

Amstelveen, 8 September 2021

Athora Netherlands Interim Results 2021

Continued execution of our focused and sustainable strategy

On track in lowering the cost base and repositioning the asset portfolio

Financial Results

- Net Underlying Result of EUR 151 million (1H20: EUR 141 million), driven by a higher investment interest income following repositioning of the asset portfolio, partly offset by a lower result on mortality
- Gross premiums of EUR 888 million (1H20: EUR 937 million) due to lower individual life premiums and a shift from traditional pension products to the Zwitserleven PPI
- Net inflows of EUR 123 million (1H20: EUR 92 million) for the Zwitserleven PPI consistent with the strategic ambition to grow in pensions
- Operating expenses were slightly higher as a result of one-off costs related to the Strategy Review and other technical projects. Nonetheless, there was continued progress in reducing the overall operating cost base
- Net Result IFRS of -/- EUR 110 million (1H20: -/- EUR 138 million), the improvement is driven by a higher result on hedges and an absence of one-offs in 2021

Solvency

- Athora Netherlands successfully issued EUR 300 million subordinated Tier 2 notes in April
- Solvency II ratio of Athora Netherlands of 157% (YE20: 161%) was resilient despite challenging market conditions and the capital deployed for asset repositioning
- Solvency II ratio of SRLEV at 156% (YE20: 163%) was impacted by similar factors
- As per 1st of July, SRLEV signed an additional longevity reinsurance transaction on its individual life portfolio which had an 8%-points positive impact on the Solvency II ratio resulting in a pro forma Solvency II ratio of Athora Netherlands of 165% at the first of July

Strategic Progress

- Athora Netherlands was voted the most sustainable insurance company in the Netherlands
- Appointment of a new Chief Executive Officer, Jan de Pooter, and new Chief Financial Officer, Jim van Hees optimally positioning the Executive Board to lead and steer the company
- An in-house investment office was launched headed by the new Chief Capital & Investment Officer and Executive Board Member, Etienne Comon, to ensure successful execution of the asset repositioning strategy
- Execution of strategy evidenced by, inflows in pensions, lower overall cost base and higher investment interest income

In € millions	HY21	HY20
Net Underlying Result Athora Netherlands ¹	151	141
Net Result IFRS ²	-110	-138

In € millions/percentage	HY21	FY20
Solvency-II ratio Athora Netherlands	157%	161%
IFRS Equity	3,650	3,728

¹ 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.

² Net Result IFRS is for continuing operations for the period. Discontinued operations are excluded.

Jan de Pooter, Chairman of Athora Netherlands' Executive Board:

“During the first half of 2021, we continued to effectively execute our strategy. We are making progress in reducing the overall operating cost base and ongoing efforts to reposition, our investment portfolio, into assets with higher returns are already delivering positive outcomes. Both are important steps in allowing us to offer the best value for money propositions to our customers. Additionally, we were happy to see customer satisfaction further increased in the first half of 2021.

Commercially, we achieved further growth within our key pension propositions: pension premiums and inflows into Zwitserleven PPI grew, which was supported by a historically high retention rate of 91.3% highlighting customer confidence in Athora.

In April, Athora Netherlands successfully issued a Tier 2 capital instrument, to refinance a SRLEV legacy instrument, with a 2.25% coupon reflecting increased investor confidence in our company. As per the first of July, SRLEV signed an additional longevity reinsurance agreement which had a 8%-points positive impact on the Solvency II ratio resulting in a pro forma Solvency II ratio of Athora Netherlands of 165% at the first of July. One of the pillars of our strategy is a focus on capital optimisation to redeploy resources into further repositioning of the investment portfolio which we see as a better rewarded and manageable risk. To facilitate the execution of the new strategic asset allocation we have successfully launched an in-house investment office headed by our new Chief Capital & Investment Officer, Etienne Comon. The full management of the own account investments has been successfully transferred to the investment office in the first half of 2021.

Athora Netherlands is committed to high standards of sustainability which also was acknowledged recently by two important third-parties: we were voted the most sustainable insurance company in the Netherlands by the Dutch Association of Investors for Sustainable Development (the VBDO). Every year, the insurers are assessed for sustainability on the basis of four themes: governance, policy, implementation and accountability. This result makes us proud and proves our position as the front runner when it comes to sustainable investments. Furthermore, the Fair Insurance Guide (Eerlijke Verzekeringswijzer) indicated in their latest report that we are taking adequate action against human rights violations within our investment policy.

With the hard work and dedication of our motivated colleagues, we are committed to bringing more value to our customers in fulfilling their long term interests.”

Financial Result Continued Operations

In € millions	HY21	HY20
Result		
Premium Income	888	937
Net inflow PPI	123	92
Direct Investment Income	583	586
Operating expenses ¹	120	117
Net underlying result Athora Netherlands	151	141
Net Result IFRS	-110	-138

¹ Operating expenses net of recharged income of EUR 13.5 million (2020: EUR 24 million) to NN Group for servicing Non-Life.

Net Result IFRS increased by EUR 28 million compared to the first half of 2020 mainly driven by the absence of one-offs in 2021 of -/- EUR 22 million (expenses related to tender of senior debt in 2020) and an improved result on hedges. These positive drivers were partly offset by an additional LAT shortfall of -/- EUR 30 million due to the continued low interest rate environment.

Net Underlying Result increased by EUR 10 million in the first half of 2021, mainly driven by higher interest income resulting from the rebalancing of the investment portfolio to higher yielding assets, partly offset by a lower result on mortality.

Total premium income decreased by EUR 49 million from EUR 937 million to EUR 888 million, due to the shrinking portfolio of the Life Service Business. The combined premium income of the Growth Business and the PPI inflow increased year on year and is consistent with the strategic ambition to grow in pensions. Within the pension propositions, there is a shift from traditional pension products within Growth Business to the Zwitserleven PPI.

Direct investment income is marginally lower compared to last year. The positive effect of rebalancing the investment portfolio was offset by a lower income on saving mortgages (with an offsetting effect in the technical provision) and a shrinking investment portfolio.

Operating expenses increased marginally as a result of higher investments made to facilitate operational changes following the strategy review (EUR 13 million) and higher costs (EUR 4 million) related to technical projects (IFRS 9/17). This was almost fully offset by lower underlying operating costs as a result of executing saving initiatives and the absence of severance and retention costs (EUR 6 million). In the first half of 2021 a release of the provision for restructuring expenses was recorded of EUR 5 million following the higher than expected natural outflow of staff.

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

In € millions	HY21	HY20
Net Underlying Result Athora Netherlands	151	141
1) Change LAT shortfall Life in P&L	-230	-200
2) Other (un)realised changes in fair value of A/L	-26	-79
3) One-offs and Non operating expenses and profits	-5	-
Net Result IFRS Athora Netherlands	-110	-138

The change LAT shortfall Life was comparable to last year and includes the negative impact from the decrease of the UFR by 15 basis points in both the first half year of 2021 and 2020.

Other (un)realised changes in fair value of assets and liabilities were positively impacted by the result on hedges in the first half of 2021 and excludes the EUR 22 million one-off expenses for the senior debt tender offer in the first half of 2020.

The one-offs were related to the strategy review costs (-/- EUR 9 million) and a release of a reorganisation provision (EUR 4 million).

Financial Result per Segment

€ millions						
HY21	SRLEV	Proteq	Zwitzerleven PPI	ACTIAM	Holding	Total
Net result IFRS	-80	1	0	-1	-30	-110
<i>Net Underlying Result</i>	<i>159</i>	<i>1</i>	<i>0</i>	<i>-1</i>	<i>-8</i>	<i>151</i>

€ millions						
HY20	SRLEV	Proteq	Zwitzerleven PPI	ACTIAM	Holding	Total
Net result IFRS	-126	3	0	-2	-13	-138
<i>Net Underlying Result</i>	<i>154</i>	<i>1</i>	<i>0</i>	<i>-2</i>	<i>-12</i>	<i>141</i>

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, Zwitzerleven PPI, ACTIAM and Holding. The comparative figures were adjusted accordingly.

SRLEV

In € millions	HY21	HY20
Result		
Gross Premium Income	889	938
Direct Investment income	569	568
Operating expenses	97	82
Net Result IFRS	-80	-126
Net Underlying Result	159	154

Gross premium income decreased by 5% to EUR 889 million. The Growth Business experienced a successful commercial first half year and achieved a historical high retention rate of 91.3%. Gross premium income for the Growth Business was slightly lower, but this was more than compensated by the new inflow of the Zwitzerleven PPI. Premium income in the Life Service Business declined by EUR 22 million as a result of a shrinking portfolio.

Direct investment income is marginally higher compared to last year. The positive effect of rebalancing the investment portfolio is offset by a lower income on saving mortgages (with offsetting effects in technical provisions) and a shrinking investment portfolio.

Operating expenses increased by EUR 15 million as a result of costs forthcoming out of the strategy review and regulatory projects. Without these one-off costs the total cost base continued to develop in the right direction.

Net Result IFRS was -/- EUR 80 million, compared to -/- EUR 126 million in the first half of 2020. Drivers were an improved result on hedges and an absence off one-offs, partly offset by a higher negative impact of the LAT shortfall due to the continued low interest environment.

Net Underlying Result was positively influenced by a higher interest income following the repositioning of the investment portfolio, partly offset by a lower result on mortality.

ACTIAM

In € millions	HY21	HY20
Result		
Fee and commission income	23	31
Fee and commission expenses	4	12
Net fee and commission income	19	19
Operating expenses	20	22
Net Result IFRS	-1	-2
Net Underlying Result	-1	-2
Assets Under Management (€ billions)	21.5	59.6

Fee and commission income decreased to EUR 23 million as a result of a change in tariff structure for Athora Netherlands and the transition of a large customer to fiduciary management. This has been offset by lower fee expenses as a result of the changed tariff structure and lower costs of outsourced asset management.

Operating expenses were EUR 2 million lower as a result of lower fund administration and IT costs, as well as lower staff costs from reduced headcount.

Both Net Result IFRS and Net Underlying Result improved by EUR 1 million compared to the first half of 2020 due to the lower operating expenses.

Assets under management decreased to EUR 21.5 billion primarily due to the transfer of the general account assets to Athora Netherlands which was the result of the strategy review. This was partly compensated by favorable market movements.

The review of strategic options for ACTIAM remains ongoing.

Holding

In € millions	HY21	HY20
Result		
Direct Investment income	8	12
Operating expenses ¹	-	12
Technical claims & Benefits (incl. LAT-surplus Proteq)	32	-18
Other interest expenses	6	40
Net Result IFRS	-30	-13
Net Underlying Result	-8	-12

¹ Operating expenses net of recharged income of EUR 13.5 million (2020: EUR 24 million) to NN Group for servicing Non-Life.

The improved Net Underlying Result is mainly driven by lower operating expenses and funding costs, partly offset by lower direct investment income.

Net Result IFRS decreased by EUR 17 million compared to the first half of 2020. It was negatively impacted by a +/- EUR 37 million change in the LAT surplus of Proteq. Following the change of operating segments identified within Athora Netherlands and now comprise of the underlying legal entities, the elimination of the LAT surplus of Proteq is now accounted in segment Holding. This negative impact was partly offset by the absence of the one-off expenses related to the tender result of senior debt (1H20: +/- EUR 22 million).

The decrease in Operating expenses was attributable to the absence of severance and retention costs (1H20: EUR 6 million). Also the release of the reorganisation provision (EUR 5 million) is included in the operating expenses in the first half of 2021.

Other interest expenses were positively impacted by the absence one-off expenses related to the tender result of senior debt (1H20: +/- EUR 29 million gross) and lower funding costs following the redemption of a part of the senior debt.

Capital Management

In € millions/percentage	HY21	FY20
Eligible own funds Athora Netherlands NV	3,834	4,134
Consolidated Group SCR	2,441	2,569
Solvency II ratio Athora Netherlands NV	157%	161%
Eligible own funds SRLEV NV	3,696	4,023
Consolidated SRLEV SCR	2,366	2,463
Solvency II ratio SRLEV NV	156%	163%

The Solvency II ratio of Athora Netherlands decreased from 161% at the end of 2020 to 157% at the end of June 2021.

The successful issuance of EUR 300 million subordinated Tier 2 bond by Athora Netherlands, following the redemption of the EUR 250 million Tier 2 notes by SRLEV in April, has resulted in an increase of 2%-points. The decrease in UFR with 15 bps to 3.60% had a negative impact of 4%-points. Of the EUR 300 million proceeds of the issuance, Athora Netherlands provided an internal Tier 2 loan to SRLEV of EUR 275 million.

Market movements had a positive impact of 4%-points on the Solvency II ratio. Although the Volatility Adjustment (VA) has decreased with 2bps to 5bps at end of June, the resulting negative impact was more than offset by the positive impact of spread tightening on the investments. In addition, the increase of interest rates during the first half of 2021 improved the Solvency II ratio, partly offset by increased inflation expectations.

Capital generation, including organic development of the capital requirement, was nihil over the first half of 2021. However, the investment portfolio has further been optimised to ensure higher investment returns going forward resulting in a utilisation of capital, equivalent to -/- 5%-points which is expected to improve capital generation in the future.

Finally, further rebalancing the interest rate position has resulted in an increase of the Solvency II ratio, largely offset by a negative impact as a combined result of several model refinements and miscellaneous movements including portfolio developments, resulting in an impact of -/- 1%-point.

The Solvency II ratio of SRLEV decreased from 163% at the end of 2020 to 156% at the end of June 2021. The drivers of the change in the Solvency II ratio of SRLEV are similar to those of Athora Netherlands.

As per 1st of July, SRLEV signed an additional longevity reinsurance transaction on its individual life portfolio which has an 8%-points positive impact on the Solvency II ratio of Athora Netherlands, not yet reflected in the June 2021 figures. The pro forma Solvency II ratio of Athora Netherlands at the first of July was 165%.

Statement of Financial Position of Athora Netherlands

In € millions	HY21	FY20
Total assets	62,702	66,008
Investments	39,895	41,922
Investments for account of policyholders	13,921	13,788
Investments for account of third parties	3,014	2,414
Loans and advances due from banks	345	603
Cash and cash equivalents	324	385
Shareholders equity	3,350	3,428
Holdings of other equity instruments	300	300
Total equity	3,650	3,728
Total liabilities	59,052	62,280
Insurance liabilities	49,803	51,512
Subordinated debt	876	818
Borrowings	61	61
Liabilities investments for account of third parties	3,014	2,414
Amounts due to banks	2,526	4,684

Assets

Investments for own account have decreased by EUR 2.0 billion in 2021, mainly as a result of lower received cash collateral for derivatives.

Investments for account of third parties increased by EUR 0.6 billion mainly as a result of the inflow in the Zwitserleven PPI (EUR 0.4 billion) and higher equity prices.

Liabilities

Insurance liabilities decreased in 2021 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 Financial Position Athora Netherlands NV

In € millions	HY21	FY20
Assets		
Property and equipment	44	46
Investments in associates	38	38
Investment property	539	521
Investments	39,895	41,922
Investments for account of policyholders	13,921	13,788
Investments for account of third parties	3,014	2,414
Derivatives	3,698	5,390
Deferred tax assets	692	607
Reinsurance share	16	27
Loans and advances due from banks	345	603
Corporate income tax	-	13
Other assets	176	254
Cash and cash equivalents	324	385
Total assets	62,702	66,008
Equity and liabilities		
Share capital ¹	0	0
Reserves	3,350	3,428
Shareholders equity	3,350	3,428
Holders of other equity instruments	300	300
Total equity	3,650	3,728
Subordinated debt	876	818
Borrowings	61	61
Insurance liabilities	49,803	51,512
Liabilities investments for account of third parties	3,014	2,414
Provision for employee benefits	668	695
Other provisions	59	68
Derivatives	1,234	1,097
Amounts due to banks	2,526	4,684
Corporate income tax	12	-
Other liabilities	799	931
Total equity and liabilities	62,702	66,008

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

Consolidated Statement of Profit or Loss Athora Netherlands NV

In € millions	HY21	HY20
Continuing operations		
Income		
Premium income	888	937
Less: Reinsurance premiums	162	125
Net premium income	726	812
Fee and commission income	34	31
Fee and commission expense	5	8
Net fee and commission income	29	23
Share in result of associates	1	1
Investment income	517	723
Investment income / expenses for account of policyholders	680	-343
Result on investments for account of third parties	267	-86
Result on derivatives	-	1,510
Total income	2,220	2,640
Expenses		
Result on derivatives	1,553	-
Technical claims and benefits	-359	2,726
Charges for account of policyholders	749	-32
Acquisition costs for insurance activities	7	8
Result on liabilities from investments for account of third parties	267	-86
Staff costs	86	86
Depreciation and amortisation of non-current assets	2	3
Other operating expenses	32	28
Impairment losses (reversals)	-	11
Other interest expenses	30	66
Total expenses	2,367	2,810
Result before tax from continued operations	-147	-170
Tax expense	-37	-32
Net result continued operations for the period	-110	-138
Discontinued operations		
Net result from discontinued operations (after tax) ¹	-	60
Net result for the period	-110	-78
Net Underlying Result	151	141

¹ Per 1 April 2020 the Non-Life business was sold. The 2020 results and sale result of VIVAT Schadeverzekeringen are 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 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.

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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 63 billion (end of June 2021) 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 June 30 2021 the same key accounting principles have been applied as per December 31 2020 for the annual report 2020 of Athora Netherlands NV.

All figures in this document are unaudited.