SOLVENCY FINANCIAL CONDITION REPORT 2021

Athora Netherlands N.V.

ATHORA

CONTENTS

SUMMARY

INTRODUCTION

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared in accordance with annex XX of the Delegated Acts. The subjects addressed are based on articles 51 to 56 of the Solvency II directive and articles 292 up to 298 of the Delegated Acts. Furthermore, the figures presented in this report are in line with the Quantitative Reporting Templates as reported to the supervisor. In this SFCR report of Athora Netherlands N.V. we will use the name 'Athora Netherlands' for the consolidated insurance business as a whole. The SFCR of Athora Netherlands is a combined report which also includes the solo insurance entities SRLEV N.V. and Proteq Levensverzekeringen N.V.

In the following chapters, the various topics are covered, as required by the Delegated Acts. Chapter A describes the business and performance of Athora Netherlands and of its solo entities. Chapter B discusses the system of governance. Chapter C contains the risk profile. Chapter D starts with a description of the method of valuation of the Solvency II balance sheet, followed by the various balance sheet items which are explained in relation to the IFRS financial statements. Chapter E provides a more detailed explanation of the own funds and Solvency Capital Requirements (SCR) under Solvency II.

In this report the shown figures of SRLEV N.V. (hereafter: SRLEV) and Proteq Levensverzekeringen N.V. (hereafter: Proteq) are unconsolidated figures, whereas the figures of Athora Netherlands are consolidated figures.

All amounts in this report are prepared in millions of euros being the functional currency of Athora Netherlands and all its underlying entities.

The Quantitative Reporting Templates that are to be disclosed per legal entity are added in annex II. The figures presented in this report are in line with these templates.

2021 AT A GLANCE

The year 2021 was marked by great positive momentum for our company. We had a successful commercial year and made good progress in further simplifying the organisation. Athora Netherlands was voted the most sustainable insurance company in the Netherlands by VBDO. On top of that, Athora Group has strengthened our capital to support the further acceleration of our strategy. In December 2021, we stepped up our long-term ambitions for 2025 based upon three levers: increasing our growth, enhancing investment returns and implementing an operating model that is more suitable to our business focus. In that respect, the successful sale of ACTIAM to Cardano in combination with a long-term strategic partnership formed an important milestone in the strategy to focus on pensions and to be able to offer our customers the best possible pension solutions.

Jan de Pooter, Chief Executive Officer of Athora Netherlands

ABOUT ATHORA NETHERLANDS

› 2 mn

Customers

1,412 employees (FTE)

Zwitserleven

Reaal

Our brands

Offices

HIGHLIGHTS 2021

- Athora Holding strengthened capital of Athora Netherlands to support the further acceleration of our strategy
- Successful sale of ACTIAM to Cardano in combination with a long-term strategic partnership
- Athora Netherlands signs Diversity Charter
- Athora Netherlands and trade unions sign new collective labour agreement

OUR PERFORMANCE

Gross Premium Income
€ 2,167 mn
2020: € 1,764 mn

Solvency II Own Funds
€ 4,111 mn
2020: € 4,134 mn

Solvency II
180%
2020: 161%

Net Result IFRS
- € 76 mn
2020: € 3 mn

IFRS Equity
€ 3,993 mn
2020: € 3,728 mn

Solvency II Total Assets
€ 60,759 mn
2020: € 63,853 mn

BUSINESS DEVELOPMENT

- Highest renewal rate ever of 91.3% in corporate pensions
- Record inflow of more than € 500 million in annuities premiums (DIL and DIP)
- Assets under Management in PPI grew 53% to € 1.6 billion
- Pension fund Atradius places its pensions with Zwitserleven

SUSTAINABILITY

- Association of Investors for Sustainable Development (VBDO): Athora Netherlands most sustainable insurer in the Netherlands
- Fair Finance Guide (Eerlijke verzekeringswijzer): Athora Netherlands the insurer with the largest 'climate commitment'
- Athora Netherlands signs Finance for Biodiversity Pledge

PASS
PICK A SMART SITE
PICK A SMART SPOT
PICK A SMART SOLUTION

Introducing a new way of working

Supported SDGs

SUMMARY

The Solvency Financial Condition Report Athora Netherlands provides insight in:

Business and Performance

Athora Netherlands' Net Result IFRS (continued operations) increased by € 19 million compared to 2020 mainly driven by a higher direct investment income supported by the continued repositioning of the asset portfolio and lower total operating expenses, partly offsetby a higher LAT shortfall in 2021.

The negative impact of the LAT shortfall increased by € 145 million to € 310 million in 2021. This increase in LAT shortfall is mainly driven by the decrease of the UFR by 15 basis points and UFR drag, as well as a change in (investment) expense assumptions resulting from strategic choices.

Premium income increased by € 403 million to € 2.17 billion compared to the same period last year. This was fully driven by a € 460 million buy-out deal. Total pension premiums, including PPI, also increased and Athora Netherlands achieved an all-time high retention rate of 91.3%. The PPI deposits reached € 260 million, a 30% increase compared to the same period previous year, in line with Athora's strategic ambition in pensions. Individual life premiums declined by € 44 million, as a result of wider market trends and lower interest rates.

Operating expenses excluding restructuring costs were € 19 million higher in 2021, mainly due to strategic initiatives and expenses related to the implementation of IFRS17. Excluding these projects, operating expenses were 5% lower.

Net Underlying Result increased by € 20 million in 2021, mainly driven by higher investment income resulting from the repositioning of the investment portfolio to higher yielding assets and lower funding costs, partly offsetby higher expenses.

Further information about Business and Performance has been included in chapter A 'Business and Performance'.

System of Governance

Athora Netherlands 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.

In 2021 the main developments in non-financial risks were 1) change risks associated with volume of change on transformation initiatives, strategy execution, license to operate and board stability 2) remediation program Sanctions AML 3) Business Process risk associated with strategic and organisational change and the ICF transformation 4) third party risk including new strategic outsourcing initiates 5) further attention and mitigation of cybercrime threats and ransomware developments and 6) all activities that are related with HR and culture aspects, impacted by both organisational change as a new working culture, created by the impact of COVID-19 on the organisation.

In 2021 DTC further improved the implemented Agile way of working, but also implemented new IT-frameworks. Process automation has increased the efficiency of IT processes. Athora Netherlands is aware that these developments require high standards of change management and service delivery management within the IT department in order to maintain an IT landscape that is in control and is managing IT risks. Compliance with regulations and legislation is key and IT Risk Management is at the right level to monitor and mitigate risks. A very low number of incidents and very high availability of the business application show the success of these high standards. In 2021 COVID-19 did not really impact the business continuity and productivity.

Cybercrime risk is growing over the years, and attackers are becoming more professionalised and aggressive. Especially ransomware is a real threat for companies. Also supply chain attacks and phishing attacks are becoming more frequent. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. For Athora

Netherlands mitigating the cybercrime risk is a key priority. In 2021 no major incidents related to cybercrime occurred within Athora Netherlands. To manage the increasing risk effectively in 2021 additional mitigating measures were implemented, such as stricter monitoring of security measures implemented at suppliers. Fake phishing campaigns were held within Athora to further promote awareness among employees. A cybercrime plan for 2022 has been drafted and Athora Netherlands will keep on focusing on mitigating this risk, also for outsourced services.

Further information about System of Governance has been included in chapter B 'System of Governance'.

Risk profile

Managing Sensitivities of Regulatory Solvency
In addition to underwriting risks, important market risks are interest rate risk and spread risk (credit spreads). Sensitivity to interest rates is measured by means of among others parallel movements in the yield curve.

The Ultimate Forward Rate (UFR) of 3.60% prescribed by the European Insurance and Occupational Pensions Authority (EIOPA) also introduces a risk. 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 2020 is 3.50%. As the UFR for the euro was 3.75% in 2020 and the annual change of the UFR is according to the methodology limited to 15 basis points, the applicable UFR is 3.60% in 2021. Per 1 January 2022 the applicable UFR will decrease to 3.45%. This will have a negative impact on solvency and IFRS results.

The solvency of the Life Insurance portfolio 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 calculation of the SCR.

Quantitative information about risks and related sensitivities for both Solvency II and IFRS have been described in chapter C 'Risk profile'.

Valuation for Solvency purposes

The assets and liabilities in the Solvency II balance sheet are recognised and measured at fair value in accordance with the Solvency II regulation.

The following significant differences in measurement under Solvency II and under IFRS exist:

- Technical provisions – Under Solvency II the technical provisions (including provisions for saving mortgages) are measured using Solvency II parameters, taking into account current market estimates. Under IFRS a liability adequacy test on the technical provision is performed, if the carrying amount of the technical provision is inadequate, the provision is increased. With respect to economic parameters used, there are differences regarding the interest rate curve and the cost of capital. The difference in the movement in the interest rate curves used is a main driver for the development of the reconciliation of IFRS and Solvency II. The difference also stems from the difference in cost of capital.
- Deferred Tax Assets – Due to differences in the calculation method and in the valuation of assets and liabilities the resulting DTA position is different.
- Reinsurance Recoverable / Technical Provision – In Solvency II the re-insurance recoverable of the longevity reinsurance contract 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 the impact for IFRS is more negative than Solvency II Eligible Own Funds.

To determine the capital requirements at consolidated level, Athora Netherlands applies the 'Accounting consolidation based method', according to which the capital requirements are calculated based on the Solvency II consolidated balance sheet.

Further information about valuation and an explanation of various balance sheet items has been included in chapter D 'Valuation for Solvency purposes'.

Capital Management

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have buffer 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 target setting happens in the Operational Plan culminating in a Capital & Funding 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 in the ORSA and with respect to risk / return in the Balance Sheet Assessment.

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 ratio between 140% and 200% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfill obligations towards policyholders and meet requirements. 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 exist which describes the procedure that applies in a contingency situation. A contingency situation is a 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 COVID-19 Outbreak might lead to a contingency situation and Athora Netherlands is currently monitoring the potential impact of COVID-19 on its capital and Solvency II ratios, however at the moment based on the current solvency position no contingency situation is identified.

The ORSA is an integral part of Athora Netherlands' management control cycle. It is input for the operational plan and capital management and is used in determining the risk appetite. The ORSA 2020 concludes that Athora Netherlands' risk profile is well reflected in the SCR standard formula and solvency is adequate.

Capital Position

The Solvency II ratio of Athora Netherlands increased significantly from 161% at year-end 2020 to 180% at year-end 2021.

The main items driving the change in the Solvency II ratio were:
- A capital injection having a positive impact of 15%-point.
- Balance sheet interest hedge adjustments have been executed having a positive impact on the Solvency II ratio of 8%-point.
- Spreads on bonds and mortgages have tightened, leading to a positive impact on the Solvency II ratio of 11%-point.
- In July 2021, SRLEV signed an additional longevity reinsurance transaction which had a 8%-point positive impact on the Solvency II ratio of Athora Netherlands.
- A substantation of a loss absorbing capacity of deferred taxes had a 17%-point positive impact on the Solvency II ratio of Athora Netherlands.

- Athora Netherlands further repositioned its asset portfolio towards higher returning investments. Considered throughout the year, the impact of the repositioning of the asset portfolio on the Solvency II ratio was -/- 12-point.
- The Volatility Adjustment (VA) of 7 bps at the end of 2020 decreased to 3 bps leading to a decrease of the Solvency II ratio of -/-7%-point.
- Update of investment management expenses leading to a decrease of the Solvency II ratio of -/-13%-point.
- Updated model for expense inflationrisk leading to an increase of the Solvency II ratio of 10%-point.
- Updated parameters for expense inflation risk leading to a decrease of the Solvency II ratio of -/-12%-point.

- The decrease in the level of the UFR with 15 bps to 3.60% had a negative impact of -/-4%-point.

The Solvency II ratio of SRLEV increased from 163% to 180%. The drivers of the change in the Solvency II ratio of SRLEV are similar to that of Athora Netherlands.

SOLVENCY II POSITION						
	SRLEV		Proteq		Athora Netherlands	
In € millions/percentage	2021	2020	2021	2020	2021	2020
Total eligible own funds	4,012	4,023	87	114	4,111	4,134
SCR	2,234	2,463	36	46	2,290	2,569
Solvency II ratio	180%	163%	242%	245%	180%	161%

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. Moreover, Solvency II aims to be in line with market developments and the internal risk management systems used by insurers.

Athora Netherlands discloses its solvency position and financial condition on a Solvency II basis by means of public reports as required by law. Solvency II applies to the supervised insurance entities and also to the consolidated activities of Athora Netherlands.

Athora Netherlands calculates its position 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 internal risk limit for the Solvency II capital ratio on Athora Netherlands level amounts to 140%. When determining the Solvency II capital ratio, the loss absorbing capacity of deferred tax assets may be set off against the Solvency Capital Requirement. Tax offsetting (Loss Absorbing Capacity of Deferred Taxes) in the SCR is applied at 38% for Athora Netherlands including a 20% haircut.

The classification of the hybrid capital of Athora Netherlands N.V. and SRLEV N.V. (outstanding on 31 December 2021) into Tier 1 and Tier 2 capital is based on the transitional measures contained in the level 1 regulations, and aligned with DNB.

Further information about Capital Management has been included in chapter E 'Capital Management'.

We also refer to the Annual Report 2021 of Athora Netherlands N.V., in which more information has been included.

Amstelveen, 30 March 2022

A BUSINESS AND PERFORMANCE

A.1 BUSINESS

A.1.1 About Athora Netherlands

Athora Netherlands

Athora Netherlands N.V. is the holding company of two insurance companies with strong positions in the Dutch Life markets. Through its main brand Zwitserleven, Athora Netherlands provides pension and life insurance products. Under the brand Reaal, Athora Netherlands sells and provides service for Life insurance products.

Legal Entity

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

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.

Pension Business: this business line serves three segments of clients: 1) Employers – with a winning pension savings offering (defined benefit, defined contribution and PPI products), 2) Employees – through highly competitive retirement solutions (direct and individual annuities) and 3) Pension funds – by supporting pension buy-outs.

Life Service Business: this business line manages the inactive Individual Life product portfolio of the Reaal brand. Over time, the scope of the Life Service Business can be expanded with Zwitserleven branded non-selling products, in-active Zwitserleven clients and potential future buy outs.

Within these business lines Athora Netherlands recognises the following material lines of business:

Life insurance (SRLEV and Proteq):
- Insurance with profit participation;
- Index-linked and unit-linked insurance;
- Other life insurance.

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.

A.1.2 Name and contact details

BUSINESS INFORMATION	
Reporting reference date:	**31 December 2021**
Group undertaking name:	Athora Netherlands N.V.
Solo undertaking name:	SRLEV N.V. Proteq Levensverzekeringen N.V.
Address:	Burg. Rijnderslaan 7, Amstelveen
Contact:	Robert ter Weijden +31(0) 683713889
Shareholder:	Athora Netherlands Holding Limited 2nd Floor, IFSC House Custom House Quay Dublin, D01 R2P9, Ireland
Supervisor:	De Nederlandsche Bank Spaklerweg 4, 1096 BA Amsterdam +31(0) 205249111
External auditor:	Ernst & Young Accountants LLP Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam +31(0) 884071000

External auditor

The external auditor of Athora Netherlands is Ernst & Young Accountants LLP (EY). EY has been appointed for the years 2016-2021 to audit the group financial statements of Athora Netherlands N.V. as well as among others, the financial statements of the solo undertakings SRLEV N.V. and Proteq Levensverzekeringen N.V. and the prescribed subset of the Quantitative Reporting Templates. The SFCR has not been audited by EY.

A.1.3 Our brands

Zwitserleven

Zwitserleven has become one of the leading pension insurers in the Netherlands. Zwitserleven offers wealth accumulation products ‘for later’. Zwitserleven has been awarded repeatedly for having the most sustainable investment policy in the Netherlands.

Reaal

Reaal is known for Life insurance products. Reaal improves the financial resilience of customers by helping them make well-considered choices about their financial situation.

A.1.4 Legal structure

Athora Netherlands N.V. owns 100% of the shares of the following main companies:
- SRLEV N.V.
- Proteq Levensverzekeringen N.V.
- Zwitserleven PPI N.V.

See Annex I for a list of material related undertakings.

A.1.5 Developments

In 2021 the main developments in non-financial risks were 1) change risks associated with volume of change on transformation initiatives, strategy execution, license to operate and board stability 2) remediation program Sanctions AML 3) Business Process risk associated with strategic and organisational change and the ICF transformation 4) third party risk including new strategic outsourcing initiates 5) further attention and mitigation of cybercrime threats and ransomware developments and 6) all activities that are related with HR and culture aspects, impacted by both organisational change as a new working culture, created by the impact of COVID-19 on the organisation.

In 2021 DTC further improved the implemented Agile way of working, but also implemented new IT-frameworks. Process automation has increased the efficiency of IT processes. Athora Netherlands is aware that these developments require high standards of change management and service delivery management within the IT department in order to maintain an IT landscape that is in control and is managing IT risks. Compliance with regulations and legislation is key and IT Risk Management is at the right level to monitor and mitigate risks. A very low number of incidents and very high availability of the business application show the success of these high standards. In 2021 COVID-19 did not really impact the business continuity and productivity.

Cybercrime risk is growing over the years, and attackers are becoming more professionalised and aggressive. Especially ransomware is a real threat for companies. Also supply chain attacks and phishing attacks are becoming more frequent. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. For Athora Netherlands mitigating the cybercrime risk is a key priority. In 2021 no major incidents related to cybercrime occurred within Athora Netherlands. To manage the increasing risk effectively in 2021 additional mitigating measures were implemented, such as stricter monitoring of security measures implemented at suppliers. Fake phishing campaigns were held within Athora to further promote awareness among employees. A cybercrime plan for 2022 has been drafted and Athora Netherlands will keep on focusing on mitigating this risk, also for outsourced services.

In 2021, Athora Netherlands updated the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up of second line findings via improving models. Within the model landscape important steps towards lower model risk have been taken by improving models and systems. 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.

Athora Netherlands is exposed to potential institutional integrity risks relating to appropriate independency. Addressing these risks Athora Netherlands has a dedicated Institutional Conflict of Interest Policy including a concrete procedure. Furthermore, a governance framework with Athora Group is in place supporting collaboration and cooperation between Athora Netherlands and its shareholder Athora and its affiliates. The governance framework has been updated in 2021 to comply with the large company regime and other legal requirements, amongst others on the basis of written comments and feedback from the regulator. The effectiveness of the governance framework has also been monitored by Compliance and Internal Audit. The regulator is assessing these 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. During 2020 and 2021 Athora Netherlands executed an improvement programme to remediate identified shortcomings in relation to compliance with sanction law and anti-money laundering/counter terrorism financing regulation. The programme, which made significant steps in organisational governance, risk assessments, (automated) processes and tooling, aims to reduce residual risks on a structural basis. There are still outstanding remediation actions to be concluded in 2022 in the areas of customer/business partner due diligence and transaction monitoring.

A.2 UNDERWRITING PERFORMANCE

A.2.1 Athora Netherlands

In the table below the statement of profit or loss account by entity is presented:

STATEMENT OF PROFIT OR LOSS ACCOUNT BY ENTITY 2021				
In € millions	SRLEV	Proteq	Other[1]	Athora Netherlands
Continuing operations				
Income				
Premium income	2,163	4	-	2,167
Less: Reinsurance premiums	432	-	-	432
Net premium income	**1,731**	**4**	**-**	**1,735**
Fee and commission income	41	-	14	55
Fee and commission expense	20	-	-18	2
Net fee and commission income	**21**	**-**	**32**	**53**
Share in result of associates	100	-	-96	4
Investment income	1,076	10	186	1,272
Investment income for account of policyholders	1,365	-	11	1,376
Result on investments for account of third parties	-	-	534	534
Total income	**4,293**	**14**	**667**	**4,974**
Expenses				
Result on derivatives	1,806	16	50	1,872
Technical claims and benefits	519	-7	25	537
Charges for account of policyholders	1,723	-	14	1,737
Acquisition costs for insurance activities	13	-	-	13
Result on liabilities from investments for account of third parties	-	-	534	534
Staff costs	144	2	11	157
Depreciation and amortisation of non-current assets	1	-	3	4
Other operating expenses	47	1	-1	47
Other interest expenses	41	-	13	54
Total expenses	**4,294**	**12**	**649**	**4,955**
Result before tax from continued operations	**-1**	**2**	**18**	**19**
Tax expense / benefit	-4	11	39	46
Net result continued operations for the period	**3**	**-9**	**-21**	**-27**
Discontinued operations				
Net result from discontinued operations (after tax)	-	-	-49	-49
Net result for the period	**3**	**-9**	**-70**	**-76**

1 This column contains eliminations due to consolidation as well as the balances of Athora Netherlands N.V., Zwitserleven PPI N.V. and of the subsidiairies of SRLEV N.V. (e.g. N.V. Pensioen ESC). For more details we refer to Annex I.

STATEMENT OF PROFIT OR LOSS ACCOUNT BY ENTITY 2020				
In € millions	SRLEV	Proteq	Other[1]	Athora Netherlands
Continuing operations				
Income				
Premium income	1,759	5	-	1,764
Less: Reinsurance premiums	248	-	1	249
Net premium income	**1,511**	**5**	**-1**	**1,515**
Fee and commission income	48	-	-21	27
Fee and commission expense	17	-	-13	4
Net fee and commission income	**31**	**-**	**-8**	**23**
Share in result of associates	13	-	-12	1
Investment income	1,013	27	149	1,189
Investment income for account of policyholders	692	-	-	692
Result on investments for account of third parties	-	-	185	185
Result on derivatives	1,838	25	-98	1,765
Total income	**5,098**	**57**	**215**	**5,370**
Expenses				
Technical claims and benefits	3,642	47	-29	3,660
Charges for account of policyholders	1,304	-	3	1,307
Acquisition costs for insurance activities	15	-	-	15
Result on liabilities from investments for account of third parties	-	-	185	185
Staff costs	177	2	26	205
Depreciation and amortisation of non-current assets	2	-	4	6
Other operating expenses	38	1	-2	37
Impairment losses	11	-	-	11
Other interest expenses	52	-	50	102
Total expenses	**5,241**	**50**	**237**	**5,528**
Result before tax from continued operations	**-143**	**7**	**-22**	**-158**
Tax expense / benefit	-115	1	3	-111
Net result continued operations for the period	**-28**	**6**	**-25**	**-47**
Discontinued operations				
Net result from discontinued operations (after tax)	-	-	50	50
Net result for the period	**-28**	**6**	**25**	**3**

1 This column contains eliminations due to consolidation as well as the balances of Athora Netherlands N.V., Zwitserleven PPI N.V. and of the subsidiairies of SRLEV N.V. (e.g. N.V. Pensioen ESC). For more details we refer to Annex I.

Net Result IFRS (continued operations) increased by € 20 million compared to 2020 mainly driven by a higher direct investment income supported by the continued repositioning of the asset portfolio and lower total operating expenses, partly offset by a higher LAT shortfall in 2021. For a more detailed explanation of the development in the IFRS LAT, we refer to Note 15 in the Notes to the Consolidated Financial Statements of Athora Netherlands N.V. 2021.

The negative impact of the LAT shortfall increased by € 145 million to € 310 million in 2021. This increase in LAT shortfall is mainly driven by the decrease of the UFR by 15 basis points and UFR drag, as well as a change in (investment) expense assumptions resulting from strategic choices.

Premium income increased by € 403 million to € 2.17 billion compared to the same period last year. This was fully driven by a € 460 million buy-out deal. Total pension premiums, including PPI, also increased and Athora Netherlands achieved an all-time high retention rate of 91.3%. The PPI deposits reached € 260 million, a 30% increase compared to the same period previous year, in line with Athora's strategic ambition in pensions. Individual life premiums declined by € 44 million, as a result of wider market trends and lower interest rates.

Operating expenses excluding restructuring costs were € 19 million higher in 2021, mainly due to strategic initiatives and expenses related to the implementation of IFRS17. Excluding these projects, operating expenses were 5% lower.

In the table below the premiums, technical claims and benefits are broken down by entity as presented in the Disclosure QRT:

PREMIUMS, TECHNICAL CLAIMS AND BENEFITS BY ENTITY								
	SRLEV		Proteq		Other		Total	
In € millions	2021	2020	2021	2020	2021	2020	2021	2020[1]
Premiums earned (gross)	2,163	1,744	4	5	-	-	2,167	1,749
Reinsurers' share	432	248	-	-	-	1	432	249
Premiums earned	**1,731**	**1,496**	**4**	**5**	**-**	**-1**	**1,735**	**1,500**
Claims incurred (gross)	3,114	3,212	12	13	13	12	3,139	3,237
Reinsurers' share	431	259	-	-	-	-	431	259
Claims incurred	**2,683**	**2,953**	**12**	**13**	**13**	**12**	**2,708**	**2,978**
Changes in other technical provisions (gross)	-459	1,944	-19	34	26	-37	-452	1,941
Reinsurers' share	-18	-19	-	-	-	-	-18	-19
Changes in other technical provisions	**-441**	**1,963**	**-19**	**34**	**26**	**-37**	**-434**	**1,960**
Total technical claims and benefits	**2,242**	**4,916**	**-7**	**47**	**39**	**-25**	**2,274**	**4,938**

1 Within Premium earned (gross) and Changes in other technical provisions (gross) a number of other items processed in the IFRS figures have not been included in the Disclosure QRT as these were considered as not material for Solvency II.

The following paragraphs show the results per legal entity.

A.2.2 SRLEV

The figures shown in the table below are unconsolidated figures.

STATEMENT OF PROFIT AND LOSS ACCOUNT SRLEV		
	Total	
In € millions	2021	2020
Income		
Premium income	2,163	1,759
Less: Reinsurance premiums	432	248
Net premium income	**1,731**	**1,511**
Fee and commission income	41	48
Fee and commission expense	20	17
Net fee and commission income	**21**	**31**
Share in result of associates	100	13
Investment income	1,076	1,013
Investment income for account of policyholders	1,365	692
Result on derivatives	-	1,838
Total income	**4,293**	**5,098**
Expenses		
Result on derivatives	1,806	-
Technical claims and benefits	519	3,642
Charges for account of policyholders	1,723	1,304
Acquisition costs for insurance activities	13	15
Staff costs	144	177
Depreciation and amortisation of non-current assets	1	2
Other operating expenses	47	38
Impairment losses (reversals)	-	11
Other interest expenses	41	52
Total expenses	**4,294**	**5,241**
Result before tax from continued operations	**-1**	**-143**
Tax expense / benefit	-4	-115
Net result continued operations for the period	**3**	**-28**

In 2021 the operating segments of Athora Netherlands were updated following the strategy review. The adjustment in the performance assessment of the business activities resulted in changes in management reporting. The operating segments identified within Athora Netherlands currently comprise of the underlying legal entities: SRLEV, Proteq, Zwitserleven PPI and Holding.

Net Result IFRS increased by € 31 million compared to 2020 mainly driven mainly driven by higher unrealised gains & losses on Investment property in 2021 (€ 52 million).

Premium income increased by € 404 million to € 2.16 billion compared to the same period last year. This was fully driven by a € 460 million buy-out deal. Pension insurance, including PPI, also increased and Athora achieved an all-time high retention rate of 91.3%. The PPI deposits reached € 260 million, a 30% increase compared to the same period previous year, in line with Athora's strategic ambition in pensions. Individual life premiums declined by € 44 million, as a result of wider market trends and lower interest rates.

Net fee and commission income is lower compared to 2020 as prior year included a non-recurring fee income of € 8 million.

In the table below the premiums, technical claims and benefits are broken down to Solvency II Line of Business as presented in the Disclosure QRT:

PREMIUMS, TECHNICAL CLAIMS AND BENEFITS PER LINE OF BUSINESS SRLEV								
	Insurance with profit participation		Index-linked and unit-linked insurance		Other life insurance		Total	
In € millions	2021	2020	2021	2020	2021	2020	2021	2020[1]
Premiums earned (gross)	181	124	689	668	1,293	952	2,163	1,744
Reinsurers' share	1	1	-	-	431	247	432	248
Premiums written	**180**	**123**	**689**	**668**	**862**	**705**	**1,731**	**1,496**
Claims incurred (gross)	791	737	1,295	1,034	1,028	1,441	3,114	3,212
Reinsurers' share	-	-	-	-	431	259	431	259
Claims incurred	**791**	**737**	**1,295**	**1,034**	**597**	**1,182**	**2,683**	**2,953**
Changes in other technical provisions (gross)	-261	-253	742	287	-940	1,910	-459	1,944
Reinsurers' share	-	-	-	-	-18	-19	-18	-19
Changes in other technical provisions	**-261**	**23**	**742**	**1,528**	**-922**	**1,434**	**-441**	**1,963**
Total technical claims and benefits	**530**	**760**	**2,037**	**2,562**	**-325**	**2,616**	**2,242**	**4,916**

1 Within Premiums earned (gross) and Changes in other technical provisions (gross) a number of other items processed in the IFRS figures have not been included in the Disclosure QRT as these were considered as not material for Solvency II.

A.2.3 Proteq

The figures shown in the table below are unconsolidated figures.

STATEMENT OF PROFIT OR LOSS ACCOUNT PROTEQ		
In € millions	2021	2020
Income		
Premium income	4	5
Less: Reinsurance premiums	-	-
Net premium income	**4**	**5**
Investment income	11	27
Result on derivatives	-	25
Total income	**15**	**57**
Expenses		
Technical claims and benefits	-7	47
Staff costs	2	2
Other operating expenses	1	1
Total expenses	**12**	**50**
Result before tax from continued operations	**3**	**7**
Tax expense	11	1
Net result continued operations for the period	**-8**	**6**

Net Result IFRS of Proteq is lower compared to 2020 mainly due to impact change deferred tax assets recoverability (€ -11 million).

In the table below the premiums, technical claims and benefits are broken down to Solvency II Line of Business as presented in the Disclosure QRT:

PREMIUMS, TECHNICAL CLAIMS AND BENEFITS PER LINE OF BUSINESS								
	Insurance with profit participation		Index-linked and unit-linked insurance		Other life insurance		Total	
In € millions	2021	2020	2021	2020	2021	2020	2021	2020
Premiums earned (gross)	4	5	-	-	-	-	4	5
Reinsurers' share	-	-	-	-	-	-	-	-
Premiums written	**4**	**5**	**-**	**-**	**-**	**-**	**4**	**5**
Claims incurred (gross)	8	9	-	-	4	4	12	13
Reinsurers' share	-	-	-	-	-	-	-	-
Claims incurred	**8**	**9**	**-**	**-**	**4**	**4**	**12**	**13**
Changes in other technical provisions (gross)	-2	4	-	-	-17	30	-19	34
Reinsurers' share	-	-	-	-	-	-	-	-
Changes in other technical provisions	**-2**	**4**	**-**	**-**	**-17**	**17**	**-19**	**34**
Total technical claims and benefits	**6**	**13**	**-**	**-**	**-13**	**21**	**-7**	**47**

A.3 INVESTMENT PERFORMANCE

In the next section in the tables IFRS figures are shown, allowing for a comparison from 2021 with 2020.

A.3.1 Athora Netherlands

The following tables show a breakdown of the investment income in the profit and loss of Athora Netherlands:

BREAKDOWN INVESTMENT INCOME IN PROFIT AND LOSS ACCOUNT 2021				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Investment income	1,076	10	186	**1,272**
Result on derivatives	-1,806	-16	-50	**-1,872**
Total	**-730**	**-6**	**136**	**-600**

BREAKDOWN INVESTMENT INCOME IN PROFIT AND LOSS ACCOUNT 2020				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Investment income	1,077	27	85	**1,189**
Result on derivatives	1,773	25	-33	**1,765**
Total	**2,850**	**52**	**52**	**2,954**

Result on investment income

The following tables show a further breakdown of the investment income:

BREAKDOWN OF INVESTMENT INCOME 2021				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Interest	780	9	112	**901**
Dividends	36	-	-	**36**
Rental income	21	-	6	**27**
Direct operating expenses	-6	-	-3	**-9**
Total interest dividends and rental income	**831**	**9**	**115**	**955**
Realised gains and losses	120	1	10	**131**
Unrealised revaluations	125	-	61	**186**
Total revaluations	**245**	**1**	**71**	**317**
Total	**1,076**	**10**	**186**	**1,272**

BREAKDOWN OF INVESTMENT INCOME 2020				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Interest	884	10	36	**930**
Dividends	24	-	-	**24**
Rental income	21	-	4	**25**
Direct operating expenses	-6	-	-2	**-8**
Total interest dividends and rental income	**923**	**10**	**38**	**971**
Realised gains and losses	383	17	-	**400**
Unrealised revaluations	-229	-	47	**-182**
Total revaluations	**154**	**17**	**47**	**218**
Total	**1,077**	**27**	**85**	**1,189**

The investment income of Athora Netherlands primarily consist of interest, dividends, rental income, realised gains and losses and unrealised revaluations. The increase in investment income in 2021 is mainly caused by the increase of unrealised revaluations in 2021 compared to 2020. The sales of bonds and realisation of profits in 2021 was lower than in 2020 which partly offset the increase of investments income. The sale was done for re-risking. The re-risking activities in 2021 generated more interest income compared to 2020, however this was fully offset by realisation of unrealised gains and redemptions on investments.

The raise of investment income in the segment "Other" is mainly caused by the re-risking activities done in subsidiaries of SRLEV, which are part of segment “Other”.

The interest income decreased with € 16 million compared to 2020. The decrease is the sum of a decrease due to the sale (realisation of unrealised gains) on bonds, due to redemptions of higher yielding investments and lower interest received on saving mortgages, partly offset by an increase as result of re-risking activities and a slightly higher interest results on the derivatives portfolio. The decrease due to lower saving mortgages interest and the decrease due to the sale of sovereign bonds is for a large part offset by a decrease in technical provision. The offset due to the sale of sovereign bonds is due to amortisation of realised results because of the application of shadow and discretionary profit sharing accounting.

Result on derivatives

BREAKDOWN OF RESULT ON DERIVATIVES 2021				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Result on derivatives held for cash flow hedge accounting	-	-	-	**-**
Market value movements of derivatives held for fair value hedge accounting	-	-	-	**-**
Market value movements of derivatives maintained for ALM not classified for hedge accounting	-1,806	-16	-50	**-1,872**
Total	**-1,806**	**-16**	**-50**	**-1,872**

BREAKDOWN OF RESULT ON DERIVATIVES 2020				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Result on derivatives held for cash flow hedge accounting	7	-	-	**7**
Market value movements of derivatives held for fair value hedge accounting	-	-	-	**-**
Market value movements of derivatives maintained for ALM not classified for hedge accounting	1,766	25	-33	**1,758**
Total	**1,773**	**25**	**-33**	**1,765**

The result on derivatives is mainly due to market value movements of derivatives for hedging interest rate sensitivities.

A.3.2 SRLEV

Investment income

BREAKDOWN OF INVESTMENT INCOME 2021					
In € millions	Fair value through profit or loss	Available for sale	Loans and receivables	Investment property	Total
Interest	216	300	264	-	**780**
Dividends	-	36	-	-	**36**
Rental income	-	-	-	21	**21**
Direct operating expenses	-	-	-	-6	**-6**
Total interest dividends and rental income	**216**	**336**	**264**	**15**	**831**
Realised gains and losses	-1	99	22	-	**120**
Unrealised revaluations	-13	87	6	45	**125**
Total revaluations	**-14**	**186**	**28**	**45**	**245**
Total	**202**	**522**	**292**	**60**	**1,076**

BREAKDOWN OF INVESTMENT INCOME 2020					
In € millions	Fair value through profit or loss	Available for sale	Loans and receivables	Investment property	Total
Interest	200	362	322	-	**884**
Dividends	-	24	-	-	**24**
Rental income	-	-	-	21	**21**
Direct operating expenses	-	-	-	-6	**-6**
Total interest dividends and rental income	**200**	**386**	**322**	**15**	**923**
Realised gains and losses	-4	389	-2	-	**383**
Unrealised revaluations	6	-188	-58	11	**-229**
Total revaluations	**2**	**201**	**-60**	**11**	**154**
Total	**202**	**587**	**262**	**26**	**1,077**

Fair value through profit or loss

Fair value through profit or loss investments consist primarily of interest income from derivatives for hedging interest rate sensitivities.

Available for sale

SRLEV holds fixed-income assets to generate interest income. These fixed income assets are generally classified as Available For Sale and consist largely of Dutch and German Government bonds.

The interest income decreased with €62 million compared to 2020. This is mainly due to the sale (realisation of unrealised gains) on bonds and due to redemptions of higher yielding investments. The decrease in interest income due to the sale of bonds is for a large part offset by an increase in technical provision. The offset due to the sale of sovereign bonds is due to amortisation of realised results because of the application of shadow and discretionary profit sharing accounting. As re-risking is mainly applied in subsidiaries of SRLEV, which are classified in segment "Other", re-risking has had very limited impact.

Loans and receivables

The investment income of Loans and receivables relates to loans, saving mortgages and mortgages. Investment income of saving mortgages was € 141 million in 2021 compared to € 157 million in 2020.

A.3.3 Proteq

Investment income

BREAKDOWN OF INVESTMENT INCOME 2021			
In € millions	Fair value through profit or loss	Available for sale	Total
Total Interest and dividend	1	8	**9**
Realised gains and losses	-	1	**1**
Total	**1**	**9**	**10**

BREAKDOWN OF INVESTMENT INCOME 2020			
In € millions	Fair value through profit or loss	Available for sale	Total
Total Interest and dividend	1	9	**10**
Realised gains and losses	-	17	**17**
Total	**1**	**26**	**27**

Proteq holds fixed income assets to generate interest income. These fixed-income assets are classified as Available For Sale and mainly consist of Dutch and German Government bonds.

A.4 PERFORMANCE OF OTHER ACTIVITIES

The performance of other activities relate to Athora Netherlands N.V., ACTIAM N.V., Zwitserleven PPI N.V. and of the subsidiaries of SRLEV N.V. (e.g. N.V. Pension ESC). For more details we refer to Annex I.

ZWITSERLEVEN PPI		
In € thousands	2021[1]	2020
Result		
Total income	7,322	5,409
Total expenses	6,151	4,734
Net result continued operations for the period	**878**	**506**

1 2021 figures are unaudited preliminary figures

The total income of Zwitserleven PPI relates mainly to management and adminstration fees. ZL PPI has grown significantly in 2021 in number of clients and services. As a result, the total income and corresponding expenses increased.

ACTIAM		
In € millions	2021	2020
Result		
Fee and commission income	41	62
Fee and commission expense	8	24
Net fee and commission income	33	38
Operating expenses	35	44
Elimination of group transactions	-24	-6
Tax expense	6	1
Impairment loss recognised on the measurement to fair value less costs to sell	-29	-
Net result IFRS from discontinued operations	**-49**	**-**

Net fee and commission income decreased slightly to € 33 million as a result of a transfer of activities to and a change in tariff structure by Athora Netherlands, and the exit of a large customer, partly offset by higher fees driven by favorable financial markets.

Operating expenses were € 9 million lower, primarily as a result of lower fund administration costs, lower IT costs and lower salaries as a result of the transfer of activities to Athora Netherlands and cost savings.

The Net Result IFRS improved compared to 2020 by € 4 million, mainly as a result of lower operating expenses.

In 2021, ACTIAM became a discontinued operation and classified as held for sale. ACTIAM Elimination of group transactions concerns fee and commission income charged by ACTIAM to Athora Netherlands, SRLEV and Proteq and fee and commission expense charged by SRLEV to ACTIAM. An impairment loss recognised on the measurement to fair value less costs to sell of € 29 million has been recognised.

Assets under management decreased to € 20.0 billion mainly as a result of the transfer of the general account assets to Athora Netherlands, partly compensated by favorable market movements.

HOLDING		
In € millions	2021	2020
Result		
Net fee and commission income	31	-9
Operating expenses (excluding Restructuring costs)	12	21
Restructuring costs	-	6
Other interest expenses	13	50
Net result continued operations for the period	**-23**	**-26**

The elimination of intra group fee and commission income charged by ACTIAM to Athora Netherlands, SRLEV and Proteq in 2021 is part of result discontinued operations.

Operating expenses decrease by € 9 million to € 12 million as a result of continued cost savings.

Other interest expenses decrease by € 37 million to € 13 million, as a result of the absence of one-off expenses related to the 2020 tender of Senior Debt and related to lower interest expense.

The positive impact from lower operating expenses and lower other interest expenses is offset by the decrease in LAT surplus of Proteq Levensverzekeringen N.V. This surplus is recorded in segment Holding.

A.5 ANY OTHER INFORMATION

No other disclosures are applicable.

B SYSTEM OF GOVERNANCE

B.1 GENERAL INFORMATION ON THE SYSTEM OF GOVERNANCE

General governance arrangements

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

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.

B.1.1 The Executive Board

The Executive Board is responsible for the strategy and operations of Athora Netherlands. The Executive Board carefully weighs the interests of all stakeholders and acts in the interests of Athora Netherlands.

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.

The Executive Board as of 31 December 2021 consists of the following members:

COMPOSITION, APPOINTMENT AND ROLE			
Name	**Nationality**	**Position**	**Date of appointment**
J.A. (Jan) de Pooter	Dutch	Chief Executive Officer	8 July 2021
A.P. (Annemarie) Mijer	Dutch	Chief Risk Officer (vice-chair)	1 July 2020
E.P. (Etienne) Comon	French	Chief Capital & Investment Officer	1 July 2021
J. (Jim) van Hees	Dutch	Chief Financial Officer (a.i.)	1 July 2021
A. (Angelo) Sacca	Italian	Chief Commercial Officer	1 April 2020

On 1 May 2021, Y. (Yinhua) Cao stepped down as Chief Financial Officer.On 1 June 2021, R.H. (Tom) Kliphuis stepped down as Chief Executive Officer. On 1 August 2021, S.A. (Stefan) Spohr stepped down as Chief Operating Officer.

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. 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 senior 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. Annemarie 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 PhD in economics from Harvard University. He started his career at Goldman Sachs International as a member of the liability management team. Thereafter, Mr. Comon served as Head of ALM and Risk Advisory Team of both Nomura and Lehman Brothers. He joined Athora Netherlands from Goldman Sachs Asset Management International where he served as Head of Insurance Asset Management for the EMEA region. As Chief Capital & Investment Officer (CCIO) of Athora Netherlands N.V., his areas of responsibility are Balance Sheet Optimisation, Investment Office and Asset Management.

J. (Jim) van Hees

Chief Financial Officer a.i.

Jim van Hees (1974) has a Master of Science in Management from Nyenrode University. He started his career as a Treasury Management advisor for MeesPierson and later, served as manager for KPMG. He joined Athora Netherlands from PwC where he served in several senior finance positions with his most recent role senior director, focusing on servicing insurance, pension service providers and asset managers within the CFRO domain. As interim CFO of Athora Netherlands N.V., Mr. Van Hees is responsible for Accounting & Financial Control, Financial Planning & Analysis, External & Regulatory Reporting and Tax.

A. (Angelo) Sacca

Chief Commercial Officer

Angelo Sacca (1977) holds a Master's Degree in Corporate Communications with Economics from Università degli Studi in Siena and is a certified Chartered Financial Analyst. Formerly a Managing Director in the Athora M&A team, he has led the management of the VIVAT transaction for Athora. He previously worked in the Financial Institutions Group at the M&A division of UBS and Greenhill & Co and as a Credit Analyst in the European insurance team of Standard & Poor's credit ratings. In the early part of his career, Mr Sacca worked as management consultant with a focus on the financial services industry.

Governing Rules

The gender balance in the Executive Board has not changed in 2021 and remains 80% men and 20% women. 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 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% men or 30% women is applied in succession planning for the Executive Board, Supervisory Board and senior leadership.

As part of the continuing education programme of Athora Netherlands, the Executive Board 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 capital management, pensions, governance, market abuse regulation, sustainability and anti-money laundering.

B.1.2 The Supervisory Board

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

The Supervisory Board may on its own initiative provide the Executive Board with advice and may request any information from the Executive Board 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 N.V. 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 six weeks on average. Decisions of the Supervisory Board are taken by a majority of votes cast. The Supervisory Board has drawn up internal regulations that elaborate and expand on a number of provisions from the company's articles of association. These regulations set out additional powers. All members of the Supervisory Board have declared their acceptance of these regulations and have undertaken to abide by the rules contained therein.

The Supervisory Board as of 31 December 2021 consists of the following:

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)
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
J.M.A. (Hanny) Kemna	Dutch	Member	1 April 2020
P.P.J.L.M.G. (Pierre) Lefèvre[1]	Belgian	Member	26 July 2015

1 On 14 February 2022, Pierre Lefèvre stepped down as a member of the Supervisory Board.

On 1 October 2021, Maarten Dijkshoorn stepped down as member and Chairman of the Supervisory Board.

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

Roderick Munsters (1963) has gained extensive 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, Roderick Munsters was Managing Director and Chief Investment Officer at PGGM Pensioenfonds. In addition to his function at Athora Netherlands, Roderick Munsters is a member of the Monitoring Committee Corporate Governance and a member of the Supervisory Board of Unibail-Rodamco-Westfield and PGGM Investments. In addition, he is Independent non-executive director at Moody's – Europe and at BNY Mellon European Bank. Roderick Munsters has both Dutch and Canadian nationality and holds a Master's degree in Economics & Corporate Finance and in Financial Economics from Tilburg University.

M.A.E. (Michele) Bareggi

Michele Bareggi (1973) is the chair of the Renumeration and Nomination Committee and member of the Risk Committee. He is Chief Executive Officer of Athora Group and member of the Executive Boards of Athora Belgium N.V., Athora lebensversicherung AG and Athora Life Re Ltd. 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) has held various board and senior management positions in the pension, asset management and consulting sector including CalPERS, ABB Group and Mercer. Elisabeth is currently CEO and co-founder at Berg Capital Management, 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 and the Swiss-Japan Chamber of Commerce. Mrs. Bourqui holds a master's degree in mathematics, and a PhD 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 Risk Committee. Mr. Deckers worked in the past 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 for its Dutch subsidiary, and he is a board member of the Vlerick Business School in Gent and Leuven (Belgium).

J.M.A. (Hanny) Kemna

Hanny Kemna (1960) is chair of the Audit Committee, member of the Remuneration and NominationCommittee, Risk Committee and Conflict of Interest Committee. In addition to her function at Athora Netherlands, Mrs. Kemna is chair for the Supervisory Board of MN Services N.V. and vice chair of the Supervisory Board as well as Audit Committee Chair for Menzis. In addition, she is a non-executive director for ASA International, member of the Audit and Risk Advisory Committee to the Board of Géant and Extraordinary member to the board of the Dutch Court of Audit.

P.P.J.L.M.G. (Pierre) Lefèvre

Pierre Lefèvre (1956) is chair of the Risk Committee, member of the Audit Committee and Conflict of Interest Committee. After studying mechanical engineering and industrial administration, Mr. Lefèvre became internal auditor at Unilever before joining AXA Belgium N.V. in Belgium as a financial controller. He continued his career with AXA Belgium as general manager for Individual Life and later on as general manager for P&C Personal Lines. In 1994, he moved to AXA Insurance (United Kingdom) as chief executive officer of the P&C insurance business and was subsequently appointed chair of the board. In 1998 he was appointed as chair of the executive board of AXA Netherlands. Between 2002 and 2013 Mr. Lefèvre fulfilled various chief executive officer roles in subsidiaries of Groupama SA. Since 2013, Mr. Lefèvre has acted as independent non-executive director and chair of the risk committee of Hasting Group Holdings PLC. He also serves as an independent non-executive director and chair of the risk committee of Advantage InsuranceCompany Limited. Mr. Lefèvre is also a non-executive director of QBE Europe and chair of its Risk and Capital committee.

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.

With the appointment of a new chair of the Supervisory Board on 8 September 2021 and a new member on 16 November 2021, the gender balance in the Supervisory Board is 66% men and 33% women. The principle of having at least 30% men or 30% women 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 strike a careful balance between the interests of the company's stakeholders, such as the clients of the company, shareholder and employees.

Self-assessment

Facilitated by an external assessor the Supervisory Board assessed its functioning in 2021 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 Board and the effectiveness of continuing education. The 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. Furthermore the Supervisory Board conducted an assessment on Independence of Mind in 2021, facilitated by an external assessor. The outcome of this assessment was in line with the expectations and actions have been taken where necessary.

Continuing Education

Members of the Supervisory Board are encouraged to maintain their expertise at the required standard and enhance it where necessary. This year, the Supervisory Board focused on Anti Money Laundering, Outsourcing, LAC DT & DTA and Solvency II.

Important Topics and Key Discussions

The formal meetings of the Supervisory Board took place every six weeks (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 refresh, 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 2021, the Supervisory Board discussed and approved several items, such as topics related to the sale of ACTIAM, Operational Plan, Employee Survey and Strategy Refresh. 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 three committees: the Audit Committee, the Risk Committee and the Remuneration and Nomination 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 management and internal control are prepared and recommended 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 knowledge of risk management / risk control and internal control / reporting, respectively.

- 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 IFRS 17/9 has been frequently discussed.

- The Risk Committee discussed the profile of the financial and non-financial risks related to the approved risk appetite. This included capital developments, capital generation and investment policy. The structure and operation of the risk control system was discussed, including compliance with relevant legislation and regulations such as Sanctions law and Wwft. The Risk Committee noted and discussed Athora Netherlands' consultations with DNB and considered the results of the on site examinations conducted by DNB. Furthermore, the Risk Committee discussed amongst others the impact of COVID-19 and Brexit.

- The Supervisory Board's Remuneration and Nomination Committee (ReNomCo) prepares decisions on remuneration regarding Identified Staff and employees in control functions. The ReNomCo members have sufficient expertise with regard to remuneration policies, culture and incentives. The Conflict of Interests Committee takes decisions with regard to institutional conflicts such as related party transactions. The meetings of the committee takes place in the presence of the Risk Management Key Function Holder and Compliance Key Function Holder and an external legal advisor to the committee. The committee is not a Supervisory Board committee but a separate committee whose regulations are governed by the conflict of interest policy. The topics of the conflict of interest committee include secondments and various investments.

The committees met in the presence of members of the Executive Board. The external auditors were represented by mutual agreement at all meetings of the Audit Committee and Risk Committee in 2021. 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 positioned to take wise decisions.

The Supervisory Board appreciates all the efforts made by the Executive Board and all employees in 2021 and looks forward to continuing this cooperation in 2022.

Amstelveen, the Netherlands, 30 March 2022

On behalf of the Supervisory Board,

Roderick Munsters, Chairman

B.1.3 Remuneration

B.1.3.1 Remuneration policy Athora Netherlands N.V.

For the 'Remuneration policy Athora Netherlands N.V.' we refer to paragraph 4.6. of the Annual Report Athora Netherlands N.V. 2021.

B.1.3.2 Actual Remuneration (former) Members of the Executive Board

The following table provides a breakdown of the total remuneration of the Executive Board, including former and existing key management. More information about the remuneration of the boards and comparative information has been included in Note 21 of the Annual report Athora Netherlands N.V. 2021.

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE EXECUTIVE BOARD		
In € thousands	**2021**	**2020**
Short-term employee benefits	3,775	3,766
Post-employment benefits	103	108
Other long-term benefits	-	74
Termination benefits	1,443	4,531
Total	**5,321**	**8,479**

The termination benifits consist of contractual agreed severance payments to former members of the Executive Board and their salary until the end of their notice period without the obligation to perform work. This is in line with the applicable remuneration policy Executive Board and applicable legislation.

Loans, advances and guarantees

There are no loans, advances or guarantees outstanding on 31 December 2021 (and 2020) and/or granted to members of the Executive Board during 2021.

B.1.3.3 Actual Remuneration (former) Members of the Supervisory Board

The following table provides an overview of the total remuneration of the Supervisory Board members (excluding 21% VAT).

BREAKDOWN OF REMUNERATION MEMBERS OF THE SUPERVISORY BOARD		
In € thousands	**2021**	**2020**
Total fixed actual remuneration for Supervisory Board members	554	555
Total remuneration related to membership Supervisory Board Committees	21	21
Total	**575**	**576**

Loans, advances and guarantees

There are no loans, advances or guarantees outstanding on 31 December 2021 (and 2020) and/or granted to members of the Supervisory Board during 2021.

B.1.3.4 Balances and Transactions with Shareholders and Key Management Personnel of Athora Netherlands

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, 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 between Athora Netherlands N.V., Anbang and Affiliates

INTRA-GROUP BALANCES AND TRANSACTIONS						
	Athora		Affiliates		Total	
In € millions	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Positions						
Equity and liabilities						
Other liabilities (Debts to group companies)	51	25	-	1	**51**	**26**
Transactions						
Capital injection	275	400	-	-	**275**	**400**
Interim distribution	-	-416	-	-	**-**	**-416**
Obtain capital subordinated loan (holders of other equity instruments)	-25	-	-	-	-25	-
Income						
Share in result of associates and joint ventures	-	-	-	-1	**-**	**-1**
Expenses						
Fee and commission expenses	-	-	10	-	**10**	**-**

The main intra-group balances and transactions between Athora Netherlands N.V., Athora and affiliates in 2021 were:

- In 2021 Athora made a capital injection of € 275 million into Athora Netherlands.
- Athora granted a loan of € 50 million to Athora Netherlands.
- New acquisitions made in 2021 in Athora Lux Invest.

Intra-group Balances and Transactions with Key Management Personnel of Athora Netherlands

The key management personnel consists exclusively of the members of the Executive Board and the Supervisory Board. This applies to Athora Netherlands and also to SRLEV N.V. and Proteq Levensverzekeringen N.V.

In 2021, the composition of the Executive Board and the Supervisory Board have changed. In 2021, three members of the Executive Board have resigned and three new members have been appointed to the Executive Board. One member of the Supervisory Board has resigned and two new members have been appointed to the Supervisory Board.

The Executive Board comprised five members as at 31 December 2021 (31 December 2020: 5). The Supervisory Board comprised six members as at 31 December 2021 (31 December 2020: 5).

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 a Employee Co-invest Plan.

Some members within the Executive 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.

B.2 FIT AND PROPER REQUIREMENTS

The requirements on suitability for employees who effectively run Athora Netherlands or have other key functions have been extensively described in their specific job profiles. The job profiles reflect the required experience and expertise of the (key)functions. The job profiles are frequently reviewed. All employees (including directors and senior management) are obliged to take the oath financial sector within three months of their appointment. The oath also reflects the required suitability and integrity of the (key)functions.

As part of its legal duties, the Dutch Central Bank (DNB) assesses the suitability and integrity of prospective statutory directors. The suitability and integrity of prospective second tier senior managers are assessed within Athora Netherlands. This internal assessment is subject of approval by the DNB. Employees with intended key functions are also assessed on suitability and integrity within Athora Netherlands. Athora Netherlands has a pre-employment screening policy and second tier screening policy in place which covers both the screening on integrity and suitability of the key functions and second tier senior managers.

Within Athora Netherlands are several instruments in place to assess and direct employees (including employees with key functions) on suitability and integrity during their employment. The regular screening on suitability and integrity is performed in accordance with the key functions fit and proper policy. Athora Netherlands and senior management in particular, also have the responsibility to detect and report signals of unreliable behaviour of employees. Employees whose integrity is not beyond any doubt can be sanctioned in accordance with the sanctions regulations of Athora Netherlands.

B.3 RISK MANAGEMENT SYSTEM INCLUDING THE OWN RISK AND SOLVENCY ASSESSMENT

B.3.1 Risk Management System general

B.3.1.1 General

Athora Netherlands has established 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 Board, 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 can be discussed, employees responsible to share knowledge on risks and (pro)active risk management is appreciated.

The established 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, schedules 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.

B.3.1.2 Overview

In the Risk Management System, specific Solvency II requirement 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 Board have to be accompanied by a Key Function opinion.

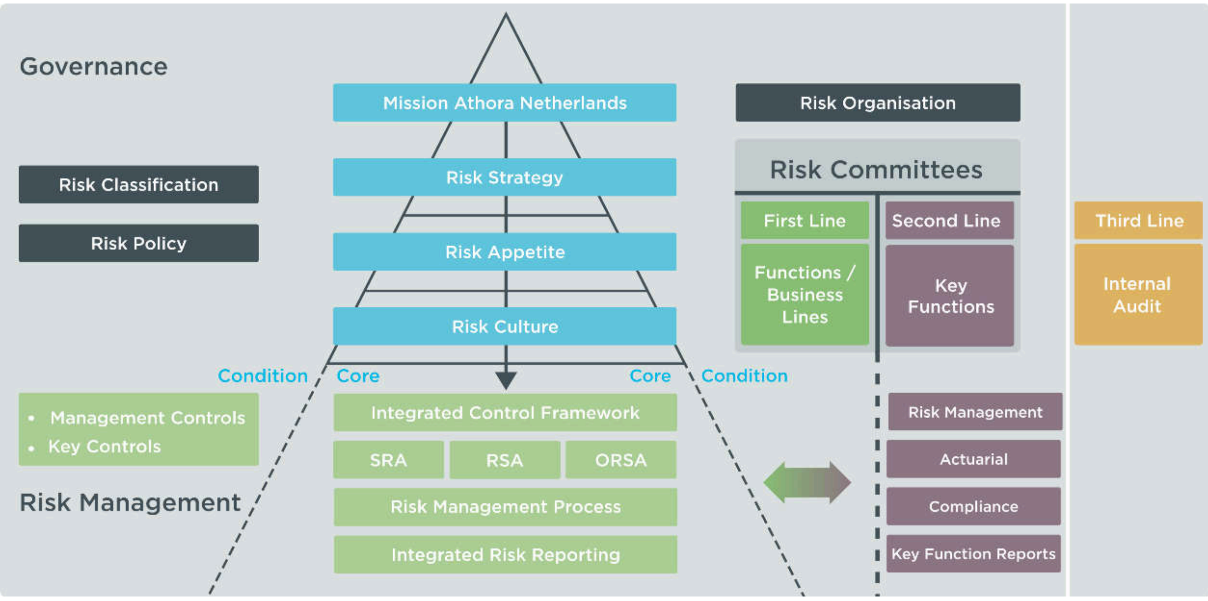
The core of the Athora Netherlands Risk Management System consists of a Governance part and a Risk management part. In the governance part, starting from the Athora Netherlands Mission and business strategy, the Risk Strategy and Risk Appetite are derived. The components Risk Policy, Risk Taxonomy and 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 the 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 EB is accountable.

Risk Management



B.3.2 Risk Management Governance

B.3.2.1 Mission and Vision

Athora Netherlands has expressed the ambition to become the most valued Pension provider in the Netherlands offering the best value for money in a sustainable way and provide quality service to our customers. 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.

In order to achieve the mission, 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-financialnon-financialrisks (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.

B.3.2.2 Risk Strategy

Athora Netherlands has derived a Risk Strategy, a supporting set of objectives following from the Athora Netherlands mission and vision to achieve the strategic goals. As main principles Athora Netherlands has defined a robust capital position, a sustainable capital generation and sound and controlled business operations. Athora Netherlands aims for a robust and strong capital position, which contributes to the trust of customers, employees, society and financial markets in the company.

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 provides guarantees for future payments to its customer and therefore needs adequate reserving and a strong capital position. The Athora Netherlands board chooses to hold a buffer above regulatory requirement to absorb temporary volatility and provide more certainty to its customers.

B.3.2.3 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 Board 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 Board 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.

B.3.2.4 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.

Key pillars that support the strategy of Athora Netherlands to be the most valued pension provider are Focus, Excellence and Talent. Focus allows employees to excel in retirement. By doing so, we retain and attract top talent. Focus, Excellence and Talent are used as the organisational competencies to support the desired collective development. With these competencies there is a clear link to 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.

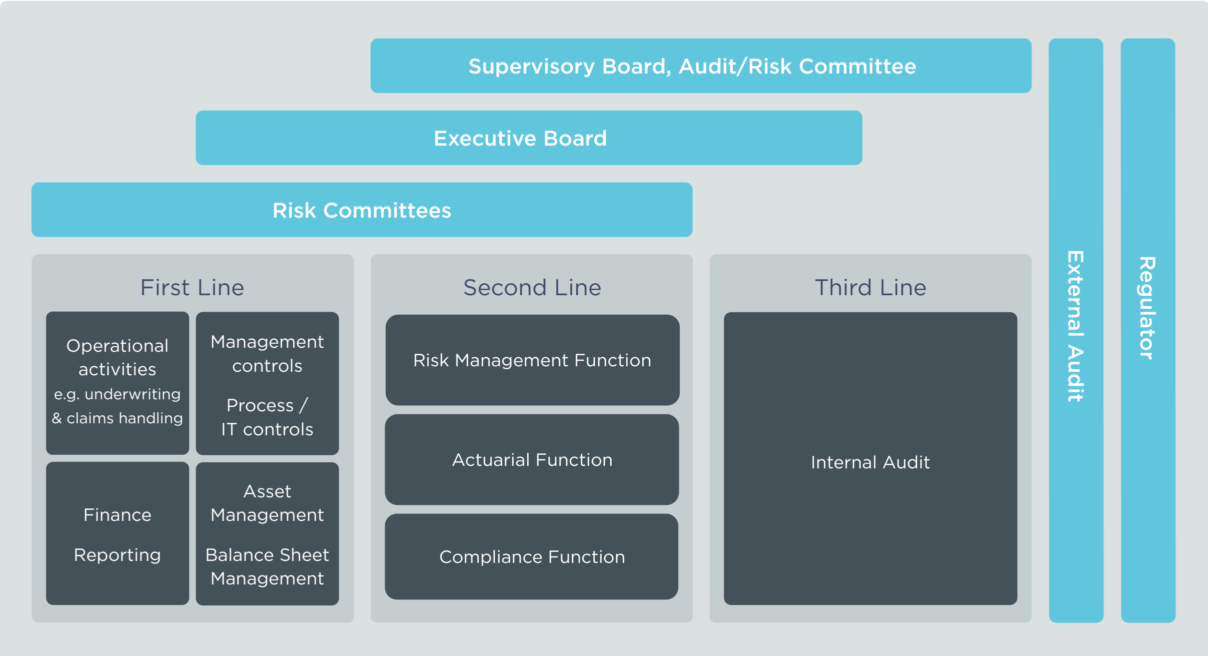
Risk Culture is also embedded in the organisation by risk management being an integral part of the organisational processes and decision making of Athora Netherlands. Decision making is clear, explicit, and in line with the Risk Policy and Risk Appetite of Athora Netherlands. The management teams of 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.

B.3.2.5 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 of Defence



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 member of the Executive Board.

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 Board 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 Board 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 Committee (PC). Decisions of the ORC Athora Netherlands are leading for the local Business Lines and Functions MT's in the area of sound and controlled business operations. In the MTs, the issues regarding Operational Risk and Compliance are discussed. Decisions of the PC are leading for the local Business Lines MT's in the area of Product, Marketing 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 ManagementFunction 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 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 EB 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 EB 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 EB 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 advices.

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 EB and the Risk Committee of the Supervisory Board.

B.3.2.6 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 first(firstline) implementation. At least once a year the Risk Policies are assessed, adjusted if necessary and approved following regular governance.

B.3.2.7 Risk Management Process

In this section for Underwriting Risk, Market Risk, Counterparty Default Risk and Non-financial risk the Risk Management Process is elaborated. For Liquidity Risk and Model Risk this is included in sections C.4 and C.5.

B.3.2.7.1 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 which follow 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), in which the 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. The IFRS Liability Adequacy Test on the premium and claims reserves is performed once a quarter, or more frequently if this is deemed necessary. Any reserves that are inadequate are increased. The most recent insights as to 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 at optimising 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: SII 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.

B.3.2.7.2 Market Risk

The ALM-policy covers the management of market risk, counterparty default risk and liquidity risk.

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 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 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.

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, futures, FX forwards, 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 (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 reduce the sensitivity of the Solvency II ratio within pre-defined risk appetite levels. This evaluation is supported by metrics for yield curve risk including non-linear interest rate risk (convexity). In this way Athora Netherlands manages interest rate risk of the Solvency II ratio.

This approach reflects the sensitivity of the entire statement of financial position (of fixed cash flows, options, risk margin and required capital) drawn up.

B.3.2.7.3 Counterparty Default Risk

In addition to the calculation of SCR Counterparty Default Risk, Athora Netherlands has developed a complementaryCounterparty 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 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 ACTIAM 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.

B.3.2.7.4 Compliance Risks and Operational Risks

Compliance risks and Operational risks (see section C.5) 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 organization. Several differentdifferentdifferentapproaches 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.

Developments

In 2021 the main developments in non-financial risks were 1) change risks associated with volume of change on transformation initiatives, strategy execution, license to operate and board stability 2) remediation program Sanctions AML 3) Business Process risk associated with strategic and organisational change and the ICF transformation 4) third party risk including new strategic outsourcing initiates 5) further attention and mitigation of cybercrime threats and ransomware developments and 6) all activities that are related with HR and culture aspects, impacted by both organisational change as a new working culture, created by the impact of COVID-19 on the organisation. In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored within the Athora Netherlands risk management procedures.

B.3.3 ORSA

As part of its risk-management system Athora Netherlands conducts its own risk and solvency assessment (ORSA). That assessment includes:

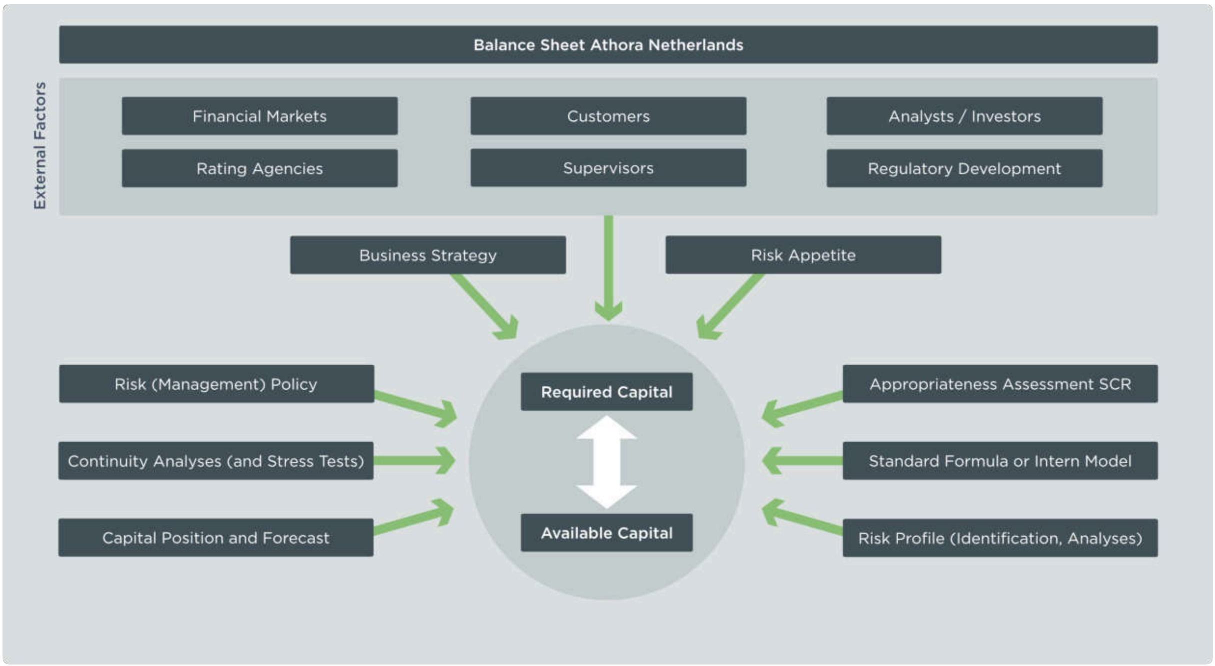
- the overall assessment of solvency taking into account the specific risk profile, approved risk tolerance limits and the business strategy of Athora Netherlands;
- the significance in which the risk profile of Athora Netherlands deviates from the assumptions underlying the SCR calculated with the standard formula.

The ORSA is an integral part of Athora Netherlands' management control cycle and is filed with the regulator.

B.3.3.1 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 Board 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.

B.3.3.2 Scenario Tests and Mitigation 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.

B.3.3.3 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. The quality of Athora Netherlands' capital is sufficient, refinancing of a limited part of Athora Netherlands loans is only due in 2024. Athora Netherlands complies with capital requirements and substantial liquidity and a Revolving Credit Facility is available to withstand liquidity demands during stress. Athora Netherlands believes that capital generation should improve substantially by moving towards the new strategic asset allocation and making the organisation more efficient and simultaneously growing the pension business, as planned in the new strategy.

B.4 INTERNAL CONTROL SYSTEM

B.4.1 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 and other internal and external reporting, and compliance with regulatory requirements.

Internal control is a dynamic and iterative process. The ICF contains four core components within this process that form the basis to ensure and provide assurance for a sound and controlled execution of the operations within Athora Netherlands. These components are Risk assessment, Control activities, Testing and assurance and Monitoring activities. For all these components standards and key requirements are defined.

The ICF forms the basis for sound and controlled operations within Athora Netherlands, measures the maturity of risk management and monitors Process Controls and Management Controls.

B.4.2 Process Controls and Management Controls

Optimisation of Integrated Control Framework

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 the new situation. The basis of the ICF and the GRC tooling was implemented in the period 2015-2017. Like in the previous years also in 2020 new initiatives were taken for further improvements. Based on an analysis of all the individual areas within the ICF a comprehensive program has started where all the stakeholders are involved. The focus of this program is to strengthen the fundament of the ICF, namely the quality of process risk assessments, process- and key control design and change procedures. This program successfully continued in 2021 with an ICF Transformation Steerco, representing all business and functions and second line. Accountability and responsibility was set in a new policy and RACI. Training and process RCSA sessions were held in order to further strengthen the responsibility and capability of first line to timely recognise changes leading to operation changes, performing process risk assessments and further strengthening the design of ICF processes and (key) controls.

A first line risk report was introduced in which each quarter the key Business Lines and Functions report on their Risk profile. The reports includes non-financial risk KRI results, changes with operational impact, incidents & risk events, Key control testing results and number of action points. For each category the results are presented including impact and follow up actions where necessary. The 1st line Risk Reports are reported by the Functions and Business Lines to the Local ORC's and the ORC Athora Netherlands.

Testing of Effectiveness

Process controls
Periodically the effectiveness of process key controls is tested according to a predefined schedule. Within a quarterly cycle the first line performs the testing activities for those process key controls that are subject to testing requirements. Results are part of the first line risk report that is reported to the ORCs of the Business lines and Functions and also to the ORC Athora. The second line department performs an independent review which may contain a reperformance. The results of the review activities are discussed with, reported toand followed up by responsible first line management. As part of the ICF transition in 2021 the second line assessed and provided maturity scores to first line as of Q3 to score the quality of the testing files, to further assist 1st line in taking full responsibility and further decrease dependence on 2nd line reperformances.

Management Controls
Management controls (or entity level controls) provide an understanding and insight in the maturity level of risk management and risk control in the individual Business Lines- and Functions. 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. As a result of the increased maturity level reached in 2020, the management controls were assessed with reduced scoping in 2021, focusing on data management. The second line review results are reported to Business Lines and Functions, and on an aggregated level to the EB.

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.

B.4.3 Compliance function

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, through:
- Systematic identification analysis of Integrity Risks;
- Drafting and communicating understandable and clear policies and guidelines with regard to Compliance Risks;
- (Pro) actively promoting within Athora Netherlands, a culture of integrity and openness;
- Stimulating and substantively monitoring the Product Lines and Functional Lines in adhering to relevant laws and regulations, codes of conduct, policies and (internal) standards, and also monitoring the implementation of laws and regulations within Athora Netherlands on progress and monitoring the design, existence and operation of the first line responsibility to implement laws and regulations. Monitoring by the Compliance Function focuses on laws and regulations related to integrity and behaviour;
- Challenging both solicited and unsolicited proposals, advises, steering information and management in relation to integrity and Compliance Risks;
- Reporting to EB and SB on adherence to laws and regulations and with regard to identified shortcomings, which remedial measure were taken or are required to be taken.

The Compliance Function is established as a second line function within the Risk department department. It carries out its activities on behalf of all entities of Athora Netherlands and performs its tasks independently and takes into account the interests of all its relevant stakeholders. The Compliance department and Legal department are both positioned under the Director Legal and Compliance. The Director Legal and Compliance acts as Compliance Function Holder (CFH). In order to ensure the independent role of the CFH, several safeguards have been implemented, amongst others that the CFH (a) is represented in the relevant risk committees (the Operational Risk and Compliance MTs, PMP MTs, PC and RC-SB); (b) has periodic bilateral meetings with the CEO and an escalation line to the CEO and if deemed necessary by the CFH, to the Chairman of the SB; and (c) the Annual Compliance Plan and budget of the Compliance Function is subject to approval by the EB and the Risk Committee of the SB.

B.5 INTERNAL AUDIT FUNCTION

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.

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 Board 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 Board and the Audit Committee. Further, Audit assesses whether risk management processes are sufficient to protect the assets, reputation, and ongoing operations of the organisation.

B.6 ACTUARIAL FUNCTION

The Director Actuarial Risk is accountable for the Actuarial Function (AF). The main responsibilities of the AF are to coordinate the calculation of the technical provision, to express an opinion on the overall underwriting policy, to express an opinion on the adequacy of reinsurance arrangements and to contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the own risk and solvency assessment.

In order to ensure an independent opinion of the AF, safeguards have been implemented. The AF is represented in various risk committees. That is, in particular, FRC, PC and the PMPs of the Product Lines. The representation and escalation procedure are registered in the mandates of the committees. The AF co-operates closely with the Risk Management Function. The Director Actuarial Risk reports to the CRO, however the AF holder has a direct escalation line to both Executive Board and the Chairman of the SB. Position, rights and authorities of the AF are defined and approved on by the EB.

B.7 OUTSOURCING

Athora Netherlands has outsourced several business activities to improve its operational efficiency. The full responsibility and accountability for the results of the activities performed by the service suppliers remains with Athora Netherlands. To manage the outsourcing risk Athora Netherlands has a written Outsourcing policy in place to safeguard controlled and sound business operations. The policy contains requirements and guidelines under which activities can be performed by an external service provider. The policy is applicable for all legal entities operating within Athora Netherlands.

The performance of the outsourcing of activities is regulated by a written contract. The contract contains the conditions under which the service provider must operate. This includes quality standards, continuity guarantees and reporting requirements. The exit clauses are also taken up to guarantee a smooth hand over in case the activities have to be taken back by Athora Netherlands. Compliance by the service provider to the treaty is monitored through regularly discussions with the service provider on several levels and includes the option of conducting an audit by Athora Netherlands Internal Audit.

Athora Netherlands distinguishes between the following main outsourcing categories:

- Outsourcing of business processes to external service providers (Business Process Outsourcing). This relates to primary processes and ancillary processes.
- Outsourcing to other legal entities within Athora Netherlands. Control principles are applied in proportionality to the intra-group relation. This applies for example for key functions.
- Outsourcing of IT processes and/or assets to external service providers and/or suppliers. This concerns software development (customisation), management of IT components, housing of IT, or external hosting and management.
- Outsourcing of insurance activities to authorised agents.
- Outsourcing of asset management services. The Athora Netherlands outsourcing policy applies to outsourcing to Cardano by insurance entities within Athora Netherlands.

B.8 ANY OTHER INFORMATION

No other disclosures are applicable.

C RISK PROFILE

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 SII Standard Formula), and on the international ORX Reference Taxonomy.

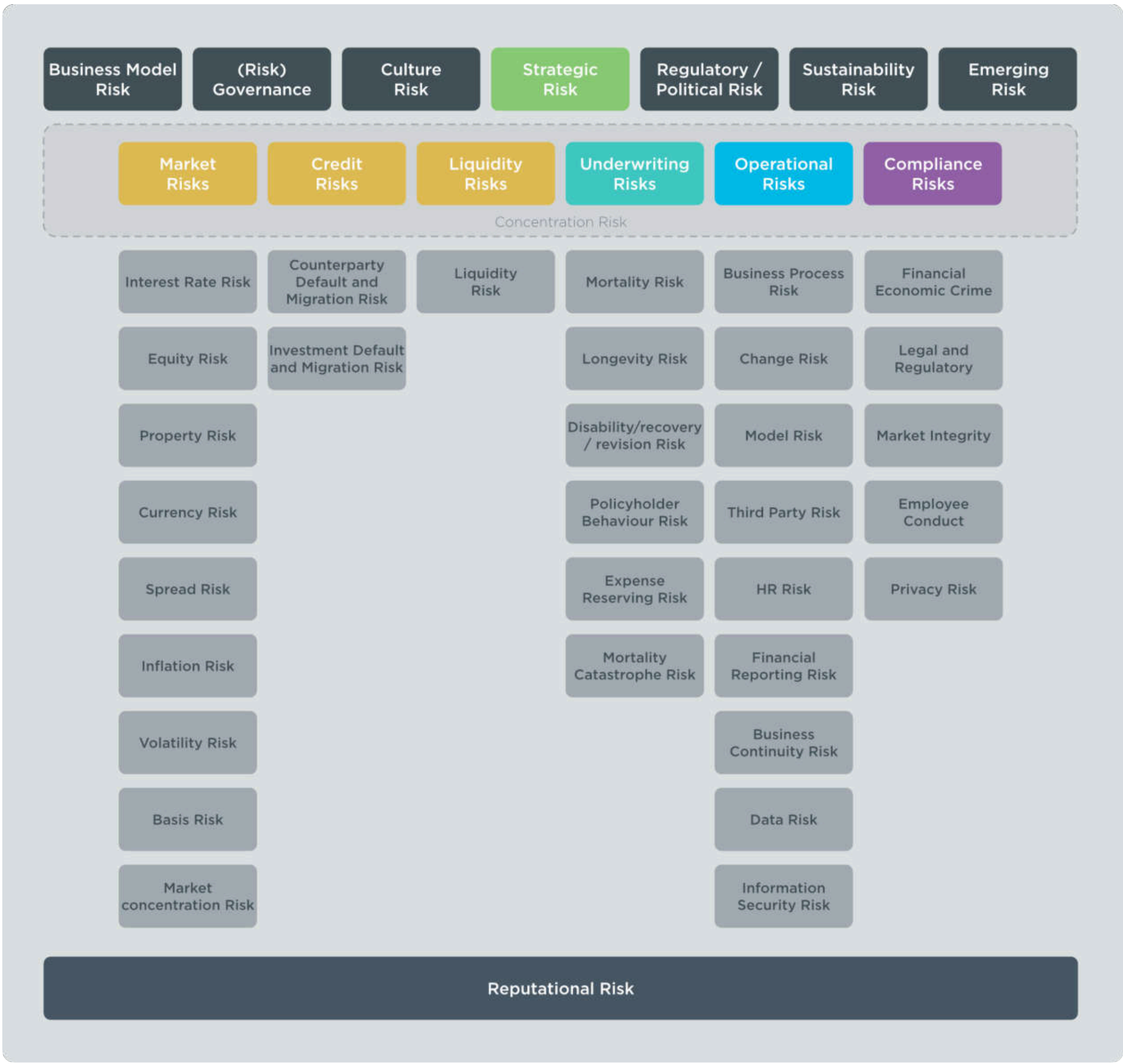
As part of its strategy, deliberately takes Underwriting risks and Market risks aiming for returns. As a consequence, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Compliance risk and Operational risks are inherent risks that have to be controlled and managed.

Strategic Risks

Strategic risks relate to future business developments and may eventually materialise as one of the main or sub risk types. Strategic 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 classification



The tables below show a breakdown of the SCR of Athora Netherlands and of its solo entities:

SOLVENCY CAPITAL REQUIREMENT AT 31 DECEMBER 2021			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Life underwriting risk	1,261	24	1,283
Market risk	1,563	19	1,585
Counterparty default risk	155	7	159
Diversification	-685	-13	-697
Basic Solvency Capital Requirement	**2,294**	**37**	**2,330**
Operational risk	185	2	186
Loss-absorbing capacity of technical provisions	-6	-	-6
Loss-absorbing capacity of deferred taxes	-239	-3	-244
Net Solvency Capital Requirement	**2,234**	**36**	**2,266**
Capital requirements of other financial sectors			24
Consolidated Group SCR			**2,290**

SOLVENCY CAPITAL REQUIREMENT AT 31 DECEMBER 2020			
In € millions	SRLEV	Proteq	Athora Netherlands
Life underwriting risk	1,378	24	1,399
Market risk	1,428	29	1,500
Counterparty default risk	157	6	164
Diversification	-690	-15	-714
Basic Solvency Capital Requirement	**2,273**	**44**	**2,349**
Operational risk	195	2	195
Loss-absorbing capacity of technical provisions	-5	-	-5
Loss-absorbing capacity of deferred taxes	-	-	-
Net Solvency Capital Requirement	**2,463**	**46**	**2,539**
Capital requirements of other financial sectors			30
Consolidated Group SCR			**2,569**

The Investment Office has been dedicated to continue Athora Netherlands' investment management activities. Closely following market developments, Investment Office has made great progress in the further expansion of our market access to secure prudent and future proof investment and risk management capabilities. As part of the business strategy of Athora Netherlands, the investment portfolio has been gradually rebalanced, achieving an increase in investment income within appropriate risk limits. Together with the continued diversification of investments, the investment management results—as a contribution to the overall performance of Athora Netherlands—have shown significant improvement over the last twelve months.

The main risk profile changes in 2021 for Athora Netherlands and SRLEV relate to higher market risk, mainly due to an increase of spread risk, equity risk and property risk, partly offset by a decrease of interest rate risk and currency risk, lower life underwriting risk (lower longevity risk due to a new longevity reinsurance contract) and the introduction of a loss-absorbing capacity of deferred taxes.

For Proteq the SCR decreased mainly due to lower market risk, and the introduction of a loss-absorbing capacity of deferred taxes.

Changes in the item "Diversification" is the result of changes in the underlying risk modules. 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. The leading down scenario explains the non-zero LAC TP in 2021.

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 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.

In 2021 Athora Netherlands updated the model applied to the reassessment of the DTA recoverability for IFRS and Solvency II. The most significant update relating to the tax loss carry-back and carry-forward rules stemmed from the new tax laws in respect of loss compensation adopted in 2021. Also the assumptions regarding the dividend payments and loans' redemption and coupon payments were updated following Athora Netherlands' new investment deployment policies. Other adjustment included the refinements in DTA and DTL run-off patterns, refinements in modelling for new business and fiscal equalization reserves.

These model adjustments combined with the update of the economic data (mostly relating to interest rates and spreads) resulted in DTA no longer being fully recoverable for IFRS and Solvency II. Based on this updated net DTA recoverability reassessment, the carrying amount of deferred tax assets decreased with € 69 million for IFRS and with € 124 million for Solvency II of non-recoverable DTA for Athora Netherlands, with € 43 million for IFRS and with € 101 million for Solvency II of non-recoverable DTA for SRLEV and with € 11 million for IFRS and with € 11 million for Solvency II of non-recoverable DTA for Proteq.

Due to the changes in the model and supported by the write-down of the DTA and a capital injection, the feasibility that, following a loss of the same size as the (pre-tax) SCR shock, future profits will be sufficient to partly recover the change in DTA caused by that loss, increased. Helped by capital support from Athora group after a SCR shock. Leading to a LAC DT in the SCR of 38% for SRLEV and 35% for Proteq including a 20% haircut. The LAC DT of the group entity Athora Netherlands is determined as the consolidated sum of its legal insurance entities.

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.

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 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. The impact of interest rate sensitivity on SCR counterparty default risk has been taken into account.

C.1 UNDERWRITING RISK

C.1.1 Risks - general

The underwriting risk is the risk that the own funds, earnings or solvency will be threatened as a result of the inability to make payments (either now or in the future) from premium and/or investment income owing to incorrect and/or incomplete assumptions (mortality, longevity, disability-morbidity, policyholders' 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 forms part of the market risk.

C.1.2 Life

Life includes SRLEV and Proteq

C.1.2.1 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 (longevity risk). The financial impact of the difference between the date the policyholder is expected to die and the actual date of death can be substantial, particularly in the case of longevity risk.

To forecast the survival probabilities of the entire population, Athora Netherlands uses the model published by the Netherlands Actuarial Association (Projection table AG2020) which combines mortality rates of several European countries with those of the Netherlands. The probabilities are reviewed at least once a year and updated if necessary to include the most recent observations. Once a year Athora Netherlands also reviews and if required updates the empirical figures for portfolio mortality on the basis of research into observed mortality within the Life portfolio.

Disability-morbidity Risk

Other underwriting risks that affect the Life insurance portfolio is the risk of being (partly) incapacitated for work for a period or on a permanent basis. The financial impact is mostly dependent on the age, the sum insured and the disability percentage of the policyholder.

Lapse Risk

Other underwriting risks that affect the Life insurance portfolio are risks associated with policyholders' behaviour, such as early 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 runs expense risk if actual costs turn out to be higher than the amounts received from the cost 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.

Athora Netherlands uses a 'moderate going concern' assumption in its models. This means that it takes into account portfolios that decline in size owing to growth from new policies failing to keep pace with the expiry of existing policies. As a result, it will be harder to spread fixed costs over a declining total number of policies. This assumption is reflected in the projection parameters for the technical provision.

Life Catastrophe Risk

With respect to Life insurance, in the event of a catastrophe the risks will be concentrated primarily in the group insurance portfolio. Participants in a group contract often work at the same location or undertake joint activities, which brings about a concentration of risk. Such concentrations of risks have been partly offset through the use of reinsurance.

Interest Rate Guarantee Risk

In the case of traditional insurance policies, 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 policy holder a predetermined nominal amount. In contrast, Athora Netherlands does not run any interest rate risk on pure unit-linked contracts. However, Athora Netherlands has issued interest rate guarantees for some unit-linked insurance policies, as a result of which it is exposed to an interest rate risk in respect of products of this type. A guaranteed minimum return on maturity or a guaranteed yearly return applies in the case of unit-linked investment policies with an interest rate guarantee.

In the case of Group insurance policies with separate accounts, it is 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 that are guaranteed. 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 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 Life insurance portfolio of Athora Netherlands.

PRODUCTS IN THE LIFE INSURANCE PORTFOLIO (SOLVENCY II)								
	Product features		Risks per product					
Product	Guarantee	Profit-Sharing	Mortality	Longevity	Cata-strophe	Lapse	Expense	Disabilit
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

C.1.2.2 Life insurance portfolio

The Life insurance portfolio contains individual (Individual Life) and Group insurance (Life Corporate) policies.

Individual policies are 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 without or with profit sharing. The unit linked policies are without or with guarantees.

The Individual Life 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 Life Corporate 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.

Co-insurance Life

Athora Netherlands has concluded a number of co-insurance contracts with one or more other insurers. In general, risk assessments are based on the information provided by the administrating company. In the case of co-insurance, each co-insurer is liable for its own part of the insurance. Every year, the leader of the contract draws up a report that Athora Netherlands uses to monitor the development of the portfolio and determine the provisions.

C.1.2.3 Life reinsurance

The insurance business has a largely 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).

As per the first of July 2021, an additional longevity risk transfer for individual insurances was concluded. This is the third longevity risk transfer after completing the Group Life reinsurance contracts in 2018 and 2020. These longevity risks are transferred through a full indemnity-based Quota Share reinsurance treaty. Remaining longevity exposure at risk of Athora Netherlands and SRLEV is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations.

C.1.2.4 SCR Life and sensitivities

The tables below show the SCR of the underwriting risk Life, In these calculations only the policies which are negatively affected by these sensitivities are taken into account.

SCR LIFE UNDERWRITING RISK AT 31 DECEMBER 2021			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Mortality risk	233	5	239
Longevity risk	531	2	533
Disability-morbidity risk	20	-	20
Lapse risk	225	2	226
Life expense risk	738	21	759
Life catastrophe risk	233	-	233
Diversification	-719	-6	-727
SCR Life underwriting risk	**1,261**	**24**	**1,283**

SCR LIFE UNDERWRITING RISK AT 31 DECEMBER 2020			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Mortality risk	261	6	267
Longevity risk	789	3	792
Disability-morbidity risk	17	-	17
Lapse risk	255	3	258
Life expense risk	654	20	674
Life catastrophe risk	234	-	234
Diversification	-832	-8	-843
SCR Life underwriting risk	**1,378**	**24**	**1,399**

Athora Netherlands

The SCR for life underwriting risk decreased mainly due to a decrease of the longevity risk due to a new longevity reinsurance contract and a decrease of mortality and lapse risk due to portfolio developments. These decreases are partly offset by increases of life expense risk due to the rise of inflation expectations.

SRLEV

The SCR for life underwriting risk decreased mainly due to a decrease of the longevity risk due to a new longevity reinsurance contract and a decrease of mortality and lapse risk due to portfolio developments. These decreases are partly offset by increases of life expense risk due to the rise of inflation expectations.

Proteq

The life underwriting risk remained fairly stable.

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 exactly 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.

At year end 2021, the risk of decrease in lapse rate is leading for Athora Netherlands. At year end 2020, decrease in laps rate was leading.

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 taken into account in the calculation of the technical provisions;
- an increase of 1 percentage point in the cost-push inflation rate (expressed as a percentage) used for the calculation of the technical provision.

The above shock is refined and now applied to all Athora Netherlands' continuing operating expenses.

To reduce the economic risk of an increase in inflation rates, Athora Netherlands put in place an inflation hedging programme in 2021 using Euro HICPxT swaps, in line with the company's Risk Appetite. The programme executed in 2021 provided a significant reduction in the sensitivity of best estimate liabilities and own funds to changes in inflation expectations. Note that 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.

Revision risk

This risk is not present in the portfolio, the effect of the shock is set to 0.

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 percentage points 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.

Diversification

Not all risks will materialise at the same time and at their full magnitude resulting in diversification between different risk types.

Sensitivities

The value of the Life insurance portfolio is sensitive to changes in the underwriting parameters used for calculating the market 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 IFRS equity, or the Solvency II ratio, to changes in the underwriting parameters are the sensitivities to longevity risk and expenses. Due to the long term nature of the Life insurance portfolio these sensitivities are very sensitive for interest rate movements.

The Solvency II ratio sensitivities for underwriting parameters are based on the estimated impact on own funds without recalculating the SCR after shock.

Athora Netherlands

SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
10% increase in surrender rates (including non-contributory continuation)	17	22	17	22	1%	1%
10% lower mortality rates for all policies (longevity risk)	-57	-141	-57	-141	-3%	-7%
10% increase in expenses assumptions + 1% increase in inflation	-563	-505	-563	-505	-34%	-26%

SRLEV

SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
10% increase in surrender rates (including non-contributory continuation)	16	21	16	21	1%	1%
10% lower mortality rates for all policies (longevity risk)	-59	-144	-59	-144	-3%	-7%
10% increase in expenses assumptions + 1% increase in inflation	-548	-491	-548	-491	-33%	-27%

Proteq

SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
10% increase in surrender rates (including non-contributory continuation)	0	1	0	1	1%	0%
10% lower mortality rates for all policies (longevity risk)	2	2	2	2	7%	5%
10% increase in expenses assumptions + 1% increase in inflation	-15	-15	-15	-15	-44%	-40%

C.2 MARKET RISK

C.2.1 Risks - general

Market risks can potentially have a substantial financial impact on the value of the assets and liabilities of the insurance business. Unfavourable changes in market conditions have an impact on Athora Netherlands' earnings and/or own funds. To manage the mismatch between the assets and liabilities an ALM (Asset and Liability Management)-framework is in place. This framework is designed to bring about an investment strategy that optimises the relationship between risks and returns. The framework also ensures that Athora Netherlands' operations remain within the boundaries of its risk appetite.

The market risk is the risk arising from changes in the level or volatility of market prices of financial instruments which have an 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 eight sub-market risks have been defined: interest rate risk, equity risk, property risk, spread risk, basis risk, market risk concentrations, currency risk and volatility risk. Athora Netherlands can achieve its financial objectives by managing these risks adequately. It does this 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 two additional market risks, namely volatility risk and basis risk.

C.2.2 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 to lesser extent the Solvency Capital Requirements for Equity and interest rate risk.

The relevant types of market risk in Solvency II are displayed in the table below:

SCR MARKET RISK AT 31 DECEMBER 2021			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Interest rate risk	254	16	247
Equity risk	353	-	353
Property risk	198	-	198
Spread risk	959	10	969
Concentration risk	35	-	35
Currency risk	110	-	155
Diversification	-346	-7	-372
SCR market risk	**1,563**	**19**	**1,585**

SCR MARKET RISK AT 31 DECEMBER 2020			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Interest rate risk	419	22	440
Equity risk	237	-	237
Property risk	151	-	151
Spread risk	843	11	854
Concentration risk	-	-	-
Currency risk	87	-	206
Diversification	-308	-4	-388
SCR market risk	**1,428**	**29**	**1,500**

Athora Netherlands

The SCR market risk increased mainly due to an increase of spread risk, equity risk and property risk. This was partly offset by a decrease of interest rate risk and currency risk.

SRLEV

The SCR market risk increased mainly due to an increase of spread risk, equity risk and property risk. This was partly offset by a decrease of interest rate risk and currency risk.

Proteq

The main drivers for the SCR market risk decrease are the decrease in interest rate risk and the switch from an up to down interest rate shock sensitivity, leading to another correlation matrix, resulting in a higher diversification effect.

C.2.2.1 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 not equal and it is expressed as movements in the capital position if market rates change.

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) has to be determined based on the net SCR interest rate risk in accordance with Solvency II legislation. However, the gross SCR interest rate risk determines the size of SCR interest rate risk.

SCR INTEREST RATE RISK AT 31 DECEMBER 2021

In € millions	SRLEV	Proteq	Athora Netherlands
SCR interest up shock	-	-16	-
SCR interest down shock	-254	-	-247
SCR interest rate risk	**254**	**16**	**247**

SCR INTEREST RATE RISK AT 31 DECEMBER 2020

In € millions	SRLEV	Proteq	Athora Netherlands
SCR interest up shock	-195	-5	-196
SCR interest down shock	-419	-22	-440
SCR interest rate risk	**419**	**22**	**440**

The interest rate risk of Athora Netherlands and SRLEV decreased mainly due to balance sheet management actions, slightly moving the hedge position from regulatory to economic hedging, decreasing the SCR interest rate down risk .

The interest rate risk for Proteq decreased mainly due to balance sheet management actions, moving the hedge position from regulatory to more economic hedging, decreasing the SCR interest rate down risk and switching it to an interest up shock.

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 principle factor in managing market risks.

From this perspective also the, over 2021 prescribed UFR of 3.60% by EIOPA introduces a risk. 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 2020 is 3.50%. As the UFR for the euro was 3.75% in 2020 and the annual change of the UFR is according to the methodology limited to 15 basis points, the applicable UFR is 3.60% in 2021. Per 1 January 2022 the applicable UFR will decrease to 3.45%. This will have a negative impact on solvency.

The tables below show the sensitivity of the IFRS result, IFRS equity and 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 3.60%), decreases in the UFR of 0.15% and 0.5% and the impact of the VA on the Solvency II ratio.

Upward effects on fixed income are processed in the revaluation reserve and do not impact earnings. A downward effect on fixed income does impact the net result in case of an impairment (for the accounting policies on impairments see Section 6.1.5 in the Annual Report for Accounting policies regarding the statement of financial position).

Athora Netherlands

SENSITIVITY ATHORA NETHERLANDS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Interest +50 bps	-137	-185	-137	-185	-1%	-2%
Interest -50 bps	197	205	197	205	4%	5%
UFR -15 bps	-73	-86	-73	-86	-5%	-5%
UFR -50 bps	-251	-291	-251	-291	-17%	-16%
Excluding VA	0	0	0	0	-7%	-15%

SRLEV

SENSITIVITY SRLEV						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Interest +50 bps	-124	-180	-124	-180	3%	-2%
Interest -50 bps	178	198	178	198	0%	5%
UFR -15 bps	-70	-83	-70	-83	-5%	-5%
UFR -50 bps	-241	-280	-241	-280	-17%	-16%
Excluding VA	0	0	0	0	-7%	-16%

Proteq

SENSITIVITY PROTEQ						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Interest +50 bps	-13	-8	-13	-8	0%	5%
Interest -50 bps	17	9	17	9	-5%	7%
UFR -15 bps	-3	-3	-3	-3	-3%	-8%
UFR -50 bps	-10	-11	-10	-11	-13%	-32%
Excluding VA	0	0	0	0	-3%	-14%

Due to the long term nature of the Life and Pension insurance portfolio the Solvency II-ratio is very 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 market value) that is in line with Athora Netherlands' risk exposure and to stabilise the solvency capital. Athora Netherlands manages its interest rate risk by stabilising the Solvency II ratio after an interest rate shock, taking the UFR of 3.60% into account.

C.2.2.2 Equity risk

The SCR for equity risk is equal to the loss in market 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.

A transitional arrangement can be applied to type 1 equities in order to reduce the standard capital charge. Athora Netherlands does not apply this transitional arrangement.

The table below shows the SCR for equity risk:

SCR EQUITY RISK AT 31 DECEMBER 2021		
In € millions	**SRLEV**	**Athora Netherlands**
Type 1 equities	255	255
Type 2 equities	119	119
Diversification	-21	-21
Equity risk	**353**	**353**

SCR EQUITY RISK AT 31 DECEMBER 2020		
In € millions	**SRLEV**	**Athora Netherlands**
Type 1 equities	154	154
Type 2 equities	98	98
Diversification	-15	-15
Equity risk	**237**	**237**

The equity risk for Athora Netherlands and SRLEV increased mainly due to revaluations and the increase of the symmetric adjustment from -0.48% to 6.88%.

The IFRS-based 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 and IFRS for a more economic approach ('look through'), including the impact of the shock on the liabilities. Athora Netherlands periodically examines the impact of changes in the equity markets on the result and on own funds. Scenario analysis is used for this purpose.

The tables below show the results of this analysis at the reporting date net of taxation. Upward effects on equity are processed in the revaluation reserve and do not impact earnings. A downward effect on equity does impact the net result in case of an impairment (for the accounting policies on impairments see Section 6.1.5 in the Annual Report for Accounting policies regarding the statement of financial position).

Athora Netherlands

SENSITIVITY ATHORA NETHERLANDS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Equities +10%	31	27	55	44	1%	1%
Equities -10%	-40	-46	-55	-44	-1%	-1%

SRLEV

SENSITIVITY SRLEV						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Equities +10%	31	27	55	44	1%	1%
Equities -10%	-40	-46	-55	-44	-1%	-1%

C.2.2.3 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	2021	2020
Property risk SRLEV	198	151
Property risk Athora Netherlands	**198**	**151**

Property risk increased mainly due to higher revaluations.

The IFRS-based 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 and IFRS based on an economic approach ('look through'). Athora Netherlands periodically examines the potential impact of changes in the property markets on the net result and on shareholders' equity based on scenario analysis in line with the situation applying in the case of interest rate risk. The table below shows the indicative results of this analysis at the reporting date net of taxation.

Athora Netherlands

SENSITIVITY ATHORA NETHERLANDS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Property +10%	59	45	59	45	3%	2%
Property -10%	-59	-45	-59	-45	-3%	-2%

SRLEV

SENSITIVITY SRLEV						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions	2021	2020	2021	2020	2021	2020
Property +10%	59	44	59	44	2%	2%
Property -10%	-59	-44	-59	-44	-2%	-2%

C.2.2.4 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 market 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 market value, the modified duration and the credit quality category.

SCR SPREAD RISK AT 31 DECEMBER 2021			
In € millions	SRLEV	Proteq	Athora Netherlands
Bonds and loans	936	10	946
Securitisation positions	23	-	23
Spread risk	**959**	**10**	**969**

SCR SPREAD RISK AT 31 DECEMBER 2020			
In € millions	SRLEV	Proteq	Athora Netherlands
Bonds and loans	819	11	830
Securitisation positions	24	-	24
Spread risk	**843**	**11**	**854**

Spread risk for Athora Netherlands and SRLEV increased mainly due to asset deployment to private debt. Spread risk for Proteq decreased slightly due to portfolio developments.

Athora Netherlands defines basis risk as the 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.

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.

The swap curve (including UFR) is currently used when discounting insurance liabilities under IFRS. A change in the swap curve has a direct impact on the value of the insurance liabilities. This leads to volatility in the available capital, as the interest rate used for the valuation of the investment portfolio differs from the relevant swap curve for the insurance liabilities.

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.

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 23 bps, an increase of 50 bps on corporates to an increase of the VA of 13 bps and an increase of 50 bps on government bonds to an increase of the VA of 10 bps. The change of the VA has no impact on the value of the liabilities under IFRS.

Athora Netherlands

SENSITIVITY ATHORA NETHERLANDS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio[1]	
In € millions	2021	2020	2021	2020	2021	2020
Credit spreads Government Bonds +50 bps	-230	-282	-230	-282	9%	7%
Credit spreads Corporates/Mortgages +50 bps	-267	-225	-267	-225	15%	17%
All Credit spreads +50 bps	-497	-507	-497	-507	25%	24%

1 An increase of credit spreads also leads to an increase of VA, impacting the value of the liabilities.

SRLEV

SENSITIVITY SRLEV						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio[1]	
In € millions	2021	2020	2021	2020	2021	2020
Credit spreads Government Bonds +50 bps	-209	-257	-209	-257	11%	8%
Credit spreads Corporates/Mortgages +50 bps	-231	-223	-231	-223	19%	17%
All Credit spreads +50 bps	-440	-480	-440	-480	30%	24%

1 An increase of credit spreads also leads to an increase of VA, impacting the value of the liabilities.

Proteq

SENSITIVITY PROTEQ						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio[1]	
In € millions	2021	2020	2021	2020	2021	2020
Credit spreads Government Bonds +50 bps	-21	-24	-21	-24	-30%	-45%
Credit spreads Corporates +50 bps	-2	-2	-2	-2	9%	22%
All Credit spreads +50 bps	-23	-26	-23	-26	-19%	-19%

1 An increase of credit spreads also leads to an increase of VA, impacting the value of the liabilities.

C.2.2.5 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. This means that undertakings which belong to the same corporate Group are treated as a 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	2021	2020
Concentration risk SRLEV	35	0
Concentration risk Athora Netherlands	**35**	**0**

The SCR concentration risk for Athora Netherlands and SRLEV arises from exposures to central governments and central banks of non-EEA members.

C.2.2.6 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.

With respect to fixed-income investments, Athora Netherlands' policy is to permit only very limited currency risk. Given this, the currency risk on fixed-income investments denominated in foreign currency is, in principle, hedged with currency swaps.

Currency risk also arises in relation to the equity investments of Athora Netherlands. This currency risk, after netting the currency risk in other non-fixed-income investments and liabilities, is structurally hedged using forward currency contracts or currency swaps if the net exposure without applying look through principle exceeds € 10 million. A currency hedge bandwidth of 98-102% has been agreed for external mandates, within which operations may be carried out.

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 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	**2021**	**2020**
Currency risk SRLEV	110	87
Currency risk Athora Netherlands	**155**	**206**

The SCR for currency risk partly originates from the decrease in projected overhead revenues for the unit linked portfolio in case of a currency shock.

The currency risk of SRLEV increased slightly due to portfolio developments.

The currency risk of Athora Netherlands decreased mainly due to hedging the foreign exchange risk of the derivatives held for hedging the foreign exchange risk of subordinated loans denominated in foreign currency. This led to an exposure as subordinated loans are cancelled out in the standard formula, but the derivatives hedging the subordinated loans are taken into account.

C.2.2.7 Volatility risk

The volatility risk is the risk of losses due to changes in (implied) volatilities (interest rate and equity) and is measured and presented 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. Embedded options on the liability side and swaptions as hedges on the asset side. Because of the hedges, the residual volatility risk is not material.

C.2.2.8 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.

C.3 COUNTERPARTY DEFAULT RISK (CREDIT RISK)

C.3.1 Risks - general

Athora Netherlands defines counterparty default risk as the risk of potential losses due to unexpected payment defaults of the 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 default 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 default 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. The strategic allocation to the various investment grade categories within the fixed-income portfolio is determined in the context of ALM and laid down in mandates with the asset managers.

Derivatives Exposure

The counterparty default risk related to the market 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 the underlying value of the derivatives must be posted as collateral in liquid instruments, such as cash and government bonds, 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. All reinsurers have a minimum credit rating of A.

Mortgage Portfolio

Athora Netherlands is exposed to counterparty default risk on its mortgage portfolio by possible default of mortgagors. The counterparty default 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 amortisation of the outstanding mortgage balance and an increase in Dutch housing prices in 2014-2020.

MORTGAGES BY SECURITY TYPE		
In € millions[1]	2021	2020
Mortgages < 75% of foreclosure value	3,868	2,061
Mortgages > 75% of foreclosure value <100%	177	799
Mortgages > 100% of foreclosure value	18	144
Mortgages with National Mortgage Guarantee	771	970
Residential property in the Netherlands	**4,834**	**3,974**
Fair value adjustment	170	152
Total residential property in the Netherlands	**5,004**	**4,126**

1 Mortgages are recognised in the statement of financial position under investments in loans and receivables.

The market value of the portfolio increased mainly by increasing the exposure to mortgages as part of the investment deployment strategy.

Saving Mortgages

Athora Netherlands holds various saving mortgages insurance policies, financed both internally and externally. The majority of the portfolio represents savings mortgages with cession/retrocession arrangements, sub-participation agreements and pledged collateral.

In 2020, the Dutch Association for Insurers ('Verbond van Verzekeraars') including representatives of large insurance groups including Athora Netherlands, continued the discussions with DNB regarding the valuation of savings mortgages and treatment in the SCR. On 1 September 2021, DNB published a Q&A on the classification and determination of the SCR for saving mortgages plus a Good Practice for the valuation. On top of these documents, the Dutch Association for Insurers has written additional guidance with more detailed interpretations to create a level playing field.

The new valuations lead to an increased value of both the asset side and liability side of the balance sheet as the contract boundary will shift to the maturity date. Next to this change there is a change in the valuation of the asset side in case of cession/retrocession arrangements, sub-participation agreements and pledged collateral. A PD/LGD approach has been used where the observable spread in the market can be used to derive the "implicit" bankruptcy probabilities.

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).

C.3.2 SCR Counterparty default risk

The counterparty default risk module reflects the possible 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.

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 between types 1 and 2. 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 AT 31 DECEMBER 2021			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Type 1 exposures	104	7	108
Type 2 exposures	61	-	61
Diversification	-10	-	-10
SCR counterparty default risk	**155**	**7**	**159**

COUNTERPARTY DEFAULT RISK AT 31 DECEMBER 2020			
In € millions	**SRLEV**	**Proteq**	**Athora Netherlands**
Type 1 exposures	80	6	87
Type 2 exposures	88	-	88
Diversification	-11	-	-11
SCR counterparty default risk	**157**	**6**	**164**

The increase in SCR counterparty default risk for type 1 exposures for SRLEV and Athora NL is among others due to an increase in security lending. Counterparty risk type 2 decreased mainly to lower loan to value ratios in the mortgage portfolio due to an increase of residential property values.

The SCR counterparty default risk for Proteq remained stable.

C.4 LIQUIDITY RISK

C.4.1 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 VIVAT group level and at legal entity level separately as no risk capital is charged according to the standard formula of Solvency II.

C.4.2 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 fulfill 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 (managed by ACTIAM) and cash management process from underwriting and operating activities. In the investments cash management process all cash flows from investments are managed by our asset manager (ACTIAM).

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. Otherwise, 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 takes into account all available assets and the impact of prescribed shocks in a stress situation. Monitoring of this 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 a bankruptcy that could occur in the worst case and/or to settle all of the obligations under the insurance portfolio in an orderly manner.

C.4.3 Exposure

The required liquidity is determined based on absorbing shocks in a stress situation. The shocks are applied on prescribed risk categories. These risk categories are mass lapse and interest rate movements. In total, the liquidity buffer is sufficient to cover a severe liquidity stress scenario.

Expected Profit Included in Future Premiums

The Expected Profit Included in Future Premiums (EPIFP) is defined as the profit that is included in the future premiums. In summary, the legislation indicates that the determination of the EPIFP should be based on the assumption that future premiums are no longer received as from the reporting date, regardless of any contractual obligations of the policyholder. Based on this, the EPIFP represents the difference between the best estimate provision without profitable future premiums (but including non-profitable future premiums) and the normal best estimate.

EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS		
In € millions	2021	2020
SRLEV	701	811
Proteq	6	6
Athora Netherlands	**707**	**817**

C.5 NON-FINANCIAL RISK (INCLUDING OPERATIONAL RISK)

C.5.1 Risks - general

The Non-Financial Risk department (NFR), as a second line Risk department, monitors and provides advice to management on compliance risk and operational risk. NFR has frequently direct contact with the EB and SB and is represented in the Risk and Audit Committee of the Supervisory Board, RC-EB, PC, ORC Athora Netherlands and in the ORC's and PMP's of the MTs (see Section B.3.2.5. Risk Organisation) of Athora Netherlands. Within the PMP MTs, NFR Compliance advices 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 nonfinancial risks. This includes the Dutch Financial Supervision Act (Wft), the Dutch Money Laundering and Terrorist Financing (Prevention) Act (Wwft), the Dutch Sanctions Act, as well as relevant European laws such as Solvency II, AIFMD 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. Athora Netherlands recognises the following types of operational risk: Execution & Process Control Risk, IT risk, Cyber Risk, Internal Fraud risk, External Fraud risk, Damage to physical assets risk and Staff & Security risk. Model risk is considered to be a separate risk.

C.5.2 Exposure to non-financial risks

During 2021, as an important part of Athora Netherlands' risk management system, Athora Netherlands further improved the Integrated Control Framework where process and management controls are an important part. 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 programmes 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, legislation may not be unequivocally be 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 institutional integrity risks relating to appropriate independency. Addressing these risks Athora Netherlands has a dedicated Institutional Conflict of Interest Policy including a concrete procedure. Furthermore, a governance framework with Athora Group is in place supporting collaboration and cooperation between Athora Netherlands and its shareholder Athora and its affiliates. The governance framework has been updated in 2021 to comply with the large company regime and other legal requirements, amongst others on the basis of written comments and feedback from the regulator. The effectiveness of the governance framework has also been monitored by Compliance and Internal Audit. The regulator is assessing these risks as part of its ongoing supervisory activities.

As a Pension- and Life insurer, sanctions- and money laundering risks are assessed low, but not non-existent. 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 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. During 2020 and 2021 Athora Netherlands executed an improvement programme to remediate identified shortcomings in relation to compliance with sanction law and anti-money laundering/counter terrorism financing regulation. The programme, which made significant steps in organisational governance, risk assessments, (automated) processes and tooling, aims to reduce residual risks on a structural basis. DNB performed an investigation in the second half of 2021. It is noted that there are still outstanding remediation actions to be concluded in 2022 in the areas of customer/business partner due diligence and transaction monitoring.

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 in-action on the part of customers. The client base is continuously addressed through Athora Netherlands' aftercare programme.

Due to the General Data Protection Regulation's challenging consequences on systems and processes, privacy risks should be taken into account. Special precautions have been taken in order to avoid data breaches when personal data is transferred or available to third parties and cleansing of data. Hereby particularly taking into account the additional risks arising from the migration programme of VIVAT Schade to Nationale Nederlanden. The final remaining actions on GDPR compliance have been finalised in 2020, reducing the residual privacy risks. Local Privacy Champions, in cooperation with the appointed Data Protection Officer, safeguard full attention on Athora Netherlands' compliance with the privacy regulation.

Operational Risk

Execution and Process Control Risk

At the start of 2020 the risk arising from the COVID-19 predominated non-financial risk management with Athora Netherlands. Risks were analyzed weekly by all Product lines and Functional Lines within Athora Netherlands and reported to the Crisis Management team that was founded at the start of the crisis. The effects of both the first and second wave and the economic downturn were however not apparent nor materializing in the year 2020 and no overall increase of the risk level was reported. The Athora Netherlands organisation is prepared for a prolonged period of working from home, although possible signs of possible decrease in work pleasure and social cohesion are closely monitored by management.

Athora Netherlands change projects, systems conversions and change of ownership of the organisation were identified as the other main source of execution and process control risk. These changes within the organisation always bear a risk of aiming to realise (short term) results, often making use of the same resources available within the organisation. There has been more attention for increasing awareness for this during the execution of changes, also taking into account lessons learned from closed change projects and systems conversions.

Improvement of the quality of process design was addressed in 2020 in certain areas of the organisation, amongst others the Actuarial reporting domain, and Life corporate business. Nevertheless, the structural improvement of process- and control design needs further attention, which is the main focus of the ICF improvement programme.

The committee structure within Athora Netherlands is comprehensive and effective and assures that new legislation, risk reports and findings, incidents, follow up on actions are addressed in Operational Risk and Compliance committees in the first line and at Athora Netherlands board level. Incident procedures and policy prescribe direct remediations actions and reporting to second line Operational Risk and Compliance. Incidents are assessed with root cause analysis and possible structural improvements to be implemented.

Information Technology Risk
For the Athora Netherlands Data, Technology and Change (DTC) organisation, 2020 has been a year of major changes in a challenging environment. Besides the impact of COVID-19 on our own organisation, DTC successfully took care of the continuity of the company by availability and qualitative sound and secure services which made it possible for the company to work from home or other locations than the office. During the year the takeover by Athora took place, the P&C migration to NN started and even so other programmes like IFRS and more ‘standard’ projects were (partly) conducted and overall delivered on schedule and within financial boundaries. As an outcome of the conducted Strategic Review the IT organisation set the first steps in the change to be aligned with the new Athora Netherlands business organisation and strategy. A plan for further development of the organisation including a large cost reduction, to be realised in 2021, 2022 and 2023, has been drafted and the execution of this plan has started.

In addition, in 2020 DTC has been successful in increasing the efficiency of the IT processes by further improving the implemented Agile way of working. The implementation of the IT-frameworks SAFe and IT4IT will help DTC to further improve efficiency and effectiveness. Digitalisation and process automation are still key focus areas. Athora Netherlands is aware that these developments require high standards of change management and service delivery management within the IT department in order to maintain an IT landscape that is in control and is managing IT risks. Compliance with regulations and legislation is key and IT Risk Management is at the right level to monitor and mitigate risks. A very low number of incidents and very high availability of the business application show the success of these high standards.

When the COVID-19 crisis forced our employees to work from home, Athora Netherlands turned out to be well prepared. Working from home was already common, and DTC was able to scale up in a short term for the whole organisation. Business continuity and productivity were not significantly impacted, extra management attention was given and there was little impact on sick leave or absenteeism.

More and more DTC is becoming a data driven organisation thus improving the quality of decision making. Data governance is in place to evaluate, direct and monitor data initiatives and the implementation of data policies and data related legislation. The Athora Netherlands Data Strategy in 2020 has shown to be important in further supporting the organisation in becoming a customer oriented service organisation. The integration of processes, systems and data based on a solid data infrastructure has been successful to improve quality, efficiency and cost reduction. A new data-strategy for the next years has been drafted.

Outsourcing / Cloud Computing
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. In 2020 the risk management framework for the risks related to outsourcing contracts, has been improved. The level of maturity of the different stages within the outsourcing process has been assessed and actions for further improvement were established.

Cybercrime Risk
For Athora Netherlands mitigating the cybercrime risk is a key priority. Cybercrime risk increases over time and is becoming more widespread and professionalised, for example cyber-attacks using ransomware or in supply chains. In 2020 no major incidents related to cybercrime occurred within Athora Netherlands. Cybercrime will remain high on the agenda of the Athora Netherlands Board and Risk Boards. To manage the increasing risk effectively in 2020 extra measures related to prevention, monitoring and incident response have been implemented. Several phishing campaigns were executed to promote awareness for the behavioral aspects of cybercrime. Also additional measures for threat and patch management were taken. A cybercrime plan for 2021 has been drafted and Athora Netherlands will keep on focusing on mitigating this risk.

Staff and Security Risk
In 2020 the sale of VIVAT to Athora Group was finalised including the transfer of the shares in VIVAT Schadeverzekeringen N.V. to NN Schade. In addition the COVID-19 crisis put more pressure on the employees. The risks associated to staff and security have been closely monitored including through additional employee surveys. Regular updates of staff risk assessments as part of the risk reporting on both events ensured that the risk was closely monitored by the EB. Although outflow of employees, (senior) management and some key staff in certain areas was experienced, overall the risk remained within acceptable levels.

Model Risk

In 2020, Athora Netherlands updated the compact model risk overviews for several departments to maintain good insight in its model risk. Model risk was further reduced by follow-up of second line findings via improving models. Within the model landscape important steps towards lower model risk have been taken by improving models and systems. Ongoing model validations on reporting, (asset) valuation and pricing models, following a risk based approach, further increased model insight and provides guidance towards lower model risk.

C.5.3 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	**2021**	**2020**
SRLEV	185	195
Proteq	2	2
Athora Netherlands	**186**	**195**

The SCR for operational risk of SRLEV and Athora Netherlands decreased mainly due to the decrease of the technical provision. The SCR for operational risk of Proteq remained stable.

C.6 OTHER MATERIAL RISKS

There are no other material risks to be disclosed.

C.7 ANY OTHER INFORMATION

No other disclosures are applicable.

D VALUATION FOR SOLVENCY PURPOSES

GENERAL

The IFRS balance items have been mapped in accordance with the Solvency II classifications and therefore can differ in classification from the published IFRS consolidated financial statements 2021 of Athora Netherlands.

FROM IFRS TO SOLVENCY II ASSETS AT 31 DECEMBER 2021							
In € millions	IFRS	Policy differences	Sectorial Rules and D&A	Statutory accounts valuation	Solvency II valuation	Reclassification adjustments	Delta
Assets							
Deferred tax assets	632	-	-	632	704	-	72
Property, plant & equipment held for own use	42	-	-	42	42	-	-
Investments	33,062	-	9	33,071	34,684	1,232	382
Assets held for index-linked and unit-linked contracts	14,423	-	-219	14,204	14,283	-	79
Loans and mortgages	11,996	-	-	11,996	11,580	-1,232	816
Reinsurance recoverables	9	-1,288	-	-1,279	-1,272	-	7
Receivables	322	-	15	336	336	-	-
Cash and cash equivalents	404	-	-5	399	399	-	-
Any other assets, not elsewhere shown	3,397	-1,729	-1,666	3	3	-	-
Total assets	**64,288**	-3,017	-1,866	**59,404**	**60,759**	-	**1,355**

FROM IFRS TO SOLVENCY II LIABILITIES AT 31 DECEMBER 2021							
In € millions	IFRS	Policy differences	Sectorial Rules and D&A	Statutory accounts valuation	Solvency II valuation	Reclassification adjustments	Delta
Liabilities							
- Life	35,352	-1,288	-	34,064	34,996	-	931
- Index-linked and unit-linked	14,894	-	-170	14,724	15,551	-	827
Technical provisions	**50,246**	-1,288	-170	**48,788**	**50,547**		**1,758**
Provisions other than technical provisions	45	-	-	45	45	-	-
Pension benefit obligations	682	-	-	682	682	-	-
Deposits from reinsurers	-	-	-	-	-	-	-
Derivatives	1,415	-	-	1,415	1,416	-	1
Debts owed to credit institutions	2,699	-	-	2,699	2,700	-	1
Payables	901	-	-33	867	867	-	-
Subordinated liabilities	1,264	-	-	1,264	1,278	-	14
Any other liabilities, not elsewhere shown	3,393	-1,729	-1,663	1	1	-	-
Total liabilities	**60,645**	-3,017	-1,866	**55,761**	**57,536**	-	**1,774**
Excess of assets over liabilities	**3,643**	-	-	**3,643**	**3,223**	-	**-419**

In case the Solvency II measurement is equal to the IFRS measurement we refer to paragraph 6.1 of the Annual Report of Athora Netherlands N.V. 2021. In respect of the IFRS measurement, there were no significant changes in policies processed in the Annual Report of Athora Netherlands N.V. 2021

The IFRS balance sheet total in the Annual Report 2021 of Athora Netherlands of € 64,288 million differs by € 4,884 from the total statutory accounts value in the SII balance sheet of € 59,404 million.

The difference of the IFRS balance sheet versus the statutory accounts value in the Solvency II balance sheet is explained by policy differences and applying sectorial rules and D&A.

Policy differences

The difference of € 3,017 million between the IFRS balance sheet and the Statutory accounts value stems from consolidation and presentation differences between Solvency II and IFRS.

The difference under Any other assets and Any other liabilities is caused by the investments and liabilities for account of third parties regarding the ACTIAM responsible index funds (€ 1,729 million). Given that Athora Netherlands is the largest investor in these funds, it has 'control' over the relevant activities of these funds. Through the application of IFRS 10, Athora Netherlands has to fully consolidate these funds, as a result of which the minority share of third parties (other investors in these funds) is also included in the balance sheet as an investment. The counterpart on the liabilities side are the liabilities towards third parties arising from these investments. Under Solvency II, where IFRS 10 is not applied for consolidation, these investments are recognised in the balance sheet of Athora Netherlands in proportion to the participation in the funds.

The reclassification of € 1,288 million between Technical provisions life and Reinsurance recoverables is due to the Longevity reinsurance contract. Under Solvency II the negative reinsurance recoverable regarding the longevity contract is netted with the other reinsurance recoverables and presented on the balance sheet. Under IFRS the reinsurance recoverable regarding the longevity contract is presented under the Technical provisions life and therefore netted with the corresponding technical provision.

Sectorial Rules and D&A

The differences of € 1,866 million between the IFRS balance sheet and the Statutory accounts value stems from the deconsolidation of subsidiaries ACTIAM N.V. (ACTIAM) and Zwitserleven PPI N.V. (PPI) and the treatment of N.V. Pensioen ESC (ESC) under D&A (Deduction and Aggregation).

Reclassification adjustments

Athora holds various saving mortgages, financed both internally and externally. The majority of the portfolio represents savings mortgages with cession/retrocession arrangements, sub-participation agreements and pledged collateral. In 2020, the Dutch Association for Insurers ('Verbond van Verzekeraars') including representatives of large insurance groups including Athora NL, continued the discussions with DNB regarding the valuation of savings mortgages and treatment in the SCR under Solvency II regulation. On 1 September 2021, DNB published a Q&A on the classification and determination of the SCR for saving mortgages plus a Good Practice for the valuation. On top of these documents, the Dutch Association for Insurers has written additional guidance with more detailed interpretations to create a level playing field.

Under Solvency II both valuation and classification of the private loans linked to saving mortgages are adjusted as per year end 2021. The new valuations lead to an increased value of both the asset side and liability side of the Solvency II balance sheet. The classification of the asset side of the various private loans linked to saving mortgages is adjusted depending on the contractual agreements. Under IFRS the valuation and classification remains unadjusted under the Other loans and mortgages. This results in a reclassification of € 3,614 million from Other loans and mortgages to Loans and mortgages to individuals (€ 2,382 million), Other investments (€ 1,134 million), Deposits other than cash equivalents (€ 98 million) and Derivatives (€ 0 million). The classification of the liability side remains unadjusted both under IFRS and Solvency II.

D.1 ASSETS

In case the Solvency II measurement is equal to the IFRS measurement we refer to paragraph 6.1 of the Annual Report of Athora Netherlands N.V. 2021.

D.1.1 Deferred tax assets and liabilities

In the Solvency II balance sheet, all items are measured at their market value, which can be estimated either through mark-to-market or mark-to-model techniques. As in the Solvency II balance sheet unrealised gains and losses are recognised, the corresponding deferred tax liability or asset is recognised simultaneously. For calculating the amount of deferred taxes, local income tax regulations apply.

On 15 September 2020, the Dutch government published the 2021 budget proposals, which include a proposal of the corporate income tax rate in 2021. These tax rate changes replaced the tax rate changes as announced and substantively enacted at the end of 2019. This proposed change was substantively enacted per year end 2020. In 2021 and further years the corporate income tax rate remains 25%. As a result the deferred tax position per ultimo 2020 is recalculated at 25%.

However, on 21 December 2021 The Senate approved the Tax Plan 2022 including the increase of the corporate income tax rate from 25% to 25.8% as of 1 January 2022. This means that this tax rate change is substantively enacted and that the 31 December 2021 deferred tax calculation is based on the updated rate.

A deferred tax asset (DTA) is the amount of income taxes recoverable in the future arising from deductible temporary differences between the carrying amount of an asset or liability and its tax base. Athora Netherlands has recognised no deferred tax assets arising from the carryforward of unused tax losses.

A deferred tax liability (DTL) is the amount of income tax payable arising from taxable differences between the carrying amount of an asset or liability and its tax base.

Athora Netherlands is with its subsidiaries, SRLEV, Proteq, Zwitserleven PPI and ACTIAM a so called fiscal unity (fiscale eenheid).

In 2021 Athora Netherlands updated the model applied to the reassessment of the DTA recoverability. The most significant update relating to the tax loss carry-back and carry-forward rules stemmed from the new tax laws in respect of loss compensation adopted in 2021. Also the assumptions regarding the dividend payments and loans' redemption and coupon payments were updated following Athora Netherlands' new investment deployment policies. Other adjustment included the refinements in DTA and DTL run-off patterns, refinements in modelling for new business and fiscal equalization reserves.

For Solvency II and IFRS the recoverability of the DTA is tested using the same model and assumptions. However, the non-recoverable amount for IFRS is based on the base result of the recoverability calculation, where for Solvency II the non-recoverable amount is based on the weighted average of multiple scenarios, for spread assumptions, future new business and insurance portfolio movements. This leads to a different amount of non-recoverable DTA in Solvency II in comparison to IFRS.

The model adjustments combined with the update of the economic data (mostly relating to interest rates and spreads) resulted in DTA no longer being fully recoverable. Based on this updated net DTA recoverability reassessment, the Solvency II carrying amount of deferred tax asset decreased with an extra € 55 million of non-recoverable DTA compared to the IFRS non-recoverable DTA amount for Athora Netherlands.

The adjustment in the deferred tax is calculated using the determined rate of 25.8% on all market value adjustments in the Solvency II balance sheet.

FROM IFRS TO SOLVENCY II TAX POSITION AT 31 DECEMBER 2021				
In € millions	**SRLEV**	**Proteq**	**Other**	**Athora Netherlands**
IFRS tax position	656	-2	-22	632
Tax adjustments for:				
Difference in the valuation of assets	-318	-	-11	-329
Difference in the valuation of technical provisions	498	2	-48	452
Difference in the valuation of other liabilities	-44	-	48	4
Difference in DTA recoverability	-58	-6	9	-55
SII tax position	**734**	**-6**	**-24**	**704**

FROM IFRS TO SOLVENCY II TAX POSITION AT 31 DECEMBER 2020				
In € millions	**SRLEV**	**Proteq**	**Other**	**Athora Netherlands**
IFRS tax position	607	6	-8	605
Tax adjustments for:				
Difference in the valuation of assets	-424	-	-2	-426
Difference in the valuation of technical provisions	497	-	-47	450
Difference in the valuation of other liabilities	-17	-	50	33
SII tax position	**663**	**6**	**-7**	**662**

For a further explanation of the IFRS tax position we refer to section 6.3 Note 8 Deferred Tax in the Annual Report of Athora Netherlands N.V. 2021.

The underlying method of calculating the deferred tax assets and liabilities is the same for IFRS and for Solvency II; the tax value of assets and liabilities is compared with the amounts recognised in the balance sheet. Under IFRS the tax value of assets and liabilities is compared to the amounts recognised and measured based on IFRS. Respectively, under Solvency II, the tax values of assets and liabilities are compared to the amounts recognised and measured based on Solvency II.

D.1.2 Investments

The table below shows the value of the investments broken down by Solvency II and IFRS valuation. For more information on the measurement and valuation of investments see section D.4.1.1.

BREAKDOWN OF INVESTMENTS AT 31 DECEMBER 2021								
	SRLEV		Proteq		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Property (other than for own use)	358	358	-	-	257	257	**615**	**615**
Holdings in related undertakings, including participations	5,688	5,657	-	-	-5,542	-5,511	**146**	**146**
Equities	-	-	-	-	1	1	**1**	**1**
Bonds	25,547	25,488	598	598	-982	-923	**25,163**	**25,163**
Collective Investments Undertakings	2,497	2,497	23	23	546	546	**3,066**	**3,066**
Derivatives	3,959	3,776	19	19	37	38	**4,015**	**3,833**
Deposits other than cash equivalents	303	190	-	-	57	57	**360**	**247**
Other investments	1,318	-	-	-	-	-	**1,318**	**-**
Investments	**39,670**	**37,966**	**640**	**640**	**-5,626**	**-5,535**	**34,684**	**33,071**

BREAKDOWN OF INVESTMENTS AT 31 DECEMBER 2020								
	SRLEV		Proteq		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Property (other than for own use)	303	303	-	-	218	218	**521**	**521**
Holdings in related undertakings, including participations	1,733	1,729	-	-	-1,657	-1,653	**76**	**76**
Equities	-	-	-	-	1	1	**1**	**1**
Bonds	30,095	30,032	655	655	-1,403	-1,340	**29,347**	**29,347**
Collective Investments Undertakings	2,437	2,437	23	23	78	78	**2,538**	**2,538**
Derivatives	5,350	5,350	39	39	1	1	**5,390**	**5,390**
Deposits other than cash equivalents	218	215	-	-	14	14	**232**	**229**
Other investments	-	-	-	-	-	-	**-**	**-**
Investments	**40,136**	**40,066**	**717**	**717**	**-2,748**	**-2,681**	**38,105**	**38,102**

The property (other than for own use) in the category Other consists of property held by subsidiaries of SRLEV. Holdings in related undertakings, including participations in the category Other relate to the elimination of investments in subsidiaries on consolidated level. The bonds in the category Other are related to investments by subsidiaries of SRLEV and the consolidation of SRLEV. SRLEV presents funding to subsidiaries as collateralised securities, on the consolidated level the underlying mortgages are presented. The amount of collective investments undertakings in Other represents investments in liquidity funds by Athora Netherlands and subsidiaries of SRLEV.

Valuation

All investments are measured at market value under IFRS and Solvency II, except deposits other than cash equivalents. These are valued at amortised costs under IFRS instead of market value under the SII-regime.

VALUATION AT 31 DECEMBER 2021				
In € millions	Quoted market price	Quoted market price for similar assets	Alternative valuation method	Total
Property (other than for own use)	-	-	615	615
Holdings in related undertakings, including participations	-	-	146	146
Equities	-	-	1	1
Bonds	22,754	1,342	1,067	25,163
Collective Investments Undertakings	2,412	-	654	3,066
Derivatives	-	-	4,015	4,015
Deposits other than cash equivalents	-	-	360	360
Other investments	-	-	1,318	1,318
Investments	**25,166**	**1,342**	**8,176**	**34,684**

VALUATION AT 31 DECEMBER 2020				
In € millions	Quoted market price	Quoted market price for similar assets	Alternative valuation method	Total
Property (other than for own use)	-	-	521	521
Holdings in related undertakings, including participations	-	-	76	76
Equities	-	-	1	1
Bonds	26,795	1,613	939	29,347
Collective Investments Undertakings	1,989	-	549	2,538
Derivatives	-	-	5,390	5,390
Deposits other than cash equivalents	-	-	232	232
Investments	**28,784**	**1,613**	**7,708**	**38,105**

Property (other than for own use)

Property other than for own use, comprising properties and offices, residential properties and land, is held to generate long-term rental income, capital appreciation or both. For more on the valuation of property other than for own use, see section D.4.1.1.

Holdings in related undertakings, including participations

The holdings in related undertakings of Athora Netherlands consist of the subsidiaries ACTIAM N.V., Zwitserleven PPI N.V. and N.V. Pensioen ESC, the associates CBRE Property Fund Central and Eastern Europe (CBRE PFCEE) and Apollo Strategic Origination Partners (ASOP) and the joint venture Athora Lux Earth Holdings 1 SA.

To recognise the subsidiaries ACTIAM and PPI in accordance with Solvency II method 1: sectoral rules, the assets and liabilities are eliminated from the balance sheet and the participations of Athora Netherlands in these subsidiaries are recognised. This differs from the IFRS consolidated balance sheet of Athora Netherlands. Please refer to colomn "Sectorial Rules and D&A" in section D. Valuation for Solvency purposes for the impact of the deconsolidation.

To recognise ESC accordance the Solvency II method D&A (Deduction and Aggregation) the assets and liabilities are eliminated from the balance sheet and the participation of Athora Netherlands in the subsidiary ESC is recognised. This differs from the IFRS consolidated balance sheet of Athora Netherlands.

The holdings in related undertaking, including participations are attributable to SRLEV € 5,688 million (2020: € 1,733 million) and Other € -5,542 million (2020: € -1,657 million).

For a detailed overview of the related subsidiaries of Athora Netherlands, SRLEV and Proteq see Annex I.

Equities

Equities relate to investments in unlisted participations by Athora Netherlands and investments by subsidiaries of SRLEV. For a more detailed description of the market risk related to equities and the distinction between type 1 and type 2 equities, see section C.2.2. The equities are attributable to the category Other €1 million (2020: € 1 million).

Bonds

The table below provides a breakdown of the bonds:

BREAKDOWN OF BONDS AT 31 DECEMBER 2021				
In € millions	**SRLEV**	**Proteq**	**Other**	**Total**
Government Bonds	17,776	471	37	**18,284**
Corporate Bonds	5,923	127	273	**6,323**
Structured notes	15	-	-	**15**
Collateralised securities	1,833	-	-1,292	**541**
Bonds	**25,547**	**598**	**-982**	**25,163**

BREAKDOWN OF BONDS AT 31 DECEMBER 2020				
In € millions	**SRLEV**	**Proteq**	**Other**	**Total**
Government Bonds	20,746	503	-	**21,249**
Corporate Bonds	7,471	152	-	**7,623**
Structured notes	24	-	-	**24**
Collateralised securities	1,854	-	-1,403	**451**
Bonds	**30,095**	**655**	**-1,403**	**29,347**

The category Other concerns the elimination of collateralised securities € -1,292 million (2020: € -1,403 million) and investments by subsidiaries of SRLEV. The collateralised securities constitute the intra-group notes issued by the Share Debt Programme 1 B.V. which are purchased by SRLEV.

The table below provides a breakdown of the bonds by sector:

BREAKDOWN OF BONDS BY SECTOR AT 31 DECEMBER 2021					
In € millions	**SRLEV**	**Proteq**	**Other**	**Athora Netherlands**	**Percentage**
Sovereign	17,776	471	37	18,284	73%
Financial sector	4,410	-	104	4,514	18%
Non financial sector	2,069	127	169	2,365	9%
Mortgage backed securities	1,292	-	-1,292	-	0%
Total	**25,547**	**598**	**-982**	**25,163**	**100%**

BREAKDOWN OF BONDS BY SECTOR AT 31 DECEMBER 2020					
In € millions	SRLEV	Proteq	Other	Athora Netherlands	Percentage
Sovereign	20,746	503	-	21,249	73%
Financial sector	5,631	-	-	5,631	19%
Non financial sector	2,315	152	-	2,467	8%
Mortgage backed securities	1,403	-	-1,403	-	0%
Total	**30,095**	**655**	**-1,403**	**29,347**	**100%**

The table below provides a breakdown of the bonds by rating:

BREAKDOWN OF BONDS BY RATING AT 31 DECEMBER 2021					
In € millions	SRLEV	Proteq	Other	Athora Netherlands	Percentage
AAA	11,471	407	38	11,916	47%
AA	5,337	67	-	5,404	22%
A	4,868	70	-	4,938	20%
BBB	2,499	53	14	2,566	10%
< BBB	74	1	246	321	1%
Not rated	1,298	-	-1,280	18	0%
Total	**25,547**	**598**	**-982**	**25,163**	**100%**

BREAKDOWN OF BONDS BY RATING AT 31 DECEMBER 2020					
In € millions	SRLEV	Proteq	Other	Athora Netherlands	Percentage
AAA	14,327	446	-	14,773	50%
AA	6,621	78	-	6,699	23%
A	4,900	76	-	4,976	17%
BBB	2,772	55	-	2,827	10%
< BBB	27	-	-	27	0%
Not rated	1,448	-	-1,403	45	0%
Total	**30,095**	**655**	**-1,403**	**29,347**	**100%**

Government Bonds
Government bonds consists mainly of bonds issued by the European governments, the Japanese government and international institutions. The category Other consist of bonds issued by 11 different countries (2020: 12 different countries). The table below shows the breakdown of government bonds by geographic area.

BREAKDOWN OF GOVERNMENT BONDS BY GEOGRAPHIC AREA				
In € millions	2021		2020	
Germany	8,099	44%	8,955	42%
Netherlands	2,592	14%	3,834	18%
France	1,307	7%	1,489	7%
Japan	1,176	6%	712	3%
International institutions	1,128	6%	1,533	7%
Austria	1,055	6%	1,350	6%
Belgium	557	3%	948	5%
Spain	468	3%	114	1%
Finland	399	2%	1,066	5%
Italy	397	2%	-	0%
United States	248	1%	251	1%
Other	858	5%	997	5%
Total	**18,284**	**100%**	**21,249**	**100%**

Corporate Bonds
Corporate bonds mainly consists of bonds issued by European and American companies which are active in different sectors.

Collective Investments Undertakings

The collective investments undertakings amount to € 3,066 million (2020: € 2,538 million) and are largely consisting of different investment funds among others money market funds € 2,342 million (2020: € 1,927 million) and debt funds €526 million (2020: € 463 million). The collective investments undertakings are attributable to SRLEV € 2,497 million (2020: € 2,437 million), Proteq € 23 million (2020: € 23 million) and Other €546 million (2020: € 78 million).

Derivatives

The table below provides a breakdown of derivatives:

BREAKDOWN OF DERIVATIVES AT 31 DECEMBER 2021				
In € millions	SRLEV	Proteq	Other	Total
Call Options	44	-	2	46
Put Options	81	-	-	81
Swaps	3,585	19	20	3,624
Forwards	249	-	15	264
Derivatives	**3,959**	**19**	**37**	**4,015**

BREAKDOWN OF DERIVATIVES AT 31 DECEMBER 2020				
In € millions	SRLEV	Proteq	Other	Total
Call Options	26	-	-	26
Put Options	100	-	-	100
Swaps	5,161	39	-	5,200
Forwards	63	-	1	64
Derivatives	**5,350**	**39**	**1**	**5,390**

Derivatives are held as part of asset and liability management and risk management. For more information on the measurement and valuation of derivatives see section D.4.1.1. Private loans linked to saving mortgages are partly reclassified to derivatives as per year end 2021, see section D VALUATION FOR SOLVENCY PURPOSES.

Deposits other than cash equivalents

The deposits other than cash equivalents amounts to € 360 million (2020: € 232 million). The difference of € 113 million (2020: € 3 million) between the Solvency II value and the IFRS value is due to the reclassification of private loans linked to saving mortgages and due to a difference in valuation. The deposits other than cash equivalents under IFRS are measured at amortised costs and under the SII-regime at market value.

Other investments

Other investments include private loans linked to saving mortgages of 1,318 million (2020: € 0 million) which are recognised as other investments under SII but not under IFRS. See section D VALUATION FOR SOLVENCY PURPOSES.

D.1.3 Assets held for index-linked and unit-linked contracts

The assets held for index-linked and unit-linked contracts amount to € 14,283 million (2020: € 13,658 million) and include investments under unit-linked policies and separate investment deposits for corporate pension contracts.

The main differences of € 79 million (2020: € 100 million) between the IFRS valuation and the Solvency II valuation is caused by the revaluation of the assets related to the saving mortgages for the part that is reported as unit-linked. Under Solvency II both valuation and classification of the private loans linked to saving mortgages are adjusted as per year end 2021. For a further explanation we refer to section D. General.

D.1.4 Loans and mortgages

The loans and mortgages amount to € 11,580 million (2020: € 11,957 million). The difference of € 416 (2020: € 1,599 million) between the Solvency II value and the IFRS value is due to a difference in valuation and a difference in classification for private loans linked to saving mortgages (see section D -VALUATION FOR SOLVENCY PURPOSES) . Valuation is at amortised cost or nominal value under IFRS and at market value under Solvency II.

The Mortgages Valuation Model consists of two parts: the projection of the expected future cash flows, where prepayment is also taken into account, and the determination of the spread on top of the risk-free interest rate curve (Swap mid-price) for the purpose of discounting the cash flows. This spread will be obtained based on the consumer tariffs for the available fixed interest rate terms. Then the consumer tariffs are adjusted for expected prepayment. There is a discount for the origination costs and price offer risk and an add-on for mortgages which are non-linear or non-annuity.

LOANS AND MORTGAGES AT 31 DECEMBER 2021						
	SRLEV		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS
Mortgages to individuals	1,341	1,248	3,702	3,590	5,043	4,838
Private loans linked to savings mortgages	2,701	3,614	-	-	2,701	3,614
Other loans and mortgages	1,911	1,608	1,923	1,934	3,834	3,542
Loans on policies	2	2	-	-	2	2
Total	**5,955**	**6,472**	**5,625**	**5,524**	**11,580**	**11,996**

LOANS AND MORTGAGES AT 31 DECEMBER 2020						
	SRLEV		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS
Mortgages to individuals	1,606	1,496	2,565	2,481	4,171	3,977
Private loans linked to savings mortgages	4,877	3,968	-	-	4,877	3,968
Other loans and mortgages	2,786	2,275	121	136	2,907	2,411
Loans on policies	2	2	-	-	2	2
Total	**9,271**	**7,741**	**2,686**	**2,617**	**11,957**	**10,358**

The column 'Other' € 1,923 million (2020: € 121 million) concerns loans held by subsidiaries of SRLEV and intercompany loans of SRLEV with subsidiaries.

D.1.5 Reinsurance recoverables

The reinsurance recoverables amounts to € -1,272 million (2020: € -1,204 million). The difference in valuation of €7 million (2020: € 2 million) is caused by different measurement methods applied under IFRS and under Solvency II. See also section D.2. for an explanation of the technical provisions.

D.1.6 Any other assets, not elsewhere shown

This item comprises the assets that are not recognised in the Solvency II balance sheet items described above. Any other assets mainly includes prepaiments.

D.2 TECHNICAL PROVISION

The effects of significant changes in estimates in respect of the IFRS measurement are disclosed in the notes to the consolidated financial statements relating to the items concerned as presented in the Annual Report of Athora Netherlands N.V. 2021. The most significant changes in estimates concern the insurance liabilities (refer to note 6.3.15 'Insurance Liabilities and Reinsurance Share').

BREAKDOWN OF TECHNICAL PROVISIONS AT 31 DECEMBER 2021				
In € millions	SRLEV	Proteq	Other	Total
Best estimate (Gross)	49,330	499	-519	49,310
Risk Margin	1,246	28	-37	1,237
Total technical provisions (Gross)	**50,576**	**527**	**-556**	**50,547**

BREAKDOWN OF TECHNICAL PROVISIONS AT 31 DECEMBER 2020				
In € millions	SRLEV	Proteq	Other	Total
Best estimate (Gross)	50,488	536	-569	50,455
Risk Margin	1,412	29	-10	1,431
Total technical provisions (Gross)	**51,900**	**565**	**-579**	**51,886**

The gross technical provisions of Athora Netherlands in the balance sheet decreased in 2021 with € 1.339 million to an amount of € 50,547 million. Excluding the risk margin and the recoverables from reinsurance the gross best estimate decreased in 2021 with € 1,145 million to an amount of € 49,310 million.

D.2.1 Technical provisions SRLEV

The gross technical provisions of SRLEV in the balance sheet decreased in 2021 with € 1,324 million to an amount of € 50,576 million. Excluding the risk margin and the recoverables from reinsurance the gross best estimate increased in 2021 with € 1,158 million to an amount of € 49,330 million.

The table below provides an overview of the technical provisions of SRLEV.

BREAKDOWN TECHNICAL PROVISIONS LIFE SRLEV (NET) AT 31 DECEMBER 2021				
In € millions	**Insurance with profit participation**	**Index-linked and unit-linked**	**Other life insurance**	**Total**
Best estimate (Gross)	14,291	15,318	19,721	**49,330**
Best estimate (Recoverable from reinsurance)	552	-	720	**1,272**
Best estimate (Net)	**14,843**	**15,318**	**20,441**	**50,602**
Risk Margin	420	233	593	**1,246**
Technical provisions Solvency II	**15,263**	**15,551**	**21,034**	**51,848**
Technical provisions IFRS (Net)[1]	15,012	15,374	19,992	**50,378**
Differences	**251**	**177**	**1,042**	**1,470**

1 The IFRS technical provisions in the balance sheet amount to € 48,636 million (excluding ESC). The difference with the technical provisions IFRS net in this specification is due to the recoverables from reinsurance (€ -1,279 million) and surplus investments (€ -463 million).

BREAKDOWN TECHNICAL PROVISIONS LIFE SRLEV (NET) AT 31 DECEMBER 2020				
In € millions	**Insurance with profit participation**	**Index-linked and unit-linked**	**Other life insurance**	**Total**
Best estimate (Gross)	15,416	14,750	20,322	**50,488**
Best estimate (Recoverable from reinsurance)	614	-	590	**1,204**
Best estimate (Net)	**16,030**	**14,750**	**20,912**	**51,692**
Risk Margin	322	333	757	**1,412**
Technical provisions Solvency II	**16,352**	**15,083**	**21,669**	**53,104**
Technical provisions IFRS (Net)[1]	16,281	14,877	20,509	**51,667**
Differences	**71**	**206**	**1,160**	**1,437**

1 The IFRS technical provisions in the balance sheet amount to € 49,917 million (excluding ESC). The difference with the technical provisions IFRS net in this specification is due to the recoverables from reinsurance (€ -1,202 million) and surplus investments (€ -547 million).

During 2021 part of the paid-up group insurance policies in investment units were transferred from the index and unit linked portfolio to the other life insurance portfolio.

The table below shows a breakdown of the technical provisions of SRLEV per Line of Business.

BREAKDOWN TECHNICAL PROVISIONS LIFE SRLEV PER LINE OF BUSINESS (NET) AT 31 DECEMBER 2021					
	Best estimate		Risk Margin	SII	IFRS
In € millions	Gross	Net	Net	Net	Net[1]
Savings-based mortgages	4,322	4,323	34	4,357	3,599
Life annuity	4,574	4,745	62	4,807	4,766
Term insurance	126	126	146	272	221
Traditional savings	4,571	4,560	72	4,632	4,569
Funeral insurance	1,252	1,252	71	1,323	1,306
Individual insurance policies in cash	**14,845**	**15,006**	**385**	**15,391**	**14,461**
Individual insurance policies in investment units	4,355	4,355	54	4,409	4,301
Group insurance policies in cash	19,167	20,278	628	20,906	20,544
Group insurance policies in investment units	10,963	10,963	179	11,142	11,072
Total	**49,330**	**50,602**	**1,246**	**51,848**	**50,378**

1 The IFRS technical provisions in the balance sheet amount to € 48,636 million (excluding ESC). The difference with the technical provisions IFRS net in this specification is due to the recoverables from reinsurance (€ -1,279 million) and surplus investments (€ -463 million).

BREAKDOWN TECHNICAL PROVISIONS LIFE SRLEV PER LINE OF BUSINESS (NET) AT 31 DECEMBER 2020					
	Best estimate		Risk Margin	SII	IFRS
In € millions	Gross	Net	Net	Net	Net[1]
Savings-based mortgages	4,799	4,781	52	4,833	3,881
Life annuity	4,627	4,627	287	4,914	4,823
Term insurance	152	152	217	369	297
Traditional savings	5,158	5,147	94	5,240	5,174
Funeral insurance	1,311	1,311	51	1,362	1,370
Individual insurance policies in cash	**16,047**	**16,018**	**701**	**16,718**	**15,545**
Individual insurance policies in investment units	4,277	4,277	118	4,395	4,245
Group insurance policies in cash	19,690	20,923	377	21,301	21,245
Group insurance policies in investment units	10,474	10,474	216	10,690	10,632
Total	**50,488**	**51,692**	**1,412**	**53,104**	**51,667**

1 The IFRS technical provisions in the balance sheet amount to € 49,917 million (excluding ESC). The difference with the technical provisions IFRS net in this specification is due to the recoverables from reinsurance (€ -1,202 million) and surplus investments (€ -547 million).

Methods and assumptions
The main components of calculating the technical provisions are the used methods and assumptions. Athora Netherlands uses a general actuarial market approach taking into account the contract boundaries of the insurance contract. The material methods and assumptions that are used in the calculation of the technical provisions of Life are described in section D.4.1.1.

Differences valuation Solvency II and IFRS

As per year-end 2021, the liability adequacy test results in a deficit making market consistent valuation of the technical provisions mandatory under IFRS 4. Under Solvency II the technical provisions are also market consistent measured. The differences between Solvency II and IFRS valuation are than confined to:

Standard modelsegmentation	IFRS Technical provision (gross)	SII Technical provision (gross)
SRLEV	1. Market consistent valuated technical provision, except for saving mortgages which is at nominal value	1. Market consistent valuated technical provision
	2. Swap curve with UFR for discounting	2. By EIOPA prescribed curve: swap curve adjusted for credit risk (Volatility Adjustment) and with UFR for discounting
	3. As a result of internal research the Cost of Capital (CoC) is 4%	3. According to SII-requirements the CoC is 6%

As shown in the table 'Breakdown technical provisions Life SRLEV per Line of Business (Net)' the difference between the Solvency II and IFRS value is € 1.5 billion. This difference is mainly caused by the valuation of savings mortgages from nominal value to Solvency II market value (€ 0.7 billion), the difference in Cost of Capital (€ 0.4 billion) and the exclusion of Own Pension Contracts under IFRS (€ 0.2 billion). The impact of different curves is limited to € 0.2 billion.

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Level of Uncertainty

Uncertainty arises from risks SRLEV is exposed to. SRLEV has defined and structured different risk types, partly on the basis of current legislation and regulations (SII Standard Formula), and partly on the basis of own assessment of risks. With regards to the valuation of technical provisions Athora Netherlands recognises model risk, covering uncertainty in the models, the parameters and in the data. The risks related to these uncertainties are mitigated by complying to Risk Policy (RP) procedures and processes for the development of models, the estimation of parameters and the use of data. According to this policy, model validations and second line reviews or assessments are performed. Next to that, at least once a year model risk is also assessed at Group and legal entity levels, during the regular Own Risk Solvency Assessment (ORSA) process, when the appropriateness test is executed.

Impact Volatility Adjustment

SRLEV applies the Volatility Adjustment for discounting cash flows to determine the best estimate and in determining the capital requirement under the SCR. The following table shows the impact of this Volatility Adjustment on the financial position and own funds of SRLEV:

IMPACT OF APPLYING VOLATILITY ADJUSTMENT AT 31 DECEMBER 2021			
In € millions	VA =7 bp	VA = 0 bp	Impact
Technical provisions (Gross)	50,576	50,716	140
Basic own funds	4,411	4,298	-113
Eligible own funds to meet SCR	4,012	3,867	-145
SCR	2,234	2,245	11
MCR	1,005	1,010	5
Solvency II ratio	180%	172%	-7%

IMPACT OF APPLYING VOLATILITY ADJUSTMENT AT 31 DECEMBER 2020			
In € millions	**VA = 7 bp**	**VA = 0 bp**	**Impact**
Technical provisions (Gross)	51,900	52,243	343
Basic own funds	4,316	4,059	-257
Eligible own funds to meet SCR	4,023	3,684	-339
SCR	2,463	2,486	23
MCR	1,108	1,119	11
Solvency II ratio	163%	148%	-15%

Matching Adjustment
SRLEV does not apply a Matching Adjustment as referred to in Article 77 of Directive 2009/138/EC.

Risk-free yield curve
SRLEV does not apply a risk-free yield curve and transition deductions as referred to in Article 308 of Directive 2009/138/EC.

Transition deductions
SRLEV does not apply a transition deductions as referred to in Article 308 of Directive 2009/138/EC.

Material changes in assumptions
There have been no material changes in the relevant assumptions underlying the calculation of technical provisions.

Significant simplified methods
No significant simplified methods were used to calculate the technical provisions.

Reinsurance
For a further explanation of Life reinsurance see section C.1.2.3.

D.2.2 Technical provisions Proteq

The table below provides us an overview of the technical provisions of Proteq.

BREAKDOWN TECHNICAL PROVISIONS LIFE PROTEQ (NET) AT 31 DECEMBER 2021			
In € millions	**Insurance with profit sharing**	**Other life insurance**	**Total**
Best estimate (Gross)	364	135	**499**
Best estimate (Recoverable from reinsurance)	-	-	**-**
Best estimate (Net)	**364**	**135**	**499**
Risk Margin	19	9	**28**
Technical provisions Solvency II	**383**	**144**	**527**
Technical provisions IFRS (Net)	379	141	**520**
Differences	**4**	**3**	**7**

BREAKDOWN TECHNICAL PROVISIONS LIFE PROTEQ (NET) AT 31 DECEMBER 2020			
In € millions	Insurance with profit sharing	Other life insurance	Total
Best estimate (Gross)	389	147	**536**
Best estimate (Recoverable from reinsurance)	-	-	**-**
Best estimate (Net)	**389**	**147**	**536**
Risk Margin	16	13	**29**
Technical provisions Solvency II	**405**	**160**	**565**
Technical provisions IFRS (Net)	408	157	**565**
Differences	**-3**	**3**	**-**

Proteq mainly has Funeral insurance.

Level of Uncertainty

Uncertainty arises from risks Proteq is exposed to. Proteq has defined and structured different risk types, partly on the basis of current legislation and regulations (SII Standard Formula), and partly on the basis of own assessment of risks, With regards to the valuation of technical provisions Athora Netherlands recognises model risk, covering uncertainty in the models, the parameters and in the data. The risks related to these uncertainties is mitigated by complying to Risk Policy (RP) procedures and processes for the development of models, the estimation of parameters and the use of data. According to this policy, model validations and second line reviews or assessments are performed. Next to that, at least once a year model risk is also assessed at Group and legal entity levels, during the regular Own Risk Solvency Assessment (ORSA) process, when the appropriateness test is executed.

Differences valuation Solvency II and IFRS

Per ultimo 2021 the liability adequacy test results in a deficit making market consistent valuation of the technical provisions mandatory under IFRS 4. Under Solvency II the technical provisions are also market consistent valuated. The differences between Solvency II and IFRS valuation are than confined to:

Standard modelsegmentation	IFRS Technical provision (gross)	SII Technical provision (gross)
Proteq	1. Market consistent valuated technical provision	1. Market consistent valuated technical provision
	2. Swap curve with UFR for discounting	2. By EIOPA prescribed curve for discounting
	3. As a result of internal research the CoC is 4%	3. According to SII-requirements the CoC is 6%

The difference between the Solvency II and IFRS value is caused by the difference in the Cost of Capital percentage to an amount of € 9 million and the difference in curve to an amount of € -2 million.

Impact Volatility Adjustment

Proteq applies the Volatility Adjustment for discounting cash flows to determine the best estimate and in determining the capital requirement under the SCR. The following table shows the impact of this Volatility Adjustment on the financial position and own funds of Proteq:

IMPACT OF APPLYING VOLATILITY ADJUSTMENT AT 31 DECEMBER 2021			
In € millions	**VA = 7 bp**	**VA = 0 bp**	**Impact**
Technical provisions (Gross)	527	530	3
Basic own funds	87	90	3
Eligible own funds to meet SCR	87	90	3
SCR	36	35	-1
MCR	16	16	-
Solvency II ratio	242%	261%	19%

IMPACT OF APPLYING VOLATILITY ADJUSTMENT AT 31 DECEMBER 2020			
In € millions	**VA = 7 bp**	**VA = 0 bp**	**Impact**
Technical provisions (Gross)	565	571	6
Basic own funds	114	109	-5
Eligible own funds to meet SCR	114	109	-5
SCR	46	47	1
MCR	17	17	-
Solvency II ratio	245%	230%	-14%

Matching Adjustment
Proteq does not apply a Matching Adjustment as referred to in Article 77 of Directive 2009/138/EC.

Risk-free yield curve
Proteq does not apply a risk-free yield curve and transition deductions as referred to in Article 308 of Directive 2009/138/EC.

Transition deductions
Proteq does not apply a transition deductions as referred to in Article 308 of Directive 2009/138/EC.

Material changes in assumptions
There have been no material changes in the relevant assumptions underlying the calculation of technical provisions.

Significant simplified methods
No significant simplified methods were used to calculate the technical provisions.

D.3 LIABILITIES

In case the Solvency II measurement is equal to the IFRS measurement we refer to the Annual Report of Athora Netherlands N.V.

D.3.1 Contingent liabilities

For the definition of contingent liabilities Solvency II refers to IFRS. Under Solvency II it is required to recognise contingent liabilities on the balance sheet if they are material. On the basis of the analysis of Athora Netherlands, there are no contingent liabilities included in the Solvency II balance sheet at the end of 2021.

Under Solvency II, Athora Netherlands has not measured the contingent liability relating to unit-linked policies in calculating the own funds as no reliable estimate can be made of the outcome. This is consistent with the measurement under IFRS.

For further information about off-balance sheet items, see section D.5.2.

D.3.2 Pension benefit obligations

BREAKDOWN OF PENSION BENEFIT OBLIGATIONS 2021			
In € millions	SRLEV	Other	Athora Netherlands
Present value of defined benefit obligations	239	504	743
Fair value of plan assets	-23	-50	-73
Present value of the net liabilities	**216**	**454**	**670**
Reclassification pension commitments under Technical Provisions	-180	180	-
IAS 19 surplus after reclassification	**36**	**634**	**670**
Other employee benefit commitments	**-**	**12**	**12**
Total	**36**	**646**	**682**

BREAKDOWN OF PENSION BENEFIT OBLIGATIONS 2020			
In € millions	SRLEV	Other	Athora Netherlands
Present value of defined benefit obligations	244	514	758
Fair value of plan assets	-25	-54	-79
Present value of the net liabilities	**219**	**460**	**679**
Reclassification pension commitments under Technical Provisions	-187	187	-
IAS 19 surplus after reclassification	**32**	**647**	**679**
Other employee benefit commitments	**-**	**15**	**15**
Total	**32**	**662**	**694**

The net present value of the defined benefit obligations € 743 million (2020: € 758 million) is calculated on basis of the prescribed IFRS discount rate. The insured rights are taken into account for the SCR calculation, using the SCR results of the pension commitments under technical provisions, based on Solvency II assumptions.

The column 'Other' € 646 million (2020: € 662 million) includes the pensioen benefit obligations of Athora Netherlands N.V. € 454 million (2020: € 460 million) and the reclassification of the pension commitments from the technical provisions of SRLEV € 180 million (2020: € 187 million).

Pension benefit obligations other than mentioned in the financial statements do not exist. We refer to section 6.3 Note 16 Provision for Employee Benefits in the Annual Report Athora Netherlands N.V. 2021. In this section the main actuarial parameters and sensitivity of the present value of pension obligations are explained also.

D.3.3 Debts owed to credit institutions

The table below provides an overview of the debts owed to credit institutions:

DEBTS OWED TO CREDIT INSTITUTIONS AT 31 DECEMBER 2021								
	SRLEV		Proteq		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Borrowings	-	-	-	-	61	60	61	60
Due on demand	2,570	2,570	18	18	51	51	2,639	2,639
Private loans	-	-	-	-	-	-	-	-
Total	**2,570**	**2,570**	**18**	**18**	**112**	**111**	**2,700**	**2,699**

DEBTS OWED TO CREDIT INSTITUTIONS AT 31 DECEMBER 2020								
	SRLEV		Proteq		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Borrowings	-	-	-	-	63	61	63	61
Due on demand	4,393	4,393	33	33	1	1	4,427	4,427
Private loans	358	257	-	-	-	-	358	257
Total	**4,751**	**4,650**	**33**	**33**	**64**	**62**	**4,848**	**4,745**

Borrowings

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 succesfull tender offer on the notes. The remaining senior notes of € 61 million have a fixed coupon at 2.375% per annum and a remaining maturity of two years. The difference of € 1 million between the IFRS figures and the Solvency II figures is due to different measurement methods (at amortised cost under IFRS and at market value under Solvency II).

Due on demand
The amount of € 2,639 million (2020: € 4,427 million) due on demand relates to cash collateral. The market value of the derivatives portfolio decreased in 2021. This resulted in a decrease in received cash collateral.

Private loans
Private loans (2020: € 358 million) are no longer included due to restructuring of the securitisation vehicle in which the loans are held.

D.3.4 Other liabilities

No differences between SII and IFRS.

D.4 ALTERNATIVE METHODS FOR VALUATION

D.4.1 Solvency II reporting framework

D.4.1.1 Solvency II accounting principles

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.

In the consolidated Solvency II (SII) balance sheet the name 'Athora Netherlands' is used when discussing the consolidated activities of Athora Netherlands, its insurance entities and other entities.

The main accounting policies used in the preparation of the consolidated SII balance sheet are set out in this section.

General accounting policies

The following policies have been applied in the course of preparing SII consolidated balance sheet:
- Going concern basis: Athora Netherlands' business will be continued for the foreseeable future;
- Accrual basis: the effects of transactions and other events and circumstances on a reporting entity's economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period;
- Materiality concept: information is viewed as material if omitting it or misstating it could influence decisions that users make on the basis of SII consolidated balance sheet. Materiality of an item depends on its amount, nature or combination of both.

Functional currency and reporting currency

The SII consolidated balance sheet has 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.

Further details on the accounting policies applied to the conversion of transactions and translation of items in the statement of financial position denominated in foreign currencies are provided in the section below entitled 'Foreign currencies'.

Foreign currencies

Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date. Items in the SII consolidated balance sheet denominated in foreign currencies are translated into euros at the exchange rate applicable at the reporting date.

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 SII consolidated balance sheet, if a legally enforceable right to set off the recognised amounts exists, as well as an intention to settle the items on a net basis, or to settle the asset and the liability simultaneously. If these conditions are not met, amounts are not offset.

Estimates and assumptions

The preparation of SII consolidated balance sheet requires Athora Netherlands to make estimates based on complex and partially subjective assumptions. These estimates have a significant impact on the reported amounts of assets and liabilities and the contingent assets and liabilities at the reporting date. In this process, management judges situations on the basis of available information and financial data that could potentially change in the future. Although estimates are made to the best of the management's knowledge, actual results may 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 provisions for bad debts, the fair value of assets and liabilities, and impairments.

Fair value of assets and liabilities

Assets and liabilities are recognised and measured in accordance with the Solvency II regulations.

Assets are measured at the amount for which they could be exchanged between knowledgeable, willing parties in an arm's length transaction. Liabilities are measured at the amount for which they could be settled between knowledgeable, willing parties in an arm's length transaction. In determining the fair value, Solvency II applies the principles of IFRS 13 (with the exception of own credit rate adjustment for financial liabilities).

The fair value of non-financial assets is determined based on the "highest and best use" concept. This concept takes into account the economic benefits, that would be generated either by best use of the asset by Athora Netherlands or by selling the asset to another party. Furthermore, the "highest and best use" concept is based on the use of the asset that is physically, legally and financially viable. The fair value of a non-financial asset based on the "highest and best use" concept is determined regardless of the actual Athora Netherlands' intention to utilise the asset.

The fair value of financial instruments is based on a hierarchy that categorises the inputs to the valuation techniques used to measure fair value.

The fair value hierarchy gives the highest priority to quoted, unadjusted prices in active markets for identical assets or liabilities and the lowest priority to alternative valuation models:

- Quoted market price in active markets for the same assets (QMP)
  Quoted prices from exchanges, brokers or pricing institutions are observable for all financial instruments in this valuation category. In addition, these financial instruments are traded on an active market, which allows the price to accurately reflect current and regular market transactions between independent parties. The investments in this category mainly concern listed equities and bonds, including investment funds on behalf of policyholders, underlying investments of which are listed.
- Quoted market price in active markets for similar assets (QMPS)
  This category includes financial instruments for which no quoted prices are available but fair value of which is determined using models where the parameters include available market inputs. These instruments are mostly privately negotiated derivatives and private loans. This category also includes investments whose prices have been supplied by brokers but for which the markets are inactive. In these cases, available prices are largely supported and validated using market inputs, including market rates and actual risk premiums related to credit rating and sector classification.
- Alternative valuation methods (AVM)
  The financial instruments in this category have been assessed individually. The valuation is based on management's best estimate, taking into account most recently known prices. In many cases analyses prepared by external valuation agencies are used. These analyses are based on data unobservable in the market, such as assumed default rates associated with certain ratings.

Solvency II presentation of assets and liabilities

SII requires the balance sheet template to be used. Athora Netherlands presents its assets and liabilities according to these standards.

Assets

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 amounts recognised in Solvency II balance sheet. This is based on the tax rates applicable at the reporting date and 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 settled. 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.

The deferred tax assets and deferred tax liabilities are presented on a net basis.

Property, plant and equipment held for own use

This balance sheet item comprises owner-occupied property, IT equipment and other 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.

According to the revaluation model the asset is measured at its fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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 is used to determine this value. This method uses an expected return at inception and the market rental value to determine the fair value of an asset. 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.

IT equipment and other property and equipment

IT equipment and other property and equipment is measured at fair value determined based on the highest and best use by Athora Netherlands (amount of economic benefits generated by Athora Netherlands utilising the asset).

Repair and maintenance expenses incurred after the acquisition of an asset that increase or extend the future economic benefits of assets in relation to their original use are capitalised.

Assets are depreciated on a straight-line basis over their useful lives, taking into account any residual value.

Investments

This balance sheet item comprises the following items:
- Property (other than for own use);
- Participations;
- Equities;
- Bonds;
- Collective investments undertakings;
- Derivatives;
- Deposits other than cash equivalents.

Property (other than for own use)

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, including transaction costs, upon initial recognition. Investment property qualifies as a long-term investment and is measured at fair value, i.e. its value in a (partially) let state. 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.

Participations

This item comprises the subsidiaries and associates of Athora Netherlands, that are not consolidated in the Solvency II consolidated balance sheet. These participations are recognised and measured according to the (adjusted) equity method.

Equities

The listed equities are measured at fair value based on quoted prices in an active market for the same assets The unlisted equities are measured at fair value based on available market information (quoted market prices in active markets for similar assets). If these data are not available, the fair value is determined based on alternative valuation methods.

Bonds

On the Solvency II balance sheet bonds are divided into following categories:

- government bonds;
- corporate bonds;
- structured notes;
- collateralised securities.

The fair value of government bonds and corporate bonds is based on quoted prices in an active market for the same assets. If there is no active market, the fair value is derived from quoted market prices in active markets for similar assets.

As there are generally no active markets for structured notes and collateralised securities, their fair value is determined based on from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation methods.

The fair value of the bonds includes the accrued interest.

Collective investment undertakings

This item comprises investments in investment fund units, the fair value of these funds is determined based on alternative valuation methods.

Derivatives

Derivatives are recognised at fair value upon inception. The fair value of the derivatives is based on a present value model or an option valuation model (alternative valuation methods). Athora Netherlands recognises derivatives with a positive market value as assets and derivatives with a negative market value as liabilities.

Deposits other than cash equivalents

These assets concern receivables from banks with a remaining maturity of one month or more and the saving components of mortgages. The fair value of the amounts receivable with the maturity of less than 12 months is assumed to equal their nominal value. The fair value of saving components of mortgages is determined with alternative valuation models.

Assets held for index-linked and unit-linked funds

This item corresponds to the investments for account of policyholders, that are measured at fair value, which is determined based on quoted prices in an active market for the same assets. If there is no active market, the fair value is derived from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation models.

Loans and mortgages

On the Solvency II balance sheet loans and mortgages are divided into following categories:

- loans on policies;
- loans & mortgages to individuals;
- other loans & mortgages.

The fair value of the loans & mortgages includes the accrued interest.

Loans on policies

This item corresponds to the loans issued with life insurance policies as collateral. Since there is no active market for these loans, the fair value is either derived from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation methods.

Loans and mortgages to individuals

The mortgages are measured at fair value, determination of which is based on alternative valuation models. These models rely primarily on the customer interest rates on the primary market. These interest rates are corrected for miscellaneous surcharges such as surcharges for price rate risks and origination costs. The adjustments for prepayments are taken into account in the cash flow projection and an add-on for interest-only mortgages also taken into account. This method is referred to as the top-down approach.

Other loans & mortgages

Since this item comprises loans and mortgages, for which there is no active market, the fair value is either derived from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation methods.

Reinsurance recoverables

For the valuation of the best estimate provision reinsurance the cash flows are measured separately and are not offset against the best estimate provision of the insurance obligations. The credit default risk is based on the expected loss of reinsurance cover in case of bankruptcy of the reinsurer. When determining the risk margin, the credit default risk relating to reinsurance is also taken into account.

The insurance risks corporate life contracts are primarily mitigated on the basis of surplus reinsurance with a retention limit. The duration of the reinsurance contract is one year. The reinsurer participates in premium and claim in the same proportion as the retention to the reinsured amount. For the best estimate of this surplus reinsurance contract the future cash flows of this contract are estimated by using realised premium and claims in the last five years.

The individual life contracts are primarily reinsured on a proportional basis. For these contracts the best estimate reinsurance is determined as a percentage of the best estimate for the underlying insurance technical provision.

For the disability coverage within SRLEV there is a catastrophe excess of loss reinsurance contract. The best estimate for excess-of-loss reinsurance takes into account that Athora Netherlands does not expect to benefit from or loose to the reinsurer.

Insurance & intermediaries receivables

This item comprises current receivables corresponding to insurance activities of Athora Netherlands as well as receivables from intermediaries. As these assets have a short-term character, these are measured at their nominal value, since it is assumed to be equal to their fair value.

Reinsurance receivables

This item comprises current past due receivables corresponding to reinsurance companies. Depending on the short- or longer term character of these assets, they are measured at their nominal value or calculated using the expected future cashflows, the interest rate curve and relevant spread. Amounts receivable or owed but not past due have been included in cash inflows that form the basis for measurement of the gross technical provisions and the share of reinsurers in technical provisions.

Receivables (trade, not insurance)

This item comprises miscellaneous amounts receivable. Bearing in mind short-term the character of these assets, they are measured at their nominal value, since it is assumed to equal their fair value.

Cash and cash equivalents

This item comprises cash and cash equivalents including bank balances and demand deposits with a remaining maturity of less than one month. Bearing in mind the short-term character of these assets, they are measured at their nominal value, since it is assumed to equal their fair value.

Any other assets, not elsewhere shown

This item comprises the assets that are not recognised as the items in the Solvency II balance sheet described above. These assets comprise mainly the accrued interest on amounts receivable that are not recognised as investments and the investments of Zwitserleven PPI. The accrued interest is measured at its nominal value, which is assumed to equal its fair value. The fair value of the investments of Zwitserleven PPI is determined in the same way as the fair value of other investments (refer to the section “Investments” for more information).

Liabilities

Technical provisions

Under Solvency II the item technical provision comprises the best estimate and the risk margin.

Best estimate (BE)

Under Solvency II, the BE is determined by the present value of the expected value of all future cash flows, including options and guarantees and expenses arising from the insurance contract.

BE includes all the options and guarantees embedded in the products, including discretionary profit sharing (based on Athora Netherlands' discretion), non-discretionary profit sharing (based on objective standards that have to be met), indexation on disability insurance, unit linked guarantees and the paid-up option for separate accounts. The value of the options embedded in the insurance contracts may be split into net asset value (IVOG) and time value (TVOG).

Future cash flows are based on realistic and appropriate underwriting parameters such as mortality, disability, policyholders' behavior, claims handling and all expenses (including investment costs) arising from the settlement of the insurance contracts, taking into account expected future developments with a material impact on existing policies.

The cash flows are discounted with the specific yield curve set by EIOPA with a Volatility Adjustment and the ultimate forward rate. Athora Netherlands only uses the curve for the euro, since there are no material insurance liabilities in foreign currencies. The risk-free interest rate under Solvency II is based on interest rate swap rates for the euro, adjusted for credit risk. For the periods for which swap rates are no longer available in liquid and transparent market, the yield curve is extrapolated using the so-called ultimate forward rate; a long-term forecast of the real interest rate, taking into account the expected inflation.

The BE concerning Life is the present value of all cash flows arising from existing contracts in the Life portfolio. The cash flow projections are made for the individual and for group contracts. The Individual Life contracts include savings mortgage insurance, annuities, saving insurance policies, term insurance policies and funeral expenses insurance policies. The Group insurance comprises primarily the collective pension contracts (including traditional, unit-linked and separate accounts).
The expected future cash flows include future expected benefits, expected premiums, recurring expenses as well as cash flows corresponding to contractual profit-sharing (where applicable). For

parameters such as mortality, longevity, costs or lapse, the best estimate assumptions are made and applied to the cash flow projections.

Risk margin

Under Solvency II a risk margin is an addition to the BE provision. The risk margin can be seen as a compensation for the capital required to carry non-hedgeable risks arising from an insurance contract. The risk margin is such as to ensure that the value of the Technical Provision is equivalent to the amount that another insurer would be expected to require in order to take over the insurance liabilities until their maturity.

The risk margins are determined using the Cost of Capital method (CoC). Each year the projection of the SCR takes place by applying the shocks according to the standard model. The risk margins per year are determined by multiplying the SCR with a CoC rate of 6% and discounted using the interest rate structure set by EIOPA.

Parameters

The value of the insurance liabilities is determined with miscellaneous parameters which can be subdivided into non-economic and economic parameters. Under the non-economic parameters there are insurance underwriting and expense parameters. The chance an insured event takes place is estimated with use of underwriting parameters. To meet the obligation towards the policyholders, costs are incurred. These are contained in expense parameters for cash flow projections. The cash flows are discounted with use of economic parameters. In addition, the economic parameters also determine the funds returns and profit-sharing returns, such as the u-yield. Inflation, which mainly applies to the development of costs, also falls under the economic parameters. The rules for setting and changing these parameters are in accordance with Athora Netherlands parameter governance.

Non-economic parameters
Life underwriting parameters are population mortality, insured mortality, lapse and disability.

Population mortality
Athora Netherlands uses the population mortality forecast of Het Koninklijk Actuarieel Genootschap (AG). In the years in which the AG table is not published, on the basis of new observations Athora Netherlands itself investigates a suitable prognosis table. Athora Netherlands has reconstructed the AG method. In the intervening years, both European data and Dutch data are added. From this research follows a proposal for a new prognosis table which must be approved before it can be used. It is also possible that it is concluded that the last known AG prognosis table is still appropriate. This generic prognosis table is adjusted at a maximum of once a year after the availability of new figures with regard to mortality and possible adjustments of population mortality models.

Insured mortality
In addition to the generic prognosis table, the mortality assumption also consists of a component per sub-portfolio within the Life insurance business. With this component, for each age the (percentage) distance is determined between insured mortality (in the specific sub-portfolio) and population mortality. It is assumed that this distance does not change during the entire projection. A distinction is made according to the following factors:

- Internal homogeneous risk group;
- Age;
- Sex;
- Smoking / no smoking;
- Expired duration from the start date.

For most Individual Life products, the insured mortality is determined on the basis of own perception. Exception are the annuities where the insured mortality can be equated with the nationally determined insured mortality of the CVS. For Corporate Life products market figures (CVS) are available and used. It is checked annually whether the observed perception fits within the confidence interval for the market figures. If this is not the case, it is still possible to opt for the use of own observations.

Lapse
The most important forms of lapse are:
- Surrender (including partial surrender);
- Paid-up (including premium reduction, therefore partial paid-up).

The surrender and paid-up parameters are annually derived from experience figures. The entire policy history is taken into account. The figures resulting from the established methodology are assessed in consideration of possible trend breaks or incidents. If necessary, the figures to be used are adjusted on the basis of expert judgement. For the lapse parameters a distinction is made according to the following factors:
- Internal homogeneous risk group;
- Age;
- Premium payment / no premium payment;
- Expired duration from the start date;
- Well / no profit sharing;
- Subgroup / label.

On the basis of research it is assessed whether a specific cohort has sufficient exposure to give it separate lapse parameters and which of the above-mentioned variables are significant. In the analysis of lapse influences of economic and other special circumstances on the behavior of policyholders should be taken into account. If there is a link between the lapse rates and the elements mentioned then this mechanism must be included in the models. If there is no connection between the lapse rates and the elements mentioned, this must be demonstrated.

Partner frequencies
The partner frequencies were revised in 2017 after a long period of time. The partner frequencies currently applied in the projections are based on Het Centraal Bureau voor de Statistiek (CBS) figures. It is not possible to base the partner frequencies on own insurance experience because insufficient data is available.

Disability
The disability parameters of SRLEV are based on own insurance experience data. Due to the unavailability of detailed data the recovery rates are based on market data which is corrected with an overall percentage derived from own data. The disability and recovery parameters are assessed annually.

The costs included in the Best Estimate provision are divided into operating costs and investment costs. The operating costs include all costs, including internal invoicing, that are made within the entity. The investment costs include all fees that are paid to the asset manager.

Operating costs
Based on an Activity Based Costing (ABC) model, the operating costs, excluding the one-off costs, are split into:
- Acquisition costs and continuous costs;
- Fixed and variable costs;
- Product groups and / or products;
- Costs for premium-paying and paid-up policies.

In the projection of these costs, inflation, synergy and costs of shrinking markets are taken into account.

Investment management expenses
The Solvency II legislation prescribes that the technical provision should include all expenses that will be incurred in servicing insurance obligations. Among these costs are the investment management expenses which are incurred by asset managers for managing the assets of Athora Netherlands' legal entities. Solvency II also prescribes that these investment management expenses should be at arm's length.

Investment management expenses are taken into account in the technical provisions when they relate to assets backing the technical provision. Assets which can be assigned to own funds are excluded from the technical provision calculation. Direct investment management expenses in the form of management and administration costs are included in accordance with the contract conditions between Athora Netherlands' legal entities and ACTIAM and between Athora Netherlands' legal entities and external managers. In case of indirect investment management expenses these costs are deducted from the external funds and not taken into account since these fees are taken into account in the net asset value calculation of the fund itself.

Athora Netherlands extensively analysed all investment management expenses per asset category and per legal entity (SRLEV and Proteq). For each individual asset class Athora Netherlands' legal entities addressed that all investment management expenses are at arm's length. Also a thorough assignment exercise was done by assigning assets to either the technical provision or own funds. In general the assets which were assigned to the own funds have on average an higher return and higher investment management expenses.

The investment costs are measured in basis points which are projected in Athora Netherlands' legal entities technical provision calculation.

Economic parameters
The yield curve for valuing technical provisions is determined in accordance with the Solvency II regulations. The administration costs are adjusted for inflation.

Uncertainty in cash flows

The models used by Athora Netherlands for estimating the best estimate cash flows meet the requirements of the Solvency II Level 2 directives and follow a model validation process. The uncertainty concerns in particular the parameters applied. The cash flow projection, which is used for the calculation of the Best Estimate, explicitly or implicitly takes into account all the uncertainties in the cash flows, including the following, if relevant:
- uncertainty in the timing, frequency and severity of insured events;
- uncertainty in the size of the eligible costs;
- uncertainty in the expected future developments, as set put above, to the extent that this is practicable;
- uncertainty in the policyholder behavior;
- dependence between two or more causes of uncertainty;
- dependence on cash flows of the conditions prior to the date of the cash flow.

Contingent liabilities

Contingent liabilities are defined as:
- a possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events; or
- a present obligation, payment of which is not probable.

Athora Netherlands recognises contingent liabilities on the balance sheet, if they are material. Valuation of contingent liabilities is based on the probability weighted cash-flow method using the basic risk-free interest rate term structure.

The contingent liabilities are presented on the Solvency II consolidated balance sheet if they can be measured reliably, meaning that timing, amount and probability of the outflow of economic benefits can be estimated reliably. If the liability cannot be measured reliably, it is not recognised, instead it is reported in the section 5.2 Off-balance sheet items. Contingent liabilities are subject to continuous assessment.

Provisions other than technical provisions

General

Provisions are recognised if there is a legally enforceable or constructive obligation arising from events in the past, the settlement of the obligation is likely to result in an outflow of economic benefits, and a reliable estimate of the obligation can be made.

Provisions are measured at the present value of the expected future cash flows.

Restructuring provision

The restructuring provision consists of expected severance pay and other costs that are directly related to restructuring programs. These costs are recognised as an addition to the provision 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 restructuring provision 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

Athora Netherlands recognises a provision for the estimated liability with respect to ongoing legal proceedings. The provision comprises an estimate of the legal fees and 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. The provision is recognised if the obligation can be reliably estimated.

Pension benefit obligation

This item comprises the provision for employees' pension benefits as well as other long term employee benefits.

Pension benefits

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 of insurance companies in the past. The members of those schemes are referred to as deferred members or retirees.

Defined contribution scheme
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 exist. 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 pension funds or insurance contracts with insurance companies other than Athora Netherlands.

Other long-term employee benefits

This item refers 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. 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.

Deposits from reinsurers

Athora Netherlands enters reinsurance programmes to provides protection against underwriting risks arising in the miscellaneous insurance portfolios. The share of reinsurance companies in the technical provisions is accounted for as reinsurance recoverables and mirrored by deposits from reinsurers. These deposits represent the amount payable to reinsurers arising from reinsurance contract and may become payable on demand. The fair value of this deposits is determined based on the value of reinsurance recoverables.

Deferred tax liabilities

Refer to the section “Deferred tax assets (and liabilities)” under “Assets”.

Derivatives

Refer to the section “Financial instruments - derivatives” under Assets.

Debts owed to credit institutions

This item comprises unsubordinated debts to credit institutions, including the amounts payable arising from sale and repurchase agreements and cash collaterals.

The debts owed to credit institutions are measured at their nominal value, since it is assumed to equal their fair value.

Insurance and intermediaries payables

This item comprises current payables corresponding to insurance activities of Athora Netherlands as well as payables to intermediaries. Bearing in mind short-term character of these assets, these are measured at their nominal value, since it is assumed to be equal to their fair value.

Reinsurance payables

This item comprises current payables to reinsurance companies. Depending on the short- or longer term character of these payables, they are measured at their nominal value or calculated using the expected future cashflows and interest rate curve.

Payables (trade, not insurance)

This item comprises miscellaneous amounts payable. Short-term employee benefits including salaries, short paid leave, profit-sharing and bonus schemes are also presented as this item. Bearing in mind short-term character of these assets, these are measured at their nominal value, since it is assumed to equal their fair value.

Subordinated liabilities

Subordinated debt includes the subordinated bonds and private loans issued by Athora Netherlands.

The fair value of subordinated debt is determined by discounting the cash flows at the interest rate based on the swap rate observable in the market and a risk premium. The risk premium is determined based on the difference between the coupon interest rate of the subordinated loan and the swap rate at issue date. This premium remains constant over time.

In accordance with Solvency II Athora Netherlands does not adjust the fair value of the subordinated loans with the changes in own credit risk, as subordinated debt are considered to be funding (core capital) and not an investment. The own credit risk is mainly used by investors interested in the market price of a financial instrument.

Value of the loans includes accrued interest.

Any other liabilities, not elsewhere shown

This item comprises the liabilities that cannot be recognised in the items in the Solvency II balance sheet described above. These liabilities comprise mainly the accrued interest on short-term amounts payable and the liabilities to participants of Zwitserleven PPI. The accrued interest is measured at its nominal value, which is assumed to equal its fair value. The fair value of the liabilities of Zwitserleven PPI is determined as the fair value Zwitserleven PPI's investments (refer to the section "Investments" for more information).

D.4.1.2 Subsidiaries and scope of consolidation

To determine the capital requirements at consolidated level, Athora Netherlands applies the 'Accounting consolidation based method', according to which the capital requirements are calculated based on the Solvency II consolidated balance sheet.

Group companies

According to Solvency II the Group is defined as a parent company and its participations: subsidiaries and the entities in which the parent or its subsidiaries hold a participation, as well as undertakings linked to each other by:
- management on a unified basis pursuant to a contract or provisions in the memorandum or articles of association
- participation in the administrative, management or supervisory bodies.

The Group is based on the establishment of a strong and sustainable financial and operational relationship among those undertakings. This establishment may have legal as well as constructive character. The method according to which the Group companies are accounted for in the consolidated Solvency II balance is determined by the influence exercised by the parent company as well as the activities of the Group company.

Since SRLEV and Proteq are wholly owned subsidiaries of Athora Netherlands, Athora Netherlands can indirectly exercise the influence on all participations of SRLEV. As a result, all these participations are included in the consolidation scope, as if they were direct participations of Athora Netherlands.

Full consolidation

Under Solvency II full consolidation has to be applied to the subsidiaries of the parent company that are:
- insurance or reinsurance companies
- insurance holding companies
- ancillary services undertakings

Subsidiaries are the participations, on which Athora Netherlands might directly or indirectly exercise the dominant influence:
- participations in which Athora Netherlands directly or indirectly holds more than one half of the voting rights;
- entities, in which Athora Netherlands does not hold majority voting rights, but that are managed by Athora Netherlands on a unified basis pursuant to a contract or provisions in the memorandum or articles of association;
- entities, in which Athora Netherlands does not hold majority voting rights, but the administrative, management or supervisory bodies of which comprise the same people as Athora Netherlands;
- entities on which Athora Netherlands might exercise dominant influence in a different way.

The consolidation also encompasses the proportional share of the other undertakings according to the relevant sectoral rules in relation to holdings in related undertakings which are investment fund managers or institutions for occupational retirement provisions. The consolidation is applied from the date on which Athora Netherlands gains dominant influence until the date this influence ceases. The other types of subsidiaries are not consolidated under Solvency II – they are accounted for based on equity method (refer to the section below).

Adjusted equity method

Participations at the adjusted equity method are initially measured at their acquisition price (including transaction costs) and subsequently increased with Athora Netherlands' share of equity of these participations. Equity of the related participations is determined according to Solvency II principles.

The adjusted equity method is applied to the subsidiaries of Athora Netherlands that do not qualify to be fully consolidated (refer to the section above) as well as entities in which Athora Netherlands has significant influence, but in which no dominant influence can be exercised. The existence of the significant influence is assumed as:

- representation on the board of directors or equivalent governing body of the investee
- participation in the policy-making process
- material transactions between the investor and the investee
- interchange of managerial personnel
- provision of essential technical information

The participations are recognised in the Solvency II consolidated balance sheet from the date on which Athora Netherlands gains dominant or significant influence until the date this influence ceases. The application of the adjusted equity method depends on the activities of the entity:

- participations in associated insurance companies and associated companies providing ancillary services are accounted for with adjusted equity method based on Solvency II principles;
- if the application of adjusted equity method is impracticable for the companies not operating in finance industry, the IFRS equity method may be used after eliminating the goodwill and the intangible assets that cannot be sold.

Elimination of Group transactions

The Solvency II consolidated balance sheet is prepared net of any intra-group transactions.

Consolidation process

The consolidation process constitutes the part of the larger control framework within Athora Netherlands' accounting and as such is a subject to detailed testing to ensure the correctness of the work performed. The intra-group transactions, due to the presence of specific national and international legislation along with exposure to certain risks, are also strictly controlled and monitored by a number of internal and external stakeholders.

With regard to ACTIAM, ZL PPI and ESC, in order to recognise these subsidiaries with Solvency II "Method 1: sectoral rules" the assets and liabilities are eliminated from the balance sheet and the participations of Athora Netherlands in these subsidiaries are recognised.

D.4.1.3 Events after the Reporting Date

Sale of ACTIAM

On 21 October 2021, Athora Netherlands has reached an agreement to sell its asset manager ACTIAM N.V. to Cardano Risk Management B.V. The transaction has been closed on 1 January 2022 and does not lead to a significantly different transaction result than the impairment loss recognised on the measurement to fair value less costs to sell as included in the financial statements 2021, refer to section 6.3 Note 38 Discontinued operations in the Annual Report Athora Netherlands N.V. 2021.

Russia-Ukraine war

The Russian invasion of Ukraine and rapidly escalating events since late February are a real tragedy to the people and are causing disruption to business and economic activity in the region and worldwide. At the date of this report the scale and length of this invasion is unknown, and the situation is still changing from day to day. We are deeply concerned about the situation in Ukraine and our thoughts go out to the people of Ukraine and all those directly affected by the conflict.

Athora Netherlands has no business activities in Ukraine, Russia or Belarus and there is no direct exposure through our own account investments portfolio and only very limited exposure through our unit linked portfolio. We will continue to monitor the developments closely.

D.5 ANY OTHER INFORMATION

D.5.1 Balance sheet

BALANCE SHEET AT 31 DECEMBER 2021								
Assets	**SRLEV**		**Proteq**		**Other[1]**		**Athora Netherlands**	
In € millions	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**
Deferred tax assets	734	656	-	-	-30	-24	**704**	**632**
Property, plant & equipment held for own use	36	36	-	-	6	6	**42**	**42**
Investments	39,670	37,966	640	640	-5,626	-5,535	**34,684**	**33,071**
Assets held for index-linked and unit-linked contracts	14,283	14,204	-	-	-	-	**14,283**	**14,204**
Loans and mortgages	5,955	6,472	-	-	5,625	5,524	**11,580**	**11,996**
Reinsurance recoverables	-1,272	-1,279	-	-	-	-	**-1,272**	**-1,279**
Receivables	197	197	-	-	139	139	**336**	**336**
Cash and cash equivalents	163	163	4	4	232	232	**399**	**399**
Any other assets, not elsewhere shown	1	1	-	-	2	2	**3**	**3**
Total assets	**59,767**	**58,416**	**644**	**644**	**348**	**344**	**60,759**	**59,404**
Liabilities	**SRLEV**		**Proteq**		**Other**		**Athora Netherlands**	
In € millions	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**
Technical provisions	50,576	48,636	527	520	-556	-368	**50,547**	**48,788**
Provisions other than technical provisions	22	22	-	-	23	23	**45**	**45**
Pension benefit obligations	36	216	-	-	646	466	**682**	**682**
Deferred tax liabilities	-	-	6	2	-6	-2	**-**	**-**
Derivatives	1,346	1,345	2	2	68	68	**1,416**	**1,415**
Debts owed to credit institutions	2,570	2,570	18	18	112	111	**2,700**	**2,699**
Liabilities	806	806	5	5	57	57	**868**	**868**
Subordinated liabilities[2]	1,221	1,213	-	-	57	51	**1,278**	**1,264**
Any other liabilities, not elsewhere shown	-	-	-	-	1	1	**1**	**1**
Total liabilities	**56,577**	**54,808**	**557**	**547**	**402**	**407**	**57,536**	**55,762**
Excess of assets over liabilities[3]	**3,190**	**3,608**	**87**	**97**	**-54**	**-63**	**3,223**	**3,642**

1 This column contains eliminations due to consolidation as well as the balance sheets of Athora Netherlands N.V., ACTIAM N.V., Zwitserleven PPI N.V. and of the subsidiairies of SRLEV N.V. For more details we refer to Annex I.

2 The subordinated liabilities in the Solvency II and IFRS balance sheet also include the Capital Subordinated Loans. The subordinated liabilities are further specified in section E.1.3.

3 The own funds are further specified in section E.1.

BALANCE SHEET AT 31 DECEMBER 2020								
Assets	**SRLEV**		**Proteq**		**Other[1]**		**Athora Netherlands**	
In € millions	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**
Deferred tax assets	663	607	6	6	-7	-8	**662**	**605**
Property, plant & equipment held for own use	38	38	-	-	8	8	**46**	**46**
Investments	40,136	40,066	717	717	-2,748	-2,681	**38,105**	**38,102**
Assets held for index-linked and unit-linked contracts	13,658	13,558	-	-	-	-	**13,658**	**13,558**
Loans and mortgages	9,271	7,741	-	-	2,686	2,617	**11,957**	**10,358**
Reinsurance recoverables	-1,204	-1,202	-	-	-	-	**-1,204**	**-1,202**
Receivables	201	201	-	-	45	45	**246**	**246**
Cash and cash equivalents	213	213	3	3	163	163	**379**	**379**
Any other assets, not elsewhere shown	1	1	-	-	3	3	**4**	**4**
Total assets	**62,977**	**61,222**	**726**	**726**	**150**	**147**	**63,853**	**62,096**
Liabilities	**SRLEV**		**Proteq**		**Other**		**Athora Netherlands**	
In € millions	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**	**SII**	**IFRS**
Technical provisions	51,900	49,917	565	565	-579	-394	**51,886**	**50,088**
Provisions other than technical provisions	17	17	-	-	50	50	**67**	**67**
Pension benefit obligations	32	219	-	-	662	475	**694**	**694**
Deposits from reinsurers	17	18	-	-	-	-	**17**	**18**
Derivatives	1,080	1,080	5	5	12	12	**1,097**	**1,097**
Debts owed to credit institutions	4,751	4,650	33	33	64	62	**4,848**	**4,745**
Liabilities	863	863	9	9	-44	-44	**828**	**828**
Subordinated liabilities[2]	1,170	1,151	-	-	-2	-13	**1,168**	**1,138**
Any other liabilities, not elsewhere shown	-	-	-	-	1	1	**1**	**1**
Total liabilities	**59,830**	**57,914**	**611**	**610**	**164**	**149**	**60,606**	**58,676**
Excess of assets over liabilities[3]	**3,147**	**3,308**	**115**	**116**	**-14**	**-2**	**3,247**	**3,420**

1 This column contains eliminations due to consolidation as well as the balance sheets of Athora Netherlands N.V., ACTIAM N.V., Zwitserleven PPI N.V. and of the subsidiairies of SRLEV N.V. For more details we refer to Annex I.

2 The subordinated liabilities in the Solvency II and IFRS balance sheet also include the Capital Subordinated Loans. The subordinated liabilities are further specified in section E.1.3.

3 The own funds are further specified in section E.1.

D.5.2 Off-balance sheet items

Off balance sheet positions different from the financial statements do not exist. We refer to section 6.3 Note 20 Guarantees and Commitments in the Annual Report Athora Netherlands N.V. 2021.

D.5.3 Any other disclosures

No other disclosures are applicable.

E CAPITAL MANAGEMENT

General

In 2021 as part of Athora Netherlands' strategy to achieve profitable growth for our company, Athora Netherlands remained focused on improving capital generation. For example, by increasing the exposure to market risks (re-risking), by improving the business contribution (improving the Value New Business for SRLEV and Proteq) 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 from 161% at the end of 2020 to 180% at the end of 2021.

Capital generation was relative low with an increase of 3%-point, mainly due to investment results and solvency capital requirement release, partly offset by the UFR drag due to the low interest rates.

Capital effect had a positive impact of 13%-point on the Solvency II ratio. Mainly due to a capital injection by Athora Group, partly offset by coupon payments on subordinated loans.

Market impacts had a positive impact of 4%-point on the Solvency II ratio. The movements in interest rates and decrease of spreads had a positive impact, partly offset by the impact of the VA decrease from 7 bps at the end of 2020 to 3 bps at the end of 2021 and the increased inflation expectations.

One-time items had a positive impact of in total 4%-point on the Solvency II ratio. In July 2021, SRLEV signed an additional longevity reinsurance transaction which had a 8%-point positive impact on the Solvency II ratio of Athora Netherlands. Balance sheet interest hedge adustments had a 8%-point positive impact on the Solvency II ratio. Other Balance sheet management actions, mainly re-risking to private debt and mortgages had a 12%-point negative impact on the Solvency II ratio. The decrease in the level of the UFR with 15 bps to 3.60% had a negative impact of 4%-point.

The substantation of a loss absorbing capacity of deferred taxes had a 18% positive impact on the Solvency II ratio of Athora Netherlands.

Updated operating assumption changes, mainly due to updated investment management expenses had a 11%-point negative impact on the Solvency II ratio parameters.

E.1 OWN FUNDS

Under Solvency II, capital is called 'eligible own funds' and is divided into three tiers. These tiers 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' (such as letters of credit and guarantees) which require supervisory approval.

Two subordinated bonds issued by SRLEV N.V. in 2011 (CHF 105 million and € 250 million (original amount € 400 million)) classify as Tier 1 and Tier 2 capital of Athora Netherlands N.V. and SRLEV N.V. based on the transitional measures contained in the level 1 regulations, and is aligned with DNB. In April 2021, SRLEV redeemed the outstanding € 250 million of originally issued € 400 million subordinated bonds due 2041.

The following table shows the breakdown of the eligible own funds, starting from shareholders' equity:

BREAKDOWN OF ELIGIBLE OWN FUNDS AT 31 DECEMBER 2021				
In € millions	SRLEV	Proteq	Other	Total
Issued share capital	-	3	-3	**-**
Share premium reserve	2,739	45	1,784	**4,568**
Retained earnings 2021	3	-15	-64	**-76**
Other reserves	867	57	-1,773	**-849**
Capital Subordinated Loan	418	-	-68	**350**
Total equity	**4,027**	**90**	**-124**	**3,993**
Reconciliation IFRS-Solvency II	-419	-3	2	**-420**
Capital Subordinated Loan	-418	-	67	**-351**
Subordinated liabilities	1,221	-	57	**1,278**
Deductions other financial undertakings	-	-	-9	**-9**
Total basic own funds after Deductions other financial undertakings	**4,411**	**87**	**-7**	**4,491**
Own funds of other financial sectors	-	-	8	**8**
Own funds aggregated when using the D&A	-	-	-	**-**
Tiering restriction	-399	-	10	**-389**
Total eligible own funds	**4,012**	**87**	**11**	**4,111**

BREAKDOWN OF ELIGIBLE OWN FUNDS AT 31 DECEMBER 2020				
In € millions	SRLEV	Proteq	Other	Total
Issued share capital	-	3	-3	**-**
Share premium reserve	2,464	45	1,784	**4,293**
Retained earnings 2020	-17	6	29	**18**
Other reserves	861	60	-1,812	**-891**
Capital Subordinated Loan	368	-	-68	**300**
Total equity	**3,676**	**114**	**-70**	**3,720**
Reconciliation IFRS-Solvency II	-161	-	-10	**-171**
Capital Subordinated Loan	-368	-	67	**-301**
Subordinated liabilities	1,170	-	-2	**1,168**
Deductions other financial undertakings	-	-	-38	**-38**
Total basic own funds after Deductions other financial undertakings	**4,317**	**114**	**-53**	**4,378**
Own funds of other financial sectors	-	-	37	**37**
Own funds aggregated when using the D&A	-	-	-	**-**
Tiering restriction	-294	-	13	**-281**
Total eligible own funds	**4,023**	**114**	**-3**	**4,134**

The following table shows the Movements in the reporting period of basic own funds:

MOVEMENTS IN THE REPORTING PERIOD OF BASIC OWN FUNDS				
In € millions	**SRLEV**	**Proteq**	**Other**	**Total**
Balance as at 1 January 2021	**4,023**	**114**	-3	**4,133**
Share premium account related to ordinary share capital	275	-	-	**275**
Reconciliation reserve	-303	-21	-18	**-342**
An amount equal to the value of net deferred tax assets	71	-6	-23	**42**
Deductions other financial undertakings	-	-	29	**29**
Total basic own funds	**43**	**-27**	**-12**	**5**
Subordinated liabilities - movements in the reporting period				
- Issued	325	-	22	**347**
- Redeemed	-273	-	-	**-273**
- Movements in valuation	-1	-	36	**35**
Total movements subordinated liabilities	**51**	**-**	**58**	**110**
Own funds of other financial sectors	-	-	-29	**-29**
Tiering restriction	-105	-	-3	**-108**
Balance as at 31 December 2021	**4,012**	**87**	**11**	**4,111**

Basic Own Funds are own-fund items that are on the balance sheet of Athora Netherlands and are permanently available to absorb losses (e.g. paid-in ordinary share capital). Such items may be used to cover a part of the SCR.

In Other the difference between the group and the sum of its subsidiaries is shown.

For Athora Netherlands, the following two undertakings do not need to comply with Solvency II and therefore the capital requirements for both undertakings should be based on sectorial regulation and need to be taken into account within the consolidated (Athora Netherlands) balance sheet under own funds of other financial sectors:

- ACTIAM N.V. is an investment undertaking and holds a license as asset manager with supervision of the Autoriteit Financiële Markten (AFM). The capital requirement of ACTIAM N.V. should be based on the capital requirements as determined in the Financial Supervision Act ('Wet op het financieel toezicht', 'Wft'), with possibly an additional required capital due to the requirements of the Alternative Investment Fund Managers Directive (AIMFD) with respect to professional liability of asset fund managers.
- Zwitserleven PPI N.V. holds a license as a 'payment institution' with supervision of the Dutch Central Bank (DNB). Zwitserleven PPI N.V. recognises the investments held on behalf of participants and the related liabilities in its balance sheet. Zwitserleven PPI N.V. is not the risk owner and the financial statements are based on Dutch GAAP.

E.1.1 Ordinary share capital

The ordinary share capital of Athora Netherlands is € 238,500. The share capital has been fully paid-up and consists of ordinary shares with a nominal value of € 500 each. 477 ordinary shares had been issued at 31 December 2021.

BREAKDOWN OF ISSUED SHARES			
In numbers	SRLEV	Proteq	Athora Netherlands
Authorised share capital	450	35,000	2,385
Share capital in portfolio	360	28,000	1,908
Issued share capital as at 31 December 2021	**90**	**7,000**	**477**

BREAKDOWN OF SHARE CAPITAL			
In € thousands	SRLEV	Proteq	Athora Netherlands
Authorised share capital	225	15,890	1,193
Share capital in portfolio	180	12,712	954
Issued share capital as at 31 December 2021	**45**	**3,178**	**239**

E.1.2 Reconciliation reserve

The following table shows the reconciliation reserve:

BREAKDOWN OF RECONCILIATION RESERVE AT 31 DECEMBER 2021				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Other IFRS reserves	867	57	-1,773	-849
Retained earnings 2021	3	-15	-64	-76
Reconciliation IFRS-Solvency II	-419	-3	2	-420
Tranfer of net deferred tax assets from tier 1 to tier 3	-734	-	30	-704
Total reconciliation reserve	**-283**	**39**	**-1,805**	**-2,049**

BREAKDOWN OF RECONCILIATION RESERVE AT 31 DECEMBER 2020				
In € millions	SRLEV	Proteq	Other	Athora Netherlands
Other IFRS reserves	861	60	-1,812	-891
Retained earnings 2020	-17	6	29	18
Reconciliation IFRS-Solvency II	-161	-	-10	-171
Tranfer of net deferred tax assets from tier 1 to tier 3	-663	-6	7	-662
Total reconciliation reserve	**20**	**60**	**-1,786**	**-1,706**

The main changes in 2021 in respect to reconciliation relate to changes in the VA.

In Solvency II the balance between the deferred tax assets and liabilities (DTA and DTL) is classified as tier 3 capital within the own funds. The eligible amount of Tier 3 items is maximised at 15% of the SCR. This restriction applies to Athora Netherlands and SRLEV due to its relative large net DTA positions. The restriction is not applicable for Proteq.

Reconciliation 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 saving mortgages) are measured using Solvency II parameters, taking into account current market estimates. Under IFRS a liability adequacy test on the technical provision is performed, if the carrying amount of the technical provision is inadequate, the provision is increased. 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 increased and is a main driver for the development of the reconciliation of IFRS and Solvency II. The difference now mainly stems from the difference in cost of capital.
- Deferred Tax Assets – Due to differences in the calculation method and in the valuation of assets and liabilities the resulting DTA position is different.
- Reinsurance Recoverable / Technical Provision – In Solvency II the re-insurance recoverable of the longevity reinsurance contract 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 the impact for IFRS is more negative than Solvency II Eligible Own Funds.

E.1.3 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).

BREAKDOWN OF SUBORDINATED LIABILITIES AT 31 DECEMBER 2021							
In € millions	Currency	Interest	SII Value	Nominal amount	Issue date	First call date	Expiration date
Athora Netherlands							
Tier 1							
Athora Netherlands	EUR	7.000%	308	300	2018-jun	2025-jun	perpetual
Athora Holding ltd	EUR	4.440%	50	50	2021-dec	2026-dec	perpetual
Total			**358**	**350**			
Tier 2							
Athora Netherlands (US Dollar)	USD	6.250%	519	508	2017-nov	2022-nov	perpetual
Athora Netherlands	EUR	2.250%	299	300	2021-apr	2026-apr	2031-jul
Total			**818**	**808**			
SRLEV							
Tier 1							
SRLEV (Swiss Franc)	CHF	mid-swap plus 5.625%	102	102	2011-jul	2022-dec	perpetual
Athora Netherlands N.V.	EUR	7.750%	266	250	2017-jun	2022-jun	perpetual
Athora Netherlands N.V.	EUR	6.500%	103	100	2020-jun	2025-jun	perpetual
Athora Netherlands N.V.	EUR	4.440%	50	50	2021-dec	2026-dec	perpetual
			521	**502**			
Tier 2							
Athora Netherlands N.V.	EUR	7.750%	148	140	2015-dec	2025-dec	2025-dec
Athora Netherlands N.V.	EUR	3.780%	96	95	2017-nov	2022-nov	2027-nov
Athora Netherlands N.V.	EUR	3.600%	182	180	2018-jun	2023-jun	2028-jun
Athora Netherlands N.V.	EUR	2.250%	274	275	2021-apr	2026-apr	2028-jun
			700	**690**			
Total SRLEV			**1,221**	**1,192**			
Other (elimination)			-1,119	-1,090			
Total Athora Netherlands			**1,278**	**1,260**			

Tier 1

In July 2011, SRLEV N.V. issued CHF 105 million in perpetual subordinated bonds. The CHF bond had a first optional redemption date on 19 December 2016, which was not excercised. SRLEV N.V. also decided not to exercise its redemption option to redeem the CHF bond in December 2017, 2018, 2019, 2020 and 2021. 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 N.V. not to exercise the redemption option to redeem the CHF Bond. The interest rate on the CHF bond has been reset to 5-year CHF mid-swap plus 5.625% in 2016.

In June 2017 SRLEV N.V. entered into a Capital Subordinated Loan for an amount of € 250 million. The Capital Subordinated Loan is a tier 1 perpetual loan provided by Athora Netherlands N.V. with a fixed interest rate of 7.75%.

In June 2018 Athora Netherlands issued subordinated Restricted Tier 1 notes. The € 300 million subordinated notes are perpetual. The notes are first callable after 7 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 arrear on 19 June and 19 December in each year.

In June 2020 SRLEV N.V. entered into a Capital Subordinated Loan for an amount of € 100 million. The Capital Subordinated Loan is a tier 1 perpetual loan provided by Athora Netherlands N.V. with a fixed interest rate of 6.50%.

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 a perpetual loan. There is no contractual obligation for Athora Netherlands, as issuer of the loan, to repay the principal or to pay interest. The notes are 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 2021.

Tier 2

In April 2011, SRLEV N.V. issued € 400 million in subordinated bonds maturing in 2041. In June 2018, SRLEV repurchased a part of the € 400 million subordinated notes. SRLEV N.V. repurchased notes of a notional amount of € 150 million. The market value of the notes was € 180 million, resulting in a loss on the transaction of € 30 million.

In November 2017, Athora Netherlands N.V. issued $ 575 million (€ 476 million) in subordinated notes. The notes are first callable after 5 years and each fifth anniversary thereafter, subject to conditions to redemption. The coupon is fixed at 6.25% per annum until the first call date. The notes qualify as available own funds under Solvency II. The proceeds of the issuance were used to redeem the subordinated loans issued by Anbang Group Holdings Co. Limited. A new subordinated private loans of € 95 million is issued by Athora Netherlands N.V.

In June 2018, Athora Netherlands N.V. granted a loan to SRLEV N.V. in the amount of € 180 million. The loan is a 10-years Solvency II Tier 2 subordinated loan with a maturity date at 19 June 2028. The loan is first callable after 5 years with a first call date at 19 June 2023. The loan bears a fixed interest coupon of 3.6% per annum.

In April 2021, SRLEV redeemed the outstanding € 250 million of originally issued € 400 million subordinated bonds due 2041. The bonds were redeemed in full at their principal amount outstanding together with accrued and unpaid interest and any arrears of interest on 15 April 2021.

In April 2021, Athora Netherlands 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 under Solvency II.

BREAKDOWN OF SUBORDINATED LIABILITIES AT 31 DECEMBER 2020							
In € millions	Currency	Interest	SII Value	Nominal amount	Issue date	First call date	Expiration date
Athora Netherlands							
Tier 1							
Athora Netherlands	EUR	7.000%	314	300	2018-jun	2025-jun	perpetual
Total			**314**	**300**			
Tier 2							
Athora Netherlands (US Dollar)	USD	6.250%	488	469	2017-nov	2022-nov	perpetual
Total			**488**	**469**			
SRLEV							
Tier 1							
SRLEV (Swiss Franc)	CHF	mid-swap plus 5.625%	98	97	2011-jul	2020-dec	perpetual
Athora Netherlands N.V.	EUR	6.500%	104	100	2020-jun	2025-jun	perpetual
Athora Netherlands N.V.	EUR	7.750%	267	250	2017-jun	2022-jun	perpetual
			469	**447**			
Tier 2							
SRLEV N.V.	EUR	9.000%	268	250	2011-apr	2021-apr	2041-apr
Athora Netherlands N.V.	EUR	7.750%	152	140	2015-dec	2025-dec	2025-dec
Athora Netherlands N.V.	EUR	3.780%	97	95	2017-nov	2022-nov	2027-nov
Athora Netherlands N.V.	EUR	3.600%	184	180	2018-jun	2023-jun	2028-jun
			701	**665**			
Total			**1,170**	**1,112**			
Other (elimination)			-804	-765			
Total Athora Netherlands			**1,168**	**1,116**			

E.2 SOLVENCY CAPITAL REQUIREMENT AND MINIMUM CAPITAL REQUIREMENT

The final amount of the Solvency Capital Requirement is still subject to the opinion of the supervisory authority

The SCR is a risk-based measure and reflects Athora Netherlands' risk profile. The measure is based on a 1-in-200 year stress scenario over a one-year period.
Comparison of the SCR with the Eligible Own Funds shows to what extent Athora Netherlands is able to absorb the aforementioned 1-in-200 year losses. Athora Netherlands calculates the SCR with the Solvency II standard model, which is based on the following criteria:

- It is calculated on a going-concern basis.
- It aims to capture the material quantifiable risks that most undertakings are exposed to. The standard formula might however not cover all material risks a specific undertaking is exposed to. If an insurer still has material additional quantifiable risks, then these risks must be assessed in the Own risk and Solvency Assessment (ORSA).
- Both existing business and new business in the next 12 months are covered (in the case of existing activities, it covers only unexpected losses).
- It is calibrated with a 99.5% confidence level over a 12-month period.
- The effects of risk-mitigation techniques are considered, but allowance should then be made for any newly introduced risk (e.g. counterparty default risk of the derivative).

- The SCR must be consistent with the SCR on the baseline date used for calculating the risk margin.
- Where the SCR is determined using scenarios, the risk margin can be kept constant. This also applies to the value of discretionary bonuses and deferred taxes. If the scenario allows the own funds to increase, the SCR is set at zero.
- Diversification is assumed to exist between the modules and sub-modules.

The SCR is equal to the sum of the Basic SCR (BSCR), the capital requirement for operational risk (Op) and an adjustment for the loss-absorbing capacity of the technical provisions and any deferred taxes (Adj) and the Capital Requirements of other financials sectors for the group SCR.

These sections briefly describe the method used by Athora Netherlands in calculating the Solvency Capital Requirement (SCR). Athora Netherlands calculates the SCR by making use of the standard formula.

The MCR represents the minimum level of security below which the Eligible Own Funds may not fall. The MCR is calibrated on the basis of a confidence level of 85% over a one-year period. The MCR is calculated using a relatively simple linear formula, which includes both a floor and a cap (as a percentage of the SCR).

The MCR is determined using the prescribed calculation methods. Besides the percentage criterion, which is a percentage of the most recently calculated SCR including any capital add-on, the MCR should not fall below a certain minimum. This requirement is regarded as the absolute minimum capital requirement (also known as Absolute Minimum Capital Requirement, hereinafter AMCR). The AMCR is € 3,7 million per solo entity.

E.2.1 Athora Netherlands

The table below shows a breakdown of the ratio of Athora Netherlands.

RATIO ATHORA NETHERLANDS		
In € millions	**2021**	**2020**
Total eligible own funds to meet the SCR	4,111	4,134
Total eligible own funds to meet the MCR	3,174	3,184
SCR	2,290	2,569
MCR	1,021	1,126
Ratio of Eligible own funds to Group SCR	180%	161%
Ratio of Eligible own funds to Group MCR	311%	283%

A detailed movement analysis is included in the general section of the Risk Profile.

E.2.2 SRLEV

The table below shows a breakdown of the ratio of SRLEV.

RATIO SRLEV		
In € millions	**2021**	**2020**
Total eligible own funds to meet the SCR	4,012	4,023
Total eligible own funds to meet the MCR	3,178	3,174
SCR	2,234	2,463
MCR	1,005	1,108
Ratio of Eligible own funds to SCR	180%	163%
Ratio of Eligible own funds to MCR	316%	286%

A detailed movement analysis is included in the general section of the Risk Profile.

E.2.3 Proteq

The table below shows a breakdown of the ratio of Proteq.

RATIO PROTEQ		
In € millions	**2021**	**2020**
Total eligible own funds to meet the SCR	87	114
Total eligible own funds to meet the MCR	87	108
SCR	36	46
MCR	16	17
Ratio of Eligible own funds to SCR	242%	245%
Ratio of Eligible own funds to MCR	538%	626%

A detailed movement analysis is included in the general section of the Risk Profile.

E.3 USE OF THE DURATION-BASED EQUITY RISK SUB-MODULE IN THE CALCULATION OF THE SOLVENCY CAPITAL REQUIREMENT

Athora Netherlands does not make use of the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC for the calculation of the Standard Formula SCR.

E.4 DIFFERENCES BETWEEN STANDARD FORMULA AND INTERNAL MODEL

Athora Netherlands solvency is governed by a standard formula, rather than a self-developed model.

E.5 NON-COMPLIANCE WITH THE MINIMUM CAPITAL REQUIREMENT AND NON-COMPLIANCE WITH THE SOLVENCY CAPITAL REQUIREMENT

Athora Netherlands has not faced any form of non-compliance with the Minimum Capital Requirement or significant non-compliance with the SCR during the reporting period or at the reporting date. Therefore no further information is included here.

E.6 ANY OTHER INFORMATION

E.6.1 General

E.6.1.1 Definition

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have buffer 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 target setting happens in the Operational Plan culminating in a Capital & Funding 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 in the ORSA and with respect to risk / return in the Balance Sheet Assessment.

E.6.1.2 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 ratio between 140% and 200% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfill obligations towards policyholders and meet requirements. 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.

A preparatory crisis plan exists which describes the procedure that applies in a contingency situation. A contingency situation is a 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 Operational Plan, Capital and Funding Plan, Balance Sheet Assessment, Risk Dashboards, ORSA, Preparatory Crisis Plan and Financial 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. The Capital and Funding Plan is based on the Operational Plan as supplied by the underlying Business Lines.

E.6.1.3 Regulatory framework

Solvency II is a risk-based regime consisting of three pillars. Pillar 1 regulates the capital requirements. Insurers should be capitalised adequate to 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.

E.6.1.4 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.

E.6.2 Capital position

Athora Netherlands produces all regulatory reports that are mandatory under the Solvency II legislation. These comply to 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 quarterly basis and updates monthly this position in the intervening months. Athora Netherlands calculates its position 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 are determined on the basis of information at year-end 2020. The yield curve used as at 31 December 2020, including the Ultimate Forward Rate (UFR), Credit Risk Adjustment (CRA) and VA, is published by EIOPA.

EIOPA yearly re-calculates the UFR in accordance with the methodology to derive the UFR. For the euro the calculated target UFR for 2020 is 3.50%. As the UFR for the euro was 3.75% in 2020 and the annual change of the UFR is according to the methodology limited to 15 basis points , the applicable UFR is 3.60% in 2020. That UFR is for the first time applicable for the calculation of the risk-free interest rates of 1 January 2021.

Development Solvency Ratio
The development in 2020 of the solvency ratio is explained by the analysis of change as presented in the graphs below. The movement consists of the categories Capital Generation, Capital Effects, Market Impacts, One-time items, Tax and Tiering effects and Miscellaneous Movements.

Capital Generation is defined as the change of eligible own funds caused by (organic) capital generation due to expected asset return, Value New Business, release of Risk Margin, unwinding of the UFR and coupon payments to subordinated loans.

In Capital Effects the effects to capital are shown, (Restricted) Tier 1 and Tier 2 capital issuances, Tier 1 capital injection).

In Market Impacts the impact of economic variance to the asset and liability return is taken into account (e.g. spread and interest rate movement). Next to these movements, also the change caused by the Volatility Adjustment is taken into account.

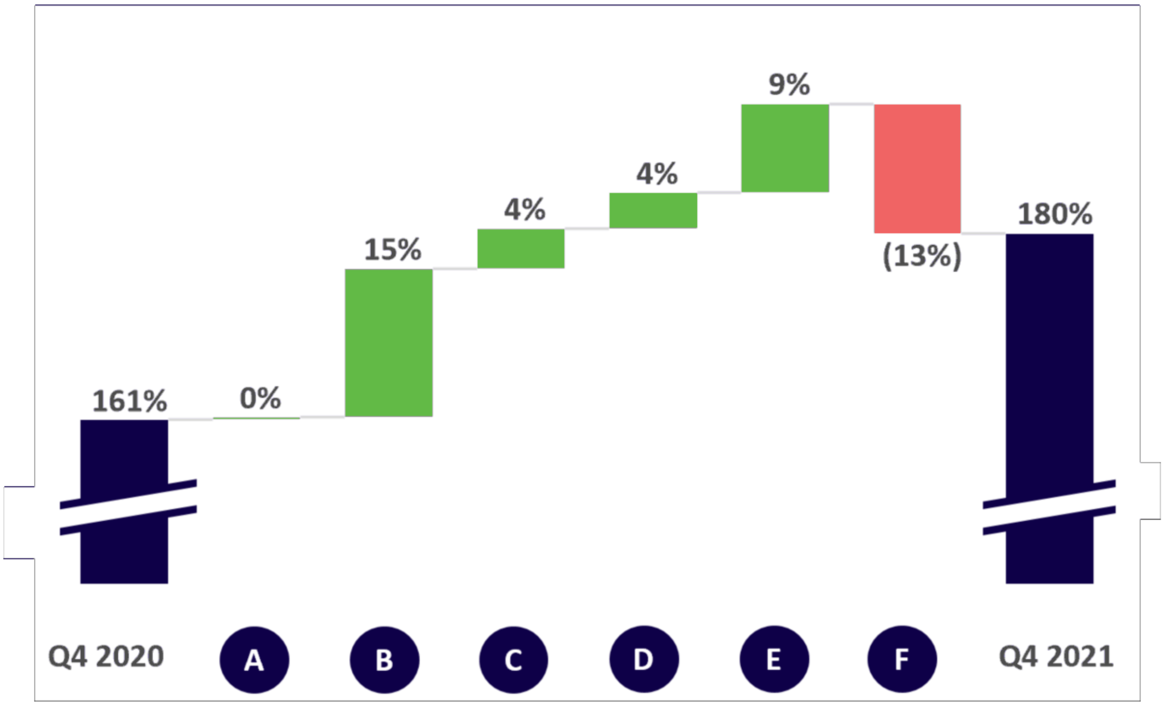
One-time items show the impact of events like changes in coverage of the longevity reinsurance contract, the UFR decrease, Balance Sheet Management actions like re-risking impact and changes in models.

Changes of Tax and Tiering constitute movement in the DTA/DTL due to movement in the fiscal position, changes in corporate income tax rate and the change in ineligible own funds. Furthermore, the movement in the Loss Absorbing Capacity of Deferred Taxes is taken into account.

Miscellaneous Movements consist mainly of changes in insurance parameters (including expense), insurance results, as well as other business developments. It also contains the regular development (run-off development and new business) of the SCR.

Athora Netherlands

AoC Solvency Ratio



The Solvency II ratio of Athora Netherlands N.V. increased from 161% to 180% in 2021. The main drivers of this movement are:

A) Capital Generation (+/+0%)

Athora Netherlands is actively steering to improve organic capital generation amongst others by optimising its risk profile together with the continued diversification of its investments. Diversification will also reduce spread volatility by better matching the Volatility Adjustment. The capital generation during 2021 was supported by release of risk margin and Solvency Capital Requirement (+11%-point), expected accrual of spread, CRA and VA (+7%-point), but it was offset by the UFR unwind impact due to the low interest rates (-/-12%-point) and the coupon payments to subordinated loans (-/-3%-point).

B) Capital Effects (+/+15%)

The increase of the Solvency II ratio is due to the additional issuance an external sub-loan by a slightly larger sub-loan and a capital Injection by Athora Group (+15%-point).

C) Market Impacts (+/+4%)

Market impacts had a positive impact of 4%-point on the Solvency II ratio. The movement in interest rates (+9%-point) and decrease of spreads (+11%-point) had a positive impact, which was partly offset by the impact of the VA decrease from 7 bps at the end of 2020 to 3 bps at the end of 2021 (-/-7%-point) and the increased inflation expectations (-/-10%-point).

D) One-time Items (+/+4%)

One-off items had a positive impact of 4%-point on the Solvency II ratio, mainly due to Balance Sheet Management initiatives slightly moving the hedge position from regulatory to economic hedging, decreasing the SCR interest rate down risk (+8%-point). A new longevity re-insurance contract (+8%-point) and the use of an improved inflation curve for the liabilities (+8%-point). Other Balance sheet management actions, mainly asset deployments to private debt and mortgages, had a negative impact on the Solvency II ratio (-/-12%-point.), changing regulation for saving mortgages (-/-1%-point) and the UFR decrease from 3.75% to 3.60% (-/-4%-point).

E) Tax and Tiering Effects (+/+9%)

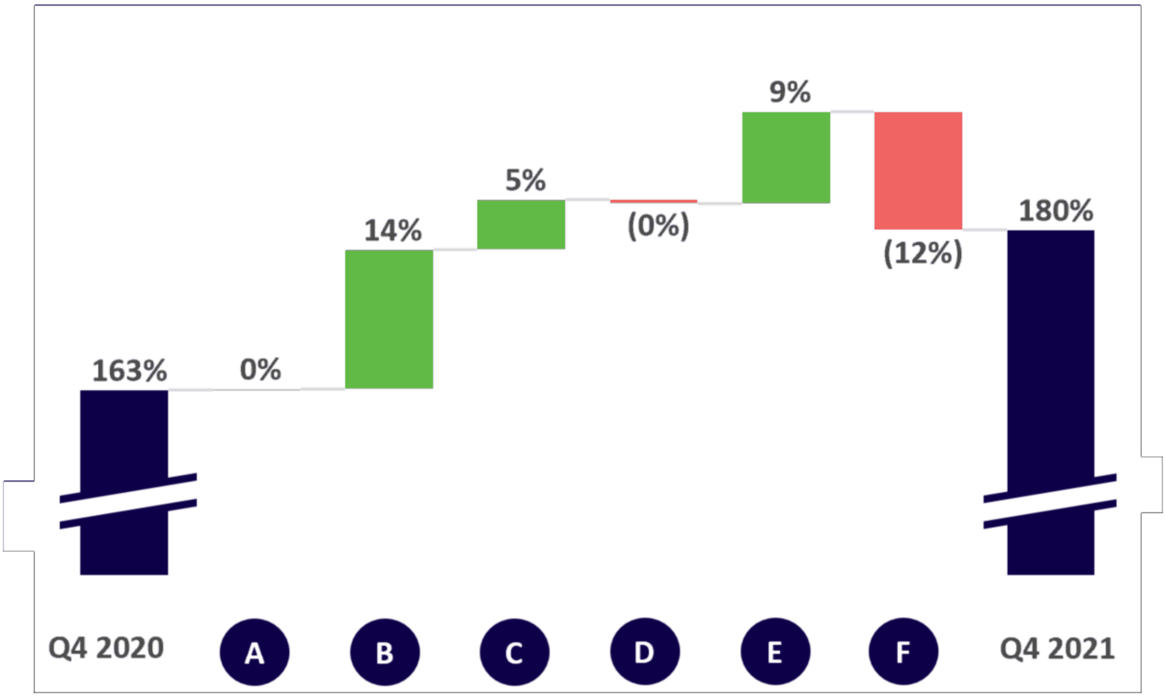
Applying a loss absorbing capacity of deferred taxes had a positive effect on the Solvency II ratio (+17%-point) this was partly offset by other movement in tiering restriction (-/-9%-point).

F) Miscellaneous Movements (-/-13%)

Operating assumptions changes had a negative impact on the Solvency II ratio (-/-11%-point).

SRLEV

Analysis of Change Solvency Ratio



The Solvency II ratio of SRLEV N.V. increased from 163% to 180% in 2021. The main drivers of this movement are:

A) Capital Generation (-/-0%)

Athora Netherlands is actively steering to improve organic capital generation amongst others by optimising its risk profile together with the continued diversification of its investments. Diversification will also reduce spread volatility by better matching the Volatility Adjustment. The capital generation during 2021 was supported by release of risk margin and Solvency Capital Requirement (+11%-point), expected accrual of spread, CRA and VA (+8%-point), but it was offset by the UFR unwind impact due to the low interest rates (-/-12%-point) and the coupon payments to subordinated loans (-/-3%-point).

B) Capital Effects (+/+14%)

The increase of the Solvency II ratio is due to a capital Injection by Athora Netherlands (+14%-point).

C) Market Impacts (+/+5%)

Market impacts had a positive impact of 5%-point on the Solvency II ratio. The movement in interest rates (+9%-point) and decrease of spreads (+11%-point) had a positive impact, which was partly offset by the impact of the VA decrease from 7 bps at the end of 2020 to 3 bps at the end of 2021 (-/-7%-point) and the increased inflation expectations (-/-8%-point).

D) One-time Items (-/-0%)

One-off items had a positive impact of 0%-point on the Solvency II ratio, mainly due to Balance Sheet Management initiatives slightly moving the hedge position from regulatory to economic hedging, decreasing the SCR interest rate down risk (+7%-point). A new longevity re-insurance contract (+8%-point) and the use of an improved inflation curve for the liabilities (+7%-point). This was partly offset by by new re-risking iniatives increasing the SCR (-/-13%-point), changing regulation for saving mortgages (-/-0%-point) and the UFR decrease from 3.75% to 3.60% (-/-4%-point).

E) Tax and Tiering Effects (+/+9%)

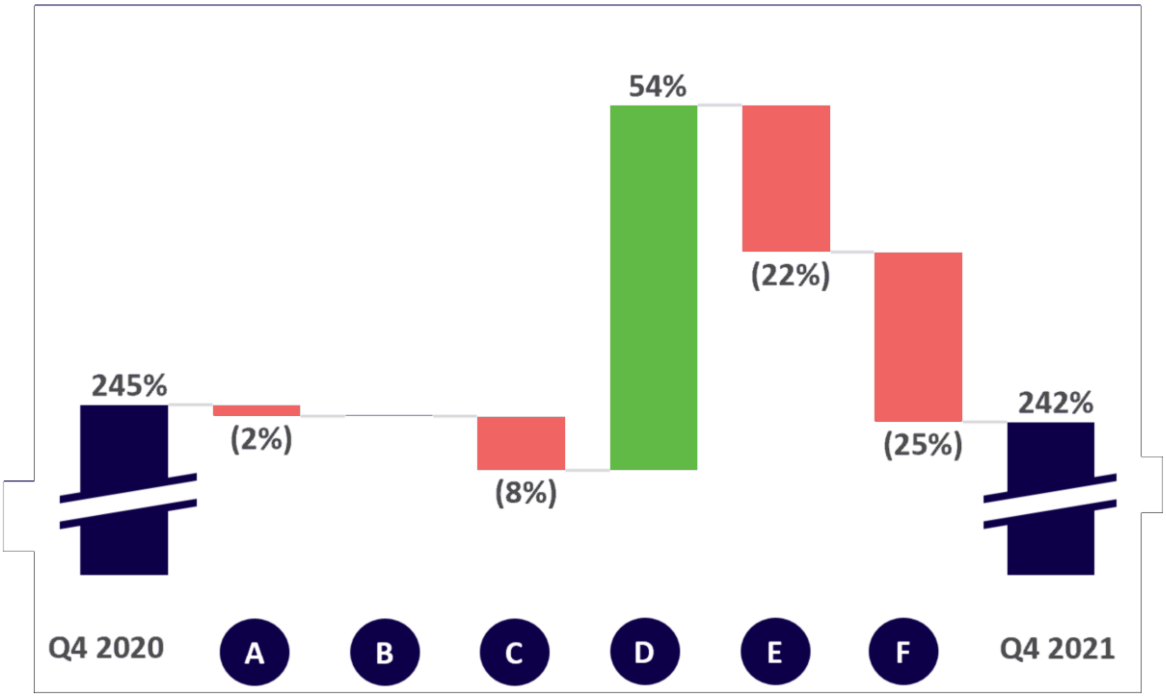
Applying a loss absorbing capacity of deferred taxes had a positive effect on the Solvency II ratio (+17%-point) this was partly offset by other movement in tiering restriction (-/-7%-point).

F) Miscellaneous Movements (-/-12%)

Operating assumptions changes had a negative impact on the Solvency II ratio (-/-12%-point).

Proteq

Analysis of Change Solvency Ratio Proteq



The Solvency II ratio of Proteq levensverzekeringen N.V. decreased from 245% to 242% in 2021. The main drivers of this movement are:

A) Capital Generation (-/-2%)
The capital generation during 2021 was supported by release of risk margin and Solvency Capital Requirement (+10%-point), expected accrual of spread, CRA and VA (+1%-point), but it was more than offset by the UFR unwind impact due to the low interest rates (-/-16%-point).

B) Capital Effects (+/+0%)
There have been no capital effects for Proteq.

C) Market Impacts (-/-8%)
Market impacts had a negative impact of 8%-point on the Solvency II ratio. The decrease of spreads had a positive impact (+21%-point), which was more than offset by the impact of the VA decrease from 7 bps at the end of 2020 to 3 bps at the end of 2021 (-/-6%-point) and the increased inflation expectations (-/-21%-point).

D) One-time Items (+/+54%)
One-off items had a positive impact of 54%-point on the Solvency II ratio, mainly due to Balance Sheet Management initiatives slightly moving the hedge position from regulatory to economic hedging, switching the SCR interest rate risk from down to up and also decreasing the SCR interest rate risk (+49%-point). The positive impact of an improved inflation curve for the liabilities (+15%-point). These were partly offset by the UFR decrease from 3.75% to 3.60%. (-/-10%-point).

E) Tax and Tiering Effects (-/-22%)
Applying a loss absorbing capacity of deferred taxes had a positive effect on the Solvency II ratio (+22%-point) this was more than offset by the write down of the Deferred Tax Asset (-/-45%-point).

F) Miscellaneous Movements (-/-25%)
Operating assumptions changes had a negative impact on the Solvency II ratio.

E.6.2.1 Tiering

Tiering

The Own Funds are classified in three tiering categories (Tier 1, Tier 2, and Tier 3 with Tier 1 being the highest quality of Own Funds). This tiering concept is based on the extent to which own-fund items are considered to hold the characteristics of permanent availability and subordination.

The tiering classification is prescribed, as not all own-fund items are considered to be able to fully absorb losses in the event of winding-up proceedings. Tier 1 own-fund items are the highest grade capital (e.g. paid-in ordinary share capital) and Tier 3 items are the lowest grade capital.

BREAKDOWN OF TIERING ATHORA NETHERLANDS					
	Tier 1		Tier 2	Tier 3	Total
In € millions	Unrestricted	Restricted			
Eligible own funds to meet the Group SCR 2021	2,518	460	818	315	4,111
Eligible own funds to meet the Group SCR 2020	2,585	411	757	381	4,134

BREAKDOWN OF TIERING SRLEV					
	Tier 1		Tier 2	Tier 3	Total
In € millions	Unrestricted	Restricted			
Eligible own funds to meet the SCR 2021	2,456	520	701	335	4,012
Eligible own funds to meet the SCR 2020	2,484	469	701	369	4,023

BREAKDOWN OF TIERING PROTEQ					
	Tier 1		Tier 2	Tier 3	Total
In € millions	Unrestricted	Restricted			
Eligible own funds to meet the SCR 2021	87	-	-	-	87
Eligible own funds to meet the SCR 2020	108	-	-	6	114

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 is 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 the Tier 2 plus Tier 3 restriction became applicable and the tier 3 restriction remained applicable during 2021. The Tier 2 plus Tier 3 restriction consists 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 increased from € 260 million at year-end 2020 to € 389 million at the end of 2021 mainly due to a lower SCR.

ELIGIBLE OWN FUNDS AT 31 DECEMBER 2021				
In € millions	**SRLEV**	**Proteq**	**Other**	**Athora Netherlands**
Available own funds to meet the Group SCR	**4,411**	**87**	**-6**	**4,492**
Own funds of other financial sectors	-	-	8	**8**
Own funds aggregated when using the D&A	-	-	-	**-**
Tiering restriction SCR	-399	-	10	**-389**
Eligible own funds to meet the Group SCR	**4,012**	**87**	**12**	**4,111**
Own funds of other financial sectors	-	-	-8	**-8**
Own funds aggregated when using the D&A	-	-	-	**-**
Tier 3 capital	-335	-	20	**-315**
Tiering restriction MCR	-499	-	-115	**-614**
Total eligible own funds to meet the Group MCR	**3,178**	**87**	**-91**	**3,174**

ELIGIBLE OWN FUNDS AT 31 DECEMBER 2020				
In € millions	**SRLEV**	**Proteq**	**Other**	**Athora Netherlands**
Available own funds to meet the Group SCR	**4,316**	**114**	**-52**	**4,378**
Own funds of other financial sectors	-	-	38	**38**
Own funds aggregated when using the D&A	-	-	-	**-**
Tiering restriction SCR	-293	-	11	**-282**
Eligible own funds to meet the Group SCR	**4,023**	**114**	**-3**	**4,134**
Own funds of other financial sectors	-	-	-38	**-38**
Own funds aggregated when using the D&A	-	-	-	**-**
Tier 3 capital	-369	-6	-6	**-381**
Tiering restriction MCR	-480	-	-51	**-531**
Total eligible own funds to meet the Group MCR	**3,174**	**108**	**-98**	**3,184**

The following limits are applicable so far as compliance with the SCR is concerned:
- The eligible amount of Tier 1 items should be at least 50% of the SCR;
- No more than 20% of those Tier 1 items may be restricted instruments (i.e. preference shares, subordinated liabilities or subordinated mutual member accounts) or items included under the transitional arrangements as discussed in section 6.2.1;
- Where an instrument meeting the restricted Tier 1 requirements is excluded from Tier 1 as a result of the mentioned limits, it may be included within Tier 2 Basic Own Funds;
- The sum of the eligible amounts of Tier 2 and 3 items should not exceed 50% of the SCR;
- The eligible amount of Tier 3 items should be less than 15% of the SCR. This restriction applies to Athora Netherlands due to its net DTA position as Tier 3 capital.

The following limits are applicable so far as compliance with the MCR is concerned:
- Only Tier 1 and Tier 2 basic own-fund items can be used to cover the MCR. Ancillary Own Funds and Tier 3 Basic Own Funds are therefore not eligible to cover the MCR;
- At least 80% of the MCR should be met by eligible Tier 1 own funds. No more than 20% of those Tier 1 Own Funds may be restricted Tier 1 instruments (i.e. preference shares, subordinated liabilities and

subordinated mutual member accounts) or items included under the transitional arrangements. The effect of this is that Tier 2 Basic Own Funds are eligible as long as they are less than 20% of the MCR;
- Where an instrument meeting the restricted Tier 1 requirements is excluded from Tier 1 as a result of the mentioned limits, it may be included within Tier 2 Basic Own Funds.

E.6.2.2 Other assumptions

Loss Absorbing Capacity of Defered Taxes (LACDT)
Under Solvency II, the SCR may be determined taking into account the extent to which the tax losses which occur under the described shock can be settled with the tax authorities.

The LACDT has to be calculated taking into account the following:

- The adjustment for the loss-absorbing capacity of deferred taxes shall be equal to the change in the value of deferred taxes of insurance and reinsurance undertakings that would result from an instantaneous loss of an amount that is equal to the sum of the following:
  - The Basic Solvency Capital Requirement referred to in Article 103(a) of Directive 2009/138/EC;
  - The adjustment for the loss-absorbing capacity of technical provisions referred to in Article 206 of this Regulation;
  - The capital requirement for operational risk referred to in Article 103(b) of Directive 2009/138/EC .
- A decrease in the value of deferred tax liabilities or an increase in the value of deferred tax assets will result in a negative adjustment to the SCR;
- If the calculation results in a positive change in deferred tax assets, this should only be considered if it can be shown that future taxable profits will be available.

Athora Netherlands has examined for SRLEV and Proteq 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. Due to the write-down of the DTA for Solvency II and a capital injection, the feasibility, that future profits will be sufficient to partly recover the change in DTA caused by that loss, increased in the model. Leading to a LAC DT in the SCR of 38% for SRLEV and 35% for Proteq including a 20% haircut. The LAC DT of the group entity Athora Netherlands has been determined as the consolidated sum of its legal insurance entities.
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.

E.6.3 Any other disclosures

Regarding the SCR calculation we have used simplification methods for calculating the risk mitigating effect for reinsurance arrangements or securitisation and the calculation of the risk mitigating effect.

ANNEX I

RELATED SUBSIDIARIES ATHORA NETHERLANDS N.V.

Athora Netherlands N.V. owns the following material related undertakings:

RELATED SUBSIDIARIES					
In € millions	**Country**	**Legal form**	**% capital share**	**Treatment of the undertaking**	**Excess of assets over liabilities**
SRLEV N.V.	NL	NV	100%	Full consolidation	3,190
Proteq Levensverzekeringen N.V.	NL	NV	100%	Full consolidation	87
Zwitserleven PPI N.V.	NL	NV	100%	Sectoral rules	5
ACTIAM N.V.	NL	NV	100%	Sectoral rules	5
Holding and elimination					-64
Excess of assets over liabilities					**3,223**

RELATED SUBSIDIARIES SRLEV N.V.

SRLEV N.V. owns the following material related undertakings:

RELATED SUBSIDIARIES					
In € millions	Country	Legal form	% capital share	Treatment of the undertaking	Excess of assets over liabilities
REAAL Wognumsebuurt B.V.	NL	BV	100%	Adjusted equity method	7
REAAL De Ruyterkade B.V.	NL	BV	100%	Adjusted equity method	30
REAAL Kantoren I B.V.	NL	BV	100%	Adjusted equity method	4
REAAL Winkels I B.V.	NL	BV	100%	Adjusted equity method	10
REAAL Winkels II B.V.	NL	BV	100%	Adjusted equity method	9
GVR 500 Building B.V.	NL	BV	100%	Adjusted equity method	63
Young Urban Housing B.V.	NL	BV	100%	Adjusted equity method	86
REAAL Woningen I B.V.	NL	BV	100%	Adjusted equity method	12
RE Griftlaan Zeist B.V.	NL	BV	100%	Adjusted equity method	4
N.V. Pensioen ESC	CW	NV	100%	Adjusted equity method	-
Bellecom N.V.	BE	NV	100%	Adjusted equity method	4
CBRE Property Fund Central and Eastern Europe	SK	FGR	30%	Adjusted equity method	38
Share Debt Programme 1 B.V.	NL	BV	100%	Adjusted equity method	-
Stichting Titleholder Rabo Dutch Mortgages Fund Yellow	NL	Stichting	100%	Adjusted equity method	2,012
Apollo CRE direct lending fund	LU	SLP	100%	Adjusted equity method	461
Apollo CRE loan administration Sarl	LU	SARL	100%	Adjusted equity method	4
Apollo Middle Loan Administration Sarl	LU	SARL	100%	Adjusted equity method	1
Apollo Middle Market Direct Lending Fund	LU	SLP	100%	Adjusted equity method	1,066
Apollo Strategic Origination Partners LP	US	LP	30%	Adjusted equity method	75
Apollo Large Cap Administration Sarl	LU	SARL	100%	Adjusted equity method	-
Apollo Large Cap Direct Lending Fund	LU	SLP	100%	Adjusted equity method	531
Apollo Leveraged Loan Fund	LU	SLP	100%	Adjusted equity method	251
Apollo Middle Market Loan Fund	LU	SLP	100%	Adjusted equity method	244
Apollo CRE debt fund	LU	SLP	100%	Adjusted equity method	147
Dutch Mortgage Investment Fund 2020	NL	BV	100%	Adjusted equity method	606
Athora Lux Earth Holding 1 SA	LU	SA	66%	Adjusted equity method	23
Holdings in related undertakings, including participations					**5,688**

ANNEX II

The tables below present the QRT's which are part of the Solvency and Financial Condition Report per legal entity.

DISCLOSURE QRT REPORT ATHORA NETHERLANDS N.V.

TABLE OF CONTENT DISCLOSURE QRT REPORT ATHORA NETHERLANDS NV	
1	S.02.01 - Balance Sheet
2	S.05.01 - Premiums, claims and expenses by line of business
3	S.22.01 - Impact of long term guarantees measures and transitionals
4	S.23.01 - Own Funds
5	S.25.01 - Solvency Capital Requirement - for groups on Standard Formula
6	S.32.01 - Undertakings in the scope of the group

The Disclosure QRT Report Athora Netherlands N.V. is publiced separately on https://www.athora.nl/en/investors/annual-reports/

DISCLOSURE QRT REPORT SRLEV N.V.

TABLE OF CONTENT DISCLOSURE QRT REPORT SRLEV NV	
1	S.02.01 - Balance Sheet
2	S.05.01 - Premiums, claims and expenses by line of business
3	S.12.01 - Life and Health SLT Technical Provisions - Best Estimate by country
4	S.22.01 - Impact of long term guarantees measures and transitionals
5	S.23.01 - Own Funds
6	S.25.01 - Solvency Capital Requirement - for undertakings on Standard Formula
7	S.28.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

The Disclosure QRT Report SRLEV N.V. is publiced separately on https://www.athora.nl/en/investors/annual-reports/

DISCLOSURE QRT REPORT PROTEQ LEVENSVERZEKERINGEN N.V.

TABLE OF CONTENT DISCLOSURE QRT REPORT PROTEQ LEVENSVERZEKERINGEN NV	
1	S.02.01 - Balance Sheet
2	S.05.01 - Premiums, claims and expenses by line of business
3	S.12.01 - Life and Health SLT Technical Provisions - Best Estimate by country
4	S.22.01 - Impact of long term guarantees measures and transitionals
5	S.23.01 - Own Funds
6	S.25.01 - Solvency Capital Requirement - for undertakings on Standard Formula
7	S.28.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

The Disclosure QRT Report Proteq Levensverzekeringen N.V. is publiced separately on https://www.athora.nl/en/investors/annual-reports/

ATHORA

ATHORA NETHERLANDS N.V.

Burgemeester Rijnderslaan 7, Amstelveen
Postbus 274, 1800 BH Alkmaar