefore decided to support a project in India.

Nevertheless, our activities to work towards climate neutrality go beyond the offices in which we work. All our suppliers are requested to comply with our general procurement terms and conditions. Athora Netherlands is working with our suppliers to gain more insight into their CO_2 emissions and what effect this has on our Scope 3 emissions. We aiming to get more insight into that in 2024.

By agreeing to these terms and conditions, suppliers declare that they have taken steps or are in the process of taking steps to minimise their ecological footprint (including carbon emission, paper consumption, energy consumption and waste) and have implemented or are in the process of implementing similar sustainable procurement terms and conditions in their own organisation.

3.4.7 Nature

Equally important but less well-developed than the topic of climate are the topics that Athora Netherlands captures under the heading of nature. One critical difference is that for nature there is not yet a well-defined widely accepted metric or set of metrics that can be used to set and track progress towards a clear goal, such that reduction of greenhouse gas emissions is for climate. Nonetheless, Athora Netherlands is committed to adopting and contributing to the development of emerging standards and measurements frameworks such as those being worked on by the Taskforce on Nature-related Financial Disclosures (TNFD) and the Partnership for Biodiversity Accounting Financials (BPAF). In the meantime, we want to be transparent on how we already consider nature-related topics such as pollution, water & marine resources, biodiversity & ecosystems and resource use & circular economy in our investment decisions.

Example: Deforestation

The "Satellite-based engagement" launched in 2020 to achieve net-zero deforestation was ongoing in 2023. The initiative aims to promote sustainable supply chains that do not contribute to deforestation. Several investors have joined this effort. Satelligence's data and analysis are instrumental in detecting and measuring the loss of vegetation and forest cover caused by palm oil plantations and other incidents related to palm oil production using satellite data. Each company involved has specific engagement targets based on its position in the supply chain and its progress in implementing deforestation policies and meeting net-zero targets. Companies also provide information on how they handle deforestation incidents linked to their suppliers. Discussions around this commitment have also focused on finding solutions, including regenerative farming techniques, expanding landscape programmes, addressing risks in the beef supply chain through plant supply targets, and allocating funding for projects that benefit forest biodiversity.

3.4.7.1 Pollution

Investments

Chemical pollution and inappropriate waste management negatively contribute to several of the planetary boundaries and social foundations of the adaptive operating zone. They directly impact the planetary boundaries on chemical pollution, air pollution, ocean acidification and nitrogen and phosphorous loading in soil and water.

We aim to move towards a situation with zero waste generation in our investment portfolios. To reach this point, Athora Netherlands expects the companies in which it invests to adapt themselves towards a circular business model, i.e., a business model that prevents—if technically feasible—chemicals and (hazardous) waste problems. Where possible, we monitor whether companies make the necessary adaptations to their business model.

Example: Investor Initiative on Hazardous Chemicals (IIHC)
Hazardous chemicals engagement

The use of hazardous chemicals, such as PFAS, in industrial processes poses risks to public health and biodiversity, including cancer, birth defects, and weakened immune systems. Despite these risks, chemical companies continue to use these chemicals, increasing the likelihood of financial risks due to regulation, reputation, and liability. To address this issue, the Investor Initiative on Hazardous Chemicals (IIHC) was established in 2023 by a group of investors. Coordinated by the NGO ChemSec, the IIHC began engagements with 16 companies in 2023. The objectives of these engagements are to improve transparency by publishing sales and production volume of products containing hazardous chemicals, to publish time-bound phase-out plans for these products, and to develop safer alternatives. During the first half of 2023, talks were held with most of the companies, including Cardano's involvement in discussions with Dupont and Solvay on behalf of Athora Netherlands. The goal of the IIHC is to reduce the negative impacts of these chemicals and mitigate financial risks for investors.

3.4.7.2 Water and Marine Resources

Investments

The method for calculating the water footprint is currently limited to companies. As a result, the current water footprint of portfolios containing government bonds will be lower than the actual footprint. The calculation of the water footprint follows the same method as that of the carbon footprint. In addition, the raw data underlying the water footprint is still relatively uncertain. We expect that with better data, the results will still change in the future. Stressed water consists of the absolute water consumption of business activities in sectors and areas where there is high water scarcity.

SCARCE WATER USE[1]

Investments	Investments per 31 December 2023 (in € millions)	Coverage investments in areas with water scarcity (in %)	Total water scare use (in thousand liter)	Change in total scare water use compared to 2022 (in %)	Intensity of scare water use per € million	Change in intensity of scare water use compared to 2022 (in %)
Investments for general account						
Total	8,285	2.0%	4,339	27.2%	-	53.5%
Listed shares	60	8.0%	3,374	13.2%	6	9.7%
Corporate bonds	8,225	2.0%	965	27.3%	-	53.8%
Investments for account of policyholders						
Total	8,813	6.7%	40,954	2.8%	62,207	4.8%
Listed shares	6,963	8.0%	39,752	4.0%	75,026	6.4%
Corporate bonds	1,850	1.8%	1,202	-1.6%	13,965	-1.2%
Investments for account of third parties						
Total	6,782	6.8%	8,615	40.1%	95,095	0.2%
Listed shares	6,414	7.0%	8,282	42.4%	99,026	0.2%
Corporate bonds	368	3.4%	333	-0.1%	26,600	-0.1%

1 Source: MSCI ESG Research LLC

3.4.7.3 Biodiversity and Ecosystems

Investments

Athora Netherlands is a signatory of the Finance for Biodiversity Pledge, committing ourselves to:

- Collaboration and knowledge sharing on assessment methodologies, biodiversity-related metrics, targets and financing approaches for positive impact;
- Engaging with companies with the largest negative impact on biodiversity in the investment portfolio;
- Assessing our investments for significant positive and negative on biodiversity impacts;
- Setting targets on reducing negative impact on biodiversity;
- Measuring and reporting progress.

Biodiversity has already been part of our investment screening through several of our Material Sustainability Themes: water use, land use, chemicals & waste management as well as fossil fuel use, as climate change and biodiversity loss are very much interrelated challenges.

Wrong land use due to deforestation can increase the amount of CO_2e, affect biodiversity and lead to less income and food. It is our ambition to have no more deforestation in our investment portfolios. However, the availability of data on deforestation is still in its infancy. Therefore, via our brand Zwitserleven and together with Cardano, we have taken steps to use up-to-date information from external partners about global deforestation trends and causes. This allows us to detect and quantify changes in vegetation due to plantation development or fire damage. The ultimate goal is to work towards a deforestation-free investment portfolio.

There is still a lack of reliable and comparable data on biodiversity impact, but we are currently contemplating a first set of targets.

3.4.7.4 Resource Use and Circular Economy

Investments

So far, there is insufficient knowledge about the impact of toxic chemical and hazardous waste pollution to the planetary boundaries and social foundations. They can have immediate impact on ecosystems and health but may also become visible only after a long period of time or in geographical areas that surpass the original polluted site. As a result, at present, it is not possible to quantify a single chemical pollution target.

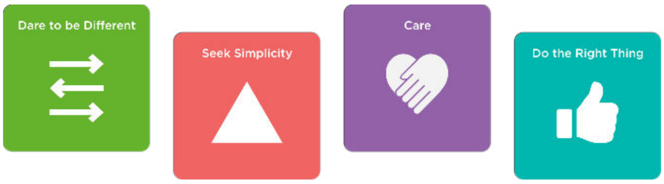
Athora Netherlands, however, believes that it is essential for companies to improve their performance regarding chemical pollution and (hazardous) waste management. Athora Netherlands, therefore, aims to move towards a situation with zero waste generation in our investment portfolios. To reach this point, Athora Netherlands expects the companies in which it invests to adapt themselves towards a circular business model, i.e., a business model that prevents —if technically feasible—chemicals and (hazardous) waste problems. Athora Netherlands monitors whether companies make the necessary adaptations to their business model.

3.4.8 People

3.4.8.1 Own Workforce

It is our ambition to become the best version of ourselves, we see this as a process, something we do together. A company is not the structure, the name or the buildings we work in. It is the people together that make an organisation.

Within Athora Netherlands, we have four values (Care, Do the Right Thing, Seek Simplicity and Dare to be Different) that guide all our actions. They are central to how we treat each other, our customers and the outside world.



In 2023, the focus has been on the existing culture of Athora Netherlands. We see building on our culture as a process, a journey in which each employee is included. During July to October our journey began with team sessions with focus on our culture. Almost all teams of Athora Netherlands participated.

Based on the outcomes of these sessions and an additional discussion with the Executive Committee of Athora Netherlands, we came to a description of our desired culture.

At the end of 2023 we started a new round of team sessions. These sessions have a focus on which topics to improve, looking at the desired culture. During these sessions each team defines goals on the area of culture for 2024. Besides the continuation of team sessions, we will focus in 2024 on a specific theme each quarter and organise organisation wide activities and events to strengthen this.

Our Employees in Numbers

Year-end 2023, Athora Netherlands employed 1,061 employees (2022: 1,256).

KEY FIGURES ATHORA NETHERLANDS HUMAN RESOURCES[1]		
	2023	2022
Number of employees: *	1,061	1,256
- of which internal	836	972
- of which external[2]	225	284
Number of FTEs: *	1,057	1,251
- of which internal	847	969
- of which external	210	282
Ratio male-female *	70%/30%	67%/33%
Female managers	27%	20%
Female members of senior management *	32%	24%
Average length of service (years)	16.2	16.4
Average age (years) *	47	47
Pay ratio (CSRD definition) *	18.1	13.3
Full-time/part-time ratio	81%/19%	78%/22%
Male/female ratio full-time *	76%/24%	76%/24%
Male/female ratio part-time *	45%/55%	36%/64%
Ratio permanent/temporary contract *	95%/5%	97%/3%
Male/female ratio permanent	68%/32%	65%/35%
Male/female ratio temporary	67%/33%	63%/37%
Training costs (million) *	€ 1.2	€ 2.2
Sickness absence	4.4%	5.0%
Employee turnover *	23%	29%
Percentage of employees participated in regular performance and career development reviews: *		
- female employees	89%	89%
- male employees	93%	94%
Number of performance reviews in proportion to agreed number of reviews by management *	92%	92%
Percentage of employees that have sworn the banker's oath	98%	94%

1 Metrics with * in this table in scope of limited assurance

2 Number of external employees is based on contractual hours

All employees of Athora Netherlands are based in the Netherlands.

Diversity and Inclusion

As part of an international parent company, we attach great value to diversity and inclusion. We strive for a culture of equality in which our employees feel comfortable expressing thoughts, reaching shared insights and developing innovative solutions, ultimately creating value for our customers and shareholders. A balanced male/female ratio within the different Athora Netherlands layers is part of this vision.

The Diversity and Inclusion policy gives substance to this vision. This policy is about how you can give space to mutual differences in the organisation and how to create an open culture in which everyone can feel safe, regardless of where or when you were born, in what or in who you believe or who you love. The policy aims to make the best and sustainable use of the talents of all employees, taking into account their differences and similarities. Respect for each individual and their unique contribution is defined in our Code of Conduct and Diversity and Inclusion policy. We value differences and diversity, recognising that different perspectives make our organisation more colourful and better in serving our clients.

The Diversity Officer, appointed in 2022 to further raise awareness within our company, established a diversity committee in 2023. This committee promotes significant cultural change and aims to inspire and encourage colleagues and management to become more involved and take responsibility for achieving diversity and inclusion in their teams. It is about further improving diversity & inclusion within our organisation.

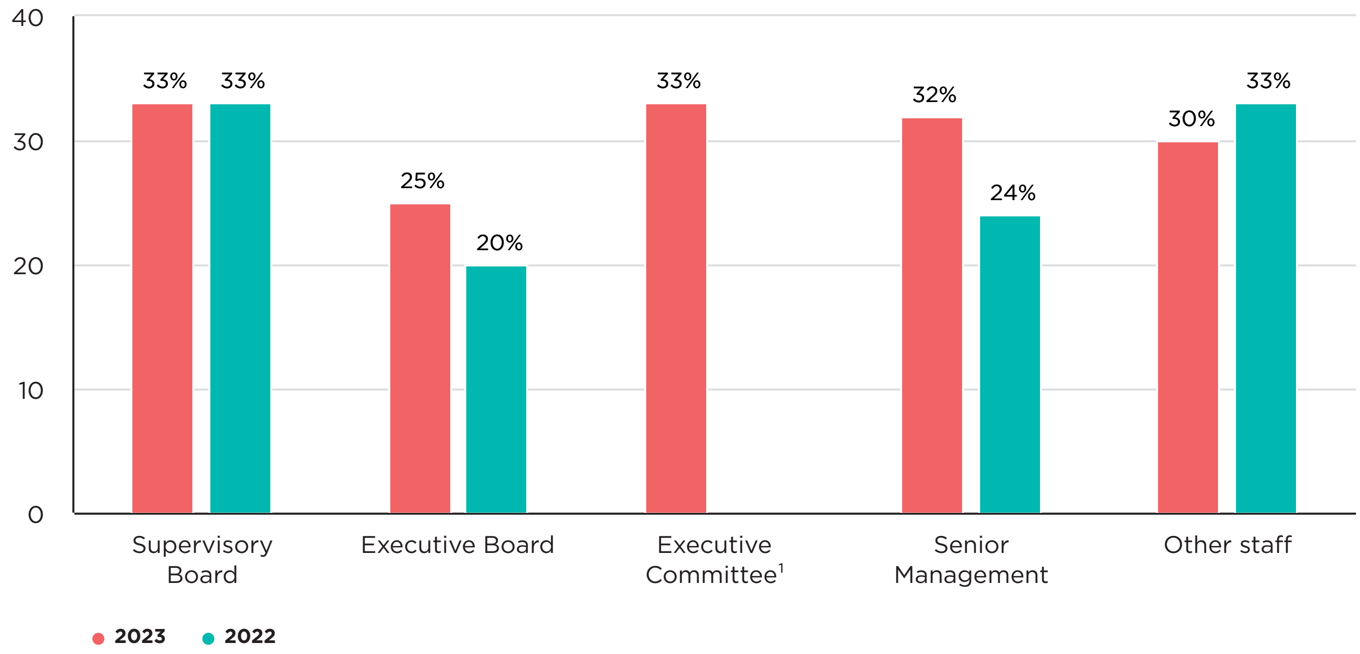
In 2023—for the third time—we organised Diversity Day, the SER's national initiative in Business: on 3 October 2023, several sessions were organised for employees to make them aware of their unconscious biases.

Other Diversity & Inclusion initiatives we organised in 2023:

- Training sessions for management about psychological safety. Almost all managers attended these sessions.
- Pride Month, this month started with a broadcast organised from Athora Group. All countries shared how diversity and inclusion initiatives are being addressed within their unit.
- Participation in discussions on diversity together with the Association of Insurers.

In terms of diversity, we are not yet where we would like to be. Currently, 33% of the members of the Supervisory Board are women, in line with the upcoming law "A more balanced gender ratio at the top of the corporate sector". In the Executive Committee this percentage is also 33%. Especially when we look at women in management positions and the number of people with disabilities in employment, there is still room for improvement. Therefore, in the coming years, we will work with the Diversity Committee to see how we can further develop this theme.

GENDER DIVERSITY IN % BY FUNCTION GROUP AT THE END OF THE YEAR (FEMALE)



1 The installation of the Executive Committee became effective as per 1 January 2023.

For inclusion the employee engagement survey, conducted in October, showed that we almost achieved the Inclusion targets this year. We scored slightly higher than the benchmark Financial Services. For 2024, we are establishing a Diversity & Inclusion working group to develop a further strategy, which will include various disciplines, so that we can strengthen each other.

EMPLOYEE ENGAGEMENT SCORES 2023	2023
Do I fit the organisation	7.0
Within my immediate work environment, everyone is treated equally and with respect regardless of their background or personal characteristics scores	8.2
I am accepted the way I am within my immediate work scores	8.3
I can be myself around everyone I work with score	8.2
The appreciation of employees who indicate that they can be themselves	8.2

Equal Payment Policy

Within Athora Netherlands, jobs are weighed regardless of gender. Women and men with comparable work experience, achievements and job level are given equal pay. The differences in wages between women and men are caused by the on average higher age of men and to level / grade differences. Within our company, women are on average two years younger than men and are underrepresented in the higher salary scales.

Sustainable Employability

To ensure the continuity of our business, we encourage employees to be healthy, motivated, competent and productive at work. The aim of our HR Policy is to achieve sustainable employability for all employees, based on personal development, vitality and flexible employment conditions. In 2023, we received for the third time the certification of being a Top Employer. Being certified means that as a company you put people first and allow employees to flourish because they are empowered by the best working conditions.

Personal Development

Within Athora Netherlands, we support employees in their pursuit of sustainable employability, within or outside our organisation. As a Top Employer, we actively invest in their development. This aligns with the eighth SDG: 'Fair work and economic growth'.

Managers and employees make development and result agreements together. In order to keep up with their profession or to develop new competences. Employees have access to function-related training courses through a training platform. In addition to this, employees have access to a personal growth budget.

Develop & Accelerate Programme

Athora Netherlands' Develop & Accelerate is a talent programme with a defined ambition and related goals.

The programme started in November 2021. By the end of 2023, 80 participants are official certified. Significant focus during the programme is on themes such as change management, stakeholder management and leadership.

In 2023 the Develop & Accelerate programme is redesigned on several components. This is to make the programme in 2024 accessible for all target groups within Athora Netherlands.

Flexible Working Conditions

Also in 2023, we continued with our hybrid working concept, called PASS. This way of working is more efficient and is mindful of sustainability and the well-being of all Athora Netherlands employees.

PASS, which is an abbreviation that has several meanings: Pick a Smart Site, Pick a Smart Spot, Pick a Smart Solution. But most importantly, we are smarter about how we do our work, where we work and what arrangements we make together to achieve a good result. In this way we retain the benefits of working from home and the social cohesion of working at the office. Working in an office is important for transferring knowledge, inspiring and meeting each other. This way of working also involves appropriate working conditions, such as guidelines for working abroad.

There are four PASS principles:

1. The nature of the work determines where we work;
2. Joint responsibility for contributing to the organisation and to the team;
3. Each employee is responsible for his or her own vitality and performance;
4. The principles must be practical.

We believe in ownership and responsibility where teams and individuals work out for themselves what works best for them. The team and the joint contribution to our business goals always take precedence over personal preferences. Making appointments about where and when you work is part of being a good employee/manager.

Vitality

In various ways we support employees as much as possible because health and work/life balance are more important than ever. For example, we offer Open-up to all employees, an online wellbeing platform, to help them if they want to speak to someone about their mental wellbeing. We also provide GRIP dept counselling if needed, and discount on a sports subscription through Fiscfree. In addition, employees can contact the company doctor or coach for a preventive conversation if they have concerns about their (mental) health. Through Summer School we offered workshops in the field of lifestyle and vitality.

Every employee who works from home receives a budget to set up his home workplace according to the applicable health and safety requirements. An instructional video is available to explain how to set up one's workplace correctly.

Health Safety and Well-being

In collaboration with our occupational health and safety service, we support our employees in the field of absenteeism and reintegration. This year the absenteeism rate has decreased to 4.4% (2022: 5.0%), under our target of 4.75%.

Our annual employee survey, held in October 2023, had a good response rate of 89%. It gave us insight into what is valued by our employees and where there are opportunities for improvement. The results show an improvement in almost all areas, such as Engagement and finding Athora Netherlands a pleasant organisation to work for.

Autonomy in work and Organisation climate remain our key strengths, showing satisfying scores on inclusion and psychological safety and less undesirable behaviour on the work floor.

There are still challenges to work on. The score on Engagement and Employership is not yet at benchmark level although we have set some big steps in the upwards direction. More employees experience a good workload, and we score better than the benchmark, but still one third of all employees does not.

The Executive Committee appreciated this feedback and will continue working to make improvements in 2024.

In November and December, the results were shared further in the organisation and improvement plans were drawn up at various levels combined with our culture programme.

Human Capital Risk

The impact of the ongoing transformation was closely monitored through monthly pulses in which employees indicated how they perceived the organisation. Staff turnover, the number of vacancies and inflows and outflows were on track in 2023 and, as far as established, were in line with the Operational Plan (OP).

In October 2023, the Employee engagement survey showed a good increase in a lot of areas, such as on Engagement compared to the previous 2022 Employee Survey. The Engagement score has now gone from a 6.6 to a 7.1 and the employer score from a 6.1 to a 6.6.

Although we see a good improvement on the theme Employership within Athora Netherlands, the score is still lower than the benchmark. At Employership, appreciation still scores low. Athora Netherlands needs to continue to express more their appreciation towards employees and integrate this in their culture. To prevent the risk of disengaged employees, unwanted turnover and to improve employee engagement, culture sessions with employees and managers are planned in the coming months.

The workload has improved in 2023 and is now better then benchmark scores. 36% of all employees of Athora Netherlands experienced the workload as too high or much too high. Still a theme to keep focus on in 2024. We also see that employees score higher than the benchmark on feeling fit and satisfaction with working conditions.

Within Athora Netherlands, there is no room for unacceptable behaviour, such as discrimination, abuse of power, aggression or sexual intimidation. This principle is stated in our code of conduct 'Common sense, clear conscience'. We stand for equal rights and opportunities for everyone in our organisation, which is why we signed the LGBTI Manifesto in 2018. Athora Netherlands also has an unacceptable behaviour policy, with preventive measures for unacceptable behaviour, protection for those who report such behaviour and information on how to report incidents.

Our Diversity and Inclusion policy aims to create a culture of inclusion and equality, where people feel comfortable to express their thoughts, reach shared understanding and develop innovative solutions, ultimately creating value for our customers, our shareholders and our employees.

Athora Netherlands collects and uses personal data from its customers, suppliers, business partners, employees and other individuals in the course of its business activities as an insurer and financial services provider. Lawful, honest, transparent and secure handling of personal data is essential. Privacy is not only addressed in our Code of Conduct but is also one of the integrity and compliance risk topics mentioned in the Compliance Charter. This Data Protection Risk Policy ("Policy") describes how we handle personal data, including the controls to identify, monitor and address compliance and integrity risks related to privacy, and how it will be implemented.

3.4.8.2 Workers in the Value Chain

The UN Guiding Principles on Business and Human Rights, underline the corporate responsibility to respect human rights. This responsibility, also affirmed in Principles 1 and 2 of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, requires companies to avoid causing or contributing to adverse human rights impacts through their own activities, and to prevent, mitigate or remedy human rights impacts directly linked to their operations, products or services. The responsibility of companies to respect human rights refers, as a minimum, to the core internationally recognised human rights, contained in the International Bill of Rights. Depending on the circumstances, companies may need to consider additional universal human rights standards, for instance relating to the protection of the human rights of specific groups, such as indigenous peoples, women, persons with disabilities, and migrant workers and their families.

Investments

We consider violations of the international human rights mechanisms to be a violation of the Fundamental Investment Principles it adheres to. In addition, insufficiently protecting or even violating human rights, can directly lead to reputational damage and decreasing sales, creating a financial risk to investors.

For Companies

Periodically, we screen our investment universe on potential controversies of non-compliance with the Fundamental Investment Principles. Companies that do not comply with the Fundamental Investment Principles enter a three-month investigative period during which the controversies are systematically assessed. As part of this assessment, we investigate the severity, nature and number of controversies the companies are involved in as well as the actions they take to remedy the situation and prevent further violations from occurring. Based on this, the company is either:

- Excluded if systematic and large-scale non-compliance to any of the criteria proves that companies are incapable of preventing non-compliance from occurring in the future;

- Included if the violations are of incidental nature and if the company takes sufficient actions to prevent comparable incidents from happening in the future, or;
- Engaged if the company has not taken sufficient action to prevent future incidents and if engagement with the company is expected to result in the necessary behavioural improvements. During the engagement period, a dialogue is started with the company to discuss options to remedy any real or potential violations of the Principles. If after a two-year engagement period the company has taken appropriate action and proven to prevent further structural violations of the Fundamental Investment Principles, the company will be included in the investment period. If there is not sufficient progress after this period and compliance with the Fundamental Investment Principles is not reached, the company will be excluded. This approach ensures that we only exclude companies once it becomes clear that there is no ability to persuade or encourage them to change their behaviour.

For Sovereigns

As a starting point, we will not invest in any sovereign that repeatedly or systematically fails to uphold and protect the most basic of human, civic and political rights, such as those enshrined in the 1948 Universal Declaration of Human Rights, the 1966 International Covenant on Civil and Political Rights, and the 1966 International Covenant on Economic, Social and Cultural Rights. To help determine which sovereigns are failing to meet these obligations, all sovereigns are evaluated based on the well reputed indicators from the Freedom House's Freedom in the World report, which is an annual comparative assessment of political rights and civil liberties worldwide. Sovereigns that are deemed 'Not Free' by Freedom House will be excluded from investments.

In addition, in case Freedom House indicates that a country is 'Partially Free' or if there is a conflict area in the country which is labelled as 'Not Free' or 'Partially Free', an individual country assessment is conducted. In the latter case, the following rules are applied: if a disputed territory—within the borders of one country— is invaded, threatened, occupied and/or militarised by another country, then the first country is not necessarily excluded. The affected country does not have effective control over these areas. Countries that are considered 'Free' or 'Partially Free' are excluded from investments if it is obvious that such countries have effective control over the conflicted areas.

Human Capital Management as part of our Sustainability Drivers

It is Athora Netherlands' belief that sound human capital management contributes to the quality of life of employees and the wellbeing of society, and in that way supports the long-term financial performance of companies. So far, there is no internationally agreed target on human capital management. Yet, an important component of human capital management relates to income. Quality of life for employees and society is largely determined by an income that provides decent living. Therefore, and in line with the Sustainable Development Goals, a living wage for employees is an essential criterium when making investment decisions. Indirectly, this also contributes to improvements in human rights, labour rights and poverty alleviation. The extent to which companies report on or measure human capital differs highly. Many human capital dimensions are not quantifiable, as they concern 'soft' indicators like employee satisfaction or wellbeing. Currently, Athora Netherlands uses ESG rating data as a proxy to assess human capital materiality and human capital management performance. Other sources are the Corporate Human Rights Benchmark, Workforce Disclosure Initiative Survey, Access to Medicine, Access to Nutrition Indices, Platform Living Wage Financials, and Equileap.

Because Athora Netherlands recognises the importance of companies making it possible to offer a living wage throughout the value chain. This is particularly important in sectors where the production of goods mostly takes place in countries where legal minimum wages do not exist or are too low to meet basic needs. Athora Netherlands has signed up as a candidate member of the Platform for Living Wage Financials (PLWF), a group of financial institutions that encourages companies to ensure a living wage in their global supply chains. This alliance ranks companies using an assessment method based on the UN Guiding Principles on Business and Human Rights. As a first step, Athora Netherlands intends to join an already active PLWF engagement with Kering.

Over time, Athora Netherlands evaluates whether developments in human capital management give reason to cover other topics or to redefine the human capital management zones. Based on this information, and especially for the dimensions that are material to a company, Athora Netherlands assesses for each human capital dimension the extent to which the company is exposed to the risks that result from the current trends and challenges as well as how well they mitigate these risks. An assessment resulting in a high exposure and low management score means companies are more likely to fall in the at-risk category, while an assessment resulting in a low exposure and high management score means companies are more likely to fall in the adaptive zone. The dimension with the lowest score determines the category in which the company falls.

Own Operations

We screen our outsourcing partners and critical vendors against identical standards as we do for our investments (e.g., the important component of at least a minimum income necessary for a worker to meet their basic needs), and through our general procurement conditions we ensure adherence to the same UN and OECD guidelines. In 2023 we have made some additional steps to be bring our outsourcing and vendor management policies and practices fully in line with our Fundamental Investment Principles, with the aim of full consistency across all both parts of our value chain with respect to human rights, labour rights, weapons, sanctions, fraud, corruption, tax evasion, human (mental) health and animal welfare as well as environmental damage. We do this using a mix of sources, including research firms such as MSCI and

Sustainalytics and a mix of our sustainability data from the own accounts investments.

3.4.8.3 Affected Communities

Own operations

Athora Netherlands offers all employees the opportunity to devote 3 working days a year to community involvement. To encourage employees to take advantage of this opportunity, we continued our collaboration with NL Cares and entered into partnerships with other initiatives. Our new partner LEF pairs organisations with high schools to teach young adults about finance. We also partnered with DoesGoed. They pair volunteers with people or initiatives that need help. Since then, several individual, team and corporate volunteer events have been held, from teaching Dutch to new residents to coaching children at a sporting event. 2023 also marked the launch of the Athora Care Fund. Colleagues who want to raise donations as volunteers can request an additional € 500 from Athora Netherlands. During the year, several colleagues in both Amsterdam and Alkmaar cleaned the neighbourhood every two weeks.

Investments

Companies must manage social capital aspects in a sound and proper manner for their long-term financial performance and for the well-being of the communities they operate in. In absence of internationally agreed targets on social capital management, Athora Netherlands or Cardano on its behalf, contributes to working groups and initiatives to further develop targets and measures related to social capital management. For that reason, and in line with the Sustainable Development Goals, Athora Netherlands aims to invest in companies that provide transparency about how they address human and community concerns in their policies, processes and procurement. More transparency is expected to prevent issues related to product quality & safety or data & privacy security from happening.

3.4.8.4 Consumers and End-users

Fair and Transparent Service

Access to quality information, and fair and transparent service to Customers are essential for our success. We strive to earn and maintain the trust of our customers by being fair and transparent in our customer approach and by offering appropriate and simple products that add value to our customers. In doing so, we consistently apply the criteria of cost efficiency, usefulness, safety and understandability (CUSU) as prescribed by the regulator, the Dutch Authority for the Financial Markets (AFM) and further defined in Athora Netherlands Product Integrity Policy in our product design and approval processes for any new or adjusted propositions, as well as in our marketing, sales and customer service approach. This Product Approval and Review Process (PARP) is described in the Underwriting Risk Management Policy, the criteria are described in detail in the Product Oversight and Governance Policy Reference Model.

We measure our performance on development of appropriate, simple and value-added products by a set of key risk indicators (KRIs). The KRIs include the number of product approvals that resulted in an orange and/or red PARP advisory code at an earlier stage of the development process. Some decisions were made with an orange advisory score, meaning a proper risk assessment was made by the business taken into account second line advice and coming to an overall conclusion with a customer view in mind. Orange colouring is also used for stressing specific conditions under which approval is given. These specific conditions are monitored for implementation as part of the total PARP process.

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Another KRI is the number of changed and/or new applicable laws and regulations that have not been (fully) implemented on time or that are reported to be at risk of not being (fully) implemented on time. During 2023, we identified that the timely implementation of the new Pension Law (Wtp) was at risk, because the extensive and lengthy legislative process in Parliament was only finalised shortly before the act entered into force.

Customer-Centric Culture

Athora Netherlands actively seeks feedback from its customers through surveys, focus groups, and customer service interactions. This feedback is used to improve products, services, and the overall customer experience. We promote a customer-centric culture across the organisation. This means that all our employees are encouraged to prioritise customer needs and satisfaction in their daily activities.

Athora Netherlands strives to make its products and services accessible and available to a broad customer base. Broad and diverse customer base requires providing support for customers with disabilities, limited (financial) literacy and online skills. Athora Netherlands strives to user-friendly online platforms and invests in technology and innovation to enhance the customer experience, whether through improved online services, digital tools, or streamlined (application) processes. All products are duly documented and foreseen the factsheets according to legal requirements, including the identification of the excluded risks.

Customer Loyalty and Customer Satisfaction

We take customer loyalty and customer satisfaction very seriously. Therefore, we continuously monitor our performance in these areas. Our customer loyalty measure (Net Promoter Score) helps us understand the customers' willingness to recommend a brand to friends and family, providing a broad perspective on how customers value the overall relationship with the brand. Our Customer Satisfaction measure (Delighted Customer Score) helps us to understand how our service is perceived by our customers, identifying drivers for short-term improvement in key customer service processes.

NPS

The Net Promoter Score (NPS) is an important indicator for Customer Centricity within Athora Netherlands. Based on the NPS survey results, our customers can be categorised into different groups: 'Promotors', 'Passives' or 'Detractors'. NPS is measured on a continuous basis among the various customer segments (e.g., both private and business customers, and per product line). As a result, an overall Athora Netherlands score is derived and reported quarterly, in order to monitor the progress and gain insights in the areas for improvement.

In 2023, the Athora Netherlands NPS was slightly lower compared to 2022 with the score of -22, driven by a lower NPS for the Pension Business and slightly improved NPS for the Life Service Business.

NET PROMOTER SCORE	2023	2022
Athora Netherlands	-22	-20
Life Service Business	-30	-31
Pension Business	-14	-9

Customer Satisfaction

In addition to NPS, the customer satisfaction is measured among the various customer segments. These scores reflect the level of customer satisfaction on a scale from 1 to 10 (1 = extremely dissatisfied, 10 = extremely satisfied) and is expressed as the percentage of customers that value our services with an 8 or higher (so called Delighted Customers).

Delighted Customers Score for Athora Netherlands remained stable at 54%, with minor changes in the underlying scores for the Life Service Business and the Pension Business. Overall, more than half of the Athora Netherlands customer base values their relationship with an 8 or higher in 2023.

DELIGHTED CUSTOMER SCORE	2023	2022
Athora Netherlands	54%	54%
Life Service Business	46%	48%
Pension Business	62%	60%

Complaints resolution

It is our intention to promote and maintain the best possible relationship with our stakeholders and we regard it as essential to provide effective procedures for the rapid resolution of differences and disagreements. Despite our efforts, we might not always meet the expectations of our clients. If we identify that we have caused or contributed to a material negative impact on our customers, our main focus is to take action to remediate the situation and regain customer trust. We are committed to dealing with such reports promptly and fairly.

Our customer complaints management process handles complaints by recording the complaint, investigation, root cause and corrective action determination and implementation and communication with the customers. All complaints are actively monitored, evaluated and reported. For 2023, we saw a low number of complaints at Pension Business. At Life Service Business the AML project generated extra operational pressure resulting in increase of complaints and questions due delayed response time.

3.4.9 Business Conduct

Customer Privacy and Data Protection

Through our business operations, we record and maintain a large amount of data for a long time. We are bound to secure customer data and data about our interactions with our customers. Athora Netherlands not only needs to make sure that we serve our customers well and respect their privacy, but we also have to be able to provide evidence that over the span of our long-term relationship with our customers, we adequately perform our duty of care and fulfil all our legal requirement such as tax filings and regular Sanction List scans.

With that in mind, data protection and the privacy of customer data are critical to us. Customers can trust that their personal data are safe with us. That is why we have implemented policies to protect customer data and customer privacy. The privacy statements as published on the websites of Athora Netherlands and our brands describe the categories of data we collect, the purposes of the collection of these data and how customers may access such data. Customers can contact us with requests related to their data.

We have a policy to handle data breaches to minimise possible damage to customers. The appointed Data Protection Officer is responsible for monitoring compliance with the law (e.g., GDPR). In 2023, 216 data breaches (2022: 157) were detected within our company of which 7 (2022: 10) were reported to the Dutch Data Protection Authority. In 2023, we had key risk indicators in place regarding major data breaches and data breaches reported to authorities. Various management and process controls were also in place related to privacy.

Corruption and Bribery Risks

It is Athora Netherlands' policy to conduct all business in an honest and ethical manner. This is also expressed in the zero-tolerance approach take to corruption and bribery. The prevention, detection and reporting of corruption and bribery are the responsibility of all those working for us.

Athora Netherlands endorses the following conventions and principles: UN Convention Against Corruption, 2003, OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, 1997, OECD Guidelines for Multinational Enterprises and Principle 10 of the UN Global Compact.

Athora Netherlands has a corruption and bribery policy in place. Closely related to the corruption and bribery policy, Athora Netherlands also has a code of conduct, pre-employment screening policy, client integrity policy (AML, CFT and Sanctions regime), procurement policy, institutional conflict-of-interest policy, incident management policy and whistle-blowing policy in place. These policies describe, among others, principles to counter corruption and bribery on which Athora Netherlands must takes adequate measures.

The principles and measures as described in the policies are translated in business controls and management controls. Among others the controls are related to:

1. the due diligence of employees, third parties, closely related stake holders and clients;
2. accepting and providing of gifts, hospitality and donations;
3. financial record keeping;
4. training and awareness of employees;
5. whistleblowing and hotline incident reporting mechanisms;
6. yearly business risk analyses on corruption, bribery, conflicts of interests and client integrity.

Athora Netherlands assesses bribery, corruption and internal fraud risks systematically as part of the systematic integrity risk analysis. This analysis consists of several bribery and corruption integrity risk scenario's which are discussed in the business lines. For this risk analyses Athora Netherlands follows the guidelines of DNB. Systematic means that this is a cyclical process, which means that Athora Netherlands performs the whole cycle of identification, analysis and assessing the effectiveness of controls at regular intervals (at least yearly). The output of the systematic integrity risk analysis serves as a steering document for Athora Netherlands' management. It sets Athora Netherlands into action to take adequate measures to control integrity related risks. The output of the risk analysis also plays an important role for the Compliance Function. The Compliance Function uses the results for gap analyses, developing annual plans and testing of controls.

Athora Netherlands assessed the risks of corruption, bribery and internal fraud as low, taking into account geographical-, sector-, product- and transaction factors. Senior management (network and family related risks), procurement, account management, marketing & communication departments (third party risks) are considered the most vulnerable positions when it comes to corruption and bribery. The mitigating controls consists of (code of conduct) policies, corresponding training & awareness and (tested) process and management controls. Athora Netherlands has indicators in place to detect possible operation outside the boundaries of the risk appetite.

If a case of bribery, corruption or internal fraud occurs, it could lead to operational costs, reputation damage and damaged relations with stakeholders. Athora Netherlands has no explicit quantitative performance key risk indicators with respect to corruption, bribery and internal fraud. Athora Netherlands has however quantitative performance key risk indicators regarding employee conduct and incidents. The number of incidents related to dishonest, inappropriate and/or unprofessional behaviour (which include also internal corruption, bribery and internal fraud) were all within the corresponding key risk indicator norms. Athora Netherlands has not detected and reported any forms of corruption and bribery in 2023.

During the year risks are monitored compared to the appetite by first and second line and when necessary, mitigating measures initiated to improve the risk profile. Athora Netherlands' Integrated Control Framework (ICF) was rated satisfactory by Internal Audit and DNB confirmed mid 2023 that earlier identified findings have all been sufficiently resolved.

During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting in all risk instruments now being captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk. A RSA internal Fraud was conducted across Athora Netherlands with senior management and experts. Results were discussed at the ORCA and although risk is within appetite, further improvement actions were initiated to improve the risk profile.

Athora Netherlands actively promotes awareness to cyber security threats, also with its third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates.

Financial Economic Crime

For a Pension- and Life insurer, the financial economic crime risks are considered to be low. The mortgage and real estate investment activities are being perceived and assessed as medium risks. As a financial institution, Athora Netherlands has the responsibility to ensure detection, reporting and prevention of unusual transactions. In Athora Netherlands' efforts to ensure compliance with applicable laws and regulations, instances of non-compliance can potentially occur. Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis.

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

We have key risk indicators in place with regard to financial economic crime such as the number of high risk classified clients and/or business partners and the number of overdue actions. We are operating within the acceptable key risk indicators norms.

With technology and content we keep people well-informed and engaged

"For any organisation, it is important that employees are well informed. An informed employee is an engaged employee.

In the summer of 2023, in a collaboration between the Communication and IT departments, we subjected our intranet to a critical review.

In a design sprint with colleagues from all parts of the organisation, we examined what we could do better and where the needs lie. Thereafter, we explored which technological solutions we could deploy and which issues we could solve in terms of content and design. This resulted in a more balanced home page and underlying structure. Now users get to see the necessary corporate news and can also subscribe to news from the different departments.

In a fairly large organisation like Athora, it is especially important that those departments can share necessary information with their target groups, so that they in turn do not have to actively search for information that is scattered across the intranet. Everyone is busy enough as it is."

Long Ly, IT Customer & User Services

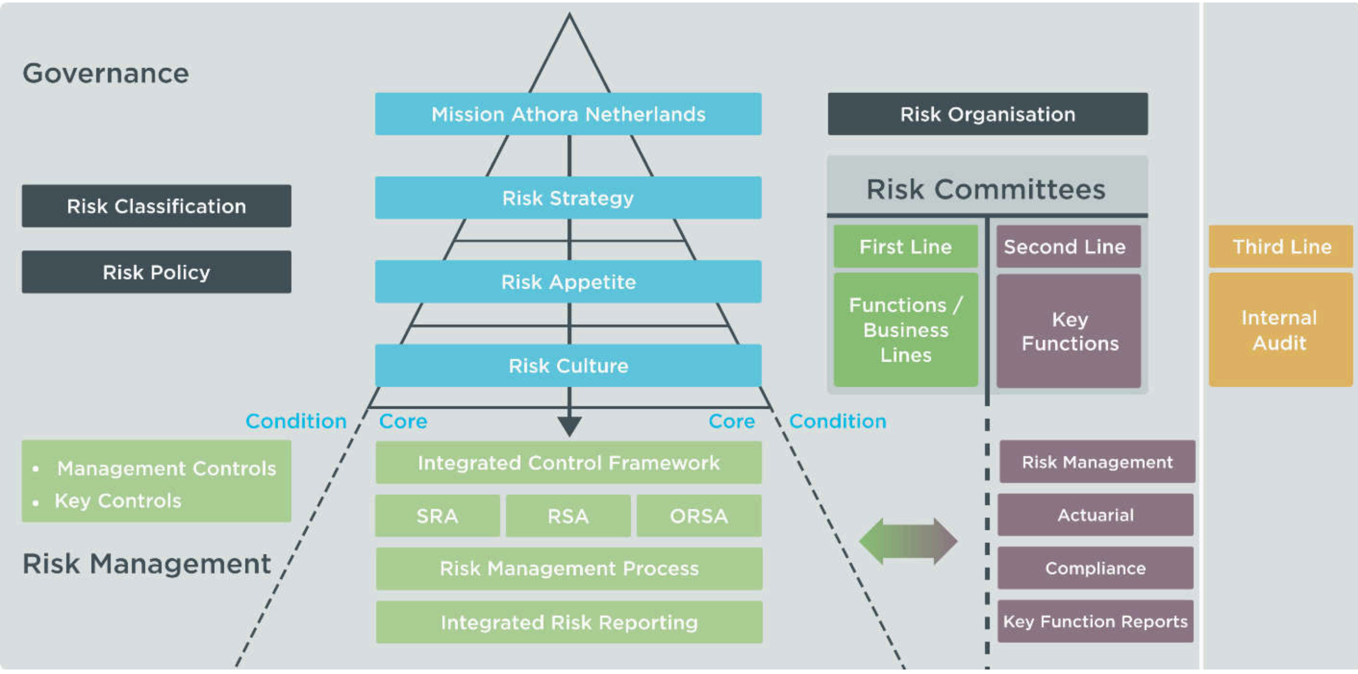
3.5 Risk and Capital Management

Risk and capital management is more extensively described in Chapter 7 'Managing Risks' in the consolidated financial statements.

Risk Management System

We have implemented a consistent and efficient risk management system in which specific Solvency II requirements such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. It operates an integrated approach, with risk management integral part of the decision-making process.

Risk Management



The Athora Netherlands Risk Management System consists of a governance part and a risk management part. In the governance part, starting from the Athora Netherlands mission and business strategy, the Risk Strategy and Risk Appetite are derived. The components Risk Policy, Risk Taxonomy and Risk Organisation are necessary conditions to enable the strategic risk processes. To ensure an integrated approach the first line (Business Lines and Functions) and the second line Key Functions use the same risk taxonomy, operations are covered by the Risk Appetite and are aligned by a policy structure.

Risk Strategy

Athora Netherlands has derived a Risk Strategy, a supporting set of objectives following from the Athora Netherlands' mission to achieve the strategic goals. As main principles Athora Netherlands has defined a robust capital position, a sustainable operating capital generation and sound and controlled business operations. The Risk Strategy contains the key guiding principles and statements used when setting the Risk Appetite for each risk category from the risk taxonomy. Athora Netherlands guarantees future payments to its customers and therefore needs adequate reserving and a robust capital position. Athora Netherlands maintains a buffer above regulatory capital requirement to absorb temporary volatility and provide more certainty to its customers.

Risk Appetite

The Risk Appetite Statement (RAS) of Athora Netherlands is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually. The risk tolerances-part contains measures for the maximum risk that Athora Netherlands is willing to accept. These measures are defined for various sub-risks for every individual legal entity or specific Business Lines or Functions and are split into risk triggers (comparable to hard limits) and risk indicators (comparable to soft limits). When implementing the strategy, the Executive Committee gives guidelines to the Business Lines for establishing Operational plans, taking into account the set Risk Tolerance in the Risk Appetite and corresponding limits on entity level. This helps the Business Lines and Functions optimise risk and return when developing the best possible products and services.

Risk Culture

Culture and conduct in general play a vital role in steering a company, and specifically in adequate risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. Athora Netherlands has awareness programmes in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary. Furthermore, Athora Netherlands ensures that senior management and employees on Key Functions at all times are fit and proper to fulfil their job. Finally, the Remuneration Policy of Athora Netherlands discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

Risk Organisation

Athora Netherlands implemented the 'Three Lines' control model including the Solvency II Key Functions and a risk committee governance structure. It contributes to the strengthening of the Risk Culture, taking responsibility for managing risks and internal control, and eventually to the further optimisation and integration of the risk management.

Integrated Control Framework

The Integrated Control Framework (ICF) is Athora Netherlands' internal control system and is part of its Risk Management System. The ICF forms the basis for sound and controlled operations within Athora Netherlands, measures the maturity of risk management and monitors process Key Controls and Management Controls. The improvement and optimisation of the ICF is a continuous process. Athora Netherlands' organisation develops and changes over time and the ICF continuously adapts to new situations. During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting that all risk instruments are now captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk.

Underwriting and Investment Management

Athora Netherlands assesses underwriting risks by following the Product Approval and Review Process (PARP) for new or adjusted products and management of the existing portfolio. Athora Netherlands mitigates underwriting risks primarily by means of diversification and reinsurance. The reinsurance programme is determined on the basis of risk assessments of the various portfolios, the size of the portfolios, the nature of the underwriting risks, the profit or loss, the risk appetite and the financial strength of the reinsurance company. As part of optimising the risk profile, Athora Netherlands has concluded an additional longevity risk transfer on a part of the individual life portfolio.

The starting point for the ALM policy is the Balance Sheet Assessment (BSA), which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with regard to solvency, laws and regulations. This BSA is used as a basis for defining a Strategic Asset Allocation (SAA), which is in turn used to translate specific investment activities into an investment plan and investment mandates for selected asset managers, taking into account the risk tolerances in the Risk Appetite Statements (RAS), Solvency II ratio, the tax position and the long-term risk exposure. When finalising the SAA, specific attention is paid to the availability of sufficient expertise in the segments in which investments are held. All investments are monitored by means of reports on performance and capital. Investments are made in accordance with the prudent person principle taking into account the interests of the policyholders. The prudent person principle is part of the ALM policy. Investments are made exclusively in assets and instruments whose risks are properly identified, measured, monitored, managed, controlled and reported, but also comply with ESG principles.

To the extent that through the double materiality assessment new financially material sustainability risks were identified (see paragraph 3.4.3) we will develop or further strengthen policies and processes for managing these risks and set or adjust appetite levels. For example, climate change risk is already included in the ORSA, but the risk of financial loss in the investment portfolio as a result of biodiversity loss or collapse of ecosystems is not yet quantified and assessed.

Developments Non-financial Risks

In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored according to the Athora Netherlands risk management procedures. Overall, the risk levels as reported in 2023 were within appetite.

For the Athora Netherlands IT organisation, 2023 has been a year of a lot of changes and challenges, like the migration of WTW's PPI, new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid data centre outsourcing is a great opportunity to further improve flexibility and effectivity. IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

Athora Netherlands actively promotes awareness to cyber security threats also with their third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates. In 2023, no major incidents related to cybercrime occurred within Athora Netherlands, nor did any of our main suppliers report any. The Security Operations Center experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDoS attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Athora Netherlands is on track to implement the DORA.

Athora Netherlands continuously updates the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up through validations, re-validations and solving second line findings. Ongoing model assessments on reporting, (asset) valuation and pricing models, following a risk-based approach, further increased model insight and provides guidance towards lower model risk. Overall Model risk is within risk appetite.

Athora Netherlands is exposed to potential governance risks. Addressing these risks Athora Netherlands has a dedicated Institutional Conflicts-of-Interest Policy including a concrete procedure. Furthermore, Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol. The regulator will continue to monitor and evaluate these potential governance risks as part of its ongoing supervisory activities.

Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis. In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

Capital Management

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Athora Netherlands manages its capitalisation within limits set in the Risk Appetite Statements and sets annual targets culminating in a Capital & Funding Plan. Athora Netherlands assesses its capitalisation regularly.

Athora Netherlands aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Athora Netherlands deems a Solvency II ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders under adverse scenarios. The second objective of the Capital Policy is to ensure capital is used as efficiently and flexibly as possible to facilitate the implementation of Athora Netherlands' strategy.

A preparatory crisis plan (as required under the Dutch insurance recovery and resolution act (*Wet herstel en afwikkeling verzekeraars)*) exists which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a threat to the going concern of Athora Netherlands. In its Risk Appetite, Athora Netherlands has defined triggers that determine whether a contingency situation exists.

The ORSA is an integral part of Athora Netherlands' management control cycle. It is part of the input for the operational plan and capital management and is used in determining the risk appetite. The ORSA 2023 concludes that Athora Netherlands' risk profile is well reflected in the SCR standard formula and Solvency II is adequate.

Solvency II

Under Solvency II, the supervision of the risks to which an insurer is exposed, and the management of those risks play a central role. The financial requirements reflect the risks to which insurers are exposed to. Solvency II provides a framework for a risk-based approach to assess and mitigate risks and the overarching objective is to strengthen policyholder protection.

Athora Netherlands is subject to the Solvency II regulation and the disclosure requirement to publish a Solvency and financial condition report. Solvency II applies to the supervised insurance entities and to the consolidated activities of Athora Netherlands.

Athora Netherlands calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) measures.

When determining the Solvency II capital ratio, the loss absorbing capacity of deferred tax assets is set off against the Solvency Capital Requirement.

The classification of the hybrid capital of Athora Netherlands N.V. and SRLEV N.V. (outstanding on 31 December 2023) into Tier 1 and Tier 2 capital is based on the transitional measures contained in the level 1 regulations and is aligned with DNB.

Managing Sensitivities of Regulatory Solvency

The solvency of Athora Netherlands is sensitive to changes in the parameters used for calculating the value of insurance liabilities. These relate to mortality risk, longevity risk, expense risk (including inflation) and surrender risk, since these insurance risks proved to have most impact on the SCR.

In addition to these insurance or underwriting risks, the other key risk is market risks predominantly driven by interest rate and (credit) spread risk. Sensitivities are performed to measure the impact of alternative scenarios such as market and interest rate movements.

Quantitative information about risks and related sensitivities for both Solvency II and IFRS have been described in Chapter 7 ‘Managing Risks’ in the consolidated financial statements.

Research shows that diverse organisations perform better

"At Athora we work according to the PASS principle, which encourages hybrid and smarter working. You decide for which activities it is convenient to come to the office, or whether you prefer to work from home.

This gives me freedom to organise my work in the way that suits me best and, above all, to give my personal touch to it. I learned the latter at Athora: doing your job with passion by giving it your own swing.

As a member of the Diversity Committee, I mainly focus on 'women power' within the insurance industry. Even today, it is an important theme.

Research shows that organisations with diverse teams perform better. Therefore, we continue to work to achieve gender equality. In the meantime, we are working to achieve a balanced composition in terms of ethnicity and age within our teams and in management. We are not there yet, but it starts with awareness. By initiating activities and giving information, we try to pay continued attention to this."

Jane Maduro, Internal Accountmanager Zwitserleven

4 CORPORATE GOVERNANCE

4.1 Shareholder

Athora Netherlands Holding Ltd. is the sole shareholder of Athora Netherlands N.V. Athora Netherlands Holding Ltd. is a full subsidiary of Athora Holding Ltd.

4.2 Executive Board and Executive Committee

The Executive Board is the statutory board of the Company. The Executive Committee consists of the members of the Executive Board and other members appointed by the Supervisory Board at the proposal of the Executive Board. The installation of the Executive Committee became effective as per 1 January 2023.

Athora Netherlands N.V. has implemented an Executive Committee to align with the new functional model of the organisation and to support the achievement of the Ambition 2025 strategy by including two functions formerly in the CEO domain at the highest collective executive level. On 19 January 2023, Athora Netherlands announced its new Executive Committee and the appointments of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its Executive Committee.

In line with the large company regime, Athora Netherlands N.V. is governed by a two-tier board comprising an Executive Board and a Supervisory Board. Both boards perform their duties and powers as laid down in the relevant laws and regulations, the company's articles of association and additional regulations.

The Executive Board as a whole is charged with the management of Athora Netherlands N.V. The Executive Committee is responsible for the day-to-day management, strategy and operations of Athora Netherlands N.V. Notwithstanding the foregoing, the Executive Board remains responsible for certain matters as specified in the Regulations of the Executive Board and Executive Committee of Athora Netherlands N.V., which internal regulations provide rules on internal affairs of Athora Netherlands N.V. and more specifically of the Executive Board and Executive Committee. Also, the Executive Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the management of Athora Netherlands N.V. and reporting to the Supervisory Board and the General Meeting. The Executive Committee acts in accordance with the interests of Athora Netherlands N.V. and its associated business, taking into account and carefully weighing the interests of all stakeholders. Certain resolutions of the Executive Board or Executive Committee require the approval of the Supervisory Board and/or General Meeting.

4.2.1 Composition, Appointment and Role

Athora Netherlands N.V. is subject to the full large company regime under which the members of the Executive Board are appointed by the Supervisory Board. The Supervisory Board may suspend or remove a member of the Executive Board (in case of a removal, after the General Meeting has been heard).

The Executive Committee consists of the members of the Executive Board and members appointed by the Supervisory Board at the proposal of the Executive Board.

At 31 December 2023 the Executive Committee consisted of the following members:

COMPOSITION, APPOINTMENT AND ROLE			
Name	Nationality	Position	Date of appointment
J.A. (Jan) de Pooter	Dutch	Chief Executive Officer (Executive Board)	8 July 2021
A.P. (Annemarie) Mijer	Dutch	Chief Risk Officer (vice-chair) (Executive Board)	1 July 2020
E.P. (Etienne) Comon	French	Chief Capital & Investment Officer (Executive Board)	1 July 2021
J.H. (Jan-Hendrik) Erasmus	British, South African	Chief Financial Officer (Executive Board)	13 June 2022
B. (Bart) Remie	Dutch	Chief Technology & Operations Officer	12 January 2023
A.G. (Annemieke) Visser-Brons	Dutch	Chief Commercial Officer	13 January 2023

On 1 January 2023, A. (Angelo) Sacca has stepped down as Executive Board member (Chief Transformation Officer) and his responsibilities as CTO have been shared amongst the other members of the Executive Committee.

J.A. (Jan) de Pooter - Chief Executive Officer

Jan de Pooter (1969) studied business administration at the Amsterdam Academy and the VU University Amsterdam. From 2015 to 2020 he served as Chief Executive Officer (CEO) at Portuguese insurer Seguradoras Unidas (Tranquilidade). From 2005 to 2015, Mr. De Pooter held various leadership positions at Millennium bcp Ageas including Chairman of the Board of Directors. He started his career as Operations Manager at Fortis Investments Nederland.

A.P. (Annemarie) Mijer - Chief Risk Officer & Vice Chair

Annemarie Mijer (1970) holds a master's degree in Actuarial Mathematics and is a fellow of the Dutch Actuary Society. Mrs. Mijer joined from ABN AMRO where she served as Head of Central Risk Management. In 2015, she was appointed Chief Risk Officer and member of the Executive Board of Delta Lloyd Group. Prior to this, Mrs. Mijer held various executive leadership positions in ING Group and Nationale-Nederlanden. In April 2019, she was appointed as member of the Supervisory Board and Chair of the Audit Committee at Klaverblad Verzekeringen. Mrs. Mijer is a Certified Actuary of the Dutch Society of Actuaries and holds professional qualifications in Investment Analysis.

E.P. (Etienne) Comon - Chief Capital & Investment Officer

Etienne Comon (1973) holds a Ph.D. in economics from Harvard University. Mr. Comon started his career at Goldman Sachs where he held positions in corporate liability management, global structuring, and asset management. He joined Athora Netherlands in 2021. As Chief Capital & Investment Officer (CCIO) of Athora Netherlands, his areas of responsibility are capital management and planning and investments.

J.H. (Jan-Hendrik) Erasmus - Chief Financial Officer

Jan-Hendrik Erasmus (1980) holds an Executive MBA (with distinction) from London Business School (United Kingdom) and an Honours degree in Actuarial Science from the University of Pretoria (South Africa). Before joining Athora Netherlands, Mr. Erasmus was the Group Chief Risk Officer of Aviva plc, where he was responsible for the Risk, Actuarial, Compliance, Financial Crime and Regulatory Affairs functions. Prior to Aviva plc, Mr. Erasmus served as Chief Risk Officer and Member of the Management Board of NN Group. He joined NN Group from the consulting firm Oliver Wyman where he was a partner and head of the UK insurance practice. Mr. Erasmus holds both South African and British nationality.

B. (Bart) Remie – Chief Technology & Operations

Bart Remie (1981) holds a MA Public Administration & Organisational Science and a BSc Cognitive Neuroscience, both from Universiteit Utrecht. Mr. Remie has held various management positions at Athora Netherlands and its predecessor companies, lastly as General Manager Operations & IT. He started as a trainee at SNS REAAL at the time when Athora Netherlands N.V. was part of the SNS REAAL Group. Within the Executive Committee, Mr. Remie is responsible for Operations & IT.

A.G. (Annemieke) Visser-Brons – Chief Commercial Officer

Annemieke Visser-Brons (1970) studied Dutch Law at the Vrije Universiteit Amsterdam. From 2017 to 2022, Mrs. Visser-Brons was Director Pensions at Nationale-Nederlanden. At Delta Lloyd, Annemieke held several managerial positions from 2009 until 2017, including Director of Delta Lloyd Life Insurance N.V. She started her career at Aegon Netherlands. Mrs. Visser-Brons is also a member of the Supervisory Committee of Zwitserleven PPI N.V. Within the Executive Committee she is responsible for Commerce.

4.2.2 Governing Rules

With the introduction of the new Executive Committee in January 2023, the gender balance is 33% women and 67% men. From a diversity perspective, in terms of age, background and nationality, but also experience in different settings a good balance has been maintained.

For future appointments of Executive Board and Executive Committee members, Athora Netherlands will take into account all laws and regulations and its diversity in terms of gender, age, experience, nationality and background. The principle of having at least 30% women or 30% men is applied in succession planning for the Executive Board and Executive Committee, Supervisory Board and senior leadership.

As part of the continuing education programme of Athora Netherlands, the Executive Committee members participate in various education sessions. These sessions are sometimes attended together with the Supervisory Board members or with senior management of Athora Netherlands and are provided by internal and external speakers. The topics this year were sustainability, CSRD, Artificial Intelligence, Ethics and the new Dutch Pension Law (WTP).

4.3 Supervisory Board

The Supervisory Board is responsible for supervising the Executive Board and Executive Committee, the policies, management and the general affairs of the Athora Netherlands group, as well as providing advice to the Executive Board and Executive Committee. Supervision includes monitoring the company's strategy and realisation of the objectives, risk policy, integrity of business operations and compliance with laws and regulations.

The Supervisory Board may on its own initiative provide the Executive Board and Executive Committee with advice and may request any information from the Executive Committee that it deems appropriate. In performing its duties, the Supervisory Board weighs the interests of all stakeholders and acts in accordance with the interests of Athora Netherlands and the business connected with it.

Meetings of the Supervisory Board

The Supervisory Board meets on a regular basis in accordance with an annual schedule, which in practice implies two-day meetings every two months on average. Decisions of the Supervisory Board are taken by a majority of votes cast.

The Supervisory Board has drawn up internal regulations to complement the company's articles of association. Members of the Supervisory Board have declared their acceptance of these regulations and have undertaken a declaration of adherence.

Composition, Appointment and Role

The members of the Supervisory Board are appointed by the General Meeting upon nomination of the Supervisory Board. The General Meeting and the Works Council may recommend candidates for nomination to the Supervisory Board. The Supervisory Board is required to nominate one-third of the Supervisory Board members on the special right of recommendation (*'versterkt recht van aanbeveling'*) of the Works Council and one-third of the Supervisory Board members on the special right of recommendation (*'versterkt recht van aanbeveling'*) of the General Meeting, unless the Supervisory Board objects to the recommendation on certain grounds.

At 31 December 2023 the Supervisory Board consisted of the following members:

COMPOSITION, APPOINTMENT AND ROLE			
Name	Nationality	Position	Date of appointment
R.M.S.M. (Roderick) Munsters	Dutch	Chairman	8 September 2021 (chair per 1 October 2021)
J.M.A. (Hanny) Kemna	Dutch	Vice-chair	1 April 2020
M.A.E. (Michele) Bareggi	Italian	Member	1 April 2020
E. (Elisabeth) Bourqui	Swiss	Member	16 November 2021
F.G.H. (Floris) Deckers	Dutch	Member	1 April 2020
H. (Henk) Timmer	Dutch	Member	20 September 2022

R.M.S.M. (Roderick) Munsters

Roderick Munsters (1963) is chair of the Supervisory Board, chair of the Conflicts-of-Interest Committee, member of the Audit Committee and member of the Risk Committee. Mr. Munsters has gained extensive executive managerial experience at various financial institutions. From 2009 to 2015, he was Chief Executive Officer at Robeco Group. From 2005 to 2009, he was a member of the Executive Committee and Chief Investment Officer of ABP Pensioenfonds & APG All Pensions Group. From 1997 to 2005, Mr. Munsters was Managing Director and Chief Investment Officer at PGGM Pensioenfonds. In addition to his function at Athora Netherlands, Mr. Munsters is a member of the Advisory Board of the Dutch State Treasury Agency and a member of the Supervisory Board of Unibail-Rodamco-Westfield. Also, he is an independent non-executive director at BNY Mellon European Bank and Wisayah Global Investment Company. Mr. Munsters has both a Dutch and a Canadian nationality and holds a master's degree in Economics & Corporate Finance and in Financial Economics from Tilburg University.

J.M.A. (Hanny) Kemna

Hanny Kemna (1960) is vice-chair of the Supervisory Board, chair of the Remuneration and Nomination Committee, member of the Audit Committee and member of the Conflicts-of-Interest Committee. In addition to her function at Athora Netherlands, Mrs. Kemna is member of the Supervisory Board of Ziekenhuis Groep Twente and a non-executive director for ASA International. In addition, she is a member of the Audit and Risk Advisory Committee to the Board of Géant, an extraordinary member to the Board of the Dutch Court of Audit, member of the Electoral Council and member of the Supervisory Board of VvAA.

M.A.E. (Michele) Bareggi

Michele Bareggi (1973) is member of the Renumeration and Nomination Committee and member of the Risk Committee. He is chair of the Executive Board of Athora Belgium and CEO of Athora Netherlands Holding Ltd. From 2018 to September 2023, Mr. Bareggi was CEO and then President of Athora Group where he was responsible for the coordination and direction of the Athora Group subsidiaries as well as growth, sustainability, transformation and culture. Mr. Bareggi worked in the past as Managing Director at Morgan Stanley. He also held senior roles at Nomura Holdings, Lehman Brothers, JPMorgan and Credit Suisse First Boston.

E. (Elisabeth) Bourqui

Elisabeth Bourqui (1975) is chair of the Risk Committee, member of the Conflicts-of-Interest Committee and member of the Remuneration and Nomination Committee. Mrs. Bourqui has held various board and senior management positions in the pension, asset management and consulting sector including CalPERS, ABB Group and Mercer. Mrs. Bourqui is currently CEO and co-founder at PNYX Group SA, an investment advisory firm. She is also a member of the Board of Directors at Bank Vontobel, Chair and member of the Board of Directors at Helsana HealthInvest AG and Board member at the Banque Cantonale Neuchâteloise, the Louis Jeantet Foundation, the Greenbrix Investment Foundation, the Swiss-Japan Chamber of Commerce, RUAG MRO Holding and Compenswiss. Mrs. Bourqui holds a master's degree in mathematics, and a Ph.D. in financial mathematics, from the Swiss Federal Institute of Technology in Zurich.

F.G.H. (Floris) Deckers

Floris Deckers (1950) is a member of the Audit Committee and member of the Remuneration and Nomination Committee. Previously, he worked as CEO of Van Lanschot Bankiers and Senior Executive at ABN AMRO. In addition, Mr. Deckers has been chair of the Supervisory Board of Deloitte Netherlands as well as chair of the Supervisory Board of SBM Offshore. Mr. Deckers is currently a member of the Supervisory Board of Arklow Shipping Group Ireland, as well as of its Dutch subsidiary, he is Chairman at Utrecht Holdings N.V. He is a board member of the Vlerick Business School in Gent and Leuven (Belgium) and active as Board Member / Executive in a number of not-for-profit organisations.

H. (Henk) Timmer

Henk Timmer (1961) was appointed as member of the Supervisory Board in September 2022. He is chair of the Audit Committee and member of the Risk Committee and member of the Conflicts-of-Interest Committee. He has held various management and board positions in the Dutch insurance and pensions sector, amongst others he was Chief Risk Officer and member of the Board of Directors at Achmea. Henk has an educational background in economics, audit and risk management.

4.4 Report of the Supervisory Board

Functioning of the Supervisory Board

The Supervisory Board aims to have a strong representation of diversity in terms of experience, gender, age, professional and cultural background. In accordance with the regulations of the Supervisory Board, the Supervisory Board considers complementarity, collegial collaboration, independence and diversity to be conditions for a proper performance of duties by the Supervisory Board.

The gender balance in the Supervisory Board is 33% women and 67% men. There is diversity in terms of experience, age and professional and cultural background. The principle of having at least 30% women or 30% men is applied in succession planning for the Executive Board, Supervisory Board and senior leadership.

All members have confirmed the moral and ethical conduct declaration, which includes the need to make a balanced assessment of the interests of customers, shareholder, bondholders, employees and the society in which the company operates. The regulations of the Supervisory Board explicitly provide that the Supervisory Board shall take into account the interests of the company's stakeholders, such as the policy holders, the shareholder and all employees.

Self-assessment

The Supervisory Board assessed its functioning in 2023 under guidance of an external party in order to evaluate the functioning of the Supervisory Board as a whole, the functioning of the individual committees, the individual supervisory directors, the relationship with the Executive Committee and the effectiveness of continuous education. The desired profile, composition and competences of the Supervisory Board has also been discussed.

The report also states how the assessment of the Supervisory Board, the various committees and the individual members of the Supervisory Board was conducted. This evaluation found that the Supervisory Board has performed according to what can be expected, with sufficient expertise and involvement from the individual members. The Supervisory Board has played a constructive role in building the foundation for future progress at Athora Netherlands.

Continuous Education

Members of the Supervisory Board are encouraged to maintain and develop their expertise at the required standard and enhance it where necessary. It is ensured that a program of permanent education is available to the members of the Supervisory Board. This year, the Supervisory Board participated in trainings on sustainability, CSRD, Operations and IT, Artificial Intelligence, Ethics and the new Dutch Pension Law (WTP).

Important Topics and Key Discussions

The formal meetings of the Supervisory Board took place every two months (on average). Many additional meetings and conference calls were held. The attendance rate at meetings and committees is high, demonstrating the strength of the Supervisory Board's commitment. None of the Supervisory Board members were frequently absent at these meetings, meaning that there was always a valid quorum. During the formal meetings, the Supervisory Board was kept abreast of the strategy updates, capital and funding initiatives, risk appetite and commercial developments. Furthermore, the Supervisory Board was informed about the discussions and the resulting recommendations from committee meetings of the Supervisory Board.

In 2023, the Supervisory Board discussed and approved several items, such as topics related to the Business Plan, Employee Survey, Sustainability Strategy, Outsourcing and Governance Enhancements. The Supervisory Board had multiple discussions and reflection sessions on the internal governance.

The Supervisory Board has developed in 2022 in cooperation with the Executive Board a detailed plan with governance enhancements. In 2023 these enhancements on behaviour, culture and governance were implemented to further build a strong organisation capable of realising the Ambition 2025 strategy. As part of this plan in January 2023 the Executive Committee has been introduced to enhance the effectiveness of its governance.

The implementation of the Executive Committee model aligns Athora Netherlands' top governance to the new functional model of the organisation by including two key functions formerly in the domain of the Chief Executive Officer (Commerce and Operations & IT) in the achievement of the Ambition 2025 strategy on the highest collective executive level. The Executive Committee is currently composed of the members of the Executive Board and two additional non-statutory members for the Commerce and Operations & IT functions.

Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. In September 2023, Athora Netherlands completed the evaluation of the pilot which consisted of an evaluation by Internal Audit, a reflection and assessment of the pilot by the Executive Committee and a consultation of the Supervisory Board on the initiative of the Executive Committee to move forward. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol.

The Supervisory Board safeguarded the corporate interest and properly weighed the interest of all stakeholders involved, such as policy holders, the shareholder, employees and its bondholders. In addition, a strong focus of the Supervisory Board has been the governance framework under which Athora Netherlands operates.

The Supervisory Board and the Chairman of the Supervisory Board have been in regular contact with other stakeholders such as the Dutch Central Bank (DNB) and Dutch Authority for Financial Markets (AFM) on these topics.

Cooperation with Committees

The Supervisory Board has four committees: the Audit Committee, the Risk Committee, the Remuneration and Nomination Committee and the Conflicts-of-Interest Committee. Each member of the Supervisory Board has sufficient knowledge and experience to assess the main aspects of Athora Netherlands' policy and to form an independent opinion of the basic risks. Decisions regarding risk matters and audit matters are prepared by the Risk Committee (RC) and the Audit Committee (AC), respectively. These committees have been carefully composed with at least two members of these committees having extensive knowledge of risk management / risk control and internal control / reporting, to enable them to properly supervise these subjects.

- The Audit Committee discussed the audit scope, key audit matters, the external auditor's reports and the management letter of the external auditor. The independence of the external auditor and fees were also reviewed by the Audit Committee. The Audit Committee maintains regular contact with the external auditor through meetings between the chair of the Audit Committee and the external auditor. The Audit Committee discussed the annual plan and quarterly reports of the internal audit function. Furthermore, the progress on the implementation CSRD has been discussed.
- The Risk Committee discussed the profile of the financial and non-financial risks related to the approved risk appetite. This included capital developments, operating capital generation and investment policy. The structure and operation of the risk control system was discussed, including compliance with relevant legislation and regulations. The Risk Committee noted and discussed Athora Netherlands' consultations with DNB. Furthermore, the Risk Committee discussed amongst others the credit positioning and balance sheet structure.
- The Remuneration and Nomination Committee (ReNomCo) is responsible for supporting the Supervisory Board in overseeing the design of the remuneration policy and remuneration practices, their implementation and operation, and the preparation of decisions on remuneration. The ReNomCo also provides the Supervisory Board with advice in respect of nomination matters. The ReNomCo prepared decisions on remuneration regarding the Executive Committee, Identified Staf and employees in control functions. The ReNomCo members have sufficient expertise with regard to (i) the remuneration policy and remuneration culture and the incentives created to control risk, capital and liquidity, and (ii) the nomination policy and nomination culture.
- The Conflicts-of-Interest Committee discussed decisions with regard to (possible) institutional conflicts of interest arising from the conduct of business. The meetings of the committee take place in the presence of relevant key function holders. The committee is a committee governed by the Institutional Conflicts-of-Interest Policy.

The committees met in the presence of members of the Executive Committee. The external auditors were represented by mutual agreement at meetings of the Audit Committee and Risk Committee in 2023. Both the internal auditor and external auditor reported on the quality and effectiveness of governance, internal control and risk management. Cooperation between the Supervisory Board and the committees has been positive. The meetings of the committees elaborate on various subjects, so that the decisions of the Supervisory Board can be carefully prepared. The content of the meetings of the committees is fed back to the meeting of the Supervisory Board to ensure that the Supervisory Board members are kept fully informed and are well prepared to take balanced decisions.

The Supervisory Board is pleased that on 1 March 2024 the Covenant entered into force and thereby replaces the rules of the Governance Protocol. The Covenant sets out the framework of principle-based interactions between Athora Netherlands and Athora Group. The Supervisory Board expresses its thanks to the Executive Committee for all its efforts over the last year on this important governance enhancement. The Supervisory Board is convinced that moving forward with a principle-based way of governing the interactions between Athora Netherlands and Athora Group is the right thing to do.

The Supervisory Board appreciates the efforts made by the Executive Committee and all employees in 2023 and complements them with the results achieved. We look forward to continuing our cooperation in 2024.

Amsterdam, the Netherlands, 27 March 2024
On behalf of the Supervisory Board,

Roderick Munsters, Chairman

4.5 Remuneration

Introduction

This remuneration paragraph describes the principles, governance and elements of the remuneration policies within Athora Netherlands (4.5.1). It also gives an overview of the payment of (variable) remuneration in 2023 (4.5.2), as well as the actual remuneration of the (former) members of the Executive Board and Supervisory Board in 2023 (4.5.3).

4.5.1 Remuneration Policies Athora Netherlands

Athora Netherlands' Vision

The purpose of Athora Netherlands is "We are a sustainable partner for life, taking care of your tomorrow". A thriving culture in which each employee can flourish and grow and a place where high performance and entrepreneurship is honoured.

As a top employer, our objective of the human resource strategy is to create an inspiring environment to attract and engage future fit employees. For us, a future proof workforce consists of a balanced population (flexible, innovative and talented). We invest in the development of our employees to achieve optimal performance. By developing the talents of our employees and focusing on our values 'Care, Dare to be different, Seek Simplicity and Do the right thing', our employees are equipped to serve our clients. In this way, we strengthen the positioning of Athora Netherlands as the sustainable pension provider in the Netherlands.

Our "Total Rewards" reflect the diversity of needs and preferences of our people and ensure they are recognised and rewarded for their contributions that drive our company forward. Our total rewards are designed to be simple and relevant, empowering our people to take control of their career growth and to be the best version of themselves. We stand for transparency, fairness, inclusion and bias-free rewards, ensuring that everyone has equal opportunity to optimise their total rewards. This enables us to attract and retain people that are passionate about our company and serving our customers.

The sustainability strategy is focused on climate, nature and people and aligned to our ambition. Also from a human resource perspective, we aim to fulfil this through offering a fair and stable work environment, improving communities and limiting our footprint. This is clearly visible in our sustainable offices, work environment and mobility policy. Across all elements of our business model, we commit to mitigating climate change and protecting and restoring nature, as well as promoting fair and equal treatment of people. We are transparent about our sustainability objectives and our progress towards those.

Athora Netherlands is aware of its position within the broader society and the crucial role of the financial sector in the Netherlands and the importance of creating trust in this sector within society. As such, Athora Netherlands has a strong governance framework in place to ensure that employees are remunerated in a manner that is aligned with the interests of all stakeholders involved. Athora Netherlands is operating in a very regulated industry, where the remuneration is subject to several laws, legislation and rules, set on national and European level. Many of these were initiated or made more stringent after the global financial crisis, predominantly with the aim of reducing excessive risk taking.

Group Remuneration Policy

Athora Netherlands operates a careful, controlled and sustainable Group Remuneration Policy which is in line with Athora Netherlands' business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and its performance. The Group Remuneration Policy is in accordance with and contributes to solid and effective risk management and does not encourage risk-taking that is in breach of Athora Netherlands' policies and risk appetite. The Group Remuneration Policy has been drawn up in compliance with existing legislation and regulations and takes into account the long-term interests of Athora Netherlands and its stakeholders. The Group Remuneration Policy and underlying remuneration policies are aligned with and approved by relevant corporate bodies including the Works Council and the Supervisory Board.

The Group Remuneration Policy Athora Netherlands applies to all employees working under the responsibility of Athora Netherlands and all of its subsidiaries and branch offices. The Group Remuneration Policy is published internally and on our website: www.athora.nl.

The Group Remuneration Policy Athora Netherlands contains a number of annexes, which specify specific rules on remuneration in respect of the following (groups of) employees:

i. the Executive Committee (consisting of the statutory and non-statutory members of the Board);
ii. Above-CLA employees — our senior management, being employees of Athora Netherlands and its subsidiaries and branches who do not fall under the scope of our collective labour agreement (CLA), excluding the members of the Supervisory Board and the Executive Committee;
iii. Certain selected employees of the asset management team Investment Office.

Our Group Remuneration Policy incorporates the requirements which apply to remuneration as included in the Dutch Civil

Code, Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht* or FMSA), the Commission Delegated Regulation (EU) 2015/35 (Solvency II) and the Guidelines on System of Governance of the European Insurance and Occupational Pensions Authority (EIOPA Guidelines), as applied to Athora Netherlands and all of its subsidiaries and branches. Additionally, with respect to staff working under the responsibility of Zwitserleven PPI N.V. (Zwitserleven PPI), Part C of the Annex to the Regulation on Sound Remuneration Policies 2021 (*Regeling Beheerst Beloningsbeleid 2021 or RBB 2021*) applies.

Principles

Athora Netherlands' remuneration policies are based on the following principles:

- It supports Athora Netherlands' corporate strategy, and is aligned with the mission, vision and values of Athora Netherlands;
- It is compliant with the applicable legal rules and regulations;
- It may not threaten Athora Netherlands' ability to maintain an adequate capital base;
- It takes into account the interests of all stakeholders of Athora Netherlands: customers, employees, shareholders and society;
- It is transparent, easy to understand and simple to execute;
- It is aligned with Athora Netherlands' ambition to be a socially responsible and number one pension provider in the Netherlands;
- It fits the risk profile of Athora Netherlands and of the relevant employee;
- It supports the attraction and retention of qualified employees that fit the job;
- It supports effective governance of remuneration and supervision thereof, and, where relevant, contains measures to prevent a conflicts of interest;
- It encourages high team and company performance; and
- It is gender and age neutral. Jobs are weighted based on the job criteria. Remuneration is not taking into account personal characteristics other than job experience. Women and men with comparable work experience, achievements and job level are given equal pay.

The above-mentioned principles apply also to Zwitserleven PPI.

Applicability of Remuneration Policies for Executive Committee and Supervisory Board

The Executive Committee consists of four statutory members ("Executive Board") and two non-statutory members.

Athora Netherlands' general meeting adopted the "Remuneration Policy Executive Committee" for the statutory members of the Executive Committee in 2023, after consultation with the Supervisory Board. On the recommendation of the statutory members of the Executive Committee to the Supervisory Board, this policy also applies to the non-statutory members of the Executive Committee. The Supervisory Board is responsible for the implementation and evaluation of this policy.

The remuneration for Supervisory Board members is determined by the General Meeting. The remuneration for the Supervisory Board members consists of an annual Supervisory Board fee and an additional fee for each Supervisory Board committee in which the Board member participates. The remuneration package consists of fixed remuneration only.

Increase of the compensation of the Executive Committee is only possible, after adopting a proposal of the remuneration and nomination committee (ReNomCo) by the Supervisory Board in line with the remuneration policy for the Executive Committee.

Governance

Role of the Supervisory Board

The Supervisory Board, being the internal supervisory body of Athora Netherlands, has the authority to approve our Group Remuneration Policy and shall supervise its implementation by the Executive Committee. The Group Remuneration Policy was established by the Executive Board and approved by the Supervisory Board after, insofar as applicable, fulfilment of any rights of the Works Council.

The ReNomCo is responsible for supporting the Supervisory Board in overseeing the design of the Group Remuneration Policy, remuneration practices, their implementation and operation. The ReNomCo is responsible for the preparation of decisions on remuneration, including decisions that may have consequences for the risks and risk control of Athora Netherlands which the Supervisory Board has to take.

Role of the Executive Board and the Executive Committee

The Executive Committee consists of statutory members (the Executive Board) and non-statutory members. According to the regulations, the approval of remuneration policies has been deposited by the Executive Board. The implementation, application and evaluation lie with the Executive Committee, insofar as it does not concern the Executive Committee members itself.

Role of the Working Group Remuneration

The working group remuneration (WGR) consists of the directors and/or specialists of the HR, legal, financial risk, non-financial risk, financial control and audit departments. The WGR prepares and provides advice on remuneration-related policies and procedural proposals which are subject to the decision of the Executive Committee and/or the Supervisory Board.

Control Functions

Athora Netherlands has functions that are considered control functions. Control functions are staff members that are responsible for the control and supervision of operations as well as the risks arising from those operations. In doing so, they operate independently from the organisation. Control functions may play an active role in drafting, application and monitoring the Group Remuneration Policy. For this reason, officers in control functions are subject to additional rules aimed at safeguarding their independence, in case they are eligible to receive variable remuneration. Where applicable, these rules are set out in the Remuneration Policies.

Identified Staff

Every year, Athora Netherlands designates members of staff as 'Identified Staff' by using the Solvency II regulation. For staff of Zwitserleven PPI, we follow RBB 2021. The provisions of our Group Remuneration Policy, our CLA and any of the other Remuneration Policies apply equally to Identified Staff and staff not qualifying as Identified Staff. Exception to this is the payout of variable remuneration for Identified Staff, if applicable.

Elements of the Remuneration Policies

Total direct compensation is the total of fixed and variable remuneration, excluding benefits such as pension. Provided solid individual and business performance, we aim to provide total direct compensation levels which, on average, are at the median of the markets in which we operate, benchmarked against relevant peer groups. 97% of the employees only receive fixed remuneration. For other employees, fixed remuneration represents a high proportion of their total direct compensation.

Annual Salary

Job functions at Athora Netherlands are independently evaluated. The outcome of this evaluation results in a certain salary scale for such function, which is applied to the employees in scope. The individual's annual gross salary is based on the applicable salary scale and the level of expertise, years of experience and required skills.

The regular fixed remuneration consists of a fixed annual gross salary, which includes a holiday allowance of 8% and a 13th month payment of 8.33%.

According to the CLA, once a year an employee may receive a periodic increase. This periodic increase in salary is linked to the performance of the employee and its relative salary position.

In 2023, the process regarding the annual salary increase for the Above-CLA Employees has followed the process as described above for the employees in the CLA.

Pension

Employees participate in the Collective Defined Contribution (CDC) pension scheme of Athora Netherlands, which qualifies as a defined contribution scheme for IAS 19 purposes. This scheme is based on a pension accrual with an employee contribution of 4.5%. For employees who were employed by Athora Netherlands as per 31 December 2017 and members of the Executive Committee with a salary exceeding the maximum pensionable salary for pension accrual, a compensation for the loss of pension accrual is applied. This can be used for individual pension savings. Athora Netherlands does not award or grant discretionary pension awards or other pension arrangements than set out above.

Allowances

Employees of Athora Netherlands may be entitled to fixed cash allowances in line with applicable legislation and in accordance with the applicable governance framework as included in this Group Remuneration Policy. The allowances that have been granted, are often compensation for expired employment conditions (e.g. variable remuneration opportunity, pension accrual).

Performance Management

Performance management is a core business process, which links performance to remuneration. This process includes:

i. Setting and measuring KPIs, aligned with the long-term strategy and operational plan of Athora Netherlands;
ii. Discussing and measuring competences with respect to the desired individual behaviour.

The performance management is aimed to promote effective and ethical behaviour and achieving sustainable results that contribute to the profitability of the organisation within the risk appetite framework approved by the Supervisory Board.

The KPIs do not give incentive and/or reward excessive risk taking and/or unwanted behaviours relating to market conduct, reputational risks, conflicts of interest, etc. More than 50% of the KPIs are related to non-financial targets. The KPIs are defined on the following levels: organisational, departmental and personal. For the Control Functions, insofar as the KPIs are used to determine any Variable Remuneration, the KPIs used shall be independent from the performance of the operational units and areas that are submitted to their control

Variable Remuneration

Only for a limited group of employees (3%) in specific functional domains (e.g., trading, investments, treasury, or asset management), the relevant corporate bodies within Athora Netherlands consider it important to offer variable remuneration to be able to recruit and retain qualified staff. The variable remuneration is allocated in such a way that it is not stimulating excessive risk taking and is within the limits of the applicable legislation. The variable remuneration is allocated based on financial and non-financial KPIs as well as performance on competences. The level of variable remuneration is maximised at 20% of the annual fixed salary in the event of stretched performance. Awarding is subject to a financial condition (knock out).

The variable remuneration for Athora Netherlands is in cash only and applicable deferral rules have been observed.

Retention & Sign-on Bonus

Athora Netherlands exercises restraint when agreeing such arrangements as retention bonus or sign-on bonus. Such arrangements may be agreed only if this is in line with the Remuneration Policies and such arrangements are approved in accordance with applicable legislation, regulations and Athora Netherlands' governance.

Other Benefits

Athora Netherlands is committed to reduce its carbon footprint. Employees who are eligible to a lease car based on their position can choose between a 100% electric car or lease car allowance. In addition, we stimulate the use of public transport by offering all staff a public transport card for their commute.

Hold Back & Claw Back

Athora Netherlands has the power to hold back or claw back all or part of any variable remuneration awarded (in line with article 135 (6 and 8) and Book 2 of the Dutch Civil Code in connection with FMSA article 1:127 (2 and 3)) and Remuneration Policies.

Severance Payment

If and insofar a severance payment is due to an employee, such payment will be equal to the transitional fee within the meaning of article 7:673 of the Dutch Civil Code unless (i) the relevant employee can benefit from a different arrangement as explicitly agreed upon in an applicable social plan or (ii) otherwise determined at the discretion of the Executive Board or, where it relates to Above-CLA Employees or Identified Staff, the Remuneration and Nomination Committee and approved by the Supervisory Board. No severance payment is due and payable when a contract is terminated at the employees' own initiative, by serious culpable conduct or neglect by the employee or failure of Athora Netherlands if the employee is considered day-to-day policy maker.

A severance payment to day-to-day policy makers, which also includes the members of the Executive Committee, may not be in excess of 100% of the fixed annual gross salary.

Athora Netherlands has a Social Plan, agreed with the trade unions, which is applicable in case of restructuring(s).

4.5.2 Overview Remuneration 2023

At the end of 2023, for 806 of 836 (96.4%) of the employees the Athora Netherlands CLA (Collective Labour Agreement) 2021-2023 was applicable.

Fixed Remuneration

In accordance with the CLA, employees have received a periodic salary increase on 1 February 2023, insofar the maximum of the scale was not reached and a collective salary adjustment of 2.25% as of October 2023. In January 2023, every Athora Netherlands employee (including temporary workers and interns) received a one-off payment of € 250 net. This to provide some relief from the rising energy and fuel prices.

For Above-CLA Employees, these increases were also applied.

Based on performance, market comparison and indexation, the salaries of the Executive Board members were amended in 2023, in line with their applicable remuneration policy.

In 2023, three employees received a total annual remuneration exceeding € 1 million (in 2022: two employees). These employees work for Athora Netherlands, SRLEV N.V. and Proteq Levensverzekeringen N.V.

Variable Remuneration

Per 31 December 2023, 836 employees were employed by Athora Netherlands. 66 employees received variable remuneration amounting to € 3.3 million. This included the following types of variable remuneration:

- Variable remuneration Investment Office
- Retention
- Sign-on

Variable Remuneration

There is a Variable Remuneration Policy for selected employees working in eligible departments in place. Based upon this policy, in 2023, 25 employees received variable remuneration, amounting to € 504 thousand. This included the variable remuneration over the performance year 2022 (€ 491 thousand) as well as deferred amounts (€ 13 thousand).

No other regular variable remuneration was paid to persons working under the responsibility of Athora Netherlands and the other Dutch financial institutions within the Athora Netherlands group.

In 2023, Athora Netherlands did not apply a hold back and claw back.

Retention & Sign-on Bonus

The retention schemes offered in 2018 and 2019 due to the strategic review which led to the change of ownership of Athora Netherlands, have been awarded end of 2020 as the conditions were met. The Identified Staff in this scheme are partly paid in 2020 (60%) and are paid in three deferred annual payments up to and including 2023 (in total 40%).

We offered retention schemes in 2021 in connection with the strategic review which led to the change of ownership of ACTIAM N.V. (ACTIAM). These have been awarded end of 2022 to the employees of ACTIAM who did not transfer to the new owner, as the relevant conditions of the retention scheme were met. The award and vesting of the retention scheme are subject to certain conditions. For Non-Identified Staff of ACTIAM, the retention bonus vested on the award date and was fully paid in cash. For Identified Staff of ACTIAM, the retention bonus was conditionally awarded in four annual tranches, whereby 60% was unconditionally awarded and paid out at the award date in the end of 2022, and the remaining 40% vests on a pro rata basis during the following three years, where the retention bonus will be for 50% in cash and for 50% in share-based cash settled instruments.

In 2023, a total amount of € 2.7 million has been paid to 41 employees (2022: € 1.5 million to 40 employees) as sign-on bonus/retention bonus.

Phantom Shares Allocation

On 1 January 2023, all employees in Athora Group (Executive Committee members excluded) received conditionally 100 phantom shares to celebrate the 5th anniversary of Athora Group. Each phantom share had a cash equivalent of € 15.70 at time of the award. The phantom shares will vest on 1 July 2024. The unconditional vesting and payout will take place in accordance with the phantom share plan rules.

Pay Ratio

The Pay Ratio can be defined in two ways *(see further definition below)*:

- Corporate Governance Code: Comparison of the total annual remuneration of the CEO and the average annual remuneration of the employees, as included in the (consolidated) financial statements on an IFRS basis;
- Corporate Sustainability Reporting Directive (CSRD) definition (reporting requirement S1-16): Comparison of the highest total annual remuneration with the median annual remuneration of all other employees.

PAY RATIO		
	2023	2022
Corporate Governance Code[1]	13.4	14.2
CSRD[2]	18.1	13.3

1 Corporate Governance: the total annual remuneration used in the pay ratio is the remuneration of the CEO as included in the actual remuneration of (former) members of the Executive Committee and disclosed in note 21 Related parties. The average annual remuneration of the employees is determined by dividing the total staff costs for the financial year as disclosed in note 31 Other Operating Expenses - Staff Costs, excluding other staff cost and the remuneration of the CEO, by the average internal number of FTEs minus one (1) FTE, the CEO, during the financial year.

2 CSRD: the total annual remuneration used in the pay ratio is the remuneration of the highest salary (CEO). This includes all taxable income, fixed and variable. This is compared to the median remuneration (all taxable income, fixed and variable) of all employees (minus CEO). Compensation was extrapolated to reflect the same amount of contractual hours (fulltime, 40 hours) of the CEO. In addition, compensation of employees that were only in service for part of the year was extrapolated to reflect a full year of service to allow for a like-for-like comparison with the CEO.

Due to a difference in comparison method (median vs average), the outcome of the Pay ratio differs. Athora Netherlands intends to solely report the Pay ratio in line with CSRD definitions as of 2024 onwards.

Gender Pay Gap

At Athora Netherlands jobs are weighted regardless of gender. Women and men with comparable work experience, achievements and job level are given equal pay. See also our Remuneration Policy Principles.

Annually Athora Netherlands analyses yearly the gender pay gap, the analysis of the existence of a possible salary gap between women and men. The differences between the salaries of women and men are calculated on the basis of the gross hourly wage, which includes besides salary, also fixed allowances, in order to exclude differences caused by the fact employees work part-time or fulltime. This gender pay gap has decreased and resulted for the year 2023 in 11.4% (2022: 17.3%), being the so-called unadjusted pay gap. If refined per salary scale the pay gap has also decreased to 1.4% (2022: 2.3%). Our remuneration policy, as mentioned above explains women and men should be given equal pay. The difference can be explained by the following factors: Women are overrepresented in positions in lower salary scales, whilst men are overrepresented in positions with higher salary scales. The average years of service of women is 15.4, this is lower compared to men with an average years of service of 16.7. Besides this, the average age of women is lower; 47.3 years versus 49.2 years for men.

4.5.3 Actual Remuneration (former) Members of the Executive Board and the Supervisory Board

The total actual remuneration in 2023 of the (former) members of the Executive Board (statutory members of the Executive Committee) is € 4,974 thousand (2022: € 7,157 thousand) and of the (former) members of the Supervisory Board is € 625 thousand (2022: € 557 thousand).

For more information about the actual remuneration of (former) members of the Executive Committee (statutory and non-statutory) and the (former) members of the Supervisory Board, reference is made to Note 21 Related parties (Intra-group balances with key management personnel of Athora Netherlands).

A safe working environment is more than just a moral obligation

"In recent years, there has been frequent media coverage of a safe working environment and a general culture change on the subject. A safe working environment is not only a moral obligation, it is also a crucial factor for Athora's success.

A safe working environment is the responsibility of everyone in the organisation. Within Compliance, this topic therefore has our extensive attention.

For example, in 2023, we set up a training programme to raise employees' awareness and help them develop the right skills and attitudes. We have also established a code of conduct that makes clear what we expect from our employees and how we deal with possible violations of this code.

By focusing on behaviour and culture in general and a safe working environment in particular, we can ensure that we are successful as an organisation and continue to meet the highest standards of compliance and ethics. We do this for each other and for our customers."

Simone de Visser-Wiggers, Director Legal, Compliance Fraud & Security Affairs

FINANCIAL STATEMENTS

Financial Statements

5 CONSOLIDATED FINANCIAL STATEMENTS

5.1 Consolidated Statement of Financial Position

Before result appropriation and in € millions	Ref.[1]	31 December 2023	31 December 2022 Restated[2]	1 January 2022 Restated[3]
Assets				
Intangible assets	1	5	-	-
Property and equipment	2	34	35	42
Investments in associates and joint ventures	3	40	38	211
Investment property	4	986	1,012	615
Investments	5	44,930	42,481	55,720
Investments for account of third parties	6	7,560	4,108	3,354
Derivatives	7	6,507	10,552	3,834
Deferred tax	8	770	1,049	754
Reinsurance contracts held assets	15	13	8	14
Loans and advances due from banks	9	3,066	4,263	376
Corporate income tax		42	24	-
Other assets	10	223	221	301
Cash and cash equivalents	11	386	363	404
Assets held for sale		-	-	41
Total assets		**64,562**	**64,154**	**65,666**
Equity and liabilities				
Share capital[4]		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	12	**4,004**	**3,149**	**3,643**
Subordinated debt	13	922	914	913
Borrowings	14	62	62	62
Insurance contract liabilities	15	41,713	40,364	52,161
Reinsurance contracts held liabilities	15	210	94	430
Liabilities from investments for account of third parties	6	7,560	4,108	3,354
Provision for employee benefits	16	452	469	682
Other provisions	17	111	23	45
Derivatives	7	7,987	13,166	1,415
Amounts due to banks	18	1,249	1,579	2,638
Corporate income tax		-	-	22
Other liabilities	19	292	226	263
Liabilities directly associated with assets held for sale		-	-	38
Total equity and liabilities		**64,562**	**64,154**	**65,666**

1 The references relate to the notes to the consolidated financial statements in Section 6.3

2 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.

3 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 € 1,291 million and an increase in shareholders' equity of € 941 million at 1 January 2022.

4 The issued and paid-up share capital of Athora Netherlands N.V. is € 238,500

5.2 Consolidated Statement of Profit or Loss

In € millions	Ref.[1]	2023	2022 Restated[2]
Insurance revenue	24	1,818	1,874
Insurance service expenses	24	-1,644	-1,671
Net expenses from reinsurance contracts held	24	-13	-35
Insurance service result	24	**161**	**168**
Result on investments	25	2,669	-6,391
Result on investments for account of third parties	26	821	-591
Result on derivatives	27	1,006	-5,365
Result on liabilities from investments for account of third parties	26	-821	591
Share in result of associates		4	1
Impairment losses and reversals	28	1	-5
Investment result	29	**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	29	**-2,498**	**10,743**
Other income	30	14	7
Other operating expenses	31	-159	-41
Other finance result	32	-51	-51
Other income and expenses		**-196**	**-85**
Result before tax		**1,147**	**-934**
Tax expense or benefit	33	-284	315
Net result for the period		**863**	**-619**
Attributable to:			
- Shareholders		840	-642
- Holders of other equity instruments		23	23
Net result for the period		**863**	**-619**

1 The references relate to the notes to the consolidated financial statements in Section 6.3

2 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.

5.3 Consolidated Statement of Total Comprehensive Income

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME			
In € millions	Ref.[1]	2023	2022 Restated
OCI not to be reclassified subsequently to profit or loss			
Changes in valuation of defined benefit pension plan	16, 34	15	198
Income tax relating to items that may never be reclassified	34	-4	-50
Other movements	34	-	1
Net OCI never reclassified to profit or loss		**11**	**149**
OCI to be reclassified subsequently to profit or loss			
Changes in fair value	34	2	-
Net change in foreign currency translation reserve	34	2	-1
Income tax relating to items that may be reclassified	34	-1	-
Net OCI to be reclassified to profit or loss subsequently		**3**	**-1**
Other comprehensive income (net of tax)		**14**	**148**

1 The references relate to the notes to the consolidated financial statements in Section 6.3

STATEMENT OF TOTAL COMPREHENSIVE INCOME		
In € millions	2023	2022 Restated
Net result for the period	863	-619
Other comprehensive income (net of tax)	14	148
Total comprehensive income (net of tax)	**877**	**-471**
Attributable to:		
- Shareholders	854	-494
- Holders of other equity instruments	23	23
Total comprehensive income	**877**	**-471**

5.4 Consolidated Statement of Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY 2023								
In € millions	Issued share capital[1]	Share premium reserve	Sum other reserves	Retained earnings	Sum reserves	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2023	0	4,568	-	-1,769	2,799	2,799	350	3,149
Other comprehensive income	-	-	3	11	14	14	-	14
Net result 2023	-	-	-	863	863	863	-	863
Total comprehensive income 2023	-	-	3	874	877	877	-	877
Interest on other equity instruments	-	-	-	-23	-23	-23	-	-23
Other movements 2023	-	-	-	-23	-23	-23	-	-23
Total changes in equity 2023	-	-	3	851	854	854	-	854
Balance as at 31 December 2023	0	4,568	3	-917	3,654	3,654	350	4,004

1 The share capital issued is fully paid up and comprises of 477 ordinary shares with a nominal value of € 500.00 per share for a total value of € 238,500.

The Executive Board proposes to the General Meeting of Shareholders to distribute no dividends on ordinary shares for 2023.

CONSOLIDATED STATEMENT OF CHANGES IN OTHER RESERVES 2023				
In € millions	Revaluation reserve property and equipment	Fair value reserve	Foreign currency translation reserve	Sum other reserves
Balance as at 1 January 2023	2	-1	-1	-
Changes in fair value	-	2	-	2
Net change in foreign currency translation reserve	-	-	2	2
Income tax	-	-1	-	-1
Total changes in equity 2023	-	1	2	3
Balance as at 31 December 2023	2	-	1	3

CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY 2022 RESTATED								
In € millions	Issued share capital	Share premium reserve	Sum other reserves	Retained earnings	Sum reserves	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2022	0	4,568	61	-986	3,643	3,643	350	3,993
Impact of initial application of IFRS 17	-	-	2,284	-3,575	-1,291	-1,291	-	-1,291
Impact of initial application of IFRS 9	-	-	-2,344	3,285	941	941	-	941
Restated Balance as at 1 January 2022	0	4,568	1	-1,276	3,293	3,293	350	3,643
Other comprehensive income	-	-	-1	149	148	148	-	148
Net result 2022	-	-	-	-619	-619	-619	-	-619
Total comprehensive income 2022	-	-	-1	-470	-471	-471	-	-471
Interest on other equity instruments	-	-	-	-23	-23	-23	-	-23
Other movements 2022	-	-	-	-23	-23	-23	-	-23
Total changes in equity 2022	-	-	-1	-493	-494	-494	-	-494
Balance as at 31 December 2022	0	4,568	-	-1,769	2,799	2,799	350	3,149

CONSOLIDATED STATEMENT OF CHANGES IN OTHER RESERVES 2022 RESTATED				
In € millions	Revaluation reserve property and equipment	Fair value reserve	Foreign currency translation reserve	Sum other reserves
Balance as at 1 January 2022	2	59	-	61
Impact of initial application of IFRS 17	-	2,284	-	2,284
Impact of initial application of IFRS 9	-	-2,344	-	-2,344
Restated Balance as at 1 January 2022	2	-1	-	1
Net change in foreign currency translation reserve	-	-	-1	-1
Total changes in equity 2022	-	-	-1	-1
Balance as at 31 December 2022	2	-1	-1	-

5.5 Consolidated Cash Flow Statement

The table below represents the cash flows from continued operations.

In € millions	2023	2022 Restated
Cash flow from operating activities		
Result before tax from continued operations	1,147	-934
Result before tax	**1,147**	**-934**
Adjustments for non-cash items included in profit before tax:		
Depreciation and amortisation of non-current assets	5	4
Change in provision for employee benefits	-2	-15
Changes in other provisions	88	-22
Impairment charges / (reversals)	-1	10
Unrealised results on investments through profit or loss	-3,514	9,303
Taxes		
Taxes paid / received	-31	-58
Change in operating assets and liabilities:		
Change in amounts due from banks	1,203	-3,887
Change in amounts due to banks	-330	-1,059
Change in investments	-464	3,059
Change in derivatives	1,095	341
Sale and redemption of investments and derivatives	40,151	49,798
Purchase of investments and derivatives	-40,768	-44,202
Sale of investment property	20	-
Purchase of investment property	-60	-350
Change in other assets	-1	76
Change in insurance and reinsurance contracts (held) assets and liabilities	1,459	-12,127
Change in other liabilities	72	12
Net cash flow from operating activities	**69**	**-51**
Cash flow from investment activities		
Proceeds from sale of assets held for sale	-	5
Sale of investments in associates	-	81
Purchase of property and equipment	-20	-3
Acquisition of subsidiaries (net of cash acquired)	-2	-
Net cash flow from investment activities	**-22**	**83**

In € millions	2023	2022 Restated
Cash flow from finance activities		
Issue of subordinated debt	-	497
Redemption of subordinated debt	-	-545
Interest payment of subordinated loans	-23	-23
Lease liability payments	-1	-1
Net cash flow from financing activities	**-24**	**-72**
Net increase in cash and cash equivalents	**23**	**-40**
Cash and cash equivalents 1 January	363	403
Cash from acquisitions		
Cash and cash equivalents as at 31 December	**386**	**363**
Additional disclosure with regard to cash flows from operating activities:		
Interest received	2,821	1,119
Dividends received	115	36
Interest paid	1,633	552

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 Accounting Policies for the Consolidated Financial Statements

6.1.1 General Information

Athora Netherlands N.V., incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. Athora Netherlands N.V. is a wholly owned subsidiary of Athora Netherlands Holding Ltd. with a registered office in Dublin, Ireland, whose ultimate parent company is Athora Holding Ltd. domiciled in Bermuda.

Athora Netherlands N.V. has its registered office located in Amstelveen, the Netherlands and has its principal place of business located at Edge West, Basisweg 10, 1043 AP Amsterdam, the Netherlands. The registration number at the Dutch Chamber of Commerce Trade is no. 30099450. The principal activities of Athora Netherlands and its subsidiaries, divided in operating segments, are described in Section 6.4.

In the consolidated financial statements within this annual report the name 'Athora Netherlands' is used.

The consolidated financial statement combines the financial statements of Athora Netherlands N.V. (the parent company) and its subsidiaries (see Section 6.3, Note 37 List of principal subsidiaries).

The key accounting policies and the changes herein used in the preparation of Athora Netherlands' consolidated financial statements are set out in this section.

Adoption of the Financial Statements

The consolidated financial statements of Athora Netherlands for the year ended on 31 December 2023 were authorised for publication by the Executive Board following the approval by the Supervisory Board on 27 March 2024. The financial statements will be submitted to the General Meeting of Shareholders for adoption.

6.1.2 Basis of Preparation

Statement of IFRS Compliance

Athora Netherlands prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. Pursuant to the option offered in article 2:362(8) of the Dutch Civil Code, Athora Netherlands prepares its company financial statements in accordance with the same accounting policies as those used for the consolidated financial statements (refer to Section 9.1 Accounting policies to the company financial statements).

Relevant New Standards, Amended Standards and Interpretations of Existing Standards Effective as of 2023

New or amended standards become effective on the date specified in the relevant IFRS, but may allow early adoption. New or amended standards that become effective in 2023 and that are relevant to Athora Netherlands are disclosed below.

Impact of IFRS 17 and IFRS 9

Since Athora Netherlands is predominantly an insurance company, both financial instruments and liabilities arising from insurance contracts are significant items in its consolidated financial statements. Therefore, the introduction of IFRS 17 and IFRS 9 has a substantial impact not only on amounts recognised in Athora Netherlands' consolidated financial statements but also on governance, systems and data requirements.

In order to properly implement IFRS 17 and IFRS 9 on time, a program governance structure was put in place to address this. The design and the build phases of IFRS 17 and IFRS 9 framework with a designated team of experts have been finalised and is fully operational.

Athora Netherlands has changed its accounting policies as a result of adopting IFRS 9 'Financial Instruments' and IFRS 17 'Insurance Contracts'. The impact of the adoption of IFRS 9 is disclosed below in section 'IFRS 9 Financial instruments – Impact of first-time adoption of IFRS 9' and the impact of IFRS 17 is disclosed in section 'IFRS 17 Insurance Contracts'.

Other Standards, Amendments and Interpretations

The following other standards, amendments and interpretations became effective on or after 1 January 2023:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current: no changes in liabilities' classification as a result of the amendment;
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2): no impact on amounts recognised in Athora Netherlands' consolidated financial statements and only limited impact on the presentation and notes;
- Definition of Accounting Estimates (Amendments to IAS 8): due to the clarifying character of the amendment no significant impact on the amounts recognised in Athora Netherlands' financial statements and only limited impact on the presentation and notes.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS12): due to the narrow scope of the amendment there is no significant impact on the amounts recognised in Athora Netherlands' consolidated financial statements.

Pillar Two income tax

A global minimum level of taxation (Pillar Two) is part of the OECD agreement on the reform of the international tax system, to which 138 countries have signed up. The European Commission proposed a directive on implementing this minimum level of taxation in the EU. EU member states reached unanimous agreement on this proposal on 15 December 2022. Member States are obligated to implement the directive in their national legislation by 31 December 2023. The Dutch Minimum Tax Rate Act 2024, enacted per 31 December 2023, is the Dutch implementation of this EU directive, ensures that multinational groups and domestic groups with an annual revenue of € 750 million or more pay income tax on their profits at an effective rate of at least 15%.

Athora Netherlands has applied the mandatory exception to recognise and disclose information about deferred tax assets and liabilities arising from Pillar Two income taxes. Furthermore, Athora Netherlands has reviewed its corporate structure in light of the introduction of Pillar Two Model rules in various jurisdictions. Since the Group's effective tax rate is well above 15% in all jurisdictions in which it operates, it is expected that Athora Netherlands is not subjected to Pillar Two "top-up" taxes under the 'final' Pillar II rules.

For a transitional period, the Pillar II legislation provides safe harbour rules, which will be applied by Athora Netherlands and its subsidiaries. In the meanwhile, Athora Netherlands will prepare for implementation of the complete set of rules under Pillar II. Based on a quantitative inquiry performed with respect to the 2023 figures of Athora Netherlands and its Dutch and foreign subsidiaries, it is it is expected that the Safe Harbour Rules provide for relief and as such the effective tax rate should be well above the threshold of 15% under that specific set of rules for all the regarded entities for 2024 and further.

Relevant New Standards, Amended Standards and Interpretations of Existing Standards Effective Date on or after January 2024

Relevant new standards, amendments to existing standards and interpretations, effective for reporting periods beginning on or after 1 January 2024, were not early adopted by Athora Netherlands. New or amended standards that become effective on or after 1 January 2024 and that are relevant to Athora Netherlands are disclosed below.

Application of minor amendments applicable subsequent to the year ended 31 December 2023

The following pronouncements are not applicable for the year ended 31 December 2023 and have not been applied in preparing these financial statements. The impact of these amendments is being assessed by Athora Netherlands and are deemed not likely to be material.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Published by the International Accounting Standards Board (IASB) in January 2020 and October 2022, the amendments clarify requirements in IAS 1 for the presentation of liabilities in the statement of financial position and improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to IFRS 16, Leases: Lease Liability in a Sale and Leaseback

Published by the IASB in September 2022, the amendments introduce specific subsequent measurement requirements for sale and leaseback transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2024.

Amendments to IAS 7, Statement of Cash Flows and IFRS 7 – Financial Instruments: Disclosures: Supplier Finance Arrangements

Published by the IASB in May 2023, the amendments introduce specific disclosure requirements relating to the effects of supplier finance arrangements on the entity’s liabilities, cash flows and its exposure to liquidity risk.

Changes in Policies, Presentation and Estimates

Changes in Policies

IFRS 9 Financial Instruments (including Amendments)

IFRS 9, the standard on financial instruments has an effective date of 1 January 2018. IFRS 9 replaces the IAS 39 standard ‘Financial Instruments: Recognition and Measurement’ and includes new requirements for the recognition and measurement of financial assets and liabilities, a new forward-looking model for the recognition of impairment losses and a new regulation in order to better align hedge accounting with economic reality and risk management. However, Athora Netherlands elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9. IFRS 9 has now become effective as of 1 January 2023, together with the effective date of IFRS 17.

Athora Netherlands applies IFRS 9 for the first time on 1 January 2023. The comparative period has been restated and the IFRS 17 classification overlay approach for IFRS 9 has been applied. IFRS 9 does not apply to financial assets that have already been derecognised before 1 January 2023. By applying the classification overlay of IFRS 17 to these derecognised items, Athora Netherlands presents the comparative information of the financial assets derecognised in 2022, as if the classification and measurement including impairment requirements of IFRS 9 had been applied to such assets, by using reasonable and supportable information to determine how they would be classified and measured on initial application of IFRS 9.

The following assessments have been made at the date of initial application of IFRS 9:
- Assessment of the business model(s) in which a financial asset is held; Athora Netherlands holds financial assets in the 'Hold-to-collect' and 'Other' Business models.
- Applied the Solely Payments of Principal and Interest test for the 'Hold-to-collect' Business Models.
- Implemented the Expected Credit Losses (ECL) for the 'Hold-to-collect' Business Models.
- For savings mortgages Athora Netherlands applied the fair value option to designate it at FVTPL to prevent an accounting mismatch with the related insurance liabilities.
- A simplified ECL approach for trade receivables and lease receivables.
- The loan commitments measurement has been designated to FVTPL.
- New disclosure requirements.

IFRS 9 Business Models

A business model refers to how an entity manages its financial assets in order to generate cash flows. It is determined at a level that reflects how groups of financial assets are managed rather than at an instrument level. IFRS 9 identifies three types of business models: ‘hold to collect’, ‘hold to collect and sell’ and ‘other’.

In order to determine which type of business model(s) an entity applies, it is necessary to understand the objectives of each business model and the activities undertaken. In doing so, Athora Netherlands has considered all relevant information including, for example, how business performance is reported to the entity's key management personnel and how managers of the business are compensated. The vast majority of the financial instruments are included in the Business Model "other' as they are managed on a fair value basis.

Accrued Interest

The accrued interest in the balance sheet for financial assets and liabilities have been reclassified from 'Other assets' and 'Other liabilities' to the corresponding classification of the host contract. The comparatives have been adjusted accordingly.

Financial Liabilities

The measurement of the financial liabilities has not changed.

Impairments

IFRS 9 introduced the requirement to recognise Expected Credit Loss (ECL) for financial assets not measured at FVTPL. These requirements have been applied, where applicable. As the vast majority of financial assets are measured at FVTPL the impact is limited for Athora Netherlands.

Loan commitment contracts are also in the scope of the ECL requirements of IFRS 9. These contracts are either measured at their nominal values with the corresponding ECL, or an entity may designate such contracts at fair value. Athora Netherlands has made the irrevocable designation to designate loan commitments at fair value to prevent an accounting mismatch. This resulted in an impact of € 7.7 million as per 1 January 2022.

Equity Investments

The equity investments will be measured at FVTPL mandatory in accordance with IFRS 9 as Athora Netherlands does not apply the option to present subsequent changes in the fair value in other comprehensive income. Under IAS 39 it was measured at FVOCI (Available for Sale).

Release of Cash Flow Hedging Accounting Reserve

Previously Athora Netherlands extended the effective maturity of the investment portfolio using interest rate swaps. As a result, the interest rate risk was hedged by fixing the interest rates at the time of reinvestment, making the interest income constant over a longer period. The IFRS 17 and IFRS 9 implementation has changed the accounting, therefore Athora Netherlands has made the accounting policy choice following IAS 8 to transfer the cash flow hedge reserve to retained earnings on transition. The cash flow hedge reserve has been restated in shareholders' equity per 1 January 2022. The related reclassification amount to the aforementioned swaps is € 306 million (before application of shadow loss accounting).

Impact of Adoption to IFRS 9 'Financial instruments'

The following tables reconciles the carrying amounts of financial instruments under IAS 39 to the carrying amounts of IFRS 9 on 1 January 2022 and on 1 January 2023.

RECONCILIATION TRANSITION IAS 39 TO IFRS 9 AT 1 JANUARY 2022						
In € millions	Measurement IAS 39	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9	Measurement IFRS 9
Investments						
Bonds	FVTPL designated	161	-161	-	-	
Bonds	AFS	25,022	-25,022	-	-	
Bonds		-	25,635	-	**25,635**	FVTPL mandatory
Shares and similar investments	AFS	3,067	-3,067	-	-	
Shares and similar investments		-	16,782	-	**16,782**	FVTPL mandatory
Mortgages	AC	4,834	-4,834	-	-	
Mortgages		-	5,070	285	**5,355**	FVTPL mandatory
Private loans linked to savings mortgages	AC	3,613	-3,613	-	-	
Private loans linked to savings mortgages		-	3,613	698	**4,311**	FVTPL designated
Other private loans	AC	3,322	-3,322	-	-	
Other private loans		-	3,361	276	**3,637**	FVTPL mandatory
Total investments		**40,019**	**14,442**	**1,259**	**55,720**	
Investments for account of policyholders						
Bonds	FVTPL designated	472	-472	-	-	
Mortgages	AC	236	-236	-	-	
Shares and similar investments	FVTPL designated	13,715	-13,715	-	-	
Total investments for account of policyholders		**14,423**	**-14,423**	**-**	**-**	
Investments for account of third parties	FVTPL designated	**3,354**	**-**	**-**	**3,354**	FVTPL mandatory
Loans and advances due from banks						
Collateral	AC	238	-	-	**238**	AC
Deposits	AC	4	-4	-	-	
Deposits		-	4	2	**6**	FVTPL mandatory
Loans to banks	AC	118	-118	-	-	
Loans to banks		-	118	14	**132**	FVTPL mandatory
Total Loans and Advances due from Banks		**360**	**-**	**16**	**376**	
Other assets						
Accrued interest	AC	19	-19	-	-	
Carrying amount assets reclassified		58,175	-	1,275	59,450	
Subordinated liabilities	AC	**906**	**7**	**-**	**913**	AC
Borrowings	AC	**61**	**1**	**-**	**62**	AC
Liabilities from investments for account of third parties	FVTPL designated	**3,354**	**-**	**-**	**3,354**	FVTPL designated
Other liabilities						
Accrued interest	AC	8	-8	-	-	
Carrying amount liabilities reclassified		4,329	-	-	4,329	

IMPACT ON EQUITY OF ADOPTION OF IFRS 9 AS AT 1 JANUARY 2022				
In € millions	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9
Equity				
Revaluation reserves available for sale	2,117	-2,117	-	-
Cash flow hedge reserve	227	-227		
First time adjustments IFRS 9	-	2,344	1,275	3,619
First time adjustments IFRS 9 tax impact	-		-334	-334
Change in equity - Impact of IFRS 9	2,344	-	941	3,285

RECONCILIATION TRANSITION IAS 39 TO IFRS 9 AT 1 JANUARY 2023						
In € millions	Measurement IAS 39	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9	Measurement IFRS 9
Investments						
Bonds	AFS	13,716	-13,716	-	-	
Bonds		-	13,949	-	13,949	FVTPL mandatory
Shares and similar investments	AFS	5,538	-5,538	-	-	
Shares and similar investments		-	16,746	-	16,746	FVTPL mandatory
Mortgages	AC	5,190	-5,190	-	-	
Mortgages		-	5,407	-848	4,559	FVTPL mandatory
Private loans linked to savings mortgages	AC	3,299	-3,299	-	-	
Private loans linked to savings mortgages		-	3,299	87	3,386	FVTPL designated
Other private loans	AC	3,826	-3,826	-	-	
Other private loans		-	3,861	-20	3,841	FVTPL mandatory
Total investments		**31,569**	**11,693**	**-781**	**42,481**	
Investments for account of policyholders						
Bonds	FVTPL designated	248	-248	-	-	
Mortgages	AC	218	-218	-	-	
Shares and similar investments	FVTPL designated	11,207	-11,207	-	-	
Total investments for account of policyholders		**11,673**	**-11,673**	-	-	
Investments for account of third parties	FVTPL designated	**4,108**	-	-	4,108	FVTPL mandatory
Loans and advances due from banks						
Collateral	AC	4,093	-	-	4,093	AC
Deposits	AC	52	-52	-	-	
Deposits		-	52	-	52	FVTPL mandatory
Loans to banks	AC	117	-117	-	-	
Loans to banks		-	117	1	118	FVTPL mandatory
Total Loans and Advances due from Banks		**4,262**	-	1	**4,263**	
Other assets						
Accrued interest	AC	20	-20	-	-	
Carrying amount assets reclassified		51,632	-	-780	50,852	
Subordinated liabilities	AC	**902**	**12**	-	**914**	AC
Borrowings	AC	**61**	**1**	-	**62**	AC
Liabilities from investments for account of third parties	FVTPL designated	**4,108**	-	-	**4,108**	FVTPL designated
Other liabilities						
Accrued interest	AC	13	-13	-	-	
Carrying amount liabilities reclassified		5,084	-	-	5,084	

IMPACT ON EQUITY OF ADOPTION OF IFRS 9 AS AT 1 JANUARY 2023				
In € millions	Carrying amount IAS 39	Reclas-sification	Remea-surement	Carrying amount IFRS 9
Equity				
Revaluation reserves available for sale	-204	204	-	-
Cash flow hedge reserve	220	-220		
First time adjustments IFRS 9	-	16	-780	-764
First time adjustments IFRS 9 tax impact	-		200	200
Change in equity - Impact of IFRS 9	16	-	-580	-564

As a result of the combined application of the business model analysis and the Solely Payments of Principal and Interest (SPPI) test, the classification and measurement of the following portfolios have been changed:

a. Bonds and Shares and similar investments have been reclassified from AFS to FVTPL Mandatory, based on the IFRS 9 Business model 'other'.
b. Mortgages, other private loans and loans to banks have been reclassified from AC to FVTPL Mandatory, based on the IFRS 9 Business model 'other' and were remeasured to fair value.
c. The private loans linked to savings mortgages have been reclassified from AC to FVTPL designated to prevent an accounting mismatch with the related liabilities and were remeasured to fair value.
d. The investments for account of policyholders have been included in the investments.
e. The AC interest has been reclassified to the line item of the host contract.
f. The AFS revaluation reserve and has been reclassified within in Equity and the remeasurement to fair value of items previously not measured at fair value has been included in equity, after deduction of the tax related impact.

Cash and Cash Equivalents, Other Assets, Subordinated liabilities and Borrowings have not been reclassified and continue to be measured at amortised cost.

The accounting policies on the classification of financial instruments under IFRS 9 are set out in the accounting policies in paragraph 6.1.3 General Accounting Policies.

IFRS 17 Insurance Contracts

IFRS 17 Insurance contracts was issued by the IASB in May 2017 and revised in June 2020. The new comprehensive standard on insurance contracts covers recognition, measurement, presentation and disclosure. IFRS 17 '*Insurance contracts*' replaces IFRS 4 '*Insurance contracts*' for annual reporting periods beginning on or after 1 January 2023.

IFRS 4 allowed insurers to continue their previous local accounting policies. IFRS 17 provides the measurement model for the measurement of insurance contracts (GMM), supplemented by the variable fee approach for contracts with direct participation features (VFA) and the premium allocation approach (PAA) mainly for short duration (non-life) insurance contracts.

The GMM is the default approach. The VFA is an adjusted version of the GMM applied for contracts with direct participation features. This approach is for contracts where substantially investment-related services are provided. Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception (or transition date for the policies in force at the transition date):

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items,
- Athora Netherlands expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, and
- Athora Netherlands expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Some contracts issued by Athora Netherlands meet the requirements to be considered direct participating contracts. These contracts are measured applying the VFA. All other insurance contracts and all reinsurance contracts held are classified as contracts without direct participation features. The GMM, is used for the measurement of the contracts without direct participation features. Athora Netherlands does not measure any of the contracts applying the PAA.

The main features of the new measurement approach for insurance contracts comprise:

- Measurement of insurance liabilities is based on the present value of probability weighted future cash flows to fulfil the contract, increased with a risk adjustment to reflect uncertainties in these cash flows.
- Identifies insurance contracts as those under which Athora Netherlands accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services (if any) from insurance contracts and accounts for them in accordance with other standards.
- Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into cohorts based on the issue date (not grouping contracts issued more than 12 months apart in the same group) and each cohort into three groups based on the profitability of contracts:
  - any contracts that are onerous on initial recognition;
  - any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
  - any remaining contracts in the annual cohort.
- Recognises and measures groups of insurance contracts at the fulfilment cash flows plus the contractual service margin.
- A Contractual Service Margin (CSM) which represents the unearned profitability for the group of insurance contracts and that is recognised in profit or loss as insurance services are provided over the coverage period of the contract. If the fulfilment cash flows lead to a negative contractual service margin at inception it will be zero and the corresponding loss will be recorded immediately in the statement of profit or loss.
- For reinsurance contracts held, the CSM represents the not incurred part of the cost of the reinsurance contract that is recognised in profit or loss as reinsurance services are received over the coverage period of the reinsurance contract.
- If insurance contracts are expected to be onerous (i.e., loss-making) at initial recognition or the group of contracts become onerous on subsequent measurement, the loss is recognised immediately in the profit or loss, and presented in the balance sheet as a loss component. The loss component is released to the statement of profit or loss over the coverage period, to offset the actual loss being incurred. When this loss is covered by a reinsurance contract, an opposite loss recovery is recognised in the statement of profit or loss, and presented in the balance sheet as a loss recovery component. The loss recovery offsets the recognised loss on the underlying direct insurance contract to reflect the mitigating effect of the reinsurance contract on the underlying loss. The loss recovery component is released over the coverage period into profit or loss, to offset the actual loss recovery being received.
- The recognition of insurance revenue and insurance service expenses in profit or loss is based on the concept of services provided during the period. Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income and expenses. Expenses from insurance related services comprise incurred claims, excluding repayments of investment components, other incurred service expenses, changes that relate to past services and losses on onerous contracts and reversal of such losses.
- An asset for insurance acquisition cash flows is recognised for cash flows paid or incurred for the cost of selling, underwriting and starting of a group of insurance contracts, before the group of contracts is recognised. The asset is derecognised when the insurance acquisition cash flows are included in the measurement of the group of insurance contracts.
- The standard allows an optional choice for the effects of changes in discount rates to be reported in either profit or loss or other comprehensive income. Athora Netherlands chose not to report discount changes in other comprehensive income. Also, the standard allows an accounting policy choice to disaggregate the change in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. Athora Netherlands chose not to make such a disaggregation, it shall include the entire change in the risk adjustment for non-financial risk as part of the insurance service result with the effects of changes that relate to future services adjusting the CSM.
- Extensive disclosures to provide information on the recognised amounts and the nature and extent of risks arising from these contracts.

Changes in accounting policies resulting from the adoption of IFRS 17 have to be applied retrospectively to the extent practicable.

In the accounting policies of the 2022 financial statements Athora Netherlands applied the following main IFRS 4 principles:

- Measurement of life insurance liabilities is in principle based on historical tariff rates set at the inception date of the underlying contracts. A periodic IFRS liability adequacy test is performed on these liabilities. Since there was a deficit in the liability adequacy test (LAT) at the end of 2021 and 2022, the insurance liabilities were measured at the probability weighted best estimate of future cash flows based on current assumptions discounted by the swap curve including Ultimate Forward Rate (UFR).
- Premium income is recognised as income when payment by the policyholder falls due. Interest rate discounts are included in gross premium income and charged to technical claims and benefits during the amortisation period.
- Reinsurance premiums are charged to the statement of profit or loss in proportion to the contract period.
- Shadow accounting was applied which meant that unrealised gains or losses on assets backing certain liabilities are treated similar to realised gains and losses for the purpose of measuring insurance liabilities.
- Receivables and payables relating to insurance contracts were presented under other assets and other liabilities.
- Deferred acquisition costs were recognised as assets and were amortised in the profit and loss over time.

Transition

Athora Netherlands has assessed that it is impracticable to apply the Full Retrospective Approach (FRA) to all the groups of insurance contracts at the transition date (i.e., 1 January 2022). Instead, Athora Netherlands has chosen to apply the Fair Value Approach (FVA) for all groups of contracts, because obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort.

The full retrospective approach was considered impracticable for the insurance and reinsurance contracts. The effects of retrospective application were not determinable because the information required had not been collected (or had not been collected with sufficient granularity) and was unavailable because of system migrations, data retention requirements or other reasons.

Athora Netherlands has not disclosed the impact of the adoption of IFRS 17 on each financial statement line item, in line with the exemption provided by IFRS 17. The effect of adopting IFRS 17 on the financial statements at 1 January 2022 is presented in the statement of changes in equity.

Fair value approach

Athora Netherlands applied the fair value approach on transition for all group of contracts. For the application of the fair value Athora Netherlands has used reasonable and supportable information available at transition date in order to identify groups of insurance contracts and determine whether any contract are direct participating insurance contracts. In determining the fair value, Athora Netherlands has applied the requirements of IFRS 13 *Fair Value Measurement* without taking into account the effect of demand features.

The CSM of the liability for remaining coverage at the transition date, is determined as the difference between the fair value of the group of insurance contracts and the fulfilment cash flows measured at that date. The fulfilment cash flows comprise unbiased and probably weighted estimate of future cash flows, discounted to present value to reflect time value of money and financial risk, plus a risk adjustment for non-financial risk. The discount rate at 1 January 2022 is used. Athora Netherlands determined the discount rates using the top-down approach at inception.

Athora Netherlands approach to measure the fair value differs from the IFRS 17 requirements for measuring fulfilment cash flows in certain respects. The measurement of the fair value is consistent with the methodology that is applied within Athora Group for the fair valuation of acquired assets and liabilities that constitute a business. This methodology gives consideration to the market perspective of the valuation amongst others the regulatory drag and the risk of non-performance by Athora Netherlands. These differences gave rise to a CSM at the date of transition. In particular in measuring fair value Athora Netherlands:

- Considers the cash flows in the measurement of fulfilment cash flows but adjust them to reflect the perspective of mark participant that includes all cost needed for running the business, that are direct attributable to fulfilling a specific insurance contracts;
- Considers the discount rate applied in measuring fulfilment cash flows but differs in certain aspects:
  - Risk free yield curve is constructed on a similar way as the risk-free yield curve of the fulfilment cash flows but spreads are added for the full length of the curve. The spreads that are used as an input for the discount rate are based on Athora Group Universe;
  - The UFR is not used;
  - An adjustment is made for the risk of non-performance of the company.
- Includes a mark-up for cost of capital (COC) to reflect hat market participants would demand as a compensation for the uncertainty inherent in the cash flows and a profit margin to reflect what market participants would

require to assume the obligations to service the insurance contract. This COC is substantially higher than the risk premium of 4% that is used for the measurement of insurance fulfilment cash flows at transition. The COC allows for certain risks, amongst others the general operational risk and the regulatory drag that are not reflected in the fulfilment cash flows but are considered by market participants.

Athora Netherlands applied the following assessments allowed under the FVA:
- Insurance contracts issued more than one year apart are included in the same group of insurance contracts as Athora Netherlands did not have reasonable and supportable information to aggregate groups into those including only contracts issued within one year;
- Insurance contracts were considered not to be onerous at that date. Therefore, also for reinsurance contracts covering the underlying insurance contracts, no loss recovery component was determined;
- An asset for insurance acquisition cash flows was recognised only in relation to future insurance contracts, not for insurance contracts in place at transition date;
- the allocation of insurance contracts to groups of insurance contracts was performed at the transition date instead of the date of inception or initial recognition;
- assessed if the insurance contracts meet the requirements to be considered for direct participating insurance contracts based on the facts and circumstances that existed at the transition date instead of the date of inception or initial recognition.

Athora Netherlands has elected not to disaggregate insurance finance income or expenses between amounts included in profit or loss and amounts included in other comprehensive income as it has opted for the recognition of all insurance finance income or expenses in profit or loss.

For further details on reporting policies see chapter 6.1.5 Accounting Policies for the Statement of Financial Position and 6.1.6 Accounting Policies for the Statement of Profit or Loss.

Changes in Presentation

The current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability.

Changes in Estimates

The effects of significant changes in estimates are disclosed in the notes to the consolidated financial statements relating to the items concerned. The most significant changes in estimates concern the following items:
- Deferred tax (refer to Note 8 'Deferred Taxes')
- Insurance liabilities (refer to Note 15 'Insurance Contract Liabilities and Reinsurance Contract Held Assets and Liabilities').
- Measurement of the fair value categorised as level 3 (refer to Note 35.3 Hierarchy in Determining the Fair Value of Property and Financial Instruments).

Accounting Options related to the Presentation of Accounting Mismatches related to Investment Results and Insurance Finance Income or Expense

IFRS 17 allows several presentation and accounting options to mitigate accounting mismatches between result on investments and insurance finance income or expense. The risk mitigation option, the other comprehensive income option for insurance finance income or expense (IFIE) and the disaggregation of financial risk changes of the risk adjustment.

Athora Netherlands does not apply the risk mitigation option, which allows for mitigation of an accounting mismatch between the presentation of the impact of financial risks on underlying instruments versus the impact of financial risks on the related insurance products. It does not impact economic reality for either the investment portfolios or for the insurance portfolios, it does however limit the choice of instruments as well as the risk mitigation is limited to a specific type of portfolio. Athora Netherlands investment policies are based on economics for all investments and insurance contracts are based on the combined financial risks for the total portfolio, avoiding the requirement to separate risk mitigating instruments to certain types of instrument or types of insurance portfolio to mitigate an accounting mismatch with no economic mitigating effect.

Athora Netherlands does not apply the option that IFRS 17 allows to present part of IFIE either in the statement of profit or loss or in other comprehensive income to avoid an accounting mismatch between the presentation of result on investments volatility versus IFIE volatility. Economic volatility is not impacted by applying this option. Athora Netherlands policy is directed at limiting volatility due to economic mismatches, not any accounting mismatches.

Athora Netherlands presents the effect of financial risk impact on the risk adjustment in insurance service result, not in IFIE.

IFRS 17 and IFRS 9, Impact on Shareholders Equity at Transition Date

The adoption of IFRS 17 and IFRS 9 per 1 January 2023 requires restatement of comparative figures, leading to a transition date of 1 January 2022. Athora Netherlands has calculated the impact that the initial application of IFRS 17 and IFRS 9 has had on its consolidated financial statements. The total net impact is a reduction in shareholders' equity of € 350 million at 1 January 2022. The net impact of IFRS 17 and IFRS 9 is, respectively, a reduction in shareholders' equity of € 1,291 million and an increase in shareholders' equity of € 941 million at 1 January 2022.

Whilst, on transition at 1 January 2022, shareholders' equity has an adverse impact, the interest rates have increased during 2022 and the impact on shareholders' equity on implementation at 1 January 2023 is lower, a reduction of € 36 million when compared to the previous year end number. The net impact of IFRS 17 and IFRS 9 is, respectively, an increase in shareholders' equity of € 544 million and a decrease in shareholders' equity of € 580 million at 1 January 2023.

The impact of the transition to IFRS 17 and IFRS 9 is lower than the impact at the transition at 1 January 2023, because rising interest rates under current accounting have reduced the value of investments with a more limited effect on insurance liabilities under IFRS 4. Under IFRS 17, this mismatch is significantly reduced.

The impact of adoption on the statement of profit and loss for 2022 amounts to € 309 million positive when compared to the financial statements under the previous accounting standards, mainly from the influence of differences in the valuation of investments and insurance liabilities due to retrospective application of IFRS 17 and IFRS 9 as from 1 January 2022.

It is noted that the cash flows and underlying operating capital generation of group's businesses are unaffected by IFRS 17 and IFRS 9, and the standards will have little or no impact on groups' Solvency II performance metrics.

Under IFRS 4, shadow accounting was applied to limit accounting mismatches between accounting for investments and accounting for insurance liabilities. With the introduction of IFRS 17 and IFRS 9, these accounting mismatches no longer exist, and the related reserves are released into the general reserve.

6.1.3 General Accounting Policies

The accounting policies set out below have been applied consistently to all the periods presented in the consolidated financial statements.

Functional Currency and Reporting Currency

The consolidated financial statements have been prepared in millions of euros (€). The euro is the functional and reporting currency of Athora Netherlands. All financial data presented in euros is rounded to the nearest million, unless stated otherwise.

Foreign Currencies

Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date.

Monetary items in the statement of financial position denominated in foreign currencies are translated into euros at the exchange rate applicable at the reporting date. Exchange rate differences arising from these transactions and from converting monetary items in the statement of financial position denominated in foreign currencies are recognised in the statement of profit or loss within result on investments or gains and losses on financial instruments, depending on the item in the statement of financial position to which they relate.

The exchange rate differences of non-monetary items in the statement of financial position measured at fair value, with changes in the fair value recognised in the statement of profit or loss, are accounted for as part of these changes in the value of the related item in the statement of financial position. Exchange rate differences of non-monetary items in the statement of financial position measured at fair value, with changes in the fair value being recognised in other comprehensive income, are incorporated into shareholders' equity. Non-monetary items measured at historical cost are measured at the exchange rate applicable on the initial transaction date.

For the purpose of presenting consolidated financial statements, the assets and liabilities of foreign operations are translated at the exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rate at the date of transactions are used. Exchange rate differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign exchange translation reserve. On the disposal of a foreign operation (i.e. a disposal of the group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a foreign exchange translation reserve in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss.

Accounting Based on Transaction Date and Settlement Date

All purchases and sales of financial instruments that have been settled in accordance with standard market practices are recognised at the transaction date, i.e., the date on which Athora Netherlands commits itself to buying or selling the asset or liability. All other purchases or sales are recognised as forward transactions until they are settled.

Offsetting Financial Instruments

Financial assets and liabilities are offset and their net amounts are reported in the statement of financial position if the following conditions are met:
- a legally enforceable right to set off the recognised amounts exists,
- Athora Netherlands intends to settle the items on a net basis, or to realise the asset and the liability simultaneously.

If either of these conditions are not met, amounts are not offset.

Estimates and Assumptions

The preparation of the consolidated financial statements requires Athora Netherlands to make estimates and assumptions based on complex and subjective opinions and best estimates. In this process, management judges situations on the basis of available information and financial data that are likely to change in the future. Although estimates are made to the best of the management's knowledge, actual results will differ from these estimates and the use of other assumptions or data can lead to materially different results.

Estimates and underlying assumptions are reviewed on a regular basis. The resulting impact on accounting estimates is recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods. The main accounting policies involving the use of estimates concern the methods for determining liabilities arising from insurance contracts, the provision for employee benefits, restructuring and other provisions, the provisions for bad debts, the fair value of assets and liabilities, deferred tax impairments and the treatment of contingent liabilities. Also qualifying new investments as subsidiaries, associates or joint arrangements requires making judgement and applying assumptions.

For further details on estimates and assumptions, refer to the relevant policies in section 6.1.5. Accounting Policies for the Statement of Financial Position and the relevant notes in section 6.3 Notes to the Consolidated Financial Statements.

Fair Value of Assets and Liabilities

Fair Value

The fair value is the price that Athora Netherlands would receive to sell an asset or to pay to transfer a liability in an orderly transaction between market participants in the principal market, or in the most advantageous market and assuming the highest and best use for non-financial assets.

Fair Value Hierarchy

The fair value of financial assets, financial liabilities and non-financial instruments are determined using quoted prices where available. These quoted prices are primarily derived from transaction prices for listed instruments. If transaction prices are not available, market prices from independent market participants or other experts are used. Athora Netherlands applies a transfer price when determining fair value; as a result, financial assets are initially recognised at their bid prices and financial liabilities at their offer prices.

In markets where activity has decreased or in inactive markets, the range of prices from different sources can be significant for a certain investment. Selecting the most appropriate price requires judgement; available market information relating to the fair value of the instrument is taken into account.

When no market price is available for certain financial assets and liabilities, the fair value of these financial assets and liabilities is determined using valuation techniques, which may vary from net present value calculation to valuation models that use accepted economic methodologies. Input used in these models is based on observable market information to the extent possible. All valuation methods used are assessed and reviewed according to the Athora Netherlands governance procedures.

6.1.4 Basis for Consolidation

Subsidiaries

Subsidiaries, i.e., all entities (including structured entities) that are controlled by Athora Netherlands, are consolidated. Control over companies and entities is assumed to exist if all of the following conditions are met:

- Athora Netherlands has power over a company or entity by means of existing rights that give Athora Netherlands the current ability to direct the relevant activities of the company or entity;
- Athora Netherlands has exposure or rights to variable returns from its involvement with the investee; and
- Athora Netherlands has the ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are fully consolidated from the date on which control is transferred to Athora Netherlands until the date this control ceases. The financial statements of these group companies are fully consolidated and aligned with the accounting policies applied by Athora Netherlands.

Non-controlling interests and their results are presented separately in the consolidated statement of financial position and the statement of profit or loss.

Investments in Associates and Joint ventures

Associates are entities in which Athora Netherlands can exercise significant influence on the operating and financial policies, but over which it has no control.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The consolidated financial statements include Athora Netherlands' total share of profit of associates and joint ventures from the date that Athora Netherlands acquires significant influence or joint control to the date that significant influence ceases to exist. The profit is accounted for using the equity method, after adjustments to comply with Athora Netherlands' accounting policies, where needed.

Upon recognition, associates and joint ventures are initially accounted for at their acquisition price (including transaction costs) and subsequently measured using the equity method. This measurement also includes goodwill paid upon acquisition less accumulated impairment losses, if applicable.

Under the equity method, Athora Netherlands' share of profit or loss of associates and joint ventures is recognised in the statement of profit or loss within share of profit of associates and joint ventures. Other changes in equity of associates and joint ventures are recognised directly in Athora Netherlands' other comprehensive income.

If the carrying amount of the associate is nil, no further losses are accounted for, unless Athora Netherlands has entered into commitments, made payments on its behalf or acts as a guarantor.

Elimination of Group Transactions

Intra-group transactions, intra-group balances and unrealised gains and losses arising from intra-group transactions are eliminated in the preparation of the consolidated financial statements.

Segment Information

The operating segments of Athora Netherlands are clearly distinctive organisational components that carry out activities that generate income and expenses. The operating segments are:
- SRLEV carrying out collective life and individual life insurance services;
- Proteq Levensverzekeringen carrying out an existing portfolio of individual life insurances;
- Zwitserleven PPI carrying out Defined Contribution pension plans for its clients;
- Athora Netherlands, carrying out the holding activities along with the activities that are not directly attributable to any other segment.

The segment information is based on the accounting policies used in the consolidated financial statements.
For one-off intra-group transactions directed by Athora Netherlands the required consolidation adjustments and eliminations are accounted for directly in the related segment.

6.1.5 Accounting Policies for the Statement of Financial Position

Intangible Assets

Intangible assets include assets with finite and indefinite useful lives, such as distribution channels, trademarks and client portfolios. Assets with finite useful lives are either amortised using a straight-line method over their useful lives or on the basis of the economic benefits flowing from the underlying portfolios, i.e. usually between five and 15 years. If objective evidence points to a possible impairment loss, an impairment test is performed. Assets with indefinite useful lives are not amortised. They are tested for impairment at the end of each reporting period.

Impairment of Intangible Assets

An intangible asset is subject to impairment if its carrying amount exceeds the recoverable amount from continued use (value in use) or sale of the asset. The recoverable amount of assets is estimated if indications of an impairment of the asset exist. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested at least once a year. If such intangible assets are initially recognised during the reporting period, they are tested for impairment before the end of the reporting period.

Property and Equipment

Owner-occupied Property

Owner-occupied property mainly comprises offices (land and buildings) and is measured at fair value (revaluation model) based on annual valuations performed by external, independent appraisers with adequate professional expertise and experience in the specific location and categories of properties.

Owner-occupied property is measured at fair value on an unlet or (partially) let basis, depending on the situation. The purpose of a valuation is to determine the value for which the asset would be sold in an orderly transaction between market participants at the measurement date. The capitalisation method and the reference method are used to determine this value. The capitalisation method uses an expected return at inception and the market rental value to determine the fair value of an asset. The reference method relies on other market transactions. Gains and losses on owner-occupied property include lease incentives, discount rates and expected vacancy, making allowance for the location, quality, age and liquidity of the property in question.

Increases in the fair value exceeding cost are added to the revaluation reserve in shareholders' equity, less deferred taxes. Positive revaluations, insofar as they result in the reversal of earlier impairments on the same asset, are credited to the statement of profit or loss. Decreases in fair value, insofar as they result in the reversal of prior positive revaluations of the same asset, are charged to the revaluation reserve. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation surplus.

Buildings are depreciated over their useful lives using a straight-line method, with a maximum of fifty years, taking into account any residual value. Land is not depreciated. Regular impairment tests are performed on land and buildings.

Repair and maintenance expenses are recognised within other operating expenses as incurred. Expenses incurred after the acquisition of an asset that increase or extend the future economic benefits of owner-occupied property in relation to their original use are capitalised and then depreciated.

Upon the sale of a property, the part of the revaluation reserve related to the property in question, which was recognised within shareholders' equity, is transferred to the retained earnings.

Other Property and Equipment

All other property and equipment are measured at cost net of accumulated depreciation and, if applicable, accumulated impairment losses. Cost includes all expenses directly attributable to the acquisition of the assets. Assets are depreciated on a straight-line basis over their useful lives, taking into account any residual value. The estimated useful life varies between three and ten years.

Repair and maintenance expenses are recognised in other operating expenses as incurred. Expenses incurred after the acquisition of an asset that increase or extend the future economic benefits of other property and equipment in relation to their original use are capitalised and subsequently depreciated.

Gains and losses on the sale of other property and equipment are defined as the balance of the recoverable amount less transaction costs and the carrying amount. These gains and losses are recognised within other income.

Right-of-use Assets

A lease is a contract, in which the right to use an asset is granted for an agreed-upon period in return for compensation. Athora Netherlands applies the relief option allowed by IFRS 16 for short-term leases (12 months or less) and recognises the lease payments arising from these arrangements as expenses in the statement of profit or loss. For the leased assets (property and company cars) the right-of-use assets and lease liabilities are recognised.

The right-of-use asset is recognised if Athora Netherlands has both right to direct the use of the identified asset and the right to obtain substantially all of the potential economic benefits from directing the use of an asset. Initially the right-of-use asset is recognised at an amount comprising:
- the amount at which the corresponding lease liability has been measured (refer to the section 'Other liabilities');
- prepaid lease payments at or before the commencement date, if any;
- initial direct costs incurred by Athora Netherlands with regard to the lease, if any.

Subsequently Athora Netherlands has chosen the cost model for measurement. The right-of-used assets are measured at amortised cost less accumulated depreciation and depreciated over the lease term using a straight-line method, taking into account the options to cancel or to extend the lease. At each reporting date the right-of-use assets are reassessed for impairment.

Investments in Associates and Joint ventures

For details, see Section 6.1.4 (Basis of consolidation) under 'Investments in Associates and Joint ventures'.

Investment Property

Investment property, comprising retail properties and offices, residential properties and land, is held to generate long-term rental income or capital appreciation or both. If a property qualifies as part investment property and part owner-occupied property, it is recognised within property and equipment if the owner-occupied part makes up no less than 20% of the total number of square metres. However, if the owner-occupied part makes up less than 20% of the total number of square metres, it is recognised within investment property.

Investment property is measured at fair value i.e., its value in a (partially) let state, including transaction costs, upon initial recognition. The fair value is based on valuations performed every year by independent external appraisers with adequate expertise and specific experience in property locations and categories.

The purpose of a valuation is to determine the value for which the asset would be sold in an orderly transaction between market participants at the measurement date. The capitalisation method is used to determine this value. This method uses an expected return since inception and the market rental value to determine the fair value of an asset. Gains and losses on investment property include lease incentives, discount rates and expected vacancy, but allowance is made for location, quality, age and liquidity of the property as well.

Changes in the fair value of investment property are recognised in profit or loss within result on investments.

Financial Assets

Athora Netherlands has determined its IFRS 9 Business Models for its financial assets. An IFRS 9 business model is the way Athora Netherlands manages its financial instruments in order to generate cash flows. It is determined at a level that reflects how groups of financial assets are managed together rather than at an individual financial instrument level.

In order to determine the business models, Athora Netherlands has assessed the objectives of each business model and the activities undertaken. In doing so, Athora Netherlands has considered all relevant information, including how investment decision are taken, how the performance is measured and how risks are managed and reported to Athora Netherlands' management.

IFRS 9 defines the following Business Model:
- Hold to collect;
- Hold to collect and sell;
- Other (including managed on a fair value basis).

The IFRS 9 classification is based on the combination of the Business Model, the SPPI test and in certain cases the financial instrument can be designated to be measured at FVTPL to prevent an accounting mismatch.

The contractual cash flows of a financial asset are assessed to determine whether they meet the SPPI required for the ‘hold to collect and the ‘hold to collect and sell’ business models. The SPPI requirement is that interest in a financial instrument is only a consideration for the time value of money and credit risk, included illiquidity premium and cost.

In assessing whether the contractual cash flows are SPPI, Athora Netherlands considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. The cash flows that are consistent with a basic lending arrangement pass the SPPI test and others will fail the SPPI test. Financial assets in the 'Hold-to-Collect' Business Model that pass the SPPI test will be measured at amortised cost. Financial assets that fail the SPPI test will be measured at FVTPL Mandatory. Unlike the business model test, this assessment is to be carried out on an instrument-by-instrument basis. For the amortised cost assets an ECL model has been implemented.

Initial recognition

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments, see section on the IFRS 9 Business Models. On initial recognition, financial assets and financial liabilities at fair value through profit or loss are initially measured at their fair value. The initial measurement of other financial instruments is based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument.

Subsequent measurement

After initial measurement, Athora Netherlands measures financial instruments which are classified as at FVTPL at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets. Interest and dividends earned or paid on these instruments are recorded separately in interest income and dividend income. In the 'Basis of Preparation', IFRS 9 Business models the measurement per business model has been disclosed.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired or;
- Athora Netherlands has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either: (a) Athora Netherlands has transferred substantially all the risks and rewards of the asset; or (b) Athora Netherlands has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Modification

If the contractual cash flows on a financial asset have been renegotiated or modified and the financial asset was not derecognised, Athora Netherlands has assessed whether there has been a significant increase in the credit risk of the financial instrument by comparing:

a. the risk of a default occurring at the reporting date (based on the modified contractual terms); and
b. the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms).

Write Offs

A write off is a direct reduction of the carrying amount of a financial asset resulting from uncollectability. A financial asset is considered uncollectable if Athora Netherlands has no reasonable expectations of recovery and has ceased any further enforcement activities.

Credit exposure FVTPL Designation

Athora Netherlands has applied FVTPL designation on the private loans related to the savings mortgages. There is no material credit exposure to the private loans related to the savings mortgages, as they are settled together with related mortgage loans. The loan commitments are designated as at FVTPL and are exposed to a limited credit risk.

Investments

A debt instrument is measured at amortised cost if it is held within a business model whose objective is hold-to-collect or FVOCI if it is held within a business model whose objective is hold-to-collect-and-sell. Athora Netherlands does not have a hold-to-collect-and-sell business model.

A debt instrument, within a business model whose objective is hold-to-collect, will collect contractual cash flows and its contractual terms will pass the Solely Payments of Principal and Interest test. The SPPI test requires that the contractual terms of the financial asset (as a whole) give rise to cash flows that are solely payments of principal and interest on the principal amounts outstanding.

A debt instrument is measured at FVTPL when it is in one of the following categories:

- It is held within the IFRS 9 'other' business model, with the objective is to manage the asset at fair value, or;
- It is held within an IFRS 9 business model 'held-to-collect' or 'held-to-collect-sell", but it fails on the solely payments of principal test, or;
- It has been designated as at FVTPL.

The IFRS 9 measurement categories applied by Athora Netherlands for financial assets are:

- Financial assets at fair value through profit or loss. This applies to debt and equity instruments as well as derivatives;
- Debt instruments at amortised cost.

Athora Netherlands' Business Model assessment resulted in FVTPL measurement as the investments are managed on a fair value basis. Financial assets are only designated at fair value through profit or loss when this eliminates or considerably reduces an inconsistency in valuation or recognition between assets and liabilities that would otherwise arise.

Financial assets revaluation will result in realised and unrealised gains and losses, which are subsequently recognised directly in the statement of profit or loss within result on investments. Interest income earned is recognised within result on investments. Dividends received on equity instruments are presented in result on investments.

Investments for Account of Third Parties and Liabilities from Investments for Account of Third Parties (Fair Value Through Profit or Loss)

These investments relate to the third parties' share in the investments of investment funds with opposite daily redeemable financial obligations to these third parties at the same amount and are measured at fair value through profit or loss. Any related gains and losses are recognised in the statement of profit or loss as gains and losses on financial instruments. These investment funds are consolidated since Athora Netherlands controls these funds and is exposed to these funds' gross variable results, which are mainly attributable to investments for account of policyholders. This item also comprises investments for account of participants of Zwitserleven PPI.

Athora Netherlands' exposure to risks arising from these financial instruments is limited since the beneficial ownership rests with these third parties and participants. The value of corresponding liabilities equals the fair value of the underlying investments.

Derivatives

Derivatives are recognised at fair value upon inception and subsequently measured at fair value as well. The fair value of publicly traded derivatives is based on quoted bid prices for assets held or liabilities to be issued, and quoted offer prices for assets to be acquired or liabilities held.

The fair value of non-publicly traded derivatives depends on the type of instrument and is based on a present value model or an option valuation model. Athora Netherlands recognises derivatives with a positive fair value as assets and derivatives with a negative fair value as liabilities.

Changes in the fair value of derivatives are accounted for in the statement of profit or loss as gains and losses on financial instruments.

For embedded derivatives refer to 'Embedded options and guarantees in insurance contracts' in the section 'Life insurance'.

Loans and Advances due from Banks

These assets concern receivables from banks with a remaining maturity of one month or more, not including interest-bearing securities. These receivables are measured at FVTPL Mandatory, following the IFRS 9 Business model 'other' as they are managed on a fair value basis.

Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

Taxes

Corporate Income Tax

Corporate income tax relates to payable or recoverable tax on the taxable profit for the reporting period and taxes due from previous periods, if any. Current tax receivables and payables are measured using the tax rate applicable at the reporting date or the tax rate applicable to the previous period the taxes due relate to.

Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities are recognised for tax losses carried forward and for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. This is based on the tax rates that will apply in the period in which the deferred tax assets or tax liabilities are settled.

Deferred tax assets and liabilities are measured at the undiscounted amount expected to be received or paid. Deferred tax assets are only recognised if sufficient taxable profits are expected to be available in the near future against which these temporary differences can be utilised. Deferred taxes are recognised for temporary differences between the carrying amount and the value for tax purposes.

Deferred tax assets are assessed at the reporting date; if it is no longer likely that the related taxable profit will be achieved, the asset is reduced to its recoverable value. Deferred tax assets and liabilities are presented on a net basis to the extent that they relate to the same tax authority and that they are settled simultaneously.

Tax Group

Athora Netherlands N.V. and its Dutch subsidiaries form a tax group for corporate income tax and value added tax (VAT) and as a result are jointly and severally liable for the fiscal unity's corporate income tax and VAT liabilities.

Reinsurance Contracts Held Assets and Liabilities

Inbound Reinsurance Contracts

Other insurers use these contracts to transfer the insurance risk associated with their own insurance contracts to Athora Netherlands. These contracts qualify as inbound reinsurance contracts; the obligations from the insured risk and the deposit component are recognised as normal liabilities within insurance contracts in accordance with IFRS 17.

Outbound Reinsurance Contracts

By virtue of these contracts, Athora Netherlands is compensated for losses incurred on its own insurance contracts. Because of the transfer of significant insurance risks, the entire contract qualifies as an outbound (re)insurance contract. The liabilities from insurance risks and the deposit components are recognised as reinsurance contracts held liabilities in accordance with IFRS 17. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the assets for remaining coverage and the assets for incurred claims. The assets for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) the remaining CSM at that date. The receivables depend on the expected claims recoveries.

The amounts receivable from (claim recoveries), and payable to (premium) reinsurance companies are determined in accordance with the terms and conditions of each reinsurance contract and recognised in the period in which they incurred. Receivables from reinsurers are assessed for potential impairment due to credit risk, at the reporting date. The current outstanding amounts are presented under reinsurance contracts held assets or reinsurance contracts held liabilities depending on the balance of each group of reinsurance contracts.

Other Assets

Other assets consist of receivables from other taxes (including VAT, payroll tax), receivables from the clearing counterparty with regard to derivative positions and other receivables.

Equity

Issued Share Capital

The share capital comprises the issued and paid-up ordinary shares.

Reserves

Share Premium Reserve

The share premium reserve concerns the paid-up surplus capital in addition to the nominal value of the issued ordinary shares.

Revaluation Reserve

Revaluations of owner-occupied property (see the section entitled 'Owner-occupied property') are included in the revaluation reserve.

Holders of Other Equity Instruments

Other equity instruments comprise listed subordinated restricted Tier 1 notes. These instruments are measured at the amount of the issued notes at par minus directly attributable transaction costs. The interest payment on these instruments is recognised as a deduction on equity once the payment is declared.

Subordinated Debt

Subordinated debt includes the subordinated bonds and private loans issued by Athora Netherlands. This debt is initially measured at fair value net of the transaction costs incurred. The debt is subsequently measured at amortised cost, using the effective interest method.

Borrowings

On initial recognitions these borrowings are stated at fair value net of transaction costs incurred. These instruments are subsequently measured at amortised cost, using the effective interest method.

Insurance Contract Liabilities

Insurance contract liabilities arise from insurance contracts. Insurance contracts are contracts that concern the transfer of significant insurance risk. These contracts can also involve investment risks. Athora Netherlands issues life insurance contracts. Athora Netherlands recognises insurance contract liabilities from the earliest of the beginning of the coverage period or the date on which the first payment of the policyholder becomes due or when a group of contracts become onerous.

Classification of Insurance Contracts

Athora Netherlands issues life insurance contracts in the normal course of business, under which it accepts significant insurance risk from its policyholders if a specified uncertain future event adversely affects the policyholder. The adoption of IFRS 17 did not change the outcome of the classification of contracts as insurance contracts for Athora Netherlands, despite the slight amendments in the scoping requirements compared to IFRS 4.

Contracts held by Athora Netherlands, under which it transfers significant insurance risk related to underlying insurance contracts are classified as reinsurance contracts held. These reinsurance contracts held also meet the definition of insurance contracts for purposes of IFRS 17, despite the slight amendments in the scoping requirements compared to IFRS 4.

The insurance and reinsurance contracts also expose Athora Netherlands to financial risk.

There are three measurement models available under IFRS 17 for the measurement of insurance contracts, these include the General Measurement Model ('GMM'), Variable Fee Approach ('VFA') and the Premium Allocation Approach ('PAA'). The GMM is the default approach. The VFA is an adjusted version of the GMM applied for contracts with direct participation features. This approach is for contracts where substantially investment-related services are provided.

Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception (or transition date for the policies in force at the transition date):

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items,
- Athora Netherlands expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items, and
- Athora Netherlands expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

Insurance contracts with investment-related services issued by Athora Netherlands tend to meet the requirements to be considered direct participating contracts. These insurance contracts are measured applying the VFA. Reference is made to the VFA assessment that has been made based on the facts and circumstances at the transition to IFRS 17.

All other insurance contracts and all reinsurance contracts are classified as contracts without direct participation features. The GMM, is used for the measurement of the contracts without direct participation features. Athora Netherlands does not measure any of the contracts applying the PAA.

In the table below the portfolio and the measurement model that Athora Netherlands applies are presented:

MEASUREMENT METHOD APPLIED		
	Measurement method applied	
Product	GMM	VFA
Individual traditional insurance policies	√	
Individual insurance policies in investment units	√	√
Group insurance policies	√	√
Group insurance policies in investment units	√	√

Separating Components from Insurance and Reinsurance Contracts

The starting point for grouping insurance contracts for measurement purposes, is the IFRS 17 insurance contract. Athora Netherlands assess the terms of the insurance contracts to determine if any non-insurance components need to be separated from the insurance contracts when applying IFRS 17.

Athora Netherlands assessed whether the insurance contracts contain components which must be accounted for under another IFRS standard rather than IFRS 17. Possible non-insurance components include:

- derivatives embedded in the contract whose economic characteristics and risks are not closely related to those of the host contract, and whose terms would not meet the definition of an insurance or reinsurance contract as a stand-alone instrument (i.e., distinct embedded derivatives).
- investment components (i.e., payments made to the policyholder in all scenarios) that are not highly inter-related with the insurance component(s) within the insurance contracts, and for which contracts with equivalent terms are sold, or could be sold, separately in the same market or the same jurisdiction (i.e., distinct investment components).
- good or service other than insurance contract if the policyholder can benefit from it either on its own or with other resources that are readily available to the policyholder (i.e., distinct goods or services other than insurance contract services).

The Athora Netherlands insurance contracts do not include any of the above distinct non-insurance components set out above, and therefore even though some of the insurance contracts include embedded derivatives and/or investment components these are not separated from the insurance components because they are not distinct. Athora Netherlands therefore applies IFRS 17 to all components of the (host) insurance contract.

Aggregation and Recognition of Insurance and Reinsurance Contracts held

Insurance contracts and reinsurance contracts held are aggregated into groups for measurement purposes. Groups of (re)insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into cohorts based on the issue date (not grouping contracts issued more than 3 months apart in the same group) and each cohort into three groups based on the profitability of contracts:

- any contracts that are onerous on initial recognition (as reinsurance contracts held cannot be onerous, this does not apply to reinsurance contracts held);
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently (as reinsurance contracts held cannot be onerous, this does not apply to reinsurance contracts held); and
- any remaining contracts in the cohort; and.
- The same cohorting mechanism is used for reinsurance contracts held, except that reinsurance contracts held with an expected net gain are unlikely.

Athora Netherlands does not apply the exemption granted by the European Commission's Accounting Regulatory Committee to exempt certain groups of insurance contracts from annual cohort requirements.

Contracts are grouped together based on the nature of the (predominant) risk covered in the contract. Mortality and longevity risk are used as the basis for the identification of separate portfolios. Multi-cover contracts that are not separated are grouped based on their predominant risk.

Contracts within a portfolio that would fall into different groups only because law or regulation specifically constrains Athora Netherlands practical ability to set a different price or level of benefits for policyholders with different characteristics are included in the same group. This applies to contracts issued which are required by European regulation to be priced on a gender-neutral basis.

Each group of reinsurance contract comprises one contract.

A direct insurance contract issued is initially recognised by Athora Netherlands from the earliest of:

- the beginning of its coverage period (i.e., the period during which Athora Netherlands provides services in respect of any premiums within the boundary of the contract),
- when the first payment from the policyholder becomes due or, if there is no contractual due date, when it is received from the policyholder; and
- when facts and circumstances indicate that the contract is onerous.

Insurance contracts acquired in a business combination or a portfolio transfer are accounted for as if they were entered into at the date of acquisition or transfer.

When the contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for inclusion in an existing group, it forms a new group to which future contracts with the same characteristics are added. Groups of contracts are established on initial recognition and their composition is not revised once all contracts have been added to the group.

The recognition date for direct insurance contracts and reinsurance contracts held differ. A reinsurance contract is recognised on the following dates:

- Proportional reinsurance contracts: The date on which any underlying insurance contract is initially recognised. This applies to the Athora Netherlands quota share reinsurance contracts.
- Other reinsurance contracts: The beginning of the coverage period of the reinsurance contract. However, if Athora Netherlands recognises an onerous group of underlying insurance contracts on an earlier date and the related reinsurance contract was entered into before that earlier date, then the group of reinsurance contracts is recognised on that earlier date.

Athora Netherlands does not have significant non-proportional reinsurance contracts.

Initial Measurement of Insurance and Reinsurance Contracts

On initial recognition, Athora Netherlands measures a group of insurance contracts as the total of the:

1. fulfilment cash flows, and
2. CSM.

The fulfilment cash flows comprise estimates of future cash flows, adjusted to reflect the time value of money and the associated financial risks, and a risk adjustment for non-financial risk, as explained below.

Future Cash Flows

The estimates of future cash flows are based on a probability weighted average of the full range of possible outcomes determined from the perspective of Athora Netherlands, provided the estimates are consistent with observable market prices for market variables; and reflect conditions existing at the measurement date.

Athora Netherlands objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflects the full range of possible outcomes. The cash flows from each scenario are discounted and weighted by the estimated probability of that outcome to derive an expected present value. If there are significant interdependencies between cash flows that vary based on changes in market variables and other cash flows, then Athora Netherlands uses stochastic modelling techniques to estimate the expected present value. Stochastic modelling involves projecting future cash flows under a large number of possible economic scenarios for market variables such as interest rates and equity returns.

The estimates of future cash flows reflect Athora Netherlands view of current conditions at the reporting date, as long as the estimates of any relevant market variables are consistent with observable market prices.

When estimating future cash flows, Athora Netherlands takes into account current expectations of future events that might affect those cash flows. However, expectations of future changes in legislation that would change or discharge a present obligation or create new obligations under existing contracts are not taken into account until the change in legislation is substantively enacted. Athora Netherlands N.V. derives cost inflation assumptions on fixed staff costs from the current Collective Labor Agreement. When inflation assumption is based on an index or on prices of assets with inflation-linked returns, changes in the assumptions relate to financial risk and therefore impact insurance finance income, when GMM is applied, and when VFA is applied the CSM. If inflation assumptions are based on Athora Netherlands own expectations of specific price changes, then these changes are not deemed to relate to financial risk and are accounted for as a non-financial assumption.

Some categories of non-staff costs (marketing, legal advice, change a.o.) are budgeted as set amounts.

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group. The contract boundary for the insurance and reinsurance contracts are determined as follows:

- Insurance contracts: Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which Athora Netherlands can compel the policyholder to pay premiums or has a substantive obligation to provide insurance contract services which includes insurance coverage and any investment related or investment return services as required by IFRS 17.

A substantive obligation to provide services ends when Athora Netherlands:

- has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

The reassessment of risks considers only risks transferred from policyholders to Athora Netherlands, which may include both insurance and financial risks, but exclude lapse and expense risks.

- Reinsurance contracts: Cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which Athora Netherlands is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer.

A substantive right to receive services from the reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

For contracts with renewal periods, an assessment is performed of whether premiums and related cash flows that arise from the renewed contract are within the contract boundary. The pricing of the renewals is established by considering all the risks covered for the policyholder by the company, that would be considered when underwriting equivalent contracts on the renewal dates for the remaining service. An insurance contract liability or insurance contract asset relating to expected premiums or claims outside the boundary of an insurance contract or a reinsurance contract, are not included in the measurement of that contract. Such amounts relate to future insurance contracts.

The contract boundary is reassessed at each reporting date to include the effect of changes in circumstances on Athora Netherlands substantive rights and obligations and, therefore, may change over time.

Acquisition Cash Flow

Insurance acquisition cash flows within the contract boundary, are included within the measurement of the insurance contracts. The insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and rational method and considering, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort. The cash flows arise from selling, underwriting or starting a (group of) insurance contracts include costs directly attributable to individual contracts and groups of contracts; and costs directly attributable to the portfolio of insurance contracts to which the group belongs.

The insurance acquisition cash flows directly attributable to a group of contracts (e.g. non-refundable commissions paid on issuance of a contract), are allocated to that group and to the groups that will include renewals of those contracts.

Insurance acquisition cash flows that are directly attributable to a portfolio but not to a group of contracts, are allocated to groups in the portfolio using a systematic and rational method.

Insurance acquisition cash flows arising before the recognition of the related group of contracts are recognised as an asset. Insurance acquisition cash flows arise when they are paid or when a liability is required to be recognised under a standard other than IFRS 17. Such an asset is recognised for each group of contracts to which the insurance acquisition cash flows are allocated. The asset is derecognised, fully or partially, when the insurance acquisition cash flows are included in the measurement of the group of contracts. At the end of each reporting period Athora Netherlands assesses the recoverability of an asset for insurance cash flows if facts or circumstances indicate the asset may be impaired. Athora Netherlands recognises an impairment loss in profit or loss and reduces the carrying amount of an asset for insurance acquisition cash flows so that the carrying amount does not exceed the expected net cash inflow for the related group of insurance contracts. A reversal of an impairment loss is recognised in profit or loss, to the extent that the impairment conditions no longer exist or have improved.

Cash flows are attributed to acquisition activities, other fulfilment activities and other activities at local entity level using activity-based costing techniques. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics. Athora Netherlands generally allocates insurance acquisition cash flows and maintenance and administration costs to groups of contracts based on the number of expected to be in-force contracts within each group. Other costs are recognised in profit or loss as they are incurred.

Investment Management Expenses represent a separate category of costs. Under IFRS 17, cash flows are attributed to insurance contracts if they directly relate to the execution of these insurance contracts and that the investment activities enhance policyholder benefits from insurance coverage as required by IFRS 17.B65(ka)(i-iii). It is Athora Netherlands' view that only insurance contracts with explicit profit sharing and/or investment returns have policyholder benefits that are enhanced by investment returns and therefore the measurement of only these contracts allows for expected investment management expenses. All investment management expenses not allocated to these products are reported in profit and loss as they are incurred in the reporting period.

At each reporting date, Athora Netherlands revises the amounts allocated to group of contracts to reflect any changes in assumptions that determine the inputs to the allocation method used. Amounts allocated to a group are not revised once all contracts have been added to the group.

Discount Rate

The IFRS 17 discount rates should reflect the time value of money, the characteristics of the cash flows and the liquidity characteristics of the insurance contracts and be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts, in terms of, for example, timing, currency and liquidity.

Athora Netherlands applies the top-down approach to determine the discount rates. The discount rates exclude the factors that influence such observable market prices, but do not affect the future cash flows of the insurance contracts.

All cash flows are discounted using risk-free yield curves adjusted to reflect the characteristics of the cash flows and the liquidity of the insurance contracts. Athora Netherlands' IFRS 17 curves are constructed as a risk-free rate and a portfolio specific spread that is based on the illiquidity premium of the reference portfolio. The reference portfolio is adjusted to eliminate factors that are not relevant for the insurance liability, for example market risk and expected and unexpected credit risk. Cash flows that vary based on the returns on any financial underlying items are adjusted for the effect of that variability using risk-neutral measurement techniques and discounted using the risk-free rates as adjusted for illiquidity.

When the present value of future cash flows is estimated by stochastic modelling, the cash flows are discounted at scenario-specific rates calibrated, on average, to be the risk-free rates as adjusted for illiquidity.

Athora Netherlands generally determines the risk-free rates using the observed mid-price swap yield curves. The yield curve is interpolated between the Last Liquid Point (LLP) of 30 years and an ultimate forward rate of 2%, which is determined based on 20-years moving average and reflects long-term real interest rate and inflation expectations. Athora Netherlands applies a LLP of 30 years and considers market information not liquid enough for longer maturities. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations.

To reflect the liquidity characteristics of the insurance contracts, the risk-free yield curves and UFR are adjusted by an illiquidity premium (ILP). ILPs are generally determined by a (credit) risk-corrected spread that is derived from Athora Netherlands' own asset allocation. The short term ILP is based on current asset allocation and current gross spreads and is assumed to converge to a long-term ILP which is based on strategic asset allocation and Athora Netherlands' expected gross spreads based on historical observations and other market information.

Non-performance risk of Athora Netherlands is not included in the measurement of groups of insurance contracts issued. In the measurement of reinsurance contracts held, the probability weighted estimates of the present value of future cash flows include the potential credit losses and other disputes of the reinsurer to reflect the non-performance risk of the reinsurer. In the current and prior reporting periods there was no mark-up for this risk.

Refer to section 15 Insurance contract liabilities and reinsurance contracts held liabilities for the yield curve that is applied for discounting the cash flows.

Risk Adjustment

This risk adjustment is determined based on the cost of capital approach. The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk. Applying a cost of capital technique, Athora Netherlands determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The cost of capital in the risk adjustments is set at 4%. The risk adjustment is calculated on Athora Netherlands level and allocated to portfolios and groups of insurance contracts.

The risk adjustment for non-financial risk on reinsurance contracts held, is the amount of risk being transferred by Athora Netherlands to the reinsurer. To determine the risk adjustments for non-financial risk for reinsurance contracts, Athora Netherlands applies these techniques both gross and net of reinsurance and derives the amount of risk being transferred to the reinsurer as the difference between the two results. An explicit risk adjustment for non-financial risk is estimated separately from other estimates and is taken into account in determining the fulfilment cash flows.

The risk adjustment is the compensation the entity requires for bearing uncertainty about the amount and timing of the cash flows that arises from non-financial risk. The risk adjustment for non-financial risk reflects all life underwriting risks associated with insurance contracts of which the most important are mortality risk, longevity risk, disability and morbidity risk, lapse risk, expense risk and catastrophe risk. Risk adjustments for non-financial risk reflect the diversification benefits from contracts issued by Athora Netherlands, in a way that is consistent with the compensation that it would require and that reflects its degree of risk aversion, and the effects of the diversification benefits are determined in a similar manner as Solvency II, by using a correlation matrix technique . The diversification benefits include the effects from diversification among different portfolios of insurance contracts that belong to the same legal entity. There are no diversification benefits assumed between Athora Netherlands, its subsidiaries and Athora Group.

The required capitals are based on the required capitals for each risk under Solvency II, since Solvency II represents the regulatory regime in which Athora Netherlands operates and holds capital. However, to reflect the requirements under IFRS 17, the Solvency II capitals are adjusted to include only underwriting risks. Therefore, operational risks and counter party risk on reinsurance, that are included in the measurement of the risk adjustment under Solvency II, are excluded from the risk adjustment under IFRS 17.

The change in the risk adjustment is not disaggregated between change related to non-financial risk and the effect of the time value of money.

Refer to section 15 Insurance contracts liabilities and reinsurance contracts held liabilities for additional information on the risk adjustment.

Contractual Service Margin (CSM)

The CSM of a group of insurance contracts represents the unearned profit that Athora Netherlands will recognise as it provides services under those contracts. On initial recognition of a group of insurance contracts, if the total of (a) the fulfilment cash flows, (b) any cash flows arising at that date and (c) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group (including assets for insurance acquisition cash flows) is a net inflow, then the group is not onerous. In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition.

If the total is a net outflow, then the group is onerous. In this case, the net outflow is recognised as a loss in profit or loss, or as an adjustment to goodwill or a gain on a bargain purchase if the contracts are acquired in a business combination. A loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

The initial measurement of the CSM is the same regardless of the measurement model being applied (i.e., VFA versus GMM).

On initial recognition, the CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured as the equal and opposite amount of the total of (a) the fulfilment cash flows, (b) any amount arising from the derecognition of any assets or liabilities previously recognised for cash flows related to the group, (c) any cash flows arising at that date and (d) any income recognised in profit or loss because of onerous underlying contracts recognised at that date.

However, if any net cost on purchasing reinsurance coverage relates to insured events that occurred before the purchase of the group, then Athora Netherlands recognises the cost immediately in profit or loss as an expense.

Subsequent Measurement of Insurance and Reinsurance Contracts

Fulfilment Cash Flows

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be provided under the contracts in future periods and (b) any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid.

The fulfilment cash flows of groups of insurance contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows:

- Changes relating to future services: Adjustment against the CSM as set out below (or recognised in the insurance service result in profit or loss if the group is onerous).
- Changes relating to current or past services: Recognised in the insurance service result in profit or loss.
- Effects of the time value of money, financial risk and changes therein on estimated future cash flows: Recognised as insurance finance income or expenses.

To measure a group of reinsurance contracts held, Athora Netherlands applies the same accounting policies as are applied to insurance contracts without direct participation features, with the following modifications. The carrying amount of a group of reinsurance contracts at each reporting date is the sum of the asset or liability for remaining coverage and the asset for incurred claims not yet settled by the reinsurer. The asset for remaining coverage comprises (a) the fulfilment cash flows that relate to services that will be received under the contracts in future periods and (b) any remaining CSM at that date.

Athora Netherlands measures the estimates of the present value of future cash flows of reinsurance contracts using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with an adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in profit or loss.

Contractual Service Margin (CSM)

Athora Netherlands has made an accounting policy choice not to change the treatment of accounting estimates made in previous interim financial statements, prepared applying IAS 34, when applying IFRS 17 in subsequent interim financial statements and in the annual reporting period. As a result, Athora Netherlands will apply period-to-period reporting within the financial statements based on a quarterly interim reporting. This policy choice is applied to all groups of insurance contracts it issues and groups of reinsurance contracts it holds.

The subsequent measurement of the CSM is dependent on the measurement model applied to the group of insurance contracts. A distinction is made between the contracts without direct participating features (i.e., GMM contracts), and the groups of insurance contracts with direct participating features (i.e., VFA contracts). For the insurance contracts without direct participating features, a distinction is to be made between the direct contracts and the reinsurance contracts held.

Without direct participating features - Direct contracts (GMM)

The carrying amount of the CSM at each reporting date for a group of direct insurance contracts without direct participating features, is the carrying amount at the start of the year, adjusted for:
- the CSM of any new contracts that are added to the group in the year.
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition.
- changes in fulfilment cash flows that relate to future services, except to the extent that:
  - any increases in the fulfilment cash flows that exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component, or
  - any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss.
- the amount recognised as insurance revenue because of the services provided in the year.

Changes in fulfilment cash flows that relate to future services comprise:
- experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition.
- changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
- differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year.
- changes in the risk adjustment for non-financial risk that relate to future services. Athora Netherlands does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. As a result of the policy choice, the CSM is adjusted for the change related to non-financial risk, measured at current discount rates. Both non-financial changes and effect of the time value of money will adjust the CSM.

The release of the CSM in a reporting period reflects the insurance contract services provided, which for a group of insurance contracts without direct participating features represents the insurance coverage and investment return services (if applicable).

A group of insurance contracts without direct participation features will include contracts with investment return services if all of the following criteria are met:
- an investment component exists, or the policyholder has a right to withdraw an amount (i.e., the policyholder has a right to receive a surrender value or refund of premiums on cancellation of a policy or transfer an amount to another insurance provider).
- Athora Netherlands expects the investment component or amount the policyholder has a right to withdraw to include an investment return (an investment return could be below zero, for example, in a negative interest rate environment).
- the entity expects to perform investment activity to generate that investment return.

Without direct participating features – Reinsurance contracts held (GMM)

The carrying amount of the CSM at each reporting date for a groups of reinsurance contracts held, is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year.
- interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition.
- income recognised in profit or loss in the year on initial recognition of onerous underlying contracts, provided that the reinsurance contract held is entered into before or at the same time as the onerous underlying insurance contracts are recognised. The adjustment to the CSM is determined by multiplying: (i) the amount of the loss that relates to the underlying contracts;
- The percentage of claims on the underlying contracts that Athora Netherlands expects to recover from the reinsurance contracts.
- reversals of a loss-recovery component to the extent that they are not changes in the fulfilment cash flows of the group of reinsurance contracts. After Athora Netherlands has established a loss-recovery component, the loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component shall not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the entity expects to recover from the group of reinsurance contracts held.
- changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows of onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust a loss-recovery component.
- the amount recognised as insurance revenue because of the services received in the year.

If the reinsurance contract covers only some of the insurance contracts included in an onerous group of contracts, then Athora Netherlands uses a systematic and rational method to determine the portion of losses recognised on the onerous group of contracts that relates to underlying contracts covered by the reinsurance contract. This method is based on the coverage units of the reinsurance contract, similar to the CSM release of the reinsurance contracts.

A loss-recovery component is recognised or adjusted for the group of reinsurance contracts to depict the adjustment to the CSM, which determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid.

With direct participating features (VFA)

Direct participating contracts are contracts under which Athora Netherlands' obligation to the policyholder is the net of:
- the obligation to pay the policyholder an amount equal to the fair value of the underlying items.
- a variable fee in exchange for future services provided under the conditions of the contracts, being the amount of Athora Netherlands' share of the fair value of the underlying items less fulfilment cash flows that do not vary based on the returns on underlying items. Athora Netherlands provides investment services under these contracts by promising an investment return based on underlying items, in addition to insurance coverage.

When measuring a group of direct participating contracts, Athora Netherlands adjusts the fulfilment cash flows for the whole of the changes in the obligation to pay policyholders an amount equal to the fair value of the underlying items. These changes do not relate to future services and are recognised in profit or loss. Athora Netherlands then adjusts any CSM for changes in the amount of Athora Netherlands' share of the fair value of the underlying items, which relate to future services, as explained below.
The carrying amount of the CSM at each reporting date for groups of insurance contracts with direct participating features, is the carrying amount at the start of the year, adjusted for:

- the CSM of any new contracts that are added to the group in the year.
- the change in the amount of the Athora Netherlands' share of the fair value of the underlying items and changes in fulfilment cash flows that relate to future services, except to the extent that:
  - a decrease in the amount of Athora Netherlands' share of the fair value of the underlying items, or an increase in the fulfilment cash flows that relate to future services, exceeds the carrying amount of the CSM, giving rise to a loss in profit or loss (included in insurance service expenses) and creating a loss component; or
  - an increase in the amount of Athora Netherlands' share of the fair value of the underlying items, or a decrease in the fulfilment cash flows that relate to future services, is allocated to the loss component, reversing losses previously recognised in profit or loss (included in insurance service expenses);
- the amount recognised as insurance revenue because of the services provided in the year.
- changes in fulfilment cash flows that relate to future services include the changes relating to future services as specified above for contracts without direct participation features (measured at current discount rates) and changes in financial risks that do not arise from underlying items – e.g. the effect of financial guarantees.

The release of the CSM in a reporting period reflect the insurance contract services provided, which for a group of insurance contracts with direct participating features represents the insurance coverage and investment related services.

Derecognition and Modification of Insurance and Reinsurance Contracts

An insurance contract is derecognised when it is extinguished – i.e., when the obligation specified in the insurance contract expires or is discharged or cancelled.

Athora Netherlands also derecognises a contract if its terms are modified in a way that would have changed the accounting for the contract significantly had the new terms always existed, in which case a new contract based on the modified terms is recognised. If a contract modification does not result in derecognition, then Athora Netherlands treats the changes in cash flows caused by the modification as changes in estimates of fulfilment cash flows.

When a contract is derecognised from within a group of contracts:
1. the fulfilment cash flows are adjusted to eliminate the present value of future cash flows and risk adjustment for non-financial risk relating to the rights and obligations removed from the group.
2. the CSM is adjusted for the change in fulfilment cash flows (unless the decrease in the fulfilment cash flows is allocated to the loss component of the liability for remaining coverage of the group of insurance contracts).
3. the number of coverage units is adjusted for the expected remaining insurance contract services considering the coverage units derecognised.

If the contract is transferred to a third party, the CSM adjustment in (2) above is the amount of the fulfilment cash flow adjustment relating to future services less the premium charged by the third party.

If the original contract is modified resulting in a derecognition, the CSM adjustment in (2) above is the amount of the fulfilment cash flow adjustment related to future service adjusted for the premium the entity would have charged had it entered into a contract with equivalent terms as the new contract at the date of the contract modification, less any additional premium charged for the modification. When recognising the new contract in this case, a hypothetical premium is applied.

Presentation

Portfolios of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts that are assets and those that are liabilities, are presented separately in the statement of financial position. Any assets or liabilities recognised for cash flows arising before the recognition of the related group of contracts (including any assets for insurance acquisition cash flows) are included in the carrying amount of the related portfolios of contracts.

Income and expenses from reinsurance contracts are presented separately from income and expenses from insurance contracts. Income and expenses from reinsurance contracts, other than insurance finance income or expenses, are presented on a net basis as ‘net expenses from reinsurance contracts’ in the insurance service result.

Insurance finance income or expenses comprise changes in the carrying amount of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risks and changes therein, unless any such changes for groups of direct participating contract are adjusted for the CSM.

Athora Netherlands does not disaggregate changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses. All changes in the risk adjustment for non-financial risk are included in the insurance service result.

Liabilities from Investments for Account of Third Parties

See the section on investments for account of third parties and liabilities from investments for account of third parties.

Provision for Employee Benefits

Short-term Employee Benefits

Short-term employee benefits include salaries, short paid leave, profit-sharing and bonus schemes. These are accounted for in the statement of profit or loss over the period in which the related services are rendered. In the event that employees have not made use of their entitlements at the end of the period, a liability is formed for the nominal amount.

Pension Benefits

General

All currently employed personnel is hired by Athora Netherlands N.V. Athora Netherlands' main pension scheme is a defined contribution scheme administrated by Stichting Pensioenfonds SNS REAAL. New staff is included in this scheme. In addition, a number of defined benefit plans were acquired from insurance companies in the past. The members of those schemes are referred to as members with deferred pension rights or retirees.

Defined Contribution Schemes

According to this pension scheme, defined contributions are paid to separate entities, primarily to Stichting Pensioenfonds SNS REAAL, an independent pension fund. Besides the defined contributions, Athora Netherlands has no obligation to make additional payments to the scheme to make up for deficits resulting from actuarial or investment risk.

Defined Benefit Schemes

A number of defined benefit schemes for (former) employees still exists. These plans are no longer available for the new employees. The net liability related to these schemes is represented by the difference between the present value of the future liabilities to pay the participants' pensions (gross pension entitlements) and the value of the qualifying assets of these schemes. Qualifying assets are investments relating to insurance contracts of insurance companies which are not part of Athora Netherlands or related entities.

A net asset due to a surplus is recognised only if Athora Netherlands has the ability to use the surplus to generate future economic benefits (asset ceiling). The excess amount above the asset ceiling will be deducted from the surplus through other comprehensive income.

Gross pension Entitlements from Defined Benefit Schemes

These are calculated annually by an external actuary according to the projected unit credit method and discounted using rates based on returns from investment-grade corporate bonds (AA rating) with a maturity corresponding to the time of benefit payments to the members. In principle, this method distributes the pension costs evenly over the period in which an employee renders services to Athora Netherlands.

Self-administered Defined Pension Schemes

Entitlements from these schemes are insured at SRLEV within Athora Netherlands. The investments under these schemes are held by SRLEV; if they do not qualify as plan assets, they are presented as investments (general account).

Recognition of Costs in the Statement of Profit or Loss

Costs of Defined Contribution Schemes

The regular contributions in the defined contribution schemes qualify as net periodic costs in the year in which they are due and are recognised within the employee benefits expense. Employee contributions are deducted from this expense.

Income and Expense Associated with Defined Benefit Schemes

The following items are recognised in the statement of profit or loss for defined benefit schemes:

- periodic pension costs relating to the members of the scheme who are still employed by Athora Netherlands;
- costs of improvement (or costs relating to deducted value of entitlements returned) of these pension schemes, insofar as they relate to past employment;
- gains and losses on settlement of pension entitlements; and
- net interest on the net defined benefit liability (or asset).

Net Interest on Defined Benefit Schemes

Net interest is calculated based on the actuarial discount rate used to determine the present value of the gross pension entitlements. This net liability (or asset) is determined at the start of the annual reporting period, taking into account possible changes resulting from contributions from Athora Netherlands or employees and benefits paid out during the year.

Interest costs consist of actuarial interest costs corresponding to the gross defined benefit liability, the fixed return on qualifying investments (calculated as the present value of the gross defined benefit entitlements covered by the insurance contracts minus the net present value of future service costs, using the same assumptions as applied in the calculations of the defined benefit liability) and interest on the excess above the asset ceiling, which is determined if a defined benefit asset exists.

Recognition in Other Comprehensive Income

The following revaluations of the net pension liability (or asset) are recognised in other comprehensive income:
- actuarial gains and losses;
- gains on qualifying investments of defined benefit schemes actually realised during the year, net of the fixed gains and losses based on the actuarial discount rate that is included in the net interest from defined benefit schemes; and
- the effect of asset ceiling, if a defined benefit asset exists.

Revaluations are not reclassified to the statement of profit or loss in the next reporting period, but they can be reclassified to another component of equity, e.g., settlement of pension entitlements.

Other Long-term Employee Benefits

These refer to jubilee benefits and to discounts granted for bank and insurance products to (former) employees after the date of their retirement. The amount of the obligation is based on the present value of the discounts offered after the retirement date, taking into account actuarial assumptions about mortality and interest. Furthermore, an obligation for reimbursement of medical expenses is recognised. A liability for the expected expenses of these reimbursements during the period of employment is recognised according to the methods used to determine the defined pension schemes obligations. To qualify for these benefits, an employee's contract is required to run until his or her retirement age and it is to span a specified minimum period.

Share based payments

Athora Netherlands has issued a phantom share plan that entitles all eligible employees to receive cash payments based on the value of Athora Group common shares. For this cash-settled share-based payment transactions, Athora Netherlands measures the liability incurred as the fair value of the liability. Until the liability is settled, Athora Netherlands remeasures the fair value of the liability at the end of each reporting period and at the date of settlement, with any changes in value recognised in the income statement for the period.

Retention Bonus

Retention bonuses are employee benefits. The vesting and payment of retention bonuses are subject to certain conditions and law and regulations, which contains deferred payment for Identified Staff. The employees receive a retention bonus only if they remain with the entity for the specified period. The expected cost of bonus payments is recognised in the statement of profit or loss during this specified period as employees render service. Retention bonuses are recognised under staff costs as short-term employee benefits with the exception of the deferred part, which is recognised as other long-term employee benefits.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment. Termination benefits are recognised as staff costs in the statement of profit or loss.

Other Provisions

General

Provisions are recognised if there is a legally enforceable or constructive obligation arising from events in the past, the settlement of which is likely to require an outflow of assets, and a reliable estimate of the obligation can be made.

Provisions are measured at the present value of the expected future cash flows. Additions and any subsequent releases are recognised in the statement of profit or loss.

Restructuring Provision

The restructuring provision is a specific provision that consists of expected severance pay and other costs that are directly related to restructuring programmes. These costs are accounted for in the period in which a legally enforceable or constructive obligation to make payments arises. No provision is recognised for costs or future operating losses from continuing operations.

Athora Netherlands recognises severance pay if it has demonstrably committed itself, either through a constructive or legally enforceable obligation, to:
- terminating the employment contracts of current employees in accordance with a detailed formal plan without the option of the plan being withdrawn; or
- paying termination benefits as a result of an offer to encourage voluntary redundancy. Benefits that fall due after more than twelve months after the reporting date are discounted.

Legal Provisions

At the reporting date, Athora Netherlands recognises a provision for the estimated liability with respect to ongoing legal proceedings. The provision comprises an estimate of the payments due in the course of the legal proceedings, to the extent that it is more likely than not that an obligation exists at the reporting date. A provision is recognised if the obligation can be reliably estimated.

Financial Liabilities

Derivatives

See under the Financial Assets the section entitled ‘Derivatives’.

Amounts Due to Banks

Amounts due to banks comprise unsubordinated debts to credit institutions. Upon initial recognition, amounts due to banks are measured at fair value, including transaction costs incurred. These liabilities are subsequently measured at amortised cost.

Any difference between the measurement at initial recognition and the redemption value based on the effective interest method is recognised in the statement of profit or loss.

Other Liabilities

Other liabilities include creditors, amounts payable to reinsurers, other taxes and accrued liabilities as well as interest accrued on financial instruments that are measured at amortised cost. This category also includes lease liabilities.

Initially the lease liabilities are measured as a total of present value of lease rentals during the lease term and the present value of expected payments at the end of lease:
- fixed and variable payments less any lease incentives receivable;
- amounts expected to be payable under residual value guarantees, if any;
- the exercise price of a purchase option if Athora Netherlands is reasonably certain to exercise that option, if any;
- payments of penalties for terminating the lease, if the lease term reflects the early termination, if any.

Lease liabilities are subsequently measured based on amortised cost using the effective interest method.

The discount rates are the incremental borrowing rates that have been determined for each asset based on the asset category (property and vehicles), lease tenor and amount, also taking Athora Netherlands’ creditworthiness and other economic factors into account.

6.1.6 Accounting Policies for the Statement of Profit or Loss

Income and expenditure are allocated to the period to which they relate. Costs are recognised in the cost category to which they relate.

Income

Income represents the fair value of the services, after elimination of intra-group transactions within Athora Netherlands. Income is recognised as described in the following sections.

Insurance Service Result

Insurance Revenue

Athora Netherlands recognises insurance revenue, as it provides services under groups of insurance contracts. The insurance revenue relating to services provided for each year represents the total of the changes in the liability for remaining coverage that relate to services for which Athora Netherlands expects to receive consideration, and comprises the following items:

- A release of the CSM, measured based on coverage units provided.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims and other insurance service expenses as expected to be incurred at the start of the reporting period,
- In addition, Athora Netherlands allocates a portion of premiums that relate to recovering insurance acquisition cash flows to each period in a systematic way based on the passage of time. Athora Netherlands recognises the allocated amount as insurance revenue and an equal amount as insurance service expenses.

The amount of the CSM of a group of insurance contracts that is recognised as insurance revenue in each year is determined by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year.

The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of benefits provided and its expected coverage period. The coverage units are reviewed and updated at each reporting date.

The release of the CSM in a reporting period reflects the insurance contract services provided, which for a group of insurance contracts without direct participating features, represents the insurance coverage and investment return services (if applicable).

The expected coverage period reflects expectations of lapses and cancellations of contracts, 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 relating to those services have been paid.

Athora Netherlands establishes a loss component of the liability for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liability for remaining coverage excluding the loss component on a systematic basis. The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows (consisting of the insurance claims, expenses and intrinsic value of options and guarantees) plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

Changes in fulfilment cash flows relating to future services and changes in the amount of Athora Netherlands' share of the fair value of the underlying items for direct participating contracts are allocated solely to the loss component. If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

Insurance Service Expense

Insurance service expenses arising from insurance contracts are recognised in profit or loss generally as they are incurred. They exclude repayments of investment components and comprise the following items.

- Incurred claims and other insurance service expenses: For some life risk contracts, incurred claims also include premiums waived on detection of critical illness.
- Amortisation of insurance acquisition cash flows: This is equal to the amount of insurance revenue recognised in the year that relates to recovering insurance acquisition cash flows.

- Losses on onerous contracts and reversals of such losses.
- Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.
- Impairment losses on assets for insurance acquisition cash flows and reversals of such impairment losses.

Net Expenses from Reinsurance Contracts held

Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers.

Athora Netherlands recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts. The allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the asset for remaining coverage that relate to services that Athora Netherlands expects to receive, and comprises the following items:
- A release of the CSM, measured based on coverage units received.
- Changes in the risk adjustment for non-financial risk relating to current services.
- Claims to be recovered in the period as expected at the start of the period.

For a group of reinsurance contracts covering onerous underlying contracts, Athora Netherlands establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:
- on recognition of onerous underlying contracts, if the reinsurance contract covering those contracts is entered into before or at the same time as those contracts are recognised; and
- for changes in fulfilment cash flows of the group of reinsurance contracts relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals or recoveries of losses from the reinsurance contracts and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that Athora Netherlands expects to recover from the reinsurance contracts.

Investment Result

Result on Investments

Result on investments consists of interest, dividends, rental income and revaluations.

Interest

The interest income is calculated based on the contractual interest rate.

Dividends

Dividend income is recognised in the statement of profit or loss as soon as the entity's right to payment is established. In the case of listed securities, this is the date on which these securities are quoted ex-dividends.

Rental Income

Rental income consists of rentals from investment property. Rental income is recognised as income on a straight-line basis for the duration of the lease agreement.

Revaluations

This item serves to recognise realised and unrealised increases and decreases in the fair value of financial assets qualifying as at fair value through profit or loss. Revaluations concern the difference between the fair value at the reporting date or net proceeds from the sale during the reporting period on the one hand, and the fair value at the beginning of the reporting period or the purchase price during the reporting period on the other.

Result on Investments for Account of Policyholders

This item represents income from investments held for account of life insurance policyholders. These investments are measured at fair value. Increases and decreases in the value of investments are recognised in the statement of profit or loss as result on investments. The dividends and interest for account of policyholders are also accounted for in this item.

Results on Investments and Liabilities for Account of Third Parties

Result on investments for account of third parties represents gains and losses on investments for account of third parties. These gains and losses comprise increases and decreases in the fair value changes on the investments for account of third parties respectively the changes in fair value of the liabilities arising from these investments.

Result on liabilities for account of third parties represents changes in value of liabilities from investments for account of third parties, which mirror the changes in the fair value of the underlying investments.

Result on Derivatives

Gains and losses on derivative and other financial instruments are recognised under this item. Derivatives are measured at fair value. Gains and losses from revaluations to fair value are directly recognised in the statement of profit or loss within gains and losses on financial instruments.

Share in Result of Associates and Joint Ventures

This item represents Athora Netherlands' share of profit of its associates and joint ventures. If the carrying amount of an associate or a joint venture falls to zero, no further losses are recognised, unless Athora Netherlands has entered into commitments or made payments on its behalf.

To the extent necessary, the accounting policies applied by associates and joint ventures have been adjusted to ensure consistency with those applied by Athora Netherlands.

Impairment Losses other than financial instruments

This item includes impairments other than financial instruments whose carrying amounts exceed their recoverable amounts. It relates to intangible assets, property and equipment, associates and joint ventures. As soon as an impairment loss is identified, it is recognised in the statement of profit or loss.

Insurance Finance Income and Expenses

Insurance finance income and expenses comprise changes in the carrying amounts of groups of insurance and reinsurance contracts arising from the effects of the time value of money, financial risk and changes therein, unless any such changes for groups of direct participating contracts are allocated to a loss component and included in insurance service expenses. They include changes in the measurement of groups of contracts caused by changes in the value of underlying items (excluding additions and withdrawals).

Athora Netherlands does not disaggregate insurance finance income and expense between profit or loss and other comprehensive income.

Other Income

Commission Income

Fee and commission income comprises primarily asset management fees, which are in scope of IFRS 15.

Asset management fee comprises fees received on contracts with external parties related to the asset management activities of the investment portfolio as well as the tactical asset allocation according to the mandate agreed upon. It also includes fees relating to the valuation of the outstanding assets and the related (financial) administration of all assets. Given that these services are provided and consumed during the year the fees are recognised over time.

Fees related to commission received as reward by external parties for insurance contracts signed by Athora Netherlands' intermediaries and fees received for administrative services. Depending on the underlying contract, the fees are recognised at a point in time or over time.

Commission Expense

Commission expenses and management fees are accounted for as fee and commission expense to the extent that they are related to the services received in the reporting period.

Commission costs related to transactions in general account financial instruments is included in the amortised cost of this instrument, unless the instrument is measured at fair value through profit or loss, in which case the commission is included in the result.

Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct relationship between costs incurred and the corresponding economic benefits. If future economic benefits are expected to occur in different reporting periods, expenses are recognised in the statement of profit or loss based on a systematic allocation method. Expenses are directly recognised in the statement of profit or loss if they do not generate any future economic benefits.

Other Operating Expenses

Staff Costs

This item concerns expenses related to staff, including salaries, social security contributions and pension costs.

Depreciation and Amortisation of Non-current Assets

This item comprises all depreciation and amortisation of property and equipment and intangible assets. For details on depreciation and amortisation, see Section 6.1.5 entitled 'Accounting policies for the statement of financial position' (see the applicable items).

Other Expenses

This includes office expenses, accommodation expenses and other operating expenses.

Other Finance Result

This item primarily comprises interest expenses related to lease liabilities as well as interest on subordinated bonds and private loans issued by Athora Netherlands. Interest expenses are recognised in the statement of profit or loss based on the effective interest method.

6.1.7 Contingent Liabilities and Commitments

Contingent liabilities are liabilities not recognised in the statement of financial position because the existence is contingent on one or more uncertain events that may or may not occur in the future not wholly within the control of Athora Netherlands. It is not possible to make a reliable estimate of such liabilities. For the accounting principle for loan commitments reference is made to the accounting policies of the financial instruments.

The maximum potential credit risk arising from pledges and guarantees is stated in the notes. In determining the maximum potential credit risk, it is assumed that all the counterparties will no longer live up to their contractual obligations and that all the existing collateral is without value.

6.1.8 Cash Flow Statement

The cash flow statement is prepared according to the indirect method, and distinguishes between cash flows from operational, investment and financing activities. Cash flows in foreign currency are converted at the exchange rate applicable on the transaction date. With regard to cash flow from operations, operating results before tax are adjusted for gains and losses that did not result in income and payments in the same financial year and for movements in provisions and accrued and deferred items.

Investments in subsidiaries, associates and joint ventures are stated under cash flow from investing activities. The cash and cash equivalents available at the acquisition date are deducted from the purchase price. In the context of the cash flow statement, cash and cash equivalents are equal to the balance sheet item cash and cash equivalents.

6.2 Acquisitions and Disposals

Disposals

There were no disposals of businesses in 2023.

Apollo Strategic Origination Partners (2022)

In 2022 Athora Netherlands has disposed all its investments in Apollo Strategic Origination Partners (ASOP). ASOP was presented as an associate.

Acquisitions

2023

Foundation of WTW's PPI

On 1 April 2023, Athora Netherlands completed the acquisition of the business of the Foundation of WTW's PPI (here after called the Foundation) in the Netherlands. The assets acquired and liabilities assumed constitute a business and are accounted for by applying the acquisition method in accordance with IFRS 3 Business combinations.

The Foundation is a PPI that offers defined contribution pension arrangements for employers. For obtaining control of the foundation the articles of association were changed and changes in the management board and supervisory board positions were made. The transaction included a transfer of sponsorship from the seller to Athora Netherlands. On 1 December 2023, the Foundation was converted into a private company and hereafter merged into Zwitserleven PPI.

From the date of completion (1 April 2023), the Foundation is included in the result and the balance sheet positions in the consolidated financial statements. Athora Netherlands recognised the identifiable assets acquired and the liabilities assumed at their acquisition date fair values. Then it assessed if goodwill or a gain from a bargain purchase had to be recognised by determining if there is an excess between the consideration transferred and the recognised net of the acquisition-date amounts of identifiable assets acquired and liabilities assumed. The total consideration amounted € 8.1 million. The fair value of identified assets and liabilities consist of intangible assets of € 4.8 million and the net current assets and liabilities of € 3.3 million. No goodwill nor a gain from a bargain purchase was identified. The intangible assets relate to acquired business contracts, business IP rights, and service agreements. The purchase price for these contracts, that was included in the consideration, reflects the fair value.

The investments for risk of the participants of the Foundation of an amount of € 1.2 billion and the corresponding liabilities are not recognised in the balance sheet. Athora Netherlands has no control over the financial investments and the related liabilities to participants ("silo) , because Athora Netherlands has no right on the variable returns and the investments cannot be altered without consent of the participants. The consolidated statement of comprehensive income of Athora Netherlands includes € 4.7 million revenues and a profit after tax of nil relating to the Foundation for the period commencing 1 April 2023.

If this acquisition had taken place at the beginning of 2023 the impact on the consolidated comprehensive income would have been an increase of revenues of € 6.4 million and an unchanged profit after tax.

Acquisition of insurance contracts from Onderlinge Levensverzekering-Maatschappij 's-Gravenhage UA

In August 2023, Athora Netherlands acquired a pillar II pension portfolio, and a closed pension plan of the employees from Onderlinge Levensverzekering-Maatschappij 's-Gravenhage UA (hereafter OG) and of the Levensverzekeringsmaatschappij de Hoop. This investment is accounted as an asset acquisition.

The pillar II pension portfolio consists of collective pension schemes for small and medium enterprises that offer employees and directors major shareholder a guaranteed capital at retirement which can be used to buy an annuity. The pillar II pension portfolio is the main part of this transaction. The invested pension assets relating to the acquired insurance portfolio were transferred from OG to Athora Netherlands, at a consideration of € 241 million.

For initial recognition of the acquired insurance portfolio, and in accordance with its accounting policies, Athora Netherlands has identified groups of insurance contracts and calculated a contractual service margin of € 23 million, using the consideration received of € 241 million as a proxy for the received premiums.

2022

In 2022, Athora Netherlands' subsidiary SRLEV has acquired 100% shares in PDC Industrial Center 143 sp. z.o.o., Dumenza sp. z.o.o., Athora France Sky Holdings 1 SASU, RE NL Holding 1 S.a.r.l. and Athora Lux Earth Holdings 1 S.A., as part of its investment property mandate. These investments are all accounted for as asset acquisitions.

PDC Industrial Center 143 sp. z.o.o.

PDC Industrial Center 143 sp. z.o.o. is a Polish private limited company that invests directly or indirectly in Polish commercial real estate. SRLEV has acquired the shares for an amount of € 7 million and is the only shareholder. As part of this transaction SRLEV granted a loan of € 17 million to PDC Industrial Center 143 sp. z.o.o. The underlying investment property amounts € 25 million at the time of acquisition.

Athora France Sky Holdings 1 SASU

Athora France Sky Holdings 1 SASU is a French simplified joint stock company that invest directly or indirectly via its subsidiaries, Athora Sky 1 SCI, Athora Sky Douai SCI, Athora Sky Peynier SCI and Athora Sky Flassan SCI in French commercial real estate. SRLEV has acquired the shares for an amount of € 53 million and is the only shareholder in Athora France Sky Holdings 1 SASU. As part of this transaction SRLEV granted a loan of € 79 million to Athora France Sky Holdings 1 SASU. The underlying investment property amounts € 117 million at the time of acquisition.

RE NL Holding 1 S.a.r.l.

RE NL Holding 1 S.a.r.l. is a Luxembourg private limited company that invest indirectly via its subsidiary Logistik Fastighets AB with its subsidiaries Logistik Borås 1 AB, Logistik Vansbro 1 AB and Logistik Örebro 1 AB in Swedish commercial real estate and via its subsidiary Ireland TAM Dublin Property S.a.r.l in Irish commercial real estate. SRLEV has acquired the shares for an amount of € 89 million and is the only shareholder in RE NL Holding 1 S.a.r.l. As part of this transaction SRLEV granted a loan of € 51 million to RE NL Holding 1 S.a.r.l. The underlying investment property amounts € 128 million at the time of acquisition.

Athora Lux Earth Holdings 1 S.A.

Athora Lux Earth Holdings 1 S.A. is established in Luxembourg and its purpose is to invest in French office real estate. Athora Lux Earth Holdings 1 S.A. operates as a public limited company. Until December 2022 Athora Netherlands owns 65.7% of shares, Athora Belgium owns the remaining 34.3%. Athora Netherlands accounted for its participation in Athora Lux Earth Holdings 1 S.A. as a joint venture and measured it using the equity method. The joint control had been established in the shareholders' agreement. Each shareholder appointed two out of four members in the Board of Directors and the strategic decisions had to be taken unanimously by this Board.

At the end of 2022, Athora Netherlands has acquired the 34.3% share held by Athora Belgium and obtained full control and from then on Athora Lux Earth Holding 1 S.A. is consolidated. With this transaction Athora Netherlands acquired investment property and other assets for € 139 million in total and liabilities of € 122 million. The total consideration, including the fair value of the share of 65,7% already held by Athora Netherlands, amounts to € 22 million.

Dumenza sp. z.o.o.

Dumenza sp. z.o.o. Is a Polish private limited company that invest directly or indirectly in Polish commercial real estate. SRLEV has acquired the shares for an amount of € 2 million and is the only shareholder. It had no underlying investment property at the time of acquisition.

6.3 Notes to the Consolidated Financial Statements

1 Intangible Assets

The intangible assets relate to the intangible assets that were identified when Athora Netherlands completed the acquisition of the business of the Foundation of WTW's PPI in the Netherlands on 1 April 2023. The intangible assets consist of business contracts, business IP rights and service agreements. Reference is made to paragraph 6.2 Acquisitions and disposals.

2 Property and Equipment

BREAKDOWN OF PROPERTY AND EQUIPMENT		
In € millions	2023	2022
Land and buildings for own use	14	32
IT equipment	2	-
Right-of-use assets (ROU)	13	1
Other assets	5	2
Total	34	35

BREAKDOWN OF RIGHT-OF-USE ASSETS		
In € millions	2023	2022
Property	12	-
Vehicles	1	1
Total	13	1

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2023						
In € millions	Land and buildings	IT equipment	ROU: Property	ROU: Vehicles	Other assets	Total
Accumulated acquisition costs	30	10	13	2	16	71
Accumulated depreciation and impairments	-16	-8	-1	-1	-11	-37
Balance as at 31 December	14	2	12	1	5	34
Balance as at 1 January	32	-	-	1	2	35
Reclassifications	-21	-	-	-	4	-17
Investments	2	2	13	1	2	20
Depreciation	-	-	-1	-1	-3	-5
Impairments	1	-	-	-	-	1
Balance as at 31 December	14	2	12	1	5	34

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2022					
In € millions	Land and buildings	IT equipment	ROU: Vehicles	Other assets	Total
Accumulated acquisition costs	87	8	5	14	114
Accumulated depreciation and impairments	-55	-8	-4	-12	-79
Balance as at 31 December	32	-	1	2	35
Balance as at 1 January	36	1	1	4	42
Investments	2	-	1	-	3
Depreciation	-1	-1	-1	-1	-4
Impairments	-5	-	-	-	-5
Other	-	-	-	-1	-1
Balance as at 31 December	32	-	1	2	35

Right-of-use assets (ROU) include the leased office buildings and leased vehicles for use by Athora Netherlands employees. Athora Netherlands has chosen to exempt short-term leases and low value leases and therefore they are not included in the ROU. The relating costs will be reported as part of the operating expenses instead.

In 2023 the interest expenses on lease liabilities amount to € 1 million and are included in the Other Finance Result. The expenses relating to short-term leases are included in Other Operating Expenses and are nil for the year 2023. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

Appraisal of Land and Buildings for Own Use

All land and buildings for own use are appraised by an external surveyor at the end of the fourth quarter.

VALUATION OF LAND AND BUILDINGS FOR OWN USE			
In € millions	Assessed	Carrying amount	Appraised value as % of total carrying amount
2023	14	14	100%
2022	32	32	100%

3 Investments in Associates and Joint Ventures

Associates

This item comprises Athora Netherlands' investment in CBRE Property Fund Central and Eastern Europe (CBRE PFCEE).

CBRE PFCEE's share capital consists entirely of ordinary shares and SRLEV holds an interest in those shares. CBRE PFCEE operates as a joint fund under Dutch law (*in Dutch: fonds voor gemene rekening*) and invests in commercial real estate in Central and Eastern Europe. The statutory objective of CBRE PFCEE is to invest in real estate directly or indirectly with the main focus on maximising the rental income. The shares of the associate are not listed.

Joint ventures

This item comprised SRLEV's investment in Athora Lux Earth Holdings 1 S.A. (Athora Lux Earth Holdings). The entity is established in Luxembourg and its purpose is to invest in French office real estate. Athora Lux Earth Holdings operates as a public limited company. Until December 2022 SRLEV owned 65.7% of shares, Athora Belgium owned the remaining 34.3%. SRLEV accounted for its participation in Athora Lux Earth Holdings as a joint venture and measured it using the equity method. At the end of 2022, SRLEV has acquired the 34.3% share held by Athora Belgium and obtained full control and from then on Athora Lux Earth Holdings is consolidated.

OVERVIEW OF INVESTMENTS IN ASSOCIATES AS PER 31 DECEMBER 2023			
Name	Country of incorporation	% of ownership interest	Measurement method
CBRE Property Fund Central and Eastern Europe (CBRE PFCEE)	Netherlands	30%	Equity

OVERVIEW OF INVESTMENTS IN ASSOCIATES AS PER 31 DECEMBER 2022			
Name	Country of incorporation	% of ownership interest	Measurement method
CBRE Property Fund Central and Eastern Europe (CBRE PFCEE)	Netherlands	30%	Equity

STATEMENT OF CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
In € millions	2023	2022
Balance as at 1 January	**38**	**211**
Reclassifications	-	-88
Repayment of capital invested	-	-81
Result of associates and joint ventures	4	1
Dividend received	-2	-5
Balance as at 31 December	**40**	**38**

The information below was derived from CBRE PFCEE's financial statements. CBRE PFCEE's financial year ends on 31 December 2023. The financial statements have been prepared in accordance with IFRS. It does not represent the share of SRLEV in its profits.

CONDENSED STATEMENT OF FINANCIAL POSITION OF CBRE PFCEE		
In € millions	2023	2022
Non-current assets	158	152
Current assets	14	12
Total assets	**172**	**164**
Current liabilities	25	2
Non-current liabilities	25	44
Total liabilities	**50**	**46**
Net assets	**122**	**118**

CONDENSED STATEMENT OF PROFIT OR LOSS OF CBRE PFCEE		
In € millions	2023	2022
Income	23	16
Expenses	8	6
Result continued operations	**15**	**10**
Tax expense	3	2
Net result continued operations	**12**	**8**

4 Investment Property

SPECIFICATION INVESTMENT PROPERTY		
In € millions	2023	2022
Investment property	985	1,012
Right-of-use assets (ROU): Investment property	1	-
Total	**986**	**1,012**

STATEMENT OF CHANGES IN INVESTMENT PROPERTY 2023			
In € millions	Investment property	ROU: Investment property	Total
Balance as at 1 January	1,012	-	1,012
Reclassifications	17	-	17
Investments	59	1	60
Divestments	-20	-	-20
Revaluations	-83	-	-83
Balance as at 31 December	985	1	986

STATEMENT OF CHANGES IN INVESTMENT PROPERTY 2022		
In € millions	Investment property	Total
Balance as at 1 January	615	615
Investments	437	437
Revaluations	-40	-40
Balance as at 31 December	1,012	1,012

Investment property mainly consists of offices, logistical warehouses and retail properties.

The rental income from operating leases of the investment property is reported in Note 25 Result on Investments.

The future lease payment (excluding service costs and VAT) to be received for investment property (with a definite contract period) for a period of up to one year is € 47 million; for a period of one to two years is € 45 million; for a period of two to three years is € 38 million; for a period of three to four years is € 27 million; for a period of four to five years is € 25 million; for a period of longer than five years is € 45 million.

5 Investments

BREAKDOWN OF INVESTMENTS		
In € millions	2023	2022 Restated
Investments for general account	32,338	30,792
Investments for account of policyholders	12,592	11,689
Total	**44,930**	**42,481**

The investments for general account are the investments for own account of Athora Netherlands. The investments for account of policyholders are the investments under unit-linked policies.

Investments for general account

BREAKDOWN OF INVESTMENTS FOR GENERAL ACCOUNT						
	FVTPL Mandatory		FVTPL Designated		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Bonds	13,985	13,701	-	-	13,985	13,701
Loans and deposits	8,111	8,166	3,325	3,386	11,436	11,552
Total debt instruments	**22,096**	**21,867**	**3,325**	**3,386**	**25,421**	**25,253**
Shares and similar investments	6,917	5,539	-	-	6,917	5,539
Total	**29,013**	**27,406**	**3,325**	**3,386**	**32,338**	**30,792**

Investments increased in 2023 by € 1.5 billion compared to 2022. Bonds have increased by € 284 million which is mainly caused by € 381 million positive revaluation as long term interest rates have decreased. The remaining € 97 million is due to higher disposals and redemptions compared to purchases and advances. FVTPL designated loans relates to private loans linked to saving mortgages. The increase in shares and similar investments is mainly caused by € 986 million net investments in money market funds and € 249 million positive market movement.

BREAKDOWN OF INVESTMENTS FOR GENERAL ACCOUNT: LISTED AND UNLISTED								
	Shares and similar investments		Bonds		Loans and deposits		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Listed	-	-	12,331	11,868	-	-	12,331	11,868
Unlisted	6,917	5,539	1,654	1,833	11,436	11,552	20,007	18,924
Total	**6,917**	**5,539**	**13,985**	**13,701**	**11,436**	**11,552**	**32,338**	**30,792**

STATEMENT OF CHANGES IN INVESTMENTS FOR GENERAL ACCOUNT								
	Shares and similar investments		Bonds		Loans and deposits		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Balance as at 1 January	**5,539**	**3,067**	**13,701**	**25,163**	**11,552**	**12,988**	**30,792**	**41,218**
Purchases and advances	22,058	25,662	13,392	13,141	3,130	3,447	38,580	42,250
Disposals and redemptions	-20,815	-23,182	-13,491	-21,550	-3,275	-3,112	-37,581	-47,844
Revaluations	305	33	496	-3,134	114	-1,963	915	-5,064
FX Result	-56	-6	-115	97	-96	69	-267	160
Received Coupons	-	-	-284	-393	-375	-217	-659	-610
Accrued Interest	-	-	286	377	386	340	672	717
Dividend Received/ Negative Distribution	-114	-35	-	-	-	-	-114	-35
Balance as at 31 December	**6,917**	**5,539**	**13,985**	**13,701**	**11,436**	**11,552**	**32,338**	**30,792**

Investments for general account has increased by € 1,546 million compared to 2022. More detailed explanation on this is provided below. Consistent with 2022, shares and similar investments and loans and deposits portfolios have only unlisted investments and the bonds portfolio has more than 85% in listed investments.

The increase in shares and similar investments was driven by higher purchases and advances compared with disposals and redemption (€ 1,243 million difference). Furthermore, the higher positive revaluation in 2023, of € 305 million, is in line with the upward movement in stock indices in 2023 compared to a downward movement in 2022. The increase in short-term rates also led to inflows into the money-market funds.

The bonds portfolio decreased in 2022 due to large disposals and higher interest rates, but this stabilised in 2023. Although the disposals are slightly higher compared to the purchases (€ 99 million difference), the decrease in long term interest rates on bonds in 2023 resulted in a positive revaluation of € 496 million compared with negative revaluations in 2022 of € 3,134 million, resulting in higher year-end values.

Loans and deposits decreased in 2023 by € 116 million to € 11,436 million. This was driven by larger disposals and redemptions than purchases and advances which had a negative effect of € 145 million. The positive revaluation in 2023 of € 114 million was mainly driven by interest rate developments. The FX result had a negative impact of € 96 million.

Some investments have been posted as collateral for amounts due to derivatives and for repurchase agreements. The carrying amount (fair value) of investments posted as collateral at 31 December 2023 was € 2,714 million (2022: € 2,734 million). The collateral received for derivatives are reported in Note 35 Financial Instruments.

The disposals and redemptions in loans and deposits include the sale of a part of the mortgage portfolio.

BREAKDOWN OF LOANS AND DEPOSITS		
In € millions	2023	2022 Restated
Mortgages	3,367	4,325
Private loans linked to savings mortgages	3,325	3,386
Other private loans	4,741	3,838
Deposits	3	3
Total	**11,436**	**11,552**

The decrease in mortgages by € 958 million was mainly driven by the sale of a part of the mortgage portfolio and redemptions exceeding new lending (total net incoming cash flow is € 1,028 million). The remaining € 70 million are positive revaluations as retail mortgage rates have decreased in 2023 therefore lowering the discount rate and resulting in higher revaluations. Increase in Other private loans of € 903 million is related to € 1,037 million net investments in loan investments (mainly foreign corporate loans), € 38 million negative revaluation result and € 96 million FX results.

Investment Portfolio

BREAKDOWN OF INVESTMENTS OF INSURANCE BUSINESS		
In € millions	2023	2022 Restated
Bonds	13,985	13,701
Other private loans	4,741	3,838
Mortgages	3,367	4,325
Private loans linked to savings mortgages	3,325	3,386
Deposits	3	3
Total	**25,421**	**25,253**

For more information about the private loans linked to savings mortgages see Note 20 Guarantees and Commitments.

The following table shows the breakdown of the debt instruments portfolio by sector.

BREAKDOWN OF DEBT INSTRUMENTS PORTFOLIO (SECTOR)				
In € millions	2023		2022 Restated	
Sovereign	7,905	31%	8,540	34%
Corporate bonds - financial sector	3,470	14%	2,811	11%
Corporate bonds - non-financial sector	2,029	8%	2,249	9%
Asset-backed securities	581	2%	101	0%
Loans	4,727	19%	3,822	15%
Mortgages	6,691	26%	7,711	31%
Other	18	0%	19	0%
Total	**25,421**	**100%**	**25,253**	**100%**

Compared to 2022 the breakdown of the debt instrument portfolio by sector shifted more towards financial sector corporate bonds, loans and asset-backed securities while moving away from mortgages and sovereign bonds. Other categories like other and corporate bonds - non-financial sector remained of similar relative size in 2023. The loans category is split up between loans and mortgages.

The decrease of € 635 million sovereign in 2023 is caused by € 855 million net divestments and € 220 million positive market movement. Corporate bonds include a positive market movement of € 160 million. Increase of asset backed securities contains short duration securities as a new manner to invest excess cash. Increase loans is mainly related to net investments in foreign corporate loans.

Decrease of mortgage portfolio is related to sold mortgages and redemptions exceeding new lendings.

The following overview includes the debt Instruments by rating category.

BREAKDOWN OF DEBT INSTRUMENTS PROFILE (RATING)				
In € millions	2023		2022 Restated	
AAA	4,531	18%	6,432	25%
AA	3,672	14%	1,924	8%
A	4,858	19%	3,866	15%
BBB	1,519	6%	1,745	7%
< BBB	308	1%	565	2%
Not rated	10,533	42%	10,721	43%
Total	**25,421**	**100%**	**25,253**	**100%**

In 2023, Athora Netherlands continued its investment deployment strategy which is reflected in the increase of the AA and A rated investments in the debt Instruments portfolio (2023: 33%, 2022: 23%) and a decrease of AAA rated investments (2023: 18%, 2022: 25%). These are higher risk investments.

The debt Instruments by geographic area is included in the table below.

BREAKDOWN OF DEBT INSTRUMENTS PROFILE (GEOGRAPHIC)				
In € millions	2023		2022 Restated	
Netherlands	8,412	33%	10,142	40%
United States Of America	4,011	16%	3,656	14%
France	2,968	12%	1,239	5%
Germany	2,675	11%	4,244	17%
United Kingdom	1,511	6%	1,376	5%
Japan	1,403	6%	1,223	5%
Austria	624	2%	628	2%
Belgium	585	2%	477	2%
Luxembourg	386	1%	172	1%
Cayman Islands	382	1%	142	1%
Others (per world region)				
Other European countries	1,916	8%	1,509	6%
Other North-American countries	285	1%	166	1%
Oceania	219	1%	158	1%
Other Asian countries	29	0%	107	0%
South-America	15	0%	14	0%
Total	**25,421**	**100%**	**25,253**	**100%**

The debt Instruments portfolio of Athora Netherlands has predominantly European debtors. Dutch and German issued bonds and loans are representing 44% (2022: 57%) of the total debt Instruments portfolio. The French issued bonds represents 12% (2022: 5%).

The category 'Other European countries' also includes investments in European and other international banking institutions that cannot be allocated to a single country (2023: € 1,916 million / 2022: € 1,509 million).

BREAKDOWN OF MORTGAGES PER RISK CATEGORY		
In € millions	2023	2022 Restated
Mortgages < 75% of foreclosure value	2,999	3,660
Mortgages 75% < > 100% of foreclosure value	111	34
Mortgages > 100% of foreclosure value	12	14
Mortgages with National Mortgage Guarantee	245	617
Residential mortgage in the Netherlands	**3,367**	**4,325**

Investments for Account of Policyholders

Investments for account of policyholders include investments under unit-linked policies for an amount of € 12,592 million (2022: € 11,689 million) and separate investment deposits for separate accounts amounting to € 778 million (2022: € 1,057 million).

BREAKDOWN OF INVESTMENTS FOR ACCOUNT OF POLICYHOLDERS: LISTED AND UNLISTED		
In € millions	2023	2022 Restated
Shares and similar investments		
- Listed	11,844	10,922
- Unlisted	266	285
Bonds		
- Listed	243	248
- Unlisted	239	234
Total	12,592	11,689

As a consequence of the consolidation of investments funds, the investments for account of policyholders within these funds are represented by the underlying investments.

STATEMENT OF CHANGES IN INVESTMENTS FOR ACCOUNT OF POLICYHOLDERS		
In € millions	2023	2022 Restated
Balance as at 1 January	11,689	14,502
Purchases and advances	1,591	1,432
Disposals and redemptions	-2,117	-1,750
Revaluations	1,436	-2,517
Dividend Received/Negative Distribution	-1	-1
Received Coupons	-9	-11
Accrued Interest	-4	19
FX Result	7	15
Balance as at 31 December	12,592	11,689

The increase of € 903 million for account of policyholders was mainly driven by positive fair value changes with an amount of € 1,436 million. The positive revaluation result mainly relates to favourable market movements.

The decrease of € 531 million is related to transition of four Separate Accounts to general investment portfolio and switch to PPI (Investments for Account of third parties).

VFA Underlying items

INSURANCE CONTRACTS - VFA UNDERLYING ITEMS		
In € millions	2023	2022 Restated
Shares and similar investments	11,069	9,407
Total	11,069	9,407

This table sets out at the reporting date the composition and the fair value of the underlying items of the direct participating insurance contracts that are measured against the Variable Fee approach (VFA). These underlying investments relate to unit-linked contracts that, in part, meet the criteria of the VFA. The underlying investments are unit-linked investment funds, of which a part is consolidated by Athora Netherlands. The VFA underlying items relatively increased more than the Investments for account of policyholders, due to a different mix of underlying funds.

The part of Investments for Account of Policyholders that are backing contracts measured under the General measurement model (GMM) are not included in this overview.

6 Investments/Liabilities for Account of Third Parties

The third party investments amount to € 7,560 million (2022: € 4,108 million) and largely consist of Cardano funds and investments for the account of participants of Zwitserleven PPI.
The increase of third party investments in 2023 is due to positive revaluation result investment funds and increase of external parties in Cardano funds where Athora Netherlands has over 20% exposure.

BREAKDOWN PER TYPE OF INVESTMENTS		
In € millions	2023	2022
Shares and similar investments	7,518	4,069
Investments in investments funds	**7,518**	**4,069**
Other investments	37	33
Cash of participants to be invested	5	6
Other investments	**42**	**39**
Total	**7,560**	**4,108**

STATEMENT OF CHANGES IN INVESTMENTS FOR ACCOUNT OF THIRD PARTIES		
In € millions	2023	2022
Balance as at 1 January	**4,108**	**3,354**
Purchases and advances	5,797	1,676
Disposals and redemptions	-3,171	-336
Revaluations	826	-586
Balance as at 31 December	**7,560**	**4,108**

7 Derivatives

BREAKDOWN OF DERIVATIVES						
	Positive value		Negative value		Balance	
In € millions	2023	2022	2023	2022	2023	2022
Derivatives	6,507	10,552	7,987	13,166	**-1,480**	**-2,614**
Total	**6,507**	**10,552**	**7,987**	**13,166**	**-1,480**	**-2,614**

The derivatives portfolio started with a large negative position in 2023 mainly because of the significant rise in long term swap rate in 2022. With the swap rate dropping in 2023 there has been a positive revaluation of € 806 million driven by the interest rate derivatives. The FX result also had a positive impact of € 201 million driven by currency derivatives mainly related to US dollar and Japanese yen. Although the inflation expectation in 2023 has been dropping there has not been a significant negative movement in the inflation linked derivatives because of strategic purchases through 2023. The above combined with net investments into derivatives of € 158 million has led to a positive movement of € 1,134 million in 2023.

STATEMENT OF CHANGES IN DERIVATIVES		
In € millions	2023	2022
Balance as at 1 January	**-2,614**	**2,419**
Purchases and advances	587	520
Disposals and redemptions	-429	-203
Revaluations	806	-5,214
Accrued interest	-31	14
FX Result	201	-150
Balance as at 31 December	**-1,480**	**-2,614**

The purchases mainly consist of interest rate derivatives of € 586 million and the disposals mainly consist of bond forwards of € -394 million.

For more information about derivatives see Note 27 Results on Derivatives and Note 36 Hedging.

8 Deferred Tax

ORIGIN OF DEFERRED TAX 2023					
In € millions	1 January	Change through profit or loss	Change through equity	Other movements	31 December
Capitalised acquisition costs Insurance activities	20	-1	-	-	19
(Investment) property and equipment	-80	9	-	-	-71
Investments	357	-206	-	-	151
Derivatives	777	-288	-	-	489
Insurance contracts	-61	139	-	-	78
Provision for employee benefits	27	-9	-4	-	14
Carry forward losses	-	40	-	-	40
Other	9	27	-	14	50
Total	1,049	-289	-4	14	770

ORIGIN OF DEFERRED TAX 2022 RESTATED				
In € millions	1 January	Change through profit or loss	Change through equity	31 December
Capitalised acquisition costs Insurance activities	19	1	-	20
(Investment) property and equipment	-86	6	-	-80
Investments	-912	1,269	-	357
Derivatives	-565	1,342	-	777
Insurance contracts	2,322	-2,383	-	-61
Provision for employee benefits	70	7	-50	27
Other	-94	103	-	9
Total	754	345	-50	1,049

The total amount of change in deferred tax through profit or loss is € -289 million (2022: € 345 million). This amount is due to temporary differences (2023: € -329 million; 2022: € 275 million), capitalisation of a deferred tax asset for carry forward losses (2023: € 40million) and the impact of the reversal of non-recoverable deferred tax assets (DTA) (€ 69 million in 2022). See also Note 33 Income Tax.

In 2022 the DTA reassessment has been performed with the updated economic data. Due to the increased interest rates and spread, the DTA is fully recoverable. Therefore, the expense of € 69 million non-recoverable DTA in 2021 is reversed in 2022 (refer to Note 33 'Income Tax'). A sensitivity analysis is performed on the DTA recoverability. Among all the factors that were taken into consideration in the sensitivity analysis, spread has a relatively higher impact on the recoverability of DTA.

In 2023 the DTA for the Dutch entities remains fully recoverable. Given the current economic situation, the DTA recoverability has low sensitivity for economic changes, since only sharp decreases in interest rates or spreads could have a negative impact on the DTA recoverability.

SENSITIVITY DTA RECOVERABILITY		
	DTA recoverability in %	
In %	2023	2022 Restated
Spread + 10PB	98%	100%
Spread - 10BP	94%	100%
Spread - 20BP	92%	100%
Spread - 50BP	78%	93%

9 Loans and Advances due from Banks

BREAKDOWN OF LOANS AND ADVANCES DUE FROM BANKS		
In € millions	2023	2022
Collateral	2,420	4,093
Repo (Repurchase agreements)	574	-
Deposits	2	52
Loans to banks	70	118
Balance as at 31 December	**3,066**	**4,263**

This item mainly relates to loans and advances due from banks other than interest-bearing securities. Of the total amount of € 3,066 million (2022: € 4,263 million), € 2,994 million has a remaining term to maturity of less than three months (2022: € 4,157 million).

Cash collateral receivable has decreased due to positive balance amount movement of derivatives at multiple counterparties in 2023. Reverse repo investments are used as an alternative to invest short term cash.

STATEMENT OF CHANGES IN LOANS AND ADVANCES DUE FROM BANKS		
In € millions	2023	2022
Balance as at 1 January	**4,263**	**376**
Purchases and advances	18,893	25,916
Disposals and redemptions	-20,097	-22,022
Revaluation	4	-12
Received Coupons	-136	-1
Accrued interest	139	2
FX Result	-	4
Balance as at 31 December	**3,066**	**4,263**

10 Other Assets

BREAKDOWN OF OTHER ASSETS		
In € millions	2023	2022 Restated
Receivables from intermediaries	34	34
Other accrued assets	39	38
Accrued assets	**73**	**72**
Other taxes	4	1
Other receivables	146	148
Total	223	221

The receivables are expected to be recovered within twelve months after reporting date.

11 Cash and Cash Equivalents

BREAKDOWN OF CASH AND CASH EQUIVALENTS		
In € millions	2023	2022
Short-term bank balances	386	363
Total	386	363

Short-term bank balances are at the company's free disposal.

Athora Netherlands and its subsidiaries have a joint credit facility of € 7.5 million in total with ABN AMRO. ABN AMRO has issued a € 1 million guarantee for the lease of the office building in Amsterdam. Additionally, Athora Netherlands entered into a loan facility agreement with its ultimate parent company Athora Holding Ltd. for the amount of € 150 million. At year-end 2023, the complete facility is undrawn.

12 Equity

BREAKDOWN OF EQUITY		
In € millions	2023	2022 Restated
Equity attributable to Shareholders	3,654	2,799
Equity attributable to Holders of Other equity instruments	350	350
Total	4,004	3,149

The share capital issued is fully paid-up and comprises of 477 ordinary shares with a nominal value of € 500.00 per share for a total value of € 238,500.

In December 2021, Athora Netherlands was provided a perpetual Tier 1 Capital Subordinated loan by its ultimate parent company Athora Holding Ltd. The € 50 million subordinated loan is perpetual and is classified as equity instrument and consequently recognised as part of equity as there is no contractual obligation for Athora Netherlands, as issuer of the loan, to repay the principal or to pay interest.

The loan is first callable after five years and each interest payment date thereafter, subject to conditions to redemption. The coupon is fixed at 4.44% per annum until the first call date and payable annually in arrears on 23 December in each year, commencing on 23 December 2022. Interest on this loan is recognised directly via equity instead of via the statement of profit or loss.

In June 2018 Athora Netherlands (then named VIVAT N.V.) issued subordinated Restricted Tier 1 notes. The € 300 million subordinated notes bear discretionary interest and have no maturity date, but can be redeemed at the discretion of Athora Netherlands. Consequently, these notes have been classified as equity instruments.

The notes are first callable after seven years and each interest payment date thereafter, subject to conditions to redemption. The coupon is fixed at 7% per annum until the first call date and payable semi-annually in arrears on 19 June and 19 December in each year. Interest on this loan is recognised directly via equity instead of via the statement of profit or loss.

13 Subordinated Debt

BREAKDOWN OF SUBORDINATED DEBT		
In € millions	2023	2022 Restated
Bonds	922	914
Total	**922**	**914**

STATEMENT OF CHANGES IN SUBORDINATED DEBT		
In € millions	2023	2022 Restated
Balance as at 1 January	**914**	**913**
Issue of subordinated debts	-	497
Disposals and redemptions	-	-545
Amortisation	1	1
Revaluation	-	4
Currency gains and losses	7	39
Paid coupons	-40	-33
Accrued interest	40	38
Balance as at 31 December	**922**	**914**

BREAKDOWN OF SUBORDINATED DEBT							
				Carrying amount		Nominal value	
In € millions	Coupon	Maturity	First call date	2023	2022 Restated	2023	2022 Restated
SRLEV N.V. (Swiss Franc)	Mid-swap plus '5.625%	July 2011 - perpetual	December 2024	113	107	113	107
Athora Netherlands N.V.	2.250%	April 2021 - April 2031	April 2026	302	301	300	300
Athora Netherlands N.V.	5.375%	May 2022 - August 2032	May 2027	507	506	500	500
Total				**922**	**914**	**913**	**907**

In 2022, Athora Netherlands N.V. issued € 500 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 5.375% per annum until the first call date, thereafter based on the five years mid swap rates plus margin with yearly resets. The notes qualify as Tier 2 regulatory capital under Solvency II.

In April 2021, Athora Netherlands N.V. issued € 300 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 2.250% per annum until the first call date. The notes qualify as Tier 2 regulatory capital under Solvency II.

In July 2011, SRLEV N.V. issued CHF 105 million in perpetual subordinated bonds. The CHF bond had a first redemption date on 19 December 2016. SRLEV decided not to exercise its yearly December redemption option to redeem the CHF bond for the period 2016 to 2023. Under the Solvency II transitional measures, the CHF bond qualifies in full as Restricted Tier 1 own funds in the calculation of Solvency II own funds for ten years after 1 January 2016. At this specific time, it has been determined that it is currently in the interests of SRLEV not to exercise the redemption option to redeem the CHF Bond. The interest rate on the bond resets to 5-year CHF mid-swap plus

5.625%. As a result of this reset, on 19 December 2021 a new interest rate has been determined for the 5 years period ending on 19 December 2026. The interest rate for this next period has been fixed at 5.334%.

14 Borrowings

STATEMENT OF CHANGES IN BORROWINGS		
In € millions	2023	2022 Restated
Balance as at 1 January	**62**	**62**
Paid coupons	-1	-1
Accrued interest	1	1
Balance as at 31 December	**62**	**62**

On 17 May 2017 Athora Netherlands N.V. issued € 650 million of senior notes. An amount of € 584 million was redeemed in April 2020 as a result of the successful tender offer on the notes. The remaining € 62 million senior notes have a fixed coupon at 2.375% per annum and a maturity date as per 17 May 2024.

15 Insurance Contract Liabilities and Reinsurance Contracts Held Assets and Liabilities

As per 31 December 2023, the total amount of insurance contract liabilities is € 41,713 million (2022: € 40,364 million). The reinsurers' liabilities amount to € 209 million (2022: € 94 million). The reinsurance contracts held assets amount to € 13 million (2022: € 8 million).

Athora Netherlands sells individual life insurance policies in the retail and SME markets and corporate insurance policies in the entire corporate market in the Netherlands. The Life Service Business portfolio mainly consists of unit-linked insurance policies, savings-based mortgage policies, term assurance policies (ORV) and life annuity insurance policies providing regular payments for the remainder of the holder's life. The Pension Business insurance portfolio mainly consists of traditional contracts, group policies with separate accounts and of unit-linked policies.

Insurance Contracts

The next table provides an overview of the product portfolio and the measurement method applied:

BREAKDOWN OF INSURANCE CONTRACT LIABILITIES AND MEASUREMENT METHOD APPLIED						
	GMM		VFA		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Individual traditional insurance policies	9,617	10,106	-	-	9,617	10,106
Individual insurance policies in investment units	703	709	2,739	2,613	3,442	3,322
Group insurance policies	17,534	17,243	6	2	17,540	17,245
Group insurance policies in investment units	1,942	1,731	9,172	7,960	11,114	9,691
Total	**29,796**	**29,789**	**11,917**	**10,575**	**41,713**	**40,364**

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2023				
	Liabilities for remaining coverage		Liabilities for incurred claims	
In € millions	Excl. Loss component	Loss component		Total
Insurance contract assets	-	-	-	-
insurance contract liabilities	39,817	37	510	40,364
Balance as at 1 January 2023	**39,817**	**37**	**510**	**40,364**
Contracts under the fair value approach	-1,708	-	-	-1,708
Other contracts	-110	-	-	-110
Insurance revenues	**-1,818**	**-**	**-**	**-1,818**
Incurred claims and other insurance services expenses	-	-6	1,604	1,598
Amortisation of insurance acquisition cash flows	3	-	-	3
Losses and reversal of losses on onerous contracts	-	32	-	32
Adjustments to liabilities for incurred claims	-	-	11	11
Insurance service expenses	**3**	**26**	**1,615**	**1,644**
Insurance service result	**-1,815**	**26**	**1,615**	**-174**
Net finance expenses from insurance contracts	2,367	-	-	2,367
Effects of changes as a result of acquisition and divestment	-	-	-	-
Total change in the statement of profit or loss	**552**	**26**	**1,615**	**2,193**
Investment components and premium refunds	**-1,168**	**-**	**1,168**	**-**
Premiums received	1,964	-	-	1,964
Claims and other insurance service expenses paid, including investment components	-	-	-2,796	-2,796
Insurance acquisition cash flows	-12	-	-	-12
Total cash flows	**1,952**	**-**	**-2,796**	**-844**
Balance as at 31 December 2023	**41,153**	**63**	**497**	**41,713**
Insurance contract assets	-	-	-	-
insurance contract liabilities	41,153	63	497	41,713

Net finance expenses for 2023 were positively impacted by the favourable 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. The new SAA resulted in an increase of 25 bps in ILP is the long end (Year 7 onwards), and had a positive impact on P&L of € 486 million.

Movements in the lines Contracts initially recognised in the year and Premiums received include the acquisition of the insurance portfolio of Onderlinge Levensverzekering-Maatschappij ‘s-Gravenhage UA. For a more detailed explanation of the contracts that are acquired from other entities, reference is made to paragraph 6.2 Acquisitions and Disposals.

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2022 RESTATED				
	Liabilities for remaining coverage		Liabilities for incurred claims	
In € millions	Excl. Loss component	Loss component		Total
Insurance contract assets	-	-	-	-
insurance contract liabilities	51,759	-	402	52,161
Balance as at 1 January 2022	**51,759**	**-**	**402**	**52,161**
Contracts under the fair value approach	-1,838	-	-	-1,838
Other contracts	-35	-	-	-35
Insurance revenues	**-1,873**	**-**	**-**	**-1,873**
Incurred claims and other insurance services expenses	-	-4	1,634	1,630
Amortisation of insurance acquisition cash flows	5	-	-	5
Losses and reversal of losses on onerous contracts	-	41	-	41
Adjustments to liabilities for incurred claims	-	-	-5	-5
Insurance service expenses	**5**	**37**	**1,629**	**1,671**
Insurance service result	**-1,868**	**37**	**1,629**	**-202**
Net finance expenses from insurance contracts	-10,396	-	-	-10,396
Total change in the statement of profit or loss	**-12,264**	**37**	**1,629**	**-10,598**
Investment components and premium refunds	**-1,323**	**-**	**1,323**	**-**
Premiums received	1,672	-	-	1,672
Claims and other insurance service expenses paid, including investment components	-	-	-2,844	-2,844
Insurance acquisition cash flows	-27	-	-	-27
Total cash flows	**1,645**	**-**	**-2,844**	**-1,199**
Balance as at 31 December 2022	**39,817**	**37**	**510**	**40,364**
Insurance contract assets	-	-	-	-
insurance contract liabilities	39,817	37	510	40,364

Net finance expenses from insurance contracts over 2022 are mainly explained by the significant increase of market interest rates. Reference is made to the note 29 Investment Result and Insurance Finance Income and Expense.

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2023						
			Contractual Service Margin (CSM)			
In € millions	Estimates PV of future CF	Risk adjustment non-financial risk	Contracts under FVA	Other contracts	Total CSM	Total
Insurance contract assets	-	-	-	-	-	-
insurance contract liabilities	37,254	870	2,188	52	2,240	40,364
Balance as at 1 January 2023	**37,254**	**870**	**2,188**	**52**	**2,240**	**40,364**
CSM recognised for services provided	-	-	-166	-7	-173	-173
Change in risk adjustment non/ financial risk for risk expired	-	-22	-	-	-	-22
Experience adjustments	-22	-	-	-	-	-22
Total changes that relate to current services	**-22**	**-22**	**-166**	**-7**	**-173**	**-217**
Contracts initially recognised in the year	-85	30	-	62	62	7
Changes in estimates that adjust the CSM	246	13	-249	-10	-259	-
Changes in estimates that result in losses and reversal of losses	28	-3	-	-	-	25
Total changes that relate to future services	**189**	**40**	**-249**	**52**	**-197**	**32**
Adjustments to liabilities for incurred claims	11	-	-	-	-	11
Total changes that relate to past services	**11**	**-**	**-**	**-**	**-**	**11**
Insurance service result	**178**	**18**	**-415**	**45**	**-370**	**-174**
Net finance expenses from insurance contracts	2,361	-	4	2	6	2,367
Total change in the statement of profit or loss	**2,539**	**18**	**-411**	**47**	**-364**	**2,193**
Premiums received	1,964	-	-	-	-	1,964
Claims and other insurance service expenses paid, including investment components	-2,796	-	-	-	-	-2,796
Insurance acquisition cash flows	-12	-	-	-	-	-12
Total cash flows	**-844**	**-**	**-**	**-**	**-**	**-844**
Balance as at 31 December 2023	**38,949**	**888**	**1,777**	**99**	**1,876**	**41,713**
Insurance contract assets	-	-	-	-	-	-
insurance contract liabilities	38,949	888	1,777	99	1,876	41,713

Net finance expenses for 2023 were positively impacted by the favourable update of Illiquidity Premium (ILP) in line with a yearly Strategic Asset Allocation (SAA) update towards higher returning investments. Market movements were broadly neutral, with positive impacts from interest rates decreases offset by negative impacts from mortgage spread widening and property variances. The new SAA resulted in an increase of 25 bps in ILP is the long end (Year 7 onwards), and had a positive impact on Profit or Loss of € 486 million.

Movements in the lines Contracts initially recognised in the year and Premiums received include the acquisition of the insurance portfolio of Onderlinge Levensverzekering-Maatschappij 's-Gravenhage UA. For a more detailed explanation of the contracts that are acquired from other entities, reference is made to paragraph 6.2 'Acquisitions and Disposals'

Changes in estimates that adjust the CSM are mainly driven by Non-Market Assumption Changes, Operating Experience Variance (OEV) and model changes calculated on locked-in discount curves. Operating expense assumptions are shifted from shorter duration to longer duration products.

STATEMENT OF CHANGES IN INSURANCE CONTRACTS 2022 RESTATED						
			Contractual Service Margin (CSM)			
In € millions	Estimates PV of future CF	Risk adjustment non-financial risk	Contracts under FVA	Other contracts	Total CSM	Total
Insurance contract assets	-	-	-	-	-	-
insurance contract liabilities	48,706	1,351	2,104	-	2,104	52,161
Balance as at 1 January 2022	**48,706**	**1,351**	**2,104**	**-**	**2,104**	**52,161**
CSM recognised for services provided	-	-	-169	-2	-171	-171
Change in risk adjustment non/financial risk for risk expired	-	-60	-	-	-	-60
Experience adjustments	-7	-	-	-	-	-7
Total changes that relate to current services	**-7**	**-60**	**-169**	**-2**	**-171**	**-238**
Contracts initially recognised in the year	-61	19	-	55	55	13
Changes in estimates that adjust the CSM	185	-440	256	-1	255	-
Changes in estimates that result in losses and reversal of losses	28	-	-	-	-	28
Total changes that relate to future services	**152**	**-421**	**256**	**54**	**310**	**41**
Adjustments to liabilities for incurred claims	-5	-	-	-	-	-5
Total changes that relate to past services	**-5**	**-**	**-**	**-**	**-**	**-5**
Insurance service result	**140**	**-481**	**87**	**52**	**139**	**-202**
Net finance expenses from insurance contracts	-10,393	-	-3	-	-3	-10,396
Total change in the statement of profit or loss	**-10,253**	**-481**	**84**	**52**	**136**	**-10,598**
Premiums received	1,673	-	-	-	-	1,673
Claims and other insurance service expenses paid, including investment components	-2,844	-	-	-	-	-2,844
Insurance acquisition cash flows	-28	-	-	-	-	-28
Total cash flows	**-1,199**	**-**	**-**	**-**	**-**	**-1,199**
Balance as at 31 December 2022	**37,254**	**870**	**2,188**	**52**	**2,240**	**40,364**
Insurance contract assets	-	-	-	-	-	-
insurance contract liabilities	37,254	870	2,188	52	2,240	40,364

Net finance expenses from insurance contracts over 2022 are mainly explained by the significant increase of market interest rates. Reference is made to the note 29 Investment Result and Insurance Finance Income and Expense.

Changes in estimates that adjust the CSM are mainly driven by Market Assumption Changes, Non-Market Assumption Changes and Operating Experience Variance. The increase is mainly due to the impact of economic changes (interest rates and UL fund values) for products measured at the Variable Fee Approach and the economic assumptions change impact on the Risk Adjustment, that is fully incuded in the movement of the CSM. This is partly offset by the Non-Market Assumption Changes (Mortality, Lapse and Expenses).

Reinsurance Contracts Held

STATEMENT OF CHANGES IN REINSURANCE CONTRACTS 2023				
	Assets for remaining coverage			
In € millions	Excl. Loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
Reinsurance contracts held assets	-8	-	-	-8
Reinsurance contracts held liabilities	225	-1	-130	94
Balance as at 1 January 2023	217	-1	-130	86
Contracts under the fair value approach	528	-	-	528
Allocation of reinsurance premiums paid	528	-	-	528
Recoveries of incurred claims and other insurance service expenses	-	-	-516	-516
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	1	-	1
Amounts recoverable from reinsurers	-	1	-516	-515
Net finance income or expense from reinsurance contracts	131	-	-	131
Total change in the statement of profit or loss	659	1	-516	144
Premiums ceded	-549	-	-	-549
Amounts received	-	-	516	516
Total cash flows	-549	-	516	-33
Balance as at 31 December 2023	327	-	-130	197
Reinsurance contracts held assets	-13	-	-	-13
Reinsurance contracts held liabilities	340	-	-130	210

STATEMENT OF CHANGES IN REINSURANCE CONTRACTS 2022 RESTATED				
	Assets for remaining coverage			
In € millions	Excl. Loss-recovery component	Loss-recovery component	Assets for incurred claims	Total
Reinsurance contracts held assets	-14	-	-	-14
Reinsurance contracts held liabilities	560	-	-130	430
Balance as at 1 January 2022	**546**	**-**	**-130**	**416**
Contracts under the fair value approach	563	-	-	563
Allocation of reinsurance premiums paid	**563**	**-**	**-**	**563**
Recoveries of incurred claims and other insurance service expenses	-	-	-527	-527
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	-1	-	-1
Amounts recoverable from reinsurers	**-**	**-1**	**-527**	**-528**
Net finance income or expense from reinsurance contracts	-347	-	-	-347
Total change in the statement of profit or loss	**216**	**-1**	**-527**	**-312**
Premiums ceded	-545	-	-	-545
Amounts received	-	-	527	527
Total cash flows	**-545**	**-**	**527**	**-18**
Balance as at 31 December 2022	**217**	**-1**	**-130**	**86**
Reinsurance contracts held assets	-8	-	-	-8
Reinsurance contracts held liabilities	225	-1	-130	94

STATEMENT OF CHANGES IN REINSURANCE CONTRACTS 2023					
			Contractual Service Margin (CSM)		
In € millions	Estimates PV of future CF	Risk adjustment non-financial risk	Contracts under FVA	Total CSM	Total
Reinsurance contracts held assets	-8	-	-	-	-8
Reinsurance contracts held liabilities	708	-347	-267	-267	94
Balance as at 1 January 2023	**700**	**-347**	**-267**	**-267**	**86**
CSM recognised for services provided	-	-	3	3	3
Change in risk adjustment non/ financial risk for risk expired	-	3	-	-	3
Experience adjustments	6	-	-	-	6
Total changes that relate to current services	**6**	**3**	**3**	**3**	**12**
Contracts recoveries of losses on onerous underlying contracts	-	-	1	1	1
Changes in estimates that adjust the CSM	-315	-2	317	317	-
Total changes that relate to future services	**-315**	**-2**	**318**	**318**	**1**
Net expenses from reinsurance contacts	**-309**	**1**	**321**	**321**	**13**
Net finance expenses from reinsurance contracts	131	-	-	-	131
Total change in the statement of profit or loss	**-178**	**1**	**321**	**321**	**144**
Premiums ceded	-549	-	-	-	-549
Claims received	516	-	-	-	516
Total cash flows	**-33**	**-**	**-**	**-**	**-33**
Balance as at 31 December 2023	**489**	**-346**	**54**	**54**	**197**
Reinsurance contracts held assets	-13	-	-	-	-13
Reinsurance contracts held liabilities	502	-346	54	54	210

Athora Netherlands has longevity reinsurance contracts to reduce SRLEV's longevity risk and positively affecting the Solvency II ratio for SRLEV and Athora Netherlands. In 2023 a price reset for the period after 31 December 2023 was agreed with the reinsurer that mainly explains the movement in the CSM during 2023.

STATEMENT OF CHANGES IN REINSURANCE CONTRACTS 2022 RESTATED					
			Contractual Service Margin (CSM)		
In € millions	Estimates PV of future CF	Risk adjustment non-financial risk	Contracts under FVA	Total CSM	Total
Reinsurance contracts held assets	-14	-	-	-	-14
Reinsurance contracts held liabilities	1,229	-620	-178	-178	431
Balance as at 1 January 2022	**1,215**	**-620**	**-178**	**-178**	**417**
CSM recognised for services provided	-	-	15	15	15
Change in risk adjustment non/ financial risk for risk expired	-	20	-	-	20
Experience adjustments	1	-	-	-	1
Total changes that relate to current services	**1**	**20**	**15**	**15**	**36**
Contracts recoveries of losses on onerous underlying contracts	-	-	-1	-1	-1
Changes in estimates that adjust the CSM	-150	253	-103	-103	-
Changes in estimates that result in losses and reversal of losses	-1	-	-	-	-1
Total changes that relate to future services	**-151**	**253**	**-104**	**-104**	**-2**
Net expenses from reinsurance contacts	**-150**	**273**	**-89**	**-89**	**34**
Net finance expenses from reinsurance contracts	-347	-	-	-	-347
Total change in the statement of profit or loss	**-497**	**273**	**-89**	**-89**	**-313**
Premiums ceded	-545	-	-	-	-545
Claims received	527	-	-	-	527
Total cash flows	**-18**	**-**	**-**	**-**	**-18**
Balance as at 31 December 2022	**700**	**-347**	**-267**	**-267**	**86**
Reinsurance contracts held assets	-8	-	-	-	-8
Reinsurance contracts held liabilities	708	-347	-267	-267	94

Estimate of Cash Flows

General

The assumptions used for estimating underwriting cash flows do not differ from the assumptions used for the estimations of Solvency II cash flows. All these assumptions are reviewed at least annually. The most important assumptions are described here below.

Mortality and Longevity Assumptions

Mortality risk indicates the risk for the company of the policyholder dying earlier than expected. In the case of a life benefit, the longevity risk for Athora Netherlands is that the policyholder might live longer than expected. Assumptions about mortality/longevity and policy behaviour that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of policyholders within a group of insurance contracts.

To derive the longevity assumptions, Athora Netherlands uses the latest model published by the Netherlands Actuarial Association (Projection table AG2022) which combines mortality rates of several European countries with those of the Netherlands. Athora Netherlands further reviews and if required updates the empirical figures for portfolio mortality on the basis of research into observed mortality within the portfolio.

Expense risk
Expense risk is the risk of a loss arising from experience of expenses being different than expected. Athora Netherlands is exposed to the level, trend or volatility of these costs. Insurance liabilities include estimates of expenses that are attributable in fulfilling insurance contracts. These expenses relate to managing and settling insurance liabilities, including managing the accompanying assets and reinsurance contracts. The relevant expenses can be broken into:

- operating expenses, such as administration expenses and claim handling expenses
- investment management expenses, such as internal costs related to assets and fees paid by Athora Netherlands to asset managers and
- recurring commissions.

The basis for projecting the operation expenses are the recurring costs of the operational plan for each support department and each business line and expectations about wage increases and inflation. Investment management expenses are assigned to the insurance liabilities based on the expected strategic asset allocation.

Disability and Morbidity
The insurance portfolio is exposed to the risk of being (partially) unable to work for a limited period or on a permanent basis because of disability. The assumptions about disability-morbidity that are used in estimating future cash flows are developed by product type, reflecting recent experience and the profiles of the policy holders.

Lapse and Surrender Rates
Lapse risk reflects the impact of policyholders' behaviour, such as surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date). In general, the assumptions used depend on issue year, policy year, product types and sales channels.

Yield Curve
The next table provides an overview of the discount rate curve used for estimating the cash flows.

DISCOUNT RATE CURVES 2023

In %	1 year	5 years	10 years	15 years	20 years	30 years	50 years
Liquid	4.33%	3.31%	3.40%	3.49%	3.43%	3.21%	3.05%
Illiquid	4.57%	3.55%	3.64%	3.73%	3.67%	3.45%	3.29%

DISCOUNT RATE CURVES 2022

In %	1 year	5 years	10 years	15 years	20 years	30 years	50 years
Liquid	3.86%	3.84%	3.83%	3.78%	3.53%	3.05%	2.79%
Illiquid	4.20%	4.16%	4.15%	4.08%	3.83%	3.34%	3.08%

LIQUIDITY PER PRODUCT TYPE

Product type	Liquidity
Annuity	Illiquid
Funeral	Illiquid
Term life	Illiquid
Savings mortgage	Liquid
Separate accounts	Illiquid
Collective traditional	Illiquid
Savings insurance	Liquid
Unit linked	Illiquid

For more details regarding the construction of the discount rate reference is made to paragraph 6.1 Accounting policies for the Consolidated Financial Statements, section Insurance liabilities - Discount rate.

Risk Adjustment

Risk Adjustment - Corresponding Confidence Level

Applying a cost of capital technique, Athora Netherlands has developed a model to determines the confidence level that correspondents with the risk adjustment. The required capitals in this model assumed to be normally distributed in line with the assumptions underlying the Solvency II standard formula. The risks in different years are assumed to be independent. The confidence level is based on a multi-year horizon and the standard deviation corresponds with a 70.2% confidence level (2022: 70,5%).

For more details regarding the construction of the risk adjustment reference is made to paragraph 6.1 Accounting policies for the Consolidated Financial Statements, section Insurance liabilities - Risk adjustment.

Contractual Service Margin

Recognition of CSM in Insurance Result

The CSM is recognised in the statement of profit and loss during the coverage period of the insurance contracts, based on the defined coverage units representing the quantity of service provided. Coverage units are assessed and revised annually. Athora Netherlands determines the coverage units as follows:

COVERAGE UNITS PER PRODUCT TYPE

Product type	Coverage units
Annuity	Annuity amount
Funeral	Sum assured
Term life	Sum assured
Savings mortgage	Sum assured
Separate accounts	Sum assured
Collective traditional	Reinsurance: Maximum cover Insurance: Sum assured
Savings insurance	Sum assured
Unit linked	Sum assured

STATEMENT OF CHANGES IN ASSETS FOR INSURANCE ACQUISITION CASH FLOWS

In € millions	2023	2022 Restated
Balance at 1 January	8	21
Amounts incurred during the reporting period	26	28
Amounts derecognised and included in the measurement of insurance contracts	-13	-28
Impairment losses and reversals	-8	-13
Balance at 31 December	13	8

Assets for insurance acquisition cash flows amount to € 13 million (2022: € 8 million) and comprise the direct and indirect costs associated with acquiring an insurance contract.

Acquisition expenses not yet allocated at balance sheet date are expected to be included in the measurement of insurance contracts over the next year.

Assets for insurance acquisition cash flows are presented in the carrying amount of the related portfolio of insurance contracts liabilities.

The following table provides a maturity analysis of the insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. This analysis is an estimate of the future value of the cash flows.

BREAKDOWN OF INSURANCE AND REINSURANCE CONTRACTS MATURITY ANALYSIS 2023							
In € millions	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
Insurance contract liabilities	2,734	2,452	2,321	2,370	2,355	47,740	59,972
Insurance contract assets	-	-	-	-	-	-	-
Total insurance contracts	**2,734**	**2,452**	**2,321**	**2,370**	**2,355**	**47,740**	**59,972**
Reinsurance contracts held liabilities	21	21	22	22	23	838	947
Reinsurance contracts held assets	-12	-1	-	-	-	-	-13
Total reinsurance contracts	**9**	**20**	**22**	**22**	**23**	**838**	**934**

BREAKDOWN OF INSURANCE AND REINSURANCE CONTRACTS MATURITY ANALYSIS 2022							
In € millions	< 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	> 5 years	Total
Insurance contract liabilities	2,493	2,435	2,279	2,229	2,226	46,872	58,534
Insurance contract assets	-	-	-	-	-	-	-
Total insurance contracts	**2,493**	**2,435**	**2,279**	**2,229**	**2,226**	**46,872**	**58,534**
Reinsurance contracts held liabilities	27	28	29	29	30	1,243	1,386
Reinsurance contracts held assets	-6	-1	-1	-	-	-1	-9
Total reinsurance contracts	**21**	**27**	**28**	**29**	**30**	**1,242**	**1,377**

The tables above provides a maturity analysis of the insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. The effect of discounting amounts to € 21,023 million (2022: € 21,280 million) for the insurance contract liabilities and the € 445 million (2022: € 678 million) for the reinsurance contract liabilities.

The components of new business for insurance contracts issued is disclosed in the table below.

BREAKDOWN OF INDIVIDUAL INSURANCE CONTRACTS INITIALLY RECOGNISED IN THE YEAR						
	Profitable contracts		Onerous contracts		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Insurance acquisition cash flows	-8	-7	-4	-11	-12	-18
Claims and other insurance service expenses payable	-1,301	-522	-391	-125	-1,692	-647
Estimates of present value of cash outflows	**-1,309**	**-529**	**-395**	**-136**	**-1,704**	**-665**
Estimates of present value of cash inflows	1,394	601	395	124	1,789	725
Risk adjustment for non/financial risk	-23	-18	-7	-1	-30	-19
Contractual service margin	-62	-54	-	-	-62	-54
Losses recognised on initial recognition	**-**	**-**	**-7**	**-13**	**-7**	**-13**

For the disclosure of the contracts that are acquired from other entities reference is made to paragraph 6.2 'Acquisitions and Disposals' in which the acquisition of the insurance portfolio of Onderlinge Levensverzekering-Maatschappij ‘s-Gravenhage UA is explained in more detail.

The disclosure of when the CSM is expected to be in profit or loss in future year is presented below.

BREAKDOWN OF RELEASE OF CSM ON INSURANCE CONTRACTS 2023							
In € millions	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance contracts	139	451	407	280	193	406	**1,876**
Reinsurance contracts	2	7	9	8	7	20	**54**

The net CSM (reinsurance and insurance netted) decreased by € 43 million (2023: € 1.930 million; 2022: € 1.973 million) as the regular CSM unwind is mostly offset by Non-operating CSM from changes in group life reinsurance contracts and methodology and assumption changes.

BREAKDOWN OF RELEASE OF CSM ON INSURANCE CONTRACTS 2022							
In € millions	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance contracts	139	471	457	342	248	583	**2,240**
Reinsurance contracts	-11	-42	-48	-42	-35	-89	**-267**

The amounts from insurance contract liabilities that are payable on demand are set out below.

BREAKDOWN OF INSURANCE CONTRACT LIABILITIES PAYABLE ON DEMAND				
	Amount payable on demand		Carrying amount	
In € millions	2023	2022 Restated	2023	2022 Restated
Insurance contracts	27,181	31,710	41,713	40,364

16 Provision for Employee Benefits

The provision for employee benefits consists of pension commitments and other employee benefit commitments.

BREAKDOWN OF PROVISION FOR EMPLOYEE BENEFITS		
In € millions	2023	2022
Pension commitments	445	461
Other employee benefit commitments	7	8
Total	452	469

Pension Commitments

Defined Contribution Scheme

The pension scheme to which Athora Netherlands' employees are entitled is a collective defined contribution scheme, which is accounted for as a defined contribution scheme in accordance with IAS 19 Revised. Under this scheme, Athora Netherlands N.V. pays a fixed amount to Stichting Pensioenfonds SNS REAAL.

In 2024, Athora Netherlands' contribution to the defined contribution scheme will be approximately € 12 million (2023: € 14 million).

Defined Benefit Schemes

Athora Netherlands has several legacy pension schemes with pension entitlements of current and former employees of Athora Netherlands and the companies it acquired over the years. Most of these legacy pension schemes have been insured by SRLEV and few with other insurance companies.

The fair value of the plan assets of these plans is determined based on different methodologies. Investments relating to pension schemes that are included in a separate investment account are offset against the present value of defined benefit obligations. Non-separated investments are recognised within investments in the statement of financial position.

Athora Netherlands' total contribution to these defined benefit schemes is expected to be approximately € 14.0 million in 2024 (2023: € 17.1 million). Obligations for additional indexation rights are included in the provision and will be released after payment to the insurer.

Regarding the several defined benefit schemes, as explained below, there are no changes with respect to terms and conditions. These defined benefit schemes are closed schemes, so no new participants are added.

Pension Scheme Former AXA and Winterthur (Defined Benefit Scheme)

The accrual of new pension rights of former employees of Winterthur, UAP, Equity & Law (E&L) and Guardian have been transferred to the Stichting Pensioenfonds SNS REAAL as from 1 January 2009.

The schemes of Winterthur, UAP and Equity & Law (E&L) are insured with SRLEV N.V., without the investments being separated; instead they are recognised within investments in the statement of financial position and included in the balance sheet item Investments.

The Guardian pension scheme is insured externally. No direct investment allocation is held in relation to the Guardian pension scheme. Therefore, the fair value of the pension plan assets cannot be determined based on a certain investment allocation. The fair value of the plan assets is based on the accrued pension benefits and actuarial rates.

The indexation of the pension entitlements of inactive participants, except for the Winterthur scheme, is equal to the indexation applied by the Stichting Pensioenfonds SNS REAAL. The indexation of the pension entitlements of inactive participants of the Winterthur scheme is an unconditional indexation based on the price index.

The pension entitlements of active participants are unconditionally indexed based on the salary index. Active participants are here defined as employees of Athora Netherlands that actively accrue pension benefits in the Stichting Pensioenfonds SNS REAAL.

In the event that the coverage ratio of the Winterthur scheme falls below the agreed limit of 105%, an additional contribution will be made by the employer.

After offsetting the fair value of the investments, € 144 million has been included in the provision for pensions for the former AXA and Winterthur pension schemes (2022: € 151 million). In 2024, Athora Netherlands' contribution to these defined benefit schemes is expected to amount to € 4.4 million (2023: € 5.5 million).

Pension Scheme Zwitserleven (Defined Benefit Scheme)

As of 1 January 2010, the accrual of new pension entitlements of the employees of former Zwitserleven N.V. was transferred to Stichting Pensioenfonds SNS REAAL. The rights of inactive participants built up in the past and active former participants remain part of the former pension scheme of Zwitserleven.

Until 2025 the conditional indexation of the pension rights of inactive participants is determined using the return on investment and potential technical results. If the return is insufficient, the indexation may be lower than the indexation of Stichting Pensioenfonds SNS REAAL. From 2025 onwards, the indexation will in principle be equal to the indexation of Stichting Pensioenfonds SNS REAAL. The pension rights of active former participants are unconditionally indexed based on the salary index.

The pension scheme of Zwitserleven is self-administered. For this pension scheme, the present value of the pension obligations of € 230 million (2022: € 239 million) has been included in the provision for employee benefits. There is no separate investment account. Athora Netherlands' contribution to the defined benefit scheme of Zwitserleven is expected to amount to € 7.2 million in 2024 (2023: € 8.8 million).

Other Pension Schemes

The accrual of new pension rights of former employees of Zürich, NHL, Helvetia and DBV has been transferred to Stichting Pensioenfonds SNS REAAL. The pension rights of former employees of Zürich and DBV built up in the past are insured internally by SRLEV, without the investments being separated; instead they are recognised within investments in the statement of financial position and included in the balance sheet item Investments.

The pension rights of former employees of NHL and Helvetia built up in the past are insured externally. No direct investment allocation is held in relation to these pension schemes. Therefore, the fair value of the pension plan assets cannot be determined based on a certain investment allocation. The fair value of the plan assets of NHL is based on the accrued pension benefits and actuarial rates and the value of the indexation depot. As the value of the assets in the investment account is lower than the discounted value of the funded insured benefits under the insurance contract, the fair value of plan assets is set to the discounted value of the funded insured benefits, increased with the indexation depot and the current account. Regarding the NHL pension scheme the asset ceiling is applied. The fair value of the plan assets of Helvetia is based on the accrued pension benefits and actuarial rates. In all of these pension schemes no more pension rights, other than indexation, are accrued. As per 2019 the guarantee costs for the NHL pension plan are included in the fair value of the plan assets.

The indexation of the pension entitlements of inactive participants, except for the Zurich and NHL schemes, is equal to the indexation applied by the Stichting Pensioenfonds SNS REAAL. The indexation of the pension entitlements of inactive participants of the Zurich and NHL schemes is an unconditional indexation based on the price index. The pension entitlements of active participants are unconditionally indexed based on the salary index.

After offsetting the fair value of the investments, € 67 million (2022: € 71 million) has been included in the provision for pensions for these other pension schemes. In 2024, Athora Netherlands' contribution to the other defined benefit schemes is expected to amount to € 2.4 million (2023: € 2.8 million).

Overview Pension Commitments

BREAKDOWN OF PENSION COMMITMENTS		
In € millions	2023	2022
Present value of defined benefit obligations	501	518
Less: Fair value of plan assets	-60	-57
Effect of asset ceiling	4	-
Present value of the net liabilities	**445**	**461**

STATEMENT OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS		
In € millions	2023	2022
Present value as at 1 January	**518**	**743**
Increase and interest accrual through profit or loss	19	7
Actuarial gains or losses due to changes in financial assumptions through Other Comprehensive Income	-2	-211
Actuarial gains or losses due to changes in demographic assumptions through Other Comprehensive Income	3	7
Actuarial gains or losses due to experience adjustments through Other Comprehensive Income	-7	-8
Benefits paid	-20	-20
Other movements through profit or loss	-10	-
Present value as at 31 December	**501**	**518**

STATEMENT OF CHANGES IN FAIR VALUE OF THE PLAN ASSETS		
In € millions	2023	2022
Fair value as at 1 January	**57**	**73**
Investment result through profit or loss	2	1
Return on plan assets	4	-14
Investment result	**6**	**-13**
Premiums	17	17
Benefits paid	-20	-20
Fair value as at 31 December	**60**	**57**

The expected return on investments through profit or loss has been netted with the actuarial rate of interest (in accordance with IAS 19 Revised). The difference between the actual interest result and the actuarial rate of interest is recognised in Other Comprehensive Income.

BREAKDOWN OF FAIR VALUE OF THE PLAN ASSETS		
In € millions	2023	2022
Cash and cash equivalents	14	14
Insurance contract	46	43
Balance as at 31 December	**60**	**57**

The plan assets Insurance contracts consist of the paid-up value based on the actuarial principles.

RECONCILIATION OF THE EFFECT OF THE ASSET CEILING		
In € millions	2023	2022
Balance as at 1 January	**-**	**-**
Remeasurements on the effect of asset ceiling through Other Comprehensive Income	4	-
Balance as at 31 December	**4**	**-**

STATEMENT OF CHANGES IN OTHER COMPREHENSIVE INCOME		
In € millions	2023	2022
Balance as at 1 January	**74**	**-74**
Actuarial gains or losses directly taken to Other Comprehensive Income pension commitments	11	212
Investment result for the benefit or at the expense of Other Comprehensive Income	4	-14
Deferred taxes	-4	-51
Other	-	1
Balance as at 31 December	**85**	**74**

THE MAIN ACTUARIAL PARAMETERS AT YEAR-END		
In € millions	2023	2022
Discount rate	3.16%	3.69%
Expected salary increase	2.25%	2.25%
Rate of return on assets	Equal to discount rate	Equal to discount rate
Mortality	"Prognosetafel AG 2022" with 2022 mortality experience rates	"Prognosetafel AG 2022" with 2022 mortality experience rates
Increase accrued pension rights - Active	future wage inflation curve	future wage inflation curve
Increase accrued pension rights - Inactive	future price inflation curve	future price inflation curve

The discount rate is based on current market conditions. The expected rate of return on assets is equal to the discount rate.

The assumptions for pension increases during and after active period have been updated to better reflect expected future experience of the schemes. It has been assumed that accrued benefits of active participants will be increased annually based on a future wage inflation curve which is based on the development of the wage inflation as used for the annually increase of the benefits of current employees of Athora Netherlands.

The current and future pension payments will be increased annually based on a future price inflation curve which reflects future price inflation that is taking into account the most recent recovery plan of Stichting Pensioenfonds SNS REAAL and assuming the current financial position of the pension fund is one year ahead of this recovery plan.

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2023		
	31 December 2023	
	Change in € millions	Change in %
Discount rate 2.66% (-0.5%)	38	8%
Discount rate 3.66% (+0.5%)	-34	-7%

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2022		
	31 December 2022	
	Change in € millions	Change in %
Discount rate 3.19% (-0.5%)	39	8%
Discount rate 4.19% (+0.5%)	-35	-7%

Other Employee Benefit Commitments

STATEMENT OF CHANGES IN OTHER EMPLOYEE BENEFIT COMMITMENTS		
In € millions	2023	2022
Balance as at 1 January	**8**	**12**
Other movements	-	-3
Withdrawal	-1	-1
Balance as at 31 December	**7**	**8**

These refer to jubilee benefits, reimbursements of medical expenses, discounts granted for bank and insurance products to (former) employees after the date of their retirement.

17 Other Provisions

BREAKDOWN OF OTHER PROVISIONS		
In € millions	2023	2022
Restructuring provision	10	16
Other provisions	101	7
Total	**111**	**23**

Other provisions have been formed mainly for the settlement of restructuring programmes, legal and other claims.

An amount of approximately € 70 million (2022: nil) of the other provisions is expected to be settled within twelve months after the balance sheet date.

STATEMENT OF CHANGES IN OTHER PROVISIONS						
	Restructuring provision		Other provisions		Total	
In € millions	2023	2022	2023	2022	2023	2022
Balance as at 1 January	16	35	7	10	23	45
Additions	-	-	96	3	96	3
Withdrawal	-6	-14	-1	-5	-7	-19
Released to results	-	-5	-1	-1	-1	-6
Balance as at 31 December	10	16	101	7	111	23

Restructuring Provision

In 2020, the new Strategy & Operating Model was presented and in 2021, this was updated with the new Target Operating Model, which has led to a reduction in FTE. The costs associated with this reduction in FTE are to be provided for and added to the restructuring provision. The restructuring provision is formed for employees which qualify for redundancy status according to social plan agreements. It is expected that it will be used during 2021 until 2026. In 2023, the reduction of the restructuring provision of € 6 million is due to the withdrawal regarding redundant staff.

Other Provisions

On 21 March 2024, Athora Netherlands reached a settlement with the interest groups regarding the investment-linked insurance policies sold by its group company SRLEV and predecessors. A provision of € 95 million regarding this settlement is recognised that reflects the best estimate of the outflow of resources. Please refer to note 20 Legal Proceedings for more details.

18 Amounts due to Banks

BREAKDOWN OF AMOUNTS DUE TO BANKS		
In € millions	2023	2022
Due on demand	1,072	1,579
Repo (Repurchase agreements)	177	-
Total	**1,249**	**1,579**

The amount of € 1,072 million (2022: € 1,579 million) due on demand relates to received cash collateral of several counterparties. The fair value of derivatives by these counterparties decreased (less positive) in 2023.

19 Other Liabilities

BREAKDOWN OF OTHER LIABILITIES		
In € millions	2023	2022 Restated
Debts in relation to direct insurance	12	8
Debts to reinsurers	9	9
Investment transactions to be settled	139	100
Other taxes	6	6
Other liabilities	110	102
Accrued interest	1	-
Lease liabilities	15	1
Total	**292**	**226**

Other liabilities include creditors, amounts payable to reinsurers, payables to clients, other taxes and accrued liabilities as well as interest accrued on financial instruments.

For depreciation charge of Right-of-use assets, for the additions to Right-of-use assets, for interest expenses on lease liabilities and for expenses relating to short-term leases refer to Note 2 Property and Equipment. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

With exception of the lease liabilities, the other liabilities are expected to be settled within twelve months after reporting date. See below for the maturity analysis of the lease liabilities as per 31 December 2023.

LEASE LIABILITIES - MATURITY ANALYSIS		
In € millions	2023	2022 Restated
< 1 month	-	-
1 - 3 months	-	-
3 - 12 months	1	1
1 - 2 years	1	-
2 - 5 years	4	-
> 5 years	9	-
Total	**15**	**1**
Current	1	1
Non-current	14	-

20 Guarantees, Commitments and Contingent Liabilities

Contingent Liabilities

At year-end 2023, SRLEV N.V. had contingent liabilities to invest € 1,799 million in investment funds (2022: € 1,631 million). These funds may in due course call these commitments (capital calls) when specific conditions are met. These capital calls have been taken into account in the company's liquidity management. The contingent liabilities had no immediate effect on the capital as of 31 December 2023.

At year-end 2023, SRLEV N.V. also has a residual commitment of € 2 million (2022: € 64 million) to invest in properties in the Netherlands and abroad.

Guarantee Schemes

SRLEV N.V. has guaranteed certain obligations arising under an insurance contract between N.V. Pensioen ESC, a subsidiary of SRLEV N.V., and a third party related to the defined benefit plan of that party for the term of the contract. The contract between N.V. Pensioen ESC and the third party stipulates that the financial position of N.V. Pensioen ESC, including the indexation reserves, will be guaranteed by Athora Netherlands N.V. In the event the Solvency II ratio of SRLEV N.V. should fall below 100%. SRLEV N.V.'s Solvency II ratio was 217% at year-end 2023. Given that the fair value of the separated assets exceeds the technical claims and benefits, this contract does not give rise to any additional technical claims and benefits in the statement of financial position.

As per 1 January 2019, the Recovery and Resolution insurance companies Act *(Wet herstel en afwikkeling van verzekeraars*) came into force. This also affects Athora Netherlands N.V. The Recovery and Resolution insurance companies Act will enable insurance companies and DNB to be better prepared for a crisis situation and gives DNB tools to - in the interest of policyholders and public interest - intervene in case of a failing insurance company. Athora Netherlands has prepared a preparatory crisis plan (*voorbereidend crisisplan*) in accordance with the requirements of the Recovery and Resolution insurance companies Act; this plan has been filed with DNB.

In 2012, SRLEV N.V. revised separate account contracts before the end date of the contracts to make the deficits arising from issued guarantees more manageable. Agreement was reached with customers, in which process customers funded the increased charges of longevity risk while SRLEV N.V. bore part of the interest deficit. At year-end 2023, a liability of € 1 million exists relating to this separate accounts restructuring (2022: € 1 million). The customers' liability in respect of this restructuring was € 1 million at year-end 2023 (2022: € 2 million).

Guarantees Received and Given

The notional amount of the mortgages guaranteed under the National Mortgage Guarantee Fund (in Dutch: NHG) amounted to € 250 million at year-end 2023 (2022: € 577 million).

The fair value of the collateral of the mortgages was € 7,362 million at year-end 2023 (2022: € 12,854 million). The fair value of the mortgages was € 3,367 million at year-end 2023 (restated 2022: € 4,325 million).

With regard to savings mortgage insurances, issued by SRLEV N.V. to customers and linked to savings mortgage loans that customers have taken out with various financial institutions, SRLEV N.V. has entered into various security arrangements with these institutions. The credit default risk that SRLEV N.V. runs on these institutions with regard to the outstanding accrued savings amounts is covered by assignment and retro-assignment arrangements amounting to € 2,993 million (2022: € 3,123 million), rights of pledge amounting to € 226 million (2022: € 231 million) and netting arrangements amounting to € 125 million (2022: € 149 million). At year-end 2023, the unsecured portion of the outstanding accrued savings value amounted to € 30 million (2022: € 34 million).

Under the so-called 'Fortuinplan' arrangement mortgage receivables have been pledged an independent security trustee that holds a right of pledge for the benefit of policyholders for the equivalent value of insurance contract liabilities. The value of these insurance contract liabilities at year-end 2023 was € 39 million (2022: € 42 million).

Additional Commitments

Athora Netherlands entered into a long-term contract with Cardano with regard to asset management activities. The future contractual payments amount to approximately € 187 million (2022: € 202 million), of which € 26 million (2022: € 25 million) will be due within 1 year and € 98 million (2022: € 95 million) in the period between 1 and 5 years. Early termination of the contract will result in the additional fees linked to the remaining duration of the contract.

Netherlands Reinsurance Company for Losses from Terrorism

In 2024, Athora Netherlands will take a 14.74% share in the Life cluster (2023: 17.15%) of the Netherlands Reinsurance company for Losses from Terrorism (Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.). In 2024, the guarantee will be € 10 million (one third of total guarantee of € 29 million) for the Life cluster (2023: € 11 million (one third of total guarantee of € 34 million)) and total premiums will amount to € 1 million (2023: € 1 million).

Legal Proceedings

General

Athora Netherlands' endeavours to ensure compliance with applicable laws and regulations. Nevertheless, instances of non-compliance occurred in 2023. This included insufficient compliance with anti-money laundering regulations for the life insurance portfolio of Athora Netherlands' subsidiary SRLEV N.V. ('SRLEV'), uniform pension overview (UPO) requirements, and requirements in relation thereto. These instances of non-compliance have been resolved.

Athora Netherlands is involved in litigation and other binding proceedings involving, but not limited to, disputes concerning the products and services of Athora Netherlands' subsidiaries and its position as principal, employer and taxpayer. Although it is impossible to predict the outcome of current or threatened legal proceedings, management believes on the basis of currently available information and after taking legal advice in general, the outcome of these proceedings is unlikely to have any material adverse effects on Athora Netherlands' financial position or operating results.

Investment-linked Insurance Policies

Athora Netherlands' subsidiary SRLEV has a portfolio of investment-linked insurance policies (also referred to as unit-linked policies) which consists of a variety of products with distinct characteristics and different versions of contractual documentation.

Since 2006, there has been widespread public attention for costs and risks related to investment-linked insurance policies and the question whether insurance companies provided adequate information to their current and prospective investment-linked policyholders.

In 2013, Vereniging Woekerpolis.nl initiated a collective action against SRLEV regarding two investment-linked insurance products. By judgement of 20 December 2017, the District Court Noord-Holland denied almost all of the requested declaratory decisions. Both Vereniging Woekerpolis.nl and SRLEV filed appeal against the judgement of the District Court. The appeal proceedings were put on hold.

On 21 March 2024 SRLEV reached a settlement with consumer organisations Consumentenbond, ConsumentenClaim, Wakkerpolis, Woekerpolis.nl, and Woekerpolisproces regarding investment-linked insurance policies sold by SRLEV and its predecessors. The settlement relates to all investment-linked insurance policies of customers affiliated with one of the consumer organisations and is subject to a 90% acceptance rate of the affiliated policyholders that have received an individual proposal for compensation. The settlement includes that the collective action against SRLEV will be discontinued upon execution of the settlement and no new legal proceedings may be initiated by the consumer organisations. A provision of € 95 million was recognised to cover the costs of the settlement. This includes € 25 million for the estimated risk of hardship cases and customers not affiliated with one of the consumer organisations who have not previously received compensation.

21 Related Parties

Identity of Related Parties

Parties qualify as a related party if one of the parties has the power to exercise control or significant influence on the other in terms of deciding on financial or operational issues.

Athora Netherlands' related parties are its parent Athora, Apollo (key minority shareholder of Athora), affiliates and Athora Netherlands' key management personnel and their close family members. Unless stated otherwise, transactions with related parties are conducted at arm's length.

Intra-group Balances and Transactions

INTRA-GROUP BALANCES AND TRANSACTIONS						
	Athora		Affiliates		Total	
In € millions	2023	2022	2023	2022	2023	2022
Positions						
Equity and liabilities						
Other liabilities (Debts to group companies)	50	50	-	-	50	50
Transactions						
Interest payment subordinated loan	2	2	-	-	2	2
Other income and expenses						
Other finance result	-2	-2	-	-	-2	-2
Fee and commission expenses	-	-	-35	-22	-35	-22

The main intra-group balances and transactions between Athora Netherlands N.V., Athora and affiliates in 2023 were:
- Athora Netherlands paid an interest amount of € 1.6 million on the loan of € 50 million granted by Athora Group.
- For the year 2023 a total of € 35 million Management Fee has been charged by Apollo as Asset Manager for the Apollo funds.

Intra-group Balances and Transactions with Key Management Personnel of Athora Netherlands

In 2022, the key management personnel consisted of the members of the Executive Board and the Supervisory Board. As of January 2023, Athora Netherlands N.V. has installed an Executive Committee. This committee consists of Executive Board members and two additional non-statutory Board Members as appointed by the Supervisory Board. Therefore, the key management personnel in 2023 consists of the members of the Executive Committee and the Supervisory Board. This applies to Athora Netherlands and also to SRLEV N.V. and Proteq Levensverzekeringen N.V.

The Executive Committee comprised six members at 31 December 2023 (Executive Board, 31 December 2022: five members). One member of the board resigned in 2023. The Supervisory Board comprised six members at 31 December 2023 (31 December 2022: six members).

Actual Remuneration (former) Members of the Executive Committee

The following table provides a breakdown of the total remuneration of the Executive Committee, including former and existing key management.

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE EXECUTIVE COMMITTEE		
In € thousands	2023	2022
Short-term employee benefits	5,418	7,032
Post-employment benefits	147	111
Termination benefits	236	14
Total	**5,801**	**7,157**

The short-term employee benefits consist of fixed remuneration, social contributions and expense allowances. The short-term employee benefits also consist of sign-on bonuses paid, respectively to be paid during the first year of their appointment.

The post-employment benefits consist of pension contributions.

The termination benefits consist of contractual agreed severance payments to former members of the Executive Committee, including the salary until the end of the notice period without the obligation to perform work. This is in line with the applicable Executive Committee remuneration policy and applicable legislation.

Reference is made to Section 6.1.5 for the accounting principles of employee benefits.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2023 (and 2022) and/or granted to members of the Executive Committee during 2023.

Actual Remuneration (former) Members of the Supervisory Board

The following table provides an overview of the total remuneration of the (former) Supervisory Board members (excluding 21% VAT on invoices).

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE SUPERVISORY BOARD		
In € thousands	2023	2022
Total fixed actual remuneration for Supervisory Board members	515	498
Total remuneration related to membership Supervisory Board Committees	110	59
Total	625	557

Per 1 July 2022, the remuneration for Supervisory Board members has changed. The fixed remuneration for the membership of the Supervisory Board has been reduced and a payment per membership of a committee has been introduced.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2023 (and 2022) and/or granted to members of the Supervisory Board during 2023.

Other Intra-group Balances and Transactions

Athora Group maintains a number of active share plans and schemes, which includes a Management Equity Plan, a Long-Term Incentive Plan and an Employee Co-invest Plan.

Some (former) members within the Executive Committee and Supervisory Board were already part of management within Athora Group and continue participating in one or more of these plans. These plans and its requirements did not have an impact on Athora Netherlands financial statements.

22 Interests in Non-consolidated Structured Entities

Athora Netherlands invests in non-consolidated structured entities, such as investment funds, in the form of investments, credit guarantees or liquidity obligations.

The table below breaks down the carrying amount of the assets and liabilities relating to Athora Netherlands with its involvement classified by type of transaction and the maximum exposure to losses of the non-consolidated structured entities and the relative size of those entities.

NON-CONSOLIDATED STRUCTURED ENTITIES 2023					
In € millions	Carrying amount assets	Carrying amount liabilities	Maximum exposure to losses	Total assets of entities	Total liabilities of entities
Private stocks	450	-	461	3,014	3,014
Investment Funds	1,009	5	2,509	5,573	5,573
Total	1,459	5	2,970	8,587	8,587

NON-CONSOLIDATED STRUCTURED ENTITIES 2022					
In € millions	Carrying amount assets	Carrying amount liabilities	Maximum exposure to losses	Total assets of entities	Total liabilities of entities
Private stocks	300	-	321	1,586	1,586
Investment Funds	-	5	145	97	97
Total	300	5	466	1,683	1,683

The maximum exposure to losses with respect to commitments and guarantees is the notional amount. The notional amount does not represent the expected losses or reflect unrealised losses (if applicable). These commitments and guarantees are conditional and present the maximum losses that Athora Netherlands could suffer on its involvement in non-consolidated structured entities, without considering the impact of any mitigating action or compensating influence of other financial instruments. Reference is made to Note 20 for more information about guarantees and commitments.

23 Events after the Reporting Date

Settlement Investment-linked Insurance Policies

On 22 March 2024, SRLEV announced it has reached a settlement agreement with five interest groups. The settlement amounts to € 70 million. The settlement relates to all investment-linked insurance insurance products sold in the Netherlands by SRLEV N.V. (Reaal) and its predecessor companies. In addition, a provision of € 25 million is taken for the estimated risk of hardship cases and customers not affiliated with one of the interest groups who have not previously received compensation. A € 95 million provision is taken in 2023, reference is made to Note 17 Other provisions and Note 20 Legal Proceedings.

Capital Distribution

On 27 March 2024, a capital distribution of € 75 million was approved by Athora Netherlands' shareholder. The capital distribution has not been reflected in the year-end IFRS and Solvency II position of Athora Netherlands.

Merger SRLEV and Proteq

On 8 March 2024, the intention to merge the entities SRLEV N.V. and Proteq Levensverzekeringen N.V. was published in a number of newspapers and in March 2024 letters have been sent to the policyholders of Proteq to inform them of our intention. The intended date of the merger is 30 June 2024. The merger will come into effect if all conditions are met, such as the approval by DNB and the statements of no oppositions by policyholders and creditors.

On the merger date, SRLEV will continue the activities of Proteq and will acquire all assets and liabilities of Proteq. Proteq will cease to exist. The financial data of Proteq will be accounted for in the financial statements of SRLEV as per 1 January 2024. The last financial year of Proteq will therefore end on 31 December 2023.

24 Insurance Service Result

BREAKDOWN OF INSURANCE SERVICE RESULT		
In € millions	2023	2022 Restated
Insurance revenue	1,818	1,874
Insurance service expenses	-1,644	-1,671
Net expenses from reinsurance contracts	-13	-35
Insurance service result	**161**	**168**

Insurance Revenues

BREAKDOWN OF INSURANCE REVENUES		
In € millions	2023	2022 Restated
Amounts relating to changes in liabilities for remaining coverage		
CSM recognised for services provided	172	171
Change in risk adjustment for non-financial risk expired	22	60
Expected incurred claims and other insurance service expenses	1,620	1,638
Recovery of insurance acquisition cash flows	4	5
Insurance revenues	**1,818**	**1,874**

Due to the increase in interest rates starting at the end of 2022 and continuing in 2023, the risk adjustment decreased. This lead to a lower release and a higher accrual on the risk adjustment. Resulting in a lower change on the risk adjustment of € 22 million in 2023 compared to € 60 million in 2022.

Refer to section 15 Insurance contract liabilities and reinsurance contracts held liabilities for the yield curve that is applied for discounting the cash flows.

Insurance Service Expenses

BREAKDOWN OF INSURANCE SERVICE EXPENSES		
In € millions	2023	2022 Restated
Claims and expenses as expected at the start of the year	-1,620	-1,638
Adjustments for:		
Current service higher (lower) claims and expenses for coverage this year	22	7
Loss component of insurance contracts initially recognised in the year	-7	-12
Future service, reversal of onerous contracts	-25	-28
Past service adjustment to liability for incurred claims	-11	5
Amortisation of acquisition expenses	-3	-5
Insurance service expenses	**-1,644**	**-1,671**

Net Expenses from Reinsurance Contracts

BREAKDOWN OF NET EXPENSES FROM REINSURANCE CONTRACTS		
In € millions	2023	2022 Restated
Amounts relating to changes in liabilities for remaining coverage		
CSM recognised for services provided	-3	-15
Change in risk adjustment for non-financial risk expired	-3	-21
Expected incurred claims and other insurance service expenses	-522	-528
Allocation of reinsurance premiums paid	-528	-564
Claims and expenses as expected at the start of the year	521	528
Adjustments for:		
Current service higher (lower) claims and expenses for the coverage of this year	-6	-1
Loss recovery component of reinsurance contracts	-	2
Amounts recoverable from reinsurers	515	529
Net expenses from reinsurance contracts	-13	-35

25 Result on Investments

BREAKDOWN OF RESULT ON INVESTMENTS		
In € millions	2023	2022 Restated
Result on investments for general account	1,227	-3,919
Result on investments for account of policyholders	1,442	-2,472
Total	2,669	-6,391

Result on Investments for General Account

BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT		
In € millions	2023	2022 Restated
Shares and similar investments	248	25
Bonds	669	-2,661
Loans and deposits	576	-1,421
Investment property	-34	-5
Derivatives (Interest Income)	-268	256
Other	106	-74
Total	1,297	-3,880
Direct operating expenses	89	64
Attributable to insurance service expenses	-19	-25
Total expenses	70	39
Total investment result	1,227	-3,919

BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT 2023							
In € millions	Shares and similar investments	Bonds	Loans and deposits	Investment property	Derivatives (Interest Income)	Other	Total
Interest income	-	288	631	-	-268	106	757
Dividend income	114	-	-	-	-	-	114
Rental income	-	-	-	49	-	-	49
Revaluations	192	496	41	-83	-	-	646
FX result	-58	-115	-96	-	-	-	-269
Total investment income	**248**	**669**	**576**	**-34**	**-268**	**106**	**1,297**
Direct operating expenses							89
Attributable to insurance service expenses							-19
Total expenses							**70**
Total investment result							**1,227**

BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT 2022 RESTATED							
In € millions	Shares and similar investments	Bonds	Loans and deposits	Investment property	Derivatives (Interest Income)	Other	Total
Interest income	-	371	465	-	256	11	1,103
Dividend income	35	-	-	-	-	-	35
Rental income	-	-	-	35	-	-	35
Revaluations	-4	-3,132	-1,970	-40	-	-	-5,146
FX result	-6	100	84	-	-	-85	93
Total investment income	**25**	**-2,661**	**-1,421**	**-5**	**256**	**-74**	**-3,880**
Direct operating expenses							64
Attributable to insurance service expenses							-25
Total expenses							**39**
Total investment result							**-3,919**

The increase of the result on investments in the fair value through profit or loss portfolio is mainly a result of positive revaluation this year compared negative revaluation to last year. Stock markets rises which results in a positive revaluation for equities. Lower interest rates results in a positive revaluation for bonds and loans and deposits.

The continuous increase of short term interest rates over the course of 2023 have led to negative interest result on derivatives for 2023 where in 2022 there was a positive interest result on derivatives.

The increase of dividend income is mainly due to increase in exposure to equities.

Other relates to loans and advances to banks, amounts due to banks and funding. Movement on interest income between 2023 and 2022 caused by the significantly increase of the short interest rate, respectively € 93 million in 2023 and € 8 million in 2022.

Result on Investments for Account of Policyholders

BREAKDOWN OF RESULT ON INVESTMENTS FOR ACCOUNT OF POLICYHOLDERS		
In € millions	2023	2022 Restated
Interest income	17	19
Dividends income	1	1
Total interest and dividends	**18**	**20**
Revaluations	1,424	-2,492
Total	**1,442**	**-2,472**

The positive revaluation result mainly relates to the MSCI indices which show a gain for the year 2023 compared to a loss in 2022.

26 Result on (Liabilities from) Investments for Account of Third Parties

The positive result of € 821 million (2022: € 591 million loss) mainly consists of unrealised revaluation. We refer to Note 6 Investments for Account of Third Parties for information about the third party investments.

27 Result on Derivatives

BREAKDOWN OF RESULT ON DERIVATIVES		
In € millions	2023	2022 Restated
Market value movements of derivatives	1,006	-5,365
Total	**1,006**	**-5,365**

A positive revaluation of € 806 million in 2023 was mainly driven by the interest rate derivatives. These had a positive result, due to the downward movement in the long term swap rate compared to a significant upward movement in 2022. The FX result of € 200 million, driven by FX forwards, which are mainly used to hedge the USD and Yen positions, has also added to the positive result.

28 Impairment Losses and Reversals

BREAKDOWN OF IMPAIRMENT LOSSES AND REVERSALS BY CLASS OF ASSET						
	Impairments		Reversals		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Through profit or loss						
Property and equipment	-	-5	1	-	1	-5
Other debts	-	-1	-	1	-	-
Total	**-**	**-6**	**1**	**1**	**1**	**-5**

29 Investment Result and Insurance Finance Income and Expense

BREAKDOWN OF INVESTMENT RESULT AND INSURANCE FINANCE INCOME AND EXPENSE		
In € millions	2023	2022 Restated
Investment result		
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 and expenses		
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
Investment result and insurance finance income and expenses		
Total investment result and insurance finance income and expenses	1,182	-1,017

Investment Result and Insurance Finance Income and Expense

Total Investment result and insurance finance income and expenses in 2023 of € 1,182 million (2022: € -1,017 million) was driven by higher investment income and positive market variances. Market variances were positive in 2023 mainly due to the beneficial update of Illiquidity premium (ILP) on liability discount curve in line with our yearly Strategic Asset Allocation (SAA) update. Over 2022, the market interest rates for both assets and liabilities increased significantly. The impact on liabilities was more significant than assets, as the hedging strategy is based on the Solvency II framework. Resulting in an over-hedge on the IFRS equity position which had a negative impact on the result. The ALM policy of Athora Netherlands aims to mitigate financial risk through hedging of assets and liabilities thereby achieving appropriate resilience in its Solvency II position over time.

30 Other Income

BREAKDOWN OF OTHER INCOME		
In € millions	2023	2022 Restated
Fee and commission income:		
- Management fees	18	12
- Other activities	35	35
Total fee and commission income	53	47
Fee and commission expenses	22	21
Subtotal	31	26
Attributable to insurance service expenses	17	19
Total	14	7

31 Other Operating Expenses

The other operating expenses overview reconciles to the statement of profit or loss. Staff costs and depreciation are explained in more detail in the next paragraph.

BREAKDOWN OF OTHER OPERATING EXPENSES		
In € millions	2023	2022 Restated
Staff costs	-190	-165
Depreciation and amortisation of non-current assets	-5	-4
Other expenses	-147	-58
Subtotal	**-342**	**-227**
Attributable to insurance acquisition costs	26	28
Attributable to other insurance service expenses	157	158
Total	**-159**	**-41**

Staff Costs

BREAKDOWN OF STAFF COSTS		
In € millions	2023	2022
Salaries	-82	-77
Pension costs	-30	-20
Social security contributions	-10	-11
Other staff costs	-68	-57
Total	**-190**	**-165**

BREAKDOWN OF PENSION COSTS		
In € millions	2023	2022
Pension contributions based on defined contribution	-16	-16
Employee contributions	2	2
Total based on defined contributions	**-14**	**-14**
Increase of present value defined benefit plans	-16	-6
Total	**-30**	**-20**

Salaries

The salary costs increased compared to 2022, mainly due to a release of the gratification provision of € 4 million in 2022 and the cost of the phantom share reward plan recognised in 2023 (€ 1 million).

There was a collective salary adjustment of 2.25% per October 2023 (2.25% per July 2022).

Phantom Share Reward Plan

In 2023, Athora Netherlands awarded all eligible employees a cash equivalent of up to 100 share awards on the date these shares are vested in July 2024. The price of a share award, that is based on the underlying value of the price of a share of the Athora Group, determined by using a financial model, amounted € 15.70 when it was rewarded. As per 31 December 2023 the fair value of the Phantom Share Reward Plan amounts to € 1.4 million of which 1 million is a compensation for rendered services and are expensed in the statement of profit or loss. The fair value is calculated using an estimation of 850 FTEs and a price of € 16.80 for a Phantom Share.

Other Staff Costs

Other staff costs include the cost of temporary staff of € 60 million (2022: € 54 million), travelling expenses of € 2 million (2022: € 1 million), training costs of € 1 million (2022: € 2 million) and a release of the restructuring provision of € 1 million (2022: release of € 5 million).

NUMBER OF INTERNAL FTES		
In € millions	2023	2022
Number of internal FTEs	847	969

Other Expenses

BREAKDOWN OF OTHER EXPENSES		
In € millions	2023	2022
IT systems	-20	-17
Housing	-2	-2
Marketing and public relations	-3	-3
External advisors	-10	-30
Other costs	-112	-6
Total	**-147**	**-58**

In 2023, the other costs relate to outsourced services and contributions and a recognition of a provision as a result of the settlement of investment-linked insurance policies, please refer to Note 17 Other Provisions for more details.

Service costs for property are excluded from the valuation of Right-of-use assets and will continue to be reported under Housing. Other housing expenses include mainly costs for security, cleaning, energy and maintenance.

For depreciation charge of Right-of-use assets, for the additions to Right-of-use assets and for interest expenses on lease liabilities refer to Note 2 Property and Equipment. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

32 Other Finance Result

BREAKDOWN OF OTHER FINANCE RESULT		
In € millions	2023	2022 Restated
Bonds	-43	-52
Other interest and investment expenses	-7	1
Total	**-51**	**-51**

Other interest expenses regarding bonds have increased in 2023 compared to 2022.

This is due to the refinancing of the subordinated debts. In May 2022, Athora Netherlands issued € 500 million subordinated notes with a fixed coupon of 5.375% per annum. In June 2022, Athora Netherlands redeemed the outstanding $ 506 million of originally issued $ 575 million subordinated notes with a fixed coupon of 6.250% per annum as a result of the successful tender offer on the notes and in November 2022, Athora Netherlands redeemed the outstanding $ 69 million at their principal amount outstanding together with accrued and unpaid interest. This included a buy back loss of € 4 million.

The decrease of interest on private loans is caused by the redemption of private loans in 2021, refer to Note 18 Amounts due to banks.

Other interest expenses include interest expenses on lease liabilities, an item recognised for the first time in financial year 2019 due to the initial application of IFRS 16. The interest expenses on lease liabilities amounts to € 678 thousand (2022: € 2 thousand) at year-end.

For depreciation charge of Right-of-use assets, for the additions to Right-of-use assets and for expenses relating to short-term leases refer to Note 2 Property and Equipment. or the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

33 Tax Expense or Benefit

BREAKDOWN OF TAX EXPENSE / BENEFIT		
In € millions	2023	2022 Restated
In financial year	5	-34
Other	-	5
Corporate income tax due	**5**	**-29**
Due to temporary differences	-329	275
Due to carry forward losses	40	-
Reversal of non-recoverable deferred tax assets	-	69
Deferred tax (including tax rate change)	**-289**	**344**
Total tax (expense) / benefit	**-284**	**315**

The corporate income taxes are irrevocable for the years up to and including 2021.

RECONCILIATION BETWEEN THE STATUTORY AND EFFECTIVE TAX RATE		
In € millions	2023	2022 Restated
Statutory income tax rate	25.8%	25.8%
Result before tax from continued operations	1,147	-934
Statutory corporate income tax amount	**-296**	**242**
Effect of participation exemption	19	1
Deductible interest Tier 1	5	6
Non-deductible expenses	-1	-1
Investment deductions	-	1
Reversal of non-recoverable deferred tax assets	-	69
Other items	-11	-3
Total tax (expense) / benefit	**-284**	**315**
In %		
Effective tax rate	24.8%	33.7%

The effective tax rate of 24.8% differs compared to the nominal rate of 25,8%. This is mainly caused by the effect of participation exemption in 2023.

34 Income Tax Effects relating to Other Comprehensive Income

BREAKDOWN OF INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME						
	Before tax amount		Tax (expense) benefit		Net of tax amount	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Changes in valuation of defined benefit pension plan	15	198	-4	-50	11	148
Changes in fair value	2	-	-1	-	1	-
Net change in foreign currency translation reserve	2	-1	-	-	2	-1
Other movements	-	1	-	-	-	1
Total other comprehensive income	19	198	-5	-50	14	148

For the changes in valuation of defined benefit pension plan of € 15 million we refer to Note 16 Provision for Employee Benefits.

35 Fair Value of Property, Financial Assets and Liabilities

35.1 Fair Value of Assets and Liabilities

The table below shows the fair value of Athora Netherlands' assets and liabilities. The total fair value shown below does not represent the value of the company as a whole.

FAIR VALUE OF ASSETS AND LIABILITIES				
	Fair value	Carrying amount	Fair value	Carrying amount
In € millions	2023	2023	2022 Restated	2022 Restated
Property				
Land and buildings for own use	14	14	32	32
Investment property	986	986	1,012	1,012
Financial assets				
Investments:				
- Shares and similar investments	6,917	6,917	5,538	5,538
- Bonds	13,985	13,985	13,701	13,701
- Loans and deposits	11,436	11,436	11,552	11,552
- Investments for account of policyholders	12,592	12,592	11,689	11,689
Investments for account of third parties	7,560	7,560	4,108	4,108
Derivatives	6,507	6,507	10,552	10,552
Loans and advances due from banks	3,066	3,066	4,263	4,263
Other assets	223	223	221	221
Cash and cash equivalents	386	386	363	363
Total property and financial assets	**63,672**	**63,672**	**63,031**	**63,031**
Financial liabilities				
Subordinated debt	900	922	851	914
Borrowings	62	62	60	62
Derivatives	7,987	7,987	13,166	13,166
Amounts due to banks	1,249	1,249	1,579	1,579
Other liabilities	292	292	226	226
Total financial liabilities	**10,490**	**10,512**	**15,882**	**15,947**

The fair values represent the amount that would be received to sell a property and financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the reporting date. The fair value of property, financial assets and liabilities is based on quoted market prices, where observable. If prices in an active market are not available, various valuation techniques are used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and various assumptions are used, for instance for the discount rate and the timing and size of expected future cash flows. Changes in assumptions can significantly influence estimated fair values. The main assumptions for each item are explained in the section on fair value hierarchy below.

The carrying amount of the financial assets and financial liabilities is shown including accrued interest.

35.2 Measurement of Assets and Liabilities

The following methods and assumptions are used to determine the fair value of assets and liabilities.

Land and Buildings for Own Use

The fair value of land and buildings for own use is measured on the basis of annual appraisals. The main parameters for these appraisals are rentable fair value and expected yield.

Investment Property

The fair value of investment property is measured on the basis of annual appraisals. The main parameters for these appraisals are rentable fair value and expected yield.

Investments

The fair value of equities is based on quoted prices in an active market or other available market data. The fair value of interest-bearing securities, exclusive of mortgage loans, is also based on quoted market prices or if actively quoted market prices are not available, on the discounted value of expected future cash flows. These discounted values are based on the relevant market interest rate, taking into consideration the liquidity, creditworthiness and maturity of the investment.

Mortgages

The fair value of mortgages is determined using a discounted value method. The yield curve used to discount cash flows of mortgage loans is the swap rate plus a risk premium that can vary between sub-portfolios. Expected future early redemptions, losses and the corresponding consumer rates are taken into account in determining the expected cash flows.

Derivatives

The fair value of nearly all derivatives is based on observable market inputs, such as market interest rates and foreign exchange rates. The fair value of a number of non-publicly traded derivatives depends on the type of instrument and is based on a discounted value model or an option valuation model.

Private Loans

Loans that are originated as part of the external mandates are valued by external valuation agencies on a quarterly basis.

Loans and Advances due from Banks

The fair value of loans and advances due from banks has been estimated based on the discounted value of the future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market for holding such instruments issued by Athora Netherlands, differentiated by maturity and type of instrument. The carrying amount of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Other Assets

Given the predominantly short-term nature of other assets, the carrying amount is considered to be a reasonable approximation of the fair value.

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents is considered to be a reasonable approximation of the fair value.

Subordinated Debts

The fair value of subordinated debt is based on quoted prices in an active market when available. When actively quoted market prices are not available the fair value of subordinated debts has been estimated based on the discounted value of future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market at years' end for holding subordinated debt issued by Athora Netherlands, differentiated by maturity and type of instrument.

Borrowings

The fair value of borrowings is based on quoted prices in an active market when available. When actively quoted market prices are not available the fair value of borrowings has been estimated based on the discounted value of future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market at years' end for holding subordinated debt issued by Athora Netherlands, differentiated by maturity and type of instrument.

Amounts Due to Banks

The fair value of amounts due to banks has been estimated based on the discounted value of the future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market for holding such instruments issued by Athora Netherlands, differentiated by maturity and type of instrument. The carrying amount of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Other Liabilities

The carrying amount of the other liabilities is considered to be a reasonable approximation of the fair value.

35.3 Hierarchy in Determining the Fair Value of Property and Financial Instruments

The table below shows an analysis of assets measured at fair value on a recurring basis, categorised by fair value hierarchy in level 1, level 2 and level 3 for 2023 and 2022. Property and financial assets and liabilities not measured at fair value and whose carrying amount is a reasonable approximation of fair value are not classified by level.

FAIR VALUE HIERARCHY 2023					
	Carrying amount	Fair value			
In € millions		Level 1	Level 2	Level 3	Total
Property and financial assets measured at fair value					
Land and buildings for own use	14	-	-	14	**14**
Investment property	986	-	-	986	**986**
Investments:					
- Shares and similar investments	6,917	5,445	-	1,472	**6,917**
- Bonds	13,985	12,701	780	504	**13,985**
- Loans and deposits	11,436	-	92	11,344	**11,436**
- Investments for account of policyholders	12,592	12,316	20	256	**12,592**
Investments for account of third parties	7,560	7,560	-	-	**7,560**
Derivatives	6,507	-	6,461	46	**6,507**
Loans and advances due from banks	3,066	2,419	641	6	**3,066**
Financial assets not measured at fair value					
Other assets	223	-	-	-	**223**
Cash and cash equivalents	386	-	-	-	**386**
Financial liabilities measured at fair value					
Derivatives	7,987	-	7,974	13	**7,987**
Financial liabilities not measured at fair value					
Subordinated debt	922	900	-	-	**900**
Borrowings	62	62	-	-	**62**
Amounts due to banks	1,249	-	-	-	**1,249**
Other liabilities	292	-	-	-	**292**

FAIR VALUE HIERARCHY 2022 RESTATED					
	Carrying amount	Fair value			
In € millions		Level 1	Level 2	Level 3	Total
Property and financial assets measured at fair value					
Land and buildings for own use	32	-	-	32	32
Investment property	1,012	-	-	1,012	1,012
Investments:					
- Shares and similar investments	5,538	4,366	-	1,172	5,538
- Bonds	13,701	12,591	696	414	13,701
- Loans and deposits	11,552	-	356	11,196	11,552
- Investments for account of policyholders	11,689	11,421	19	249	11,689
Investments for account of third parties	4,108	4,108	-	-	4,108
Derivatives	10,552	-	10,301	251	10,552
Loans and advances due from banks	4,263	-	4,256	7	4,263
Financial assets not measured at fair value					
Other assets	221	-	-	-	221
Cash and cash equivalents	363	-	-	-	363
Financial liabilities measured at fair value					
Derivatives	13,166	-	13,121	45	13,166
Financial liabilities not measured at fair value					
Subordinated debt	914	851	-	-	851
Borrowings	62	60	-	-	60
Amounts due to banks	1,579	-	-	-	1,579
Other liabilities	226	-	-	-	226

The table below shows the movements in property and financial instruments measured at fair value and classified in level 3.

STATEMENT OF CHANGES IN LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS IN 2023						
	Investments:					
In € millions	Land and buildings for own use	Investment property	Shares and similar investments	Bonds	Loans and deposits	Subtotal
Balance as at 1 January	32	1,012	1,172	414	11,196	13,826
Transfer to level 3	-	-	-	-	18	18
Revaluations	-	-83	40	21	39	17
Purchases and advances	2	59	1,278	505	3,130	4,974
Disposals and redemptions	-	-20	-1,018	-322	-3,037	-4,397
Other	-20	18	-	-	-	-2
Transfer from level 3	-	-	-	-114	-	-114
Balance as at 31 December	14	986	1,472	504	11,344	14,320
Total gains and losses included in profit or loss	-	-56	40	21	39	44

STATEMENT OF CHANGES IN LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS IN 2023						
In € millions	Subtotal	Investments for account of policyholders	Investments for account of third parties	Derivatives	Loans and advances due from banks	Total
Balance as at 1 January	13,826	249	-	206	7	14,288
Transfer to level 3	18	-	-	-	-	18
Revaluations	17	19	-	-	-	36
Purchases and advances	4,974	12	-	29	-	5,015
Disposals and redemptions	-4,397	-24	-	-	-1	-4,422
Other	-2	-	-	-	-	-2
Transfer from level 3	-114	-	-	-202	-	-316
Balance as at 31 December	14,320	256	-	33	6	14,615
Total gains and losses included in profit or loss	44	19	-	-	-	63

STATEMENT OF CHANGES IN LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS IN 2022 RESTATED						
	Investments:					
In € millions	Land and buildings for own use	Investment property	Shares and similar investments	Bonds	Loans and deposits	Subtotal
Balance as at 1 January	36	615	655	1,067	12,047	14,420
Transfer to level 3	-	-	-	13	-	13
Revaluations	-4	-40	2	-37	-1,656	-1,735
Purchases and advances	-	437	651	453	3,034	4,575
Disposals and redemptions	-	-	-136	-1,051	-2,358	-3,545
Other	-	-	-	-5	129	124
Transfer from level 3	-	-	-	-26	-	-26
Balance as at 31 December	32	1,012	1,172	414	11,196	13,826
Total gains and losses included in profit or loss	-4	-40	2	-37	-1,656	-1,735

STATEMENT OF CHANGES IN LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS IN 2022 RESTATED						
In € millions	Subtotal	Investments for account of policyholders	Investments for account of third parties	Derivatives	Loans and advances due from banks	Total
Balance as at 1 January	14,420	336	-	-104	48	14,700
Transfer to level 3	13	-	-	-2	-	11
Revaluations	-1,735	-68	-	144	-	-1,659
Purchases and advances	4,575	9	-	32	-	4,616
Disposals and redemptions	-3,545	-37	-	136	-2	-3,448
Other	124	9	-	-	-	133
Transfer from level 3	-26	-	-	-	-39	-65
Balance as at 31 December	13,826	249	-	206	7	14,288
Total gains and losses included in profit or loss	-1,735	-68	-	144	-	-1,659

The following table below shows a breakdown of the investments that are categorised in level 3.

BREAKDOWN OF LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS		
In € millions	2023	2022 Restated
Land and buildings for own use	14	32
Investment property	986	1,012
Shares	1,472	1,172
Bonds issued by financial institutions	499	410
Collateralised debt obligation	-	-
Collateralised loan obligation	5	4
Mortgages	6,691	7,711
Loans and deposits	4,653	3,485
Investments for account of policyholders	256	249
Investments for account of third parties	-	-
Derivatives	33	206
Loans and advances to banks	6	7
Total	14,615	14,288

General

A significant part of the assets and liabilities are recognised at fair value. The basis for determining the fair value hierarchy, all assets and liabilities for which fair value is measured or disclosed in the financial statements, are categorised within the 'fair value hierarchy' described as follows, based on the lowest level input that is significant to the fair value measurement. This level depends on the parameters used to determine fair value and provides further insight into the valuation. The levels are explained below:

Level 1 – Fair Value Based on Quoted Prices in an Active Market

Level 1 inputs to level 1 fair values are quoted prices (unadjusted) in active markets for identical assets and liabilities that the entity can access at the measurement date. Fair values of assets and liabilities traded on active markets are determined using quoted market prices when available. Financial instruments are considered as being quoted in an active market when quotes representing consensus are regularly provided by external pricing services with limited dispersion and prices are readily available.

Level 2 – Fair Value Based on Observable Inputs

Level 2 inputs to level 2 fair values are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a level 2 input must be observable for the full term of the instrument. Level 2 inputs include the following:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets and liabilities in markets that are not active, the prices are not current, or price quotations vary substantially either over time or among market makers, or in which little information is released publicly.
- Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, implied volatilities, and credit spreads).
- Market-corroborated inputs. Where Athora Netherlands uses broker quotes and no information as to the observability of inputs is provided by the broker, the investments are classified as follows:
- Where the broker quote is binding, or where the broker price is validated by using internal models with market observable inputs and the values are similar, Athora Netherlands classifies the investment as level 2.
- In circumstances where internal models are not used to validate broker prices, or the observability of inputs used by brokers is unavailable, the investment is classified as level 3.

Level 3 – Fair Value not Based on Observable Market Data

Inputs to level 3 fair values are unobservable inputs for the asset or liability including, as available and appropriate, internal data and other publicly available information. Fair value, in the first instance, is calculated using recognised pricing services, market participants or other sources. When market quotations are not available, a model-based approach (typically discounted cash flow) is used to determine fair value. Once valuations are performed, appropriate validation and review is completed to ensure the most appropriate valuation is applied at period end.

Athora Netherlands formulates the assumptions that are used to determine prices, with due reference to estimates of future cash flows and timing, maturity dates, volatility, risk premium and other relevant available information. Unobservable inputs may be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, it is worth noting that the fair value measurement objective remains the same, i.e. an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Examples are investment properties, certain private equity investments and private placements. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an orderly transaction between market participants under market conditions current at that date

The fair value of property and financial instruments classified in level 3 is partly based on inputs that are not observable in the market. A sensitivity analyses is performed on the major holdings in Level 3 investments. The fair value of interest-bearing securities is calculated as the discounted value of expected future cash flows. The calculation method of sensitivities in this chapter is similar to the method used in calculating the sensitivities in chapter 7 however limited to fair value level 3 classified securities.

The expected future cash flows as well as the discount rate is also a significant unobservable input. These discounted values are based on the relevant market interest rate, taking into consideration the liquidity, creditworthiness and maturity of the investment. The fair value sensitivity on these securities is calculated based on the changes in one of the elements used to determine the discount rate.

Determination of Fair Values

Cash and cash equivalents, loans and advances due from banks and other receivables are carried at amortised cost. The estimated fair value for assets carried at amortised cost is determined to equal fair value because of their short-term nature. Athora Netherlands classifies sovereign, corporate bond securities, mutual funds and the majority of equities, excluding all private equity holdings, as level 1. The basis of the classification is that they are assessed as satisfying the Level 1 observable requirements and that the prices for these assets are readily available.

Level 2 assets include derivatives, loans and advances from banks, loans and deposits and unlisted debt securities based on market data. These assets are traded regularly however they do not have readily available, observable market prices. The basis for this classification is that fair value is derived from observable assets, either directly as available prices or derived indirectly from other quoted prices and utilised for these assets. The prices used are from: fund managers, who publish prices daily; and banks for derivatives, who use models that replicate the underlying market-traded instruments. Debt securities, in line with market practice, are generally valued using an independent pricing service. These valuations are determined using independent external quotations from multiple sources and are subject to a number of monitoring controls, such as monthly price variances, stale price reviews and variance analysis. Pricing services, where available, are used to obtain the third party broker quotes. Where pricing services providers are used, a single valuation is obtained and applied. When prices are not available from pricing services, quotes are sourced from brokers. Over-the-counter derivatives are valued using broker quotes or models such as option pricing models, simulation models or a combination of models. The inputs for these models include a range of factors which are deemed to be observable, including current market and contractual prices for underlying instruments, period to maturity, correlations, yield curves and volatility of the underlying instruments.

Level 3 assets are the remainder of assets where prices are derived from valuation techniques that include inputs for assets that are not usually based on observable market data, which require significant management judgement or estimation. The level 3 assets are investment properties, private securities, Residential mortgages loans, private credit, private equity and investment funds. Valuations of level 3 assets are determined with data inputs from asset managers or third party valuation experts and assurance reviews by auditors, which feed into an independent review of inputs and methodologies underlying these valuations by Athora Netherlands' management. Methodologies and assumptions used in these valuations may include, for example, yield methods using data of comparable listed entities, subject company transactions, discounted cash flows, property growth rates, longevity or liquidity premiums, as relevant to each asset class. Athora Netherlands reviews the valuation processes internally and with external investment managers and other professionals. This work gives comfort to management that the assets are valued in accordance with applicable regulation and guidance which results in the asset being valued appropriately. In the current year there have been no changes in the respective valuation techniques used.

Measurement of Fair Values categorised as Level 3
The principal assets classified as level 3, and the valuation techniques applied to them, are described below.

Investment Properties
Investment properties are valued at least annually by independent external valuers, being appropriately qualified and experienced appraisers in the countries concerned with excellent breadth and depth of experience in the valuation of the type of asset concerned. Valuations were performed in accordance with guidance issued by the International Valuation Standards Council. The fair value measurement for all the investment properties has been categorised as level 3 based on the inputs to the valuation techniques used. Valuation technique investment properties are fair valued on an income approach that considers the agreed rent for the signed leases, the market rent for currently vacant space and estimated rents for re-letting of the space after lease term expiry. The discount rate for the subject properties has been applied under consideration of the overall risk profile of each subject property on a case-by-case basis.

The valuation technique, the significant unobservable inputs and their range are included in the table below:

VALUATION TECHNIQUE INVESTMENT PROPERTY				
			Range weighted average	
Investment property	Valuation technique	Significant unobservable inputs	2023	2022
Commercial office/Logistics	DCF	Expected market growth	0%-3%	0%-2%
		Occupancy rate	53%-100%	0%-100%
		Risk adjusted discount rate	6%-12%	6%-11%
Residential	DCF	Expected market growth	2%-5%	2%-3%
		Occupancy rate	98%-100%	100%
		Risk adjusted discount rate	4%-7%	4%-6%

Interrelationship between the key unobservable inputs and fair value the estimated fair value would increase (decrease) if:
- Expected market rental growth were higher (lower):
- Occupancy rates were higher (lower);
- The risk-adjusted discount rate was lower (higher).

Bonds, Loans and Deposits
Athora Netherlands holds commercial mortgage loans, mezzanine debt as well as privately placed bonds and structured debt products. These have been classified as level 3 because they are not traded on an active market and are valued either using valuations of similar privately or publicly held assets, which include a significant unobservable liquidity adjustment, or are validated against internal models.

Valuation techniques private credit instruments are valued by external investment managers using primarily discounted cash flow models and yield methods, whereby cash flows are discounted and modelled based on yield spread movements in comparable market yields as well as company specific factors. The fair value is estimated considering (i) current or recent prices for identical securities in markets that are not active and (ii) a net present value calculated using discount rates derived from quoted yields of securities with similar maturity and credit rating that are traded in active markets adjusted by a liquidity factor. Credit spreads represent the premium above the benchmark reference instrument required to compensate for lower credit quality; higher spreads lead to a lower fair value.

Athora Netherlands holds a portfolio of mezzanine and mortgage loans which are valued using a cash equivalency method which utilises a discounted cashflow analysis to arrive at the net present value for a loan based on a market equivalent rate. This technique takes into account the fair value of the underlying real estate to determine the quality of the loan. The current fair value of the real estate can be obtained through a current valuation or through other techniques such as forecasting based on real estate indices, survey data, collateral-specific and variables (loan-to-value ratio, refinancing risk, etc.). The valuation technique, the significant unobservable inputs and their range are included in the table below:

VALUATION TECHNIQUE FIXED INCOME INVESTMENTS				
			Range weighted average	
Fixed income investments	Valuation technique	Significant unobservable inputs	2023	2022
Bonds, loans deposits	DCF	Discount rate	4%-27%	3%-18%[1]
		Recoverability	71%	74%-75%
		TEV/EBITDA	2x-21x	2x-24x
Mortgage loans	DCF	Discount rate[2]	3%-6%	0%-6%

1 This does not include discount rates on three individually significant inputs which consist of mortgage backed securities with discount rate of 24%-52%.

2 Based on lending market rates corrected for origination and market costs for hedging pipeline risks.

Interrelationship between the key unobservable inputs and fair value valuation techniques applied to many of the Athora Netherlands' level 3 instruments often involve the use of two or more inputs whose relationship is interdependent. For debt securities, reasonably possible alternative assumptions have been determined in respect of Athora Netherlands' credit investment by flexing credit spreads.

Shares and Similar Investments and Investments for Account of Policyholders

Private equity holdings are valued using a range of techniques, including earnings multiples, forecast cash flows and price-to-earnings ratios which are deemed to be appropriate but unobservable.

For equity securities the valuation model is based on market multiples derived from quoted prices of companies comparable to the investee, adjusted for the illiquidity of the equity securities, and the revenue and EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of the investee. The estimate is adjusted for the net debt of the investee.

The significant unobservable input is the adjusted market multiple. The estimated fair value would increase (decrease) if the adjusted market multiple were higher (lower). Investment funds are valued by external fund managers subject to regulatory oversight and guidance. These external managers have experience in pricing these 'difficult to value' assets which have limited, if any, observable data. The valuation approach will mirror those outlined above for equity securities and debt securities depending on the nature of the underlying investments in the funds. The valuation technique, the significant unobservable inputs and their range are included in the table below:

VALUATION TECHNIQUE SHARES AND SIMILAR INVESTMENTS			
		Range weighted average	
Valuation technique	Significant unobservable inputs	2023	2022
Multiple techniques amongst others : - Earnings multiples, - forecast cash flows and - price to earnings	Discount rate	9%-20%	10%-20%
	TEV/EBITDA	0.8x-12.6x	1x-10x

Interrelationship between the key unobservable inputs and fair value Valuation techniques applied to many of Athora Netherlands' level 3 instruments often involve the use of two or more inputs whose relationship is interdependent. For unlisted equity, the valuation techniques used vary depending on the nature of the investment. Reasonably possible alternative valuations for these investments have been calculated by reference to the approach taken, as appropriate to the business sector and investment circumstances and as such the following inputs have been considered:

- for valuations derived from earnings multiples, consideration is given to the risk attributes, growth prospects and financial gearing of comparable businesses when selecting an appropriate multiple; and
- the discount rates used in discounted cash flow valuations.

Derivatives

Athora Netherlands holds derivatives that have been classified as level 3 because they are not traded on an active market and are valued either using valuations of similar privately or publicly held assets, which include a significant unobservable liquidity adjustment, or are validated against internal models.

Derivative are valued by external investment managers using primarily discounted cash flow models and yield methods, whereby cash flows are discounted and modelled based on yield spread movements in comparable market yields as well as company specific factors. The fair value is estimated considering a net present value calculated using discount rates derived from quoted futures with similar characteristics.

Equities

The sensitivity of the fair value of equity securities is calculated as the movement in fair value of the equity securities in the event of a general shock in the market. In this calculation, the look through principal is taken into account.

SENSITIVITY AS A RESULT OF A SHOCK APPLIED		
	Impact on shareholder's equity	
In € millions	2023	2022
Equity securities		
Equities -10%	-90	-65

Fixed income securities

The sensitivity analyses of the fair value of the fixed income securities are calculated as the fair value movement of the fixed income securities in the event of change of interest rate and credit spread.

SENSITIVITY AS A RESULT OF CHANGES IN PARAMETERS		
	Impact on shareholder's equity	
In € millions	2023	2022 Restated
Fixed income securities		
Interest +50 bps	-156	-188
Interest -50 bps	166	200
Credit spreads Government Bonds +50 bps	-2	-3
Credit spreads Corporates/Mortgages +50 bps	-192	-198
All Credit spreads +50 bps	-195	-201

Reclassification Between Levels 1, 2 and 3

RECLASSIFICATIONS BETWEEN CATEGORIES IN 2023				
In € millions	to Level 1	to Level 2	to Level 3	Total
From:				
Based on published stock prices in an active market (Level 1)	-	9	-	**9**
Based on observable market data (Level 2)	7	-	18	**25**
Not based on observable market data (Level 3)	9	290	-	**299**

RECLASSIFICATIONS BETWEEN CATEGORIES IN 2022 RESTATED				
In € millions	to Level 1	to Level 2	to Level 3	Total
From:				
Based on published stock prices in an active market (Level 1)	-	-7	-	**-7**
Based on observable market data (Level 2)	60	-	11	**71**
Not based on observable market data (Level 3)	-	65	-	**65**

For assets that are measured at fair value in the financial statements on a recurring basis, Athora Netherlands determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period

During 2023, € 299 million was reclassed out of level 3 instruments towards other levels. The € 299 million consists out of € 290 million worth of interest-linked swap derivatives which were reclassed to level 2 due to the fact that these instruments are valued using market parameters instead of models. The remaining € 9 million was reclassed from level 3 to level 1 because the asset was purchased around year end and definitive data for correct classification was available after reporting.

During the year € 18 million was reclassified as being level 3 from level 2. This is a loan acquired around year end for which the definitive data needed to make the correct classification was not available at the time.

35.4 Collateral for Securities Lending and Repurchase Agreements and Derivatives

Athora Netherlands has ISDA and similar master netting agreements that do not meet the criteria for offsetting in the statement of financial position. This is because they create for the parties to the agreements a right to set-off of recognised amounts that is enforceable only following an event of default, insolvency or bankruptcy of the Athora Netherlands or the counterparties, or following other predetermined events. In addition, Athora Netherlands and its counterparties do not intend to realise the assets and settle the liabilities simultaneously or to settle them on a net basis.

Athora Netherlands does not offset any other financial assets and financial liabilities in its statement of financial position.

The financial assets and financial liabilities set out in the table below are subject to an enforceable master netting agreement or similar agreement that covers similar financial instruments.

FINANCIAL ASSETS AND LIABILITIES 2023				
		Related amounts not off-set		
In € millions	Gross and net amount	Recognised financial instruments	Cash collateral (received) pledged	Net amount
Financial assets				
Derivatives	6,507	-5,487	-964	56
Receivables from reversed repo counterparties	574	-574	-	-
Total financial assets	**7,081**	**-6,061**	**-964**	**56**
Financial liabilities				
Derivatives	-7,987	5,487	2,387	-113
Payables to repo counterparties	-177	177	-	-
Total financial liabilities	**-8,164**	**5,664**	**2,387**	**-113**

Athora Netherlands received collateral from third parties by virtue of derivative exposures. Received cash collateral is mainly invested in short-term bonds and money-market funds.

FINANCIAL ASSETS AND LIABILITIES 2022 RESTATED				
		Related amounts not off-set		
In € millions	Gross and net amount	Recognised financial instruments	Cash collateral (received) pledged	Net amount
Financial assets				
Derivatives	10,553	-8,915	-1,541	97
Total financial assets	**10,553**	**-8,915**	**-1,541**	**97**
Financial liabilities				
Derivatives	-13,166	8,915	4,062	-189
Total financial liabilities	**-13,166**	**8,915**	**4,062**	**-189**

Following the adoption of IFRS 17 and IFRS 9, Athora Netherlands reviewed the parameters, processes and procedures used in the determination of the disclosures set out in the financial statements as a whole, including the collateral disclosure set out above. As a result of this review, the disclosures of offsetting financial assets and liabilities have been changed to improve insight in derivative exposures and better align with the IFRS disclosure requirements. The table shows a net exposure of derivatives and related cash and securities collateral amounts, which are netted based on separate ISDA agreements, as opposed to gross amounts based on single derivative values. The comparatives have been restated to conform with the current year presentation.

35.5 Maturity Schedule for Financial Liabilities

The table below shows the undiscounted cash flows from the principal financial liabilities, other than derivatives, by contract maturity date.

LIQUIDITY CALENDAR FINANCIAL LIABILITIES 2023						
In € millions	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Subordinated debt	-	-	-	-	922	**922**
Borrowings	-	-	62	-	-	**62**
Amounts due to banks	-	-	2	6	7	**15**
Other liabilities	1,149	100	-	-	-	**1,249**
Total	**1,149**	**100**	**64**	**6**	**929**	**2,248**

LIQUIDITY CALENDAR FINANCIAL LIABILITIES 2022 RESTATED						
In € millions	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Subordinated debt	-	-	-	--	913	**913**
Borrowings	-	-	62	-	-	**62**
Amounts due to banks	-	-	2	6	8	**16**
Other liabilities	878	-	100	-	-	**978**
Total	**878**	**-**	**164**	**6**	**921**	**1,969**

The table below shows the undiscounted cash flows from all derivative contracts by maturity date.

LIQUIDITY CALENDAR DERIVATIVES 2023						
In € millions	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Interest rate derivatives	-	67	-	400	7,496	**7,963**
Currency contracts	5	18	1	-	-	**24**
Total	5	85	1	400	7,496	7,987

LIQUIDITY CALENDAR DERIVATIVES 2022 RESTATED						
In € millions	< 1 month	1 - 3 months	3 - 12 months	1 - 5 years	> 5 years	Total
Interest rate derivatives	1	-	42	847	12,252	**13,142**
Currency contracts	8	5	10	-	1	**24**
Total	9	5	52	847	12,253	13,166

The table regarding the cash flows from insurance business is included in chapter 7.6.2.1.

36 Hedging

Athora Netherlands uses various strategies for its insurance business to hedge its interest rate, market and currency risks. Under IFRS, derivatives are recognised at fair value in the statement of financial position, while changes in their fair value are recognised through profit or loss. Athora Netherlands does not apply hedge accounting.

The nominal amounts of the derivatives used for hedging purposes shown in the table below reflect the degree to which Athora Netherlands was active in the relevant markets.

DERIVATIVES FOR HEDGING PURPOSES 2023						
	Nominal amounts				Fair value	
In € millions	< 1 year	1 - 5 years	> 5 years	Total	Positive	Negative
Interest rate contracts						
- Swaps and FRAs	8,416	30,584	81,994	**120,994**	6,098	-7,958
- Options	-	1,909	4,360	**6,269**	253	-6
Currency contracts						
- Swaps	-	-	-	**-**	-	-
- Forwards	8,479	196	-	**8,675**	156	-23
Total	16,895	32,689	86,354	135,938	6,507	-7,987

DERIVATIVES FOR HEDGING PURPOSES 2022 RESTATED						
	Nominal amounts				Fair value	
In € millions	< 1 year	1 - 5 years	> 5 years	Total	Positive	Negative
Interest rate contracts						
- Swaps and FRAs	7,002	25,938	96,453	**129,393**	10,181	-13,135
- Options	-	-	4,650	**4,650**	230	-6
Currency contracts						
- Swaps	79	217	239	**535**	-	-7
- Forwards	148	-	-	**148**	141	-18
Total	7,229	26,155	101,342	134,726	10,552	-13,166

The nominals of the derivatives are not disclosed netted (positive and negative).

The nominal amounts are the units of account relating to the derivatives, specifying the relationship with the underlying values of the primary financial instruments. These nominal amounts are not an indication of the size of the cash flows or market and credit risks relating to the transactions.

Hedging

Athora Netherlands uses derivatives to protect the fair value of own funds and regulatory solvency against undesired market developments. Examples include:

- hedging interest rate risks arising from return guarantees made to policyholders;
- hedging interest rate risks arising from obligations to share surplus interest with policyholders;
- hedging interest rate risks arising from the difference in maturities between investments and liabilities;
- hedging currency risks on investments and liabilities denominated in foreign currencies.

37 List of Principal Subsidiaries

OVERVIEW OF PRINCIPAL SUBSIDIARIES				
Name	Country of incorporation and place of business	Nature of business or industry	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the group (%)
SRLEV N.V.	The Netherlands, Alkmaar	Insurance	100	100
Proteq Levensverzekeringen N.V.	The Netherlands, Alkmaar	Insurance	100	100
Zwitserleven PPI N.V.	The Netherlands, Amsterdam	Pensions	100	100

6.4 Segmentation

Segment Information

Since strategic decision-making as well as monitoring of key performance indicators happen at the level of the legal entities, the operating segments identified within Athora Netherlands have been equal to the legal entities: SRLEV N.V., Proteq Levensverzekeringen N.V., Zwitserleven PPI N.V. and Athora Netherlands N.V.

The segment information is based on the accounting policies used in the consolidated financial statements. For one-off intra-group transactions directed by Athora Netherlands the required consolidation adjustments and eliminations are accounted for directly in the related segment.

Legal entities constitute the level at which financial performance is managed (IFRS result, operating capital generation, investments and Solvency II ratio). Commercial targets, pricing and service level are managed at the level of commercial lines. These commercial lines (Life Service Business and Pension Business) are assessed based on key performance indicators, most of which have commercial character.

The operating segments of Athora Netherlands are clearly distinctive organisational components that carry out activities that generate income and expenses. The operating segments are:

- SRLEV N.V.
  This segment offers pension solutions for business customers. A range of products provide the employees of our customers freedom in making the right decisions to secure their financial future. The main brand of this product line is Zwitserleven.
- Proteq Levensverzekeringen N.V.
  This segment mainly consists of life annuity insurances, mortgage-related endowment, term-life insurances, funeral insurances and unit-linked insurances. These products are targeted at the retail and SME markets.
- Zwitserleven PPI N.V.
  This segment executes Defined Contribution pension plans for its clients.
- Athora Netherlands N.V.
  This segment comprises activities that are allocated to the holding or managed separately from the other segments.

Accounting basis between reportable segments

Costs are allocated within Athora Netherlands on an accrual basis. The prices of other transactions between group companies are in principle based on arms' length conditions.

Additional Information

The insurance revenue per entity is presented further in this section. The insurance service result of none of the policyholders exceeds 10% of the total insurance service result incurred by Athora Netherlands.

Athora Netherlands does not have material insurance revenue incurred abroad. For disclosures with regard to non-current assets located abroad refer to:
- Note 3 'Investments in associates and joint ventures'
- Note 4 'Investment property'
- Note 5 'Investments'

Statement of Financial Position by Segment

STATEMENT OF FINANCIAL POSITION BY SEGMENT 31 DECEMBER 2023						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Assets						
Intangible assets	-	-	-	-	5	**5**
Property and equipment	14	-	-	22	-2	**34**
Investments in associates and joint ventures	40	-	-	4,235	-4,235	**40**
Investment property	986	-	-	-	-	**986**
Investments	44,347	445	-	695	-557	**44,930**
Investments for account of third parties	4,998	-	2,562	-	-	**7,560**
Derivatives	6,414	93	-	-	-	**6,507**
Deferred tax	735	24	-	-	11	**770**
Reinsurance contracts held assets	13	-	-	-	-	**13**
Loans and advances due from banks	3,031	35	-	-	-	**3,066**
Corporate income tax	30	1	-	12	-1	**42**
Other assets	248	-	3	255	-283	**223**
Cash and cash equivalents	326	2	12	46	-	**386**
Total assets	**61,182**	**600**	**2,577**	**5,265**	**-5,062**	**64,562**
Equity and liabilities						
Share capital	0	3	0	0	-3	**0**
Reserves	3,652	60	11	3,654	-3,723	**3,654**
Shareholders' equity	**3,652**	**63**	**11**	**3,654**	**-3,726**	**3,654**
Holders of other equity instruments	400	-	-	350	-400	**350**
Total equity	**4,052**	**63**	**11**	**4,004**	**-4,126**	**4,004**
Subordinated debt	712	-	-	809	-599	**922**
Borrowings	-	-	-	62	-	**62**
Insurance contract liabilities	41,580	401	-	-	-268	**41,713**
Reinsurance contracts held liabilities	210	-	-	-	-	**210**
Liabilities from investments for account of third parties	4,998	-	2,562	-	-	**7,560**
Provision for employee benefits	143	-	-	309	-	**452**
Other provisions	117	-	-	10	-16	**111**
Derivatives	7,860	127	-	-	-	**7,987**
Deferred tax	-	-	-	7	-7	**-**
Amounts due to banks	1,245	4	-	-	-	**1,249**
Corporate income tax	-	-	1	-	-1	**-**
Other liabilities	265	5	3	64	-45	**292**
Total equity and liabilities	**61,182**	**600**	**2,577**	**5,265**	**-5,062**	**64,562**

STATEMENT OF FINANCIAL POSITION BY SEGMENT 31 DECEMBER 2022 RESTATED						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Assets						
Property and equipment	30	-	-	13	-8	35
Investments in associates and joint ventures	38	-	-	3,376	-3376	38
Investment property	1,012	-	-	-	-	1,012
Investments	41,898	424	-	716	-557	42,481
Investments for account of third parties	2,431	-	1,677	-	-	4,108
Derivatives	10,454	98	-	-	-	10,552
Deferred tax	996	23	-	7	23	1,049
Reinsurance contracts held assets	8	-	-	-	-	8
Loans and advances due from banks	4,223	40	-	-	-	4,263
Corporate income tax	14	-	-	14	-4	24
Other assets	231	-	1	265	-276	221
Cash and cash equivalents	347	4	7	5	-	363
Total assets	**61,682**	**589**	**1,685**	**4,396**	**-4,198**	**64,154**
Equity and liabilities						
Share capital	0	3	0	0	-3	0
Reserves	2,815	35	6	2,799	-2,856	2,799
Shareholders' equity	**2,815**	**38**	**6**	**2,799**	**-2,859**	**2,799**
Holders of other equity instruments	400	-	-	350	-400	350
Total equity	**3,215**	**38**	**6**	**3,149**	**-3,259**	**3,149**
Subordinated debt	705	-	-	808	-599	914
Borrowings	-	-	-	62	-	62
Insurance contract liabilities	40,222	409	-	-	-267	40,364
Reinsurance contracts held liabilities	94	-	-	-	-	94
Liabilities from investments for account of third parties	2,431	-	1,677	-	-	4,108
Provision for employee benefits	148	-	-	321	-	469
Other provisions	15	-	-	16	-8	23
Derivatives	13,030	136	-	-	-	13,166
Amounts due to banks	1,576	3	-	-	-	1,579
Corporate income tax	-	3	1	-	-4	-
Other liabilities	246	-	1	40	-61	226
Total equity and liabilities	**61,682**	**589**	**1,685**	**4,396**	**-4,198**	**64,154**

Statement of Profit or Loss by Segment

STATEMENT OF PROFIT OR LOSS BY SEGMENT 2023						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Insurance revenue	1,824	8	-	-	-14	**1,818**
Insurance service expenses	-1,650	-6	-	-	12	**-1,644**
Net expenses from reinsurance contracts held	-13	-	-	-	-	**-13**
Insurance service result	**161**	**2**	**-**	**-**	**-2**	**161**
Result on investments	2,632	25	-	36	-24	**2,669**
Result on investments for account of third parties	544	-	277	-	-	**821**
Result on derivatives	1,003	3	-	-	-	**1,006**
Result on liabilities from investments for account of third parties	-544	-	-277	-	-	**-821**
Share in result of associates	4	-	-	886	-886	**4**
Impairment losses and reversals	1	-	-	-	-	**1**
Investment result	**3,640**	**28**	**-**	**922**	**-910**	**3,680**
Insurance finance income or (expenses)	-2,369	-6	-	-	8	**-2,367**
Reinsurance finance income or (expenses)	-131	-	-	-	-	**-131**
Insurance finance income and expenses	**-2,500**	**-6**	**-**	**-**	**8**	**-2,498**
Other income	2	-	3	1	8	**14**
Other operating expenses	-130	-	-1	-29	1	**-159**
Other finance result	-37	-	-	-37	23	**-51**
Other income and expenses	**-165**	**-**	**2**	**-65**	**32**	**-196**
Result before tax	**1,136**	**24**	**2**	**857**	**-872**	**1,147**
Tax expense or benefit	-279	-	-1	6	-10	**-284**
Net IFRS result for the period	**857**	**24**	**1**	**863**	**-882**	**863**

STATEMENT OF PROFIT OR LOSS BY SEGMENT 2022 RESTATED						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Insurance revenue	1,879	8	-	-	-13	**1,874**
Insurance service expenses	-1,677	-5	-	-	11	**-1,671**
Net expenses from reinsurance contracts held	-35	-	-	-	-	**-35**
Insurance service result	**167**	**3**	**-**	**-**	**-2**	**168**
Result on investments	-6,232	-130	-	-47	18	**-6,391**
Result on investments for account of third parties	-267	-	-324	-	-	**-591**
Result on derivatives	-5,336	-55	-	26	-	**-5,365**
Result on liabilities from investments for account of third parties	267	-	324	-	-	**591**
Share in result of associates	1	-	-	-555	555	**1**
Impairment losses and reversals	-5	-	-	-	-	**-5**
Investment result	**-11,572**	**-185**	**-**	**-576**	**573**	**-11,760**
Insurance finance income or (expenses)	10,338	152	-	-	-94	**10,396**
Reinsurance finance income or (expenses)	347	-	-	-	-	**347**
Insurance finance income and expenses	**10,685**	**152**	**-**	**-**	**-94**	**10,743**
Other income	11	-	2	-1	-5	**7**
Other operating expenses	-27	-	-1	-16	3	**-41**
Other finance result	-31	-	-	-47	27	**-51**
Other income and expenses	**-47**	**-**	**1**	**-64**	**25**	**-85**
Result before tax	**-767**	**-30**	**1**	**-640**	**502**	**-934**
Tax expense or benefit	247	18	-	21	29	**315**
Net IFRS result for the period	**-520**	**-12**	**1**	**-619**	**531**	**-619**

7 MANAGING RISKS

7.1 Risk Management System

7.1.1 General

Athora Netherlands has implemented a Risk Management System (see figure Risk Management) that is aimed at a controlled and effective achievement of the strategic objectives. It relates risks to the strategic, financial and operational objectives as well as to the objectives in the areas of sustainability and reputation. The framework consists of organisational, control and culture components. The management of Athora Netherlands recognises that transparency is a vital element in effective risk management. The Executive Committee, which is responsible for setting the Risk Management System, monitors that the desired culture and level of risk awareness are translated into identifiable aspects, such as desirable behaviour, details of the risk appetite or criteria for evaluation of employees.

The guidelines in the Risk Management System enable risk assessments to be performed properly and efficiently. These guidelines apply to the entire organisation. Athora Netherlands encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and (pro)active risk management is appreciated.

The implemented Integrated Control Framework (ICF), part of the Risk Management System, provides the basis for the internal control system consisting of key controls (process, general IT and application) and management controls measuring risk maturity and performance within Athora Netherlands.

The management of Business Lines and Functions is responsible for day-to-day operations within the Risk Management System, including scheduled testing of operating effectiveness of key controls. The Management Controls, divided in different components, are assessed periodically by a management Self-Assessment and are monitored risk-based by second line Risk.

7.1.2 Overview

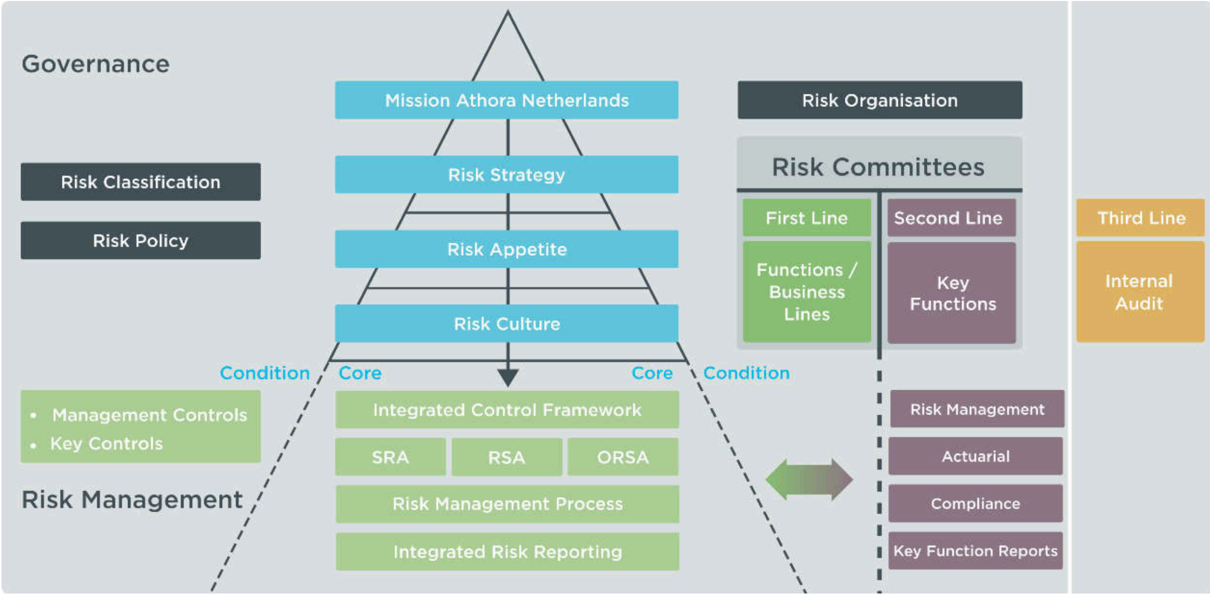
In the Risk Management System, specific Solvency II requirements such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. The Athora Netherlands Risk Management System operates an integrated approach for risks that the organisation is or could be exposed to, with Risk Management being an integral part of the decision-making process. Major decisions of the Executive Committee have to be accompanied by a Key Function opinion.

The core of the Athora Netherlands Risk Management System consists of a Governance part and a Risk management part. In the governance part, starting from the Athora Netherlands Mission and business strategy, the Risk Strategy and Risk Appetite are derived. The components Risk Policy, Risk Taxonomy and Risk Organisation are necessary conditions to enable these strategic risk processes. To ensure an integrated approach the first line (Business Lines and Functions) and the second line key functions use the same risk taxonomy, operations are covered by the Risk Appetite and are aligned by a policy structure.

Governance including an adequate Risk Culture, is conditional for performing risk management on operational level, with as its core a control cycle of risk identification-measurement- mitigation and continuous monitoring and reporting. The Risk Management Process is supported by the ICF, built up from several components that together form the basis for sound and controlled business operations and hence for visibly being in control of Athora Netherlands and its Business Lines and Functions. The ICF measures maturity and performance of risk management and ensures steering on correct and complete risk reports.

The internal reports are a part of (the operation of) the Risk Management Process. The reports on recognised types of risks are input for the integrated risk reports, enabling Key Risk Indicator (KRI) monitoring and drawing management attention to deviations of the risk appetite.

Athora Netherlands performs Risk Self Assessments (RSA) and Strategic Risk Assessments (SRA), enabled by the Risk Management Function (RMF). An ORSA is incorporated in the Athora Netherlands Risk Management System, enabled and coordinated by the RMF, and is performed at least annually, for which the Executive Committee is accountable.



Risk Management

7.2 Risk Management Governance

7.2.1 Mission

Athora Netherlands aims to be a leading player in the pension and life insurance market. To achieve this aim and to fulfil the purpose "We are a sustainable partner for life, taking care of your tomorrow", Athora Netherlands has formulated the Ambition 2025 strategy. With this focus as starting point a Risk Strategy is set out that contributes to a sustainable growth of Athora Netherlands, for the benefit of all its stakeholders.

Athora Netherlands takes its role in society seriously. Environmental, social and corporate governance (ESG) forms an integral part of the strategy and business operations. Athora Netherlands believes that responsible corporate behaviour with respect to ESG factors is key to deliver long-term value for policyholders, employees, shareholders and the wider society. ESG trends and changes in regulation may also introduce considerable financial risks (on assets) and non-financial risks (e.g., reputational) and need careful management and consideration. Athora Netherlands aims to set the example and will actively but cautiously target sustainable investments.

Athora Netherlands wishes to offer competitively priced products in efficient business processes and pursues a customer-centric strategy, with Zwitserleven positioned clearly in the pension market. The focus on Pensions allows for a more agile and lean operation bringing costs to a lower required level.

7.2.2 Risk Strategy

Athora Netherlands has derived a Risk Strategy, a supporting set of objectives following from the Athora Netherlands' mission to achieve the strategic goals. As main principles Athora Netherlands has defined a robust capital position, a sustainable operating capital generation and sound and controlled business operations. A robust and strong capital position contributes to the trust in the company of customers, employees, society and financial markets.

The Risk Strategy contains the key guiding principles and statements used when setting the Risk Appetite for each risk category from the risk taxonomy. The risk appetite is the extent to which Athora Netherlands is prepared to accept/take risks in pursuit of realising its strategic objectives. As an insurance company and Asset manager, Athora Netherlands deliberately takes Insurance (Underwriting) risks and Market risks aiming for returns. In doing so, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Operational and Compliance risks are inherent risks that have to be controlled and managed, as they are part of Athora Netherlands' license to operate and support being able to successfully execute our strategy.

Athora Netherlands guarantees future payments to its customers and therefore needs adequate reserving and a robust capital position. Athora Netherlands maintains a buffer above the regulatory requirement to absorb temporary volatility and provide more certainty to its customers.

7.2.3 Risk Appetite

The Risk Appetite Statement (RAS) of Athora Netherlands is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually by the Executive Committee and confirmed by the Risk Committee (RC) of the Supervisory Board.

Risk Appetite Framework

The risk tolerances-part contains measures for the maximum risk that Athora Netherlands is willing to accept. These measures are defined for various sub-risks for every individual legal entity or specific Business Lines or Functions and are split into risk triggers (comparable to hard limits) and risk indicators (comparable to soft limits).

When implementing the strategy, the Executive Committee gives guidelines to the Business Lines for establishing Operational plans, taking into account the set Risk Tolerance in the Risk Appetite and corresponding limits on entity level. This helps the Business Lines and Functions optimise risk and return when developing the best possible products and services.

The evaluation of the Risk Tolerance in the Risk Appetite, consists of several steps, including risk identification, the selection of measures, risk mitigation, risk criteria, reporting and monitoring.

7.2.4 Risk Culture

Culture and conduct in general play a vital role in steering a company, and specifically in adequate risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. Athora Netherlands has awareness programmes in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary.

Athora Netherlands' values are Drive for results, Seek simplicity, Care, Dare to be different and Do the right thing. These contribute to simpler, better and above responsible operations, with more care for customers and the world around us. This ensures a clear link with Culture and defined behaviours.

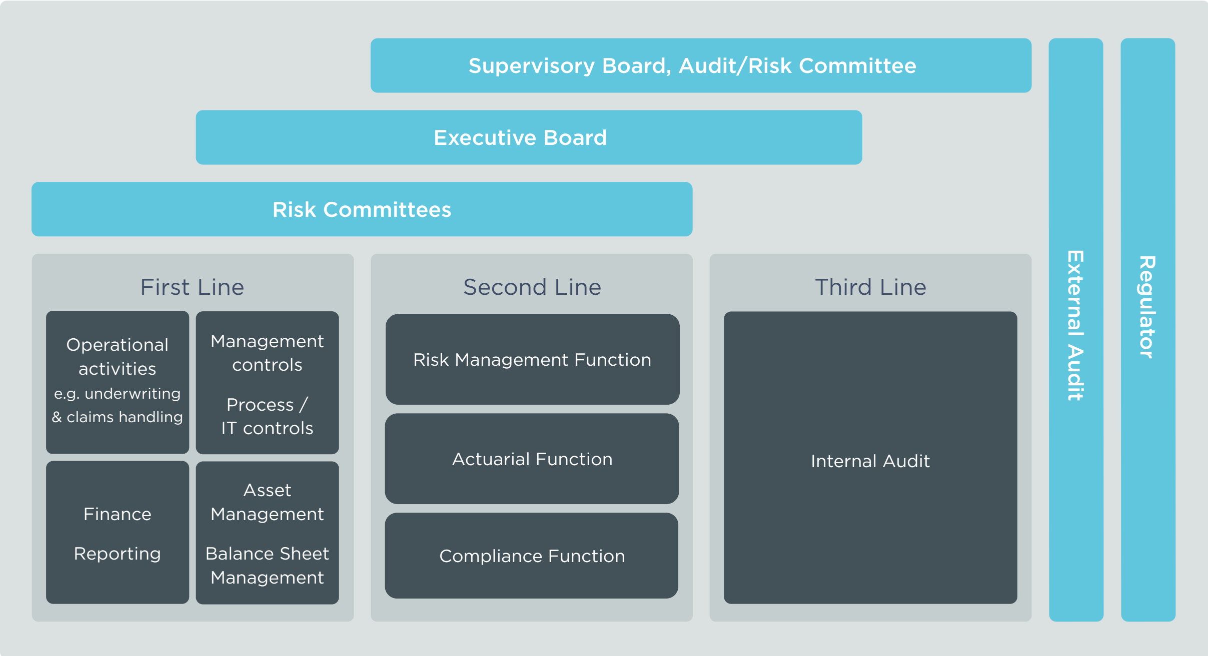
Athora Netherlands realises that the tone at the top is defining for Risk Culture, which makes communication and exemplary behaviour determinant. Athora Netherlands encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and where (pro) active risk management is appreciated. Exemplary behaviour, the openness for discussion of dilemmas, practicability of policy and transparency are inseparably linked to an open corporate culture.

Risk Culture is also embedded in the organisation by risk management being an integral part of the organisational processes and decision-making of Athora Netherlands. Decision-making is clear, explicit, and in line with the Risk Policy and Risk Appetite of Athora Netherlands. The management teams of the Business Lines and Functions promote awareness of risks and are supported by the second line departments of the Risk organisation. The management teams are responsible for ensuring that risk decisions are made in accordance with the delegated authorisations, in consultation with all second line Solvency II key functions.

Furthermore, Athora Netherlands ensures that senior management and employees on key functions at all times are fit and proper to fulfil their job. Finally, the Remuneration Policy of Athora Netherlands discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

7.2.5 Risk Organisation

Athora Netherlands implemented the 'Three Lines' control model including the Solvency II Key Functions and a risk committee governance structure. It contributes to the strengthening of the Risk Culture, taking responsibility for managing risks and internal control, and eventually to the further optimisation and integration of the risk management.



Three Lines Control Model

First Line: Risk Taker

Business plans are prepared in the first line. With this preparation, the first line operationalises the (risk) strategy, focusing on the primary process (i.e., underwriting, claims handling, preparing financial accounts) of the business and on investment activities.

Within the policy framework and subject to internal procedures and risk limits, it is the objective of the risk taker to achieve an optimum risk/return. Consequently, risks are managed by identifying, measuring, mitigating and monitoring them and report whether the risks remain within the risk appetite of Athora Netherlands and its underlying entities.

Risk Self Assessments are carried out and in combination with the ORSA, these assessments could lead to changes in the (risk) strategy. For all these activities the first line has an active role in various risk committees including the ability to demonstrate management and process key controls according to the standards as set by the ICF.

Second Line: Risk Management

The second line has a monitoring role in respect of the risk management actions and activities carried out by the first line. The second line assesses actions in the first line and is responsible for monitoring the overall risk profile to be in line with the risk appetite.

The second line is also responsible for formulating the Risk Management System and setting Risk Policies. The first line is responsible for the execution of these policies. The second line assesses policy compliance on a regular basis, using risk reports, reports on management and process key controls and own observations. Furthermore, the second line sets the mandates in line with the risk appetite. It also defines basic principles and preconditions for risk models and the control framework and supports central decision-making bodies. The data used, including models, assumptions and techniques, are validated periodically.

The second line risk management organisation of Athora Netherlands is part of the Risk department, resorting under the Chief Risk Officer (CRO). The CRO is a member of the Executive Committee.

Third Line: Internal Audit

Audit Athora Netherlands is the independently operating audit function: Audit Athora Netherlands provides assurance and consulting services, helping Athora Netherlands to accomplish its objectives by evaluating and improving the effectiveness of governance, risk management and control processes.

Audit Athora Netherlands does not take part in determining, implementing or steering of Athora Netherlands' risk appetite, risk management processes and risk responses. Audit Athora Netherlands reports to the chairman of the Executive Committee of Athora Netherlands and has direct access to the Chairman of the Audit Committee of the Supervisory Board of Athora Netherlands.

Audit Athora Netherlands performs risk-based audits on Athora Netherlands' risk management processes, including their design and how well they are working, on the management of key risks, including the effectiveness of the controls and other activities, and on the reliability and appropriateness of risks and reporting of risk and control status. This means formulating an opinion on whether the organisation's risk management methodology is understood by key groups or individuals involved, including the Executive Committee and the Audit Committee. Further, Audit assesses whether risk management processes are sufficient to protect the assets, reputation, and ongoing operations of the organisation.

Risk Committees

In addition to the risk management organisation, Athora Netherlands has established Risk Committees to manage risks effectively, in line with regulatory expectations. Athora Netherlands has established the following Risk Committees: Finance and Risk Committee (FRC), Investment and Balance Sheet Committee (IBSC), Operational Risk and Compliance Committee (ORC Athora Netherlands) and Product & Client Committee (P&CC). Decisions of the ORC Athora Netherlands are leading for the local Business Lines and Functions MTs in the area of sound and controlled business operations. In the MTs, the issues regarding Operational Risk and Compliance are discussed. Decisions of the P&CC are leading for the local Business Lines MTs in the area of Product, Marketing, Customer/ Clients and Pricing.

Key Functions

In accordance with Solvency II Athora Netherlands recognises four Key Functions. The Functions carry out activities on behalf of all insurance entities of Athora Netherlands. All Key Functions are segregated from each other and are not structured hierarchically in relation to each other. The second line Key Functions report to the CRO. The Director Risk is the Risk Management Function Holder, the Director Actuarial Risks is the Actuarial Function Holder and the Director Legal and Compliance is the Compliance Function Holder. The Director Audit Athora Netherlands is the Audit Function Holder.

The Risk Management Function (RMF) coordinates the Enterprise Risk Management Report (ERM Report), an integrated report on the overall risk profile with Key Takeaways from the three second line Key Functions (Risk Management Function, Actuarial Function and Compliance Function). Besides the major risks within Athora Netherlands it shows strategic developments and emerging risks. The ERM Report presents issues compiled on the basis of the information obtained from monitoring reports, risk dashboards, RAS, Internal Control Statements, reports by internal and external regulators, incidents and issues reported, and own assessments & perceptions. The Risk opinion is discussed in the risk committees, in the Executive Committee and in the Risk Committee of the Supervisory Board.

The RMF annually provides the Risk Management Function Review Report, aimed at providing a sufficient level of assurance that the Solvency II-figures, and Solvency II and IFRS sensitivities, are determined adequate and reliable. This RMF report is submitted to the Executive Committee and the Audit Committee of the Supervisory Board.

The Actuarial Function (AF) opines on the adequacy of the Technical Provision used for IFRS-LAT and Solvency II purposes. It furthermore assesses the reliability and adequacy of Underwriting and Reinsurance programmes. The Actuarial Function Report (AFR) is submitted to the Executive Committee and the Audit Committee of the Supervisory Board.

Regularly the RMF and the AF submit an update based on the follow-up of findings in the AFR and RMF report, supplemented with recent findings and advice.

The main purpose of the Compliance Function is to support management in conducting its business operations in a controlled, honest and sound manner, and with regard to the risks which in this context are a threat to achieving the strategic objectives, obligations arising from laws and regulations, insights from social discussions and guidelines imposed by regulators. The Compliance Function provides regularly, as part of the ERM Report, a report on the most important Compliance Risks of Athora Netherlands to the Executive Committee and the Risk Committee of the Supervisory Board.

7.2.6 Risk Policy

Athora Netherlands has an integrated risk management policy structure. The entire policy structure is accessible to employees through the internal policy site. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level. The Risk Policy is structured in levels, the aim is to give insight in the cascading from (Solvency II) legislation, (second line) risk policy, corresponding processes and (first line) implementation. At least once a year the Risk Policies are assessed, adjusted if necessary and approved following regular governance.

7.2.7 Risk Taxonomy

Athora Netherlands provides insight into the risks for the business itself and for its stakeholders in order to manage these risks within the indicated tolerance levels. This includes both behaviour related and financial aspects of Risk Management. Clarity is crucial to ensure adequate risk management. In order to clarify the communication and management of risks, the risk taxonomy includes an extensive list of mutually exclusive risk types to which Athora Netherlands is or could be exposed.

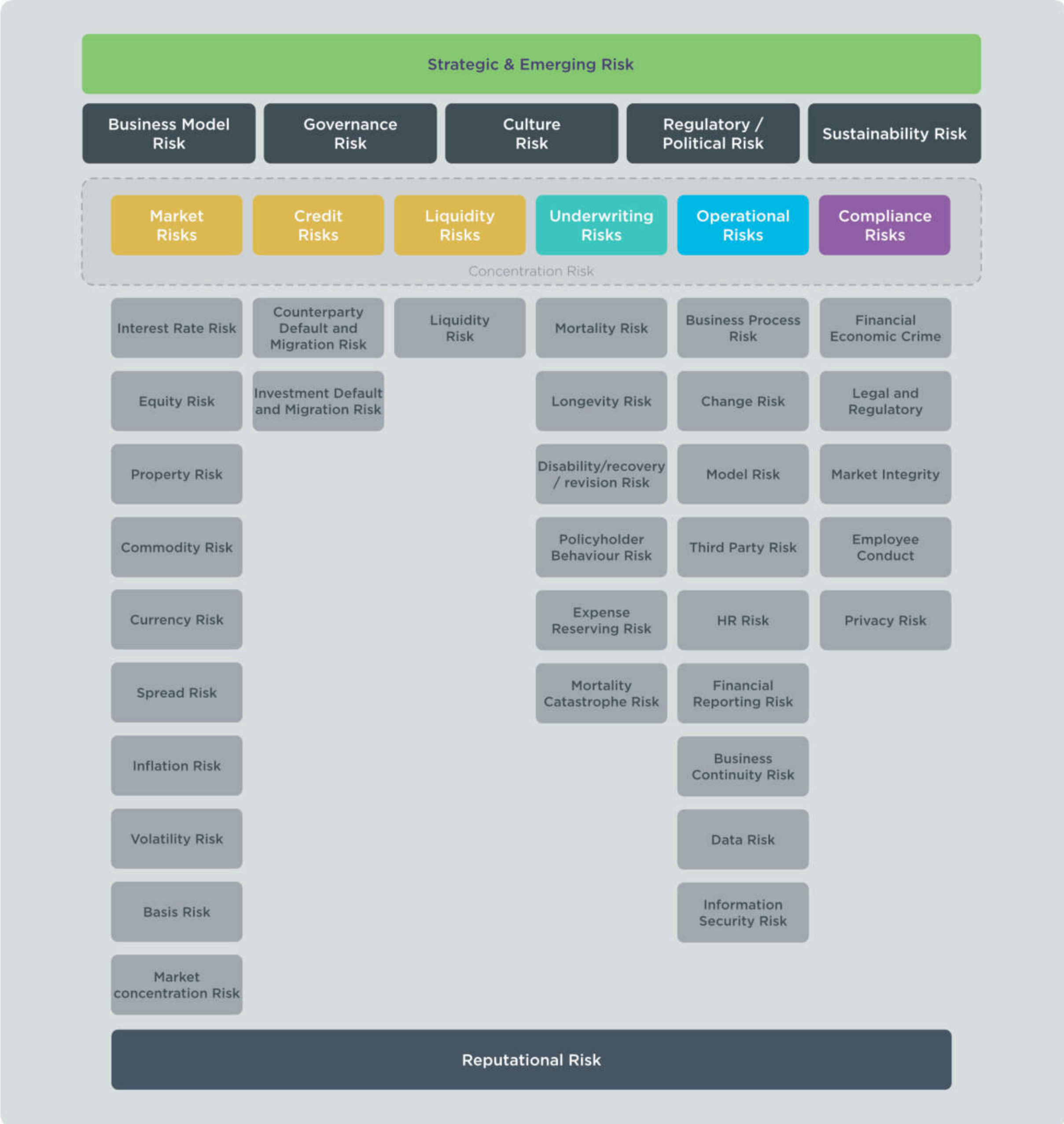
Athora Netherlands has defined and structured different risk types, partly based on applicable laws and regulations (such as Solvency II Standard Formula), and on the international ORX Reference Taxonomy.

As part of its strategy, Athora Netherlands deliberately takes Underwriting risks and Market risks aiming for returns. As a consequence, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Compliance risk and Operational risks are inherent risks that have to be controlled and managed.

Strategic and emerging Risks

Strategic and emerging risks relate to future business and society developments and may eventually materialise as one of the main or sub risk types. Strategic and emerging risks are monitored in the Enterprise Risk Management Report. In the risk assessment on the Operational Plans several internal and external strategic development scenarios are taken into account.

Athora Netherlands recognises several strategic risks, from which Business model risk, Governance risk and Sustainability risks are most notable. Emerging risk is a newly developing or changing risk that may evolve to one of the main or sub risk types, and which is perceived to have a potential significant impact on Athora Netherlands financial strength, competitive position or reputation. Identifying and assessing emerging risks are incorporated in the risk management system.



Risk Taxonomy

Athora Netherlands applies the Solvency II Standard Formula. Not all of the risk categories are part of the Solvency Capital Requirement (SCR) calculation. The SCR calculation does not contain Liquidity, Model and Compliance Risk.

The risk categories will be explained in more detail in the next paragraphs.

To give more insight in the risks the company is exposed to, sensitivities are determined on best effort basis for different underwriting and market risks in paragraph 7.5 and further. For underwriting risks and spread risks the sensitivities shown are the estimated impact on own funds without recalculating the SCR after shock. For the other market risks the sensitivities shown are the estimated impact on own funds including the estimated impact on the SCR market and life underwriting risk after shock.

7.3 Risk Management Control

Risk Management Control can be described as the methodology, procedures and processes in place to be demonstrably in control. These risk management control instruments and their results are captured within the Integrated control Framework (ICF). Both the first and second line departments have been assigned a responsibility in this process.

7.3.1 Integrated Control Framework

The Integrated Control Framework (ICF) is Athora Netherlands' internal control system and is part of its Risk Management System. The objective of the ICF is to provide reasonable assurance regarding the design, effectiveness and efficiency of Athora Netherlands' management activity, operations and processes, the reliability of Athora Netherlands' financial, operational, internal and external reporting, and compliancy with regulatory requirements.

The ICF contains core components that form the basis for a sound and controlled operational environment within Athora Netherlands. For all components within the ICF, standards are defined and periodically evaluated that outline the key requirements that should be met to achieve the level of control according to the agreed risk appetite levels.

The ICF forms the basis for sound and controlled operations within Athora Netherlands, measures the maturity of risk management and monitors process Key Controls and Management Controls. The improvement and optimisation of the ICF is a continuous process. Athora Netherlands' organisation develops and changes over time and the ICF continuously adapts to new situations.

7.3.2 Risk Management Cycle

Financial and non-financial risks are managed following the risk management cycle: risk identification, risk measurement, risk mitigation, risk monitoring and risk reporting.

Risk Identification

Risks are identified to its strategic objectives and at all levels within the organisation. Several different approaches are used such as risk assessments, analysis of incidents, and leveraging the experience of its employees and its competitors, including the consideration of emerging risks. Risk identification is both considered from top-down and bottom-up bases. Athora Netherlands maintains a Risk Taxonomy to facilitate the risk identification process The Risk Taxonomy also serves as a major organizing principle for its risk control, risk oversight activities and risk reporting.

Risk Measurement

In order to understand the magnitude of the exposure of the identified risks, risks are measured. The measurement of risks supports the risk management process through quantitative controls and limits. Risk measurement involves either or both qualitative and quantitative approaches depending on the nature of the risk and taking account of expert judgement and considering both normal and stressed scenarios. The level of risk is measured before and after considering additional mitigating measures.

Risk Mitigation

The risk mitigation activities (avoid, transfer, mitigate and accept) are aimed at controlling risks within the boundaries set by the risk appetite.

Risk Monitoring

In order to ensure that risks stay within the risk appetite, they are monitored. Within the monitoring activities both the first line and second line take their role. Given the outcome of the monitoring activities Athora Netherlands can determine the most appropriate course of action. The goal of risk monitoring is to ensure that Athora Netherlands carefully controls its risk-taking decisions as well as its total risk profile.

Risk Reporting

The primary objective of risk reporting – defined as all regular and ad hoc reports by first and second line – is to create internal risk transparency and meet external disclosure requirements. Objectives are to provide stakeholders with accurate and timely information about material risk issues by means of concise and understandable messages, to design reports so that they optimally meet recipients' needs and to facilitate informed decision-making.

7.3.3 Process Controls and Management Controls

Testing of Effectiveness

Process controls
Periodically the effectiveness of process key controls is tested according to a predefined schedule. Based upon a quarterly cycle the first line performs testing activities for process key controls. Results are reported within first line risk reports which are reported to the ORCs of the different organisation units and to the ORC Athora Netherlands. The review results are discussed with, reported to and followed up by responsible first line management. The second line in addition performs an independent quality review on the first line test reports and provides maturity scores on quality of the testing files. First line testing and second line quality monitoring of key controls show the right level of maturity.

Management controls
Management controls (i.e., entity level controls) provide an understanding and insight in the maturity level of risk management and risk control in the different organisation units Management controls are designed on the basis of relevant legislation (e.g., WFT, Solvency II) and internal risk management and compliance policies. The individual management controls are tested annually by the first line in a self-assessment process. The second line review results are reported to the different organisation units and, on an aggregated level, to the ORCA.

The professional standards and scoping used for testing by Athora Netherlands' first and second line are assessed by the external auditor in order to, as much as possible, make use of these testing procedures for audit purposes.

7.3.4 Risk Management Process

In this section for Underwriting Risk, Market Risk and Counterparty Default Risk the Risk Management Process is elaborated. For Liquidity Risk and Model Risk this is included in sections 7.8 and 7.9.

7.3.4.1 Underwriting Risk

Athora Netherlands assesses new underwriting risks continuously and manages existing underwriting risks, for both new business and for the existing portfolio.

Operational Plan

Derived from the Athora Netherlands strategy, the Operational Plan (OP) sets targets with respect to volume and value of new business and the existing portfolio. The OP describes the planned development of the insurance portfolio together with the related capital requirement for the next three years taking into account an assigned risk budget or available capital. The OP sets out in broad terms whether Athora Netherlands wants to enter new markets, which forms of distribution will be used, whether new (forms of) insurance products will be developed, and which products will be adjusted or terminated. It also lays down possible measures relating to acceptance and the mitigation of claims.

Product Development, Pricing and Acceptance

In accordance with the OP, new or adjusted products are developed following the Product Approval and Review Process (PARP). Starting from the customer's interests the target group, coverage and terms and conditions are determined. This is the basis for the best estimate risk premium, taking into account options and guarantees, capital requirements and the internal pricing curve. Furthermore, criteria related to profitability and risk control measures (acceptance criteria, clauses, any reinsurance) must be met.

The Product Committee (PC&C), in which Solvency II second line Key Functions are represented, is responsible for approval of new products, including the pricing. A selling product review is performed regularly, existing products follow a risk-based product review calendar.

Technical Provisions

The provision is calculated monthly and any reserves that are inadequate are increased. The most recent insights as to the IFRS 17 parameters are involved. The Actuarial Function assesses the Solvency II Technical Provision and expresses an opinion on its reliability and adequacy at least once a year.

Parameter Study

The evaluation for long-term policies (Life, Disability) of the underwriting parameters (e.g., mortality, lapses, disability, recovery) takes place by a parameter study. The aim of this study is to value the existing insurance portfolio and set the cost price of new Life insurance policies. Thereby relevant information on portfolio developments is taken into account.

Portfolio Analysis

Portfolio analysis is aimed to optimise risks and returns within the risk policy structure. This can lead to new strategic insights in areas such as entering new markets or terminating products. The analysis is based on the impact of underwriting risks following from various measures, e.g., Solvency II own funds, long-term profitability, SCR and the VNB. Based on the risk appetite, Athora Netherlands mitigates underwriting risks primarily by means of diversification and reinsurance.

7.3.4.2 Market Risk

Our ALM policy covers the management of market risk, counterparty default risk and liquidity risk.

The starting point for the ALM policy is the current and projected balance sheet and capital outlook, which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with regards to solvency, laws and regulations. This BSA is used as a basis for defining a Strategic Asset Allocation (SAA), which is in turn used to translate specific investment activities into an investment plan and investment mandates for selected asset managers, taking into account the risk tolerances in the Risk Appetite Statements (RAS), Solvency II ratio, the tax position and the long-term risk exposure. When finalising the SAA, specific attention is paid to the availability of sufficient expertise in the segments in which investments are held. All investments are monitored by means of reports on performance and capital.

Investments are made in accordance with the prudent person principle and in the interest of the policyholders. The prudent person principle forms part of the ALM policy. Investments are made exclusively in assets and instruments for which the risks are properly identified, measured, monitored, managed, controlled and reported, but also comply with ESG principles.

To the extent that through the double materiality assessment new financially material sustainability risks were identified (see paragraph 3.4.3) we will develop or further strengthen policies and processes for managing these risks and set or adjust appetite levels. For example, climate change risk is already included in the ORSA, but the risk of financial loss in the investment portfolio as a result of biodiversity loss or collapse of ecosystems is not yet quantified and assessed.

The way Athora Netherlands has organised its investment governance and oversight for both Own Account and Unit Linked ensures that the investment process operates in the context of (and ensures consistency with) the nature and duration of the insurance and re-insurance liabilities, the strategic and financial plans, the Risk Strategy and ensures that the overall risk position remains within the Risk Appetite Statement and other risk limits.

Athora Netherlands monitors market risk end for mitigation, instruments are used such as interest rate swaps, inflation swaps, futures, forward contracts, interest rate swaptions and fixed income investments.

Sensitivity Analyses and Stress Tests

Stress tests provide information on how sensitive investments and liabilities are to interest rate risk and other market risk. These risks are quantified (and monitored) on a regular basis.

For interest rate risk several parallel and non-parallel shocks are defined. For market risk a number of combined scenarios is determined with (different) simultaneous shocks to the various sub-market risks.

These market risk scenarios are monitored and reported on a regular basis, and if deemed necessary adjustments are made to existing market risk exposures (e.g., interest rate risk). The aim is to mitigate interest rate risk through hedging, to achieve appropriate resilience in Athora Netherlands capital position over time.

This approach reflects the sensitivity of the entire statement of financial position (of fixed cash flows, options, risk margin and required capital) drawn up.

7.3.4.3 Counterparty Default Risk

In addition to the calculation of SCR Counterparty Default Risk, Athora Netherlands has developed a complementary Counterparty Risk Policy for internal use. This risk is measured in terms of Stress Loss (SL) and Loss at Default (LAD) derived thereof and encompasses all instruments/exposures with credit exposures that are in scope for SCR Credit Spread, SCR Concentration Risk and SCR Counterparty Default Risk. Appropriate internal SL and LAD limits have been incorporated in the ALM policy and must be adhered to.

Athora Netherlands uses the methodology set out in the internal Counterparty Risk Policy to aggregate and monitor all counterparty exposures to various types of counterparties, such as (sub)sovereigns, financials and corporates on the individual counterparty basis. Monthly Counterparty Risk reports for Athora Netherlands and subsidiaries SRLEV and Proteq Levensverzekeringen are generated and delivered to the Investment Office and Risk and included as part the Financial Risk Dashboard to the FRC for discussion. Appropriate measures are taken when limits are breached.

Athora Netherlands manages counterparty default risk within the set frameworks. Investments may have to be sold when deemed necessary. Risk mitigating contracts or clauses are drawn up in cooperation with the Investment Office and Legal Affairs. The counterparty default risk at Athora Netherlands is measured by the exposure to individual counterparties and, as the case may be, aggregating exposures with similar characteristics.

For each type of credit risk, the roles, powers and responsibilities of officers and committees, including tiered decision-making powers, are recorded in the policy documents for the relevant type of credit risk.

7.4 Capital Management

7.4.1 Definition

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Athora Netherlands manages its capitalisation within limits set in the Risk Appetite Statements. Annually the Capital & Funding Plan is produced, which is part of the Integrated Management Plan. Monthly and quarterly forward-looking monitoring enables Athora Netherlands taking timely action if capitalisation would deteriorate. Athora Netherlands assesses its capitalisation regularly with respect to level and quality.

7.4.2 Capital Policy

Athora Netherlands aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Athora Netherlands deems a Solvency II ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders under adverse scenarios. The available capital of Athora Netherlands has to meet internal risk appetite standards as well as external requirements of regulators, rating agencies and also includes commercial considerations. Capitalisation generally refers to the relationship between risk-bearing activities and available regulatory capital (own funds). The second objective 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.

A preparatory crisis plan exists, which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a direct threat to the going concern of Athora Netherlands. In its Risk Appetite, Athora Netherlands has defined specific triggers that determine whether a contingency situation exists. The emphasis of these triggers is on capital metrics, and these are linked to governance and management measures. Athora Netherlands' Capital Policy forms the basis for lower-level policies, process descriptions and procedures.

Management uses the Integrated Management Plan, including Capital and Funding Plan, Balance Sheet Assessments, Risk Dashboards, ORSA, Preparatory Crisis Plan and Risk Reporting for managing the capital position. The Capital and Funding Plan describes the medium-term activities relating to capital and funding, including a five-year solvency forecast.

7.4.3 Regulatory Framework

Solvency II is a risk-based regime consisting of three pillars. Pillar 1 regulates the capital requirements. Insurers should be capitalised adequately to mitigate their risks. Therefore, this pillar introduces two risk weighted measures: the Minimum Capital Ratio (MCR), and the Solvency Capital Ratio (SCR). Pillar 2 demands an adequate level of risk management and governance. Pillar 3 establishes standards of transparency. Currently, Solvency II is under review by EIOPA and the European Commission; the impact of envisaged changes is being investigated by Athora Netherlands.

7.4.4 ORSA

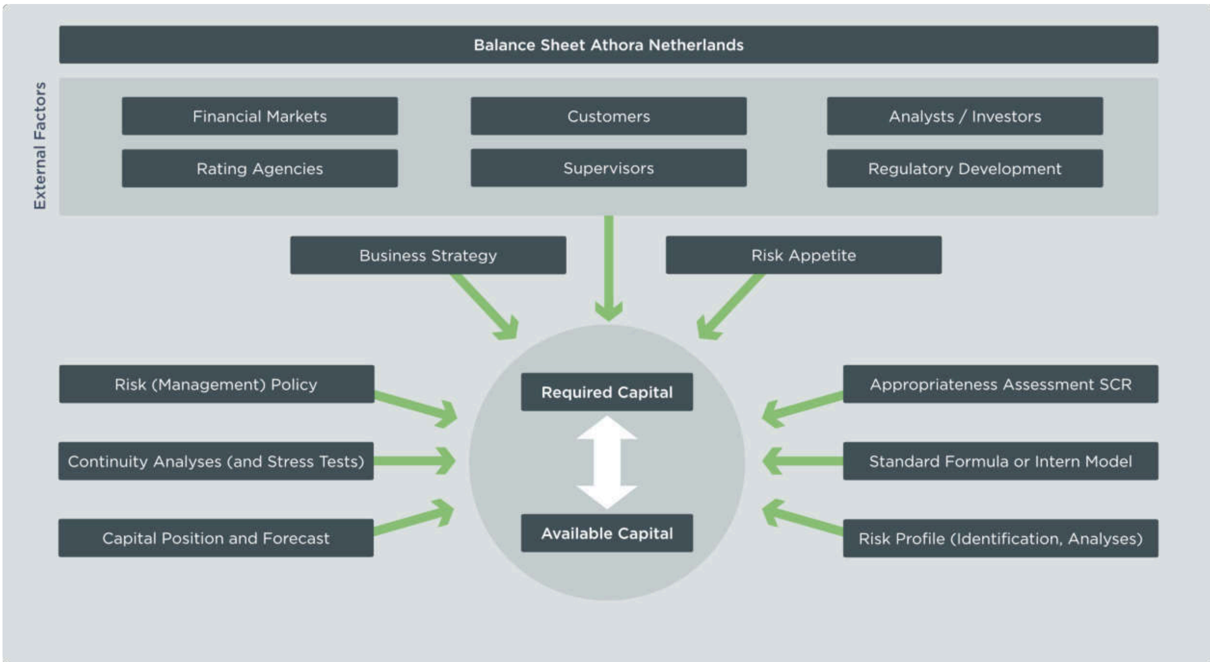
As part of its risk-management system Athora Netherlands conducts its own risk and solvency assessment (ORSA). That assessment includes:

- the overall assessment of solvency taking into account the specific risk profile, approved risk tolerance limits and the business strategy of Athora Netherlands;
- the significance in which the risk profile of Athora Netherlands deviates from the assumptions underlying the SCR calculated with the standard formula.

The ORSA is an integral part of Athora Netherlands' management control cycle and is filed with the regulator.

7.4.4.1 ORSA Process

The ORSA considers external factors, the business strategy, future developments, the risk profile and risk appetite to assess the amount and quality of capital. An overview is shown in the figure below.



ORSA Process

Athora Netherlands performs the ORSA annually and if any significant change in its risk profile occurs. The Executive Committee is accountable and actively involved. The appropriateness of the risk measurement is assessed and adequacy of capital is tested against a range of stressed scenarios thereby considering the possible effect of management actions.

7.4.4.2 Scenario Tests and Mitigating Action

An extensive risk identification process takes place. The identified risks are subject to a range of stress scenarios, which are severe but plausible, to test the financial position of Athora Netherlands. This is in contrast to the Preparatory Crisis Plan, in which the scenarios should be severe enough to create a direct threat to the going concern of Athora Netherlands.

For all scenarios in the ORSA mitigating management actions have been assessed.

7.4.4.3 Main Conclusions

Athora Netherlands concludes that the standard formula is an appropriate risk management for Athora Netherlands' risk profile and Athora Netherlands' solvency is adequate for protecting its policy holders. Risks that are out-of-scope of the standard formula have been identified in risk assessments, examined in stress scenarios and mitigated by managerial actions where appropriate. The quality of Athora Netherlands' capital is sufficient. Athora Netherlands complies with capital requirements and has sufficient liquidity. Athora Netherlands expects operating capital generation will improve by moving towards our strategic asset allocation, making the organisation more efficient and simultaneously growing the pension business.

7.4.5 Preparatory Crisis Plan

On 1 January 2019 the new law on Recovery and Resolution of insurers (*Wet herstel en afwikkeling van verzekeraars*) came into force in The Netherlands. As a result of this law, Athora Netherlands has established a Preparatory Crisis Plan. In a Preparatory Crisis Plan an insurance group identifies its core businesses and sets out the possible key recovery measures to be taken in a situation of financial distress. The Preparatory Crisis Plan includes early warning indicators for emerging crises, a crisis management governance framework and the management actions Athora Netherlands has at its disposal in a crisis situation to maintain its core businesses viable for the future. The effectiveness of the management actions is evaluated using different stress scenarios.

7.4.6 Capital Position

In 2023, as part of Athora Netherlands' strategy to achieve profitable growth for our company, Athora Netherlands remained focused on improving operating capital generation. For example, by asset deployment, gradually rebalancing, achieving an increase in result on investments within the appropriate risk limits. By improving the business contribution and by further optimising the risk profile (by Balance Sheet Management initiatives) taking into account the Risk Appetite.

The Solvency II ratio of Athora Netherlands increased to 206% at 31 December 2023 from 205% at 31 December 2022.

For more details see the AOC of the Solvency II ratio.

Solvency II ratio

Athora Netherlands falls under the Solvency II regulatory framework and complies with the guidance notes on the interpretation of Solvency II as published by the supervisory authorities EIOPA and DNB.

For internal purposes, Athora Netherlands calculates the Solvency II position on a monthly and quarterly basis. Athora Netherlands calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) and thus making use of the possibility of applying long-term guarantee measures. Athora Netherlands does not apply the Matching Adjustment. The required and available capital (own funds) under Solvency II is determined on the basis of information at year-end. The yield curve used, including the Ultimate Forward Rate (UFR), Credit Risk Adjustment (CRA) and VA, is published by EIOPA.

For the euro the UFR was 3.45% in 2023.

Under Solvency II, available capital is called ‘Eligible Own Funds’ and is divided into three tiers. The own funds prior to tiering restrictions are referred to as Available Own Funds. The tiering restrictions reflect the ability to absorb capital losses, with Tier 1 being the highest capital quality and Tier 3 the lowest. Athora Netherlands does not have ‘ancillary own funds’ which require supervisory approval.

The classification of the hybrid capital of Athora Netherlands N.V. and SRLEV N.V. (outstanding on 31 December 2023) into Tier 1 and Tier 2 capital is based on the transitional measures contained in the level 1 regulations and aligned with DNB.

The following table shows the breakdown of the eligible own funds, starting from shareholders’ equity:

BREAKDOWN OWN FUNDS		
In € millions	2023	2022[1]
Shareholders' equity	3,654	2,835
Reconciliation IFRS-Solvency II	-604	130
Subordinated liabilities	1,225	1,180
Other	-1	-2
Total available own funds	**4,274**	**4,143**
Tiering restriction	-948	-962
Total eligible own funds	**3,326**	**3,181**

1 Figures as filed with the regulator.

The key items of the reconciliation between IFRS shareholders’ equity and Solvency II own funds are:

Reconciliation Differences IFRS-Solvency II

The reconciliation encompasses the following significant differences in measurement under Solvency II and under IFRS:

- Technical provisions – Under Solvency II the technical provisions (including provisions for savings mortgages) are measured using Solvency II parameters, taking into account current market estimates. With respect to economic parameters used, there are differences regarding the interest rate curve and the cost of capital.

The difference in the interest rate curves arising from different IFRS Illiquidity Premium versus the Solvency II Volatility Adjustment and differences in the Last Liquid Point are the main drivers for the development of the reconciliation of IFRS and Solvency II. The difference also stems from the exclusion of Operational Risk in the calculation of IFRS 17 Risk Adjustment as compared to Solvency II Risk Margin;

- Deferred Tax Assets – Due to differences in the calculation method and the resulting recoverability and in the valuation of assets and liabilities the resulting DTA position is different;
- Reinsurance Recoverable / Technical Provision – In Solvency II the reinsurance recoverable of the longevity reinsurance contracts is presented separately on the balance sheet. Under IFRS the reinsurance recoverable is presented under the technical provision. Mainly due to differences in the effects to the risk margin or risk adjustment the impact for IFRS is less positive than Solvency II Eligible Own Funds.

Subordinated Liabilities

Under Solvency II the available own funds include subordinated debt including accrued interest with regard to this debt. The subordinated liabilities are determined based on own credit standing (credit spread determined at pricing date).

Tiering Restriction

The use of own funds of different tiers is subject to certain limits under Solvency II. These limits are related to the required capital or Tier 1 capital and are applied to define the Eligible Own Funds. These limits cause a difference between the Available Own Funds and the Eligible Own Funds.

For Athora Netherlands Tier 3 restriction remained applicable during 2023. The Tier 2 plus Tier 3 restrictions consist of a maximum of 50% of the SCR while the Tier 3 restriction consists of the net DTA position restricted to maximum of 15% of the SCR. Ineligible own funds decreased from € 962 million at year-end 2022 to € 948 million at the end of 2023.

BREAKDOWN TIERING					
	Tier 1		Tier 2	Tier 3	Total
In € millions	Unrestricted	Restricted			
Eligible own funds to meet the Group SCR 2023	2,072	450	776	28	**3,326**
Eligible own funds to meet the Group SCR 2022	1,973	434	746	28	**3,181**

The table below shows the eligible own funds, the Solvency Capital Requirement and the resulting Solvency II ratio.

SOLVENCY II RATIO		
In € millions/percentage	2023[1]	2022[2]
Total eligible own funds	3,326	3,181
Consolidated group SCR	1,616	1,552
Solvency II Surplus	1,710	1,629
In %		
Solvency II ratio	206%	205%

1 Regulatory Solvency II ratio 2023 is not final until filed with the regulator
2 Figures as filed with the regulator

Development Solvency II Ratio

The development in 2023 of the Solvency II ratio is explained by the analysis of change as presented in the graphs below. The movement consists of the categories Operating Capital Generation, Market Impacts, One-off items, Capital flows and Other.

Operating Capital Generation is defined as the change of eligible own funds minus the SCR change. The overall principle is that this is a long-term and stable metric. Elements are the expected release of risk margin and SCR, the expected excess spread, the expected UFR drag and the (insurance) experience variance.

In Market Impacts Movements in assets and liabilities due to economic environment changes, other than the expected part in the operating capital generation. Next to these movements, also the change caused by the Volatility Adjustment is taken into account.

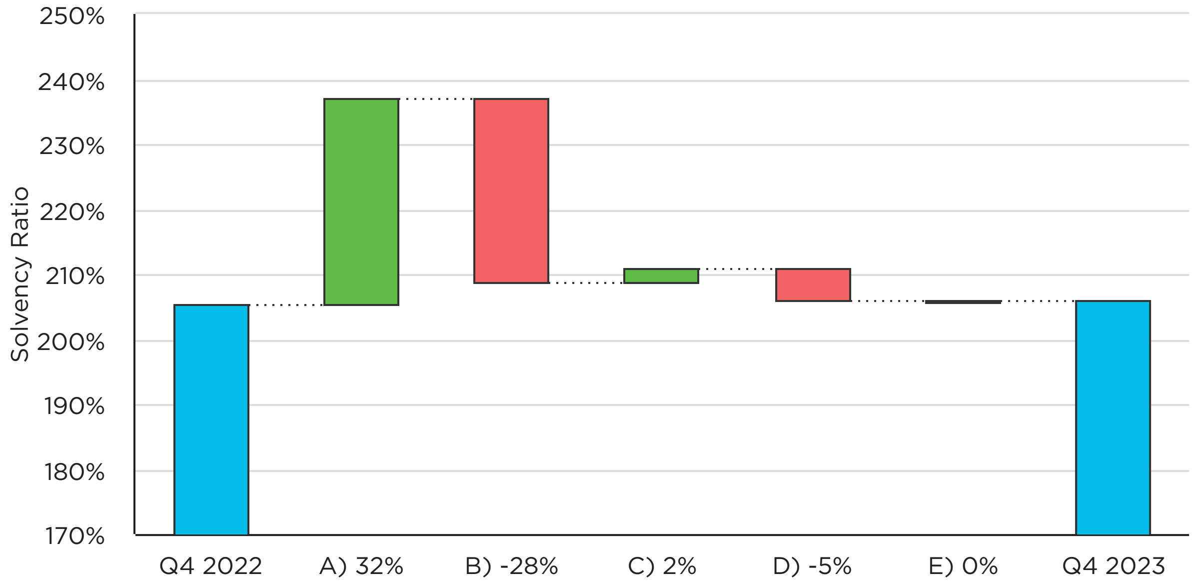
One-off items include the impact of events like changes in coverage of the longevity reinsurance contracts, the UFR decrease, Balance Sheet Management actions like investment deployments, interest rate hedge adjustments and changes in models and assumptions.

Capital flows, e.g., capital injections, issuance of (subordinated) loans, coupon payments on (subordinated) loans, dividends paid.

Other, includes the difference in actual changes in the Deferred Tax Asset and Deferred Tax Liability versus the tax included in the operating capital generation.

Athora Netherlands

AOC SOLVENCY RATIO



The estimated movement in Solvency II ratio over 2023 is driven by:

A) Operating Capital Generation (+/+32%)

The operating capital generation during 2023 was mainly driven by expected excess return (asset carry over liabilities), portfolio unwind (SCR plus risk margin release), new business contribution and other, partly offset by the UFR drag.

B) Market Impacts (-/-28%)

Market Impact includes the variance between expected excess return and actual return. Market impacts had a negative impact on the Solvency II ratio. The main drivers were the spread widening, mainly mortgage spreads and property value revaluations.

C) One-off Items (+/+2%)

One-off items had a positive impact on the Solvency II ratio, mainly due to updates to the longevity reinsurance premiums, partly offset by capital optimisation initiatives and the settlement with interest groups regarding investment-linked insurance policies.

D) Capital Flows (-/-5%)

The decrease of the Solvency II ratio is due to coupon payments on subordinated loans.

E) Other (+/+0%)

Includes the increase of the percentage of loss absorbing capacity of deferred taxes (LAC DT) driven by higher interest rates and spreads, offset by other changes.

7.4.7 Risk Profile

SOLVENCY CAPITAL REQUIREMENT		
In € millions	2023	2022
Life underwriting risk	1,040	974
Market risk	1,449	1,380
Counterparty default risk	104	96
Diversification	-574	-540
Basic Solvency Capital Requirement	**2,019**	**1,910**
Operational risk	147	141
Loss-absorbing capacity of technical provisions	-	-
Loss-absorbing capacity of deferred taxes	-558	-502
Net Solvency Capital Requirement	**1,608**	**1,549**
Capital requirements of other financial sectors	8	3
SCR for undertakings included via D&A	-	-
Consolidated group SCR	**1,616**	**1,552**

Diversification reflects that not all risks will materialise at the same time and at their full magnitude resulting in diversification between different risk types.

Interest rate shocks can also have an impact on the loss-absorbing capacity of technical provisions (LAC TP). Article 83 of the Delegated Regulations requires to report this impact separately from the SCR Interest rate scenario. In case of an interest-up scenario, Solvency II regulation prescribes a zero LAC TP.

When determining the Net Solvency Capital Requirement, the loss-absorbing capacity of deferred taxes may be set off against the Basic Solvency Capital Requirement. Athora Netherlands has examined for SRLEV and Proteq Levensverzekeringen whether, following a loss of the same size as the (pre-tax) SCR shock, future profits will be sufficient to be able to recover, partially or fully, the change in deferred tax assets caused by that loss.

For Solvency II and IFRS the recoverability of the DTA is tested using the same model and assumptions. The non-recoverable amount for IFRS is based on a single scenario of the recoverability calculation, and for Solvency II the non-recoverable amount is based on the weighted average of multiple scenarios, including future new business. This results in a non-recoverable amount of € 37 million for Solvency II, while for IFRS the DTA is fully recoverable.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

Capital Requirements of other financials sectors refer to holdings which are subject to a different regime than Solvency II.

Capital requirements of other financial sectors includes the PPI.

The risk categories are explained in more detail in the next section. To give more insight in the risks the company is exposed to, sensitivities are determined on best effort basis for different underwriting and market risks in the next sections. For underwriting risks and spread risks the sensitivities shown are the estimated impact on own funds without recalculating the SCR after shock. For the other market risks the sensitivities shown are the estimated impact on own funds including the estimated impact on the SCR market and life underwriting risk after shock.

7.5 Life Underwriting Risk

7.5.1 Risks - General

The underwriting risk is the risk that the own funds, earnings or solvency are insufficient to make payments (either now or in the future) from premium and/or result on investments owing to incorrect and/or incomplete assumptions (mortality, longevity, morbidity, policyholder' behaviour, catastrophes, interest and expenses) used in the development of the product and the determination of its premium. The interest rate risk related to insurance products is part of the market risk.

7.5.2 SCR Life Underwriting Risk

Life includes SRLEV and Proteq Levensverzekeringen.

7.5.2.1 Risk Categories

The underwriting risk in the Life business includes the significant sub-risk categories of mortality risk, longevity risk, lapse risk, catastrophe risk and expense risk. It may include disability and recovery risk to a limited degree. Athora Netherlands is also exposed to interest rate risk in the context of guarantees for both IFRS and Solvency II.

Mortality Risk and Longevity Risk

The risk most typically associated with Life insurance policies is mortality and longevity risk. These risks mainly affect the duration and timing of the payment of the insured cash flows. Mortality risk indicates the risk for the company of the policyholder dying earlier than expected. In the case of a life benefit, the longevity risk for Athora Netherlands is that the policyholder might live longer than expected.

To derive the longevity assumptions, Athora Netherlands uses the latest model published by the Netherlands Actuarial Association (AG2022). The overall assumptions are reviewed annually.

Disability-morbidity Risk

The insurance portfolio is exposed to the risk of policyholders being (partially) unable to work for a limited period or on a permanent basis because of disability. The financial impact is dependent on the age, the sum insured and the disability percentage of the policyholder.

Lapse Risk

Lapse risk reflects the impact of policyholder' behaviour, such as surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date).

Life Expense Risk

Athora Netherlands is exposed to expense risk as actual expenses may exceed expense loadings included in the pricing calculation. This relates to changes in the level, trend or volatility of the costs related to the fulfilment of insurance or reinsurance contracts.

In line with expected developments Athora NL uses an run-off model related to Non-Pension products and a going concern model related to Pension products to derive the expense assumptions. This means the cost assumptions take into account the expected developments in the portfolio.

Life Catastrophe Risk

With respect to Life insurance, in the event of a catastrophe the risks are primarily in the group insurance portfolio. Participants in a group contract often work at the same location or undertake joint activities, which may create about a concentration of risk. Concentration risk has been partly offset by reinsurance.

Interest Rate Guarantee Risk

In traditional insurance policies and unit-linked investment policies with an interest rate guarantee, Athora Netherlands bears the interest rate risk on the investments that are held to cover the obligations to policyholders. When a benefit or annuity payment is due, Athora Netherlands pays the policyholder a predetermined nominal amount.

For Group insurance policies with separate accounts, the policyholder that, in principle, bears the market risk. The policyholder is the institution that concluded the contract to insure the pension commitments for its employees with Athora Netherlands. Athora Netherlands guarantees the payment of the insured pension rights. The value of the investments has to be at least sufficient to cover the provision for accrued pension rights. Additional measures may also have been agreed contractually to compensate for investment losses up to a certain amount (e.g., the creation of an additional provision/buffer in the investment account). Athora Netherlands is entitled to reduce the market risk by changing the investment mix if the additional provisions/buffers are insufficient. If the value of the investments (including any contractually agreed additional measures) turns out to be insufficient, the remaining deficit is for the risk of Athora Netherlands.

The following table indicates which risks are associated with specific products for the insurance portfolio of Athora Netherlands.

PRODUCTS IN THE INSURANCE PORTFOLIO (SOLVENCY II)								
	Product features		Risks per product					
Product	Guarantee	Profit-Sharing	Mortality	Longevity	Cata-strophe	Lapse	Expense	Disability
Savings-based mortgage	Mortgage interest		√		√	√	√	
Life annuity	Regular payment			√			√	
Term insurance	Insured capital	[1]	√		√	√	√	
Traditional savings	Insured capital	√	√	√	√	√	√	
Funeral insurance	Insured capital	√	√	√	√	√	√	
Individual insurance policies in investment units	[2]		√	√	√	√	√	
Group insurance policies in cash	Regular payment / Insured capital	√	√	√	√	√	√	√
Group insurance policies in investment units			√	√	√	√	√	√
Group insurance policies with separate accounts	Regular payment / Insured capital[3]	√		√	√	√	√	√

1 Partly company profit-sharing

2 In some insurance guaranteed minimum yield applies at maturity

3 End of contract date contract contributory is not mandatory

7.5.2.2 Life Insurance Portfolio

The life insurance portfolio contains individual and group life insurance policies.

Individual life policies were sold as policies with a fixed sum insured and policies with a benefit in units (unit-linked and universal life insurance). The traditional products were sold with or without profit-sharing. The unit linked policies are with or without guarantees.

The individual insurance portfolio mainly consists of unit-linked insurance policies, savings mortgage policies, endowments and other savings policies, term life policies, funeral policies and life annuity insurance policies providing regular payments for a fixed period or for the remainder of the holder's life.

The group life insurance portfolio consists of both traditional contracts where the investment risk is borne by the insurer, investment insurance (unit linked and universal life) and separate accounts, where the investment risk is borne by the customer. The separate accounts have an interest guarantee whereby at the current low interest rates this option has value for the customer.

The total portfolio is spread over policies with mortality risk and policies with longevity risk.

The next table provides an overview of the product portfolio.

SCOPE OF VARIOUS INSURANCE CATEGORIES				
	Insurance revenue (IFRS 17)		Insurance contract liabilities (IFRS 17)	
In € millions	2023	2022 Restated	2023	2022 Restated
Individual traditional insurance policies	513	568	9,617	10,106
Individual insurance policies in investment units	74	73	3,442	3,322
Group insurance policies	849	850	17,540	17,245
Group insurance policies in investment units	382	382	11,113	9,692
Total	**1,818**	**1,873**	**41,712**	**40,365**

Co-insurance Life

Athora Netherlands has entered into several co-insurance contracts with one or more other insurers. Risk assessments for those contracts are based on the information provided by the administrating company and on an annual basis. The originating company of the contract draws up a report that Athora Netherlands uses to monitor the development of the portfolio and determine the provisions.

7.5.2.3 Life Reinsurance

Athora Netherlands has an integrated reinsurance programme for the life and disability portfolios. A Catastrophe reinsurance contract for mortality and disability was concluded as an umbrella cover for the different sub portfolios together, with a cover from € 15 million up to € 90 million. Terrorism is covered via a reinsurance pool (NHT).

A large part of longevity risk for individual and group insurances is transferred through Quota Share reinsurance. There are three longevity reinsurance treaties in place. The first longevity reinsurance contract was closed in 2018, followed by the second in 2020 and the third in 2021. These longevity risks are transferred through full indemnity-based Quota Share reinsurance treaties. Remaining longevity exposure at risk of Athora Netherlands is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations. A price reset in 2023 for the existing group life longevity reinsurance contracts resulted in a positive impact of 14%-points to the Solvency II ratio.

7.5.2.4 SCR Life and Sensitivities

The table below shows the SCR of the underwriting risk Life.

SCR LIFE UNDERWRITING RISK		
In € millions	2023	2022
Mortality risk	183	186
Longevity risk	468	390
Disability-morbidity risk	19	23
Lapse risk	222	210
Life expense risk	570	551
Life catastrophe risk	179	180
Diversification	-601	-566
SCR Life underwriting risk	**1,040**	**974**

The SCR life is sensitive for interest rate movements. The decrease of the interest rates leads to an increase of the liabilities, and increasing the SCR life.

Mortality Risk

The capital requirement for life mortality risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 15% in the mortality rates used for the calculation of the technical provisions. The increase in mortality rates will apply only to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

Longevity Risk

The capital requirement for life longevity risk is equal to the loss in basic own funds resulting from an instantaneous permanent decrease of 20% in the mortality rates used for the calculation of the technical provisions. The conditions for the calculation are the same as those specified in relation to life mortality risk, although in this case it concerns an increase in the best estimate provision in the event of a falling mortality rate. The groups whom this concerns will generally be those that are not affected by the life mortality risk.

Disability-morbidity risk

The capital requirement for disability-morbidity risk is equal to the loss in basic own funds resulting from the following combination of instantaneous permanent changes:
- an increase of 35% in the disability rates which are used in the calculation of the technical provision in the following 12 months;
- an increase of 25% in the disability rates which are used in the calculation of the technical provision in all months thereafter;
- a decrease of 20% in the recovery rates which are used in the calculation of the technical provision for all years.

Lapse Risk

The capital requirement for life lapse risk is equal to the largest of the following capital requirements:
- The capital requirement for the risk of a permanent increase in lapse rates. This is equal to the loss in basic own funds of insurance and reinsurance undertakings that would result from an instantaneous permanent increase of 50%.
- The capital requirement for the risk of a permanent decrease in lapse rates. This is equal to the loss in basic own funds of insurers and re-insurers that would result from an instantaneous permanent decrease of 50%.
- The capital requirement for mass lapse risk. This is equal to the loss in basic own funds that would result from a discontinuance of 40% of the policies.

Athora Netherlands was sensitive for the mass lapse risk per year-end 2023.

Life Expense Risk

The capital requirement for life-expense risk is equal to the loss in basic own funds that would result from the following combination of instantaneous changes:

- an increase of 10% in the amount of expenses included in the calculation of the technical provisions;
- an increase of 1% in the cost inflation rate (expressed as a percentage) used for the calculation of the technical provision.

To manage the economic risk of an increase in inflation rates, Athora Netherlands put in place an inflation hedging programme, in line with the company's Risk Appetite.

The capital charge for life -expense risk is calculated without taking the impact of these inflation linked swaps into account, given the difference that may exist between future realisation of expense inflation and future realisation of Euro HICPxT inflation.

Life Catastrophe Risk

The capital requirement for life catastrophe risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 0.15% to the mortality rates in the following twelve months.

The increase in mortality rates will apply only to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

Sensitivities

The value of the Life insurance portfolio is sensitive to changes in the underwriting parameters used for calculating the fair value of liabilities. In order to obtain information on these sensitivities, the effects of changes in mortality rates, surrender rates (including conversions to non-contributory policies) and expense assumptions, including inflation, are calculated separately. The most material items have been disclosed.

The key sensitivities of the Solvency II ratio to changes in the underwriting parameters are the sensitivities to longevity, expense and inflation risk. Due to the long-term nature of the Life insurance portfolio these sensitivities are sensitive for interest rate movements.

The longevity risks are reduced through a reinsurance treaty. The remaining longevity exposure at risk of Athora Netherlands is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations.

To reduce the economic risk of an increase in inflation rates, Athora Netherlands has put in place an inflation hedging programme, in line with the company's Risk Appetite. The programme is providing a significant reduction in the sensitivity of best estimate liabilities and own funds to changes in inflation expectations. The impact of the inflation linked swaps have not been taken into account in the SCR expense calculation.

The Solvency II ratio sensitivities for underwriting parameters are based on the estimated impact on own funds without recalculating the SCR after shock.

SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS		
	Solvency II ratio	
In %	2023	2022
10% lower mortality rates for all policies (longevity risk)	-6%	-4%

7.6 Market Risk

7.6.1 Risks - General

Market changes may materially impact on the value of the assets and liabilities of the insurance business. To manage the mismatch between the assets and liabilities an Asset and Liability Management (ALM) framework is in place in order to optimise between risks and returns and ensure that Athora Netherlands' operations remain within its risk appetite.

Market risk is the risk arising from changes in the level or volatility of market prices of financial instruments which impact on the value of the assets and liabilities of Athora Netherlands. The ALM-framework aims to properly reflect the structural mismatch between assets and liabilities, with respect to the duration thereof.

The following sub-market risks have been defined: interest rate, equity, property, spread, inflation, basis, concentration, currency and volatility risk. Athora Netherlands achieves its financial objectives by managing these risks adequately. This is done by reducing losses due to movements in the level and/or volatility of market prices of financial assets, liabilities and financial instruments.

Compared to Solvency II (standard model) market risk classification, Athora Netherlands recognises three additional market risks, namely inflation, volatility and basis risk.

7.6.2 SCR Market Risk

Exposure to market risk is measured under the Solvency II regime using adverse movements in financial variables. The main driver of market risk is the Solvency Capital Requirement for spread risk and equity risk.

The relevant types of market risk in Solvency II are displayed in the table below:

SCR MARKET RISK		
In € millions	2023	2022
Interest rate risk	114	96
Equity risk	651	507
Property risk	261	272
Spread risk	656	686
Concentration risk	74	65
Currency risk	97	180
Diversification	-404	-426
SCR market risk	1,449	1,380

7.6.2.1 Interest Rate Risk

Interest rate risk is a key component of Athora Netherlands' market risk profile. Interest rate risk arises when the interest rate sensitivities of the assets and liabilities are different and it is expressed as movements in the capital position if market rates change.

Nominal Insurance Liabilities by Buckets

The table below presents nominal cash flows arising from insurance liabilities, net of reinsurance (liabilities) by maturity segment.

CASH FLOWS FROM INSURANCE BUSINESS 2023							
In € millions	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance liabilities - Life	1,573	5,586	6,138	5,490	4,627	13,368	36,782
Total	1,573	5,586	6,138	5,490	4,627	13,368	36,782

CASH FLOWS FROM INSURANCE BUSINESS 2022							
In € millions	< 1 year	1 - 5 years	5 - 10 years	10 - 15 years	15 - 20 years	> 20 years	Total
Insurance liabilities - Life	1,492	5,405	6,028	5,460	4,564	13,642	36,591
Total	1,492	5,405	6,028	5,460	4,564	13,642	36,591

The table excludes the portfolio on account of policyholders. The portfolio on account of policyholders is not relevant in this context, since the value accumulated in the investment funds is paid to policyholders on the policy's maturity date. The accrued balances of savings policies and savings-based mortgages are neither taken into account as these are offset. The cash flows from the underwriting provisions concern cash flows with a nominal guarantee. This does not include cash flows driven by options and guarantees and the risk margin. The cash flows arising from the underwriting provisions are estimated on a best estimate basis. Assumptions are made of mortality, disability, surrender and costs. A change in assumptions can alter the view of the cash flows in the table. The cash flow projections do not include future profit-sharing.

Solvency Capital Requirement

The capital requirement for interest rate risk in the standard formula of Solvency II is determined on the basis of two scenarios in which the risk-free yield curve is exposed to shocks affecting both assets and liabilities. The first scenario is 'interest rate up' and the second 'interest rate down'. The capital requirement for interest rate risk is defined by the scenario which has the most negative impact on basic own funds. The sign of the SCR interest rate shock (up or down) is based on the net SCR interest rate risk in accordance with Solvency II legislation and the gross SCR interest rate risk determines the size of SCR interest rate risk.

The interest rate scenario used for the up and down Solvency II shocks are prescribed; being in effect a non-parallel up shock with a minimum of 100 bps and a non-parallel down shock, both shocks decreasing for longer maturities and both without re-applying the UFR.

SCR INTEREST RATE RISK		
In € millions	2023	2022
SCR interest up shock	-114	-96
SCR interest down shock	-39	-24
SCR interest rate risk	114	96

The interest rate risk increased mainly due to interest rate hedge rebalancing.

Sensitivities

Athora Netherlands uses a scenario-based approach to control the sensitivity of solvency to market conditions, such as interest rates and spreads. The key solvency metric to express the risk is based on the regulatory solvency reported to the Dutch Central Bank (DNB). This method is chosen because Athora Netherlands has decided to use regulatory solvency as the principal factor in managing market risks.

Over the course of time, the positive valuation effect of the UFR reduces, which puts downward pressure on the trend in solvency in the future. EIOPA annually re-calculates the UFR in accordance with the methodology to derive the UFR.

For the Euro the calculated target UFR for 2023 was 3.45.%. Per 1 January 2024 the applicable UFR will decrease to 3.30%, this will have a negative impact on solvency.

The table below shows the sensitivity of the Solvency II ratio to changes in interest rates as a result of a decrease or an increase by 0.50% of the interest rates (maintaining the UFR at 3.45%), decreases in the UFR of 0.15% and 0.5% and the impact of the VA on the Solvency II ratio.

SENSITIVITY		
	Solvency II ratio	
In %	2023	2022
Interest +50 bps	-3%	-2%
Interest -50 bps	5%	1%
UFR -15 bps	-4%	-4%
UFR -50 bps	-14%	-14%
Excluding VA	-49%	-49%
Inflation +100 bps	-3%	0%

Due to the long-term nature of the Life and Pension insurance portfolio the Solvency II ratio is sensitive to interest rate movements. This sensitivity is mitigated by the use of long-term assets and, additionally, interest rate derivatives to hedge the insurance cash flows including those for guarantees and profit-sharing in the life insurance portfolio, so that the exposure is within pre-defined risk appetite levels. Moreover, the expected fixed cash flows from technical provisions are matched with fixed-income investments as much as possible.

Athora Netherlands' interest rate hedging policy aims to ensure that obligations towards policyholders are fulfilled in both the short-term and the long-term. In addition, it aims to enable its providers of capital to receive a reasonable return (in terms of fair value) that is in line with Athora Netherlands' risk exposure and to stabilise the solvency ratio. Athora Netherlands manages its interest rate risk by stabilising the Solvency II ratio after an interest rate shock.

7.6.2.2 Equity Risk

The SCR for equity risk is equal to the loss in fair value of the basic own funds in the event of a sudden shock to equities including a so-called symmetric adjustment. This adjustment corrects the equity shock for the difference between the current level of global equity prices and a long-term average and can vary between a minus 10% adjustment and a plus 10% adjustment.

SCR for equity risk consists of type 1 and type 2 equities. Type 1 equities are equities listed in regulated markets which are members of the EEA or OECD. Type 2 equities are equities listed in countries other than members of the EEA and/or OECD, non-listed equities, private equities, hedge funds, commodities and other alternative investments.

The SCR for equity risk is defined as the aggregation of the capital requirement for type 1 equities and the capital requirement for type 2 equities, allowing a correlation of 0.75 between types 1 and 2.

Athora Netherlands does not apply the transitional arrangement for type 1 equities.

The table below shows the SCR for equity risk:

SCR EQUITY RISK		
In € millions	2023	2022
Type 1 equities	101	153
Type 2 equities	572	382
Diversification	-22	-28
Equity risk	**651**	**507**

The equity risk of Athora Netherlands increased mainly due to asset deployments in private equity.

The equities classification includes participations in funds that invest in other types of securities like money market funds and other (non-investment grade) fixed income funds. The ALM policy and the market sensitivities are adjusted to reflect the underlying risk under Solvency II for a more economic approach ('look through'), including the impact of the shock on the liabilities.

The table below show the sensitivity of the Solvency II ratio for an equity up and down shock.

SENSITIVITY		
	Solvency II ratio	
In %	2023	2022
Equities -10%	-5%	-5%

7.6.2.3 Property Risk

Property risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of the market prices of real estate.

The SCR for property risk is equal to the loss in the basic own funds that would result from an instantaneous decrease of 25% in the value of property. Property consists of direct property (e.g., buildings and investments in owner-occupied properties) and indirect interests in property (through investment funds). Athora Netherlands applies the look-through approach in determining the SCR for property risk also taking the effect of any leverage on the Net Asset Value of property funds into account.

The table below shows the SCR for property risk:

SCR PROPERTY RISK		
In € millions	2023	2022
Property risk	261	272

The property risk of Athora Netherlands decreased mainly due to revaluations.

The equities classification includes participations in funds that invest in other types of securities. The ALM policy and the market sensitivities are adjusted to reflect the underlying risk under Solvency II based on an economic approach ('look through'). The table below show the sensitivity of the Solvency II ratio for an property up and down shock.

SENSITIVITY		
	Solvency II ratio	
In %	2023	2022
Property -10%	-5%	-6%

7.6.2.4 Spread Risk

Spread risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of the credit spread above the risk- free interest rate term structure. The spread risk for the insurance business arises in the fixed-income investment portfolio, which includes securitisations, loans, corporate and government bonds that are sensitive to changes in credit risk surcharges. Increasing credit risk surcharges have a negative effect on the fair value of underlying bonds.

The SCR for spread risk is determined by calculating the impact on the eligible own funds due to the volatility of credit spreads over the term structure of the risk-free rate. The required capital for spread risk is equal to the sum of the capital requirements for bonds, loans and structured products. The capital requirement takes into account the fair value, the modified duration and the credit quality category.

SCR SPREAD RISK		
In € millions	2023	2022
Bonds and loans	643	681
Securitisation positions	13	5
Spread risk	656	686

Spread risk decreased mainly due to spreads increasing, decreasing the value of the credit and bond portfolio.

Credit risk surcharges are also a source of basis risk in the valuation of insurance liabilities. The basis risk relates to the risk of a mismatch between the interest rate used in the valuation of the liabilities and the interest rate used for the asset portfolio. This basis risk mainly emanates from the risk that movements in the interest rate on the EU government bonds held in portfolio will not be in line with movements in the swap rate.

Under the Solvency II regime the swap curve with a prescribed Ultimate Forward Rate (UFR) is used when discounting insurance liabilities, adjusted for credit risk (CRA) and a Volatility Adjustment (VA). The VA moves along with the credit spreads, but still substantial basis risk exists because the VA is based on a reference portfolio instead of Athora Netherlands' own asset portfolio, and also a 65% scaling factor is applied to determine the VA. For managing market risks a number of combined scenarios is determined with (different) simultaneous shocks to risk categories. In this scenario-based approach among others credit spreads, volatility (interest rate volatility and equity volatility) and best estimates for the VA are taken into account.

While interest rate risk regarding the Solvency II ratio is well matched, there remains volatility as the credit risk profile of Athora Netherlands differs from the profile implied by the Volatility Adjustment (VA). The basis risk is still material, in case of lower spreads for high quality bonds (e.g., German and Dutch) and higher spreads for riskier bonds, the Solvency II Ratio in general increases.

Under Solvency II an increase of credit spreads also leads to an increase of the Volatility Adjustment impacting the value of the liabilities. Athora Netherlands determined that an increase of all credit spreads of 50 bps leads to an increase of the VA of 21 bps, an increase of 50 bps on corporates to an increase of the VA of 11 bps and an increase of 50 bps on government bonds to an increase of the VA of 9 bps.

SENSITIVITY		
	Solvency II ratio[1]	
In %	2023	2022
Credit spreads Government Bonds +50 bps	3%	10%
Credit spreads Corporates/Mortgages +50 bps	7%	6%
All Credit spreads +50 bps	12%	16%

1 An increase of credit spreads also leads to an increase of VA, impacting the value of the liabilities.

7.6.2.5 Concentration Risk

Concentration risk is defined as all risk exposures associated with a potential loss that is significant to endanger the solvency or financial position of insurance and reinsurance undertakings.

A concentration risk charge is prescribed under Solvency II when the issuer exposure exceeds a certain percentage threshold of the asset base depending on the credit rating of the issuer and the type of investment. The SCR for concentration risk is calculated on the basis of single name exposure.

Athora Netherlands and its insurance entities still hold substantial investments in German and Dutch government bonds and supranational issuers which are excluded from (the Solvency II scope of) concentration risk.

The table below shows the SCR for concentration risk:

SCR CONCENTRATION RISK		
In € millions	2023	2022
Concentration risk	74	65

The SCR concentration risk increased due to a higher exposure to central governments of non-EEA members within our own risk limits.

7.6.2.6 Currency Risk

Currency risk is defined as the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of exchange rates. The currency risk of Athora Netherlands is caused by a combination of investments and liabilities in foreign currencies that are not perfectly matched.

Athora Netherlands' policy is to permit only very limited currency risk.

The effects of changes in foreign exchange markets on the net result, own funds and solvency are measured periodically using scenario analysis. The Solvency II currency exposure is determined using the look-through principle regarding investment funds. This results in slightly higher currency exposure.

The table below provides an indication of Athora Netherlands' foreign exchange exposure including loans.

CURRENCY EXPOSURE INCLUDING LOANS (NET EXPOSURE)				
	Net balance exposure		Hedge derivatives	
In € millions	2023	2022	2023	2022
US Dollar	5,219	4,683	-5,308	-4,928
Japanese Yen	1,254	1,109	-1,255	-1,110
Australian Dollar	129	86	-139	-78
Swedish Crown	83	61	-85	-64
Polish Zloty	48	27	-	-
Other	404	352	-410	-349
Total	**7,137**	**6,318**	**-7,197**	**-6,529**

The SCR for currency risk is equal to the loss in the basic own funds that would result from an instantaneous change in the value of the foreign currency against the local currency. For each foreign currency this involves taking the maximum of the impact on the basic own funds of a 25% increase or 25% decrease in the value of the currency. The total SCR for currency risk is then obtained by the sum of the 'individual' currencies.

SCR CURRENCY RISK		
In € millions	2023	2022
Currency risk	97	180

The currency risk of Athora Netherlands decreased, amongst others due to model improvements and an execution of a hedge to (indirect) currency exposure to Unit Linked client funds.

The currency risk partly originates from hedging the foreign exchange risk of subordinated loans denominated in foreign currency and partly from the decrease in projected asset management fees for the unit linked portfolio in case of a currency shock.

7.6.2.7 Volatility Risk

The volatility risk is the risk of losses due to changes in (implied) volatilities (interest rate and equity) and is measured separately. It is addressed in the market sub risks as described before. Athora Netherlands is sensitive to volatility on both sides of the balance sheet. The volatility risk is reduced because the volatility of the swaptions on the asset side has an offsetting effect on the embedded options on the liability side.

7.6.2.8 Basis Risk

Basis risk is the financial risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position.

7.6.2.9 Diversification

Not all risks will materialise at the same time and at their full magnitude, resulting in diversification between different risk types. Solvency II prescribes a correlation matrix for the diversification effect in the SCR Market Risk module in order to aggregate the results of the types of market risks. This leads to a lower amount of total Market Risk compared to the sum of the individual market risk types. Solvency II furthermore prescribes that a downward SCR interest rate shock will be more correlated with an equity, spread and property shock compared to an upward interest rate shock.

7.7 Counterparty Risk

7.7.1 Risks - General

Athora Netherlands defines counterparty risk as the risk of potential losses of own fund as a result of defaults of counterparties and debtors of Athora Netherlands within the next twelve months.

The SCR Counterparty Default Risk covers risk-mitigating contracts such as reinsurance arrangements, derivatives, security lending and repos, and cash at bank, retail mortgages and receivables from intermediaries, as well as any other credit exposures not covered by the SCR Spread Risk.

For each counterparty, the overall credit risk exposure of Athora Netherlands to that counterparty is measured, irrespective of the legal form of its contractual obligations. Its calculation also takes into account collateral or other security held by or for the account of Athora Netherlands and the risks associated therewith.

Fixed-income Investment Portfolio

The counterparty risk within the fixed-income investment portfolios of Athora Netherlands is the risk that an issuer of a bond or a debtor of a private loan does no longer meet its obligations. Athora Netherlands has an internal Risk Policy Counterparty Risk that sets limits to exposure to counterparties, including fixed income investments, in terms of loss give default.

Counterparty exposure limits are one of the constraints when the strategic asset allocation is determined in the context of ALM for each Athora Investment Category. Counterparty exposure limits are also considered when setting up mandates with asset managers.

Derivatives Exposure

The counterparty risk related to the fair value of the derivatives held by Athora Netherlands with a counterparty is managed by means of a Credit Support Annex (CSA) agreement in accordance with standard industry practice. These agreements stipulate that derivatives are mark-to-market daily, i.e., collateral (in liquid instruments) must be exchanged on a daily basis based on the underlying fair value of the derivatives to cover the counterparty default risk.

Reinsurance

Athora Netherlands pursues an active policy with respect to the placement of reinsurance contracts, using a panel consisting of reinsurers with solid ratings. Our panel of reinsurers consists of partners who are involved for many years and are distinguished companies. Long-term relationships with the reinsurers are important in order to maintain stability, continuity and understanding of the underlying underwriting portfolio. General principle is that all reinsurers have a minimum credit rating of A.

Mortgage Portfolio

Athora Netherlands is exposed to counterparty risk on its mortgage portfolio by possible default of mortgagors. The counterparty risk is, however, mitigated by properties held as collateral. Part of this portfolio is guaranteed by the National Mortgage Guarantee Fund (NHG). The average Loan to Value ratio has improved due to (early) payment of the outstanding mortgage balance and an increase in Dutch housing prices.

OVERVIEW MORTGAGES

In € millions	2023	2022 Restated
Mortgages < 75% of foreclosure value	2,999	3,660
Mortgages 75% < > 100% of foreclosure value	111	34
Mortgages > 100% of foreclosure value	12	14
Mortgages with National Mortgage Guarantee	245	617
Residential mortgage in the Netherlands	**3,367**	**4,325**

The overall mortgage portfolio decreased in value by selling part of the mortgage portfolio.

Savings Mortgages

Athora Netherlands holds various savings mortgages insurance policies, financed both internally and externally. The majority of the portfolio are savings mortgages with cession/retrocession arrangements, sub-participation agreements and pledged collateral.

SCR Spread risk will be applicable in case of no additional collateral and pledged collateral (50% of the charge). SCR CDR Type 1 will be applicable for the term contracts (future parts).

7.7.2 SCR Counterparty Default Risk

The SCR counterparty default risk module reflects the potential loss as a consequence of defaults and deterioration in the credit standing of counterparties over a 12-month period. The SCR for the counterparty default risk is determined by aggregating the capital requirements of type 1 and type 2 exposures.

Type 1 exposures are exposures that have low diversification effects and for which the counterparty is likely to have an external rating. Solvency II treats the following as type 1 exposures:

- risk-mitigation contracts, including reinsurance arrangements, special purpose vehicles (SPVs), insurance securitisations and derivatives;
- cash at bank;
- deposits with ceding undertakings;
- commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid;
- legally binding commitments which the insurer has provided or arranged and which may create payment obligations depending on the credit standing of a counterparty.

Securities lending and repo programmes in which Athora Netherlands participates are also treated as a type 1 exposure. The capital requirement for counterparty default risk on type 1 exposures depends on the loss-given-default (LGD) and the probability of default (PD) of every single name exposure. The PD depends on the creditworthiness of the single name exposure.

Type 2 exposures consist of all exposures to which the capital requirement for spread risk is not applicable and which are not of type 1. In general, these are diversified exposures which do not have an external rating. Solvency II explicitly mentions the following exposures in the context of type 2:

- receivables from intermediaries;
- policyholder debtors;
- mortgage loans which meet a set of requirements.

The capital requirement for counterparty default risk on type 2 exposures as defined by EIOPA is equal to the sum of 90% of the LGD of receivables from intermediaries due for more than three months and 15% of the LGD of other type 2 exposures.

The SCR for counterparty default risk is determined by aggregating the capital requirements for type 1 and type 2 exposures with a correlation of 0.75. This gives rise to diversification between type 1 and type 2 capital requirements because not all risks will materialise at the same time and at their full magnitude.

COUNTERPARTY DEFAULT RISK		
In € millions	2023	2022
Type 1 exposures	85	86
Type 2 exposures	24	13
Diversification	-5	-3
SCR counterparty default risk	**104**	**96**

SCR counterparty default risk increased in 2023. The increase in capital requirements of type 2 exposures is due to higher LGD of mortgages. The lower indexing of mortgage collateral resulted in lower collateral value and higher LGD.

7.8 Liquidity Risk

7.8.1 Risks - General

Liquidity risk is defined as the risk that Athora Netherlands would have insufficient liquid assets to meet its financial obligations in the short-term, in a going concern situation or in times of a stress situation, or if obtaining the necessary liquidity would mean incurring unacceptable costs or losses.

The liquidity risk is monitored and managed both at Athora Netherlands group level and at legal entity level separately as no risk capital is charged according to the standard formula of Solvency II.

7.8.2 Policy

The policy of Athora Netherlands is to have more liquidity available than it is required to hold based on internal risk management minimum levels. The objective of the internal risk management minimum levels is to ensure that Athora Netherlands is able to fulfil its obligations towards policyholders and all legal obligations.

The liquidity risk policy uses three sources of liquidity:
1. the cash position;
2. the liquidity buffer;
3. the liquidity contingency policy.

Cash Position

The first source of liquidity concerns the cash position. This position is built up from the cash management process from investments management and cash management process from underwriting and operating activities. In the investments cash management process all cash flows from investments are managed by our investment managers.

Athora Netherlands has taken into account that all obligations to policyholders must be respected and that these obligations will be paid throughout the underwriting and other operating cash management process. If at any time these obligations exceed the premium income additional cash will be transferred from the investment cash management process. Equally, when premiums exceed the payments in the operational cash management process, cash will be transferred to the investments cash management process, for the purpose of the investing excess cash (temporarily).

Liquidity Buffer

The second source is the liquidity buffer. Together with the cash position, the liquidity buffer forms the overall liquidity position of the entity. The liquidity buffer is a good indicator for the overall liquidity position of Athora Netherlands and includes all available assets and the impact of prescribed shocks in a stress scenario, including the respective liquidity needs in these scenarios for the margining of derivatives. Furthermore, on the asset side Athora Netherlands applies liquidity tiering and assigns a liquidity value for various time horizons and scenarios. Monitoring of the liquidity buffer accounts for an important part of the daily activities of Athora Netherlands.

Liquidity Contingency Policy

The last source of liquidity relates to a situation in which the normal liquidity and buffers turn out to be insufficient. In case of such a contingency, Athora Netherlands has implemented a Crisis Management Team (CMT) structure and a predefined set of potential management actions. The CMT must take timely action in rapidly deteriorating liquidity circumstances in order to avoid default or bankruptcy that could occur in the worst case and/or to settle all of the obligations under the insurance portfolio in an orderly manner.

7.8.3 Monitoring

To monitor and estimate the liquidity balance available for covering the requirements of collateral and the funding necessities coming from investment commitments and other discretionary investment activities, a weekly liquidity overview is calculated considering three elements: Portfolio breakdown with liquidity focus, collateral demands for variation margin in shock scenario and funding plan based on investment commitments in the different mandates and other potential discretionary investment activities. This liquidity overview is focused on the following time horizons, T+0, T+2, T+1w, T+1m and T+3m, to measure the liquid assets available after meeting the different cash demands.

Portfolio Breakdown

In this part all the assets in the portfolio are classified in different groups (or Tiers) according to its capacity to be converted in cash in a timely manner:

PORTFOLIO TIERING BREAKDOWN		
Asset Liquidity Tiering	Asset Type	Liquidity
Tier 1 (<3y)	Money Market Funds	Very High
	EUR Sovereigns AAA	
	EUR Sovereigns AA	
	Reverse Repurchase Operation	
Tier 2 (<3y)	EUR Sovereigns A	High
	EUR Sovereigns BBB	
	JPY Sovereigns	
Tier 3 (<3y)	Other Sovereigns	Medium
	SSA Securities	
	SSA Securities others and covereds	
Tier 4 (>3y)	EUR ABS	Low
	NL WSW & SSA Loans (avg duration <3yrs)	
	>3y other sovereigns	
	>3y EUR sovereigns AAA/AA/A/BBB	
Tier 5 (Short duration credit)	Dual Recourse Loans	Low
Tier 6 (Externally managed)	Commercial Papers	Low
	Cash, MMF and <3y IG	
	Liquid Credit	
	Cash and Cash equivalent at Luxemburg funds	
Tier 7	Mortgages	Very Low

Being the assets classified in Tier 1 those with the highest convertibility into cash in the shortest period of time and those in Tier 7 the assets that can be cash converted after assuming high transactional costs and taking a longer period of time.

Collateral Requirements

The daily requirement for variation margin in the derivatives portfolio is the main source of liquidity risk for Athora Netherlands, in this sense trying to anticipate the variation margin that would need to be posted under a stress scenario is critical in the liquidity management. This stress scenario is calibrated in Bloomberg MARS, based on the 99.5% Value at Risk of the different risk factors that affect the fair value of the derivatives in the portfolio. A minimum liquidity reserve for variation margin is calculated for the time horizons under the scope of the liquidity overview.

	Diversified margin requirement in shock scenario
Liquidity reserves for variation margin	Variation margin: Interest Rate shock
	Variation margin: Inflation shock
	Variation margin: Currency shock
	Variation margin: Credit Spread shock
	Variation margin: Sovereign spread shock

Funding Plan

The remaining liquid resources available after covering the reserve for variation margin are measured to establish if they can be used for addressing other cash demands such as discretionary investment activities and funding plans in the different mandates. In this part there is also an assessment of the potential necessity to use other instruments included in the liquidity toolkit of the Treasuries & Rates Team, like leverage or repurchase agreements, in the case that all the liquidity provided by the assets is consumed.

7.9 Compliance Risk and Operational Risk

7.9.1 Risks - General

Management of the first line is responsible for the overall risk management cycle in their organisation units from identification to monitoring and management of action plans. They report about the status of both operational and compliance risk to the Operational Risk and Compliance Committee Athora Netherlands (ORCA). Compliance and Operational Risk, as second line departments, monitor and provide advice to management on compliance risk and operational risk. Both departments are part of the ORCA and in the ORC's and PMP's of the MTs (see Section 7.2.5 Risk Organisation). In addition, the risk reports including Operational and Compliance Risks are also discussed in the Executive Committee and the Risk Committee of the Supervisory Board. Within the PMP MTs, Compliance advises on the development, evaluation and approval of products in accordance with laws, regulations, the AFM criteria and criteria related to treating customers fairly.

Compliance Risk

Compliance risk is the risk that an organisation is potentially able to suffer legal or regulatory sanctions, material financial loss, or loss of reputation as a result of non-compliance with applicable laws, regulations, rules, self-regulatory standards, codes and unwritten rules.

Non-compliance with integrity- and/or conduct related rules can potentially lead to regulatory action, financial loss and/or damage to the reputation of Athora Netherlands, for example fines, compensation, disciplinary action, imprisonment or exclusion proceedings.

Laws and regulations within scope pertain amongst others to those laws and regulations as supervised by the Authority for the Financial Markets (AFM), the Dutch Central bank (DNB), the Authority for Consumers and Markets (ACM) and the Data Protection Authority (AP) for aspects related to non-financial risks. This includes the Dutch Financial Supervision Act (Wft), the Money Laundering and Terrorist Financing (Prevention) Act (*Wwft*), the Dutch Sanctions Act (*Sanctiewet*), as well as relevant European laws such as Solvency II and guidance from the Dutch Association of Insurers and other relevant bodies.

Operational Risk

Operational risk represents the risk of an economic loss, a negative reputational or supervisory impact resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risks include the risk of a material misstatement in Athora Netherlands' financial reporting and legal risks, but excludes strategic and business risks. Operational risk events can lead to adverse consequences beyond a pure financial loss. The assessment of possible reputational impacts following an operational event is an explicit part of the operational risk management process.

Operational risks are inherent in all of Athora Netherlands' insurance products, activities, processes and systems and the management of operational risk is a fundamental element of Athora Netherlands' risk management framework. Operational (and compliance) risks are inherent risks that do not provide more returns when taking more risk and have to be controlled and managed. The responsibility of Athora Netherlands also extends to managing risks for outsourced activities. Athora Netherlands recognises the following types of operational risk categories: Business Process risk, Change risk, Model risk, Third Party risk, HR risk, Reporting risk, Business Continuity risk, Data risk and Information Security risk (refer to 7.9.2 for recent developments).

7.9.2 Exposure to Non-financial Risks

During 2023, as an important part of Athora Netherlands' risk management system, Athora Netherlands further improved the Integrated Control Framework by adding all other risk products (events, RSAs) to the integrated GRC tooling. Continuous attention on the quality of process and control design, testing of effectiveness of controls, monitoring compliancy, reporting and analysis tooling and process ownership enables the organisation to manage and monitor compliance and operational risks in an efficient and effective manner. Based on the monitoring of all risk types, in this paragraph the main developments and risk events are described. Athora Netherlands' management is of the opinion that action plans and programs are in place to sufficiently address and mitigate these risks.

Compliance Risk

Due to the great complexity of the legislation with regard to Solvency II, IFRS, GDPR, Wwft, SFDR, IDD, PRIIPS and Supply Chain Responsibility and changes to the pension legislation (Wtp), legislation may not be unequivocally implemented on time, resulting in Athora Netherlands not being compliant and potentially suffering reputational damage. Athora Netherlands has a framework in place to track the implementation of legislative requirements in order to be in control of this risk.

Athora Netherlands is exposed to potential governance risks. Addressing these risks Athora Netherlands has a dedicated Institutional Conflicts-of-Interest Policy including a concrete procedure. Furthermore, Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol. The regulator will continue to monitor and evaluate these potential governance risks as part of its ongoing supervisory activities.

For a Pension- and Life insurer, the financial economic crime risks are considered to be low. The mortgage and real estate investment activities are being perceived and assessed as medium respectively higher risks. As a financial institution, Athora Netherlands has the responsibility to ensure detection, reporting and prevention of unusual transactions. In Athora Netherlands' efforts to ensure compliance with applicable laws and regulations, instances of non-compliance can potentially occur. Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis.

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

We have key risk indicators in place with regard to financial economic crime such as the number of high risk classified clients and/or business partners and the number of overdue actions. We are operating within the acceptable key risk indicators norms.

Risks (including reputational risk) are not fully excluded in the non-accruing investment-linked policy file, due to the combined effects of intermittent media exposure, political opinion, court judgements and inaction on the part of customers. The client base is continuously addressed through Athora Netherlands' aftercare programme.

Due to the General Data Protection Regulation's consequences on systems and processes, privacy risks are taken into account. As part of the 2023 Compliance Monitoring Plan, several reviews of GDPR requirements have been conducted. Although Athora Netherlands is in general compliant with GDPR requirements, the review concluded that Athora Netherlands needs to continue to strengthen compliancy with the GDPR. Given the importance of protecting personal data, monitoring of privacy risks is also part of the 2024 Compliance Monitoring Plan. Local Privacy Champions, in cooperation with the appointed Data Protection Officer, safeguard full attention on Athora Netherlands' compliance with the privacy regulation.

Operational Risk

General developments

During the year risks are monitored compared to the appetite by first and second line and when necessary, mitigating measures initiated to improve the risk profile. Athora Netherlands' Integrated Control Framework (ICF) was rated satisfactory by Internal Audit and DNB confirmed mid 2023 that earlier identified findings have all been sufficiently resolved.

During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting in all risk instruments now being captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk. A RSA internal Fraud was conducted across Athora Netherlands with senior management and experts. Results were discussed at the ORCA and although risk is within appetite, further improvement actions were initiated to improve the risk profile.

Athora Netherlands actively promotes awareness to cyber security threats, also with its third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates.

Risk category developments

Business Process Risk
Strategic and license-to-operate driven projects like WWFT/AML, IFRS 17 have been the primarily drivers for Business Process Risk from a resourcing and knowledge perspective in the last years. An impressive number of Process risk assessments were conducted to identify risks and control measures across all programs and daily operations to ensure continuous measuring effectiveness of the ICF. The number of outstanding (high risk) action points were actively managed and reduced within risk appetite. Simplification of access and maintenance of processes will further facilitate an effective, efficient and up-to-date process landscape.

Change Risk
Overall Athora Netherlands has an acceptable level of Change Risk with a significant Change portfolio to manage. Implementation of key change programs like strategic outsourcing, IFRS 17, Wtp are examples that require continuous management attention to allocate capacity and to shift priorities where needed. Progress of the strategic roadmap is actively monitored and reported upon. Risk Self Assessments (RSA) are a helpful tool to manage Change risk within the programs and is actively used.

Model Risk
Athora Netherlands continuously updates the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up through validations, re-validations and solving second line findings. Ongoing model assessments on reporting, (asset) valuation and pricing models, following a risk-based approach, further increased model insight and provides guidance towards lower model risk. Overall Model risk is within risk appetite.

Third Party Risk
Monitoring and governance regarding outsourcing within Athora Netherlands remain a key area of risk attention. Next to ownership of outsourcing management within business lines, a central vendor management team further develops monitoring and reporting standards to enhance the oversight Athora Netherlands has on outsourcings partners.

The approach of Athora Netherlands is to outsource activities in those areas in the customer value chain where an external service provider can provide added value. When specific activities for outsourcing have been identified a risk analysis is part of the preparation phase. In case of cloud services an additional risk analysis is performed to manage the risks particularly related to cloud. The results of the risks analysis are reflected in the contracts with the service providers.

The DORA (Digital Operational Resilience Act) implementation also impacts the management of third parties. For example, full Insight in (security) vulnerabilities with third parties is being improved, also as part of DORA. The DORA project progresses in line with expectation and a RSA was held in November.

HR Risk
Effective resourcing is essential for the execution of strategy and to qualitatively maintain business as usual activities including a healthy balance on in- and external FTEs. To improve and retain a fit company culture, culture aspects are embedded within the strategy program, improving collaboration between teams and stimulating involvement in the hybrid working concept.

Sourcing of employees remains challenging, however is manageable. Also, employee Survey results show positive trend towards 2024.

Reporting Risk
Effective and timely implementation of IFRS 17 was the main source for future reporting risk. Risk assessment have been completed and the identified material gaps identified and resolved.

On 5 January 2023, the European Union (EU) legislation Corporate Sustainability Reporting Directive (CSRD) became effective. In 2024, this directive will be incorporated in the Dutch legislation and from 1 January 2024 Athora Netherlands has to comply with the CSRD. The CSRD requires EU companies to report on the environmental and social impact of their business activities, and on the business impact of their environmental, social and governance (ESG) efforts and initiatives. The goal of the CSRD is to provide transparency that will help investors, analysts, consumers and other stakeholders better evaluate EU companies' sustainability performance as well as the related business impacts and risks. Introduced as part of the European Commission's Sustainable Finance Package, the CSRD notably expands the scope, sustainability disclosures and reporting requirements of its predecessor, the Non-Financial Reporting Directive (NFRD). Athora Netherlands will have to publish a great deal of new and very specific forward and backward information that covers the entire value chain.

Athora Netherlands, its customers and the companies in which Athora Netherlands invests may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. The above described ESG risks may not only impact the financial risks but also may have an impact on other non-insurance risks like persistency and renewal risks.

These risks are receiving increasing regulatory, political and societal scrutiny. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Corporate Sustainable Reporting Directive (CSRD) program was initiated during 2023. The scope and expectations of CSRD reporting are challenging and Sustainability related data is a key area of focus also as this closely links to the Sustainability strategy of Athora Netherlands. Athora Netherlands is making progress on embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Climate Risk Committee, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

Business Continuity Risk
Business continuity risk is acceptable. Fallback tests were held and proved to be successful. The increased reliance on third parties may impact business continuity going forward.

Data Risk
Data risk has been regarded minimal during the year. Attention for data expertise increases to manage strategy initiatives for digitalisation and automation. The data governance structure in place allows us to continuously evaluate, direct and monitor data initiatives to effectively facilitate the Athora Netherlands' strategy as being a data driven organisation. A pilot started amongst employees (early adopters) on internal Athora Netherlands Generative AI / ChatGPT usage. Results from "early adaptors" will be used for further development.

Information Technology Risk
For the Athora Netherlands IT organisation, 2023 has been a year of a lot of changes and challenges like the migration of WTW's PPI, new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid data centre outsourcing is a great opportunity to further improve flexibility and effectivity.

In 2023, IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

Cybercrime Risk

In 2023, no major incidents related to cybercrime occurred within Athora Netherlands, nor did any of our main suppliers report any. The Security Operations Center however experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDoS attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Athora Netherlands is on its way to implement the DORA in time.

Athora Netherlands further conducted cybercrime awareness campaigns, such as phishing campaigns and crisis management workshops, and monitored external suppliers' security testing. To manage the increasing risk effectively in 2023 additional mitigating measures were implemented. Mitigating the cybercrime risk is a key priority (which is also reflected in the Board level attention it gets) and will remain high on the agenda of the Athora Netherlands Board and Risk Boards in the near future.

7.9.3 SCR Operational Risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. This takes into account legal risks, but risks that are a consequence of strategic decisions or reputational risks are disregarded. The technical provision for own risk is part of the calculation of the SCR operational risk.

The basic capital requirement for operational risk is calculated by taking the maximum of (a) the capital requirement for operational risks on the basis of earned premiums and (b) the capital requirement for operational risks on the basis of technical provisions and adding 25% of the expenses incurred in respect of unit linked business.

SCR OPERATIONAL RISK		
In € millions	2023	2022
Athora Netherlands	147	141

Operational risk increased due to the increase of the technical provision.

8 COMPANY FINANCIAL STATEMENTS

8.1 Company Statement of Financial Position

Before result appropriation and in € millions	Ref.[1]	31 December 2023	31 December 2022 Restated
Assets			
Property and equipment	1	22	13
Subsidiaries	2	4,235	3,376
Receivables from group companies	3	810	820
Investments	4	138	158
Deferred tax	5	-	7
Corporate income tax		12	14
Other assets	6	2	2
Cash and cash equivalents	7	46	5
Total assets		**5,265**	**4,395**
Equity and liabilities			
Issued share capital[2]		0	0
Share premium reserve		4,568	4,568
Other reserves		3	-
Retained earnings		-917	-1,769
Total shareholders' equity		**3,654**	**2,799**
Holders of other equity instruments		350	350
Total equity	8	**4,004**	**3,149**
Subordinated debt	9	809	807
Borrowings		62	62
Capital base		**4,875**	**4,018**
Provision for employee benefits	10	309	321
Other provisions		10	16
Deferred tax	5	7	-
Other liabilities	11	64	40
Total equity and liabilities		**5,265**	**4,395**

1 The references next to the balance sheet items relate to the notes to the company statement of financial position in Section 9.2.
2 The issued and paid-up share capital of Athora Netherlands N.V. is € 238,500.

8.2 Company Statement of Profit or Loss

In € millions	Ref.[1]	2023	2022 Restated
Result on investments	14	36	-47
Result on derivatives	15	-	26
Share in result of subsidiaries	16	886	-555
Investment result		**922**	**-576**
Other income		1	-1
Other operating expenses	17	-29	-16
Other finance result	18	-37	-47
Other income and expenses		**-65**	**-64**
Result before tax		**857**	**-640**
Tax expense or benefit	19	6	21
Net result for the period		**863**	**-619**
Attributable to:			
- Shareholders		840	-642
- Holders of other equity instruments		23	23
Net result for the period		**863**	**-619**

1 The references next to the income statement items relate to the notes to the company statement of profit or loss in Section 9.2.

9 NOTES TO THE COMPANY FINANCIAL STATEMENTS

9.1 Accounting Policies to the Company Financial Statements

General

Principles for the measurement of assets and liabilities and the determination of the result
Athora Netherlands makes use of the option provided in Section 362, Paragraph 8, Book 2 of the Dutch Civil Code. This means that the principles for the recognition and measurement of assets and liabilities and determination of Net result applied in the Company Financial Statements of Athora Netherlands are the same as those applied in the Consolidated Financial Statements. By making use of this option the shareholders' equity is the same in the Consolidated Financial Statements and the Company Financial Statements.
The Company Financial Statements have been prepared in accordance with Book 2, Title 9 of the Dutch Civil Code. Concerning the Company cash flow statement of Athora Netherlands, the exemption as defined in the Guidelines of the Dutch Council for Annual Reporting (RJ) Section 360.106 was used.

Where applicable, for items not described in this section, the accounting policies applied for the company financial statements are the same as those described in the section 6.1 Accounting policies for the consolidated financial statements. For the items not separately disclosed in the notes to the company financial statements, reference is made to the notes in the section 6.3 Notes to the consolidated financial statements

The main subsidiaries SRLEV and Proteq Levensverzekeringen have initially applied IFRS 17 and IFRS 9 from 1 January 2023. These standard have brought significant changes to the accounting for insurance and reinsurance contracts and financial instruments. As a result, the comparative amounts have been restated.

IFRS 17 establishes principles for recognition, measurement, presentation and disclosures of insurance contracts and reinsurance contracts. Insurance liabilities under IFRS 17 include (i) fulfilment cash flows, an estimation of the probably weighted discount cash flows required to fulfil the insurance contracts and (ii) the CSM, the unearned profit on insurance contracts. The recognition of insurance revenue and services is based on the concept of service provided. Under IFRS 4 the measurement of insurance liabilities is principle based on historical tariffs.

IFRS 9 includes three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. IFRS eliminates the previous IAS 39 categories of held to maturity investments, loans and receivables and available for sale assets. Classification of financial assets under IFRS 9 is generally based on the business model in which the financial assets is managed and its contractual cash flow. With the application of IFRS 9 all financial investments of SRLEV and Proteq Levensverzekeringen are measured against FVTPL while under IAS 39 the main part of the financial investments were measured against amortised cost or available for sale. Cash and Cash Equivalents, Other Assets, Subordinated liabilities and Borrowings have not been reclassified and continue to be measured at amortised cost.

When compared to the financial statements under the previous accounting standard the impact of the initial application of IFRS 17 and IFRS 9 is:

- a reduction of equity of € 350 million as per 1 January 2022 and a reduction of equity of € 36 million per 1 January 2023 and;
- a reduction of the subsidiaries of € 355 million per 1 January 2022 and a reduction of subsidiaries of € 5 million per 1 January 2023.

The remaining differences relates to other financial assets and liabilities.

The impact of the initial application of IFRS 17 and IFRS 9 on the profit and loss for 2022 amounts to € 309 million positive when compared to financial statements of the previous accounting standards. The impact on profit or loss of 2023 and the years here after cannot be determined.

For more information about the initial application of IFRS 17 and IFRS 9 reference is made to section 6.1 Accounting policies for the consolidated financial statements.

Subsidiaries

Subsidiaries are companies and other entities in which Athora Netherlands N.V. has existing rights to direct the relevant activities of the entity (see Section 6.3, Note 37 List of principal subsidiaries). Subsidiaries are measured using the equity method of accounting.

Movements in the carrying amounts of subsidiaries due to changes in their revaluation, cash flow, fair value and profit-sharing reserves are recognised in shareholders' equity.

Movements in the carrying amounts arising from the share of result of subsidiaries are recognised in accordance with the accounting policies of Athora Netherlands N.V. in profit or loss. The distributable reserves of subsidiaries are recognised in retained earnings.

Athora Netherlands N.V. has provided a perpetual Tier 1 Capital loan to its subsidiary SRLEV N.V. Redemption of the loan is scheduled at specific dates, for the first time five years after it was issued. The agreed terms meet the requirements in the EU's Solvency II regulations for Tier 1 Capital loans. These regulatory requirements imply that the borrower has a unilateral right not to pay interest or repay the principal to the investors. Based on these terms, the loan does not qualify as a liability at SRLEV and consequently it is recognised as an equity investment at Athora Netherlands N.V., increasing the carrying amount of the investments in subsidiaries. Interest payments are deducted from the net equity value of the investment.

Receivables from and Debts to Group Companies

Loans (including subordinated loans) to and from group companies are measured at amortised cost.

Legal Reserve

The legal reserve is a statutory reserve in accordance with Section 2:373(4) of the Dutch Civil Code. For more information we refer to Section 9.2, Note 8 Legal Reserves.

9.2 Notes to the Company Financial Statements

1 Property and Equipment

BREAKDOWN OF PROPERTY AND EQUIPMENT		
In € millions	2023	2022
Land and buildings for own use	-	2
IT equipment	2	-
Right-of-use assets (ROU)	14	9
Other assets	6	2
Total	**22**	**13**

BREAKDOWN OF RIGHT-OF-USE ASSETS		
In € millions	2023	2022
Property	13	8
Vehicles	1	1
Total	**14**	**9**

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2023						
In € millions	Land and buildings for own use	IT equipment	ROU: Property	ROU: Vehicles	Other assets	Total
Accumulated acquisitions costs	-	10	34	2	15	61
Accumulated depreciation and impairments	-	-8	-15	-1	-9	-33
Accumulated other	-	-	-6	-	-	-6
Balance as at 31 December	**-**	**2**	**13**	**1**	**6**	**22**
Balance as at 1 January	**2**	**-**	**8**	**1**	**2**	**13**
Reclassifications	-4	-	-	-	4	-
Investments	2	2	13	1	3	21
Depreciation	-	-	-2	-1	-3	-6
Other	-	-	-6	-	-	-6
Balance as at 31 December	**-**	**2**	**13**	**1**	**6**	**22**

Other movements of Right-of-use assets Property concerns the indexation of lease contracts. Lease liabilities increase accordingly. Therefore, indexation does not impact the statement of profit or loss.

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2022						
In € millions	Land and buildings for own use	IT equipment	ROU: Property	ROU: Vehicles	Other assets	Total
Accumulated acquisitions costs	2	7	57	5	13	84
Accumulated depreciation and impairments	-	-7	-40	-3	-11	-61
Accumulated other	-	-	-9	-1	-	-10
Balance as at 31 December	**2**	**-**	**8**	**1**	**2**	**13**
Balance as at 1 January	**-**	**1**	**17**	**1**	**3**	**22**
Investments	2	-	-	1	-	3
Depreciation	-	-1	-3	-1	-1	-6
Other	-	-	-6	-	-	-6
Balance as at 31 December	**2**	**-**	**8**	**1**	**2**	**13**

Athora Netherlands has chosen to exempt short-term leases and low value leases and therefore they are not included in the ROU. The relating costs will be reported as part of the operating expenses (refer to Note 31 of Notes to the Consolidated Financial Statements). For interest expenses on lease liabilities refer to Note 18 Other Finance Result.

2 Subsidiaries

STATEMENT OF CHANGES IN SUBSIDIARIES		
In € millions	2023	2022 Restated
Balance as at 1 January	**3,376**	**3,821**
Interest Solvency II Tier 1 Capital subordinated loan SRLEV N.V.	-28	-28
Acquisitions	3	-
Disposals and redemptions	-	-5
Other comprehensive income	-3	141
Result	886	-555
Other movements	1	2
Balance as at 31 December	**4,235**	**3,376**

The acquisition of € 3 million concerns the acquisition of WTW's Dutch Premium Pension Institution (PPI) in April 2023. The legal merger of WTW's PPI and Zwitserleven PPI N.V. was effectuated on 2 December 2023, applying the pooling of interest method.

Other comprehensive income consists of revaluations and of changes in valuation of defined benefit pension plan.

The disposal of € 5 million in 2022 concerns the sale of ACTIAM N.V. to Cardano.

3 Receivables from Group Companies

BREAKDOWN OF RECEIVABLES FROM GROUP COMPANIES		
In € millions	2023	2022 Restated
Loans	557	557
Reimbursement right	240	222
Receivables	13	41
Total	**810**	**820**

LOANS				
In € millions	Coupon	Maturity	2023	2022 Restated
SRLEV N.V.	7.750%	2015 - 2025	135	132
SRLEV N.V.	3.600%	2018 - 2028	163	178
SRLEV N.V.	2.250%	2021 - 2031	259	247
Total			**557**	**557**

Reimbursement Right

All personnel currently employed by Athora Netherlands N.V. have a collective defined contribution pension scheme at Stichting Pensioenfonds SNS REAAL. A number of defined benefit schemes for (former) employees still exists. The majority of these schemes is insured at SRLEV N.V. As a result, Athora Netherlands N.V., as employer, has a reimbursement right towards SRLEV N.V. for the amount that is insured at SRLEV N.V. This receivable covers the pension commitments to Athora Netherlands N.V.'s (former) employees. This commitment is presented as a provision for employee benefits in Athora Netherlands N.V.'s company statement of financial position.

4 Investments

The investments comprise solely of investments measured at FVTPL (2023: € 138 million; 2022: € 158 million).

BREAKDOWN OF INVESTMENTS		
In € millions	2023	2022 Restated
Shares and similar investments	55	147
Bonds	83	11
Total	**138**	**158**

BREAKDOWN OF INVESTMENTS: LISTED AND UNLISTED						
	Shares and similar investments		Bonds		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Listed	-	-	83	11	**83**	**11**
Unlisted	55	147	-	-	**55**	**147**
Total	**55**	**147**	**83**	**11**	**138**	**158**

STATEMENT OF CHANGES IN INVESTMENTS						
	Shares and similar investments		Bonds		Total	
In € millions	2023	2022 Restated	2023	2022 Restated	2023	2022 Restated
Balance as at 1 January	**147**	**57**	**11**	**37**	**158**	**94**
Purchases and advances	102	488	229	325	331	813
Disposals and redemptions	-195	-398	-167	-351	-362	-749
Realised result	-	-	7	-	7	-
Revaluations	1	-	2	-	3	-
Accrued Interest	-	-	1	-	1	-
Balance as at 31 December	**55**	**147**	**83**	**11**	**138**	**158**

5 Deferred tax

ORIGIN OF DEFERRED TAX 2023					
In € millions	1 January	Change through profit or loss	Change through equity	Other movements	31 December
Investments	-	-2	-	-	-2
Provision for employee benefits	-3	-9	-4	-3	-19
Carry forward losses	-	3	-	-	3
Other	10	1	-	-	11
Total	**7**	**-7**	**-4**	**-3**	**-7**

ORIGIN OF DEFERRED TAX 2022 RESTATED					
In € millions	1 January	Change through profit or loss	Change through equity	Other movements	31 December
Derivatives	-6	6	-	-	-
Provision for employee benefits	23	24	-50	-	-3
Other	1	-6	-	15	10
Total	**18**	**24**	**-50**	**15**	**7**

6 Other Assets

BREAKDOWN OF OTHER ASSETS		
In € millions	2023	2022 Restated
Other accrued assets	1	1
Accrued assets	**1**	**1**
Other receivables	1	1
Total	**2**	**2**

The receivables are expected to be recovered within twelve months after reporting date.

7 Cash and Cash Equivalents

BREAKDOWN OF CASH AND CASH EQUIVALENTS		
In € millions	2023	2022
Short-term bank balances	46	5
Total	46	5

Short-term bank balances are at the company's free disposal.

8 Equity

STATEMENT OF CHANGES IN EQUITY 2023							
In € millions	Issued share capital[1]	Share premium reserve	Sum other reserves	Retained earnings	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2023	0	4,568	-	-1,769	2,799	350	3,149
Other comprehensive income	-	-	3	11	14	-	14
Net result 2023	-	-	-	863	863	-	863
Total comprehensive income 2023	-	-	3	874	877	-	877
Interest on other equity instruments	-	-	-	-23	-23	-	-23
Other movements 2023	-	-	-	-23	-23	-	-23
Total changes in equity 2023	-	-	3	851	854	-	854
Balance as at 31 December 2023	0	4,568	3	-917	3,654	350	4,004

1 The share capital issued is fully paid up and comprises of 477 ordinary shares with a nominal value of € 500.00 per share for a total value of € 238,500.

STATEMENT OF CHANGES IN OTHER RESERVES 2023				
In € millions	Revaluation reserve property and equipment	Fair value reserve	Foreign currency translation reserve	Sum other reserves
Balance as at 1 January 2023	2	-1	-1	-
Unrealised revaluations	-	2	-	2
Unrealised currency differences	-	-	2	2
Income tax	-	-1	-	-1
Total changes in equity 2023	-	1	2	3
Balance as at 31 December 2023	2	-	1	3

STATEMENT OF CHANGES IN EQUITY 2022 RESTATED							
In € millions	Issued share capital	Share premium reserve	Sum other reserves	Retained earnings	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2022	0	4,568	240	-1,165	3,643	350	3,993
Impact of initial application of IFRS 17	-	-	2,284	-3,575	-1,291		-1,291
Impact of initial application of IFRS 9	-	-	-2,344	3,464	1,120	-	1,120
Impact of change in accounting legal reserves[1]	-	-	-179	-	-179	-	-179
Restated Balance as at 1 January 2022	-	4,568	1	-1,276	3,293	350	3,643
Other comprehensive income	-	-	-1	149	148	-	148
Net result 2022	-	-	-	-619	-619	-	-619
Total comprehensive income 2022	-	-	-1	-470	-471	-	-471
Interest on other equity instruments	-	-	-	-23	-23	-	-23
Other movements 2022	-	-	-	-23	-23	-	-23
Total changes in equity 2022	-	-	-1	-493	-494	-	-494
Balance as at 31 December 2022	0	4,568	-	-1,769	2,799	350	3,149

1 For more details regarding change in accounting legal reserves reference is made to note 8 Equity - Legal. reserves.

STATEMENT OF CHANGES IN OTHER RESERVES 2022				
In € millions	Revaluation reserve property and equipment	Fair value reserve	Foreign currency translation reserve	Sum other reserves
Balance as at 1 January 2022	181	59	-	240
Impact of initial application of IFRS 17	-	2,284	-	2,284
Impact of initial application of IFRS 9		-2,344	-	-2,344
Impact of change in accounting legal reserves[1]	-179	-	-	-179
Restated Balance as at 1 January 2022	2	-1	-	1
Unrealised currency differences	-	-	-1	-1
Total changes in equity 2022	-	-	-1	-1
Balance as at 31 December 2022	2	-1	-1	-

1 For more details regarding change in accounting legal reserves reference is made to note 8 Equity - Legal. reserves.

Issued Share Capital

The issued share capital has been fully paid-up and consists of ordinary shares with a nominal value of € 500.00 per share. 477 ordinary shares had been issued at 31 December 2023 (2022: 477).

BREAKDOWN OF ISSUED SHARE CAPITAL				
	Number of ordinary shares		Amount of ordinary shares (in € thousands)	
	2023	2022	2023	2022
Authorised share capital	2,385	2,385	1,193	1,193
Share capital in portfolio	1,908	1,908	954	954
Issued share capital as at 31 December	477	477	239	239

Legal Reserves

The total shareholders' equity as per 31 December 2023 amounts to € 3,644 million (2022: € 2,799 million) of which € 78 million (2022: € 72 million (comparative adjusted for the IFRS 17 and IFRS 9 implementation)) is restricted for dividend pay-out due to the requirements in Section 2 of the Dutch Civil Code to hold legal reserves for unrealised gains for revaluation of property in own use, profits and capital increases in associates and joint ventures and unrealised gains on investments that are accounted FVTPL and have no frequent market quotation and share capital of Athora Netherlands and its subsidiaries. The legal reserves are determined by applying RJ 240.224c that has become effective with the implementation of IFRS 17. RJ 240.224c allows under certain conditions to reduce the Dutch legal reserves from the positive revaluations of investments by the unrealised value increase of insurance contract liabilities. In addition to these legal reserves the Solvency II capital requirements are considered in determining whether equity can be distributed (see section 7.4 on Capital Management).

9 Subordinated Debt

BREAKDOWN OF SUBORDINATED DEBT							
				Carrying amount		Nominal value	
In € millions	Coupon	Maturity	First call date	2023	2022 Restated	2023	2022 Restated
Athora Netherlands N.V.	2.250%	April 2021 - April 2031	April 2026	302	301	300	300
Athora Netherlands N.V.	5.375%	May 2022 - August 2032	May 2027	507	506	500	500
Total				809	807	800	800

In April 2021, Athora Netherlands N.V. issued € 300 million subordinated notes. The notes are first callable after five years and each fifth anniversary thereafter, subject to conditions to redemption. The coupon is fixed at 2.250% per annum until the first call date. The notes qualify as Tier 2 regulatory capital.

In May 2022, Athora Netherlands N.V. issued € 500 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 5.375% per annum until the first call date. The notes qualify as Tier 2 regulatory capital under Solvency II.

STATEMENT OF CHANGES IN SUBORDINATED DEBT		
In € millions	2023	2022 Restated
Balance as at 1 January	**807**	**812**
Issue of subordinated debts	-	497
Disposals and redemptions	-	-546
Amortisation	2	1
Revaluation	-	4
Paid coupons	-	-28
Accrued interest	-	33
Currency gains and losses	-	34
Balance as at 31 December	**809**	**807**

10 Provision for Employee Benefits

BREAKDOWN OF PROVISION FOR EMPLOYEE BENEFITS		
In € millions	2023	2022
Pension commitments	302	313
Other employee benefit commitments	7	8
Total	**309**	**321**

Pension Commitments

For the general disclosure of the Pension commitments reference is made to Note 16, Section 6.3 Notes to the consolidated financial statements.

Athora Netherlands' total contribution to these defined benefit schemes is expected to be approximately € 9.5 million in 2024 (2023: € 11.6 million). Obligations for additional indexation rights are included in the provision and will be released after payment to the insurer.

After offsetting the fair value of the investments, € 98 million has been included in the provision for pensions for the former AXA and Winterthur pension schemes (2022: € 102 million). In 2024, Athora Netherlands' contribution to these defined benefit schemes is expected to amount to € 3.0 million (2023: € 3.7 million).

The pension scheme of Zwitserleven is self-administered. For this pension scheme, the present value of the pension obligations of € 156 million (2022: € 162 million) has been included in the provision for employee benefits. There is no separate investment account. Athora Netherlands' contribution to the defined benefit scheme of Zwitserleven is expected to amount to € 4.9 million in 2024 (2023: € 5.9 million).

After offsetting the fair value of the investments, € 45 million (2022: € 48 million) has been included in the provision for pensions for the pension schemes of former employees of Zürich, NHL, Helvetia and DBV built up in the past. In 2024, Athora Netherlands' contribution to the other defined benefit schemes is expected to amount to € 1.6 million (2023: € 1.9 million).

Overview Pension Commitments

BREAKDOWN OF PENSION COMMITMENTS		
In € millions	2023	2022
Present value of defined benefit obligations	340	352
Less: Fair value of plan assets	-41	-39
Effect of asset ceiling	3	-
Present value of the net liabilities	**302**	**313**

STATEMENT OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS		
In € millions	2023	2022
Present value as at 1 January	**352**	**504**
Increase and interest accrual through profit or loss	13	4
Actuarial gains or losses due to changes in financial assumptions through Other Comprehensive Income	-2	-143
Actuarial gains or losses due to changes in demographic assumptions through Other Comprehensive Income	2	5
Actuarial gains or losses due to experience adjustments through Other Comprehensive Income	-4	-5
Benefits paid	-14	-13
Other movements	-7	-
Present value as at 31 December	**340**	**352**

STATEMENT OF CHANGES IN FAIR VALUE OF THE PLAN ASSETS		
In € millions	2023	2022
Fair value as at 1 January	**39**	**50**
Investment result through profit or loss	1	-
Return on plan assets	3	-9
Investment result	**4**	**-9**
Premiums	12	11
Benefits paid	-14	-13
Fair value as at 31 December	**41**	**39**

The expected return on investments through profit or loss has been netted with the actuarial rate of interest (in accordance with IAS 19 Revised). The difference between the actual interest result and the actuarial rate of interest is recognised in Other Comprehensive Income.

BREAKDOWN OF FAIR VALUE OF THE PLAN ASSETS		
In € millions	2023	2022
Cash and cash equivalents	10	10
Insurance contract	31	29
Balance as at 31 December	**41**	**39**

The plan assets Insurance contracts consist of the non-contributory value based on the actuarial principles.

RECONCILIATION OF THE EFFECT OF THE ASSET CEILING		
In € millions	2023	2022
Balance as at 1 January	-	-
Remeasurements on the effect of asset ceiling through Other Comprehensive Income	3	-
Balance as at 31 December	3	-

STATEMENT OF CHANGES IN OTHER COMPREHENSIVE INCOME		
In € millions	2023	2022
Balance as at 1 January	67	-32
Actuarial gains or losses directly taken to Other Comprehensive Income pension commitments	7	143
Investment result for the benefit or at the expense of Other Comprehensive Income	3	-9
Deferred taxes	-3	-35
Balance as at 31 December	74	67

THE MAIN ACTUARIAL PARAMETERS AT YEAR-END		
In percentages	2023	2022
Discount rate	3.16%	3.69%
Expected salary increase	2.25%	2.25%
Rate of return on assets	Equal to discount rate	Equal to discount rate
Mortality	"Prognosetafel AG 2022" with 2022 mortality experience rates	"Prognosetafel AG 2022" with 2022 mortality experience rates
Increase accrued pension rights - Active	future wage inflation curve	future wage inflation curve
Increase accrued pension rights - Inactive	future price inflation curve	future price inflation curve

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2023		
	31 December 2023	
In € millions	Change in € millions	Change in %
Discount rate 2.66% (-0.5%)	26	8%
Discount rate 3.66% (+0.5%)	-23	-7%

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2022		
	31 December 2022	
In € millions	Change in € millions	Change in %
Discount rate 3.19% (-0.5%)	27	8%
Discount rate 4.19% (+0.5%)	-24	-7%

Other Employee Benefit Commitments

STATEMENT OF CHANGES IN OTHER EMPLOYEE BENEFIT COMMITMENTS		
In € millions	2023	2022
Balance as at 1 January	**8**	**12**
Other movements	-	-3
Withdrawal	-1	-1
Balance as at 31 December	**7**	**8**

These refer to jubilee benefits and to discounts granted for bank and insurance products to (former) employees after the date of their retirement.

11 Other Liabilities

BREAKDOWN OF OTHER LIABILITIES		
In € millions	2023	2022 Restated
Debts to subsidiaries	18	1
Other taxes	6	6
Other liabilities	24	24
Lease liabilities	16	9
Total	**64**	**40**

With exception of the lease liabilities, the other liabilities are expected to be settled within twelve months after reporting date. See below for the maturity analysis of the lease liabilities as per 31 December 2023 and 31 December 2022.

LEASE LIABILITIES - MATURITY ANALYSIS		
In € millions	2023	2022 Restated
< 1 month	1	1
1 - 3 months	-	-
3 - 12 months	1	1
1 - 2 years	2	2
2 - 5 years	5	4
> 5 years	7	1
Total	**16**	**9**
Current	2	2
Non-current	14	7

12 Guarantees, Commitments and Contingent Liabilities

For the guarantees and commitments of Athora Netherlands N.V., we refer to section 6.3 Note 20 Guarantees and Commitments.

13 Related Parties

INTRA-GROUP BALANCES BETWEEN ATHORA NETHERLANDS N.V. AND SUBSIDIARIES		
In € millions	2023	2022 Restated
Positions		
Assets		
Loans (receivables from subsidiaries)	557	557
Reimbursement right	240	222
Receivables	13	40
Liabilities		
Other liabilities	18	1
Transactions		
Movements receivables	-27	20
Movements reimbursement right	18	-101
Redemption loans (receivables from subsidiaries)	-	-95
Movements other liabilities	17	-
Result on investments - Interest	24	27
Other operating expenses - Staff costs	-117	-104
Other operating expenses - Other expenses	-44	-52

In 2022, the rental agreement between Athora Netherlands (the tenant) and its subsidiary SRLEV N.V. (the landlord) for the office building in Amstelveen was terminated due to the move to the new office in Amsterdam in 2023.

For details on the intra-group balances and transactions between Athora Netherlands N.V., Athora and affiliates, see Note 21 Related parties of the consolidated financial statements.

14 Result on Investments

The result on investments in 2023 amounts to € 36 million (2022: € -48 million) and mainly consist of interest on loans and receivables € 24 million (2022: nil), positive revaluation on bonds of € 9 million and positive revaluation on shares and similar investments of € 2 million.

15 Result on Derivatives

The result on derivatives in 2023 is nil (2022: € 26 million).

16 Share in Result of Subsidiaries

BREAKDOWN OF SHARE IN RESULT OF SUBSIDIARIES		
In € millions	2023	2022 Restated
SRLEV N.V.	857	-520
Proteq Levensverzekeringen N.V.	24	-12
Zwitserleven PPI N.V.	1	1
Others	4	-24
Total	**886**	**-555**

17 Other Operating Expenses

Other operating expenses consist of staff costs (€ 22 million), which include the costs for internal and external staff performing holding activities.

18 Other Finance Result

BREAKDOWN OF OTHER FINANCE RESULT		
In € millions	2023	2022 Restated
Bonds	-37	-47
Total	**-37**	**-47**

For depreciation charge of Right-of-use assets and for the additions to Right-of-use assets refer to Note 1 Property and Equipment.

The other interest expenses include interest expenses on lease liabilities, an item recognised for the first time in financial year 2019 due to the initial application of IFRS 16. The interest expenses on lease liabilities amounts to € 732 thousand (2022: € 171 thousand) at year-end.

19 Income Tax

BREAKDOWN OF TAX EXPENSE / BENEFIT		
In € millions	2023	2022 Restated
In financial year	13	-3
Corporate income tax due	**13**	**-3**
Due to temporary differences	-10	24
Due to carry forward losses	3	-
Deferred tax (including tax rate change)	**-7**	**24**
Total tax (expense) / benefit	**6**	**21**

The corporate income taxes are irrevocable for the years up to and including 2021.

RECONCILIATION BETWEEN THE STATUTORY AND EFFECTIVE TAX RATE		
In € millions	2023	2022 Restated
Statutory income tax rate	25.8%	25.8%
Result before tax	857	-640
Statutory corporate income tax amount	**-222**	**165**
Effect of participation exemption	229	-143
Deductible interest Tier 1	-1	-1
Total tax (expense) / benefit	**6**	**21**
Effective tax rate	-0.7%	3.3%

The effective tax rate of -0.7% differs compared to the nominal rate of 25,8%, mainly caused by the effect of participation exemption. For further disclosures about deferred tax, see Note 5 of the company financial statements.

20 Audit Fees

Ernst & Young Accountants LLP charged the following fees pursuant to Section 382a (3) of Book 2 of the Dutch Civil Code to Athora Netherlands, its subsidiaries and other consolidated entities, with regards to the respective years, i.e., on an accrual basis (including VAT).

AUDIT FEES		
In € thousands	2023	2022
Audit of the financial statements, including the audit of the statutory financial statements and other statutory audits of subsidiaries and other consolidated companies	3,339	2,566
Other audit services	1,049	1,110
Total	4,388	3,676

The other audit services include services in relation to assurance reports provided to external parties and IFRS 17 and IFRS 9.

21 Events after the Reporting Date

Please refer to Note 23 of the Consolidated Financial Statements for events after balance sheet date

22 Result Appropriation

For the provisions of the articles of association governing the appropriation of profit or loss reference is made to Section Other information.

The Executive Board proposes to the General Meeting of Shareholders to add the positive result for 2023 of € 863 million to the retained earnings of Athora Netherlands N.V.

In accordance with the resolution of the General Meeting of Shareholders held on 23 May 2023, the negative result for 2022 of € 928 million, as reported in the annual report 2022, has been deducted from the retained earnings of Athora Netherlands N.V.

Since the adoption of IFRS 17 and IFRS 9 per 1 January 2023 requires restatement of comparative figures, leading to a restated negative result for 2022 of € 619 million, this restated result has been deducted from the retained earnings of Athora Netherlands N.V. in the annual report 2023.

Amsterdam, the Netherlands, 27 March 2024

The Supervisory Board

R.M.S.M. (Roderick) Munsters

M.A.E. (Michele) Bareggi

E. (Elisabeth) Bourqui

F.G.H. (Floris) Deckers

J.M.A. (Hanny) Kemna

H. (Henk) Timmer

The Executive Board

J.A. (Jan) de Pooter

A.P. (Annemarie) Mijer

E.P. (Etienne) Comon

J.H. (Jan-Hendrik) Erasmus

OTHER INFORMATION

Provisions in Articles of Association Governing the Appropriation of Profit or Loss

Article 41 Profit and Loss; general

1. The profits shall be at the free disposal of the general meeting.

2. The company may only make distributions to shareholders and other persons entitled to distributable profits to the extent its equity exceeds the total amount of its issued share capital and the reserves which to be maintained pursuant to the law.

3. Distribution of profits shall take place following the adoption of the annual accounts from which it appears that such distribution is allowed.

Article 42 Profit and Loss; Distributions

1. Dividends shall be due and payable fourteen days after having been declared, unless upon the proposal of the management board the general meeting determines another date thereof.

2. Dividends that have not been collected within five years after they became due and payable shall revert to the company.

3. If the general meeting so determines on the proposal of the management board, an interim dividend will be distributed, including an interim dividend from reserves, but only with due observance of what is provided in Section 2:105, paragraph 4, of the Dutch Civil Code.

4. A loss may only be applied against reserves maintained pursuant to the law to the extent permitted by the law.

Independent auditor's report

To: the shareholder and the supervisory board of Athora Netherlands N.V.

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

Our opinion

We have audited the financial statements 2023 of Athora Netherlands N.V. (hereinafter: Athora Netherlands or the Company), based in Amsterdam, the Netherlands.
The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Athora Netherlands as at 31 December 2023, and of its result and its cash flows for 2023 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRSs) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Athora Netherlands as at 31 December 2023, and of its result for 2023 in accordance with Part 9 of Book 2 of the Dutch Civil Code

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2023
- The following statements for 2023: the consolidated statement of profit or loss total comprehensive income and changes in equity and the consolidated cash flow statement
- The notes comprising material accounting policy information and other explanatory information

The company financial statements comprise:

- The company statement of financial position as at 31 December 2023
- The company statement of profit or loss for 2023
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Athora Netherlands in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Athora Netherlands is the holding company SRLEV N.V. and Proteq Levensverzekeringen N.V. (both life insurance companies) and Zwitserleven Premium Pension Institution (PPI).
The group is structured in components and we tailored our group audit approach accordingly.
We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

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	€55 million (2022: €42 million)
Benchmark applied	1.5% of total shareholder's equity (2022: 1.5% of total shareholder's equity)
Explanation	We consider Athora Netherlands' total shareholder's equity and solvency, and the ability to meet policyholder liabilities, key indicators for the users of its financial statements. As such, we have based materiality on total shareholder's equity.

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 €2.75 million, 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 group audit

Athora Netherlands is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities based on size and risk. We have:
- Performed full scope audit procedures ourselves at SRLEV N.V. and Athora Netherlands
- Performed specific scope audit procedures ourselves at Proteq Levensverzekeringen N.V.
- No scope assigned to Zwitserleven PPI N.V., statutory audit only

In total these procedures represent 96% of total assets, 100% of shareholder's equity and 100% of profit before tax

By performing the procedures mentioned above at group entities, together with additional procedures at Group level, we have been able to obtain sufficient and appropriate audit evidence about the groups' financial information to provide an opinion on the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a client in the financial services industry. We included specialists in the areas of IT audit, forensics, sustainability, legal and income tax and have made use of our own actuaries and experts in the areas of valuation of technical provisions and valuation of unlisted investments.

Our focus on climate risks and the energy transition

Climate change and the energy transition are emerging topics and lead to significant change for many businesses and society. The executive board of Athora Netherlands has reported in the Section 3.4 Sustainability of the annual report how the Company is addressing climate-related and environmental risk 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 are taken into account in accounting estimates and significant assumptions as well as in the design of relevant internal control measures by Athora Netherlands, including those related to the estimation of liabilities related to insurance contracts and investments. Furthermore, we read the executive board 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 accounting estimates or significant assumptions used in the financial reporting per 31 December 2023.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identified and assessed the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control including the risk assessment process and the executive board's process for responding to the risks of fraud and monitoring the system of internal control and how the supervisory board exercises oversight, as well as the outcomes.

We refer to Section 3.5 of the executive board report for the executive board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. In our risk assessment we considered the potential impact of amongst others organizational changes. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

We addressed the risks related to management override of controls, as this risk is present in all companies. For these risks we have performed procedures among other things to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in
Note 6.1.2 to the financial statements, including Estimates used in the calculation of insurance contract liabilities including CSM and Fair value measurement of level 3 investments and the recoverability of Deferred Tax Assets.

With regard to the estimates used in the calculation of the insurance contract liabilities, including CSM, we see the risk of management override of controls in particular within the following assumptions: expenses (including inflation, allocation of costs and investment expense) (also relevant for the Solvency II technical provisions) and the Illiquidity Premium (ILP) for the discount rate. With regard to the fair value measurement of level 3 investments we see the risk of management override of controls in particular in the valuation of the private loan portfolio. With regard to the initial application of IFRS 17/9, we see the risk of management override of controls in particular within the calculation of the transition CSM.
In order to respond to the identified risks of management override of controls, we refer to the description of our audit approach in the key audit matters Estimates used in calculation of insurance contract liabilities, Fair value measurement of illiquid investments and Initial application of IFRS 17/9.

Additionally, we identified a risk of management override of controls in relation to expected spreads assumptions used in the calculation of the OCG (SII), LAC/DT (SII) and DTA recoverability assessment. We addressed this amongst others by assessing Athora NL's methodology, key assumptions used, feasibility of transition to the Strategic Asset Allocation and benchmarking spreads with independent sources and challenging expert judgement used.

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.

When identifying and assessing fraud risks we presumed that there are risks of fraud in revenue recognition. We considered related to components of the insurance revenue: the expected insurance service expense, excluding the investment components, including the risk of manipulation of the timing of expected insurance service expense; the release of the CSM, including risk of manipulation of the coverage units and the amount of CSM to be allocated. Furthermore, we considered related to the components of the result on investments the risk of management override of controls in particular in the valuation of the private loan portfolio and considering that changes in the fair value are reported as results on investments.

We designed and performed our audit procedures relating to revenue recognition responsive to this presumed fraud risk.

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

The fraud risks we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. Furthermore, we assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the executive board, inspecting the integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance & risk management reports and performing substantive tests of details of classes of transactions, account balances or disclosures. We refer to Note 20 Legal Proceedings to the financial statements for details of the Athora Netherlands compliance risk (management).

We also inspected lawyers' letters, communicated with and inspected correspondence with regulatory and supervisory authorities and remained alert to any indication of (suspected) non-compliance throughout the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether Athora Netherlands has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether Athora Netherlands implemented remediation plans, amongst which compliance with the Dutch Act on the prevention of money laundering and financing of terrorism for which in 2023 remediation actions in scope of the DNB investigation have been completed whereby some lower risk acceptance decisions have been made. Furthermore, at the end of 2022 Athora Netherlands developed a plan to enhance its governance taken into account the large company regime and other regulatory expectations. As part of this plan Athora Netherlands executed during 2023 a pilot to test an amended scope of its Governance Protocol dated 2 July 2021. The Governance Protocol sets out the framework of interactions between Athora Netherlands and Athora Group. During the pilot foundations were laid for the transition from a rule-based to a more principle-based approach for the interactions between Athora Netherlands and Athora Group. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force. We refer to Section Compliance Risk in note 7.9.2 Exposure to Non-financial Risks – Compliance Risk. 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

The executive board made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for the foreseeable future. We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism.

We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all 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.
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 serious doubts on the Company's ability to continue as a going concern for the next twelve months. 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 (KAM's) are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change. We introduced a new key audit matter as a result of the initial application of IFRS 17/9. As a result of the application of these new standards, also some of the content of the KAM's Fair value measurement of illiquid investments and related disclosures and Estimates used in the calculation of insurance contract liabilities including CSM have changed compared to last year. The last year KAM Unit-linked exposure is renamed to Valuation of unit-linked provision to better align with the actual status.

Initial application of IFRS 17 / 9	
Risk	With effect from 1 January 2023, Athora NL applied IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments. These standards replace IFRS 4 Insurance Contracts and IAS 39 Financial Instruments. Athora NL has applied IFRS 17 with retroactive effect from the transition date of 1 January 2022 for the accounting of insurance and reinsurance contracts, using the transition approach as set out in Note 6.1.2 of the consolidated financial statements. The comparative figures for 2022 as presented in the consolidated financial statements have been adjusted for the purposes of IFRS 17. Athora NL has also adjusted the comparative figures for the first application of IFRS 9 and additionally applies the classification overlay approach from IFRS 17 to the comparative figures of financial assets sold during 2022. As a result, IFRS 9, like IFRS 17, will be applied retroactively to 1 January 2022 in the 2023 financial statements. As a result of the transition to the new standards, shareholders' equity decreased by €350 million on balance as of 1 January 2022, mainly as a result of the creation of a Contractual Service Margin (CSM) of €2.1 billion as part of the liabilities arising from insurance contracts. The impact of this was partially offset by other valuation effects and deferred taxes. The audit of the first application of IFRS 17 and IFRS 9 was complex as it related to the measurement of insurance liabilities and the first provision of the CSM at transition date with various interpretations and fair value assumptions and using complex models. In this context, we take into account the possibility that management can override internal control measures and other unauthorized forms of influencing the financial reporting process. We therefore consider the initial application of IFRS 17 and IFRS 9 to be a key audit matter.
Our audit approach	Our audit procedures include, among other things, an evaluation of the adequacy of the company's accounting policies and transitional provisions related to the transition to IFRS 17 and IFRS 9 to determine whether they comply with IFRS 17 and IFRS 9. We have further assessed the appropriateness of the assumptions and methods used to determine estimates. We have engaged our actuarial specialists to assist us with the audit work in this area. Our main audit procedures included understanding and evaluating the design of relevant internal controls in the process of initial application of IFRS 17 and IFRS 9. In addition, we carried out the following specific activities: • Evaluating management's analysis of the transition approach and methodological choices made, including inspection of underlying documentation on the availability or non-availability of reasonable and supporting historical information required for the application of the full retrospective methodology and assessment of the appropriateness of simplifications applied under the fair value method. • Evaluating the analysis prepared by the company with regard to the classification of insurance contracts, including the applicable valuation models, and assessing the grouping of insurance contracts against the requirements set out in IFRS 17.

Initial application of IFRS 17 / 9	
	• Assessing the appropriateness of the key assumptions used in the calculation of the fair value of insurance contracts in the transition to IFRS 17 by comparing them with the assumptions used for the same accounting period under IFRS 4 and Solvency II, available market data, the product characteristics and the requirements arising from IFRS 17. • Testing the methodology and calculation of the liabilities under insurance contracts, the receivables under reinsurance contracts and the CSM on the transition date by assessing the model validation activities performed by Athora NL. • Testing the accuracy and completeness of basic data used in the determination of the items in the opening balance sheet by connection with source systems. • Evaluating management's analysis of the classification of financial instruments against the requirements set out in IFRS 9. • Evaluating the appropriateness of the valuation of financial instruments at transition date by comparing them with the valuations used or disclosed under IAS 39 and/or Solvency II for the same reporting period, available market data and the requirements of IFRS 9. Finally, we evaluated the adequacy of Athora NL's disclosures relating to the initial application of IFRS 17 and IFRS 9. In this context, we have assessed in particular whether the disclosures regarding the accounting choices made by Athora NL, the assumptions used at the transition date and the financial impact on the transition date are adequately reflected.
Key observations	We believe that the estimates used in the transition to IFRS 17 and IFRS 9 are reasonable. The notes on the transition to IFRS 17 and IFRS 9 meet the requirements of EU IFRSs.

Fair value measurement of illiquid investments and related disclosures	
Risk	Athora Netherlands invests in various asset types and continued the re-risking of the investment portfolio in 2023. Almost all financial assets and derivative liabilities are carried at fair value in the balance sheet. Of the total financial assets measured at fair value and derivatives liabilities, 36% and 100% respectively is related to investments for which no published prices in active markets are available. Fair value measurement can be subjective, especially in areas of the market reliant on model based valuation. Valuation techniques for mortgages, loans, investment property and for non-listed equities, bonds and derivatives involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Associated disclosures are complex and dependent on high quality data. In this context, we take into account the possibility that management can override internal control measures and other unauthorized forms of influencing the financial reporting process. We therefore consider the fair value measurement of investments and related disclosures a key audit matter. Specific areas of our audit focus included the valuation of Level 2 assets (non-listed investment with observable input for valuation) and Level 3 assets (non-listed investment without observable input for valuation) where valuation techniques are applied in which significant unobservable inputs are used. We refer to the General Accounting Policies (6.1.3) on Estimates and Assumptions and Fair Value of Assets and Liabilities and Note 35 Fair Value of Property, Financial Assets and Liabilities of the financial statements.

Fair value measurement of illiquid investments and related disclosures	
Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to the fair value measurement of investments according to IFRS13 Fair Value Measurement. We evaluated the design and operating effectiveness of the controls over valuation. In addition, we carried out the following specific activities: • Considered the company's valuation working group report and minutes and held discussions with management to update our understanding of the changes in the investment portfolio. • Tested the valuation, whereby our audit procedures included, among others, involving our valuation specialists to assess the methodologies and significant assumptions used by management. These procedures included assessing the valuation methodologies used with respect to the company's policies, valuation guidelines, and industry practice and comparing a sample of valuation assumptions used against benchmarks. Specifically for the private loan portfolio, we reconciled the valuations with external valuation reports where applicable. We also performed independent investment valuations on a sample basis to evaluate management's recorded values. Finally, we evaluated the related disclosures in accordance with IFRS 7 Financial instruments: disclosures and IFRS13 Fair Value Measurement.
Key observations	Based on our procedures performed, we consider the fair value of financial instruments to be within a reasonable range. The fair value disclosures of investments meet the requirements of EU-IFRS.

Estimates used in the calculation of insurance contract liabilities including CSM	
Risk	Athora Netherlands has insurance contract liabilities of €41.7 billion representing 69% of the Company's total liabilities, of which €29.8 billion is measured based on the general measurement model (GMM) and €11.9 billion is measured based on the variable fee approach (VFA) (Note 15 Insurance Contracts). The measurement of insurance contract liabilities involves judgment over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders. Athora Netherlands values the insurance contract liabilities for GMM and VFA as the sum of: (a) The present value of the fulfilment cash flows (the probability weighted future cash flows to fulfil the contract), increased with a risk adjustment for non-financial risks and (b) The contractual service margin (CSM) which represents the unearned profitability for the group of insurance contracts The valuation of insurance contract liabilities requires judgment regarding uncertain future outcomes, whereby various assumptions are made about the ultimate settlement value of the insurance obligations. Complex (actuarial) models and calculation tools are used to determine the insurance contract liabilities, where it is important that the design and configuration are adequate, the assumptions used are suitable, and the source data used is correct and complete. The use of other actuarial techniques and assumptions can lead to materially different outcomes of estimates regarding the liabilities related to insurance contracts. When determining the result from insurance-related services, including revenues from insurance-related services, the same processes, tools, and assumptions are used. In this context, we take into account the possibility that management can override internal control measures and other unauthorized forms of influencing the financial reporting process. We therefore regard the estimates used in calculating the liabilities related to insurance contracts as a key audit matter. We consider the discount rate applied to discount the expected future cash flows (including a liquidity premium applied) a significant estimate. The valuation of liabilities related to the insurance contract liabilities requires significant judgment in determining the assumptions about future costs, including the scalability of ongoing costs and inflation, and in determining the risk adjustment including the Cost

Estimates used in the calculation of insurance contract liabilities including CSM	
	of Capital percentages and risk drivers applied for determining future risk capitals. Finally, the CSM release in the reporting period and the release from the provision for expected benefits, claims and other costs related to insurance services, are important drivers in determining the revenue from insurance-related services. We refer to the Accounting Policies for the Statement of Financial position (6.1.5) on Insurance Contract Liabilities and Note 15 Insurance Contract Liabilities and Reinsurance Contracts held Liabilities of the financial statements.
Our audit approach	Our audit procedures included assessing the appropriateness of the Company's accounting policies related to the measurement of insurance liabilities according to IFRS 17 "Insurance contract liabilities". We involved our actuarial specialists to assist us in performing audit procedures in this area. This included among others consideration of the appropriateness of the mortality, longevity, expense (including inflation), lapse assumptions and discount curves used in the valuation of the insurance contract liabilities. As part of these procedures, we evaluated company and industry data, and expectations of developments in this respect. We assessed whether the assumptions and methods used to determine estimates are appropriate and have been applied consistently. Our key audit procedures included an evaluation of the methodology that the company uses for calculating liabilities related to insurance contracts and understanding and evaluating the design of related internal control measures. In addition, we carried out the following audit procedures: • Testing the accuracy and completeness of basic data as used in the valuation of the estimated future cash flows, by reconciling it with source systems. • Evaluating the nature, timing, and completeness of changes in key assumptions, models, and methods including their impact on financial reporting. • Evaluating the scope, depth, and results of model validation work that the Company has performed for used (valuation) models and other calculation tools. • Performing numerical analyses, including an analysis of changes in the present value of future cash flows from period to period, where based on our knowledge of the company and experience in the sector we assessed whether the changes are a good reflection of developments in the reporting period. • Testing the assumptions used, such as assumptions regarding expenses, including the scalability of ongoing expenses and inflation, based on company-specific and sector-specific experience data and expected market developments and trends. With regard to the discount curves used, we specifically evaluated the level of the illiquidity premium (ILP) applied, by challenging the representativeness of the methodology and key assumptions used, and benchmarking of the spreads that are used as input to the ILP. • Regarding the release of the CSM and the release from the provision for expected benefits, claims, and other costs related to insurance services for the groups of insurance contracts that have been valued under the GMM, we have tested the assumptions used by the Company, performed numerical analyses on the results, assessed the coverage units and the amount of CSM allocated and calculated the CSM release independently for a selection of groups of insurance contracts. We evaluated Athora Netherlands' disclosures in relation to insurance liabilities in accordance with IFRS 17 Insurance contracts.
Key observations	We consider the estimates used in the calculation of insurance liabilities to be within a reasonable range. The disclosures of insurance liabilities meet the requirements of EU-IFRS.

Valuation of Unit-Linked provision	
Risk	Holders of unit-linked products (where the customer bears all or part of the investment risk), or interest groups on their behalf, have filed claims or initiated proceedings against the Company. On 22 March 2024, the Company agreed on a settlement with interest groups Consumentenclaim, Vereniging Woekerpolis.nl, Woekerpolisproces, Wakkerpolis and Consumentenbond regarding investment-linked ("unit-linked") insurance products sold in the Netherlands by SRLEV N.V. (Reaal) and its predecessor companies. The settlement amounts to EUR 70 million. In addition, EUR 25 million will be available for hardship cases and non-affiliated customers that have not previously received compensation. The settlement relates to all investment-linked insurance products of customers affiliated with one of the interest groups. All legal proceedings will be discontinued, and no new legal proceedings may be initiated by the interest groups. The agreement will be final once 90% of these affiliated customers agree with their proposal. Athora Netherlands expects this process to take at least until the end of 2024. The Company recognized a provision in its 2023 consolidated financial statements for a total amount of EUR 95 million, for which EUR 70 million relates to the settlement, and EUR 25 million for hardship cases and non-affiliated customers that have not previously received compensation. We refer to Note 17 Other provisions and Note 20 under Legal Proceedings to the consolidated financial statements. Due to the significance and judgment that is required to assess the developments with respect to the unit linked exposure and the resulting accounting treatment we considered this a key audit matter.
Our audit approach	Our audit procedures included, amongst others, assessing the settlement and recognition and measurement of the provision in accordance with "IAS 10 events after the reporting period", and IAS 37 "Provisions, contingent liabilities and contingent assets". We performed audit procedures in this area, which included: • Evaluating Athora Netherlands' governance, processes and design of internal controls with respect to unit-linked provision and exposure • Reviewing the documentation and discussing the unit-linked provision and exposure with management and the Company's internal legal advisors • Inspecting and assessing the settlement agreement and gained an understanding of the build-up and composition of the agreed settlement amount • Challenging management's assessment of the likelihood of a final settlement that supports management's recognition and measurement of the provision of EUR 70 million in 2023 • Assessing management's best estimate calculation of the provision of EUR 25 million for hardship cases and non-affiliated customers that have not previously received compensation, by challenging the key assumptions used • Involving our own legal experts in the assessment of the documentation, assumptions and developments regarding the unit-linked provision and exposure. We also considered whether the Company's disclosures in respect of this provision is compliant with the relevant accounting requirements.
Key observations	We agree with the provision recognized as per 31 December 2023. The related disclosure meets the requirements of EU-IFRS.

Reliability and continuity of the information technology and systems	
Risk	Athora Netherlands is highly dependent on its IT systems and IT infrastructure for the continuity of the operations and preparation of its annual accounts. Athora Netherlands continues to invest in its IT systems and IT infrastructure and processes to meet clients' needs and business requirements. As part of this investment Athora Netherland started migrating its IT infrastructure to Tata Consultancy (TCS), which has a large impact on the IT organization and internal control on IT. Athora Netherlands is continuously improving the efficiency and effectiveness of its IT systems and IT infrastructure and the reliability and continuity of the electronic data processing, including its defence against cyber-attacks. Taking into account the significance of the IT systems and IT infrastructure for Athora Netherlands' process of preparation of annual accounts, we considered this a key audit matter with respect to potential impact it can have on the financial statements and continuity of processes and effectiveness of internal controls in processes relevant to reporting.
Our audit approach	IT audit professionals are an integral part of the audit team and assessed the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of Athora Netherlands' automated data processing (or parts thereof) and we have not been instructed to do so by the executive board. As part of our audit procedures we have assessed the changes in the IT systems and IT infrastructure and have tested the reliability and continuity of electronic data processing within the scope of the audit of the financial statements. Our procedures included evaluating the design and testing operating effectiveness of controls with regards to IT systems and processes relevant for financial reporting as well as additional (substantive) procedures if deemed necessary. In response to the (inherent) increased frequency and severity of cyber incidents and heightened concerns from regulators and other stakeholders about cybersecurity attacks and breaches, we have evaluated cybersecurity risks as part of our annual audit procedures. Our main focus during this audit was to gain an understanding of the cybersecurity risks at Athora Netherlands and the actions taken by the Company to address these risks.
Key observations	Our testing of the IT (general) controls and IT substantive procedures performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

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 executive board 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 supervisory board as auditor of Athora Netherlands on 29 October 2015, as of the audit for the year 2016 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 executive board and the supervisory board for the financial statements

The executive board 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 executive board is responsible for such internal control as the executive board 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 executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The Information in support of our opinion section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:
- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the executive board
- 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 audit committee of the supervisory board 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, 27 March 2024

Ernst & Young Accountants LLP

M. Koning

Limited assurance report of the independent auditor on Athora Netherlands N.V.'s materiality assessment and selected sustainability key performance indicators

To: the shareholder and the supervisory board of Athora Netherlands N.V.

Our conclusion

We have performed a limited assurance engagement on disclosures relating to the section materiality assessment and selected sustainability key performance indicators (hereinafter together: the sustainability information) in the accompanying annual report for the year 2023 of Athora Netherlands N.V. based in Amsterdam, the Netherlands.

Based on our procedures performed and the assurance information obtained, nothing has come to our attention that causes us to believe that the sustainability information is not prepared, in all material respects, in accordance with the applicable criteria as included in the section Criteria.

The selected sustainability key performance indicators included in section 3.4 Sustainability of the annual report consist of:

1. Climate Change
   a. Carbon Footprint of our Investments
2. Own workforce
   a. Number of employees
   b. Number of FTEs
   c. Ratio male-female
   d. Female members of senior management
   e. Average age (years)
   f. Male/female ratio full-time
   g. Male/female ratio part-time
   h. Ratio permanent/temporary contract
   i. Training costs (million)
   j. Employee turnover
   k. Percentage of employees participated in regular performance and career development reviews
   l. Number of performance reviews in proportion to agreed number of reviews by management
   m. Pay ratio

Basis for our conclusion

We have performed our limited assurance engagement on the sustainability information in accordance with Dutch law, including Dutch Standard 3000A, "Assurance-opdrachten anders dan opdrachten tot controle of beoordeling van historische financiële informatie (attest-opdrachten)" (Assurance engagements other than audits or reviews of historical financial information [attestation engagements]). Our responsibilities in this regard are further described in the section Our responsibilities for the assurance engagement on the sustainability information of our report.

We are independent of Athora Netherlands N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence). This includes that we do not perform any activities that could result in a conflict of interest with our independent assurance engagement. Furthermore, we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA, Dutch Code of Ethics for Professional Accountants).

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Criteria
The criteria applied for the preparation of the sustainability information are the criteria developed by Athora Netherlands N.V. and are disclosed in the section Reporting Principles of the annual report.

The comparability of the sustainability indicators between entities and over time may be affected by the absence of a uniform practice on which to draw, to evaluate and measure this information. This allows for the application of different, but acceptable, measurement techniques.
Consequently, the sustainability information needs to be read and understood together with the criteria applied.

Corresponding information not assured
The selected sustainability key performance indicators for the period prior to 2023 have not been part of an assurance engagement. Consequently, the corresponding selected sustainability key performance indicators and thereto related disclosures for the period prior to 2023 are not assured. Our conclusion is not modified in respect of this matter.

Limitations to the scope of our assurance engagement
Our assurance engagement is restricted to the sustainability information. We have not performed assurance procedures on any other information as included in annual report in light of this engagement.

In the selected indicators, the calculations to determine the Carbon Footprint of our Investments (hereinafter: the impact data) are mostly based on assumptions and sources from third parties.
The assumptions and sources used are disclosed in section Reporting Principles of the annual report.
We have assessed that these assumptions and external sources are plausible and appropriate, but we have not performed procedures on the content of these assumptions and external sources.

The references to external sources or websites are not part of our assurance engagement on the selected indicators. We therefore do not provide assurance on this information.

Our conclusion is not modified in respect of this matter.

Responsibilities of the executive committee and the supervisory board for the sustainability information
The executive committee is responsible for the preparation of the sustainability information in accordance with the criteria as included in the section Criteria. The executive committee is also responsible for selecting and applying the criteria and for determining that these criteria are suitable for the legitimate information needs of the intended users, considering applicable law and regulations related to reporting. The choices made by the executive committee regarding the scope of the sustainability information and the reporting policy are summarized in section Reporting Principles of the annual report.

Furthermore, the executive committee is responsible for such internal control as it determines is necessary to enable the preparation of the sustainability information that are free from material misstatement, whether due to fraud or error.

The supervisory board is responsible for overseeing the reporting process of the sustainability information of Athora Netherlands N.V.

Our responsibilities for the assurance engagement on the sustainability information
Our responsibility is to plan and perform the assurance engagement in a manner that allows us to obtain sufficient and appropriate assurance evidence for our conclusion.

Our assurance engagement is aimed to obtain a limited level of assurance to determine the plausibility of the sustainability information. The procedures vary in nature and timing from, and are less in extent, than for a reasonable assurance engagement. The level of assurance obtained in a limited assurance engagement is therefore substantially less than the assurance that is obtained when a reasonable assurance engagement is performed.

We apply the "Nadere voorschriften kwaliteitssystemen" (NVKS, regulations for quality management systems) and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and other relevant legal and regulatory requirements.

Our assurance engagement included amongst others:
- Performing an analysis of the external environment and obtaining an understanding of the sector, insight into relevant sustainability themes and issues and the characteristics of the company as far as relevant to sustainability information
- Evaluating the appropriateness of the criteria applied, their consistent application and related disclosures on the sustainability information. This includes the evaluation of the reasonableness of estimates made by the executive committee
- Obtaining through inquiries a general understanding of the internal control environment, the reporting processes, the information systems and the entity's risk assessment process relevant to the preparation of the sustainability information, without obtaining assurance information about the implementation or testing the operating effectiveness of controls
- Identifying areas of the sustainability information where misleading or unbalanced information or a material misstatement, whether due to fraud or error, is likely to arise. Designing and performing further assurance procedures aimed at determining the plausibility of the sustainability information responsive to this risk analysis. These procedures consisted amongst others of:
  - Making inquiries of management and relevant staff at corporate level responsible for the sustainability strategy, policy and results relating to the sustainability information
  - Interviewing relevant staff responsible for providing the information for, carrying out controls on, and consolidating the data in the sustainability information
  - Assessing the suitability and plausibility of assumptions and sources from third parties used for the calculation underlying the impact data as included in section Reporting Principles of the annual report
  - Obtaining assurance evidence that the sustainability information reconciles with underlying records of Athora Netherlands N.V.
  - Reviewing, on a limited sample basis, relevant internal and external documentation
  - Considering the data and trends
- Reconciling the relevant financial information with the financial statements
- Reading the information in the annual report that is not included in the scope of our assurance engagement to identify material inconsistencies, if any, with the sustainability information
- Considering whether the sustainability information is presented and disclosed free from material misstatement in accordance with the criteria applied.

The Hague, 27 March 2024

Ernst & Young Accountants LLP

signed by R.J. Bleijs

ADDITIONAL INFORMATION

1 Reporting Principles

Athora Netherlands' annual report comprises several parts. The Athora Netherlands' Board Report includes the following chapters: 2023 at a Glance, Key Figures (chapter 1.1), Message from our CEO (chapter 1.2), Organisation (chapter 2), Strategy and Developments (chapter 3) and Corporate Governance (chapter 4), excluding Report of the Supervisory Board (chapter 4.4).

This Board Report describes our strategy, the developments regarding our organisation in 2023, our vision of the future and how we mitigate the risks to which we are exposed. Chapter 3.4 contains our sustainability reporting information and the Additional information contains detailed information about our carbon footprint (additional information 3) and also includes a description of how we comply with the sustainable-reporting standards published by the Global Reporting Initiative (GRI) to which Athora Netherlands has signed up (additional information 2). The annual report includes the consolidated and company financial statements for Athora Netherlands over 2023 as well as Other information.

Our annual report can be downloaded from our website (www.athora.nl).

Reporting Principles

The annual report is compiled in line with Dutch legal requirements. In addition, our annual report has been compiled with reference to the GRI universal standards (GRI 1).

Athora Netherlands prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union. Pursuant to the option offered in article 2:362(8) of the Dutch Civil Code, Athora Netherlands prepares its company financial statements in accordance with the same accounting policies as those used for the consolidated financial statements (refer to Section 6.1 Accounting policies for the consolidated financial statements and Section 9.1 Accounting policies to the company financial statements).

About this Report

The Executive Board of Athora Netherlands N.V. is responsible for preparing the annual report. The (consolidated and company) financial statements are drafted under the supervision of the Accounting & Reporting department. Responsibility for the content and data to back up the non-financial and sustainability information contained in the annual report is assigned within the organisation. A working group takes care of determining the external reporting content. The Disclosure Committee approves the basic principles, draft copy and final copy. This Disclosure Committee is chaired by the director of Accounting & Reporting and also includes three Executive Committee members, senior management of the Finance departments, Actuarial Risk, Capital Management & Planning, Sustainability, Corporate Affairs and Legal & Compliance.

Definition and Scope of Reporting

The financial information and the employee information contained in this annual report have been consolidated for Athora Netherlands N.V. and all its subsidiaries (see Notes to the consolidated financial statements Athora Netherlands N.V. - Note 36 List of Principal Subsidiaries). Athora Netherlands N.V. is the holding company of two insurance companies and a Premium Pension Institution (Premie Pensioen Instelling or PPI) with strong positions in the Dutch life and pension markets. Athora Netherlands operates only in the Netherlands.

Sustainability and Non-financial Reporting

Athora Netherlands N.V. has reported the information cited in this Global Reporting Initiative (GRI) content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards. This has been done based on the requirements laid out in GRI 1: Foundation 2021. Disclosures pertinent to the selected GRI Standards have been referenced in the Index below. In some instances, information requirements could not be provided due to limitations of data availability. The information that has been provided has been extracted from Athora Netherlands' 2023 Annual Report and Athora Netherlands online. We continue to work on improving data availability and enhancing overall reporting transparency. Additional information 2 contains an index that depicts how we comply with GRI Standard 1.

In some cases improvements have been made to the calculations for the sustainability information owing to more accurate data becoming available. Where this is applicable, we have included further information on this.

The Non-Financial Reporting Directive (NFRD), EU Directive (2014/95/EU) is enshrined in Dutch legislation in the form of two separate regulations: disclosure of non-financial information and disclosure of diversity policy. In order to be fully compliant with the directive, we included in additional information 5 a reference table to disclose where in our report we have provided the information required.

Double Materiality Assessment

In recent years, Athora Netherlands has reported on sustainability information with reference to the GRI Standards. Whilst not fully in accordance to GRI 3: Material Topics 2021, we did conduct a process to determine material topics, in 2022 for the first time distinguishing between financial materiality and impact materiality.

In 2023 we made use of the Corporate Sustainability Reporting Directive (CSRD), the successor of the NFRD, to made a step towards following the requirements in the European Sustainability Reporting Standards, ESRS1 and ESRS2. We started with the November 2022 draft, later replaced by the July 2023 draft and the accompanying EFRAG draft 'Implementation guidance for the materiality assessment' and 'Implementation guidance for value chain' as the starting point for the double materiality assessment. Refer to chapter 3.4.3 Materiality Assessment for the various steps in the process.

Carbon footprint of portfolio for general account

Athora Netherlands has several methodologies to collect, assess and calculate carbon footprint for different asset classes for its investments for general account.

Sovereigns, Money Market Funds and Public Credits

For Sovereigns, Money Market Funds and Public Credits investments Athora Netherlands requests carbon footprint data from Cardano according to the PCAF methodology.

Mortgages

Athora Netherlands is currently invested in mortgages originated by three mortgage providers. Athora Netherlands through its Investment Office requests carbon footprint data from its mortgage providers. From one provider carbon footprint data is calculated on an annual basis according to PCAF methodology, as per 31 December 2023, not being an average of the previous four quarters. From the two other providers carbon footprint no data is available for 2023.

Real Estate

Athora Netherlands is currently invested in Real Estate in Europe through asset manager Apollo and in The Netherlands through internal asset management by Investment Office. For the Dutch part of the real estate portfolio Cushman & Wakefield calculates data based on PCAF methodology. For the European part no data is available for 2023.

Private Debt and Private Equity

Athora Netherlands is currently invested in private debt and private equity through Apollo managed funds/compartments with recent vintages and through private debt funds and private equity funds managed by a mix of asset managers with earlier vintages. Athora Netherlands, through its Investment Office, requests carbon footprint data from Apollo for its Apollo managed private debt funds/compartments and private equity funds/compartments on an annual basis according to PCAF methodology.

Private debt funds and private equity funds with earlier vintages, which are a relatively small part of the own account, do not report on carbon footprint data.

Infrastructure

Athora Netherlands is currently invested in infrastructure through Apollo managed funds with recent vintages. Athora Netherlands through its Investment Office requests carbon footprint data from its Apollo managed infrastructure funds on an annual basis. This data is calculated according to PCAF methodology, as per 31 December 2022 not being an average of the previous four quarters.

Carbon footprint of portfolio for account of policyholders

Athora Netherlands requests carbon footprint data from Cardano according to the PCAF methodology.

Carbon footprint of portfolio for account of third parties

Athora Netherlands requests carbon footprint data from Cardano according to the PCAF methodology.

For all asset classes, if no carbon footprint data is available for certain investments, it is reflected in the columns 'Coverage of total emissions (in %)' or 'Coverage (in %)'.

Own workforce

Information used for presenting and calculating our Own workforce Key Figures (Chapter 3.4.8) is based on data stored in our HR system.

Auditor’s Scope and Level of Assurance

Athora Netherlands has asked its external auditor, EY, to audit and assess its external reporting. The level of certainty applicable to the report is shown below.

- EY has audited the 2023 consolidated and company financial statements as included in the Financial statements section of the annual report. EY issued an unqualified audit report with the consolidated and company financial statements on 27 March 2024. This report can be found in the section Other information, Independent auditor’s report.
- In addition to the audit of the financial statements, EY reviewed the following sustainability information contained in the annual report, Board Report, chapter 3.4 Sustainability:
    - Materiality assessment (chapter 3.4.3);
    - Climate (chapter 3.4.6);
    - Own workforce (chapter 3.4.8.1).

  EY is responsible for providing an assurance report in which a ‘limited assurance’ is provided about the reliability and acceptability of the sustainability information contained in the parts of the annual report referred to above. The activities performed in obtaining a limited level of assurance are aimed at determining the plausibility of information and are not as in-depth as for assurance engagements aimed at obtaining a reasonable level of assurance. The level of assurance obtained in the review engagements is therefore considerably lower than the level of assurance obtained in audit engagements. EY provides no assurance as to the assumptions and feasibility of information relating to the future, such as the targets and objectives, projections and goals included in the report. The content of the websites referred to in this annual report, the other sections of the Executive Board Report and other supplements are not in scope of this assurance report. The assurance report can be found under Other information, Limited assurance report of the independent auditor on a specific part of Athora Netherlands' sustainability information.

2 GRI-table

Athora Netherlands N.V. has reported the information cited in this Global Reporting Initiative (GRI) content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards. This has been done based on the requirements laid out in GRI 1: Foundation 2021. Disclosures pertinent to the selected GRI Standards have been referenced in the Index below. In some instances, information requirements could not be provided due to limitations of data availability. The information that has been provided has been extracted from Athora Netherlands' 2023 Annual Report and Athora Netherlands online. We continue to work on improving data availability and enhancing overall reporting transparency.

GRI Standard	Disclosure	Cross reference / explanatory note 2023
GRI 2: General Disclosures 2021	2-1 organisational details	a. Athora Netherlands N.V. b. Naamloze Vernootschap c. Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, Nederland d. Athora Netherlands only operates in the Netherlands
	2-2 Entities included in the organisation's sustainability reporting	Athora Netherlands N.V.
	2-3 Reporting period, frequency and contact point	On 28 March 2024 we have published our Annual Report relating to the period 1 January 2023 to 31 December 2023. • This report covers both our ESG and financial disclosures, including our climate-related financial disclosures in line with the TCFD Guidelines. We report annually
	2-4 Restatements of information	• Athora Netherlands NV Annual Report 2023: How we Measure and Track Progress in section 3.4.6 Operational footprint dashboard in section 3.4.6
	2-5 External assurance	• Athora Netherlands N.V. Annual Report 2023: Ernst & Young Accountants LLP Limited Assurance in Other Information
	2-6 Activities, value chain and other business relationships	• Athora Netherlands N.V. Annual Report 2023: Overview in section 1 About Athora Netherlands in section 2.1 Our Brands in section 2.2 Our business model on in section 3.1 and 3.2 Consumers and End-users in section 3.4.8.4 Affected Communities in section 3.4.8.3 Workers in the Value Chain in section 3.4.8.2 Value Creation in section 3.4.4
	2-7 Employees	• Athora Netherlands N.V. Annual Report 2023: Our people in section 3.4.8 Own Workforce in section 3.4.8.1
	2-8 Workers who are not employees	• Athora Netherlands N.V. Annual Report 2023: Our people in section 3.4.8 Own Workforce in section 3.4.8.1 Workers in the Value Chain in section 3.4.8.2
	2-9 Governance structure and composition	• Athora Netherlands N.V. Annual Report 2023: About Athora Netherlands in section 2.1 Corporate governance in sections 4.1 - 4.3
	2-10 Nomination and selection of the highest governance body	• Athora Netherlands N.V. Annual Report 2023: About Athora Netherlands in section 2.1 Corporate governance in sections 4.1 - 4.3 • Organisation online
	2-11 Chair of the highest governance body	• Athora Netherlands N.V. Annual Report 2023: About Athora Netherlands in section 2.1 Corporate governance in sections 4.1 - 4.3 • Organisation online
	2-12 Role of the highest governance body in overseeing the management of impacts	• Athora Netherlands N.V. Annual Report 2023: About Athora Netherlands in section 2.1 Corporate governance in sections 4.1 - 4.3 • Organisation online
	2-13 Delegation of responsibility for managing impacts	• Athora Netherlands N.V. Annual Report 2023: Sustainability in section 3.4

GRI Standard	Disclosure	Cross reference / explanatory note 2023
	2-14 Role of the highest governance body in sustainability reporting	• The Board Audit Committee provides oversight of Athora Netherlands' annual disclosures including the sustainability section of the Athora Netherlands N.V. Annual Report 2023. • Athora Netherlands N.V. Annual Report 2023: Governance in section 3.4.2 Report of the supervisory board in section 4.4 Risk management governance in section 7.2 • Organisation online
	2-15 Conflicts of interest	• Athora Netherlands N.V. Annual Report 2023: Business Conduct in section 3.4.9 Report of the supervisory board in section 4.4
	2-16 Communication of critical concerns	• Athora Netherlands N.V. Annual Report 2023: Corporate governance in sections 4.1 - 4.3 • Organisation online
	2-17 Collective knowledge of the highest governance body	• Athora Netherlands N.V. Annual Report 2023: Corporate governance in sections 4.1 - 4.3 • Organisation online
	2-18 Evaluation of the performance of the highest governance body	• Athora Netherlands N.V. Annual Report 2023: Corporate governance in sections 4.1 - 4.3 • Organisation online
	2-19 Remuneration policies	• Athora Netherlands N.V. Annual Report 2023: Remuneration in section 4.5 • Remuneration Policy online
	2-20 Process to determine remuneration	• Athora Netherlands N.V. Annual Report 2023: Remuneration in section 4.5 • Remuneration Policy online
	2-21 Annual total compensation ratio	• Athora Netherlands N.V. Annual Report 2023: Overview Remuneration 2023 in section 4.5
	2-22 Statement on sustainable development strategy	• Athora Netherlands N.V. Annual Report 2023: Message from our CEO in section 1.2 Strategy and developments in sections 3.1 and 3.4 • All of our statements and policy positions on matters including environmental, human rights, governance, financial crime and codes of conduct can be found online
	2-23 Policy commitments	• All of our statements and policy positions on matters including environmental, human rights, governance, financial crime and codes of conduct can be found online
	2-24 Embedding policy commitments	• All of our statements and policy positions on matters including environmental, human rights, governance, financial crime and codes of conduct can be found online • Athora Netherlands N.V. Annual Report 2023: Materiality Assessment in section 3.4.3 Strategy in section 3.4.1 Climate in section 3.4.6 Consumers and End-users in section 3.4.8.4 Business Conduct in section 3.4.9
	2-25 Processes to remediate negative impacts	• Athora Netherlands N.V. Annual Report 2023 Climate in section 3.4.6 Nature in section 3.4.7 People in section 3.4.8 Business Conduct in section 3.4.9
	2-26 Mechanisms for seeking advice and raising concerns	• Athora Netherlands N.V. Annual Report 2023: Business Conduct in section 3.4.9
	2-27 Compliance with laws and regulations	• Athora Netherlands N.V. Annual Report 2023: Total annual report in accordance with Dutch and EU law and regulations
	2-28 Membership associations	• Athora Netherlands N.V. Annual Report 2023: Here is a selection of the organisations of which we are members: Athora Netherlands / Zwitserleven / Reaal: Finance for Biodiversity Foundation, VBDO (Association of Investors for Sustainable Investment), Verbond van Verzekeraars (Dutch Association of Insurers), Swiss Life Network (International network of insurers who service multinational customers across borders), Ondernemersvereniging Amstelveen, Keurmerk Klantgericht Verzekeren, Verbond van

GRI Standard	Disclosure	Cross reference / explanatory note 2023
		Verzekeraars (Dutch Association of Insurers), Dutch Fund and Asset Management Association (DUFAS).
	2-29 Approach to stakeholder engagement	• Athora Netherlands N.V. Annual Report 2023: Materiality Assessment in section 3.4.3
	2-30 Collective bargaining agreements	• Athora Netherlands N.V. Annual Report 2023: Remuneration Policies Athora Netherlands in section 4.5.1 and 4.5.2
GRI 3: Material Topics 2021	3-1 Process to determine material topics	• Athora Netherlands N.V. Annual Report 2023: Materiality Assessment in section 3.4.3
	3-2 List of material topics	• Athora Netherlands N.V. Annual Report 2023: Materiality Assessment in section 3.4.3
	3-3 Management of material topics	• Athora Netherlands N.V. Annual Report 2023: Materiality Assessment in section 3.4.3
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• Athora Netherlands N.V. Annual Report 2023: 2023 At a glance in section 1 Key figures in section 1.1 Financial statements in chapters 5 - 9
	201-2 Financial implications and other risks and opportunities due to climate change	• Athora Netherlands N.V. Annual Report 2023: Sustainability in section 3.4 Integrated Control Framework in section 3.5 Risk management system in section 7.1
	201-3 Defined benefit plan obligations and other retirement plans	• Athora Netherlands N.V. Annual Report 2023: Provision for Employee Benefits in section 6.1.5
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	• Athora Netherlands N.V. Annual Report 2023: Overview Remuneration 2023 in section 4.5.2 • Remuneration policy online
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	• Athora Netherlands N.V. Annual Report 2023: Strategy for Investments in section 3.4.1 Own Operations in section 3.4.8.3 Corruption and Bribery Risks in section 3.4.9
	205-2 Communication and training about anti-corruption policies and procedures	• Athora Netherlands N.V. Annual Report 2023: Corruption and Bribery Risks in section 3.4.9
	205-3 Confirmed incidents of corruption and actions taken	• Athora Netherlands N.V. Annual Report 2023: Corruption and Bribery Risks in section 3.4.9
GRI 207: Tax 2019	207-1 Approach to tax	• Athora Netherlands N.V. Annual Report 2023: Taxes in section 6.1.5 • Responsible tax policy online
	207-2 Tax governance, control and risk management	• Athora Netherlands N.V. Annual Report 2023: Risk management governance in section 7.2 Risk control in section 7.3
	207-3 Stakeholder engagement and management of concerns related to tax	• Athora Netherlands N.V. Annual Report 2023: Materiality Assessment in section 3.4.3 • Responsible tax policy online
GRI 301: Materials 2016	301-1 Materials used by weight or volume	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6
	301-2 Recycled input materials used	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6
	301-3 Reclaimed products and their packaging materials	• Athora Netherlands N.V. Annual Report 2023: Net Zero Operations throughout the Value Chain in section 3.4.6
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6.
	302-2 Energy consumption outside of the organisation	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6
	302-3 Energy intensity	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6
	302-4 Reduction of energy consumption	• Athora Netherlands N.V. Annual Report 2023: Strategy in section 3.4.1 Climate in section 3.4.6 as part of the CO2e

GRI Standard	Disclosure	Cross reference / explanatory note 2023
		reduction goals • Climate plan online
	302-5 Reductions in energy requirements of products and services	• Athora Netherlands N.V. Annual Report 2023: Strategy in section 3.4.1 Climate in section 3.4.6 as part of the CO2e reduction goals • Climate plan online
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	• Athora Netherlands N.V. Annual Report 2023: Strategy in section 3.4.1 Water and Marine Resources in section 3.4.7
	303-2 Management of water discharge-related impacts	• Athora Netherlands N.V. Annual Report 2023: Strategy in section 3.4.1 Water and Marine Resources in section 3.4.7
	303-5 Water consumption	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6 Carbon Footprint of our Operations in section 3.4.6
	305-2 Energy indirect (Scope 2) GHG emissions	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6 Carbon Footprint of our Operations in section 3.4.6
	305-3 Other indirect (Scope 3) GHG emissions	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6 Carbon Footprint of our Operations in section 3.4.6
	305-4 GHG emissions intensity	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6 Carbon Footprint of our Operations in section 3.4.6
	305-5 Reduction of GHG emissions	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Investments in section 3.4.6 Carbon Footprint of our Operations in section 3.4.6
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6
	306-2 Management of significant waste-related impacts	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6
	306-3 Waste generated	• Athora Netherlands N.V. Annual Report 2023: Carbon Footprint of our Operations in section 3.4.6
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	• Athora Netherlands N.V. Annual Report 2023: Net Zero Operations throughout the Value Chain in section 3.4.6
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Athora Netherlands benefits are equal to all. No differences between full-time, part-time and temporary
	401-3 Parental leave	• Athora Netherlands follows Dutch Law and our Collective Labour Agreements
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
	403-2 Hazard identification, risk assessment, and incident investigation	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
	403-3 Occupational health services	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
	403-5 Worker training on occupational health and safety	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
	403-6 Promotion of worker health	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1

GRI Standard	Disclosure	Cross reference / explanatory note 2023
	403-8 Workers covered by an occupational health and safety management system	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
	405-2 Ratio of basic salary and remuneration of women to men	• Athora Netherlands N.V. Annual Report 2023: Own Workforce in section 3.4.8.1
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• Athora Netherlands N.V. Annual Report 2023: Strategy for Investments in section 3.4.1 Workers in the Value Chain in section 3.4.8.2
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	• Athora Netherlands N.V. Annual Report 2023: Strategy for Investments in section 3.4.1 Workers in the Value Chain in section 3.4.8.2
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Athora Netherlands N.V. Annual Report 2023: Strategy for Investments in section 3.4.1 Workers in the Value Chain in section 3.4.8.2
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	• Athora Netherlands N.V. Annual Report 2023: Affected Communities in section 3.4.8.3
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	• Athora Netherlands N.V. Annual Report 2023: Workers in the Value Chain in section 3.4.8.2
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	• With respect to product and service information we adhere to applicable law and regulations for financial institutions
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Athora Netherlands N.V. Annual Report 2023: Business Conduct in section 3.4.9

3 Carbon Footprint

Climate

SPECIFICATION ON CARBON FOOTPRINT OF OUR OPERATIONS				
	2023		2022	
		Ton CO_2e		Ton CO_2e
Water (m3)	2,248	0.7	2,107	0.6
Electricity (kWh)	999,565	0.0	1,784,615	0.0
Generated energy (kWh)	31,180	0.0	24,315	0.0
Gas (m3)	47,416	34.3	14,582	10.5
District heating (GJ)	543	13.6	-	0.0
Diesel generator (L)	14	0.0	29	0.1
Paper to customers (kg)	31,250	2.4	47,802	3.6
Waste (kg)	17,836	30.9	37,250	66.1
Commuting (km car)	2,292,722	442.5	2,688,186	518.8
Train journeys (km)	1,173,470	0.0	354,652	0.0
Bus (km)	98,957	10.8		
Underground (km)	53,955	0.0		
Tram (km)	33,926	0.0		
Business car (km)	246,134	47.5	219,314	42.3
Business public transport (km)	34,699	2.5		
Other public transport (km)			56,403	4.0
Plane European short (km)	55,706	16.5	19,430	5.8
Plane European medium (km)	152,058	30.4	35,511	7.1
Plane global (km)	246,810	36.3	168,540	24.8
Petrol (l)	5,284	14.7	12,744	35.5
Diesel (l)	960	3.1	20,794	67.8
LPG (l)	-	0.0	-	0.0
Electricity; car charging at the office (kWh)	28,430	0.0	55,685	0.0
Electricity; car charging elsewhere (kWh)	106,307	35.8	109,222	46.6
Electricity; data centre excluding cloud (kWh)	350,038	0.0	396,628	0.0
Total		722.0		833.8

SPECIFICATION ON WASTE OF OUR OPERATIONS				
			2023	2022
Waste	Waste type	Process	in kg	in kg
Residual waste	Refuse	Closed-loop	5,521	10,316
Confidential paper	Paper	Re-use	1,653	6,280
Paper & cardboard	Paper	Re-use	2,286	5,627
Organic waste / Swill	Organic	Composting	5,716	8,966
Glass	Other	Re-use	46	289
Cardboard cups	Other	Re-use	1,132	3,714
PMD	Other	Re-use	1,482	1,811
KGA (small hazardous waste)	Other	Closed-loop	-	172
Electro scrap	Electrical items	Re-use & Closed-loop	-	75
Building materials	Refuse	Open-loop	-	-
Total Waste			17,836	37,250

4 Principles Operating Result

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.

5 Non-financial Reporting

Reference Table EU Directive Non-financial and Diversity Information

The table below is in line with the new EU Directive (2014/95/EU) that has come into effect. This Direction was enshrined in Dutch legislation in the form of two separate regulations: disclosure of non-financial information and disclosure of diversity policy. In order to be fully compliant with the directive, we included the following reference table to disclose where in our integrated report we have provided the information required.

Requirements EU-Directive	Reference Annual Report Athora Netherlands N.V. 2023
Company Model	
General description and core processes	2023 At a Glance on section 1
Business model	3.4.1 Strategy
Description of Strategy	3.1 Corporate Strategy
	3.4 Sustainability
Environment	
Description Implemented policies	3.1 Corporate Strategy
	3.4 Sustainability
	3.4.6 Climate
	3.4.7 Nature
Results of Implemented policies	3.4.6 Climate
	3.4.7 Nature
Description of Risks	3.4.6 Climate
Description risk management	3.4.6 Climate
Quantitative performance-indicators	3.4.1 Strategy section "Investments in Bonds"
	3.4.6 Climate
	3.4.7 Nature
Social and Personnel	
Description Implemented policies	3.4.1 Strategy
	3.4.8 People
Results of Implemented policies	3.4.8 People
Description of Risks	3.4.8 People
	3.5 Risk Capital Management section "Risk Culture"
	7.2.4 Risk Culture
Description risk management	3.4.8 People
	7.2.5 Risk organisation
Quantitative performance-indicators	3.4.1 Strategy section "Investments in Bonds"
	3.4.8 People
Human rights	
Description Implemented policies	3.4.1 Strategy
Results of Implemented policies	3.4.8.2 Workers in the value chain
	3.4.8.4 Consumers and End-users
Description of Risks	3.4.8.2 Workers in the value chain
	3.4.8.4 Consumers and End-users
Description risk management	3.4.8.2 Workers in the value chain
	3.4.8.4 Consumers and End-users

Requirements EU-Directive	Reference Annual Report Athora Netherlands N.V. 2023
Quantitative performance-indicators	3.4.8.2 Workers in the value chain
	3.4.8.4 Consumers and End-users
Corruption and Bribery	
Description Implemented policies	3.4.1 Strategy
	3.4.9 Business Conduct
Results of Implemented policies	3.4.8.4 Consumers and End-users
	3.4.9 Business Conduct
Description of Risks	3.4.9 Business Conduct
Description risk management	7.9. Compliance Risk and Operational Risk
Quantitative performance-indicators	3.4.1 Strategy
Diversity Policy	
Description Implemented policies	3.4.8 People
	4.2.2 Governing Rules
	4.4 Report of the Supervisory Board
Objectives of implemented policies	3.4.8 People
Method of implemented policies	3.4.8 People
	4.2 The Executive Board
	4.3 The Supervisory Board
Results of Implemented policies	3.4.8 People
	4.2 The Executive Board
	4.2.2 Governing Rules
	4.3 The Supervisory Board

6 Glossary

Active ownership, engagements	We identify three different types of engagement: 1) Responsive engagement: in response to controversies or violations of our Fundamental Investment Principles. 2) Proactive engagement: raising possibilities for improvement and potential risks. 3) Collective engagement: talking to companies along with other investors in order to have a greater impact.
CO_2e footprint	is a calculation that makes it clear how much CO_2 emissions a company creates and which business activities created which quantities. This makes it easier to see where CO_2 emissions can be reduced.
Customer satisfaction	is a measure of how our products and services meet or surpass customer (solely private clients) expectation following a survey in April and September. Customer satisfaction score (relation based) reflects our customers' satisfaction on a scale from 1 to 10 (1 = extremely dissatisfied, 10 = extremely satisfied).
ESG Criteria	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
Global Reporting Initiative	is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.
Insurance contract	a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder in exchange of a premium.
Net Promotor Score	outcome of Net Promoter Score ('NPS', relation based) survey with customers (solely private clients) in April and September of the reporting years. Stakeholders view this as a material indicator. The NPS methodology is a widely used methodology in which scores from 0 to 6 are classified as 'detractor', scores. 7 or 8 are classified as 'passive' and only those scores that are 9 or 10 are classified as 'promotors'. The result is calculated by the percentage of promoters minus the percentage of detractors, giving the NPS. The NPS can therefore range from -100% to +100%.
Responsible investment	is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole.
Responsible investment, exclusions	Compliance with our Fundamental Investment Principles will be assessed based on two main criteria: 1) Repeated or systematic involvement in activities covered by our principles, as well as failure to sufficiently remedy such involvement. 2) Inadequate preparedness to prevent this involvement from occurring in the future – *companies only*
Scope 1	all direct GHG emissions.
Scope 2	indirect GHG emissions from consumption of purchased electricity, heat or steam.
Scope 3	other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.
Solvency	is the ability to meet our long-term financial obligations.
Solvency II	is an EU Directive that collects and harmonises the EU insurance regulation. Its primary concern is the amount of capital that insurance companies must hold to reduce the risk of insolvency
Simplicity score	is a measure to which extent our customers (solely private clients) find our products are clear and understandable following a survey in April and September. Simplicity score(relation based) reflects our customers' perception on simplicity on a scale from 0% to 100% (1 = unclear and fully not understandable, 100% = clear and fully understandable).
TCF	Treating Customers Fairly is a principle that intents to raise the standards in the way company's carry on their business. The aim is to induce changes that will benefit consumers and increase their confidence in the financial services industry.
Transparency benchmark	annual recurring research on the content and quality of sustainability reporting by Dutch companies. This is an initiative of the Ministry of Economic Affairs.

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