

Amstelveen, 30 March 2023

## Athora Netherlands Annual Results 2022

### Strong Solvency II ratio of 205%

### Good strategic progress to become a fully focused pension provider

#### Financial Results

- Net Underlying Result of EUR 413 million (2021: EUR 302 million) primarily due to higher investment income, driven by the repositioning of the asset portfolio.
- Gross premiums of EUR 1,763 million increased by 2% compared to 2021 when excluding the impact of buy-out contracts thanks to growth in pension premiums.
- Increase of 7% in pension premiums evidences success against our strategy to grow in this market.
- Zwitserleven PPI continued to grow with deposits increasing by 23% to EUR 320 million.
- The Net Result IFRS for continuing operations of -/- EUR 928 million (2021: -/- EUR 27 million) was negatively impacted by the change in market value of investments from higher interest rates, spread widening and the strengthening of expense provisions.

#### Solvency

- 2022 Solvency II ratio increased to 205% (YE21: 180%) for Athora Netherlands NV, driven by strong Operating Capital Generation (OCG), the positive impact of market movements in combination with management actions.
- 2022 Solvency II ratio of 207% (YE21: 180%) for SRLEV.

#### Strategic Progress

- Athora Netherlands' strategy to further grow as a leading pension insurer, offering sustainable pensions to our customers, was supported by three previously announced transactions. An agreement was reached with Willis Towers Watson (WTW) to acquire their EUR 1.1 billion Premium Pension Institution (PPI) in the Netherlands. Furthermore, it was agreed to acquire the EUR 0.3 billion 2<sup>nd</sup> pillar pension portfolio of Onderlinge 's-Gravenhage. Finally, the pension entitlements of Stichting Pensioenfond A.C. Nielsen were transferred to Zwitserleven.
- In January 2023, the Executive Committee of Athora Netherlands was established with all functions represented, to support strategic delivery by enhancing the efficiency and effectiveness of our governance.

In € millions	FY22	FY21
Net Underlying Result Athora Netherlands <sup>1</sup>	413	302
Net Result IFRS <sup>2</sup>	-928	-27

In € millions/percentage	FY22	FY21
Solvency-II ratio Athora Netherlands	205%	180%
IFRS Equity	3,185	3,993

<sup>1</sup> Net Underlying Result consists of Net Result IFRS excluding changes in fair value of assets and liabilities (incl. LAT-shortfall) and non-recurring expenses, excluding discontinued operations.

<sup>2</sup> Net Result IFRS is for continuing operations for the period. Discontinued operations are excluded.

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

“2022 has been a volatile and uncertain period for the world and the economic environment. While the impact of Covid on society gradually decreased during the year, the war in Ukraine has inflicted a large humanitarian toll but also led to an energy and food crisis. The related jump in inflation caused monetary authorities to adapt their policies with a substantial impact on financial markets.

In this volatile environment, Athora Netherlands was nonetheless able to make good progress with the execution of its Ambition 2025 strategy in terms of commercial growth, results evolution and organisational development. We implemented a new functional organisation at the beginning of the year, facilitating our ambition to become a simplified and efficient company that is well suited to our pension-focused growth strategy. In addition, we were able to attract great talent to strengthen our senior management team. Our successful investment strategy allowed us to continuously offer compelling returns to our customers.

Our business developed favorably in 2022. Zwitterleven, as a leading provider of solutions for pension needs, was able to deliver solid growth in pension premiums, excluding the impact of lower single premiums from pension buy-outs, which can vary from year to year. We benefitted from high renewal rates and welcomed a number of large new customers. The increased volume in our accumulation business was partly offset by a small decrease in decumulation due to lower market values of expiring capitals. During the year, we successfully launched a new annuity product to address the growing need of customers to guarantee part of their pension income with the rest of the pension income remaining dependent on the performance of financial markets. We continued to service our valued customers in the Life Service Business under the Reaal label, where we saw a strong performance in Direct Annuity sales.

In the IG&H Performance Monitor, which measures the satisfaction of intermediaries, we improved our overall performance score and relative position in the market.

The announced acquisition of the WTW sponsored Pension Premium Institution (PPI) will further strengthen our position in the market for DC pensions, adding scale in accumulation and an important avenue for increasing future decumulation sales. This is the first acquisition that Athora Netherlands has made in many years and is a clear signal of our commitment to become a leading player in the Dutch pensions market.

We were also successful in the market for pension fund buy-outs in 2022. This demonstrates our strength to provide the best solutions for pension funds facing complex challenges in their pension schemes ahead of the upcoming pension reform while offering a good home for their participants. Our success is based on our ability and commitment to deliver, in a sustainable way, the highest benefits for the participants in combination with a broad set of solutions with a strong service track record. We continue to invest in our pension fund buy-out capabilities.

One of the levers of our strategy is to increase our investment income through the repositioning of part of our investment portfolio towards higher yielding assets, offering better risk-return characteristics. These efforts combined with cost containment underpinned the positive development in the Net Underlying Result and the Operating Capital Generation during 2022.

Our Solvency II ratio improved to 205% by year-end 2022 from 180% at year-end 2021, reflecting strong operating capital generation and the positive impact of market movements in combination with management actions. The strengthening of our financial position and commercial position was recognised by Fitch who for the second successive year upgraded the ratings of Athora Netherlands to 'A' with a Stable outlook. Our capital position provides comfort to our customers and forms a solid and sustainable platform to further develop our business.

We continue to strive to be one of the most sustainable insurers in the Netherlands. We launched a dedicated sustainability department coordinating and consolidating all our efforts in this important domain. Under the Zwitterleven brand, we started a campaign to further highlight our commitment to a better world and we launched various initiatives that illustrate our role in society. As an insurer with a sizeable investment portfolio we make a real impact on the world around us. As an example, we recently offered an empty office building to the municipality of Alkmaar to temporarily accommodate about 300 Ukrainian refugees. In addition our employees have contributed to multiple initiatives through the "Stichting Samen voor Later" that benefitted society at large.

I am proud on our performance in 2022 and would like to thank our customers and business partners for their continued trust. A special thanks goes to our valued employees for their relentless support in the realisation of the transformation of our company. I look forward to build on the solid foundation and positive momentum to become one of the leading pension solutions provider in the Netherlands."

#### **Publication Annual Reports & Solvency and Financial Condition Report**

Today, Athora Netherlands also published its Annual Report Athora Netherlands N.V. 2022, the Annual Reports 2022 of SRLEV N.V., Proteq Levensverzekeringen N.V. and the Solvency and Financial Condition Report (SFCR) 2022 of Athora Netherlands N.V. All these documents can be downloaded at [www.athora.nl/investors](http://www.athora.nl/investors)

## Financial Result Continued Operations

In € millions	FY22	FY21
<b>Result</b>		
Premium Income	1,763	2,127
Net inflow PPI	320	260
Direct Investment Income	1,323	1,178
Operating expenses	227	208
Net Underlying Result Athora Netherlands	413	302
<b>Net Result IFRS</b>	<b>-928</b>	<b>-27</b>

Premium income decreased by EUR 364 million to EUR 1,763 million. This decrease was due to a decrease in the volume of buy-out contracts to EUR 55 million compared to EUR 460 million in 2021. Excluding the impact of pension buy-out contracts premium income is EUR 41 million higher. Growth in accumulation business was partially offset by lower volumes in retirement solutions as expiring pension DC capitals were significantly lower due to the negative impact of higher interest rates. PPI deposits reached EUR 320 million, a 23% increase compared to last year, in line with Athora Netherlands's strategic growth ambition in pension and retirement solutions. Individual life insurance premiums declined in line with the shrinking of the Dutch individual life market.

Direct investment income is increased compared to last year. The positive effect of the repositioning of the investment portfolio towards assets offering higher yields more than offset the decline in income from saving mortgages and the impact of the decreasing individual life investment portfolio.

In 2022 we continued to make progress in reducing the underlying operating expense base. Operating expenses increased in 2022 driven by strategic initiatives and expenses related to implementation of IFRS 17. Excluding strategic & transformation initiatives expenses reduced by 6%. This was mainly due to lower fixed and variable staff costs which were also reflected in the decrease in total FTE's for the ongoing operations from 1,412 end-of-2021 to 1,251 end-of-2022.

Net Underlying Result increased by EUR 111 million to EUR 413 million, mainly driven by higher investment income increasing to EUR 1,323 million as a result of successful repositioning of the investment portfolio to higher yielding assets.

The Net Result IFRS for continuing operations of -/- EUR 928 million was negatively impacted by the change in market value of investments from higher interest rates, spread widening and the strengthening of the expense provisions. IFRS results do not include some of the off-setting elements in the Solvency II framework such as Volatility Adjustment and Solvency Capital Requirement.

The reconciliation of Net Underlying Result to Net Result IFRS is presented in the table below:

In € millions	FY22	FY21
<b>Net Underlying Result Athora Netherlands</b>	<b>413</b>	<b>302</b>
1) Change LAT shortfall Life in P&L	714	-310
2) Other (un)realised changes in fair value of A/L	-2,107	76
3) One-offs items and Non operating expenses and profits	52	-95
<b>Net Result IFRS Athora Netherlands</b>	<b>-928</b>	<b>-27</b>

The shortfall in the Liability Adequacy Test (LAT) in 2022 was positively impacted by higher market interest rates causing a release from technical provision. This was partly offset by other market developments in assets and liabilities relating to interest rates, spread widening and strengthening of the expense provision.

Other (un)realised changes in fair value of assets and liabilities in 2022 mainly relate to a reduction in the fair value of derivatives as a result of a significant increase in market interest rates. This reduction was partly offset by an opposite movement in the fair value of the technical provision due to interest increase in the LAT. Fair value changes in 2021 mainly relate to a result on hedges.

The one-off items in 2022 largely consist of a EUR 69 million impact from the recalculation of the DTA recoverability and partially offset by non-operating expenses related to strategic & transformation initiatives.

The one-off items in 2021 included a write down of deferred tax assets, the costs of a new longevity reinsurance transaction, partly offset by the impact from the change in the future tax rate.

## Financial Result per Segment

€ millions					
FY22	SRLEV	Proteq	Zwitserven PPI	Holding	Total
<b>Net Result IFRS</b>	<b>-819</b>	<b>-21</b>	<b>1</b>	<b>-89</b>	<b>-928</b>
<i>Net Underlying Result</i>	<i>427</i>	<i>4</i>	<i>1</i>	<i>-19</i>	<i>413</i>

€ millions					
FY21	SRLEV	Proteq	Zwitserven PPI	Holding	Total
<b>Net Result IFRS</b>	<b>3</b>	<b>-8</b>	<b>1</b>	<b>-23</b>	<b>-27</b>
<i>Net Underlying Result</i>	<i>301</i>	<i>3</i>	<i>1</i>	<i>-3</i>	<i>302</i>

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

The Net Result IFRS for segment Proteq was negatively influenced by a decline in the fair value of derivatives as a result of a sharp increase in market interest rates. This decline is partly offset by an opposite movement due to interest increase in the change LAT shortfall. The Net Underlying Result increased driven by a higher investment income supported by the repositioning of the asset portfolio.

Net Result IFRS for the segment Holding in 2022 is negatively impacted by the accounting treatment of the Own Pension Contract within Athora Netherlands N.V.. The lower market value of fixed income investments is reflected in the income statement, while the related decrease from insurance liabilities is recorded through Equity (Other Comprehensive Income). The Net Underlying result of segment Holding declined in 2022 to -/- EUR 19 million driven by higher expenses related to strategic & transformation initiatives and lower investment income. Athora Netherlands provides funding to subsidiaries by means of Tier-1 loans. Interest received on these loans is recorded directly in Other Comprehensive Income, while interest paid to external parties is included in the income statement.

## Capital Management

In € millions/percentage	FY22	FY21
Eligible own funds Athora Netherlands NV	3,181	4,111
Consolidated Group SCR	1,552	2,290
Solvency II ratio Athora Netherlands NV (%)	205%	180%
Eligible own funds SRLEV NV	3,159	4,012
Consolidated SRLEV SCR	1,524	2,234
Solvency II ratio SRLEV NV (%)	207%	180%

The Solvency II ratio of Athora Netherlands increased from 180% at 31 December 2021 to 205% at 31 December 2022.

In 2022, Athora has redefined the composition of Operating Capital Generation (OCG). Under the revised definition, OCG contributed 20%-points to the Solvency II ratio in 2022, of which 15% in the second half of 2022.

The positive impact of a more inverse long end of the yield curve was more than offset by the increase in interest rates. The negative impact of spread widening on the assets was more than compensated by the impact of the increase of the Volatility Adjustment (VA) from 3 bps at the end of 2021 to 19 bps at the end of 2022. Other market movements which include inflation and the lower impact of equity shocks on SCR had a positive impact on the Solvency II ratio. The combined impact of the market movements and associated hedging programs on the Solvency II ratio was a positive 23%-points.

One-off items amounted to a negative 31%-points. This is largely due to the further repositioning of the investment portfolio towards higher yielding assets to improve investment income. The combined impact of the increase in SCR due to the change in the asset mix, the additions to provisions for investment management expenses associated with the new Strategic Asset Allocation plus the negative impact of the increase of the UFR by 15 bps was partially offset by various smaller items.

The capital position at 31 December 2022 will allow Athora Netherlands to continue the asset repositioning efforts in order to further increase capital generation.

After the successful issuance of EUR 500 million subordinated Tier 2 bond by Athora Netherlands in May, the proceeds were used to fund the repurchasing of USD 575 million subordinated notes issued by VIVAT N.V. in 2017. The EUR denominated net impact on subordinated debt was limited as was the impact on the Solvency II ratio since this effect was neutralized due to tiering restrictions. Coupon payments related to Tier 1 loans had a negative impact of 2%-points.

Athora Netherlands implemented an improved deferred tax assets recoverability and Loss Absorbing Capacity of Deferred Taxes (LAC DT) model in 2021 for a more efficient use of capital. Based on this new model and the improved financial strength and profitability, Athora Netherlands was able to underpin a non-zero LAC DT. The additional contribution of LAC DT to the Solvency II ratio in 2022 was 16%-points.

The Solvency II ratio of SRLEV increased to 207% at the end of 2022 from 180% at the end of 2021. The drivers of the change in the Solvency II ratio of SRLEV are similar to those of Athora Netherlands.



## Consolidated Statement of Financial Position Athora Netherlands NV

In € millions	FY22	FY21
<b>Assets</b>		
Property and equipment	35	42
Investments in associates and joint ventures	38	211
Investment property	1,012	615
Investments	31,569	40,019
Investments for account of policyholders	11,673	14,423
Investments for account of third parties	4,108	3,354
Derivatives	10,552	3,834
Deferred tax assets	1,036	632
Reinsurance share	3	9
Loans and advances due from banks	4,262	360
Corporate income tax	24	-
Other assets	275	345
Cash and cash equivalents	363	403
Assets held for sale	-	41
<b>Total assets</b>	<b>64,950</b>	<b>64,288</b>
<b>Equity and liabilities</b>		
Share capital <sup>1</sup>	-	-
Reserves	2,835	3,643
<b>Shareholders equity</b>	<b>2,835</b>	<b>3,643</b>
Holders of other equity instruments	350	350
<b>Total equity</b>	<b>3,185</b>	<b>3,993</b>
Subordinated debt	902	906
Borrowings	61	61
Insurance liabilities	40,540	50,246
Liabilities investments for account of third parties	4,108	3,354
Provision for employee benefits	469	682
Other provisions	23	45
Derivatives	13,166	1,415
Amounts due to banks	1,579	2,638
Corporate income tax	-	22
Other liabilities	917	888
Liabilities directly associated with the assets held for sale	-	38
<b>Total equity and liabilities</b>	<b>64,950</b>	<b>64,288</b>

<sup>1</sup> The issued and paid up share capital of Athora Netherlands NV is € 238,500

### Assets

Investments for own account have decreased by EUR 8.5 billion in 2022. The key drivers of this change related to decreased prices of investments due to increased market interest rates and outflows due to lower cash collateral for derivatives.

**Liabilities**

Insurance liabilities decreased in 2022 mainly as a result of increased market interest rates. Amounts due to banks decreased as a result of lower received cash collateral for derivatives.

## Consolidated Statement of Profit or Loss Athora Netherlands NV

In € millions	FY22	FY21
<b>Continuing operations</b>		
<b>Income</b>		
Premium income	1,763	2,127
Less: Reinsurance premiums	546	432
<b>Net premium income</b>	<b>1,217</b>	<b>1,695</b>
Fee and commission income	47	55
Fee and commission expense	20	2
<b>Net fee and commission income</b>	<b>27</b>	<b>53</b>
Share in result of associates and joint ventures	1	4
Investment result	1,208	1,272
Investment result for account of policyholders	-	1,376
Result on investments for account of third parties	-	534
Result on liabilities from investments for account of third parties	591	-
Other operating income	1	-
<b>Total income</b>	<b>3,045</b>	<b>4,934</b>
<b>Net benefits, claims and expenses</b>		
Technical claims and benefits	-2,482	537
Charges for account of policyholders	-1,858	1,697
<b>Net benefits and claims</b>	<b>-4,340</b>	<b>2,234</b>
Investment result for account of policyholders	2,460	-
Result on investments for account of third parties	591	-
Result on liabilities from investments for account of third parties	-	534
Result on derivatives	5,365	1,872
Acquisition costs for insurance activities	11	13
Staff costs	165	157
Depreciation and amortisation of non-current assets	4	4
Other operating expenses	58	47
Impairment losses (reversals)	28	-
Other interest expenses	52	54
<b>Total expenses</b>	<b>8,734</b>	<b>2,681</b>
<b>Total net benefits, claims and expenses</b>	<b>4,394</b>	<b>4,915</b>
<b>Result before tax from continued operations</b>	<b>-1,349</b>	<b>19</b>
Tax (expense) / benefit	-421	46
<b>Net result continued operations for the period</b>	<b>-928</b>	<b>-27</b>
<b>Discontinued operations</b>		
Net result from discontinued operations (after tax) <sup>1</sup>	-	-49
<b>Net result for the period</b>	<b>-928</b>	<b>-76</b>
<b>Net Underlying Result</b>	<b>413</b>	<b>302</b>

<sup>1</sup> On 21 October 2021, ACTIAM N.V. was sold to Cardano Risk Management B.V. The transaction has been closed on 1 January 2022. Following this agreement, ACTIAM has been classified as discontinued operation and the 2021 year-to-date and sale result of ACTIAM have been classified under Net result from discontinued operations.

## **Alternative Performance Measures**

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

### ***Definition and usefulness of Net Underlying Result (NUR):***

Net Result IFRS of Athora Netherlands has a high volatility as result of the valuation of all assets and liabilities on a fair value basis. In the NUR, major fair value movements as result of market developments and parameter changes have been eliminated from Net Result IFRS. Athora Netherlands believes that the NUR provides improved insight to stakeholders and investors which results in greater comparability of results with peers and that it enhances their understanding on the financial impact of management decisions (e.g., repositioning of investments, additional cost-savings). The NUR should be viewed as complementary to, and not as a substitute for Net Result IFRS.

### ***Limitations of the usefulness Net Underlying Result:***

The large difference between Net Result IFRS and NUR is driven by a number of items.

The NUR also includes the result of new business and the realisation of interest and technical results on the existing (old) business portfolio. As Athora Netherlands values almost all assets and liabilities on a fair value basis, these specific results are already included within Equity. Reported results on existing (old) portfolio in NUR are reversed in Net Result IFRS by means of a change in the LAT shortfall. The NUR is therefore not a full reflection of economic value added.

The increase in NUR is partly driven by the interest income on derivatives that will balance out when these instruments mature. This impact is offset by the fair value of technical provisions (LAT shortfall) in the Net Result IFRS, whilst any changes in LAT shortfall have been excluded from the NUR. This increases the difference between NUR and Net Result IFRS.

Given the complexity in valuation of derivatives it is not possible to fully eliminate all fair value movements from NUR. This can distort the comparability of figures between different periods.

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## About Athora Netherlands

Athora Netherlands N.V. is the holding company for, among others, SRLEV N.V., Proteq Levensverzekeringen N.V. and Zwitserleven PPI N.V. Athora Netherlands' subsidiaries are active on the Dutch market with the Zwitserleven and Reaal brands. A balance sheet total of EUR 65 billion (end of December 2022) makes Athora Netherlands one of the largest insurers in the Netherlands. Athora Netherlands Holding Limited is the sole shareholder of Athora Netherlands N.V. For more information, please visit [www.athora.nl](http://www.athora.nl).

## Disclaimer

This press release is released by Athora Netherlands NV and contains information that qualified or may have qualified as inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 (MAR), encompassing information relating to the annual results 2022 of Athora Netherlands NV as described above.

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

This press release contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation and should be read in combination with the annual report 2022 of Athora Netherlands NV.

As per December 31, 2022 the same key accounting principles have been applied as per December 31 2021 for the annual report 2021 of Athora Netherlands NV.