

Amstelveen, 18 March 2021

Athora Netherlands Annual Results 2020

Progress in Becoming a Fully Dedicated Pension Provider

Resilient Financial Results in an Eventful Year

Robust Financial Results

- Net Underlying Result of EUR 280 million (2019: EUR 277 million) as a result of lower costs partly offset by lower direct investment income. The impact of Covid-19 on results was limited
- Gross premiums of EUR 1,764 million (2019: EUR 1,849 million) driven by stable pension premiums offset by lower individual life premiums due to the shrinking Dutch individual life insurance market
- Zwitserleven PPI almost doubled its assets under management to above EUR 1 billion
- Total operating costs (excluding restructuring costs) were 7% lower as a result of a continued focus on cost control
- The Net Result IFRS of -/- EUR 57 million (2019: EUR 333 million) was impacted by one-off costs as well as a negative Liability Adequacy Test impact due to the lower interest rate environment

Stable Solvency

- Stable solvency position against a volatile market backdrop and business transformation towards becoming a focused pensions provider
- 2020 Solvency II ratio of 161% (YE19: 170%) at Athora Netherlands NV. Taking into account the sale of the Non-life business, and the associated loss of diversification benefits, the Solvency II ratio remained stable
- 2020 Solvency II ratio of 163% (YE19: 163%) at SRLEV

Strategic Progress

- Announced a new strategy to become a fully focused pension provider; good progress made on implementation with reorganisation well on track
- Athora Netherlands is exploring strategic options for its asset manager ACTIAM
- Successful rebranding of VIVAT into Athora Netherlands

In € millions ¹	FY20	FY19
Net Underlying Result Athora Netherlands ²	280	277
Net Result IFRS ³	-57	333

In € millions/percentage	FY20	FY19
Solvency-II ratio Athora Netherlands	161%	170%
IFRS Equity	3,728	3,838

¹ Per 1 April 2020, VIVAT Schadeverzekeringen NV was sold. The comparative figures have been restated in line with IFRS 5 regarding discontinued operations.

² 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.

³ Net Result IFRS is for continuing operations for the period. Discontinued operations are excluded.

Tom Kliphuis, Chairman of Athora Netherlands' Executive Board:

“2020 was an eventful year for our company. We welcomed our new shareholder Athora, executed the sale and started the disentanglement of the non-life business, rebranded to Athora Netherlands and developed a new strategy which we have started implementing. Amidst the change of ownership, turbulent economic and Covid-19 environment, we were able to provide an uninterrupted and high-quality service to our customers whilst delivering solid financial results coupled with a stable solvency position.

Athora Netherlands improved its Net Underlying Result by further reducing the operating costs and improving the technical result. The impact of Covid-19 on the results has been limited. The solvency position remained robust at 161%. Focus on capital and a strong balance sheet will remain a key priority for the company.

Commercially, it was another successful year for our pension business. Gross premiums remained high at EUR 1.1 billion, with an all-time high production of EUR 300 million of immediate annuities, and our PPI doubled its assets under management to above EUR 1 billion. The retention rate remained high at 84%. The declining individual life market led to lower gross premiums of EUR 674 million, but the sale of immediate annuities – identified as a strategic focus product within our new strategy - increased in the final quarter of the year to EUR 60 million.

We are making strong progress in implementing the new strategy and are simplifying the operating model and organisational structure, within a single Pension Business, a dedicated Life Service Business and fewer smaller support functions. In addition, we are initiating and accelerating digitalisation initiatives and we will consider outsourcing a number of - non-strategic – activities in the coming years. This enables Athora Netherlands to position itself as the only fully dedicated large pension provider in the Netherlands using the well-known Zwitserleven brand. Our new strategy will benefit all our existing and future customers.

Also at the core of our strategy is investment management. Because of this importance, the Supervisory Board has decided to search for a Chief Capital & Investment Officer to strengthen the Executive Board, subject to regulatory and works council approval. Combining our knowledge of the Dutch market and leveraging on certain investment capabilities of Athora, we expect to enhance capital generation in the future and be able to offer the best value for money propositions to our customers by long term sustainable investments. To effectively execute our new strategic asset allocation, the full management of the own account investments will be transferred to Athora Netherlands from ACTIAM. Currently, strategic options for ACTIAM are being explored which will allow ACTIAM to continue to build on its strong ESG track record and focus on the investments for Athora Netherlands' unit-linked propositions as well as its third-party funds and mandates.

The change of ownership of the Non-Life business went smoothly and the transition to NN is on track. This all would not have been achieved without the hard work of our employees, the joined process with the works council and the constructive cooperation with our business partners. Athora Netherlands has full confidence that it is well positioned for the future in becoming the number 1 pension provider in the Netherlands.”

Financial Result Continued Operations

In € millions ¹	FY20	FY19
Result		
Premium Income	1,764	1,849
Direct Investment Income	1,145	1,272
Operating expenses (excl. Restructuring costs)	236	254
Restructuring costs	56	-
Net underlying result Athora Netherlands	280	277
Net Result IFRS	-57	333

¹ Per 1 April 2020, VIVAT Schadeverzekeringen NV was sold. The comparative figures have been restated in line with IFRS 5 regarding discontinued operations.

Net Result IFRS decreased by EUR 390 million compared to 2019 mainly driven by an increase in the LAT shortfall in 2020 of EUR 165 million versus a release of the LAT shortfall of EUR 64 million in 2019. Net Result IFRS 2020 was further negatively impacted by EUR 140 million (after taxes) from an additional longevity re-insurance transaction, EUR 42 million (after taxes) restructuring costs and EUR 22 million one-off expenses for the tender of senior bonds.

Net Underlying Result was slightly up in 2020 as a result of lower operating costs and an improvement in the technical result partly mitigated by a lower direct investment income.

Premium income decreased by EUR 85 million from EUR 1,849 million to EUR 1,764 million. Premium income of Individual Life declined by EUR 93 million as a result of the shrinking market in Dutch individual life insurance, while premium income of Life Corporate remained in line with 2019. The PPI inflow increased by 38% compared to previous year, coming in at EUR 199 million in line with the strategic ambition to increase focus on the PPI.

Direct investment income declined in 2020 by EUR 127 million mainly due to lower received interest on investments in foreign currencies, lower dividends and as a result of the declining portfolio Individual Life.

An additional provision for restructuring expenses and other reorganisation related costs of EUR 56 million was recognised in 2020. Excluding this impact, operating expenses decreased by 7% underpinned by continuous cost savings efforts.

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

In € millions	FY20	FY19
Net Underlying Result Athora Netherlands	280	277
1) Change LAT-shortfall Life in P&L	-165	64
2) Other (un)realised changes in fair value of A/L	-47	14
3) One-offs and Non operating expenses and profits	-125	-22
Net Result IFRS Athora Netherlands	-57	333

The downturn in the change of the LAT-shortfall Life in 2020 was driven by the annual decrease of the UFR of 15 basis points and the low interest rates as well as a change in (investment) expense assumptions due to strategy choices. The 2019 LAT-shortfall was also negatively impacted by the decrease of the UFR, however this was more than offset by a positive impact in insurance mortality parameter assumptions change.

Other (un)realised changes in fair value of assets and liabilities in 2020 were negatively impacted by the tender of the senior debt and negative realised results on equity investments. In 2019 other

(un)realised changes in fair value of assets and liabilities were influenced by a positive result on hedges, mainly as a result of decreased market interest rates.

The result in 2020 was negatively influenced by EUR 125 million of one-off items related to an additional longevity reinsurance transaction of EUR 140 million and a restructuring provision of EUR 42 million. This was partly offset by an adjustment of the net Deferred Tax Assets (DTA)-position to 25%, following a tax legislation change, which had a positive impact on taxation of EUR 57 million.

The one-off items in 2019 relate to the expansion of the existing quota share longevity reinsurance transaction from 70% to 90%, causing a negative impact on the Net Result IFRS of EUR 43 million, which was partly offset by a positive change in the Net Result IFRS 2019 for EUR 21 million due to the recalculation of the DTA-position from a tax rate of 20.5% to 21.7%.

Financial Result per Segment

Life Corporate

In € millions	FY20	FY19
Result		
Gross Premium Income	1,093	1,086
Net inflow Zwitserleven PPI ¹	199	144
Direct Investment income	675	739
Operating expenses (excl. Restructuring costs)	93	99
Restructuring costs	22	-
Total costs	115	99
Net Result IFRS	-148	175
Net Underlying Result	163	177

¹ Net inflow Zwitserleven PPI is not part of the P&L of Life Corporate.

Life Corporate had another strong commercial year resulting in a gross premium income of EUR 1.09 billion which was in line with 2019. The production of immediate annuities reached an all-time high of EUR 300 million. The PPI inflow increased by 38% compared to previous year, in line with the strategic ambition to increase focus on the PPI. Despite the challenging market environment, the retention rate remained high at 84% as well as the new business market share being maintained at 20%.

Excluding the impact of restructuring costs of EUR 22 million, costs were EUR 6 million lower compared to previous year, underpinning the focus on cost control.

Net Underlying Result decreased by 8% to EUR 163 million compared to 2019. Net Underlying Result is primarily driven by a lower investment income resulting from the rebalancing of the investment portfolio at the end of 2019, which was partly offset by an improvement of both technical and cost results.

The LAT impact on the Net Result IFRS was EUR 165 million negative, compared to EUR 64 million positive in 2019. Additionally, Net Result IFRS of Life Corporate in 2020 was negatively influenced by a EUR 140 million one-off item related to the additional longevity transaction. This negative effect was partly offset by EUR 57 million relating to the recalculation of the DTA-position.

Individual Life

In € millions	FY20	FY19
Result		
Gross Premium Income	674	767
Direct Investment income	448	495
Operating expenses (excl. Restructuring costs)	80	85
Restructuring costs	26	-
Total costs	106	85
Net Result IFRS	137	154
Net Underlying Result	124	116

Gross premium income decreased by 12%, or EUR 93 million caused by the shrinking Dutch individual life market and lower sales of immediate annuities compared to previous year. Nevertheless, in the last quarter of 2020 the production of immediate annuities increased and reached a level of EUR 60 million at year-end. The strategy review affirmed that immediate annuities will remain an important product for Athora Netherlands. From 2021 onwards, this product will be offered under the Zwitserleven-label benefiting from the strong brand recognition.

Direct investment income decreased further in 2020 compared to 2019, as a result of a shrinking portfolio in combination with the low interest rate environment.

Excluding restructuring costs, operating expenses were EUR 5 million lower due to continuous cost saving measures, including digitalisation efforts.

Net Underlying Result increased by 7% to EUR 124 million, driven by an improvement in the technical result which was partly offset by a decrease in the cost result due to a decline in cost loadings.

Net Result IFRS 2020 of EUR 137 million was impacted by EUR 26 million of restructuring costs.

ACTIAM

In € millions	FY20	FY19
Result		
Fee and commission income	62	68
Fee and commission expenses	24	28
Net fee and commission income	38	40
Operating expenses (excl. Restructuring costs)	42	49
Restructuring costs	2	-
Total costs	44	49
Net Result IFRS	-5	-7
Net Underlying Result	-3	-7
Assets Under Management (€ billions)	58.1	63.8

Net fee and commission income decreased slightly to EUR 38 million as a result of the sale of the Non-Life business, the transition of a large customer and the reallocation of funds by a distribution partner.

Operating expenses were EUR 7 million lower, primarily as a result of lower staff costs, overhead costs and lower external advisory costs.

Both the Net Result IFRS and the Net Underlying Result improved compared to 2019, by EUR 2 million and EUR 4 million, respectively, mainly as a result of lower operating expenses.

Assets under management decreased to EUR 58.1 billion mainly as a result of the aforementioned changes in client demand and the sale of the Non-Life business, partially offset by favorable market movements.

Holding

In € millions	FY20	FY19
Result		
Net fee and commission income	-3	-1
Direct Investment income	36	58
Operating expenses (excl. Restructuring costs)	25	25
Restructuring costs	6	-
Total costs	31	25
Other interest expenses	68	50
Net Result IFRS	-41	11
Net Underlying Result	-4	-9

Direct investment income was EUR 22 million lower mainly due to the decision of SRLEV not to pay the coupon payment on the internal restricted Tier 1 loan provided by Athora Netherlands NV right before Athora Netherlands NV down streamed EUR 300 million of the EUR 400 million capital injection of Athora Group into SRLEV to enable the substantial asset repositioning.

Excluding one-off expenses of EUR 29 million (gross) related to the tender of Senior Debt, other interest expenses decreased by EUR 4 million compared to 2019.

The Net Result IFRS decreased by EUR 52 million compared to 2019. The result in 2020 was negatively impacted by the result recorded on the tender of Senior Debt (EUR 22 million), lower coupon receipts (EUR 15 million) and restructuring costs (EUR 6 million).

The improvement of the Net Underlying Result in 2020 by EUR 5 million was mainly driven by lower external funding costs.

Capital Management

In € millions/percentage ¹	FY20	FY19
Eligible own funds Athora Netherlands NV	4,134	4,340
Consolidated Group SCR	2,569	2,548
Solvency II ratio Athora Netherlands NV	161%	170%
Eligible own funds SRLEV NV	4,023	3,697
Consolidated SRLEV SCR	2,463	2,275
Solvency II ratio SRLEV NV	163%	163%

¹ 2019 figures include Non-Life business.

The Solvency II ratio of Athora Netherlands decreased from 170% at the end of 2019 to 161% at the end of 2020.

Following the ownership transfer, Athora Netherlands received a EUR 400 million share premium contribution from Athora Holding following the acquisition which had a positive impact of 14%-point. The transfer of VIVAT Non-Life to NN Group following the sale of VIVAT to Athora Holding had a negative impact of 6%-point on the Solvency II ratio, as the decrease in required capital did not offset the decrease in own funds. Coupon payments on subordinated debt had an additional negative impact of 3%-point.

The capital injection enabled Athora Netherlands to further reposition its asset portfolio towards higher returning investments. Athora Netherlands used the market conditions in the first half of the year to invest in EUR 5 billion of targeted high-quality investment grade and predominantly senior credits with the aim to increase investment income. As spreads tightened significantly in the second half of the year Athora Netherlands reduced the exposure on certain expensive high-quality investment grade credits. Considered throughout the year, the impact of the repositioning of the asset portfolio on the Solvency II ratio was -/- 6%-point.

Capital generation was -/- 3%-point, due to the decrease in interest rates and the negative impact of the UFR drag increased.

Market impacts had a negative impact of 4%-point on the Solvency II ratio. The decrease in interest rates had a positive impact, however, this was more than offset by the impact of spread and other movements. The Volatility Adjustment (VA) of 7 bps at the end of 2020 was equal to year-end 2019. In December 2020, SRLEV signed an additional longevity reinsurance transaction which had a 6 %-point positive impact on the Solvency II ratio of Athora Netherlands.

The interest rate shock used to calculate the SCR interest rate risk switched from the interest up to the interest down scenario. This resulted in a decrease in diversification benefits when calculating the SCR with a negative impact of 8%-point. This impact is partly offset by the yearly update in insurance parameters (5%-point), which was driven by lower population mortality improvement rates as published by the Actuarial Society of the Netherlands (Actuarieel Genootschap).

The decrease in the level of the UFR with 15 bps to 3.75% had a negative impact of 3%-point.

The Solvency II ratio of SRLEV remained stable at 163%. The drivers of the change in the Solvency II ratio of SRLEV are similar to that of Athora Netherlands, except of the sale of VIVAT Non-Life.

Statement of Financial Position of Athora Netherlands Excluding Non-Life in FY19

In € millions	FY20	FY19
Total assets	66,008	60,493
Investments	41,922	40,127
Investments for account of policyholders	13,788	13,520
Investments for account of third parties	2,414	1,045
Loans and advances due from banks	603	712
Cash and cash equivalents	385	305
Shareholders equity	3,428	3,538
Holder of other equity instruments	300	300
Total equity	3,728	3,838
Total liabilities	62,280	56,655
Insurance liabilities	51,512	49,005
Subordinated debt	818	868
Borrowings	61	645
Liabilities investments for account of third parties	2,414	1,045
Amounts due to banks	4,684	2,751

Assets

Investments for own account have increased by EUR 1.8 billion in 2020. Main inflows originated from higher received cash collateral for derivatives and increased prices of investments due to decreased market interest rates.

Investments for account third parties increased EUR 1.4 billion mainly as result of merging ACTIAM fund (EUR 0.9 billion), additional inflow in the Zwitserleven PPI (EUR 0.4 billion) and higher equity prices.

Shareholders' Equity

Shareholders' equity decreased due to changes in the revaluation of investments, employee benefits reserve and the payment of interest on the EUR 300 million Tier 1 instrument. A dividend upstream after the sale of the Non-Life business (EUR 416 million) was offset by a capital injection from the shareholder of EUR 400 million.

Liabilities

Insurance liabilities increased in 2020 mainly as a result of decreased market interest rates.

Amounts due to banks increased mainly as a result of higher received cash collateral for derivatives.

Borrowings decreased as a result of the successful tender offer of EUR 589 million of subordinated notes.

Consolidated Statement of Financial Position Athora Netherlands NV

In € millions ¹	FY20	FY19
Assets		
Property and equipment	46	62
Investments in associates	38	37
Investment property	521	460
Investments	41,922	41,572
Investments for account of policyholders	13,788	13,520
Investments for account of third parties	2,414	1,045
Derivatives	5,390	3,102
Deferred tax assets	607	449
Reinsurance share	27	111
Loans and advances due from banks	603	712
Corporate income tax	13	2
Other assets	254	262
Cash and cash equivalents	385	351
Total assets	66,008	61,685
Equity and liabilities		
Share capital ²	0	0
Reserves	3,428	3,538
Shareholders equity	3,428	3,538
Holders of other equity instruments	300	300
Total equity	3,728	3,838
Subordinated debt	818	868
Borrowings	61	645
Insurance liabilities	51,512	50,088
Liabilities investments for account of third parties	2,414	1,045
Provision for employee benefits	695	629
Other provisions	68	15
Derivatives	1,097	676
Amounts due to banks	4,684	2,803
Other liabilities	931	1,078
Total equity and liabilities	66,008	61,685

¹ The FY 2019 figures contain VIVAT Schadeverzekeringen NV

² The issued and paid up share capital of Athora Netherlands NV is € 238.500

Consolidated Statement of Profit or Loss Athora Netherlands NV incl. Non-Life business

In € millions	FY20	FY19
Continuing operations		
Income		
Premium income	1,764	1,849
Less: Reinsurance premiums	249	195
Net premium income	1,515	1,654
Fee and commission income	69	68
Fee and commission expense	14	17
Net fee and commission income	55	51
Share in result of associates	1	1
Investment income	1,189	1,289
Investment income / expenses for account of policyholders	692	2,067
Result on investments for account of third parties	185	173
Result on derivatives	1,765	1,685
Total income	5,402	6,920
Expenses		
Technical claims and benefits	3,660	3,504
Charges for account of policyholders	1,307	2,492
Acquisition costs for insurance activities	15	16
Result on liabilities from investments for account of third parties	185	173
Staff costs	230	185
Depreciation and amortisation of non-current assets	6	7
Other operating expenses	56	62
Impairment losses (reversals)	11	-8
Other interest expenses	102	98
Total expenses	5,572	6,529
Result before tax from continued operations	-170	391
Tax expense	-113	58
Net result continued operations for the period	-57	333
Discontinued operations		
Net result from discontinued operations (after tax) ¹	60	66
Net result for the period	3	399
Net Underlying Result	280	277

¹ Per 1 April 2020 the Non-Life business was sold. The 2020 YTD results and sale result of VIVAT Schadeverzekeringen are classified under Net result from discontinued operations. The 2019 comparative figures have been restated in line with IFRS 5 regarding discontinued operations.

Result from Discontinued Operations (Non-Life business)

In € millions ¹	FY20	FY19
Result		
Gross Premium Income	207	789
Direct Investment income	3	15
Operating expenses	26	112
Net operating result from discontinued operations	4	66
Gain on disposal	56	-
Net result IFRS from discontinued operations	60	66

Net Underlying Result	-2	45
Combined Ratio (COR)²	101.2%	91.4%

¹ The FY20 figures from Non-Life contain the results of Q1 2020 and the gain on disposal to NN in Q2 2020.

² As at March 31, 2020 and December 31, 2019, respectively.

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 IFRS-result. Athora Netherlands believes that the NUR provides useful information 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. re-risking 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.

Besides the result of new business the NUR also includes realisation of interest and technical results on the existing (old) business portfolio. As Athora Netherlands values virtually all of its 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 net underlying result. This therefore 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 could lead to distortion in comparability of figures between different periods. In addition to the impact of additional investment income from derivatives the increase of the NUR was also supported by ongoing re-risking activities, lower costs and lower interest expenses.

Further differences between NUR and net result IFRS relate to the above mentioned one-off items (longevity reinsurance and DTA adjustment) that had an impact on the net result IFRS but were excluded from the NUR.

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About Athora Netherlands

Athora Netherlands NV is the holding company for, among others, SRLEV NV, Proteq Levensverzekeringen NV, ACTIAM NV and Zwitserleven PPI NV. Athora Netherlands' subsidiaries are also active on the Dutch market with, among others, the Zwitserleven, Reaal and ACTIAM brands. A balance sheet total of EUR 66 billion (end of December 2020) makes Athora Netherlands one of the largest insurers in the Netherlands. Athora Netherlands Holding Ltd. is the sole shareholder of Athora Netherlands NV. For more information please visit 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 2020 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.

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 2020 of Athora Netherlands NV.

As per December 31 2020 the same key accounting principles have been applied as per December 31 2019 for the annual report 2019 of VIVAT NV.

All figures in this document are unaudited.