ATHORA NETHERLANDS N.V.

Annual Report 2022

ATHORA

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1 OVERVIEW

2022 AT A GLANCE

2022 was a volatile and uncertain period for the world and economic environment. While the impact of COVID-19 on society gradually diminished during the year, the war in Ukraine inflicted a large humanitarian toll and also led to an energy and food crisis. The related jump in inflation caused monetary authorities to adjust their policies with significant implications for financial markets.

In this volatile environment, Athora Netherlands was nevertheless able to make material progress with the execution of its Ambition 2025 strategy. Our pension business developed favourably in 2022 through organic and inorganic growth.

Furthermore, 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-oriented growth strategy. In addition, we were able to attract great talent to strengthen our senior management team.

Jan de Pooter, CEO

FINANCIAL HIGHLIGHTS

Gross Premium Income
€1,763 mn
2021: €2,127 mn

Solvency II
205%
2021: 180%

Total Operating Expenses
€227 mn
2021: €208 mn

Total Assets
€65 bn
2021: €64,3 bn

Net Result IFRS
-€928 mn
2021: -€76 mn

Net Underlying Result
€413 mn
2021: €302 mn

ABOUT ATHORA NETHERLANDS

TIMELINE

Closing of the sale of asset management subsidiary ACTIAM to Cardano Group.

In March, Athora Netherlands started with a new functional organisational structure.

Athora Netherlands launched a tender offer for its USD 575 million Fixed to Fixed Rate Undated Subordinated Notes with a coupon of 6.25% issued in 2017.

In June, Athora Netherlands successfully issued a € 500 million subordinated Tier 2 capital instrument.

Jan Hendrik Erasmus was appointed as Chief Financial Officer of Athora Netherlands in June.

Zwitserleven launched its new brand campaign With a Feeling for the Future (Met Gevoel voor de toekomst).

Athora Netherlands started a cooperation with NL Cares through its own volunteer foundation Together for Later (Samen voor Later).

Henk Timmer was appointed as member of the Supervisory Board of Athora Netherlands.

Athora Netherlands announced that it is moving to Amsterdam as it signed a lease agreement with EDGE Amsterdam West.

The empty office on the Wognumsebuurt in Alkmaar will be used to temporarily accommodate about 300 Ukrainian refugees.

Zwitserleven took over the pension rights and entitlements of Stichting Pensioenfonds A.C. Nielsen (Nederland) with effect from 1 October 2022.

Athora Netherlands N.V. and WTW reached an agreement in October on the acquisition of WTW's Premium Pension Institution (PPI) in the Netherlands.

Athora Netherlands reached an agreement to acquire the second pillar pension portfolio from Onderlinge 's-Gravenhage.

We want people to enjoy financial security in a beautiful world, ecologically and socially.

Sustainability

In 2022, Athora Netherlands established a dedicated Sustainability Office to further refine and deepen the sustainability ambition.

SUPPORTED SDGs

- 5 GENDER EQUALITY
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND

Acknowledgements

Athora Netherlands achieved **'Top Employer'** certification, an international quality mark for employers with an excellent HR policy.

Zwitserleven was nominated for the Pensioen Pro Award in the category '**Long-term investor of the year 2021**'.

Reaal's Zuivere Lijfrente product, an immediate annuity, received the **highest rating** from MoneyView. The comparison website awarded the product a 5-star rating for both product conditions and price.

Athora Netherlands won the **Award for Best Hybrid Employer** of the North Holland province in the category companies larger than 200 employees.

1.1 KEY FIGURES

KEY FIGURES 2018-2022					
	2022	**2021**	**2020**[1]	**2019**	**2018**
Ratios (in %)					
Regulatory Solvency II	205%[2]	180%	161%	170%	192%
Net Underlying Result (in € millions)					
SRLEV	427	301	302	309	249
Proteq Levensverzekeringen	4	3	3	4	2
Zwitserleven PPI	1	1	1	-	-
Holding	-19	-3	-23	-29	-10
Net Underlying Result from continued operations	**413**	**302**	**283**	**284**	**241**
VIVAT Schadeverzekeringen (as discontinued operation)	N/A	N/A	-2	45	8
ACTIAM (as discontinued operation)	N/A	-1	-3	-7	-7
Net Underlying Result from discontinued operations	**-**	**-1**	**-5**	**38**	**1**
Total Net Underlying Result	**413**	**301**	**278**	**322**	**242**
Net Result IFRS (in € millions)					
SRLEV	-819	3	-28	330	-274
Proteq Levensverzekeringen	-21	-8	6	4	1
Zwitserleven PPI	1	1	1	-	-
Holding	-89	-23	-26	6	-18
Net Result IFRS from continued operations	**-928**	**-27**	**-47**	**340**	**-291**
VIVAT Schadeverzekeringen (as discontinued operation)	N/A	N/A	60	66	16
ACTIAM (as discontinued operation)	N/A	-49	-10	-7	-7
Net Result IFRS from discontinued operations	**-**	**-49**	**50**	**59**	**9**
Total Net Result IFRS	**-928**	**-76**	**3**	**399**	**-282**
Profit or loss (in € millions)					
Gross premium income	1,763	2,127	1,764	1,849	2,107
Investment result	1,208	1,272	1,189	1,285	1,503
Investment result for account of policyholders	-2,460	1,376	692	2,067	-387
Total income (including other income components)	3,045	4,934	5,370	6,880	3,187
Total net benefits, claims and expenses	4,394	4,915	5,528	6,480	3,454
Result before taxation	**-1,349**	**19**	**-158**	**400**	**-267**
Tax expense / benefit	-421	46	-111	60	24
Net Result IFRS from continued operations	**-928**	**-27**	**-47**	**340**	**-291**
Net Result IFRS from discontinued operations	**-**	**-49**	**50**	**59**	**9**
Net Result for the period	**-928**	**-76**	**3**	**399**	**-282**

1 VIVAT Schadeverzekeringen N.V. and ACTIAM N.V. were sold in 2020 respectively 2021. The comparative figures have been restated in line with IFRS 5 regarding discontinued operations.

2 Regulatory Solvency II ratio 2022 is not final until filed with the regulator.

In € millions	2022	2021	2020	2019	2018
Statement of financial position					
Total assets	**64,950**	**64,288**	**66,008**	**61,685**	**55,674**
Investments	31,569	40,019	41,922	41,572	38,656
Investments for account of policyholders	11,673	14,423	13,788	13,520	11,989
Loans and advances due from banks	4,262	360	603	712	1,566
Total equity	**3,185**	**3,993**	**3,728**	**3,838**	**3,541**
Insurance liabilities	40,540	50,246	51,512	50,088	46,283
Subordinated debt	902	906	818	868	863
Amounts due to banks	1,579	2,638	4,684	2,803	1,358

Athora Netherlands and Athora Netherlands N.V.

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

The Athora Netherlands Report of the Executive Board, as referred to in section 2:391 of the Dutch Civil Code includes the following chapters: 2022 at a Glance (chapter 1.1), Key Figures (chapter 1.2), Message from the Executive Board (chapter 1.3), Organisation (chapter 2), Strategy and Developments (chapter 3) and Corporate Governance (chapter 4), excluding Report of the Supervisory Board (chapter 4.5).

1.2 MESSAGE FROM THE EXECUTIVE BOARD OF ATHORA NETHERLANDS

Dear stakeholders,

The year 2022 has been a volatile and uncertain period for the world and the economic environment. While the impact of COVID-19 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 favourably in 2022. Zwitserleven, 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 Zwitserleven 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 and the Works Council for their constructive cooperation.

I look forward to build on the solid foundation and positive momentum to become one of the leading pension solutions providers in the Netherlands.

Amstelveen, the Netherlands, 29 March 2023

On behalf of the Executive Board of Athora Netherlands N.V.,
Jan de Pooter, Chief Executive Officer

2 ORGANISATION

2.1 ABOUT ATHORA NETHERLANDS

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

Legal Entity

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

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

The figure below shows the legal structure of Athora Netherlands N.V.

The structure of Athora Netherlands N.V.

2.1.1 Composition of the Executive Board

The Executive Board is responsible for the management, strategy and operations of the company. At 31 December 2022 the Executive Board consisted of the following members:

- J.A. (Jan) de Pooter – Chief Executive Officer
- A.P. (Annemarie) Mijer – Chief Risk Officer (vice-chair)
- E.P. (Etienne) Comon – Chief Capital & Investment Officer
- J.H. (Jan-Hendrik) Erasmus – Chief Financial Officer
- A. (Angelo) Sacca – Chief Transformation Officer

On 13 June 2022, J. (Jim) van Hees stepped down as Chief Financial Officer (a.i.). On 1 January 2023, A. (Angelo) Sacca stepped down as Chief Transformation Officer and his responsibilities as CTO have been shared amongst the other members of the Executive Board.

As of 1 January 2023, Athora Netherlands N.V. has implemented an Executive Committee consisting of the members of the Executive Board and members appointed by the Supervisory Board at the proposal of the Executive Board.

On 19 January 2023 Athora Netherlands announced the appointments of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to the Executive Committee.

More information on the Executive Board and the Executive Committee is stated in Chapter 4: Corporate Governance.

2.1.2 Composition of the Supervisory Board

The Supervisory Board is responsible for advising the Executive Board and overseeing the Executive Board's management and the general business of the company and its associated business. It has an important role in the company's governance, by approving or dismissing significant business-related decisions. At 31 December 2022, the Supervisory Board consisted of the following members:

- R.M.S.M. (Roderick) Munsters (chair)
- J.M.A. (Hanny) Kemna (vice-chair)
- M.A.E. (Michele) Bareggi
- E. (Elisabeth) Bourqui
- F.G.H. (Floris) Deckers
- H. (Henk) Timmer

On 14 February 2022, Pierre Lefèvre resigned from the Supervisory Board for personal reasons. On 20 September 2022, Henk Timmer was appointed to the Supervisory Board.

As of 1 January 2023, the Supervisory Board supervises the Executive Committee as implemented per that date.

More information on the Supervisory Board is stated in Chapter 4: Corporate Governance.

2.1.3 Shareholder

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

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

Athora offers innovative reinsurance and M&A solutions to insurers seeking to enhance their capital position or enact strategic change. It also serves the needs of individual and corporate customers that continue to demand products offering safety of returns, at a time when many operators are de-emphasising these products.

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

Athora has supportive long-term shareholders and benefits from a strategic relationship with Apollo Global Management Inc. and its subsidiaries (Apollo), which allows Athora to leverage the scale of Apollo's asset management platform.

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

2.2 OUR STORY

Athora Netherlands is a focused pension and life insurance company in the Dutch market with two strong consumer brands: Zwitserleven and Reaal. We build on a long heritage, stretching back more than 120 years. Complemented by the investment expertise and capital support of Athora Group, we aim to be a leading player in the Dutch pension and life insurance market.

With roughly 1,250 colleagues, Athora Netherlands aims to fulfil its purpose 'A sustainable partner for life, taking care of your tomorrow'. We do this by providing attractive and stable benefits and guarantees in every phase of our customers' pension and retirement journey.

Our overarching sustainability approach ensures that Athora Netherlands delivers on its purpose in a sustainable way. By investing in companies that make our planet a better place to live and by influencing the sectors in which we invest to act in responsible way from an ecological, social and governance perspective.

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

2.3 OUR BRANDS

Zwitserleven

Zwitserleven is one of the leading pension insurers in the Netherlands, with a heritage of more than 120 years. Zwitserleven offers a broad suite of pension solutions for both the savings (accumulation) and the retirement (decumulation) phase of our customers. Zwitserleven has been awarded repeatedly for having the most sustainable investment policy in the Netherlands by the Dutch Association of Investors for Sustainable Development (VBDO), most recently in its 2021 benchmark.

In 2022, Zwitserleven launched a new marketing campaign, named Met Gevoel voor de toekomst (With a Feeling for the Future), a campaign in which sustainability is a central theme. Because for the new generation of employees sustainability is at least as important as good financial returns.

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.

2.4 OUR PEOPLE

We believe it is important that employees at Athora Netherlands can get the best out of themselves and each other and enjoy their work. This requires a solid foundation, such as good terms and conditions of employment and a safe, pleasant working environment.

2022 was the year we were able to return to the office. After working at home for a long time, it was nice to see each other back in the office again. We could get together again and celebrate successes. In 2022, we continued to build on shaping the new organisation. This meant a new top structure and several reorganisations in different domains. We tried to inform and support colleagues affected by reorganisation at the earliest possible stage. They were offered training opportunities and received an extra outplacement budget on top of their growth budget in order to receive the best possible guidance in finding another internal or external job.

Our award-winning hybrid working concept PASS has been introduced. This involves employees working in the office when necessary and at home when possible. PASS, which is an abbreviation that has several meanings: Pick a Smart Site, Pick a Smart Spot, Pick a Smart Solution.

And Athora Netherlands is also certified by the Top Employers Institute. This international quality mark is awarded annually to employers who are at the forefront of human resources management. We are very proud of obtaining the seal of approval and receive the Top Employers label. We believe it is important to create a challenging and inclusive working environment where our colleagues can develop and take control of their own careers.

The annual employee survey shows that we are on the right track in terms of employee satisfaction, but also that there are still some challenges. Following these results, Athora Netherlands is deploying several actions to follow this up across the organisation.

Our Employees in Numbers

Year-end 2022, Athora Netherlands employed 1,256 employees (2021: 1,428).

KEY FIGURES ATHORA NETHERLANDS HUMAN RESOURCES		
	2022	**2021**
Number of employees	1,256	1,428
- of which internal	972	1,218
- of which external[1]	284	210
Number of FTEs	1,251	1,412
- of which internal	969	1,209
- of which external	282	204
Ratio male-female	67%/33%	66%/34%
Female managers	20%	20%
Female members of senior management	24%	22%
Average length of service (years)	16.4	15.5
Average age (years)	47	47
Full-time/part-time ratio	78%/22%	77%/23%
Male/female ratio full-time	76%/24%	77%/23%
Male/female ratio part-time	36%/64%	27%/73%
Ratio permanent/temporary contract	97%/3%	96%/4%
Male/female ratio permanent	65%/35%	64%/36%
Male/female ratio temporary	63%/37%	64%/36%
Training costs (million)	€ 2.2	€ 2.5
Sickness absence	5.0%	4.1%
Percentage of employees that have sworn the banker's oath	94%	98%

1 Number of external employees is based on contractual hours

More information regarding our staff can be found in section 3.3.9.1 Own Workforce.

3 STRATEGY AND DEVELOPMENTS

3.1 CORPORATE STRATEGY

Athora Netherlands is a pension and life insurance company focused on the Dutch market. We build on more than 120 years of knowledge and experience. With our strong consumer brands Zwitserleven and Reaal, we offer our customers attractive products and services to provide a good income for later.

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

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

Growth – a business for the future

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

Furthermore, we have strengthened our capabilities to offer attractive solutions for pension funds opting for buy-outs of various sizes, with excellent, guaranteed and secured offerings.

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

Operating model – our focus is our advantage

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

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

Investments & capital – deliver on the promise

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

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

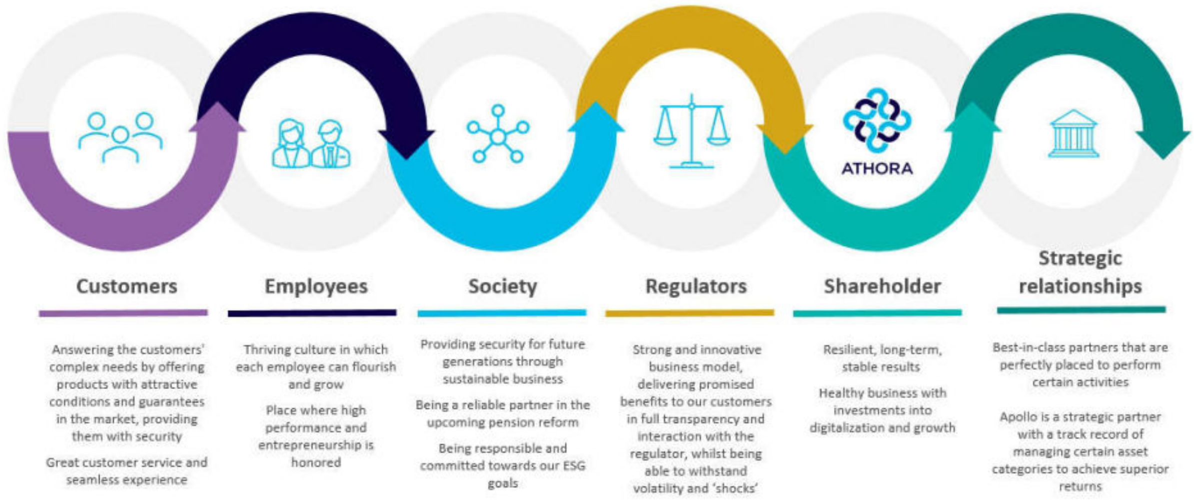
We leverage our strong asset management capabilities to have access to diversified investments. We also make the conscious choice to go for a diverse selection of private markets investments, while remaining selective and conscious of the risks we take.

Sustainability

Integrated in these three value creators is our overarching sustainability approach, ensuring Athora Netherlands delivers on its purpose in a sustainable manner. We will continue to embed sustainable investment and corporate social responsibility in the organisation. It is clear that sustainability is an important added value for all our stakeholders: customers, employees, society, regulators, shareholders and business partners. How sustainability is embedded in each pillar of our strategy is outlined in detail in Chapter 3.3.

A partner for life

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



3.2 DEVELOPMENTS AND BUSINESS PERFORMANCE

Trends and Developments

The war in Ukraine is not only a humanitarian tragedy, but has also had far-reaching geo-political consequences and a very substantial impact on the global economy, food and energy prices, as well as financial markets. Most notably, risk-free interest rates have increased significantly, e.g., the 10-year euro swap rate increased from 0.34% at the beginning of the year to 3.2% at the end of 2022. This steep rise in rates led to a decline of the market value of fixed income assets, but also decreased the value of our insurance liabilities. Together with other market impacts, this led on balance to a decline of Solvency II Own Funds and IFRS shareholders equity. Furthermore, the rise in interest rates has increased operating capital generation and has made new business more profitable.

Another important development has been the adoption of the Future Pension Act (Wet toekomst pensioenen) by the Second chamber of the Dutch parliament (Tweede Kamer der Staten-Generaal) at the end of 2022. If also adopted by the First Chamber of the Dutch parliament (Eerste Kamer der Staten-General), the law will come into effect as of 1 July 2023 and will mean a profound change to the Dutch second pillar pension system. Second pillar pension schemes will have to conform to this law ultimately on 1 January 2027. This development may give rise to commercial opportunities for pension insurers, including Athora Netherlands.

Business Performance in 2022

Athora Netherlands continued to make progress with its Ambition 2025 strategy, which is based upon three value creators.

Growth

In 2022, we made significant progress with the execution of our growth strategy in pensions. Next to healthy organic growth, we announced the acquisition of WTW's PPI in the Netherlands, the acquisition of the second pillar pension portfolio from Onderlinge 's-Gravenhage and a pension buy-out.

Acquisition of WTW's PPI in the Netherlands

As part of our growth strategy in pensions, Athora Netherlands reached an agreement to acquire WTW's PPI in the Netherlands in October. The transaction includes the transfer of sponsorship of WTW's PPI to Athora Netherlands, which will eventually become an integrated part of Zwitserleven PPI's offering in the Netherlands, while keeping the main current client proposition. The combined entity will have assets under management of approximately € 2.7 billion and 126,000 participants. The transaction is likely to close in April 2023.

Acquisition of Onderlinge 's-Gravenhage's (OG) Second Pillar Pension Portfolio

Athora Netherlands reached an agreement in December to acquire the second pillar pension portfolio from OG, consisting of about 11.300 policies and invested pension assets of approximately € 307 million. This pension portfolio contains various guaranteed pension products, including the closed insured pension scheme of OG and Levensverzekeringsmaatschappij De Hoop. The transaction is expected to close mid-2023.

Pension Buy-outs

Pension buy-outs of various sizes are an important part of our pension growth strategy. Zwitserleven took over the pension entitlements and rights of Stichting Pensioenfonds A.C. Nielsen (Nederland) with effect from 1 October 2022. A total of about 485 members and invested pension assets of about € 55 million were involved. By transferring the rights to Zwitserleven, Stichting Pensioenfonds A.C. Nielsen created long-term security for its members. All members will receive an annual lifetime fixed indexation from 2023. There is a (re)insurance agreement in place in anticipation of the collective value transfer, which is subject to DNB approval.

Improved Lifecycles

In November, Zwitserleven improved the lifecycles for its defined contribution pension offerings HorizonBeleggen and ProfielBeleggen. A lifecycle is a certain mix of investments, in which the risk is reduced as the standard retirement date approaches. Zwitserleven has added mortgages, microfinance, and the Ultra Long Duration fund to the investment mix. The investments in mortgages and microfinance ensure a better risk spread and the Ultra Long Duration fund protects customers even better against interest rate fluctuations. With microfinance, the sustainability of the lifecycle has been strengthened. As a result of these changes, Zwitserleven expects a better return-risk ratio.

PensioenPlanner

Zwitserleven has also improved its customer portals by adding the Pension Planner (PensioenPlanner). This tool enables customers to get better insight in the choices they can make in the accumulation phase and the potential impact these have in the retirement (or decumulation) phase.

Reaal's Zuivere Lijfrente Awarded 5-star Rating

Reaal's Zuivere Lijfrente product, an immediate annuity (direct ingaande lijfrente), received the highest rating from Moneyview in November 2022. The comparison website awarded the product a 5-star rating for both product conditions and price.

Introduction Zwitserleven Variable Pension

Zwitserleven continued to innovate its product offering in 2022, as it introduced Zwitserleven Variable Pension (Zwitserleven Variabel Pensioen). This product allows customers to continue investing part of their accrued pension capital after retirement. The customer can decide exactly how large that part can be, which is currently unique in the market. This new, flexible pension product is available to customers with a Zwitserleven defined contribution (DC) scheme and also to employees who have built up their pension in a DC scheme at another pension provider.

Discontinuance of New Individual Term-life Products

Given Athora Netherlands' focus on growth in pensions, we have further simplified our product offering. This means we have stopped selling individual term life insurance policies under the Reaal and Zwitserleven brands in the course of the fourth quarter of 2022.

Operating Model

Implementation Functional Organisation

In March 2022, Athora Netherlands started with a new functional organisational structure, facilitating our ambition to become a more simplified and efficient company that is better suited to our pension-focused strategy after the completion of the sale of our non-life and asset management activities.

Launch of Transformation Office (TMO)

A dedicated TMO was established this year to ensure disciplined strategy execution. The TMO steers, monitors, and tracks the transformation initiatives of as part of our Ambition 2025 strategy.

Launch of a Dedicated Sustainability Department

The new department coordinates and consolidates all our efforts in the important domain of sustainability. The head of the sustainability department reports to the Chief Risk Officer.

Move to a New Sustainable Office Building

Athora Netherlands will move from Amstelveen to Amsterdam in April 2023. In September 2022, we signed the lease agreement with EDGE Amsterdam West. This striking office building dates back to the 1970s and has recently been redeveloped into a state-of-the-art and sustainable multi-tenant building. EDGE Amsterdam West is one of the most sustainable office buildings in Europe with the highest sustainability scores from BREAAM and WELL. With more than 6,000 m^2 of solar panels and underground thermal energy storage, the building provides more energy than it consumes.

Continued Rebalancing of Investment Portfolio

As part of our business strategy, we have continued the gradual rebalancing of our investment portfolio, achieving an increase in investment income and positive operating capital generation in 2022. Together with the continued diversification of investments, the investment management results —as a contribution to our overall performance— have shown continued improvement over the last twelve months.

2022 Milestones

Q1

- Athora Netherlands closed the sale of its asset management subsidiary ACTIAM to Cardona Group, in line with is ambition to be a leading focused pensions and life insurer in the Dutch market. A long-term strategic partnership has been concluded with ACTIAM.
- Athora Netherlands achieved 'Top Employer' certification in January. This international quality mark is awarded annually to employers with an excellent HR policy. The list of top employers was announced by the Top Employers Institute.

- In March, Athora Netherlands started with a new functional organisational structure.
- After an initial investigation on partnerships in 2021 and building on the experience we already have with outsourcing in the Life Service Business, we concluded that there is potential for a more strategic relationship with a service provider for the Individual Life portfolio. A diligent process was started with the aim of selecting a partner that is able to improve customer service levels, safeguard continuity and variabilise and lower expenses. This project is expected to come to a conclusion in 2023.
- Zwitserleven was nominated for the Pensioen Pro Award in the category "Long-term investor of the year 2021" in March.

Q2

- In May, Athora Netherlands launched a tender offer for its USD 575 million Fixed to Fixed Rate Undated Subordinated Notes with a coupon of 6.25% issued in 2017. The accepted amount was USD 505,575,000, leaving a post-settlement outstanding principal amount of USD 69,425,000.
- In June, Athora Netherlands successfully issued a € 500 million subordinated Tier 2 capital instrument. The notes were priced at 400.5 basis points over the 5-year mid-swap rate, with an initial fixed rate coupon of 5.375%. The notes have a first call date on 31 May 2027.
- Jan Hendrik Erasmus was appointed as Chief Financial Officer of Athora Netherlands in June
- In June, Athora Netherlands won the Award for Best Hybrid Employer of the North Holland province in the category companies larger than 200 employees. The award honours organisations that have an excellent hybrid work routine and have taken it a step further.
- Zwitserleven launched its new brand campaign With a Feeling for the Future (Met Gevoel voor de toekomst). A campaign in which sustainability is a central theme.

Q3

- In September, Athora Netherlands started a cooperation with NL Cares through its own volunteer foundation Together for Later (Samen voor Later). This gives the employees of Athora Netherlands access to the platform of NL Cares, which links supply and demand of volunteer work in an accessible way.
- Henk Timmer was appointed as member of the Supervisory Board of Athora Netherlands in September, bringing the Supervisory Board to full strength again after the resignation of Pierre Lefèvre earlier in 2022.
- Zwitserleven launched its variable pension product "Zwitserleven Variabel Pensioen". This product gives retirees the opportunity to continue to invest part of their pension savings after their retirement date.
- In September, Athora Netherlands announced that it is moving to Amsterdam as it signed a lease agreement with EDGE Amsterdam West.
- The empty office of Athora Netherlands on the Wognumsebuurt in Alkmaar will be used to temporarily accommodate about 300 Ukrainian refugees. Athora Netherlands and the municipality of Alkmaar reached an agreement on this in September. Athora Netherlands will make the vacant property available to the municipality free of charge. The latter, in turn, will make the location suitable for temporary occupation. The first Ukrainians moved in in March 2023.

Q4

- Zwitserleven took over the pension rights and entitlements of Stichting Pensioenfonds A.C. Nielsen (Nederland) with effect from 1 October 2022. A total of about 485 members and invested pension assets of about € 55 million were involved. There is a (re)insurance agreement in place in anticipation of the collective value transfer, which is subject to DNB approval.
- In October, Athora Netherlands exercised its right to redeem the outstanding USD 69,425,000 of originally issued USD 575,000,000 Fixed to Fixed Rate Undated Subordinated Notes with a coupon of 6.25% issued in 2017. Subsequently, the redemption took place in November.
- Athora Netherlands N.V. and WTW reached an agreement in October on the acquisition of WTW's Premium Pension Institution (PPI) in the Netherlands. The combined entity will have assets under management of approximately € 2.7 billion and 126,000 participants.
- Athora Netherlands reached an agreement in December to acquire the second pillar pension portfolio from Onderlinge 's-Gravenhage, consisting of about 11.300 policies, representing invested pension assets of approximately € 307 million.

3.3 SUSTAINABILITY

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

And whilst our sustainability credentials are widely recognised in the Netherlands, especially with respect to sustainable investing, we see that expectations from our stakeholders including clients, employees, regulators and society at large are increasing.

That is why in 2022 Athora Netherlands established a dedicated Sustainability Office to further refine and deepen the sustainability ambition and strategy and coordinate the efforts to realise that heightened ambition.

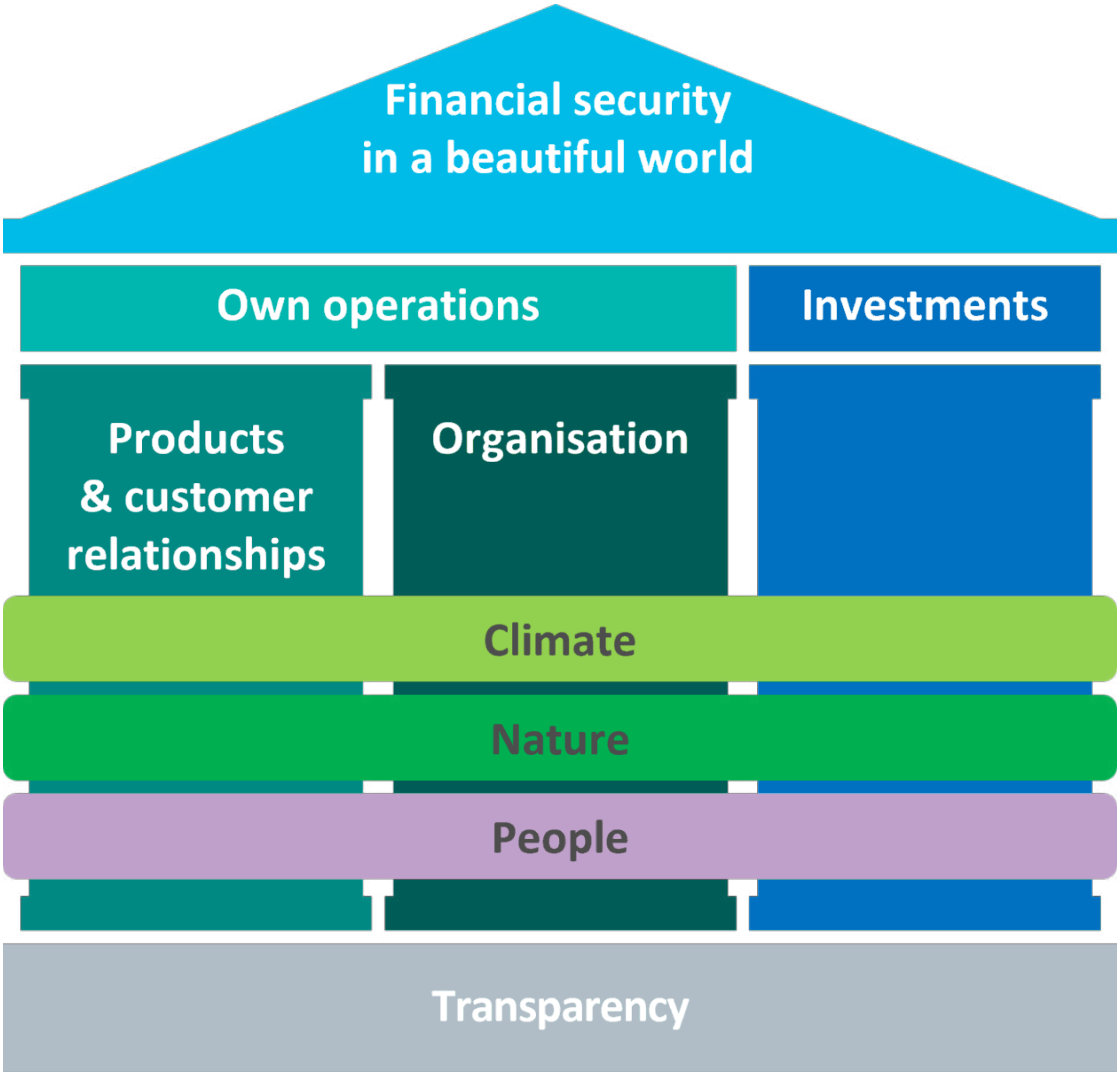
Under the stewardship of the Sustainability Office, all business lines and functions have started to translate our sustainability ambitions and commitments into concrete choices and initiatives. Also, at the end of last year we adopted an extensive set of sustainable investment KPIs and targets for each asset class in our investment portfolio, further integrating sustainability objectives into our core investment process. We are working with our asset management partners to shape investment opportunities in line with these sustainability objectives and we measure progress towards these targets.

3.3.1 Strategy

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

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

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



Across all elements of our business model, we commit to mitigating climate change and protecting and restoring nature, as well as promoting a fair and just treatment of people.

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

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

Strategy for Own Operations

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

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

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

Strategy for Investments

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

Step 1: Fundamental Investment Principles

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

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

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

Step 2: Sustainability Themes

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

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

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

- **Use of fossil fuels**: Controlling the use of fossil fuels. This affects, among other things, climate change, air pollution, the availability of energy and health.
- **Water use**: Controlling the use of fresh water in areas where water is scarce. This affects, among other things, the availability of water, water quality, health and food production.

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

We assess the degree of adaptability for every company, government or institution. A wide range of quantitative and qualitative sustainability indicators are used for this purpose, which come from a number of specialised ESG data suppliers. These indicators provide retrospective insight into the current degree of sustainability of companies and governments, but also provide insight into the goals, plans and investments to further shape the transition in a forward-looking manner. Companies or governments that through their activities or operations in the long run do not show to have the adaptive capacity towards operating within the planetary boundaries and social foundations, are not included in the investable universe. We therefore strive to only invest in companies or governments that are transitioning towards this end.

Step 3: Positive Impact

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

Risk Management

Athora Netherlands believes that sound corporate behaviour and high integrity levels contribute to the long-term financial performance of companies, the stability of communities and to the Sustainable Development Goals. It is, however, still not feasible to formulate internationally agreed targets on corporate behaviour that are more ambitious than the minima as formulated by for instance UN Global Compact or the OECD Guidelines for Multinational Enterprises. In the meantime, and in line with the Sustainable Development Goals, Athora Netherlands aims to invest in companies that are transparent about their contributions to sound corporate behaviour & integrity, such as those given in the GRI guidelines and its supplements. More transparency is expected to improve company behaviour and prevent integrity issues from happening.

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

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

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

Engagement

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

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

In 2022, we conducted individual engagements and collective engagements towards companies in our portfolio. In particular, the following topics were discussed:

Example: Biodiversity & Climate Risks in Aquaculture
On behalf of Athora Netherlands our partner ACTIAM participated in an investor trip to Bergen, Norway, in May 2022 as an opportunity to get on-the-ground experience and insights into a salmon farming operation at the company Leroy Seafood. Aquaculture is the farming of marine organisms including fish and shellfish and is often promoted as a solution to overfishing of wild species and as a sustainable protein source. However, it does come along with its sustainability challenges, which is why ACTIAM on behalf of Athora Netherlands is a part of FAIRR's collaborative engagement focused on the risks and opportunities relevant for the aquaculture industry. The investor group visited several of Leroy's sites, including a kelp farm, an indoor facility for growing young salmon and outdoor ecological salmon net pens.

The knowledge gained will help deepen the engagements being held with the companies that are part of the engagement program. ACTIAM is leading on discussions with Mowi, who is also headquartered in Bergen, Norway. Similar to the other companies in the program, the broad objective of the engagement is for Mowi to improve its strategy for reducing its reliance on soy and fishmeal and fish oil FMFO feed sources, as this will lead to positive impacts on biodiversity and reduce climate risks. It will also ensure the future resilience of Mowi and the aquaculture sector. The investor group is asking Mowi to conduct a risk assessment for continued FMFO usage and to disclose a target for increasing its use of novel and alternative feed ingredients.

Example: Water Risks in Supply Chains
In 2022, on behalf of Athora Netherlands, ACTIAM co-filed five shareholder resolutions in advance of the 2022 proxy voting season. The filing of shareholder resolutions is a powerful tool that can be used in combination with engagement and voting to put important issues on the agenda of a company's board and management. One of the companies for which ACTIAM filed a shareholder's resolution was Chipotle Mexican Grill (Chipotle) asking it to conduct a thorough water risk assessment of its supply chain. As a food company, Chipotle sources ingredients from producers that require a large volume of water consumption to grow its ingredients ranging from rice to chicken to beef for its burritos and bowls. A reliable supply of water is vital for its business and some of its suppliers operate in water-stressed regions. In previous discussions with Chipotle, it loosely stated that it would conduct a water risk assessment of suppliers to determine its highest risks, but they didn't commit to a concrete timeline in that respect.

After filing the resolution, the investor group including ACTIAM had multiple calls with the company. Chipotle's team accelerated its efforts on this front and developed a clear timeline outlining the water risk assessment project plan for each quarter in 2022 and what it was hoping to achieve. ACTIAM and the group found that this commitment was sufficient to withdraw the resolution but will continue to engage Chipotle on progress and to follow-up with an action plan pending the outcome of the risk assessment. ACTIAM sees this positive engagement outcome as one that has real world impacts by encouraging a more sustainable food supply chain - by limiting water use in water-stressed regions, but also encouraging a company to address its material risks and to ensure continuation of its product provision and contribute to food system stability.

Exclusion

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

In 2022, the total number of companies excluded due to being non-adaptive increased again. Most of the new exclusions were based on high carbon intensity levels, either from own operations (scope 1 and 2) or products sold (scope 3). The high number of exclusions reflect the fact that the low carbon transition risks are materialising rapidly. The names of newly excluded entities and grounds for exclusion are published in quarterly reports published on our website throughout the year.

Investments in Real Estate

Athora Netherlands invest in real estate via two separate strategies: i) the first strategy includes in-house asset management by Athora Netherlands of the real estate portfolio in the Netherlands, and ii) the second includes a diversification strategy in Europe, for which a third-party manager is engaged. Athora Netherlands has defined clear KPIs in line with our 2050 net-zero Greenhouse Gases (GHG) emissions target. For realizing our sustainable ambitions in direct real estate, Athora Netherlands uses the following various instruments: renovations and maintenance, measuring, monitoring and reducing energy and water use and waste (re)use, dialogue with tenants and collaborate with partners.

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

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

We have included green lease clauses in all new and renewal leases to align tenants with environmental goals and enhance data sharing on sustainability metrics (e.g., energy usage). On the European real estate, a tenant survey plan has been set up to assess tenant satisfaction and improve the tenant-landlord relationship.

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

Investments in Mortgages

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

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

3.3.2 Governance

Investment governance

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

The Investment Office implements the outcome of the investment sustainability screening in the investment portfolios managed by the Investment Office itself and, where applicable, in the investments that are outsourced to external asset managers. For example, this could be the implementation of adjustments made in the exclusion list. In addition, the Investment Office takes an active role in assessing the sustainability level of external managers, both during the initial selection process and during the subsequent continuous monitoring. An assessment of external managers organisation and the relevant investment product is performed by taking into account its sustainable investment policy (including its exclusion policy and its policy on voting and engagement) and the most recent PRI assessment of the asset manager, if applicable.

3.3.3 Materiality Assessment

In 2022, we undertook our bi-annual engagement survey among a broad representative sample of our stakeholders, including customers, partners, employees, government authorities and civil society. The findings are discussed with the Executive Board and are used to refine our sustainability strategy, along with our underlying targets and priorities. We will also use the findings to update our disclosures and reporting in order to meet (information) requirements by these stakeholders.

In December 2022, we recalibrated these outcomes with internal key representatives. The outcomes and implications for the sustainability strategy of the survey were discussed with the Executive Board. As a result, updates in targets and policies were executed. The survey helped us to bring further focus to our strategy, priorities and sustainability programme.

Through a scientifically sound methodology respondents were asked to rank 20 sustainability topics, some respondents from a financial materiality perspective (the impact of the topic on the company) and other respondents from an impact materiality perspective (the impact of the company on the environment). The result was that the following topics were identified as being the most material across all respondents:

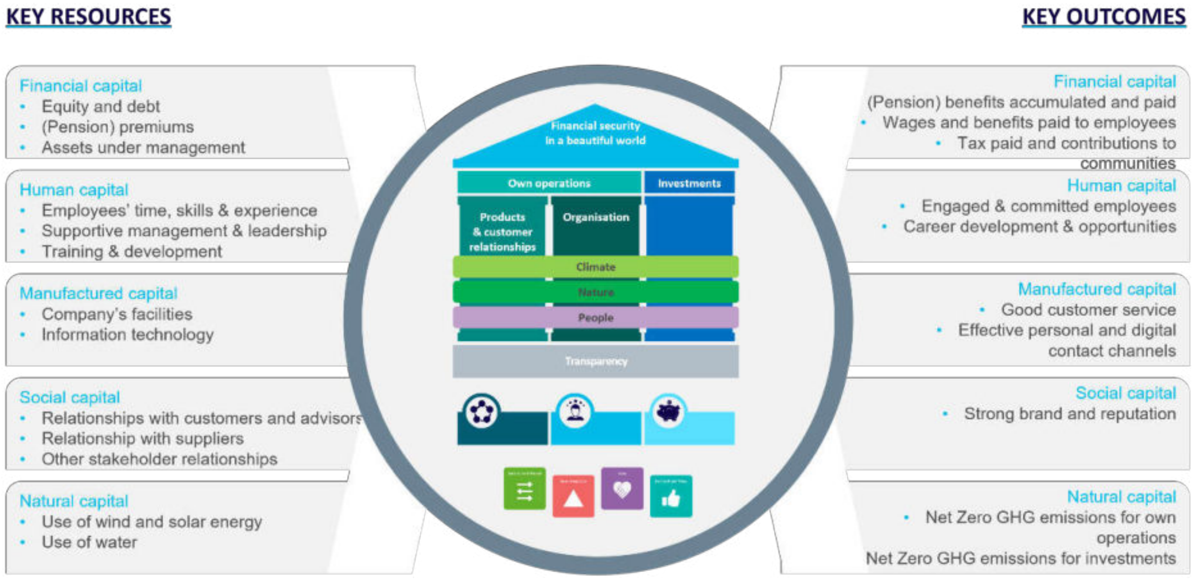
1. Financial resilience
2. Responsible governance
3. Employee wellbeing
4. Climate & decarbonisation
5. Human rights protection

Whilst this view of our stakeholder is very much aligned with where we pay most attention to, the other topics are also still relevant and part of our policies and practices. The aim of this periodical survey is to keep our focus aligned to trends and changing stakeholder requirements. Also, in December of 2022 we started an internal double materiality assessment as part of the preparations for future reporting conform the new Corporate Sustainability Reporting Directive (CSRD). The results of that exercise can lead to a recalibration of the material sustainability topics.

Results of stakeholder survey

3.3.4 Our value creation model

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



3.3.5 Contribution to the Sustainable Development Goals through our Investments

Athora Netherlands invests in companies that contribute to the Sustainable Development Goals of the United Nations, or the Sustainable Development Goals (SDGs). The table below provides an overview of the contribution to the SDGs financed by Athora Netherlands. The percentages indicate which part of the turnover of companies that contribute to an SDG objective is made possible through the investments of Athora Netherlands.

CONTRIBUTION TO SDGS (PERCENTAGE OF TURNOVER)							
	1 No poverty			7 Affordable and clean energy	8 Decent work and economic growth		14 Life below water
Percentage of turnover	2 Zero hunger	3 Good health and well-being	6 Clean water and sanitation	13 Climate action	9 Industry, innovation and infrastructure	11 Sustainable cities and communities	15 Life on land
Own Account	0.1%	0.3%	0.2%	0.6%	0.7%	0.1%	0.0%
Zwitserleven funds (unit linked)	0.8%	4.7%	1.1%	6.3%	0.4%	1.0%	0.4%

3.3.6 Taxonomy Alignment of Investments

On 1 January 2022, the first part of the European classification system for environmentally sustainable activities (EU Taxonomy) came into effect. The Taxonomy requires most public interest entities (PIEs) to report in their annual reports the portions of their revenues derived from activities that align with the first two environmental objectives of the EU Taxonomy: climate change mitigation and climate change adaptation.

The EU Taxonomy requires Athora Netherlands to disclose which part of its activities qualify to potentially be in line with the EU taxonomy ('eligibility'). For most of the investment portfolio, Athora

Netherlands depends on reported data by undertakings it invests in. At the moment of preparation of this Annual Account no undertaking had reported on the eligibility and/or alignment of their economic activities over 2022, yet. Therefore, in addition to publishing the reported data, Athora Netherlands has made efforts to gather data for taxonomy eligibility which is based on estimates. The methodology used for these estimates is different from last book year (2021). Last year estimates were made on the basis of appointing one dominating NACE-code (codes for specific activities of companies) to a company. Based on a publication of the European Commission it was assessed whether such NACE-code referred to an activity that was Taxonomy-eligible or not. This year the methodology has been improved by not limiting to one dominating activity per company, but by appointing more NACE-codes (activities) to companies, based on turnover, where applicable. This resulted in a more nuanced and adequate estimation and resulted in different estimated eligibility percentages in comparison to last year. Last year the estimated eligibility score for the total assets of exposures was 28%, but due to the difference in methodology used for 2022 no further comparison between the estimated Taxonomy-eligibility percentages in 2021 and 2022 has been included in the overview below.

TAXONOMY ELIGIBILITY OF INVESTMENTS

In € millions/in %	Capital per 31 December 2022 In € millions	Of which capital in scope In € millions	Reported In %[1]	Estimated In %
Investments in associates and joint ventures	38	38	0%	100%
Investment property[2]	1,012	1,012	0%	100%
Investments	22,154	8,184	0%	40%
Investments for account of policyholders	11,425	11,425	0%	10%
Investments for account of third parties	4,108	4,108	0%	11%
Total[3]	**38,737**	**24,767**	**0%**	**30%**
Exposures to central governments, central banks and supranational issuers	9,663		Not applicable	Not applicable
Derivatives (netted)	-2,614		Not applicable	Not applicable
Total assets of exposures[4]	**45,786**		**0%**	**25%**

1 Currently only estimated data is used as investees are not yet obliged to publish reported information.
2 On the basis of the EU Taxonomy criteria the eligibility of mortgage loans and real estate is assumed 100%.
3 Exposures in derivatives, central governments, central banks and supranational issues are excluded from the eligibility assessment.
4 Due to the unavailability of sufficient data to determine the exposures to undertakings not obliged to publish non-financial information conform NFRD, Athora Netherlands cannot report such exposure.

At present, our business strategy, product design processes and interaction with customers and counterparties are not explicitly aligned with the EU Taxonomy. However, this will be an important factor in making policy and business processes more sustainable.

3.3.7 Climate

Responsibility to combat Climate Change

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

In 2015 already, just after the Paris Agreement was adopted, Athora Netherlands' then in-house asset manager ACTIAM formulated a long-term climate target in line with that Agreement that Athora Netherlands adopted for its entire investment portfolio and own internal operations. At that moment, an intermediate target was formulated to reduce greenhouse gas emissions in 2030 by 30% compared to 2010. Athora Netherlands has already surpassed that target. That is why in 2021 we set new, more ambitious climate targets, in line with the latest scientific insights, with 2019 as the base year.

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

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

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

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

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

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

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

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

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

- Net-zero greenhouse gas emissions by 2040 for our own operations and 2050 for our investments
- Cover scope 1 (direct operations), scope 2 (energy generation) and scope 3 (value chain) emissions
- Includes CO_2 emissions as well as emissions from other greenhouse gases
- Intermediate reduction targets for investments:
  - 50% reduction by 2030
  - 75% reduction by 2040
  - This equates to an average annual reduction of ~7%
- In line with the 1.5°C scenario of the IPCC, the Paris Agreement and EU Climate Target Plan 2030

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

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

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

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

Climate Change Mitigation through a Net-zero Investment Portfolio

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

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

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

1. **Reduce greenhouse gas emissions of issuers by engagement and voting**
   Athora Netherlands adopts an active ownership strategy and urges corporate issuers to set GHG emission targets and to define actionable implementation plans to reach those targets. We have defined asset class specific KPIs and targets to ensure sufficient progress is made across our equity and corporate bond portfolios with respect to science-based targets. In addition, we have adopted a thermal coal phase out strategy with clear maximum thresholds for thermal coal revenues per issuer, according to a predefined schedule for 2025, 2028 and 2030.
2. **Invest in solutions that reduce, capture and store greenhouse gas emissions or increase low-carbon energy supply**
   Athora Netherlands is increasing its investments in solutions that reduce greenhouse gas emissions, increase low-carbon energy supply or capture and store greenhouse gases. This includes investment in issuers generating renewable energy and developing the necessary technologies to generate low-carbon energy. It also includes investing in issuers that develop technologies and processes that use renewable instead of fossil-based sources or improve energy efficiency. As one means to measure progress, we have set targets for increasing investment in EU Taxonomy aligned activities.
3. **Divest from issuers that lack the capacity to make the transition required for a net-zero economy**
   Athora Netherlands already screens if and how issuers prepare for the low-carbon transition. Our Sustainable Investment Policy defines principles that lead to exclusion of the most environmentally impactful fossil fuel activities such as thermal coal, coal-fired power plants, as well as unconventional exploration such as shale oil and gas, tar sands and deep sea and arctic drilling.

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

Net Zero Operations throughout the Value Chain

Athora Netherlands' own operations have been CO_2 net neutral since 2015.

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

Our ambition

- Fully CO_2 neutral for own housing without use of carbon credits by no later than 2030
- Entire fleet of lease cars hybrid minimum no later than 1 Jan 2025, and full electric no later than 1 Jan 2026
- Introduction of an innovative and flexible mobility plan to encourage and enable staff to commute in the most CO_2 efficient manner
- Use only CO_2 neutral data centres running on renewable energy from Dutch wind and solar
- Build a comprehensive view on emissions and other climate risks in our value chain and develop purchasing policies aligned with our net-zero GHG emissions by 2040 target.

1. **Housing, facilities and transport**
   Going forward, we have set our ambitions even higher: we aim to have truly CO_2 neutral own housing and facilities without the need for offsetting by no later than 2030.
   A great step towards this goal is achieved by moving most of our staff to the energy positive EDGE Amsterdam West building in April 2023. Our other building in Alkmaar is also highly energy efficient (as well as gas-free), achieving an A-label.
   Additionally, as a result of tightening the car lease policy for staff our fleet will consist of only full electric vehicles by 2026, negating the single biggest source of CO_2 emissions from Athora Netherlands' own operations.
   We are developing an innovative and flexible mobility plan to encourage and enable staff to commute in the most CO_2 efficient manner (e.g., through a combination of public transport and bike).
   With most of our staff now partly working from home, we are also investigating ways to encourage staff to make their home office more sustainable.
2. **"Green IT"**
   The increase in applications of IT and their use comes with energy consumption and associated GHG emissions. At Athora Netherlands we are very conscious about this, and we actively seek for ways to minimise both. By using cloud software and storage we make more efficient use of (shared) resources, reducing energy consumption and emissions. We also look critically at options to actively purge large volumes of no longer needed documents and investigate how we can develop energy efficient algorithms (e.g., for artificial intelligence applications).
   Also, our devices such as phone and laptop are 'waste neutral', which means that instead of ending up on landfills they are re-furbished and re-used and ultimately responsibly recycled, avoiding CO_2 emissions as well as saving valuable (and sometimes hazardous) raw materials.
3. **Other suppliers in the value chain**
   With the upcoming CSRD and CSDDD regulations, scope 3 emissions will over time need to be measured and reduced for alignment to a 1.5°C climate scenario.
   Athora Netherlands is already anticipating on this, by including sustainability criteria including GHG emission data requirements in supplier contracts to build a comprehensive view on emissions and other climate risks in our value chain. This includes catering, hospitability and cleaning services, but also consultants and employment agencies as well as outsourcings partners in the Netherlands and abroad. Ultimately, we will only contract with parties that align with our net-zero GHG emissions by 2040 target.

How we Measure and Track Progress

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

- Greenhouse gas emissions intensity (tons of CO2 equivalent / EUR);
- Absolute greenhouse gas emissions (tons of CO2 equivalent).

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

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

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

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

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

Carbon Footprint of our Investments

The carbon footprint of the investments is calculated in line with the method developed by the Partnership Carbon Accounting Financials (PCAF). The carbon footprint consists of the absolute total scope 1, scope 2 and scope 3 carbon emissions of the entities in which investments are made. The data is provided by external data providers MSCI ESG Research and Eurostat. The data is expressed in tons of CO_2 equivalents, and therefore includes various greenhouse gases. Based on the share of the enterprise value of the company invested in (by ways of an investment in equity (shares) or in debt (bonds)) a part of the total carbon emissions of the entities is allocated to our investments. The sum of the carbon footprint of all individual investments corresponds to the reported total carbon footprint of the investments.

CARBON EMISSIONS PER PORTFOLIO SCOPE 1 & 2

						Total carbon emissions		Carbon intensity[1]	
Investments	Capital per 31 December 2022 In € millions	Of which capital in scope In € millions	In Reported In %	Estimated In %	No estimation possible In %	Ton CO_2e	Change compared to 2021 in %	Ton CO_2e per € million	Change compared to 2021 in %
Own account	24,410	23,802	56%	29%	14%	290,720	-26%	15	8%
Zwitserleven funds (unit linked)	16,974	16,974	79%	21%	0%	736,200	-28%	43	-8%
Total	**41,384**	**40,776**	**66%**	**26%**	**8%**	**1,026,920**	**-27%**	**25**	**2%**

1 In line with the recommendations by the Dutch Central Bank (DNB), the change in carbon intensity is adjusted for inflation and exchange rates effects. For this, a global inflation rate (source: Statista) of 8,75% has been used for 2022.

A distinction is made in the overview between the carbon footprint of Athora Netherlands' own account and the Zwitserleven funds (unit linked)[1]. In addition to the emissions, it is also shown which part of the emissions is based on reported values, estimated values and for which part of the portfolio no data is available. The reduction in carbon emissions is mainly determined by portfolio changes, which have resulted in a significant drop in emissions per million euros invested. The only comment that must be made here is that part of the portfolio cannot yet be measured or estimated properly; these are mainly the 'private' loans and investments where data availability is an obstacle. For the Zwitserleven funds, a decrease has also been realised. This was realised by the instruments at our disposal (engagement, exclusion, green bonds) and is in line with the stated objectives of reducing greenhouse gases in the portfolio by an average of 7% per year.

[1] Zwitserleven funds (unit linked) consist of the following funds: Zwitserleven Credits Fonds, Zwitserleven Duurzaam Index Aandelenfonds Europa, Zwitserleven Duurzaam Index Aandelenfonds Noord-Amerika, Zwitserleven Duurzaam Index Aandelenfonds Opkomende Landen, Zwitserleven Duurzaam Index Aandelenfonds Pacific, Zwitserleven Europees Aandelenfonds, Zwitserleven Government Bonds 10+ Fonds, Zwitserleven Impact Wereld Aandelenfonds, Zwitserleven Index Wereld Aandelenfonds, Zwitserleven Kortlopend Obligatiefonds, Zwitserleven Long Duration Fonds, Zwitserleven Medium Duration Fonds, Zwitserleven Mixfonds, Zwitserleven Obligatiefonds, Zwitserleven Selectie Fonds, Zwitserleven Ultra Long Duration Fonds, Zwitserleven Vastgoedfonds and Zwitserleven Wereld Aandelenfonds.

CARBON EMISSIONS PER PORTFOLIO SCOPE 3[1]						
			Total carbon emissions		Carbon intensity	
Investments	Capital per 31 December 2022 In € millions	Of which capital in scope In € millions	Ton CO_2e	Change compared to 2021 in %	Ton CO_2e per € million	Change compared to 2021 in %
Own account	24,410	23,802	1,761,746	-7%	88	35%
Zwitserleven funds (unit linked)	16,974	16,974	4,950,600	-4%	292	22%
Total	**41,384**	**40,776**	**6,712,346**	**-6%**	**165**	**30%**

1 Although reporting on scope 3 carbon emissions by companies is increasing, most of these emissions are still estimated.

Climate risks

We also assess climate risk at portfolio level, for which we use scenario analyses. In that way we are even better able to identify the companies and sectors that are expected to be unable to make these sustainability transitions on time and therefore pose a sustainability risk for both equity and bond investments. It helps us to distinguish the frontrunners from the laggards within sectors, not only to identify which companies are most at risk, but also to be able to identify risks for different asset classes. Based on this, we assess whether these companies should be encouraged even more to adjust their policy or whether the screening should be tightened up.

Climate risks are therefore included in the considerations from different angles of the investment process. We calculate the 'risk value' (Value at Risk; VAR) for each company and then for the portfolio. This risk value is an estimate of the costs that a company will have to incur, i.e., the impact on the valuation, under the scenarios that global warming is limited to 1.5°C, 2°C or 3°C (the 1.5 degrees Celsius scenario is shown below per portfolio).[2]

We try to distinguish between (i) the costs/benefits of stricter climate regulation, (ii) the costs/ benefits of changing preferences or technological progress; and (iii) the costs of physical damage from climate change.[3]

CLIMATE RISKS UNDER 1.5 DEGREES CELSIUS SCENARIO						
	Capital per 31 December 2022	Of which capital in scope	Total Value at Risk	Related to regulation	Related to technology	Related to climate impact
Investments	In € millions	In € millions	In %	In %	In %	In %
Own account	24,410	23,280	-2.7%	-1.2%	0.1%	-1.6%
Zwitserleven funds (unit linked)	16,974	16,935	-12.2%	-8.5%	5.7%	-9.8%
Total	**41,384**	**40,215**	**-6.7%**	**-4.3%**	**2.5%**	**-5.1%**

The estimates of the climate risks for Athora Netherlands are based on Value-at-Risk estimates for equities and bond investments. On average, the climate risks for bonds are lower than for equity investments because bonds have a greater chance of recover a part of the invested capital than shareholders in the event of bankruptcy (due to the effects of climate change). The underlying data show that for some of the companies in the portfolio, the climate transition does not result in risks, but offers the right opportunities of services that are necessary to generate renewable energy and realise energy savings. The risks from changing market conditions of stricter climate policies are expected to outweigh the opportunities for many companies. The markets are also ahead of investments, especially in common businesses. It is not easy to compare the climate risks of our investments over time. On average, the climate risks increased in 2022 compared to 2021. Legislation on this topic is increasing and more measures must be taken in a shorter time as it takes longer at a global level to substantially

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

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

reduce greenhouse gas emissions. Climate risks are also increasing. On the one hand, this is due to a global transition to a low-carbon society that is too slow. On the other hand, more information is also available for different climate scenarios to estimate the risks.

Companies that run high risks are addressed through engagements and if this does not lead to sufficient action, are eventually excluded from investment. We encourage companies in our portfolio to also document the progress made in the transition to a low-carbon business model and to develop goals and policies to make a switch to, for example, renewable energy.

Carbon Footprint of our Operations

For Athora Netherlands, it is important to minimise the negative impact of our own business operations on the environment. Being climate neutral with respect to housing is one of our main objectives. Our offices operate on one hundred percent green gas and electricity, as they have been doing for several years. In 2022, we achieved a 76% drop in net carbon emissions for our own internal organisation compared to our base year 2019. The main reasons for this decline were the way of working at home and in the office, the reduction of staff and the electrification of our lease cars. There was not only a reduction in net carbon emissions, but also a sharp reduction in usage of electricity (minus 45%) and gas (minus 83%) for own-use buildings compared to 2019.

Working in the office and business travel has resumed, and therefore our scope 3 has risen compared to 2021. However, due to further reductions in staff and the further stimulation of working from home, it has not returned to the level before the COVID-19 pandemic.

CARBON EMISSIONS OWN OPERATIONS				
	2022		2021	
	Carbon emissions in tonnes	Carbon intensity in tonnes CO_2 per € million	Carbon emissions in tonnes	Carbon intensity in tonnes CO_2 per € million
Scope 1 (biogas, lease cars)	161		541	
Scope 2 (renewable electricity)	-		-	
Scope 3 (business travel, commuting, waste, paper and water)	673		185	
Net carbon emissions	**834**	**0.27**	**726**	**0.16**

A breakdown of our own energy and water consumption, waste, transport and their emissions is given in Additional information - 2 Carbon Footprint.

At this moment Athora Netherlands has no projects for the removal of our own GHG emissions via biogenic or technical solutions. Our first objective is to reduce our own emissions by altering our buildings and processes as well as by stimulating staff to make conscious transportation choices. To neutralise the own operations emissions, 1,200 tons of CO_2e Fairtrade Gold Standard, CDM for financial year 2022 were purchased. In total, this compensation is more than adequate for the actual emission basis, but it has also been decided to continue to support projects based on a social motive. It was therefore decided to support a project in Laos.

Nevertheless, our activities to work towards climate neutrality go beyond the offices in which we work. All our suppliers are requested to comply with our general procurement terms and conditions. Athora Netherlands is working with our suppliers to gain more insight into their CO_2e emissions and what effect this has on our Scope 3 emissions.

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

3.3.8 Nature

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

3.3.8.1 Pollution

Investments

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

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

3.3.8.2 Water and Marine Resources

Investments

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

SCARCE WATER USE							
				Total scarce water use		Intensity of scare water use	
Investments	Capital per 31 December 2022 In € millions	Of which capital in scope In € millions	Of which relevant In € millions	In thousand liter	Change compared to 2021 in %	Thousand liter per € million	Change compared to 2021 in %
Own account	24,410	23,215	539	11,745	-61%	22	-51%
Zwitserleven funds (unit linked)	16,974	16,974	2,489	78,070	-67%	31	-100%
Total	**41,384**	**40,189**	**3,028**	**89,815**	**-66%**	**30**	**-91%**

3.3.8.3 Biodiversity and Ecosystems

Investments

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

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

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

Wrong land use due to deforestation can increase the amount of CO_2, affect biodiversity and lead to less income and food. It is our ambition to have no more deforestation in our investment portfolios. However, the availability of data on deforestation is still in its infancy. Therefore, via our brand Zwitserleven and together with ACTIAM, we have taken steps to use up-to-date information from external partners about global deforestation trends and causes. This allows us to detect and quantify changes in vegetation due to plantation development or fire damage. The ultimate goal is to work towards a deforestation-free investment portfolio.

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

3.3.8.4 Resource Use and Circular Economy

Investments

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

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

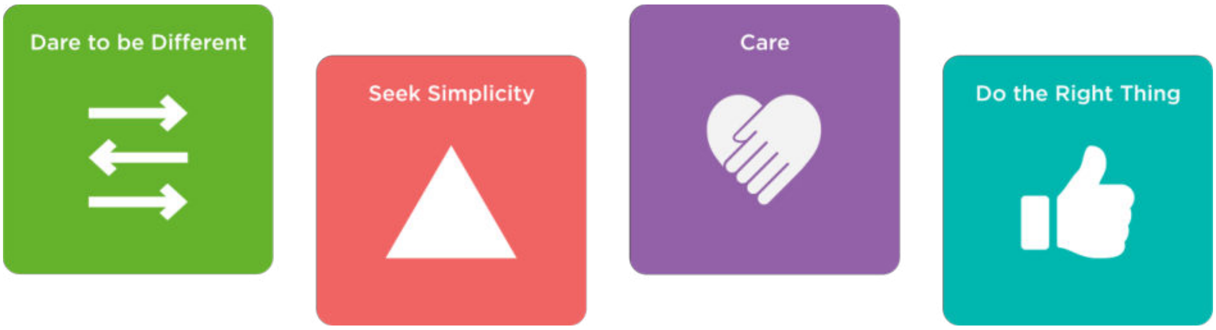
3.3.9 People

3.3.9.1 Own Workforce

Critical for reaching our sustainability ambitions is the buy-in and commitment of our own people. That is why in 2022 we launched a sustainability awareness training for all staff and an accompanying intranet section outlining the sustainability strategy and related content. We have invited all employees to consider how they can make a personal contribution to our mission and to become the best version of themselves.

Becoming the best version of ourselves is a process, something we do together. A company is not the structure, the name or the buildings we work in. It is the people together that make an organisation.

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



Diversity and Inclusion

We want to create a culture where everyone can flourish. Where you can be yourself, regardless of where and when you were born, what you believe or who you love. Where you challenge and uplift, help and improve others.

Respect for every individual and their unique contribution is defined in our new Code of conduct and Diversity and Inclusion policy. We value differences and diversity, recognising that different perspectives make our organisation more colourful and better in serving our clients. To this end, we have goals to improve diversity and inclusion within the company.

Inclusion Goals

- 85% of the employees indicate that they can be themselves within our company;
- 75% of the employees indicate that they feel that they fit in with our company;
- 85% say that there is room for everyone's opinion within the team;
- 80% indicate that people of all backgrounds (culture, ethnicity, gender, sexual orientation, age, religion etc.) can succeed at our organisation.

Diversity Goals

- Our long-term goals for gender equality remains: 40% male or female in Supervisory Board, Executive Board, Senior Management, Management and Others, as mentioned in the Equality-policy. To take it step by step, we first aim to have 30% Female in Supervisory Board, Executive Board, Senior management and Management in 2022;
- A balanced distribution of the age structure within the teams;
- At least three persons with a distance to the labour market employed by Athora Netherlands in 2022 (10 persons in 2025) or working via secondment.

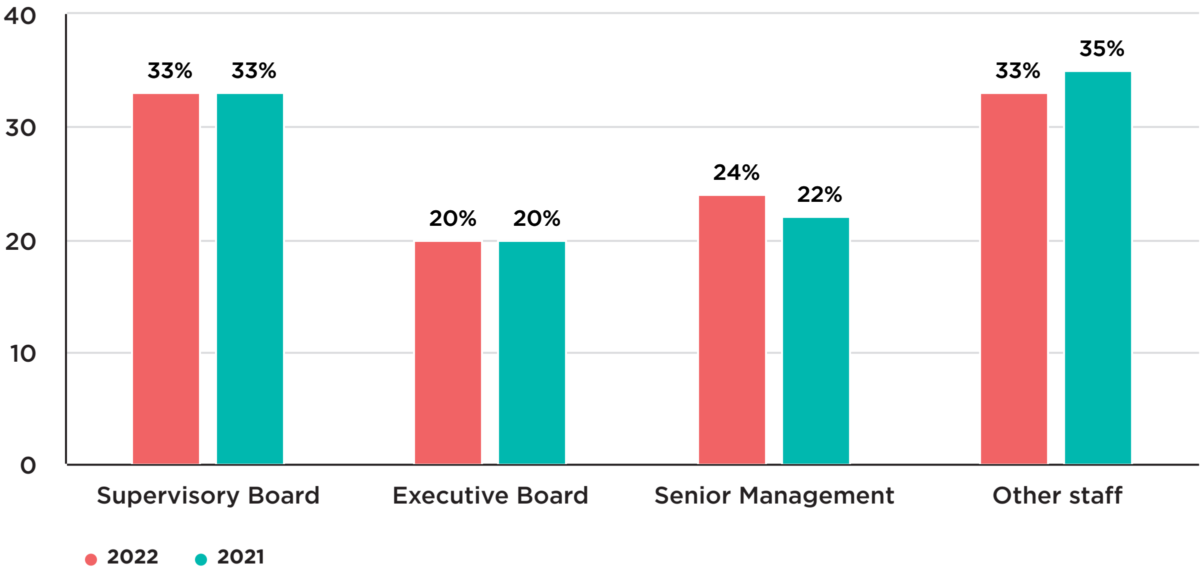
To further raise awareness within our company, a Diversity officer was appointed in 2022. He promotes and influences an important cultural change and he inspires and encourages fellow employees and specifically management to become more involved in, and take ownership for, achieving diversity and inclusion in their teams. It is about further positioning the topic of D&I within our organisation. Drawing up an annual plan and designing and implementing D&I guidelines and interventions in collaboration with the (HR) organisation and other stakeholders.

We organised for the second time Diversity Day on 4 October. This solidarity day—a national initiative of Diversity in Business of the Social and Economic Council of the Netherlands (Sociaal-Economische Raad)—illustrates the positive power that arises when you bring people together with differences in cultural origin, sexual orientation, age, gender or work capacity.

The employee survey we conducted in November showed that we have not yet achieved all the Inclusion targets this year, but we do see a slight improvement over last year. The number of employees who indicate that they can be themselves is 82% and the percentage saying they 'fit' the organisation is now 66%.

Also in terms of diversity we are not yet where we would like to be. Currently 33% are female on the Supervisory Board, in line with the forthcoming law “More balanced male/female distribution in the top of the business community”. In the Executive Board this percentage is 20%. Especially when we look at women in management positions and the number of people with disabilities in employment, there is still considerable room for improvement. Therefore, in the coming years we are going to look at how we can further develop this theme in collaboration with the Diversity officer. The fact that the organisation is going to continue to shrink presents us with an additional challenge to make this happen.

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



At Athora Netherlands, jobs are weighted regardless of gender. Women and men with comparable work experience, achievements and job level are given equal pay. The differences in wages between women and men are caused by the on average higher age of men and to level / grade differences. Within our company, women are on average 1.7 years younger than men and are underrepresented in the higher salary scales.

Sustainable Employability

To ensure the continuity of our business, we encourage employees to be healthy, motivated, competent and productive at work. The aim of our HRM Policy is to achieve sustainable employability for all employees. Sustainable employability is based on personal development, vitality and flexible employment conditions. In 2022, we received the certification of being a Top Employer. Being certified means that as a company you put people first and allow employees to flourish because they are empowered by the best working conditions.

Personal Development

At Athora Netherlands, we like to help our employees become the best version of themselves. As an employer, we actively invest in their development. This aligns with the eighth SDG: 'Fair work and economic growth'. We therefore support them in their pursuit of sustainable employability, within or outside our organisation. In order to keep up with their profession or to develop new competences or knowledge, every employee has access to a personal growth budget of € 1.000 per employee per year. In addition to the growth budget, we offer many other development options, such as a Summer School, workplace learning, the deployment of speakers, etc. During the year, managers and employees make development and result agreements with each other and discuss progress.

Develop & Accelerate

In June and December 2022 approximately sixty talented employees completed the Develop & Accelerate Programme (D&A). The D&A programme is an initiative that focuses on both personal development and the transformation of our company. The participants worked on personal learning goals and strategic assignments and were guided and challenged by their Business Challengers and executives. In addition to developing themselves and working on various assignments, the participants were also enlightened on themes such as Change Management, Stakeholder Management and Leadership.

Flexible Working Conditions

In 2022, we redesigned the way we work. Smarter, more efficient, with an eye for sustainability and the well-being of us all, and with an eye to achieving the desired result together.

That is why we use a hybrid concept of working within Athora Netherlands: PASS. PASS, which is an abbreviation that has several meanings: Pick a Smart Site, Pick a Smart Spot, Pick a Smart Solution. But the most important thing is that we are smarter about how we do our work, where we work and which agreements we make together in order to achieve a good result. In this way we retain the benefits of working from home and the social cohesion of working at the office. Time at the office is important for transferring knowledge, inspiring and meeting each other. This new way of working also includes suitable employment conditions such as a working abroad guidelines.

There are 4 PASS principles:

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

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

Vitality

In various ways we support employees as much as possible in this time when health and work/life balance are more important than ever. For example, we offer inhouse fitness in our Fit Boutique in Amstelveen and Alkmaar, and give employees the opportunity to participate in the Global challenge: a wellness solution that provides participants with knowledge and tools on a daily basis to build new healthy habits. In addition, employees can contact the company doctor or coach for a preventive conversation if they have concerns about their (mental) health. And we offered in the Summer school workshops in the field of lifestyle and vitality.

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

Health Safety and Well-being

In collaboration with our occupational health and safety service, we support our employees in the field of absenteeism and reintegration. This year the absenteeism rate has increased to 5.0% (2021: 4.1%), above our target of 4.75%. This increase in absenteeism is a trend that is visible nationally, which can be explained by delayed medical care and additional waves of flu after a period of less social interaction. As a result, employees remain absent for a longer period.

Our annual employee survey, held in November 2022, had a good response rate of 85%. It gave us insight into what is valued by our employees and where there are opportunities for improvement. The results show a tentative increase in certain areas, such as commitment and 'trust' in management, but there are still plenty of challenges to work on. The score on Inspiring Vision is still low compared to the market and although we see a slight improvement on the theme Employership within Athora Netherlands, the score is also still relatively low.

The Executive Board appreciated this feedback and will continue working to make improvements in 2023. In January, the results were shared further in the organisation and improvement plans were drawn up at various levels.

Human Capital Risk

The impact of the ongoing transformation was closely monitored until the third quarter of 2022 in the Human Capital Quarterly Report. This looked at the state of affairs with regard to the themes: In and Outflow, Absenteeism, Vacancies and results of the Pulse survey and/or employee survey. If necessary, mitigating measures were taken to make adjustments.

The Pulse survey in June showed that employees still saw not enough improvement in the actions initiated after the previous Employee survey. Many employees reported a high workload and they still felt less engaged to the company. In response, opportunities were sought to give employees some breathing space and projects were put on hold or postponed in the second half of the year. However, employees were satisfied with the opportunities that hybrid working offered them.

Staff turnover, number of vacancies and inflow and outflow in 2022 went according to plan and, as far as established, were in line with the Operational Plan (OP).

In December 2022, the Employee survey showed a tentative increase in certain areas, such as on engagement compared to the previous 2021 Employee Survey. The engagement score has now gone from 6.5 to 6.6 and the employer score from a 6.0 to a 6.1. We do see large differences between teams.

Although we see a slight improvement on the theme Employership within Athora, the score is still relatively low. This is mainly caused by low scores on appreciation and bottom-up improvement. A possible contributing factor here is that employees feel they are not yet heard enough. To prevent the risk of disengaged employees, unwanted turnover and to improve employee engagement, dialogue sessions with employees and managers are planned in the coming months.

The workload has further increased; however, this is in line with the benchmark scores. 40.2% of all employees experienced the workload as too high or much too high. On the other hand, we see that employees score higher than the benchmark on feeling fit and satisfaction with working conditions. Workload will continue to be a focus in 2023. We will have conversations with our employees to discuss the outcomes of the Employee survey including workload. By being in conversation with employees, we look at how this can be addressed. We are also looking for a party to see how we can offer employees who experience work-related stress more help in this area.

Another striking score is the difference between men and women on psychological safety. The average scores are higher than the benchmark, but women within Athora score significantly lower than man on Psychological safety and Inclusion. We see this picture throughout the whole benchmark. For Athora, however, this is a result that will receive extra attention next year as it does not fit with the inclusive organisation we want to be. We are going to organise management-sessions in collaboration with our Health services to organise workshops on psychological safety.

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

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

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

3.3.9.2 Workers in the Value Chain

The UN Guiding Principles on Business and Human Rights, endorsed unanimously by the UN Human Rights Council in June 2011, underline the corporate responsibility to respect human rights. This responsibility, also affirmed in Principles 1 and 2 of the UN Global Compact and the OECD Guidelines for Multinational Enterprises, requires companies to avoid causing or contributing to adverse human rights impacts through their own activities, and to prevent, mitigate or remedy human rights impacts directly linked to their operations, products or services. The responsibility of companies to respect human rights refers, as a minimum, to the core internationally recognised human rights, contained in the International Bill of Rights. Depending on the circumstances, companies may need to consider additional universal human rights standards, for instance relating to the protection of the human rights of specific groups, such as indigenous peoples, women, persons with disabilities, and migrant workers and their families.

Investments

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

For Companies

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

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

For Sovereigns

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

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

Human Capital Management as part of our Sustainability Drivers

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

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

Own Operations

We screen our vendors and outsourcing partners against similar standards as we do for our investments (e.g., the important component of at least a minimum income necessary for a worker to meet their basic needs), and through our general procurement conditions we ensure adherence to the same UN and OECD guidelines. In 2022 we have started to be bring our outsourcing and vendor management policies and practices fully in line with our Fundamental Investment Principles, with the aim of full consistency across all both parts of our value chain with respect to human rights, labour rights, weapons, sanctions, fraud, corruption, tax evasion, human (mental) health and animal welfare as well as environmental damage.

3.3.9.3 Affected Communities

Own operations

Athora Netherlands enables all employees to spend 3 workdays a year on community involvement. To further encourage employees to make use of this opportunity, we started a collaboration with NL Cares, a platform making volunteering more fun, easier and more accessible for all colleagues of Athora Netherlands. Various individual, team and company volunteering events have since been held, from cleaning the surroundings of our Amstelveen Office together with lonely elderly to helping out on the Winter Fair, organised to give care home residents a much-needed day out full of active and social activities.

The vacant office building of Athora Netherlands at the Wognumsebuurt in Alkmaar has been made suitable to temporarily accommodate about 300 Ukrainian refugees. Athora Netherlands and the Municipality of Alkmaar have reached an agreement on this.

Investments

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

3.3.9.4 Consumers and End-users

Fair and Transparent Service

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

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

Another KRI is the number of changed and/or new applicable laws and regulations that have not been (fully) implemented on time or that are reported to be at risk of not being (fully) implemented on time. In 2022, we identified three relevant legislations for which timely implementation is at risk because legislation has not yet been finalised and approved by Parliament. This situation is comparable to 2021 and mainly relates to the new Pension Reform legislation for which an extensive decision process in Parliament was needed. Laws will be applicable as of 1 July 2023 once Parliament approves the Pension Reform as well. We expect the new Pension Law to be approved and all preparations towards 1 July date are made.

We also measure the number of complaints about products and/or distribution by our customers and relations. For 2022, we saw a comparable trend in a very low number of complaints.

Customer Loyalty and Customer Satisfaction

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

NPS

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

In 2022, the Athora Netherlands NPS was slightly higher compared to 2021 with the score of -20, driven by a slightly higher NPS for the Pension Business and slightly lower NPS for the Life Service Business.

NET PROMOTER SCORE		
	2022	2021
Athora Netherlands	-20	-21
Life Service Business	-31	-31
Pension Business	-9	-11

Customer Satisfaction

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

In line with the slight increase in NPS performance, the Delighted Customers Score for Athora Netherlands has increased to 54%, primarily driven by higher satisfaction scores within the Life Service Business and stable satisfaction scores within the Pension Business. Overall, more than half of the Athora Netherlands customer base values their relationship with an 8 or higher in 2022.

DELIGHTED CUSTOMER SCORE		
	2022	2021
Athora Netherlands	54%	52%
Life Service Business	48%	44%
Pension Business	60%	60%

Investments

Athora Netherlands considers products or businesses that are harmful to human (mental) health and/or animal welfare a violation of good product and business integrity. Therefore, as described in the Fundamental Investment Principles, Athora Netherlands excludes certain harmful products and services, such as tobacco, adult entertainments, gambling and animal testing if this is not required by law and when there is an alternative available.

3.3.10 Business Conduct

Customer Privacy and Data Protection

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

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

We also have a policy to handle data breaches to minimise possible damage to customers. The appointed Data Protection Officer is responsible for monitoring compliance with the law (e.g., GDPR). In 2022, 157 data breaches (2021: 166) were detected within our company of which 10 (2021: 9) were reported to the Dutch Data Protection Authority. In 2022, we had key risk indicators in place regarding major data breaches and data breaches reported to authorities. Various management and process controls were also in place related to privacy.

Anti-corruption and Bribery Risks

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

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

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

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

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

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

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

If a case of bribery, corruption or internal fraud occurs, it could lead to operational costs, reputation damage and damaged relations with stakeholders. Athora Netherlands has no explicit quantitative performance key risk indicators with respect to corruption, bribery and internal fraud. Athora

Netherlands has however quantitative performance key risk indicators regarding employee conduct and incidents. The number of incidents related to dishonest, inappropriate and/or unprofessional behaviour (which include also internal corruption, bribery and internal fraud) were all within the corresponding key risk indicator norms. Athora Netherlands has not detected and reported any forms of corruption and bribery in 2022.

Furthermore, Athora Netherlands has a risk policy outsourcing in place which describes the several phases of an outsourcing procedure. When Athora Netherlands considers outsourcing any activity or function, Athora Netherlands has the objective to have a collective understanding of the risks (including corruption, bribery and internal fraud) of the potential outsourcing deal and the activities required to respectively maximise, minimise, and mitigate these.

Financial Economic Crime

Financial Economic Crime refers to unlawful acts (including omissions) committed by an individual or a group of individuals resulting in a financial or economic advantage. Financial Economic Crime includes amongst other money laundering, terrorism financing, circumventing sanction regulations and external fraud.

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

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism to be completed before 31 December 2022. During 2022, we continued remediation activities to further address shortcomings. In the course of our remediation activities some risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile and further enhancements will be implemented in 2023. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

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

3.4 FINANCIAL RESULTS

Net Underlying Result increased by € 111 million to € 413 million, mainly driven by higher investment income increasing to € 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 € -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 the NUR to Net Result IFRS is presented in the table below:

RECONCILIATION NET UNDERLYING RESULT TO NET RESULT IFRS		
In € millions	2022	2021
Net Underlying Result Athora Netherlands	**413**	**302**
1) Change LAT-shortfall Life in P&L	714	-310
2) Other (un)realised changes in fair value of assets and liabilities	-2,107	76
3) One-offs and Non-operating expenses and profits	52	-95
Net result continued operations IFRS Athora Netherlands	**-928**	**-27**

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 € 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 RESULTS		
In € millions	2022	2021
Result		
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[1]	413	302
Net Result continued operations IFRS	**-928**	**-27**

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.

Premium income decreased by € 364 million to € 1,763 million. This decrease was due to a decrease in the volume of buy-out contracts to € 55 million compared to € 460 million in 2021. Excluding the impact of pension buy-out contracts premium income is € 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 € 320 million, a 23% increase compared to last year, in line with Athora Netherland'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 FTEs for the ongoing operations from 1,412 end-of-2021 to 1,251 end-of-2022.

Financial Result per Segment

FINANCIAL RESULT PER SEGMENT 2022					
In € millions	**SRLEV**	**Proteq**	**Zwitserleven PPI**	**Holding**	**Total**
Net Result IFRS	-819	-21	1	-89	**-928**
Net Underlying Result	427	4	1	-19	**413**

FINANCIAL RESULT PER SEGMENT 2021					
In € millions	**SRLEV**	**Proteq**	**Zwitserleven PPI**	**Holding**	**Total**
Net Result IFRS	3	-8	1	-23	**-27**
Net Underlying Result	301	3	1	-3	**302**

SRLEV

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.

Proteq

PROTEQ		
In € millions	**2022**	**2021**
Result		
Gross Premium Income	4	4
Operating expenses	3	3
Net Result IFRS	-21	-8
Net Underlying Result	**4**	**3**

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.

Holding

HOLDING		
In € millions	**2022**	**2021**
Result		
Operating expenses	14	12
Other interest expenses	19	13
Net Result IFRS	-89	-23
Net Underlying Result	**-19**	**-3**

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 € -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.

Balance sheet

Assets
Investments for own account have decreased by € 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.

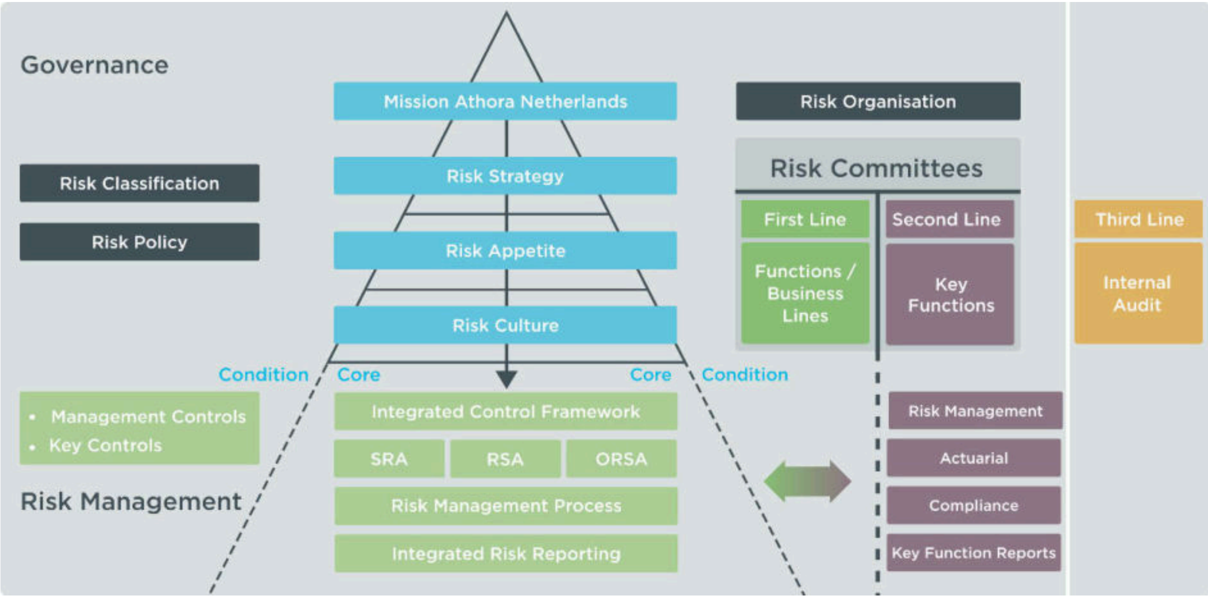
3.5 RISK AND CAPITAL MANAGEMENT

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

Risk Management System

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

Risk Management



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

Risk Strategy

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

Risk Appetite

The Risk Appetite Statement (RAS) of Athora Netherlands is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually. The risk tolerances-part contains measures for the maximum risk that Athora Netherlands 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.

Risk Culture

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

Netherlands discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

Risk Organisation

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

Integrated Control Framework

The Integrated Control Framework (ICF) is Athora Netherlands' internal control system and is part of its Risk Management System. The ICF forms the basis for sound and controlled operations within Athora Netherlands, measures the maturity of risk management and monitors process Key Controls and Management Controls. The basis of the ICF and the GRC tooling was implemented in the period 2015-2017. In the previous years, new initiatives were taken for further improvements. In 2022 the program that started in 2021 to strengthen the fundament of the ICF, namely the quality of process risk assessments, process- and key control design and change procedures ended successfully and activities and monitoring are fully embedded in business as usual. Sustainability is more and more embedded within the ICF, as it has become one of the ICF key components. Management controls are designed and assessed regarding the existence of governance, policies, reporting and awareness trainings. Also data collection processes and corresponding key controls are being formalised to provide customers reliable information on the sustainability of our products, and to ensure accurate and complete disclosure of sustainability data.

Underwriting and Investment Management

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

The starting point for the ALM policy is the Balance Sheet Assessment (BSA), which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with 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 taking into account the interests of the policyholders. The prudent person principle is part of the ALM policy. Investments are made exclusively in assets and instruments whose risks are properly identified, measured, monitored, managed, controlled and reported, but also comply with ESG principles.

Developments Non-financial Risks

In 2022 the main developments in non-financial risks were: 1) remediation program Sanctions AML 2) change risks associated with volume of change on transformation initiatives and programs such as implementation of IFRS 9/17 3) HR Risk associated with labour market and high work pressure 4) Business Process risk associated with strategic change and new operational processes such as within the investment Office and the CTO (Buy out) 5) Third party risk including new strategic outsourcing initiates 6) further attention and mitigation of cybercrime threats and ransomware developments. In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored according to the Athora Netherlands risk management procedures. Overall, the risk levels as reported in 2022 were steadily decreasing and becoming more within appetite towards the end of 2022.

In 2022 IT has been continuing the work on improving process automation of the 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. The In Control Framework (ICF) has been improved to a next level. Compliance with regulations and legislation is key and IT Risk Management is at the right level to monitor and mitigate risks. A low number of incidents and high availability of the business applications show the success of these high standards.

Cybercrime risk is growing over the years, and attackers are becoming more professionalised and aggressive. Also the political situation around Ukraine gives extra threats. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. For Athora Netherlands mitigating the cybercrime risk is a key priority which is also reflected in the Board level attention it gets. In 2022 no major incidents related to cybercrime occurred within Athora Netherlands. To manage the increasing risk effectively in 2022 additional mitigating measures were implemented. In October Athora Netherlands participated in the 'Alert Online' campaign with a lot of awareness improving activities. A cybercrime plan for 2023 has been drafted and Athora Netherlands will keep on focusing on mitigating this risk, also for outsourced services.

In 2022, 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 governance risks. 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. From the end of 2021 to the beginning of 2022, DNB performed a governance effectiveness assessment on the functioning of the governance of Athora Netherlands. On 9 June 2022, Athora Netherlands received feedback from DNB on their governance effectiveness assessment. On 30 November 2022, Athora Netherlands submitted a detailed plan with governance enhancements taking into account the large company regime and other regulatory expectations including a roadmap for implementation of these enhancements. The roadmap provides, amongst others, for a pilot on the governance framework with Athora Group to test the revised governance protocol. The regulator will continue to monitor and evaluate the enhancements as part of its ongoing supervisory activities.

Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis. In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism to be completed before 31 December 2022. During 2022, we continued remediation activities to further address shortcomings. In the course of our remediation activities some risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile and further enhancements will be implemented in 2023. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

Capital Position

The estimated Solvency II ratio of Athora Netherlands increased to 205 per cent at year-end 2022 from 180 per cent at year-end 2021.

The main items driving the change in the Solvency II ratio were:
- Operating capital generation of +20 percentage point.
- Market impacts of +23 percentage point.
- One-off items of -31 percentage point.
- Capital flows of -2 percentage point.
- Other of +16 percentage point.

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

The estimated Solvency II ratio of SRLEV increased to 207 per cent from 180 per cent.

SOLVENCY II POSITION				
	Athora Netherlands		SRLEV	
In € millions	2022[1]	2021	2022[2]	2021
Total eligible own funds	3,181	4,111	3,159	4,012
Consolidated group SCR	1,552	2,290	1,524	2,234
Solvency II Surplus	1,629	1,821	1,635	1,778
In %				
Solvency II ratio	205%	180%	207%	180%

1 Regulatory Solvency II ratio 2022 is not final until filed with the regulator.
2 Regulatory Solvency II ratio 2022 is not final until filed with the regulator.

SENSITIVITY						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions / In %	2022	2021	2022	2021	2022	2021
10% lower mortality rates for all policies (longevity risk)	-48	-57	-48	-57	-4%	-3%
10% increase in expenses assumptions + 1% increase in inflation[1]	-409	-563	-409	-563	-41%	-34%
Interest +50 bps	-67	-137	-67	-137	-2%	-1%
Interest -50 bps	80	197	80	197	1%	4%
UFR -15 bps	-39	-73	-39	-73	-4%	-5%
UFR -50 bps	-134	-251	-134	-251	-14%	-17%
Excluding VA	0	0	0	0	-49%	-7%
Equities +10%	24	31	89	55	5%	1%
Equities -10%	-61	-40	-89	-55	-5%	-1%
Property +10%	77	59	81	59	6%	3%
Property -10%	-81	-59	-81	-59	-6%	-3%
Credit spreads Government Bonds +50 bps	-106	-230	-106	-230	10%	9%
Credit spreads Corporates/Mortgages +50 bps	-203	-267	-203	-267	6%	15%
All Credit spreads +50 bps	-309	-497	-309	-497	16%	25%

1 The inflation linked swaps are conservatively not recalculated in this scenario.

Capital Management

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

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

A preparatory crisis plan exist which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a threat to the going concern of Athora Netherlands. In its Risk Appetite, Athora Netherlands has defined triggers that determine whether a contingency situation exists.

The ORSA is an integral part of Athora Netherlands' management control cycle. It is input for the operational plan and capital management and is used in determining the risk appetite. The ORSA 2022 concludes that Athora Netherlands' risk profile is well reflected in the SCR standard formula and solvency is adequate.

Solvency II

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

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

Athora Netherlands calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) and thus making use of the possibility of applying long-term guarantee measures.

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

The classification of the hybrid capital of Athora Netherlands N.V. and SRLEV N.V. (outstanding on 31 December 2022) into Tier 1 and Tier 2 capital is based on the transitional measures contained in the level 1 regulations and aligned with DNB.

Managing Sensitivities of Regulatory Solvency

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

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

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

4 CORPORATE GOVERNANCE

4.1 SHAREHOLDER

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

4.2 THE EXECUTIVE BOARD

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

From the fourth quarter of 2021 to the second quarter of 2022, a team of the Dutch Central Bank (DNB) has performed a governance effectiveness assessment on the functioning of governance at Athora Netherlands. Work on findings and observations has started in the second quarter of 2022 and will be further addressed in 2023 and beyond.

In line with the large company regime, Athora Netherlands N.V. is governed by a two-tier board comprising an Executive Board and a Supervisory Board. Both boards perform their duties and powers as laid down in the relevant laws and regulations and the company's articles of association. As part of its governance effectiveness assessment Athora Netherlands N.V. has decided to implement an Executive Committee to align with the new functional model of the organisation and to support the achievement of the Ambition 2025 strategy by including two functions currently in the CEO domain at the highest collective executive level. The Executive Committee consists of the members of the Executive Board and members appointed by the Supervisory Board at the proposal of the Executive Board. The installation of the Executive Committee became effective as per 1 January 2023.

On 19 January 2023, Athora Netherlands announced its new Executive Committee and the appointments of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its new Executive Committee.

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.

At 31 December 2022 the Executive Board consisted 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.H. (Jan-Hendrik) Erasmus	British, South African	Chief Financial Officer	13 June 2022
A. (Angelo) Sacca	Italian	Chief Transformation Officer	1 April 2020

On 13 June 2022, J. (Jim) van Hees stepped down as Chief Financial Officer (a.i.). On 1 January 2023, A. (Angelo) Sacca has stepped down as Chief Transformation Officer and his responsibilities as CTO have been shared amongst the other members of the Executive Board.

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. Mrs. Mijer is a Certified Actuary of the Dutch Society of Actuaries and holds professional qualifications in Investment Analysis.

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

Etienne Comon (1973) holds a 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, his areas of responsibility are Balance Sheet Optimisation, Investment Office and Asset Management.

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

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

A. (Angelo) Sacca - Chief Transformation 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.

4.3 GOVERNING RULES

The gender balance in the Executive Board has not changed in 2022 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 and Executive Committee members, Athora Netherlands will take into account all laws and regulations and its diversity in terms of gender, age, experience, nationality and background. The principle of having at least 30% men or 30% women is applied in succession planning for the Executive Board and Executive Committee, Supervisory Board and senior leadership. With the announcement of the new Executive Committee in January 2023, the gender balance has been changed to 67% men and 33% women.

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 inflation, pensions, governance, sustainability, IFRS 17/9 and financial economic crime.

4.4 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, 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 and the business connected with it.

As part of the installation of the Executive Committee as per 1 January 2023, the Supervisory Board supervises the Executive Committee as from that date.

Meetings of the Supervisory Board

The Supervisory Board meets on a regular basis in accordance with an annual schedule, which in practice implies two-day meetings every two months on average. Decisions of the Supervisory Board are taken by a majority of votes cast. The Supervisory Board has drawn up internal regulations to specify and complement the company's articles of association. Members of the Supervisory Board have declared their acceptance of these regulations and have undertaken to abide by the rules contained therein.

Composition, Appointment and Role

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

At 31 December 2022 the Supervisory Board consisted of the following members:

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

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

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

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

J.M.A. (Hanny) Kemna

Hanny Kemna (1960) is vice-chair of the Supervisory Board, chair of the Remuneration and Nomination Committee, member of the Audit Committee and member of the 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.

M.A.E. (Michele) Bareggi

Michele Bareggi (1973) is member of the Renumeration and Nomination Committee and member of the Risk Committee. He is President and Deputy CEO of Athora Group where he is responsible for the coordination and direction of the Athora Group subsidiaries as well as growth, sustainability, transformation and culture. Mr. Bareggi worked in the past as Managing Director at Morgan Stanley. He also held senior roles at Nomura Holdings, Lehman Brothers, JPMorgan and Credit Suisse First Boston.

E. (Elisabeth) Bourqui

Elisabeth Bourqui (1975) is chair of the Risk Committee, member of the Conflict of Interest Committee and member of the Remuneration and Nomination Committee. She has held various board and senior management positions in the pension, asset management and consulting sector including CalPERS, ABB Group and Mercer. Mrs. Bourqui is currently CEO and co-founder at 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 member of the Remuneration and Nomination Committee. Previously, he worked as CEO of Van Lanschot Bankiers and Senior Executive at ABN AMRO. In addition, Mr. Deckers has been chair of the Supervisory Board of Deloitte Netherlands as well as chair of the Supervisory Board of SBM Offshore. Mr. Deckers is currently a member of the Supervisory Board of Arklow Shipping Group Ireland, as well as for its Dutch subsidiary, he is Chairman at Utrecht Holdings N.V. , and active as Board Member / Executive in a number of not-for-profit organisations.

H. (Henk) Timmer

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

4.5 REPORT OF THE SUPERVISORY BOARD

Functioning of the Supervisory Board

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

The gender balance in the Supervisory Board is 67% men and 33% women. There is diversity in terms of experience, age and professional and cultural 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.

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 customers, the shareholder and all employees.

Self-assessment

The Supervisory Board assessed its functioning in 2022 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 continuous education. The desired profile, composition and competences of the Supervisory Board has also been discussed. The report also states how the assessment of the Supervisory Board, the various committees and the individual members of the Supervisory Board was conducted. This evaluation found that the Supervisory Board has performed according to what can be expected, with sufficient expertise and involvement from the individual members. The Supervisory Board has played a constructive role in building the foundation for future progress at Athora Netherlands.

Continuous Education

Members of the Supervisory Board are encouraged to maintain and develop their expertise at the required standard and enhance it where necessary. This year, the Supervisory Board participated in trainings on financial economic crime, sustainability, asset allocation, inflation and IFRS 17/9.

Important Topics and Key Discussions

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

In 2022, the Supervisory Board discussed and approved several items, such as topics related to the Operational Plan, Employee Survey, Strategy update, Update Code of Conduct and Governance Effectiveness. The Supervisory Board had multiple discussions and reflection sessions on the internal governance.

The Supervisory Board has developed in cooperation with the Executive Board a detailed plan with governance enhancements. This resulted in a roadmap to implement behaviour, culture and governance changes to further build a strong organisation capable of realising the Ambition 2025 strategy. As part of this roadmap in January 2023 the Executive Committee has been introduced to enhance the effectiveness of its governance.

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

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

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

Cooperation with Committees

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

- The Audit Committee discussed the audit scope, key audit matters, the external auditor's reports and the management letter of the external auditor. The independence of the external auditor and fees were also reviewed by the Audit Committee. The Audit Committee maintains regular contact with the external auditor through meetings between the chair of the Audit Committee and the external auditor. The Audit Committee discussed the annual plan and quarterly reports of the internal audit function. Furthermore, the progress on the implementation IFRS 17 and 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, operating 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. Furthermore, the Risk Committee discussed amongst others the impact of inflation and the Ukrainian war.

- The Remuneration and Nomination Committee (ReNomCo) is responsible for supporting the Supervisory Board in overseeing the design of the remuneration policy and remuneration practices, their implementation and operation, and the preparation of decisions on remuneration. The ReNomCo also provides the Supervisory Board with advice in respect of nomination matters. The ReNomCo prepared decisions on remuneration regarding the Executive Committee, Identified Staff and employees in control functions. The ReNomCo members have sufficient expertise with regard to (i) the remuneration policy and remuneration culture and the incentives created to control risk, capital and liquidity, and (ii) the nomination policy and nomination culture.
- The Conflicts of Interest Committee discussed decisions with regard to (possible) institutional conflicts of interest in dealings with Athora Group or other parties as referred to in the company's Institutional Conflicts of Interest Policy 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. The committee is a committee governed by the Institutional Conflicts of Interest Policy. The topics of the Conflicts 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 meetings of the Audit Committee and Risk Committee in 2022. Both the internal auditor and external auditor reported on the quality and effectiveness of governance, internal control and risk management. Cooperation between the Supervisory Board and the committees has been positive. The meetings of the committees elaborate on various subjects, so that the decisions of the Supervisory Board can be carefully prepared. The content of the meetings of the committees is fed back to the meeting of the Supervisory Board to ensure that the Supervisory Board members are kept fully informed and are well prepared to take balanced decisions.

On behalf of the Supervisory Board, I would also like to convey my sincere thanks to Pierre Lefèvre, our former member of the Supervisory Board and Chairman of the Risk Committee. Pierre was a dedicated and valued member of the Supervisory Board and we are grateful to have been able to draw on his expertise over the past years. He made an important contribution to the supervision of the company, especially in his role as chairman of the Risk Committee, and during the transition to new ownership.

The Supervisory Board appreciates the efforts made by the Executive Board and all employees in 2022 and complements them with the results achieved. We look forward to continuing our cooperation in 2023.

Amstelveen, the Netherlands, 29 March 2023
On behalf of the Supervisory Board,

Roderick Munsters, Chairman

4.6 REMUNERATION

Introduction

This remuneration paragraph describes the principles, governance and elements of the remuneration policies within Athora Netherlands (4.6.1). It also gives an overview of the payment of (variable) remuneration in 2022 (4.6.2), as well as the actual remuneration of the (former) members of the Executive Board and Supervisory Board in 2022 (4.6.3).

4.6.1 Remuneration Policies Athora Netherlands

Athora Netherlands' Vision

The objective of our remuneration policies is to recruit and to retain highly qualified staff and to motivate employees of Athora Netherlands to achieve high performance and to provide appropriate remuneration to all employees that contributes to the sustainability of Athora Netherlands and its subsidiaries. Athora Netherlands ensures long-term value creation and has chosen to use four Sustainable Development Goals ("SDG") as a guideline for further development of the Corporate Social Responsibility policy in business operations. Pursuant to the SDGs, Athora Netherlands' HR principles for remuneration are aimed at ensuring high performance of the employees of Athora Netherlands and focusses on personal growth of its employees by development of their talents and focusses on collaboration, enabling the customers of Athora Netherlands to benefit of this growth.

Athora Netherlands operates a careful, controlled and sustainable Group Remuneration Policy which is in line with Athora Netherlands' business and risk management strategy, its risk profile, objectives, risk management practices and the long-term interests and its performance. The Group Remuneration Policy is in accordance with and contributes to solid and effective risk management and does not encourage risk-taking that is in breach of Athora Netherlands' policies and risk appetite. The Group Remuneration Policy has been drawn up in compliance with existing legislation and regulation and it takes account of the long-term interests of Athora Netherlands and its stakeholders. Athora Netherlands ensures that the Group Remuneration Policy is enforced within Athora Netherlands, its branches and subsidiaries.

Athora Netherlands is aware of its position within the broader society and the crucial role of the financial sector in the Netherlands and the importance of creating trust in this sector within society. As such, Athora Netherlands has a strong governance framework in place to ensure that employees are remunerated in a manner that is aligned with the interests of all stakeholders involved. Within this context, Athora Netherlands' key focus is on fixed remuneration rather than variable remuneration. In order to be able to recruit and retain sufficiently qualified staff for trading, investments, treasury, or asset management activities, the relevant corporate bodies within Athora Netherlands as well as the works council of Athora Netherlands ("Works Council") consider it important to offer variable remuneration to some limited categories of staff. In order to avoid excessive risk taking, and being aware of Athora Netherlands' position within the financial sector and society, it is a conscious choice not to award variable remuneration to these categories of staff at the highest possible levels resulting in an overall bonus cap of 20% even though more than 20% may be permissible under certain circumstances in accordance with applicable legislation. When adopting the Group Remuneration Policy and underlying remuneration policies, the relevant corporate bodies involved and especially the Supervisory Board liaised with the Works Council, representatives of staff and the Athora Netherlands shareholder in order to establish a remuneration framework that is supported by all such stakeholders and society in general. Athora Netherlands will continue these dialogues.

Group Remuneration Policy

The Group Remuneration Policy Athora Netherlands applies to all employees working under the responsibility of Athora Netherlands and all of its subsidiaries and branch offices. The Group Remuneration Policy Athora Netherlands contains a number of annexes, which specify specific rules on remuneration in respect of the following (groups of) employees, summarised, (i) the Executive Board, (ii) "Above-CLA employees" — our senior management, being employees of Athora Netherlands and its subsidiaries and branches who do not fall under the scope of our collective labour agreement ("CLA"), excluding the members of the Supervisory Board and the members of the Executive Board

— (“Above-CLA employees”) and (iii) certain selected employees of the asset management team Investment Office (“Remuneration Policies”).

The Group Remuneration Policy is published internally and on our website: www.athora.nl.

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

Principles

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

The above-mentioned principles apply also to Zwitserleven PPI.

Governance

Athora Netherlands' general meeting adopted the remuneration policy for the members of the Executive Board after consultation with the Supervisory Board. The Supervisory Board is also responsible for the implementation and evaluation of this policy.

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

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

The remuneration for Supervisory Board members is determined by the General Meeting. The remuneration for the current Supervisory Board members consists of an annual Supervisory Board fee and an additional fee for attending the meetings of Supervisory Board committees. The remuneration package consists of a fixed remuneration only.

Role of the Executive Board

The Executive Board implements and evaluates the Group Remuneration Policy as approved by the Supervisory Board in accordance with the provisions of the Group Remuneration Policy.

Role of the Working Group Remuneration

In addition, there is a working group remuneration ("WGR") in place comprising of the directors and/or specialists of the HR, legal, financial risk, non-financial risk, financial control and audit departments. The WGR participants may provide and will at request provide input on any decision of the Executive Board and/or the Supervisory Board on the following subjects: (i) the determination of the Identified Staff (as referred to below) list, (ii) the Group Remuneration Policy and the other Remuneration Policies, (iii) the setting of Key Performance Indicators ("KPIs"), (iv) the processes around variable remuneration and (v) any other material remuneration matters. Athora Netherlands reserves the right to prepare decisions of the Executive Board and Supervisory Board regarding the above-mentioned subjects in another way than through the WGR, provided that the input of the HR, legal & compliance, risk, financial control and audit department is taken into account.

Control Functions

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

Identified Staff

Every year, Athora Netherlands designates members of staff as 'Identified Staff' by using the Solvency II regulation. For staff of Zwitserleven PPI, we follow RBB 2021.

Apart from certain specific requirements applicable to variable remuneration in our investment team, the provisions of our Group Remuneration Policy, our CLA, if applicable, and any of the other Remuneration Policies apply equally to Identified Staff and staff not qualifying as Identified Staff.

Elements of the Remuneration Policies

Fixed Annual Salary

The regular fixed remuneration consists of a fixed annual gross salary, which includes a holiday allowance of 8% and a 13th month payment of 8.33%. The annual gross salary is based on the applicable salary scales. According to the CLA, once a year an employee may receive a periodic increase. This periodic increase in salary is linked to the extent to which the employee is judged to have grown in his or her role (achievement on competences) and depends on the relative salary position. The precise link between the competency assessment and the periodic increase is as follows: Insufficient: 0.0%; Almost sufficient: 0.0%; Good: 2.6%; Very good: 3.3%; Excellent: 4.0%.

The process regarding the annual salary increase for the Above-CLA Employees follows the process as described above, applicable for the employees in the CLA. Increase of the salaries of the members of the Executive Board is only possible, after adopting a proposal of the ReNomCo in the Supervisory Board in line with the remuneration policy for the Executive Board.

Total direct compensation is the total of fixed and variable remuneration (for Athora Netherlands only the total of fixed remuneration as we abolished variable remuneration within Athora Netherlands, except for the asset management activities), excluding benefits such as pension and allowances. We aim to provide total direct compensation levels for expected business and individual performance which, on average, are at the median of the markets in which we operate, benchmarked against relevant peer groups. To ensure we adhere to the Remuneration Policies, we monitor and benchmark salary levels.

Fixed remuneration represents a sufficiently high proportion of the total direct compensation, which is in line with the level of expertise, years of experience and required skills. Job functions at Athora Netherlands are independently evaluated. The outcome of this evaluation results in a certain salary scale for such function which will be applied to the employees in scope.

Allowances

Employees of Athora Netherlands may be entitled to fixed cash allowances in line with applicable legislation and in accordance with the applicable governance framework as included in this Group Remuneration Policy.

Employees of Athora Netherlands that were previously entitled to variable remuneration based on performance, may, at the discretion of the Executive Board, in case of a cancellation or a deduction of such variable remuneration opportunity, be entitled to a fixed annual compensation. Reference is made to the paragraph on Variable Remuneration set out below.

Pension

Nearly all employees participate in the same pension scheme of Athora Netherlands. The current scheme is a Collective Defined Contribution (CDC) pension scheme, which is based on a pension accrual including an employee contribution of 4.5%. The scheme qualifies as a defined contribution scheme for IAS 19 purposes. The contributions are paid by Athora Netherlands and employees respectively as employer and employee contributions. For employees who were employed by Athora Netherlands as per 31 December 2017 and with a salary exceeding the maximum pensionable salary for pension accrual, a compensation for the loss of pension accrual is applied. The compensation consists of a permanent supplement payment for as long as a maximum pensionable salary applies. The annual compensation is 16.35% of the fixed annual gross pensionable salary as indicated in the collective labour agreement of VIVAT (previous name for Athora Netherlands) 2017 minus the maximum amount for pension accrual referred to in article 18ga of the Wage Tax Act 1964 (2015: € 100,000 gross; and 2022: € 114,866 gross). The permanent supplement payment is not pensionable and is not taken into account for the calculation of severance payments, including the transition fee (transitievergoeding) or any other wage components or benefits. Athora Netherlands does not award discretionary pension.

Performance Management

Performance management is a core business process, in which (i) KPIs are set to align individual KPIs with the long-term strategy of the business of Athora Netherlands and to ensure a sustainable and successful business for all its stakeholders and (ii) competences with respect to the individual behaviour of employees will be measured.

KPIs are used to monitor and track progress towards realisation of our strategic goals. As a result, the proposed KPIs are fully aligned to the strategy and operational plan. Athora Netherlands operates a performance management process linked to remuneration to prevent rewarding for failure and to address the long-term impact of the profitability of the organisation within the risk appetite framework approved by the Supervisory Board.

The performance management cycle starts every year with setting the KPIs in the first quarter of a financial year. These KPIs are in line with the company targets and the company's mission, its long-term strategy and the aim to ensure a sustainable and successful business for all stakeholders of Athora Netherlands and shall not encourage risk taking that exceeds the risk tolerance limits. The KPIs do not result in incentifying and/or rewarding excessive risk taking as well as unwanted behaviours relating to market conduct, reputational risks, conflicts of interest, etc. More than 50% of the KPIs are related to non-financial targets. The KPIs are for example related to maintaining customer advocacy (delighted customer score), sound and controlled organisation, sustainability, employee satisfaction, financial KPIs and one or more individual KPIs. The KPIs are defined on the following levels: organisational, department and personal. For the Control Functions, insofar as the KPIs are used to determine any Variable Remuneration, the KPIs used shall be independent from the performance of the operational units and areas that are submitted to their control.

Besides KPIs, also competences will be set, covering behavioural aspects of employees: for example, their attitude towards change and collaboration (the “How”).

Variable Remuneration

As of 2018, Athora Netherlands has abolished the performance related bonus in the CLA and abolished the variable remuneration for the Executive Board of Athora Netherlands, Above-CLA Employees and for the statutory board of Zwitserleven PPI.

Within Athora Netherlands, the Investment Office team performs asset management and investment activities. The employees who are involved in these activities may still be entitled to variable remuneration based on their performance (with the exception of Above-CLA Employees). The level of variable remuneration for the Investment Office team within Athora Netherlands is maximised at 20% of the annual fixed salary in the event of stretched performance. Awarding is subject to a financial condition (knock out). The awarding of variable remuneration is based on the realisation of KPIs and competences. The KPIs are maximum 50% financial.

The variable remuneration for Athora Netherlands is in cash only. In case it regards variable remuneration for Identified Staff, at least 40% of the variable remuneration is paid deferred over a three-year period of time if the conditions for vesting are met.

In 2022, 25 CLA employees of the Investment Office team were in scope of the variable remuneration policies.

Retention & Sign-on Bonus

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

Other Benefits

Depending on the position on the salary scale; our senior management, employees in the highest CLA salary scale and our field/sales employees may be eligible for a lease car or a lease car allowance in line with the car policy. As part of Athora Netherlands’ commitment to sustainable investment principles, certain types of cars and certain brands are no longer included in this policy, however exceptions are made for 100% electric models.

Hold Back & Claw Back

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

Severance Payment

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

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

Athora Netherlands has a Social Plan until 2023, agreed with the trade unions, which is applicable in case of reorganisation(s).

4.6.2 Overview Remuneration 2022

At the end of 2022, for 941 of 972 of the employees the Athora Netherlands CLA (Collective Labour Agreement) 2021-2023 was applicable.

Fixed Remuneration

According to the CLA, employees have received a periodic salary increase on 1 February 2022, insofar the maximum of the scale is not reached and a collective salary adjustment of 2.25% as of July 2022. For Above-CLA Employees, the previously mentioned was applied as well. In June 2022, every Athora employee (including temporary workers and interns) received a one-off payment of € 250 net. This to provide some relief from the rising energy and fuel prices. The employees who joined after 1 July 2022, received an amount of € 125 net in December 2022. In November 2022 was announced that again € 250 net will be paid in January 2023.

Performance Management

In 2022, KPIs were set on a company, department and individual level. KPIs are e.g., operating capital generation, Solvency 2 ratio, return on capital, customer engagement, employee engagement, sustainability, control of risk, strategy, program Ambition 2025 and personal targets. More than 50% are non-financial KPIs. Besides the KPIs also competences were set. These personal development themes are in line with our strategy and chosen from the company's broad set of values: results driven, to strengthen the realisation of the results; personal leadership, to strengthen accountability and commitment; continuous improvement, so that we each deliver more on change and Agile working; development in the function, to strengthen professionalism; personal ambition.

Variable Remuneration

In 2022, a total amount of € 0.3 million was unconditionally awarded to 25 employees as variable remuneration over the year 2021 — consisting of amounts between € 2 thousand and € 30 thousand per employee — and a total amount of € 0.1 million was unconditionally awarded to 6 employees as a deferred and final part of the variable remuneration over the year 2018. No other regular variable remuneration was paid to persons working under the responsibility of Athora Netherlands and the other Dutch financial institutions within the Athora Netherlands group.

The decision about awarding variable remuneration for the year 2022 for the Investment Office team will be made after the publication of this annual report.

In 2022, Athora Netherlands did not use the right to apply a hold back and claw back.

Retention & Sign-on Bonus

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

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

In 2022, a total amount of € 1.5 million to 40 employees is paid as sign-on and for the retention schemes.

Severance Payment

Our Athora Netherlands N.V. Social Plan 1 January 2021 — 31 December 2023 has been applied for employees who became redundant in 2022. They received severance payments in line with this Social Plan.

Pay Ratio

The 2022 pay ratio was 13.3 (2021: 11.8). The pay ratio compares the total annual remuneration of the CEO and the average annual remuneration of the employees, as included in the (consolidated) financial statements on an IFRS basis.

For the CEO, the total annual remuneration used in the pay ratio is the remuneration of the CEO as included in the actual remuneration of (former) members of the Executive Board and disclosed in note 21 Related parties (Intragroup balances with key management personnel of Athora Netherlands). The average annual remuneration of the employees is determined by dividing the total staff costs for the financial year as disclosed in note 33 Staff Costs, excluding the cost of temporary staff and the remuneration of the CEO, by the average internal number of FTEs minus one (1) FTE, the CEO, during the financial year.

Pay Gap

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

Annually Athora Netherlands analyses yearly the gender pay gap, the analysis of the existence of a possible salary gap between women and men. The differences between the salaries of women and men are calculated on the basis of the gross hourly wage, which includes besides salary, also fixed allowances, in order to exclude differences caused by the fact employees work part-time or fulltime. This results in 17.3%, being the so-called unadjusted pay gap. If refined per salary scale the pay gap is 2.3%. Our remuneration policy, as mentioned above explains men and women should be given equal pay. The difference is to be explained by the following factors: Women are overrepresented in positions in lower salary scales, whilst men are overrepresented in positions with higher salary scales. The average years of service of women is 15.8, this is lower compared to men with an average years of service of 16.9. Besides this, women are in age younger than men; 47.1 versus 48.8.

Number of Employees which received a Remuneration Exceeding € 1 Million

In 2022, two employees received a total annual remuneration exceeding € 1 million (in 2021: one employee). These employees work for Athora Netherlands, SRLEV N.V. and Proteq Levensverzekeringen N.V.

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

Reference is made to Note 21 Related parties (Intragroup balances with key management personnel of Athora Netherlands) for the actual remuneration of (former) members of the Executive Board and the Supervisory Board.

FINANCIAL STATEMENTS

5 CONSOLIDATED FINANCIAL STATEMENTS

5.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Before result appropriation and in € millions	Ref.[1]	31 December 2022	31 December 2021
Assets			
Property and equipment	1	35	42
Investments in associates and joint ventures	2	38	211
Investment property	3	1,012	615
Investments	4	31,569	40,019
Investments for account of policyholders	5	11,673	14,423
Investments for account of third parties	6	4,108	3,354
Derivatives	7	10,552	3,834
Deferred tax	8	1,036	632
Reinsurance share	15	3	9
Loans and advances due from banks	9	4,262	360
Corporate income tax		24	-
Other assets	10	275	345
Cash and cash equivalents	11	363	403
Assets held for sale	38	-	41
Total assets		**64,950**	**64,288**
Equity and liabilities			
Share capital[2]		0	0
Reserves		2,835	3,643
Total shareholders' equity		**2,835**	**3,643**
Holders of other equity instruments		350	350
Total equity	12	**3,185**	**3,993**
Subordinated debt	13	902	906
Borrowings	14	61	61
Insurance liabilities	15	40,540	50,246
Liabilities investments for account of third parties	6	4,108	3,354
Provision for employee benefits	16	469	682
Other provisions	17	23	45
Derivatives	7	13,166	1,415
Amounts due to banks	18	1,579	2,638
Corporate income tax		-	22
Other liabilities	19	917	888
Liabilities directly associated with the assets held for sale	38	-	38
Total equity and liabilities		**64,950**	**64,288**

1 The references relate to the notes to the consolidated financial statements in Section 6.3
2 The issued and paid-up share capital of Athora Netherlands N.V. is € 238,500

5.2 CONSOLIDATED STATEMENT OF PROFIT OR LOSS

In € millions	Ref.[1]	2022	2021
Continuing operations			
Income			
Premium income		1,763	2,127
Less: Reinsurance premiums		546	432
Net premium income	24	**1,217**	**1,695**
Fee and commission income		47	55
Fee and commission expense		20	2
Net fee and commission income	25	**27**	**53**
Share in result of associates and joint ventures		1	4
Investment result	26	1,208	1,272
Investment result for account of policyholders	27	-	1,376
Result on investments for account of third parties	28	-	534
Result on liabilities from investments for account of third parties	28	591	-
Other operating income		1	-
Total income		**3,045**	**4,934**
Net benefits, claims and expenses			
Technical claims and benefits	30	-2,482	537
Charges for account of policyholders	31	-1,858	1,697
Net benefits and claims		**-4,340**	**2,234**
Investment result for account of policyholders	27	2,460	-
Result on investments for account of third parties	28	591	-
Result on liabilities from investments for account of third parties	28	-	534
Result on derivatives	29	5,365	1,872
Acquisition costs for insurance activities	32	11	13
Staff costs	33	165	157
Depreciation and amortisation of non-current assets		4	4
Other operating expenses	34	58	47
Impairment losses	35	28	-
Other interest expenses	36	52	54
Total expenses		**8,734**	**2,681**
Total net benefits, claims and expenses		**4,394**	**4,915**
Result before tax from continued operations		**-1,349**	**19**
Tax (expense) / benefit	37	-421	46
Net result continued operations for the period		**-928**	**-27**
Discontinued operations			
Net result from discontinued operations (after tax)	38	-	-49
Net result for the period		**-928**	**-76**
Attributable to:			
- Shareholders		-951	-97
- Holders of other equity instruments		23	21
Net result for the period		**-928**	**-76**

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

5.3 CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME

Consolidated Statement of Other Comprehensive Income

In € millions	Ref.[1]	2022	2021
OCI not to be reclassified subsequently to profit or loss			
Changes in valuation of defined benefit pension plan	16, 39	198	-3
Change in other reserves	39	1	-
Income tax relating to items that may never be reclassified		-50	-
Net OCI never reclassified to profit or loss		**149**	**-3**
OCI to be reclassified subsequently to profit or loss			
Unrealised revaluations from cash flow hedges	39	-	-70
Amortisation from cash flow hedges	39	-9	-10
Unrealised revaluations investments available for sale	39	-3,203	-863
Impairments and reversals fair value reserve	39	-15	-
Realised gains and losses fair value reserve transferred to profit or loss	39	86	42
Results on allocated investments and interest derivatives	39	3,132	955
Income tax relating to items that may be reclassified		3	11
Tax rate adjustment relating to items that may be reclassified		-	-25
Net OCI to be reclassified to profit or loss subsequently		**-6**	**40**
Other comprehensive income (net of tax)		**143**	**37**

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

Statement of Total Comprehensive Income

In € millions	2022	2021
Net result for the period	-928	-76
Other comprehensive income (net of tax)	143	37
Total comprehensive income (net of tax)	**-785**	**-39**
Attributable to:		
- Shareholders	-808	-60
- Holders of other equity instruments	23	21
Total comprehensive income	**-785**	**-39**

5.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Consolidated Statement of Changes in Total Equity 2022

In € millions	Issued share capital[1]	Share premium reserve	Sum revaluation reserves	Retained earnings	Sum reserves	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2022	**0**	**4,568**	**61**	**-986**	**3,643**	**3,643**	**350**	**3,993**
Other comprehensive income	-	-	-6	149	**143**	**143**	-	**143**
Net result 2022	-	-	-	-928	**-928**	**-928**	-	**-928**
Total comprehensive income 2022	**-**	**-**	**-6**	**-779**	**-785**	**-785**	**-**	**-785**
Interest on other equity instruments	-	-	-	-23	**-23**	**-23**	-	**-23**
Other movements 2022	**-**	**-**	**-**	**-23**	**-23**	**-23**	**-**	**-23**
Total changes in equity 2022	**-**	**-**	**-6**	**-802**	**-808**	**-808**	**-**	**-808**
Balance as at 31 December 2022	**0**	**4,568**	**55**	**-1,788**	**2,835**	**2,835**	**350**	**3,185**

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

The Executive Board proposes to the General Meeting of Shareholders to distribute no dividends on ordinary shares for 2022.

Consolidated Statement of Changes in Revaluation Reserves 2022

In € millions	Revaluation reserve property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves
Balance as at 1 January 2022	**2**	**-**	**59**	**61**
Amortisation from cash flow hedges	-	-9	-	**-9**
Unrealised revaluations investments available for sale	-	-	-3,203	**-3,203**
Impairments and reversals	-	-	-15	**-15**
Realised gains and losses through profit or loss	-	-	86	**86**
Results on allocated investments and interest derivatives	-	9	3,123	**3,132**
Income tax	-	-	3	**3**
Total changes in equity 2022	**-**	**-**	**-6**	**-6**
Balance as at 31 December 2022	**2**	**-**	**53**	**55**

Consolidated Statement of Changes in Total Equity 2021

In € millions	Issued share capital	Share premium reserve	Sum revaluation reserves	Retained earnings	Sum reserves	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2021	**0**	**4,293**	**21**	**-886**	**3,428**	**3,428**	**300**	**3,728**
Other comprehensive income	-	-	40	-3	**37**	**37**	-	**37**
Net result 2021	-	-	-	-76	**-76**	**-76**	-	**-76**
Total comprehensive income 2021	**-**	**-**	**40**	**-79**	**-39**	**-39**	**-**	**-39**
Capital injection	**-**	275	**-**	**-**	**275**	**275**	-	**275**
Capital Subordinated Loan - Principal	-	-	-	-	**-**	**-**	50	**50**
Interest on other equity instruments	-	-	-	-21	**-21**	**-21**	-	**-21**
Other movements 2021	**-**	**275**	**-**	**-21**	**254**	**254**	**50**	**304**
Total changes in equity 2021	**-**	**275**	**40**	**-100**	**215**	**215**	**50**	**265**
Balance as at 31 December 2021	**0**	**4,568**	**61**	**-986**	**3,643**	**3,643**	**350**	**3,993**

Consolidated Statement of Changes in Revaluation Reserves 2021

In € millions	Revaluation reserve property and equipment	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves
Balance as at 1 January 2021	**2**	**-**	**19**	**21**
Unrealised revaluations from cash flow hedges	-	-70	-	**-70**
Amortisation from cash flow hedges	-	-10	-	**-10**
Unrealised revaluations investments available for sale	-	-	-863	**-863**
Realised gains and losses through profit or loss	-	-	42	**42**
Results on allocated investments and interest derivatives	-	80	875	**955**
Income tax	-	-	11	**11**
Tax rate adjustment	-	-	-25	**-25**
Total changes in equity 2021	**-**	**-**	**40**	**40**
Balance as at 31 December 2021	**2**	**-**	**59**	**61**

5.5 CONSOLIDATED CASH FLOW STATEMENT

The table below represents the cash flows from continued and discontinued operations.

In € millions	2022	2021
Cash flow from operating activities		
Result before tax from continued operations	-1,349	19
Result before tax from discontinued operations	-	-55
Result before tax	**-1,349**	**-36**
Adjustments for non-cash items included in profit before tax:		
Depreciation and amortisation of non-current assets	4	4
Amortisation of investments	71	145
Change in provision for employee benefits	-15	-15
Changes in other provisions	-22	-23
Impairment charges / (reversals)	28	-
Unrealised results on investments through profit or loss	5,438	1,745
Taxes		
Taxes (paid) received	-58	6
Change in operating assets and liabilities:		
Change in amounts due from banks	-3,903	243
Change in amounts due to banks	-1,059	-2,046
Change in investment property	-	-2
Change in investments	1,712	-1,618
Change in derivatives	284	36
Change in other assets	66	-131
Change in insurance liabilities for policyholders	-2,628	704
Change in insurance liabilities	-3,939	-997
Change in other liabilities	69	37
Net cash flow from operating activities	**-5,301**	**-1,948**
Cash flow from investment activities		
Sale of investment property	-	10
Proceeds from sale of assets held for sale	5	-
Sale of investments in associates	81	74
Sale and redemption of investments and derivatives	49,798	38,620
Purchase of property and equipment	-3	-1
Purchase of investments in associates	-	-247
Purchase of investment property	-350	-30
Purchase of investments and derivatives	-44,202	-36,810
Net cash flow from investment activities	**5,329**	**1,616**

In € millions	2022	2021
Cash flow from finance activities		
Capital injection	-	275
Issue of subordinated loans	497	297
Issue of equity instruments	-	50
Redemption of subordinated loans	-545	-250
Change in subordinated debt	4	-
Interest payment of subordinated notes	-23	-21
Lease liability payments	-1	-1
Net cash flow from financing activities	**-68**	**350**
Net increase in cash and cash equivalents	**-40**	**18**
Cash and cash equivalents 1 January	403	385
Cash and cash equivalents as at 31 December	**363**	**403**
Additional disclosure with regard to cash flows from operating activities:		
Interest income received	1,079	1,273
Dividends received	36	221
Interest paid	41	121

6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6.1 ACCOUNTING POLICIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

6.1.1 General Information

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

Athora Netherlands N.V. has its registered office located in Amstelveen, the Netherlands and has its principal place of business located at Burgemeester Rijnderslaan 7, 1185 MD in Amstelveen, the Netherlands. The registration number at the Dutch Chamber of Commerce Trade is no. 30099450. The principal activities of Athora Netherlands and its subsidiaries, divided in operating segments, are described in Section 6.4.

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

The consolidated financial statement combines the financial statements of Athora Netherlands N.V. (the parent company) and its subsidiaries (see Section 6.3, Note 42 List of principal subsidiaries).

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

Adoption of the Financial Statements

The consolidated financial statements of Athora Netherlands for the year ended on 31 December 2022 were authorised for publication by the Executive Board following the approval by the Supervisory Board on 29 March 2023. The financial statements will be submitted to the General Meeting of Shareholders for adoption.

6.1.2 Basis of Preparation

Statement of IFRS Compliance

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

Relevant New standards, Amended Standards and Interpretations of Existing Standards Effective as of 2022

New or amended standards become effective on the date specified in the relevant IFRS, but may allow early adoption. New or amended standards that become effective in 2022 are disclosed below:

- Reference to the Conceptual Framework (Amendments to IFRS 3 Business Combinations): no impact on current Athora Netherlands' reporting but it will be applied to the future business combinations undertaken by Athora Netherlands.
- Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets): a very limited impact on Athora Netherlands' reporting as

majority of contracts issued by Athora Netherlands are insurance contracts, which are not in scope of IAS37.

- Annual improvements to IFRSs 2018-2020 Cycle (Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standard) : Subsidiary as a First-Time adopter : No impact on Athora Netherlands' reporting.
- Annual improvements to IFRSs 2018-2020 Cycle: Fees in the '10 percent 'test for derecognition of financial liabilities (Amendment to IFRS 9 Financial instruments): No impact on Athora Netherlands' reporting
- Proceeds before Intended use (Amendment to IAS 16 Property, Plant and equipment): No impact on Athora Netherlands' reporting.
- Annual Improvements to IFRSs 2018-2020 Cycle: Taxation in fair value measurements (Amendment IAS 41 Agriculture): Not relevant for Athora Netherlands' reporting.

Relevant New Standards, Amended Standards and Interpretations of Existing Standards Effective Date on or after January 2023

Relevant new standards, amendments to existing standards and interpretations, effective for reporting periods beginning on or after 1 January 2023, were not early adopted by Athora Netherlands. New or amended standards that become effective on or after 1 January 2023 and that are relevant to Athora Netherlands are disclosed below.

IFRS 17, Insurance Contracts and IFRS 9, Financial Instruments

Athora Netherlands will implement IFRS 17 and IFRS 9 for the annual reporting period beginning on 1 January 2023 (implementation date). As IFRS 17 and IFRS 9 are not applicable for the year ended 31 December 2022 they have not been applied in preparing these financial statements. IFRS 17 and IFRS 9 are addressed below.

IFRS 17 Insurance Contracts

IFRS 17 replaces IFRS 4, Insurance Contracts, for annual periods beginning on or after 1 January 2023 (effective date). As the retrospective application is required the transition date is 1 January 2022.

The nature of the changes in accounting policies can be summarised, as follows:

Changes to Classification, Measurement
Athora Netherlands was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by Athora Netherlands.

There are three measurement models available under IFRS 17 for the measurement of insurance contracts, these include the General Measurement Model ('GMM'), Variable Fee Approach ('VFA') and the Premium Allocation Approach ('PAA'). The GMM is the default approach. The VFA is an adjusted version of the GMM applied for contracts with direct participation features. This approach is for contracts where substantially investment-related services are provided. Insurance contracts are classified as direct participating contracts or contracts without direct participation features. Direct participating contracts are contracts for which, at inception (or transition date for the policies in force at the transition date):

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

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

The key principles of IFRS 17 are that Athora Netherlands:

- Identifies insurance contracts as those under which Athora Netherlands accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services (if any) from insurance contracts and accounts for them in accordance with other standards
- Insurance contracts are aggregated into groups for measurement purposes. Groups of insurance contracts are determined by identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together, and dividing each portfolio into cohorts based on the issue date (not grouping contracts issued more than 12 months apart in the same group) and each cohort into three groups based on the profitability of contracts:
  - any contracts that are onerous on initial recognition,
  - any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
  - any remaining contracts in the annual cohort.
- Recognises and measures groups of insurance contracts at the fulfilment cash flows plus the contractual service margin.

The fulfilment cash flows represent the risk-adjusted present value of an entity's obligations to the policyholders, comprising estimates of expected cash flows, discounting and an explicit risk adjustment for non-financial risk. Athora Netherlands determines discount rates using the top-down approach . These IFRS 17 curves are determined as risk-free rate plus a portfolio specific spread that is based on the illiquidity premium of the reference portfolio.

Athora Netherlands generally determines the risk-free rates using the observed mid-price swap yield curves. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be stable and would change only on significant changes to long-term expectations. Illiquidity premiums are generally determined by a (credit) risk-corrected spread that is derived from Athora Netherland's own asset allocation.

The risk adjustment is determined based on the cost of capital approach. Applying a cost of capital technique, Athora Netherlands determines the risk adjustment for non-financial risk by applying a cost-of-capital rate to the amount of capital required for each future reporting date and discounting the result using risk-free rates adjusted for illiquidity. The required capital is determined by calculating the required capitals based on IFRS 17 assumptions, but taking into account the magnitude of the required capitals for each risk under Solvency II, since Solvency II represents the regulatory regime in which Athora Netherland's operates and holds capital. The cost-of-capital rate represents the additional reward that investors would require for exposure to the non-financial risk.

The contractual service margin represents the unearned profit from in force contracts that an entity will recognise if it provides services over the coverage period. If the fulfilment cash flows lead to a negative contractual service margin at inception it will be zero and the corresponding loss will be recorded immediately in the statement of profit or loss.

At the end of the reporting period, the carrying amount of a group of insurance contracts is the sum of the liability of remaining coverage and the liability for incurred claims. The liability for remaining coverage consists of the fulfilment cash flows related to future services and the remaining contractual service margin, while the liability for incurred claims consists of the fulfilment cash flows related to past services. The contractual service margin for contracts without direct participation features gets adjusted for changes in cash flows related to future services and for the interest accretion at interest rates locked-in at initial recognition. A release from the contractual service margin is recognised in profit or loss each period to reflect the services provided in that period based on "coverage units". If a group of contracts becomes onerous subsequently, the corresponding loss will be recorded immediately in the statement of profit or loss.

For contracts with direct participation features, the contractual service margin is adjusted for changes in cash flow related to future services and changes in the amount of the entity's share of the fair value of the underlying items. No explicit interest accretion is required since the contractual service margin is effectively remeasured when it is adjusted for the effects of changes in financial risks.
The recognition of insurance revenue and insurance service expenses in profit or loss is based on the concept of services provided during the period. Insurance services results (earned revenue less incurred claims) are presented separately from the insurance finance income and expenses.
Athora Netherlands recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

Transition Date Fair Valuation
Athora Netherlands has assessed that it is impracticable to apply the Full Retrospective Approach (FRA) to all Athora Netherlands of insurance contracts at the transition date (i.e., 1 January 2022). Instead, Athora Netherlands has chosen to apply the Fair Value Approach (FVA) for all groups of contracts, because obtaining reasonable and supportable information to apply the full retrospective approach was impracticable without undue cost or effort and cannot obtain reasonable and supportable information for that group of contracts to use the modified retrospective approach.

At transition date, the CSM included in the liability for remaining coverage is determined as the difference between the fair value of Athora Netherlands of insurance contracts and the fulfilment cash flows measured at that date, where the fair value was determined applying the requirements of IFRS 13 'Fair Value Measurement'. T

Athora Netherlands has applied the following choices allowed under the FVA:

- The allocation of insurance contracts to group of insurance contracts were performed at the transition date instead of the date at inception or initial recognition. Contracts issued more than one year apart are included in the same group of insurance contracts.
- assessed if the insurance contracts meet the requirements to be considered direct participating insurance contracts based on the facts and circumstances that existed at the transition date instead of the date of inception or initial recognition.

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

IFRS 9 Financial Instruments

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, Athora Netherlands elected, under the amendments to IFRS 4 to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17, for annual periods beginning on or after 1 January 2023 (effective date). Consequently, Athora Netherlands will apply IFRS 9 for the first time on 1 January 2023.

Changes to Classification, Measurement
To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics.

The IAS 39 measurement categories for financial assets (fair value through profit or loss (FVPL), available for sale (AFS), held-to-maturity (HTM) and loans and receivables (L&R) at amortised cost) have been replaced under IFRS 9, by:

- Financial assets at fair value through profit or loss including equity instruments and derivatives;
- Equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by Athora Netherlands).
- Debt instruments at fair value through other comprehensive income, with gains or losses reclassified to equity on derecognition; and

- Deb instruments at amortised cost.

On transition, however, Athora Netherlands, has irrevocably designated all financial assets as measured at FVTPL, other than the categories loans and advance from banks with a collateral, other receivables and cash & cash equivalents that are valued at amortised cost, so as to eliminate or significantly reduce a measurement or recognition inconsistency (referred to as 'an accounting mismatch') that would otherwise arise from measuring financial assets and insurance liabilities on different bases. Further, the financial assets that are managed, and their performance evaluated, in a fair value business model are measured at FVPL.

The financial liabilities, other than derivatives and liabilities investments for account of third parties, will continue to be measured at amortised cost. Derivates and liabilities investments for account of third parties continue to be measured against fair value through profit or loss.

Whilst the hedge accounting requirements under IFRS 9 are more closely aligned with risk management practices and follow a more principle-based approach, Athora Netherlands has determined not to engage in hedge accounting under the standard. Any previous hedging activities under IAS 39 have been ceased.

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

On the transition date, Athora Netherlands measured all financial assets (other than the categories loans, advance from banks with a collateral, other receivables and cash & cash equivalents loans) at their fair value in accordance with IFRS 9.

IFRS 17 and IFRS 9, Impact on Transition Date

Athora Netherlands has substantially completed transition to and implementation of IFRS 9 and IFRS 17. Athora Netherlands has assessed the estimated impact that the initial application of IFRS 17 and IFRS 9 will have on its consolidated financial statements. The total estimated net impact is a reduction in shareholders' equity between € 0.2 billion and € 0.4 billion at 1 January 2022. The estimated net impact of IFRS 17 and IFRS 9 is, respectively, a reduction in shareholders' equity between € 1.2 billion and € 1.3 billion and an increase in shareholders' equity between € 0.9 billion and € 1.0 billion at 1 January 2022.

Whilst, on transition at 1 January 2022, shareholders' equity has an adverse impact, the interest rates have increased during 2022 and the impact on shareholders' equity on implementation at 1 January 2023 is expected to be smaller. This is because rising interest rates under current accounting will reduce the value of investments with a more limited effect on insurance liabilities under IFRS 4. Under IFRS 17, this mismatch will be significantly reduced.

The assessment of the impact on the shareholders' equity on 1 January 2022 is preliminary because not all of the transition work has been finalised. The actual impact on equity of adopting IFRS 17 and IFRS 9 may change. Parallel runs were carried out in 2022 and 2023 but the new systems and associated controls in place have not been operational for more extended periods. The statement of financial position as per 31 December 2022 and the 2022 comparatives have not been finalised. The transition from project to a business-as-usual situation where the IFRS 9/17 reporting process and key IFRS 9/17 metrics are part of the regular management information will take place in 2023. The new accounting policies, assumptions, judgements and estimation techniques employed are subject to change until Athora Netherlands finalises its first annual financial statements that include the date of application.

Athora Netherlands expects that the new standards will result in an important change to the accounting policies and is likely to have a significant impact on profit, total equity, presentation, disclosure, etc.

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

Other standards, amendments and interpretations

The following standards, amendments and interpretations become effective on or after 1 January 2023 but are not expected to have a significant impact on Athora Netherlands' reporting:

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

Changes in Policies, Presentation and Estimates

Changes in Policies

In 2022 there were no significant changes in policies.

Changes in Presentation

The current presentation differs from last year's presentation in some aspects. Where applicable, in accordance with IFRS, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability. These changes in presentation have no impact on net result nor equity.

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. 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. For more information with regard to the result from discontinued operations refer to Note 38 'Discontinued operations'.

Changes in Estimates

The effects of significant changes in estimates are disclosed in the notes to the consolidated financial statements relating to the items concerned. The most significant changes in estimates concern the insurance liabilities and reinsurance assets (refer to Note 15 'Insurance Liabilities and Reinsurance Share') and LAT assumptions (refer to the section 'Assumptions IFRS LAT' under 'Insurance Liabilities' in 6.1.5 Accounting Policies for the Statement of Financial Position) and the determination of the fair values.

6.1.3 General Accounting Policies

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

Functional Currency and Reporting Currency

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

Foreign Currencies

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

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

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

Accounting Based on Transaction Date and Settlement Date

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

Offsetting Financial Instruments

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

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

Estimates and Assumptions

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

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

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

Fair Value of Assets and Liabilities

Fair Value

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

Fair Value Hierarchy

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

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

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

6.1.4 Basis for Consolidation

Subsidiaries

Subsidiaries, i.e., all entities (including structured entities) that are controlled by Athora Netherlands, are consolidated. Control over companies and entities is assumed to exist if all of the following conditions are met:
- Athora Netherlands has power over a company or entity by means of existing rights that give Athora Netherlands the current ability to direct the relevant activities of the company or entity;
- Athora Netherlands has exposure or rights to variable returns from its involvement with the investee; and
- Athora Netherlands has the ability to use its power over the investee to affect the amount of the investor's returns.

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

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

Investments in Associates and Joint ventures

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

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

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

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

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

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

Elimination of Group Transactions

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

Segment Information

The operating segments of Athora Netherlands are clearly distinctive organisational components that carry out activities that generate income and expenses. The operating segments are:

- SRLEV carrying out collective life and individual life insurance services
- Proteq carrying out an existing portfolio of individual life insurances
- Zwitserleven PPI carrying out Defined Contribution pension plans for its clients
- Athora Netherlands, carrying out the holding activities along with the activities that are not directly attributable to any other segment

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

6.1.5 Accounting Policies for the Statement of Financial Position

Property and Equipment

Owner-occupied Property

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

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

Increases in the fair value exceeding cost are added to the revaluation reserve in shareholders' equity, less deferred taxes. Positive revaluations, insofar as they result in the reversal of earlier impairments on the same asset, are credited to the statement of profit or loss. Decreases in fair value, insofar as they result in the reversal of prior positive revaluations of the same asset, are charged to the revaluation reserve. The revaluation reserve cannot be negative. All other decreases in fair value are recognised in profit or loss.

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

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

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

IT Equipment and other Property and Equipment

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

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

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

Right-of-use Assets

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

The right-of-use asset is recognised if Athora Netherlands has both right to direct the use of the identified asset and the right to obtain substantially all of the potential economic benefits from directing the use of an asset. Initially the right-of-use asset is recognised at an amount comprising:

- the amount at which the corresponding lease liability has been measured (refer to the section 'Other liabilities');
- prepaid lease payments at or before the commencement date, if any;
- initial direct costs incurred by Athora Netherlands with regard to the lease, if any.

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

Investments in Associates and Joint ventures

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

Investment Property

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

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value i.e., its value in a (partially) let state. The fair value represents the estimated amount for which the property could be exchanged on the date of valuation between a willing buyer and willing seller in an at-arm's-length transaction after proper marketing wherein the parties each acted knowledgeably, prudently and without compulsion.

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 capitalisation method is used to determine this value. This method uses an expected return since inception and the market rental value to determine the fair value of an asset. Gains and losses on investment property include lease incentives, discount rates and expected vacancy, but allowance is made for location, quality, age and liquidity of the property as well.

Changes in the fair value of investment property are recognised in profit or loss within investment income.

Financial Assets

Athora Netherlands classifies its financial assets in one of the following categories: (1) at fair value through profit or loss, (2) available for sale, or (3) loans and receivables. The classification depends on the purpose for which the financial assets are acquired. Management decides to which category the asset is allocated at initial recognition.

Upon initial recognition, financial assets are measured at fair value including transaction costs, with the exception of the category 'at fair value through profit or loss', in which transaction costs are recognised directly in the statement of profit or loss.

The categories of financial assets are explained in more detail in the following section.

Athora Netherlands measures its financial liabilities at amortised cost with the exception of derivatives and liabilities from investments for account of third parties. For more information see the corresponding sections.

Investments

Fair Value Through Profit or Loss

A financial asset is classified at fair value through profit or loss if it was designated as such upon initial recognition. Financial assets are only designated at fair value through profit or loss if:
- this eliminates or considerably limits an inconsistency in valuation or recognition between assets and liabilities that would otherwise arise; or
- Athora Netherlands manages and assesses them on a fair value basis.

Financial assets classified as fair value through profit or loss are recognised at fair value. Realised and unrealised gains and losses are recognised directly in the statement of profit or loss within investment income.

Interest income earned on securities is recognised within investment income. Dividends received on equity instruments are also recognised within investment income.

Available for Sale (Fair Value Through Other Comprehensive Income)

Financial assets that do not meet the criteria defined by management for loans and receivables or are not designated as at fair value through profit or loss are classified as available for sale.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Unrealised gains and losses arising from fair value adjustments of these investments are recognised within other comprehensive income (shareholders' equity), net of deferred taxes.

When financial assets are sold, any accumulated fair value adjustments are recognised in the statement of profit or loss as investment income. Athora Netherlands uses the average cost method to determine the related gains and losses.

Loans and Receivables (Amortised Cost)

Loans and receivables comprise unlisted debt investments with a fixed term (including mortgages) and loans to banks arising from endowment mortgages issued by the insurance business. Loans and receivables are measured at amortised cost using the effective interest method, less an allowance for impairment if deemed necessary.

Impairment of Financial Assets

At reporting date, Athora Netherlands assesses whether there is objective evidence of an impairment of investments classified as loans and receivables and as available for sale. Impairment losses are recognised directly in the statement of profit or loss as 'impairment losses'.

Investments in Fixed Income Instruments
Investments in debt securities measured at amortised cost or available for sale are tested for impairment if there is objective evidence of financial distress at the counterparty, declining markets for the counterparty's product or other relevant indicators. This test comprises both quantitative and qualitative considerations. Debt securities are assessed for aspects including expected credit losses and credit losses already incurred (e.g., due to default), market data on credit losses and other evidence of the issuer of the instrument's inability to meet its payment commitments.

Where mortgage loans are concerned, an allowance for impairment is recognised if objective evidence exists that Athora Netherlands is not able to collect all payments in accordance with the contractual agreements. For mortgages that are individually significant, this allowance corresponds to the difference between the carrying amount and the recoverable amount. The recoverable amount equals the expected future cash flows, including the amounts realised by virtue of guarantees and collateral, discounted at the initial effective interest rate of the loans.

The criteria relating to impairments are applied to the entire mortgage portfolio. Individual mortgage loans with less significant amounts (and corresponding credit risk) are tested collectively for impairment.

The allowance for impairment losses also covers losses where objective evidence of losses likely to be incurred in the loan portfolio exists (IBNR: incurred but not reported). Losses on mortgages are estimated on the basis of historic loss patterns and the creditworthiness of counterparties. Both estimates take into account the current economic climate in which the counterparties operate.

When a loan is uncollectable, it is written off against the relevant allowance for impairment.

Investments in Equity Instruments
An investment in equity instruments is considered to have been subject to impairment if its carrying amount exceeds the recoverable value for an extended period, which means that its fair value:
- has decreased 25% or more below cost; or
- has been at least 5% below cost for nine months or more.

Depending on the availability of data, the fair value of unlisted equities is determined based on:
- the price of the most recent transaction (as an indication);
- current fair values of other, similar investments (in entities); or
- valuation methods in accordance with accepted economic methods that use market data to the extent possible.

Reversal of Impairments
If the amount of an impairment loss decreases in a subsequent period, and the decrease can be related objectively to an event occurring after the impairment was recognised, the impairment allowance is (partially) reversed. That reversal is recognised in profit or loss. Impairments on equity securities are never reversed.

Investments for Account of Policyholders (Fair Value Through Profit or Loss)

Investments for account of policyholders are classified as fair value through profit or loss. These investments are held to cover insurance contracts, according to which the investment risk is borne by the policyholders (see the section entitled 'Life insurance contracts for account of policyholders'). Amounts due from these policyholders are recognised in the statement of profit or loss as premium income. Dividends, coupons, adjustments in the fair value of investments and gains and losses on the sale of investments are recognised in the statement of profit or loss as investments for account of policyholders.

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

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

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

Derivatives

General

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

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

Changes in the fair value of derivatives, which do not qualify for cash flow hedge accounting, are accounted for in the statement of profit or loss as gains and losses on financial instruments.

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

Hedge Accounting

Athora Netherlands elected to discontinue hedge accounting as at 1 July 2021. Refer to Note 41 'Hedging and hedge accounting' for more details.
Athora Netherlands uses derivatives as part of its asset and liability management and risk management. These instruments are used for hedging interest rate and currency risks, including the risks of future transactions. Athora Netherlands can designate a derivative as either:

- a hedge of the exposure to changes in the fair value of a recognised asset or liability or firm commitment (fair value hedge); or
- a hedge of the exposure to variability in future cash flows that can be attributed to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

Hedge accounting was only applied if a hedging relationship was considered to be effective. Hedge effectiveness was assessed by Athora Netherlands at inception and during the term. A hedge was effective if the changes in the fair value or cash flows of the hedged item were almost fully offset by changes in the fair value or cash flows of the hedging instrument, insofar as these changes were attributable to the hedged risk, and the actual results remain within a bandwidth of 80% to 125%.

Fair Value Hedge Accounting

Derivatives designated as a hedge of fair value changes of recognised assets or of a firm commitment were recognised as fair value hedges. Changes in the fair value of the derivatives that were designated as a hedging instrument are recognised directly in the statement of profit or loss and reported together with corresponding fair value adjustments to the hedged item attributable to the hedged risk.

If the hedge no longer met the conditions for hedge accounting, an adjustment in the carrying amount of a hedged financial instrument was amortised and taken to the statement of profit or loss during the expected residual term of the previously hedged item.

If the hedged item was no longer recognised, i.e., if it is sold or redeemed, the non-amortised fair value adjustment is directly recognised in the statement of profit or loss.

Cash Flow Hedge Accounting

Derivatives can be designated to hedge the exposure to variability in future cash flows resulting from a recognised asset or liability or highly probable forecast transaction. Adjustments in the fair value of the effective portion of a derivative that were designated as a cash flow hedge and that met the conditions for cash flow hedge accounting were recognised in the cash flow hedge reserve as a separate component of shareholders' equity. The portion of the gain or loss on the hedging instrument that was considered to be ineffective, was recognised in the statement of profit or loss. The measurement of the hedged item, which was designated as part of a cash flow hedge, was not changing.

If the forecast transaction led to the recognition of an asset or a liability, the accumulated gains and losses on the derivative that were previously recognised in the cash flow hedge reserve are amortised to profit or loss until maturity of the acquired asset or liability.

If the hedging instrument expired or was sold or terminated, or no longer met the conditions for hedge accounting, all accumulated gains and losses that were included in the cash flow hedge reserve remained in the cash flow hedge reserve within other comprehensive income until the expected transaction occurs.

If the hedged transaction was no longer expected to occur, the accumulated gains and losses recognised in other comprehensive income were directly taken to profit or loss.

Loans and Advances due from Banks

These assets concern receivables from banks with a remaining maturity of one month or more, not including interest- bearing securities. These receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Cash and Cash Equivalents

Cash and cash equivalents include bank balances and demand deposits with a remaining maturity of less than one month. Cash and cash equivalents are measured at amortised cost using the effective interest method, less any impairment losses.

Taxes

Income Tax Expense

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

Deferred Tax Assets and Liabilities

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

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

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

Tax Group

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

Reinsurance Share

Inbound Reinsurance Contracts

Other insurers use these contracts to transfer the insurance risk associated with their own insurance contracts to Athora Netherlands. These contracts qualify as inbound reinsurance contracts; the obligations from the insured risk and the deposit component are recognised as liabilities within insurance contracts in accordance with IFRS 4. Currently Athora Netherlands is not a party to such contracts.

Outbound Reinsurance Contracts

By virtue of these contracts, Athora Netherlands is compensated for losses incurred on its own insurance contracts. Because of the transfer of significant insurance risks, the entire contract qualifies as an outbound (re)insurance contract. The liabilities from insurance risks and the deposit components are recognised as insurance liabilities in accordance with IFRS 4. The share of reinsurance companies in the insurance liabilities and the benefits to which Athora Netherlands is entitled by virtue of its reinsurance contracts are accounted for and presented as reinsurance assets. The receivables depend on the expected claims and benefits.

Because Athora Netherlands calculates its LAT on a net basis, the expected cash flow arising from the outbound reinsurance contracts are also included in the LAT calculation on insurance liabilities.

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

Assets Held for Sale & Discontinued Operations

Assets held for sale are presented separately in the consolidated statement of financial position and consist of non-current assets whose carrying amount will be recovered principally through a sale transaction and not through continuing use.

Assets held for sale are measured at the lower of their carrying amount and their fair value less costs to sell. Any surplus of the carrying amount over their fair value less costs is recognised as an impairment loss.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:
- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount 'Net result from discontinued operations'. The consolidated income statement includes the results of a subsidiary or disposal group, which meets the definition of a discontinued operation, up to the date of disposal. The prior year figures in the statement of profit or loss by are adjusted by disaggregating continued and discontinued operations. The net result derived from discontinued operations is recognised as net result from discontinued operations. This item contains a single amount which comprises the total of:
- The post-tax profit or loss of discontinued operations and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation.

The date of disposal of a subsidiary or disposal group is the date on which control passes.

The net cash flows attributable to the operating, investing and financing activities of discontinued operations are disclosed separately in the corresponding note to the consolidated financial statement.

Other Assets

Other assets consist of receivables from direct insurance policies, other taxes (including VAT, payroll tax), other receivables and accrued assets. Accrued assets also include the accrued interest on financial instruments measured at amortised cost, as well as other accruals, which include amounts receivable from the clearing counterparty with regard to derivative positions.

Equity

Issued Share Capital

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

Reserves

Share Premium Reserve

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

Revaluation Reserve

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

Cash Flow Hedge Reserve

The cash flow hedge reserve consists of the effective part of cumulative changes in the fair value of derivatives qualifying for cash flow hedge accounting (net of taxes), provided that the hedged transaction has not yet occurred.

Fair Value Reserve

Gains and losses arising from changes in the fair value of assets that are classified as available for sale are recognised in the fair value reserve (net of taxes). If the particular assets are sold, settled or as a result of other events are no longer recognised; the corresponding cumulative gains and losses is then transferred from the fair value reserve to profit or loss (see the section entitled ‘Financial assets’). Exchange rate differences on non-monetary financial assets that are classified as available for sale are also recognised in this reserve.

Shadow accounting is applied to the cash flow hedge reserve and fair value reserve for fixed-income securities that are held to cover insurance liabilities.

Holders of Other Equity Instruments

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

Subordinated Debt

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

Borrowings

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

Insurance Liabilities

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

Athora Netherlands has continued applying the accounting policies in use at the time of transition to IFRS for the valuation of the insurance contract liabilities since the first adoption of IFRS (the historically applied accounting policies). The insurance liabilities reported at the reporting date are valued at the higher of:

- the historic value based on the assumptions used to calculate the (guaranteed) premium, and
- the minimum value according to the liability adequacy test.

The first method uses premium calculation principles for interest and mortality (life insurance contracts).

For insurance liabilities IFRS requires a liability adequacy test to be performed. The carrying amount of the insurance liability based on historical cost and reduced by related intangible assets like the Value of Business Acquired (VOBA) and deferred acquisition costs (if applicable) is compared to the current estimates of future cash flows corresponding to the insurance liability. When the latter is higher, there is a deficit. Under IFRS 4, the carrying amount of the insurance liability has to be supplemented by this deficit, thus increasing the value of the insurance liability based on the current estimates of future cash flows.

The details of the valuation principles for life insurance contracts and the corresponding liability adequacy test are described below.

Life Insurance

Life insurance contracts can be divided into general account life insurance policies and life insurance contracts for account of policyholders. Both types of insurance policies include individual insurance contracts as well as group insurance contracts. These contracts provide mainly long-term insurance for events that lead to a payment in cash, or of the counter value of investment units, upon maturity of the contract or death of the insured.

General Account Life Insurance Policies

General

For these contracts, Athora Netherlands incurs insurance risk as well as investment risk. These insurance contracts are divided into individual and group contracts and include the following product groups: saving mortgage insurance, annuities, term insurance policies, corporate pensions, funeral expenses insurance policies and traditional endowment insurances.

Measurement of life insurance liabilities is in principle based on historical tariff rates set at the inception date of the underlying contracts. A periodic IFRS liability adequacy test is performed on these liabilities. Since there is a deficit in the liability adequacy test (LAT) at the end of 2021 and 2022, the insurance liabilities are currently measured at the probability weighted best estimate of future cash flows based on current assumptions discounted by the swap curve including Ultimate Forward Rate (UFR). Both measurement principles are explained below.

Measurement at Tariff Rates

Locked-in Interest Rate

Liabilities arising from life insurance contracts with a locked-in interest rate are determined on the basis of a prospective actuarial method taking into account all future benefit payments and premiums to be received, if applicable.

Actual payments and the timing of payments also depend on social, economic and demographic trends, inflation, investment returns, the behaviour of policyholders and other factors, as well as assumptions about developments in mortality and disability rates. Lapse, like early surrender or a waiver of premium, is also taken into account for some life insurance products. The assumptions used in the measurement of life insurance contracts at the reporting date are based on the calculation principles set at the contract's inception date.

Large part of policies have a fixed discount rate between 3% and 4%. The discount rate for recent insurance contracts is generally lower than 3%. For savings mortgage insurance and other guaranteed products, the rate of return guaranteed in the insurance contract is used. The interest rate in these insurance contracts equals the investment return achieved on the corresponding investments.

Embedded Options and Guarantees in Insurance Contracts

Athora Netherlands does not separately recognise embedded derivatives in insurance contracts, such as options to surrender insurance contracts at a fixed amount, or at a fixed amount and a guaranteed interest rate (i.e., closely linked to the basic insurance contract), but recognises them under the host contract from which they stem. The time value of the embedded options is not included in the measurement of the embedded derivative, but it is taken into account when determining LAT.

Provisions for Longevity Risk

Particularly with regard to the pension portfolio, liabilities arising from insurance contracts may become inadequate due to the extended life expectancy of the beneficiaries. This provision comprises additional contributions that have been made in the past to absorb this longevity risk. The actual longevity risk is the part of the total liabilities and subject to the liability adequacy test.

Cost Surcharges

Premiums include loadings to cover expenses. When premiums are received or fall due, the surcharges are released; they are then available to cover actual expenses, including administration, renewal expenses and acquisition costs.

Interest Rate Surcharge or Discount

With respect to individual single-premium insurance contracts, an interest rate can be guaranteed, which may be lower or higher than the contractual interest rate used to calculate the liability. The rates for annuity policies are based on a yield curve derived from market data. As the expected market interest rates are currently lower than the standard rate basis, the policyholder pays a surcharge based on the difference between the market rate at the contract's inception date and the contract date and the standard rate applied until maturity. The recognised surcharges and discounts are subsequently amortised on either an actuarial or straight-line basis.

With regard to group insurance contracts, similar surcharges or discounts are amortised on a straight-line basis. In the initial year of recognition, the full-year amortisation charge is recognised.

Provisions for Disability Risk

Under liabilities arising from insurance contracts, a provision is maintained for the entitlement to a premium waiver in the event of disability. This provision is based on a factor multiplied by the annual premium that applies to the disability risk. The factor is based on IBNR techniques derived from empirical data for claim behaviour. The IBNR techniques involve historic data, based on which estimates are made at the reporting date for claims expected to have occurred but have not been reported at the reporting date. The valuation principles of disability coverage that are used, including the waiver of premiums, are the same as the principles for the main insurance policy.

Profit-sharing and Bonuses

The present value of any profit share that has been awarded but has not yet been distributed is included in the provision for profit-sharing and bonuses which is included in the life insurance liabilities.

Profit-sharing
In addition to non-profit-sharing insurance contracts, the insurance portfolio also contains insurance contracts with discretionary or contractual profit-sharing rights.

Discretionary profit-sharing schemes concern the right of individual policyholders to receive additional benefit payments over and above any insured or guaranteed capital. The determination of the amount and timing of these additional benefits is at the discretion of Athora Netherlands' management. Profit shares already awarded are also included in liabilities arising from insurance contracts.

For insurance contracts with discretionary participation features, all realised and unrealised gains and losses, which are eligible for profit-sharing, on fixed-income financial assets in the portfolio backing the participating insurance contracts are transferred to insurance liabilities, if they constitute a net gain on a cumulative basis. These additions are made regardless of the management's decision about the profit amounts paid out to the policyholders.

There are also individual and group contracts with contractual profit-sharing. These are based on a share of any surplus interest profits and profit-sharing based on a share of any insurance profits. Obligations as a result of contractual profit-sharing are included in liabilities arising from insurance contracts.

Shadow Accounting

Realised gains and losses on assets backing insurance liabilities can affect the measurement of insurance liabilities. IFRS 4 contains an option generally referred to as 'Shadow Accounting' to reduce accounting mismatches which may occur when insurance liabilities and investments backing those liabilities:

- are measured on a different basis; or

- have changes in their measurements recorded in different line items of total comprehensive income (net income versus other comprehensive income).

Athora Netherlands applies this option which means that unrealised gains or losses on assets backing certain insurance liabilities are treated similarly to realised gains and losses for the purpose of measuring insurance liabilities. For Athora Netherlands this leads to the following changes in the way cumulative unrealised net gains are accounted for:
- Unrealised fair value changes of Available for Sale fixed income financial assets, which are initially recognised in other comprehensive income, are transferred to the insurance liabilities without affecting profit or loss.
- Fair value changes of interest rate derivatives used to hedge interest rate risks, which are initially recognised in the cash flow hedge reserve, are transferred to the insurance liabilities without affecting profit or loss, as a result.
- Fair value changes of interest rate derivatives, to which no cash flow hedge accounting is applied, are initially recognised in profit or loss. Subsequently these changes are transferred to the insurance liabilities through profit or loss.

Shadow Accounting limits accounting mismatches only as far as those are caused by market interest rate changes. If, after the application of Shadow Accounting, any deficit under the Liability Adequacy Test remains, Athora Netherlands strengthens the insurance liabilities further through profit or loss.

Measurement Based on Current IFRS LAT Assumptions.

IFRS LAT Methodology

Under IFRS, the carrying amount of an insurance liability, net of VOBA and deferred acquisition costs (if applicable), is required to be at least equal to the discounted current estimates of future cash flows under its insurance contract plus a risk margin. The total carrying amount of the liabilities tested, consists of the carrying amount based at historical tariff rates, supplemented with any liabilities arising from interest rate guarantees on life insurance contracts, liabilities to cover for the longevity risk and the effects of shadow accounting.

It is tested, based on current assumptions, whether these carrying amounts will ultimately be adequate to cover the commitments to policyholders. When performing this test, best estimate future contractual cash flows are projected, taking into account current and future developments in mortality, disability, the behaviour of policyholders, claims handling and management costs. These cash flows are discounted using the (bid price) swap curve including the Ultimate Forward Rate as set for Solvency II reporting purposes for the financial year. The valuation of the future expected profit-sharing and the time value of embedded options and guarantees are included in the resulting best estimate provision. The best estimate is increased with a risk margin, which is calculated using the Cost of Capital method. The resulting liability is compared to the carrying amount, after shadow accounting, of the insurance liabilities adjusted for any differences between fair value and book value of other balance sheet items. If the discounted current estimates of future cash flows arising from the insurance contract increased with a risk margin is higher, a LAT deficit exists.

To the extent that this has been agreed in the contract, deficits in relation to the guaranteed interest rate will (partially) be borne by the policyholders. Any such contributions are deducted from the liability adequacy test deficit.

The IFRS LAT is calculated on a net basis; the effects of reinsurance contracts on the projected cash flows are comprised in the outcome.

Recognition of a Deficit

If the outcome of the test, taking into account the shadow accounting adjustments, is a deficit, the carrying amount of insurance liabilities will be supplemented via technical claims and benefits in profit or loss. The increase of the carrying value of insurance liabilities and related assets is effected first by impairing any VOBA or any deferred acquisition costs, if available. Any remaining deficit will be added to insurance liabilities through profit or loss. If the deficit decreases in the next reporting period, the prior addition will be reversed to the extent it was recognised in profit or loss (technical claims and benefits).

Test Level and Frequency

The IFRS liability adequacy test is performed at least quarterly for the entire portfolio of life insurance contracts. The test is performed both at legal entity level and at consolidated level. A deficit and a surplus in the liability adequacy test of the separate life insurance companies is offset in consolidation.

Assumptions IFRS LAT

The following assumptions were used in performing the IFRS liability adequacy test as at 31 December 2022 (for the assumptions that were adjusted in the current year also the assumptions from the previous year are presented):

- Discount rate: derived from the (bid price) swap curve. The curve converges to the Ultimate Forward Rate (UFR) based on the Smith-Wilson method in accordance with Solvency II including an Ultimate Forward Rate as set for Solvency II reporting which for the financial year 2022 converges after the 20 years point (last liquid point) to 3.45% (2021: 3.60%) in 40 years.
- Profit allocation is in accordance with the applicable profit-sharing arrangements and the company's decisions regarding discretionary profit-sharing.
- Cost allocation and distribution of efficiency gains based on internal assessment in line with assumptions used for Solvency II technical provisions.
- Projected mortality probability data for the entire population based on Prognose Model AG 2022 (Prognose Model AG 2020 in 2021) adjusted for experience on each portfolio based on internal research.
- Lapse and early surrender data based on internal research.
- Inflation rate: derived from market data.
- Cost inflation consists for around 75% out of expected salary increases, taking into account the agreements in the Collective Labour Agreements (CLA) and for 25% the inflation of other costs and the price inflation curve with an instantaneous 2% UFR from last liquid point 20 years onwards.
- Cost of capital rate: 4% (2021: 4%).

Life Insurance Contracts for Account of Policyholders

General

This item concerns insurance contracts under which policyholders bear the investment risk. The liabilities arising from these contracts basically equal the value of the underlying investments, the value of interest rate guarantees and the value of the term insurance. Since unit-linked policyholders bear investment risk they determine how Athora Netherlands should invest the premiums paid net of costs and risk premiums.

Unit-linked Life Insurance Contracts

Liabilities Linked to the Investments Related Component
The technical provisions for the underlying investments of these insurance contracts correspond to the carrying amount (fair value) of the related underlying investments. As a result, these liabilities are measured at the fair value of the underlying investments. Transaction costs and commission are not included at initial recognition but charged to the statement of profit or loss as these transactions occur. The changes in these insurance liabilities are recognised directly in profit or loss in line with changes in the fair value of these investments.

Interest Rate Guarantees
Interest rate guarantees have been issued by Athora Netherlands for returns from a limited number of unit-linked insurance contracts. These guarantees mainly apply at the maturity dates of the insurance contracts. Prior to maturity, the liability arising from these contracts is at least equal to the accumulated amount of premiums paid plus guaranteed interest less any expense and mortality charge deductions and adjustments for future lapses.

Insurance Component
The insurance component in these insurance contracts is determined based on the tariff rate.

Separate Accounts

Group insurance contracts with segregated investments are recognised as life insurance contracts for account of policyholders. Interest rate guarantees on returns have been granted for a limited number of these contracts.

If group insurance contracts are renewed as general account after contract expiration dates, the existing provisions for interest rate guarantees are amortised on an actuarial basis to compensate for the deficits in future investment returns in comparison to the guaranteed interest rates stipulated in these contracts.

Liabilities from Investments for Account of Third Parties

See the section on investments for account of third parties and liabilities from investments for account of third parties.

Provision for Employee Benefits

Short-term Employee Benefits

Short-term employee benefits include salaries, short paid leave, profit-sharing and bonus schemes. These are accounted for in the statement of profit or loss over the period in which the related services are rendered. In the event that employees have not made use of their entitlements at the end of the period, a liability is formed for the nominal amount.

Pension Benefits

General

All currently employed personnel is hired by Athora Netherlands N.V. Athora Netherlands' main pension scheme is a defined contribution scheme administrated by Stichting Pensioenfonds SNS REAAL. New staff is included in this scheme. In addition, a number of defined benefit plans were acquired from insurance companies in the past. The members of those schemes are referred to as members with deferred pension rights or retirees.

Defined Contribution Schemes

According to this pension scheme, defined contributions are paid to separate entities, primarily to Stichting Pensioenfonds SNS REAAL, an independent pension fund. Besides the defined contributions, Athora Netherlands has no obligation to make additional payments to the scheme to make up for deficits resulting from actuarial or investment risk.

Defined Benefit Schemes

A number of defined benefit schemes for (former) employees still exists. These plans are no longer available for the new employees. The net liability related to these schemes is represented by the difference between the present value of the future liabilities to pay the participants' pensions (gross pension entitlements) and the value of the qualifying assets of these schemes. Qualifying assets are investments relating to insurance contracts of insurance companies not part of Athora Netherlands.

A net asset due to a surplus is recognised only if Athora Netherlands has the ability to use the surplus to generate future economic benefits (asset ceiling). The excess amount above the asset ceiling will be deducted from the surplus through other comprehensive income.

Gross pension Entitlements from Defined Benefit Schemes
These are calculated annually by an external actuary according to the projected unit credit method and discounted using rates based on returns from investment-grade corporate bonds (AA rating) with a maturity corresponding to the time of benefit payments to the members. In principle, this method distributes the pension costs evenly over the period in which an employee renders services to Athora Netherlands.

Self-administered Defined Pension Schemes
Entitlements from these schemes are insured at SRLEV within Athora Netherlands. The investments under these schemes are held by SRLEV; if they do not qualify as plan assets, they are presented as investments (general account).

Recognition of Costs in the Statement of Profit or Loss

Costs of Defined Contribution Schemes
The regular contributions in the defined contribution schemes qualify as net periodic costs in the year in which they are due and are recognised within the employee benefits expense. Employee contributions are deducted from this expense.

Income and Expense Associated with Defined Benefit Schemes
The following items are recognised in the statement of profit or loss for defined benefit schemes:
- periodic pension costs relating to the members of the scheme who are still employed by Athora Netherlands;
- costs of improvement (or costs relating to deducted value of entitlements returned) of these pension schemes, insofar as they relate to past employment;
- gains and losses on settlement of pension entitlements; and
- net interest on the net defined benefit liability (or asset).

Net Interest on Defined Benefit Schemes
Net interest is calculated based on the actuarial discount rate used to determine the present value of the gross pension entitlements. This net liability (or asset) is determined at the start of the annual reporting period, taking into account possible changes resulting from contributions from Athora Netherlands or employees and benefits paid out during the year.

Interest costs consist of actuarial interest costs corresponding to the gross defined benefit liability, the fixed return on qualifying investments (calculated as the present value of the gross defined benefit entitlements covered by the insurance contracts minus the net present value of future service costs, using the same assumptions as applied in the calculations of the defined benefit liability) and interest on the excess above the asset ceiling, which is determined if a defined benefit asset exists.

Recognition in other Comprehensive Income

The following revaluations of the net pension liability (or asset) are recognised in other comprehensive income:
- actuarial gains and losses;
- gains on qualifying investments of defined benefit schemes actually realised during the year, net of the fixed gains and losses based on the actuarial discount rate that is included in the net interest from defined benefit schemes; and
- the effect of asset ceiling, if a defined benefit asset exists.

Revaluations are not reclassified to the statement of profit or loss in the next reporting period, but they can be reclassified to another component of equity, e.g., settlement of pension entitlements.

Other Long-term Employee Benefits

These refer to jubilee benefits and to discounts granted for bank and insurance products to (former) employees after the date of their retirement. The amount of the obligation is based on the present value of the discounts offered after the retirement date, taking into account actuarial assumptions about mortality and interest. Furthermore, an obligation for reimbursement of medical expenses is recognised. A liability for the expected expenses of these reimbursements during the period of employment is recognised according to the methods used to determine the defined pension schemes obligations. To qualify for these benefits, an employee's contract is required to run until his or her retirement age and it is to span a specified minimum period.

Retention Bonus

Retention bonuses are employee benefits. The vesting and payment of retention bonuses are subject to certain conditions and law and regulations, which contains deferred payment for Identified Staff. The employees receive a retention bonus only if they remain with the entity for the specified period. The expected cost of bonus payments is recognised in the statement of profit or loss during this specified period as employees render service. Retention bonuses are recognised under staff costs as short-term employee benefits with the exception of the deferred part, which is recognised as other long-term employee benefits.

Termination Benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment. Termination benefits are recognised as staff costs in the statement of profit or loss.

Other Provisions

General

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

Provisions are measured at the present value of the expected future cash flows. Additions and any subsequent releases are recognised in the statement of profit or loss.

Restructuring Provision

The restructuring provision is a specific provision that consists of expected severance pay and other costs that are directly related to restructuring programmes. These costs are accounted for in the period in which a legally enforceable or constructive obligation to make payments arises. No provision is recognised for costs or future operating losses from continuing operations.

Athora Netherlands recognises severance pay if it has demonstrably committed itself, either through a constructive or legally enforceable obligation, to:

- terminating the employment contracts of current employees in accordance with a detailed formal plan without the option of the plan being withdrawn; or
- paying termination benefits as a result of an offer to encourage voluntary redundancy. Benefits that fall due after more than twelve months after the reporting date are discounted.

Legal Provisions

At the reporting date, Athora Netherlands recognises a provision for the estimated liability with respect to ongoing legal proceedings. The provision comprises an estimate of the payments due in the course of the legal proceedings, to the extent that it is more likely than not that an obligation exists at the reporting date. A provision is recognised if the obligation can be reliably estimated.

Financial Liabilities

Derivatives

See the previous section entitled 'Derivatives'.

Amounts Due to Banks

Amounts due to banks comprise unsubordinated debts to credit institutions. Upon initial recognition, amounts due to banks are measured at fair value, including transaction costs incurred. These liabilities are subsequently measured at amortised cost.

Any difference between the measurement at initial recognition and the redemption value based on the effective interest method is recognised in the statement of profit or loss.

Other Liabilities

Other liabilities include creditors, amounts payable to reinsurers, other taxes and accrued liabilities as well as interest accrued on financial instruments that are measured at amortised cost. This category also includes lease liabilities.

Initially the lease liabilities are measured as a total of present value of lease rentals during the lease term and the present value of expected payments at the end of lease:
- fixed and variable payments less any lease incentives receivable;
- amounts expected to be payable under residual value guarantees, if any;
- the exercise price of a purchase option if Athora Netherlands is reasonably certain to exercise that option, if any;
- payments of penalties for terminating the lease, if the lease term reflects the early termination, if any.

Lease liabilities are subsequently measured based on amortised cost using the effective interest method.

The discount rates are the incremental borrowing rates that have been determined for each asset based on the asset category (property and vehicles), lease tenor and amount, also taking Athora Netherlands' creditworthiness and other economic factors into account.

6.1.6 Accounting Policies for the Statement of Profit or Loss

Income and expenditure are allocated to the period to which they relate. Costs are recognised in the cost category to which they relate.

Income

Income represents the fair value of the services, after elimination of intra-group transactions within Athora Netherlands. Income is recognised as described in the following sections.

Premium Income

Premium income from insurance contracts, exclusive of taxes and other charges, comprises regular life premiums (including pensions) and single life premiums.

Regular life premiums, single-premium contracts and limited-premium life insurance policies from life insurance contracts are recognised as income when payment by the policyholder falls due. Interest rate discounts are included in gross premium income and charged to technical claims and benefits during the amortisation period.

Reinsurance Premiums

This item represents premiums on ceded reinsurance contracts. They are charged to the statement of profit or loss in proportion to the contract period.

Fee and Commission Income

Fee and commission income comprises primarily asset management fees and intermediary commissions, which are in scope of IFRS 15.

Asset management fee comprises fees received on contracts with external parties related to the asset management activities of the investment portfolio as well as the tactical asset allocation according to the mandate agreed upon. It also includes fees relating to the valuation of the outstanding assets and the related (financial) administration of all assets. Given that these services are provided and consumed during the year the fees are recognised over time.

Fees related other activities mainly comprises commission received as reward from external parties for insurance contracts signed by Athora Netherlands' intermediaries and fees received for administrative services. Depending on the underlying contract, the fees are recognised at a point in time or over time.

Fee and Commission Expense

Commission expenses and management fees are accounted for as fee and commission expense to the extent that they are related to the services received in the reporting period.

Commission costs related to transactions in general account financial instruments is included in the amortised cost of this instrument, unless the instrument is measured at fair value through profit or loss, in which case the commission is included in the result.

Share in Result of Associates and Joint Ventures

This item represents Athora Netherlands' share of profit of its associates and joint ventures. If the carrying amount of an associate or a joint venture falls to zero, no further losses are recognised, unless Athora Netherlands has entered into commitments or made payments on its behalf.

To the extent necessary, the accounting policies applied by associates and joint ventures have been adjusted to ensure consistency with those applied by Athora Netherlands.

Investment Income

Investment income consists of interest, dividends, rental income and revaluations.

Interest

The item interest comprises interest income from investments. Interest on financial assets is accounted for using the effective interest method based on the actual purchase price. The effective interest method is based on estimated future cash flows, taking into account the risk of early redemption of the underlying financial instruments and direct costs and income, such as transaction costs charged, brokerage fees and discounts or premiums.

Commitment fees, together with related direct costs, are deferred and recognised as adjustments of the effective interest on a loan if it is likely that Athora Netherlands will conclude a particular loan agreement. If the commitment expires without Athora Netherlands having provided the loan, the fee is recognised at the moment the commitment term expires. If it is unlikely that a particular loan agreement will be concluded, the commitment fee is recognised pro rata as a gain during the commitment period.

Interest income on monetary financial assets that have been subject to impairment and have been written down to the estimated recoverable amount is calculated over the amortised cost of the financial asset net of any reduction for impairment or uncollectability.

Dividends

Dividends income is recognised in the statement of profit or loss as soon as the entity's right to payment is established. In the case of listed securities, this is the date on which these securities are quoted ex-dividends.

Rental Income

Rental income consists of rentals from investment property. Rental income is recognised as income on a straight-line basis for the duration of the lease agreement.

Revaluations

This item serves to recognise realised and unrealised increases and decreases in the fair value of investment property and the fair value of financial assets qualifying as at fair value through profit or loss. Revaluations concern the difference between the fair value at the reporting date or net proceeds from the sale during the reporting period on the one hand, and the fair value at the beginning of the reporting period or the purchase price during the reporting period on the other.

Realised gains and losses, i.e., the difference between the selling price and amortised cost, of financial assets coming under the other categories are recognised in this item as well.

Investment Income for Account of Policyholders

This item represents income from investments held for account of life insurance policyholders. These investments are measured at fair value. Increases and decreases in the value of investments are recognised in the statement of profit or loss as investment income for account of policyholders. The dividends and interest for account of policyholders are also accounted for in this item.

Results on Investments for Account of Third Parties

This item represents gains and losses on investments for account of third parties. These gains and losses comprise increases and decreases in the fair value changes on the investments for account of third parties respectively the changes in fair value of the liabilities arising from these investments.

Result on Derivatives

Gains and losses on derivative and other financial instruments are recognised under this item. Derivatives are measured at fair value. Gains and losses from revaluations to fair value are directly recognised in the statement of profit or loss within gains and losses on financial instruments. However, if derivatives are designated as hedging instruments, the recognition of a resulting gain or loss depends on the nature of the hedged item and the effectiveness of the hedging relationship. The ineffective portion of any gains or losses of a cash flow hedge is recognised directly as result on derivatives.

Net Result from Discontinued Operations

Refer to the section "Assets Held for Sale & Discontinued Operations" in 6.1.5 Accounting policies for the statement of financial position.

Expenses

Expenses are recognised in the statement of profit or loss on the basis of a direct relationship between costs incurred and the corresponding economic benefits. If future economic benefits are expected to occur in different reporting periods, expenses are recognised in the statement of profit or loss based on a systematic allocation method. Expenses are directly recognised in the statement of profit or loss if they do not generate any future economic benefits.

Technical Claims and Benefits

This item comprises benefits and claims paid, surrender, claim handling costs and the changes in the general account insurance liabilities which include the difference between actual and expected results on the general account insurance portfolio. The changes in insurance liabilities resulting from shadow accounting on interest rate derivatives and LAT-deficit are also presented as this item.

Charges for Account of Policyholders

This item comprises changes in provisions for insurance contracts for account of policyholders (see the section entitled 'Life insurance contracts for account of policyholders').

Acquisition Costs for Insurance Activities

Acquisition costs comprise the direct and indirect costs associated with acquiring an insurance contract, including brokerage fees, the costs of medical check-ups and service charges for recording new policies in the portfolio.

Results on Liabilities from Investments for Account of Third Parties

This item represents changes in value of liabilities from investments for account of third parties, which mirror the changes in the fair value of the underlying investments.

Staff Costs

This item concerns expenses related to staff, including salaries, social security contributions and pension costs.

Depreciation and Amortisation of Non-current Assets

This item comprises all depreciation and amortisation of property and equipment and intangible assets. For details on depreciation and amortisation, see Section 6.1.5 entitled 'Accounting policies for the statement of financial position' (see the applicable items).

Other Operating Expenses

This includes office expenses, accommodation expenses and other operating expenses.

Impairment Losses

This item includes impairments of assets whose carrying amounts exceed their recoverable amounts. Intangible assets, property and equipment, associates and joint ventures, financial assets, receivables and other assets may be subject to impairment. As soon as an impairment loss is identified, it is recognised in the statement of profit or loss. The specific policies for impairment are explained in greater detail in Section 6.1.5 entitled 'Accounting policies for the statement of financial position' (see the applicable items).

Other Interest Expenses

This item primarily comprises interest expenses related to reinsurance depots and lease liabilities as well as interest on subordinated bonds and private loans issued by Athora Netherlands. Interest expenses are recognised in the statement of profit or loss based on the effective interest method.

Other Expenses

Other expenses comprise all expenses that cannot be accounted for within the items in the statement of profit or loss described above. These expenses have no direct relation with the primary and secondary business operations, occur occasionally, and are incurred in a single reporting period or arise in a single reporting period; they are amortised over multiple reporting periods, where applicable.

6.1.7 Contingent Liabilities and Commitments

Contingent liabilities are liabilities not recognised in the statement of financial position because the existence is contingent on one or more uncertain events that may or may not occur in the future not wholly within the control of Athora Netherlands. It is not possible to make a reliable estimate of such liabilities.

The maximum potential credit risk arising from pledges and guarantees is stated in the notes. In determining the maximum potential credit risk, it is assumed that all the counterparties will no longer live up to their contractual obligations and that all the existing collateral is without value.

6.1.8 Cash Flow Statement

The cash flow statement is prepared according to the indirect method, and distinguishes between cash flows from operational, investment and financing activities. Cash flows in foreign currency are converted at the exchange rate applicable on the transaction date. With regard to cash flow from operations, operating results before tax are adjusted for gains and losses that did not result in income and payments in the same financial year and for movements in provisions and accrued and deferred items.

Investments in subsidiaries, associates and joint ventures are stated under cash flow from investing activities. The cash and cash equivalents available at the acquisition date are deducted from the purchase price. In the context of the cash flow statement, cash and cash equivalents are equal to the balance sheet item cash and cash equivalents.

6.2 ACQUISITIONS AND DISPOSALS

Disposals

Apollo Strategic Origination Partners (2022)

In 2022 Athora Netherlands has disposed all its investments in Apollo Strategic Origination Partners (ASOP). ASOP was presented as an associate. For more information refer to Note 2 'Investments in Associates and Joint Ventures'.

ACTIAM N.V. (2021)

On 21 October 2021, Athora Netherlands has reached an agreement to sell its asset manager ACTIAM N.V. (ACTIAM) to Cardano Risk Management B.V. The transaction has been closed on 1 January 2022. Following this agreement, ACTIAM has been classified as 'Held for sale' and the 2021 year-to-date and sale result of ACTIAM have been classified under Net result from discontinued operation. For more information refer to Note 38 Discontinued operations.

Acquisitions

In 2022, Athora Netherlands' subsidiary SRLEV has acquired 100% shares in PDC Industrial Center 143 sp. z.o.o., Dumenza sp. z.o.o., Athora France Sky Holdings 1 SASU, RE NL Holding 1 S.a.r.l. and Athora Lux Earth Holdings 1 S.A., as part of its investment property mandate. These investments are all accounted for as asset acquisitions.

PDC Industrial Center 143 sp. z.o.o.

PDC Industrial Center 143 sp. z.o.o. is a Polish private limited company that invest directly or indirectly in Polish commercial real estate. SRLEV has acquired the shares for an amount of € 7 million and is the only shareholder. As part of this transaction SRLEV granted a loan of € 17 million to PDC Industrial Center 143 sp. z.o.o. The underlying investment property amounts € 25 million at the time of acquisition.

Athora France Sky Holdings 1 SASU

Athora France Sky Holdings 1 SASU is a French simplified joint stock company that invest directly or indirectly via its subsidiaries, Athora Sky 1 SCI, Athora Sky Douai SCI, Athora Sky Peynier SCI and Athora Sky Flassan SCI in French commercial real estate. SRLEV has acquired the shares for an amount of € 53 million and is the only shareholder in Athora France Sky Holdings 1 SASU. As part of this transaction SRLEV granted a loan of € 79 million to Athora France Sky Holdings 1 SASU. The underlying investment property amounts € 117 million at the time of acquisition.

RE NL Holding 1 S.a.r.l.

RE NL Holding 1 S.a.r.l. is a Luxembourg private limited company that invest indirectly via its subsidiary Logistik Fastighets AB with its subsidiaries Logistik Borås 1 AB, Logistik Vansbro 1 AB and Logistik Örebro 1 AB in Swedish commercial real estate and via its subsidiary Ireland TAM Dublin Property S.a.r.l in Irish commercial real estate. SRLEV has acquired the shares for an amount of € 89 million and is the only shareholder in RE NL Holding 1 S.a.r.l. As part of this transaction SRLEV granted a loan of € 51 million to RE NL Holding 1 S.a.r.l. The underlying investment property amounts € 128 million at the time of acquisition.

Athora Lux Earth Holdings 1 S.A.

Athora Lux Earth Holdings 1 S.A. is established in Luxembourg and its purpose is to invest in French office real estate. Athora Lux Earth Holdings 1 S.A. operates as a public limited company. Until December 2022 Athora Netherlands owns 65.7% of shares, Athora Belgium owns the remaining 34.3%. Athora Netherlands accounted for its participation in Athora Lux Earth Holdings 1 S.A. as a joint venture and measured it using the equity method. The joint control had been established in the shareholders' agreement. Each shareholder appointed two out of four members in the Board of Directors and the strategic decisions had to be taken unanimously by this Board.

At the end of 2022, Athora Netherlands has acquired the 34.3% share held by Athora Belgium and obtained full control and from then on Athora Lux Earth Earth Holding 1 S.A. is consolidated. With this transaction Athora Netherlands acquired investment property and other assets for € 139 million in total and liabilities of € 122 million. The total consideration, including the fair value of the share of 65,7% already held by Athora Netherlands, amounts to € 22 million.

Athora Lux Invest

Athora Lux Invest is an umbrella investment fund with sub-funds, in which SRLEV is the only investor. Following the investments in 2020 and 2021, in 2022 two sub-funds specialised in equity platform and NAV financing were controlled by SRLEV. These sub-funds are accounted for as subsidiaries. In 2022, SRLEV has invested for an amount of € 2,010 million in Athora Lux Invest.

Dumenza sp. z.o.o.

Dumenza sp. z.o.o. Is a Polish private limited company that invest directly or indirectly in Polish commercial real estate. SRLEV has acquired the shares for an amount of € 2 million and is the only shareholder. It had no underlying investment property at the time of acquisition.

In 2021, Athora Netherlands' subsidiary SRLEV has invested in Dutch Mortgage Investment Fund 2020 for an amount of € 604 million, in Athora Lux Invest for an amount of € 2,407 million and in a joint venture, Athora Lux Earth Holdings 1 S.A. together with Athora Belgium S.A.

6.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Property and Equipment

BREAKDOWN OF PROPERTY AND EQUIPMENT		
In € millions	2022	2021
Land and buildings for own use	32	36
IT equipment	-	1
Right-of-use assets (ROU)	1	1
Other assets	2	4
Total	**35**	**42**

BREAKDOWN OF RIGHT-OF-USE ASSETS		
In € millions	2022	2021
Vehicles	1	1
Total	**1**	**1**

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2022					
In € millions	Land and buildings	IT equipment	ROU: Vehicles	Other assets	Total
Accumulated acquisition costs	87	8	5	14	**114**
Accumulated depreciation and impairments	-55	-8	-4	-12	**-79**
Balance as at 31 December	**32**	**-**	**1**	**2**	**35**
Balance as at 1 January	**36**	**1**	**1**	**4**	**42**
Investments	2	-	1	-	**3**
Depreciation	-1	-1	-1	-1	**-4**
Impairments	-5	-	-	-	**-5**
Other	-	-	-	-1	**-1**
Balance as at 31 December	**32**	**-**	**1**	**2**	**35**

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2021					
In € millions	Land and buildings	IT equipment	ROU: Vehicles	Other assets	Total
Accumulated acquisition costs	85	8	4	16	**113**
Accumulated depreciation and impairments	-49	-7	-3	-12	**-71**
Balance as at 31 December	**36**	**1**	**1**	**4**	**42**
Balance as at 1 January	**38**	**2**	**2**	**4**	**46**
Depreciation	-2	-1	-1	-	**-4**
Balance as at 31 December	**36**	**1**	**1**	**4**	**42**

Right-of-use assets (ROU) include the leased office buildings and leased vehicles for use by Athora Netherlands employees. Athora Netherlands has chosen to exempt short-term leases and low value leases and therefore they are not included in the ROU. The relating costs will be reported as part of the operating expenses instead.

For interest expenses on lease liabilities refer to Note 36 Other Interest Expenses. For expenses relating to short-term leases and for income from subleasing Right-of-use assets refer to Note 34 Other Operating Expenses. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

Rental Income

Athora Netherlands is engaged in rental agreements. Of the Property own use, one building is rented out to a third parties.

The future lease payments (excluding service costs and VAT) for Property own use to be received for a period up to one year is € 1 million, for a period of one to two years € 1 million and for a period of two to five years € 2 million.

Appraisal of Land and Buildings for Own Use

All land and buildings for own use are appraised by an external surveyor at the end of the fourth quarter.

VALUATION OF LAND AND BUILDINGS FOR OWN USE			
In € millions	Assessed	Carrying amount	Appraised value as % of total carrying amount
2022	32	32	100%
2021	36	36	100%

2 Investments in Associates and Joint Ventures

Associates

This item comprises Athora Netherlands' investment in CBRE Property Fund Central and Eastern Europe (CBRE PFCEE) and Apollo Strategic Origination Partners (ASOP).

CBRE PFCEE's share capital consists entirely of ordinary shares and SRLEV holds an interest in those shares. CBRE PFCEE operates as a joint fund under Dutch law (in Dutch: fonds voor gemene rekening) and invests in commercial real estate in Central and Eastern Europe. The statutory objective of CBRE PFCEE is to invest in real estate directly or indirectly with the main focus on maximising the rental income. The shares of the associate are not listed.

ASOP is an investment fund organised as a special limited partnership. The fund intends to generate investment income by investing indirectly in private loans to mainly North American and European borrowers. However, in 2022 Athora Netherlands has disposed all its investments in ASOP.

Joint ventures

This item comprises Athora Netherlands' investment in Athora Lux Earth Holdings 1 S.A. (Earth). The entity is established in Luxembourg and its purpose is to invest in French office real estate. Earth operates as a public limited company. Until December 2022 Athora Netherlands owns 65.7% of shares, Athora Belgium owns the remaining 34.3%. Athora Netherlands accounted for its participation in Earth as a joint venture and measured it using the equity method. The joint control had been established in the shareholders' agreement. Each shareholder appointed two out of four members in the Board of Directors and the strategic decisions had to be taken unanimously by this Board.

At the end of 2022, Athora Netherlands has acquired the 34.3% share held by Athora Belgium and obtained full control and from then on Earth is consolidated. With this transaction Athora Netherlands acquired investment property and other assets for € 139 million in total and liabilities of € 122 million. The total consideration, including the fair value of the share of 65,7% already held by Athora Netherlands, amounts to € 22 million.

OVERVIEW OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AS PER 31 DECEMBER 2022			
Name	**Country of incorporation**	**% of ownership interest**	**Measurement method**
CBRE Property Fund Central and Eastern Europe (CBRE PFCEE)	Netherlands	30%	Equity

OVERVIEW OF INVESTMENTS IN ASSOCIATES AND JOINT VENTURES AS PER 31 DECEMBER 2021			
Name	**Country of incorporation**	**% of ownership interest**	**Measurement method**
CBRE Property Fund Central and Eastern Europe (CBRE PFCEE)	Netherlands	30%	Equity
Apollo Strategic Origination Partners (ASOP)	Bermuda	30%	Equity
Athora Lux Earth Holdings 1 S.A. (Earth)	Luxembourg	66%	Equity

STATEMENT OF CHANGES IN INVESTMENTS IN ASSOCIATES AND JOINT VENTURES		
In € millions	**2022**	**2021**
Balance as at 1 January	**211**	**38**
Reclassifications	-88	**-**
Capital invested	-	247
Repayment of capital invested	-81	-74
Result of associates and joint ventures	1	3
Dividend received	-5	-3
Balance as at 31 December	**38**	**211**

The information below was derived from CBRE PFCEE's financial statements. CBRE PFCEE's financial year ends on 31 December 2022. The financial statements have been prepared in accordance with IFRS. It does not represent the share of SRLEV in its profits.

CONDENSED STATEMENT OF FINANCIAL POSITION OF CBRE PFCEE		
In € millions	**2022**	**2021**
Non-current assets	152	150
Current assets	12	13
Total assets	**164**	**163**
Current liabilities	2	2
Non-current liabilities	44	43
Total liabilities	**46**	**45**
Net assets	**118**	**118**

CONDENSED STATEMENT OF PROFIT OR LOSS OF CBRE PFCEE		
In € millions	**2022**	**2021**
Income	16	15
Expenses	6	9
Result continued operations	**10**	**6**
Tax expense	2	1
Net result continued operations	**8**	**5**

Due to the disposal of the investments in ASOP, only the condensed financial statement of 2021 is included. The information below was derived from ASOP's financial statements of 2021. The financial statements have been prepared in accordance with IFRS. It does not represent the share of SRLEV in its profits.

CONDENSED STATEMENT OF FINANCIAL POSITION OF ASOP	
In € millions	**2021**
Non-current assets	103
Current assets	157
Total assets	**260**
Current liabilities	1
Non-current liabilities	-
Total liabilities	**1**
Net assets	**259**

CONDENSED STATEMENT OF PROFIT OR LOSS OF ASOP	
In € millions	**2021**
Income	8
Expenses	1
Result continued operations	**7**
Tax expense	-
Net result continued operations	**7**

Due to the fact that Earth is reported as a subsidiary as of 31 December 2022 and is included in the consolidated financial statements of Athora Netherlands, only the condensed financial statement of 2021 is included. The information below was derived from Earth's financial statements of 2021. The financial statements have been prepared in accordance with IFRS. It does not represent the share of SRLEV in its profits.

CONDENSED STATEMENT OF FINANCIAL POSITION OF EARTH		
In € millions	**2021**	
Non-current assets	151	
Current assets	9	
- Of which Cash and Cash equivalents		3
Total assets	**160**	
Current liabilities	6	
- Of which Current financial liabilities		3
Non-current liabilities	115	
- Of which Non-current financial liabilities		115
Total liabilities	**121**	
Net assets	**39**	

CONDENSED STATEMENT OF PROFIT OR LOSS OF EARTH	
In € millions	**2021**
Income	5
Expenses	2
Result continued operations	**3**
Tax expense	-
Net result continued operations	**3**

3 Investment Property

STATEMENT OF CHANGES IN INVESTMENT PROPERTY		
In € millions	**2022**	**2021**
Balance as at 1 January	**615**	**521**
Investments	437	30
Divestments	-	-10
Revaluations	-40	74
Balance as at 31 December	**1,012**	**615**

Investment property mainly consists of offices, logistical warehouses and retail properties. In 2022 Athora Netherlands invested in investment property across Europe. Until 2022, the majority of investment property was located in The Netherlands. The portion invested abroad amounts to € 430 million (2021: € 23 million).

The rental income from operating leases of the investment property is reported in Note 26 Investment Income.

The future lease payment (excluding service costs and VAT) to be received for investment property (with a definite contract period) for a period of up to one year is € 171 million; for a period of one to two years is € 151 million; for a period of two to three years is € 139 million; for a period of three to four years is € 128 million; for a period of four to five years is € 110 million; for a period of longer than five years is € 311 million.

4 Investments

BREAKDOWN OF INVESTMENTS		
In € millions	**2022**	**2021**
Fair value through profit or loss: Designated	-	161
Available for sale	19,254	28,089
Loans and receivables	12,315	11,769
Balance as at 31 December	**31,569**	**40,019**

Investments for own account decreased in 2022 by € 8.4 billion compared to 2021. This is mainly caused by the decrease in the Available for sale portfolio (€ 8.8 billion) due to redemption and sale of German, Dutch and France sovereign bonds combined with the negative revaluations of the fixed income portfolio. The negative revaluations are a result of increased market interest rates. The decrease in the Available for sale portfolio was partly offset by the increase in Loans and receivables (€ 0.5 billion). This is due to a net inflow of € 0.4 billion in a loan portfolio and growth of the mortgage portfolio.

BREAKDOWN OF FAIR VALUE THROUGH PROFIT OR LOSS: LISTED AND UNLISTED		
	Fixed-income	
In € millions	**2022**	2021
Listed	-	161
Unlisted	-	-
Total	**-**	**161**

STATEMENT OF CHANGES IN FAIR VALUE THROUGH PROFIT OR LOSS		
	Fixed-income	
In € millions	**2022**	2021
Balance as at 1 January	**161**	**174**
Disposals and redemptions	-144	-
Revaluations	-17	-13
Received Coupons	-1	-5
Accrued Interest	1	5
Balance as at 31 December	**-**	**161**

BREAKDOWN OF AVAILABLE FOR SALE: LISTED AND UNLISTED						
	Shares and similar investments		Fixed-income investments		Total	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Listed	-	-	11,868	22,956	**11,868**	**22,956**
Unlisted	5,538	3,067	1,848	2,066	**7,386**	**5,133**
Total	**5,538**	**3,067**	**13,716**	**25,022**	**19,254**	**28,089**

The increase of shares and similar investments in 2022 was mainly caused by the higher investments in money market funds (€ 2.0 billion). Fixed-income investments in the available for sale portfolio decreased with € 11.3 billion due to redemption and sale of German, Dutch and France sovereign bonds combined with the negative revaluations of the fixed income portfolio. The negative revaluations are a result of increased market interest rates.

STATEMENT OF CHANGES IN AVAILABLE FOR SALE						
	Shares and similar investments		**Fixed-income investments**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**3,067**	**2,605**	**25,022**	**29,196**	**28,089**	**31,801**
Purchases and advances	25,687	18,653	13,141	9,076	**38,828**	**27,729**
Disposals and redemptions	-23,206	-18,219	-21,406	-12,393	**-44,612**	**-30,612**
Revaluations	35	81	-3,046	-825	**-3,011**	**-744**
Impairments	-15	-1	-	-	**-15**	**-1**
Amortisation	-	-	-62	-140	**-62**	**-140**
FX Result	5	13	90	135	**95**	**148**
Received Coupons	-	-	-392	-485	**-392**	**-485**
Accrued Interest	-	-	369	458	**369**	**458**
Dividend Received/ Negative Distribution	-35	-36	-	-	**-35**	**-36**
Asset held for sale	-	-29	-	-	**-**	**-29**
Balance as at 31 December	**5,538**	**3,067**	**13,716**	**25,022**	**19,254**	**28,089**

During the year, most of the disposals and redemptions stated above relate to German, Dutch and France sovereign bonds. The proceeds have been partly reinvested in European short-term bonds, US corporate bonds long-term. The negative revaluations comes from increased market interest rates.

BREAKDOWN OF AVAILABLE FOR SALE: MEASUREMENT						
	Shares and similar investments		**Fixed-income investments**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
(Amortised) cost	5,465	2,985	13,907	21,981	**19,372**	**24,966**
Revaluation	73	82	-347	2,778	**-274**	**2,860**
Accrued interest	-	-	156	263	**156**	**263**
Balance as at 31 December	**5,538**	**3,067**	**13,716**	**25,022**	**19,254**	**28,089**

Athora Netherlands has lent some of its fixed-income investments for the purpose of additional income. The carrying amount of the investments lent in a securities lending program as at 31 December 2022 amounts to € 501 million (2021: € 2,155 million). The lending periods are open-ended and can be terminated on request. The fair value of investments received from the counterparty as collateral at 31 December 2022 was € 542 million (2021: 2,209 million). Collateral is only accepted in the form of equity and fixed income securities, with restrictions on the quality. Although collateral is at the disposal of Athora Netherlands, it is Athora Netherlands' policy not to trade with collateral received given the open-ended character of the initial securities lending transaction.

Some investments have been posted as collateral for amounts due to derivatives. The carrying amount (market value) of investments posted as collateral at 31 December 2022 was € 2,734 million (2021: € 1,972 million). The collateral received for derivatives are reported in Note 40 Financial Instruments.

BREAKDOWN OF LOANS AND RECEIVABLES		
In € millions	**2022**	**2021**
Mortgages	5,190	4,834
Private loans linked to savings mortgages	3,299	3,613
Other private loans	3,830	3,322
Total	**12,319**	**11,769**
Provision for bad debts	-4	-
Total	**12,315**	**11,769**

The increase in mortgages by € 356 million was driven by an investment of € 599 million to further expand the existing exposure to Dutch residential mortgage loans partly offset by the outflow on existing brands. Private loans linked to savings mortgages decreased due to redemptions, while the other private loans portfolio increased due to new corporate loans in 2022 partly offset by exchange rate differences.

STATEMENT OF CHANGES IN LOANS AND RECEIVABLES		
In € millions	**2022**	**2021**
Balance as at 1 January	**11,769**	**9,947**
Purchases and advances	3,447	4,649
Disposals and redemptions	-3,112	-3,063
Amortisation	-9	-6
Realised Revaluation	37	5
Accrued interest	123	141
FX Result	64	96
Balance as at 31 December	**12,319**	**11,769**
Balance provisions as at 1 January	-	-
Addition	-4	-
Balance provisions as at 31 December	**-4**	**-**
Total	**12,315**	**11,769**

Investment Portfolio

BREAKDOWN OF INVESTMENTS OF INSURANCE BUSINESS		
In € millions	**2022**	**2021**
Investments		
- Fair value through profit or loss: Designated	-	161
- Available for sale	13,716	25,022
- Other private loans	3,826	3,322
Interest-bearing investment portfolio	**17,542**	**28,505**
Mortgages	5,190	4,834
Private loans linked to savings mortgages	3,299	3,614
Total	**26,031**	**36,953**

The mortgages and private loans linked to savings mortgages are not rated and have the Netherlands as geographic area. For more information about the private loans linked to savings mortgages see Note 20 Guarantees and Commitments.

The following table shows the breakdown of the interest-bearing investment portfolio by sector.

BREAKDOWN OF INTEREST-BEARING INVESTMENT PORTFOLIO (SECTOR)				
In € millions/in %	**2022**		**2021**	
Sovereign	8,540	48%	18,284	64%
Corporate bonds - financial sector	2,811	16%	4,008	14%
Corporate bonds - non-financial sector	2,249	13%	2,328	8%
Mortgage-backed securities	101	1%	543	2%
Loans	3,826	22%	3,322	12%
Other	15	0%	20	0%
Total	**17,542**	**100%**	**28,505**	**100%**

Compared to 2021 a shift can be noticed from sovereigns and financial sector corporate bonds in favour of loans.

The following overview includes the interest-bearing investments by rating category.

BREAKDOWN OF INTEREST-BEARING INVESTMENT PROFILE (RATING)				
In € millions/in %	**2022**		**2021**	
AAA	6,417	37%	12,583	44%
AA	1,924	11%	5,404	19%
A	3,871	22%	5,290	19%
BBB	1,744	10%	2,566	9%
< BBB	566	3%	321	1%
Not rated	3,020	17%	2,341	8%
Total	**17,542**	**100%**	**28,505**	**100%**

In 2022, Athora Netherlands continued its investment deployment strategy which is reflected in the increase of the <BBB and not rated investments in the interest-bearing investment portfolio (2022: 20%, 2021: 9%) at the expense of AA and AAA rated investments. These are higher risk investments.

The interest-bearing investment portfolio by geographic area is included in the table below.

BREAKDOWN OF INTEREST-BEARING INVESTMENT PROFILE (GEOGRAPHIC)				
In € millions/in %	**2022**		**2021**	
Germany	4,244	24%	8,517	29%
United States Of America	3,665	20%	3,590	12%
Netherlands	2,417	14%	4,121	14%
United Kingdom	1,375	8%	1,436	5%
France	1,239	7%	2,439	9%
Japan	1,223	7%	1,305	5%
Austria	628	4%	1,071	4%
Belgium	480	3%	902	3%
Sweden	215	1%	183	1%
Jersey	175	1%	203	1%
Luxembourg	172	1%	332	1%
Australia	160	1%	171	1%
Cayman Islands	144	1%	53	0%
Switzerland	130	1%	235	1%
Spain	123	1%	672	2%
Other European countries	944	5%	3,114	11%
North America	122	1%	158	1%
Asia	72	0%	3	0%
Oceania	14	0%	-	0%
Total	**17,542**	**100%**	**28,505**	**100%**

The interest-bearing investment portfolio of Athora Netherlands has predominantly European debtors. German and Dutch issued bonds and loans are representing 38% (2021: 43%) of the total interest-bearing investment portfolio. The decrease of this interest can be mainly explained by the increased interest in United Stated of America issued Corporate Bonds.

The category 'Other European countries' also includes investments in European and other international banking institutions that cannot be allocated to a single country (2022: € 494 million / 2021: € 1,401 million).

BREAKDOWN OF MORTGAGES PER RISK CATEGORY		
In € millions	**2022**	**2021**
Mortgages < 75% of foreclosure value	4,352	3,868
Mortgages 75% < > 100% of foreclosure value	126	177
Mortgages > 100% of foreclosure value	14	18
Mortgages with National Mortgage Guarantee	698	771
Residential property in the Netherlands	**5,190**	**4,834**
Specific provision for bad debts	-	-
Total	**5,190**	**4,834**

5 Investments for Account of Policyholders

Investments for account of policyholders include investments under unit-linked policies for an amount of € 10,616 million (2021: € 12,684 million) and separate investment deposits for separate accounts amounting to € 1,057 million (2021: € 1,739 million).

BREAKDOWN OF INVESTMENTS FOR ACCOUNT OF POLICYHOLDERS: LISTED AND UNLISTED		
In € millions	**2022**	**2021**
Shares and similar investments:		
- Listed	10,922	13,334
- Unlisted	285	381
Fixed-income investments		
- Listed	248	472
- Unlisted	218	236
Total	**11,673**	**14,423**

As a consequence of the consolidation of investments funds, the investments for account of policyholders within these funds are represented by the underlying investments.

STATEMENT OF CHANGES IN INVESTMENTS FOR ACCOUNT OF POLICYHOLDERS		
In € millions	**2022**	**2021**
Balance as at 1 January	**14,423**	**13,788**
Purchases and advances	1,432	4,422
Disposals and redemptions	-1,750	-5,008
Changes in fair value	-2,451	1,377
Dividend Received/Negative Distribution	-1	-186
Received Coupons	-11	-11
Accrued Interest	19	21
FX Result	15	20
Other movements	-3	-
Balance as at 31 December	**11,673**	**14,423**

The decrease of investments for account of policyholders was mainly driven by negative fair value changes with an amount of € 2,451 million. The negative revaluation result mainly relates to a decrease of the stock markets and to negative changes in fair value of the Long Duration funds. Beside the negative result there was a net divestment of € 318 million.

6 Investments/Liabilities for Account of Third Parties

The third party investments amount to € 4,108 million (2021: € 3,354 million) and largely consist of ACTIAM Responsible Index Funds and investments for the account of participants of Zwitserleven PPI. The increase of third party investments in 2022 is due to higher net inflow in Zwitserleven PPI that partly originate from investments under unit-linked policies and due to a significant increase of external participants in a new ACTIAM investment fund. The increase in third party investments is partly offset as a consequence of € 590 million negative revaluation. The negative performance mainly relates to fixed income and equity investments.

BREAKDOWN PER TYPE OF INVESTMENTS		
In € millions	2022	2021
Shares and similar investments	4,069	3,320
Investments in investments funds	**4,069**	**3,320**
Other investments	33	29
Cash of participants to be invested	6	5
Other investments	**39**	**34**
Total	**4,108**	**3,354**

STATEMENT OF CHANGES IN INVESTMENTS FOR ACCOUNT OF THIRD PARTIES:		
In € millions	2022	2021
Balance as at 1 January	**3,354**	**2,414**
Purchases and advances	1,677	806
Disposals and redemptions	-336	-369
Changes in fair value	-590	535
Dividend received	-	-25
Other movements	3	-7
Balance as at 31 December	**4,108**	**3,354**

7 Derivatives

BREAKDOWN OF DERIVATIVES						
	Positive value		Negative value		Balance	
In € millions	2022	2021	2022	2021	2022	2021
Derivatives held in the context of asset and liability management to which no hedge accounting is applied	10,552	3,834	13,166	1,415	**-2,614**	**2,419**
Total	**10,552**	**3,834**	**13,166**	**1,415**	**-2,614**	**2,419**

The derivatives position decreased with € 5,032 million in 2022. This is mainly due to changes in market value caused by the increase of the long-term interest rates and FX rates and the increase in inflation rates. Negative revaluation of interest rate swaps has led to a decrease of € 6,790 million; Partly compensated by the net movement of all forward bonds with € 676 million (€ 1,038 million revaluation and € -362 million close transactions) and the positive result of the Inflation Linked Swaps of € 335 million.

STATEMENT OF CHANGES IN DERIVATIVES		
In € millions	2022	2021
Balance as at 1 January	**2,419**	**4,293**
Purchases	520	11
Disposals	-203	59
Realised gains and losses	36	160
Revaluations	-5,248	-1,880
Exchange rate differences and FX result	-152	-220
Accrued interest	14	-4
Balance as at 31 December	**-2,614**	**2,419**

The disposals mainly consist of inflation linked and cross currency swaps (€ -32 million and € -40 million), FX Forwards (€ 379million), Bond Forward (€ -362 million) and Bond Future (€ -134 million).

For more information about derivatives see Note 29 Results on Derivatives and Note 41 Hedging and Hedge Accounting.

8 Deferred Tax

ORIGIN OF DEFERRED TAX 2022				
In € millions	1 January	Change through profit or loss	Change through equity	31 December
Capitalised acquisition costs Insurance activities	**19**	1	-	20
(Investment) property and equipment	**-87**	6	-	-81
Investments	**-578**	-74	808	156
Derivatives	**-565**	1,339	2	776
Insurance contracts	**1,872**	-940	-808	124
Provision for employee benefits	**74**	7	-50	31
Received loans	**7**	-2	-	5
Other	**-110**	114	1	5
Total	**632**	**451**	**-47**	**1,036**

ORIGIN OF DEFERRED TAX 2021				
In € millions	1 January	Change through profit or loss	Change through equity	31 December
Capitalised acquisition costs Insurance activities	**18**	1	-	19
(Investment) property and equipment	**-67**	-20	-	-87
Investments	**-788**	28	182	-578
Derivatives	**-975**	392	18	-565
Insurance contracts	**2,376**	-290	-214	1,872
Provision for employee benefits	**73**	1	-	74
Received loans	**-2**	9	-	7
Other	**-28**	-82	-	-110
Total	**607**	**39**	**-14**	**632**

The total amount of change in deferred tax through profit or loss is € 451 million (2021: € 39 million). This amount is due to temporary differences (2022: € 381 million; 2021: € 86 million), the impact of the change in corporate income tax rate (2022: € 0 million; 2021: € 22 million) and the impact of non-recoverable deferred tax assets (DTA) of € 69 million in 2022 (2021: € -69 million). See also Note 37 Income Tax.

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. The total impact of the change 2021 in tax rate is € 22 million (gain), all of which via the profit or loss account as tax benefit. The income tax rate as of 31 December 2022 stays at 25.8%.

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 equalisation 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 in 2021. Based on this updated net DTA recoverability reassessment, the carrying amount of deferred tax assets decreased with € 69 million of non-recoverable DTA. This decrease was recognised in profit or loss as tax expense.

In 2022 the DTA reassessment has been performed with the updated economic data. Due to the increased interest rates and spread, the DTA is fully recoverable. Therefore, the expense of € 69 million non-recoverable DTA in 2021 is reversed in 2022 (refer to Note 37 'Income Tax'). A sensitivity analysis is performed on the DTA recoverability. Among all the factors that were taken into consideration in the sensitivity analysis, spread has a relatively higher impact on the recoverability of DTA.

SENSITIVITY DTA RECOVERABILITY	
	DTA recoverability in %
in %	2022
Spread	
Spread + 10PB	100%
Spread - 10BP	100%
Spread - 20BP	100%
Spread - 50BP	93%

9 Loans and Advances due from Banks

BREAKDOWN OF LOANS AND ADVANCES DUE FROM BANKS		
In € millions	**2022**	**2021**
Collateral	4,093	238
Deposits	52	4
Loans to banks	117	118
Balance as at 31 December	**4,262**	**360**

This item mainly relates to loans and advances due from banks other than interest-bearing securities. Of the total amount of € 4,262 million (2021: € 360 million), € 4,157 million has a remaining term to maturity of less than three months (2021: € 238 million).

Cash collateral advanced to banks is related to the market value of derivatives. The increase of the market value of the derivatives liabilities explains the increase of the paid collateral for the year.

10 Other Assets

BREAKDOWN OF OTHER ASSETS		
In € millions	**2022**	**2021**
Receivables from policyholders	43	29
Receivables from intermediaries	34	44
Receivables from reinsurers	4	-
Receivables from direct insurance	**81**	**73**
Accrued interest	20	19
Other accrued assets	27	141
Accrued assets	**47**	**160**
Other taxes	1	-
Other receivables	146	112
Total	**275**	**345**

The receivables are expected to be recovered within twelve months after reporting date.

11 Cash and Cash Equivalents

BREAKDOWN OF CASH AND CASH EQUIVALENTS		
In € millions	**2022**	**2021**
Short-term bank balances	363	403
Total	**363**	**403**

Short-term bank balances are at the company's free disposal.

Athora Netherlands and its subsidiaries have a joint credit facility of € 7.5 million in total with ABN AMRO. Additionally, Athora Netherlands entered a loan facility agreement with its parent Athora Holding Ltd. for the amount of € 150 million. At year-end 2022, the complete facility is undrawn.

12 Equity

BREAKDOWN OF EQUITY		
In € millions	**2022**	**2021**
Equity attributable to Shareholders	2,835	3,643
Equity attributable to Holders of Other equity instruments	350	350
Total	**3,185**	**3,993**

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

At the end of December 2021, Athora Netherlands Holding Ltd. strengthened the capital position of Athora Netherlands via € 275 million share premium contribution.

In December 2021, Athora Netherlands was provided a perpetual Tier 1 Capital Subordinated loan by its ultimate parent company Athora Holding Ltd. The € 50 million subordinated loan is perpetual and is classified as equity instrument and consequently recognised as part of equity as there is no contractual obligation for Athora Netherlands, as issuer of the loan, to repay the principal or to pay interest.

The loan is first callable after five years and each interest payment date thereafter, subject to conditions to redemption. The coupon is fixed at 4.44% per annum until the first call date and payable annually in arrears on 23 December in each year, commencing on 23 December 2022. Interest on this loan is recognised directly via equity instead of via the statement of profit or loss.

In June 2018 Athora Netherlands (then named VIVAT N.V.) issued subordinated Restricted Tier 1 notes. The € 300 million subordinated notes bear discretionary interest and have no maturity date, but can be redeemed at the discretion of Athora Netherlands. Consequently, these notes have been classified as equity instruments.

The notes are first callable after seven years and each interest payment date thereafter, subject to conditions to redemption. The coupon is fixed at 7% per annum until the first call date and payable semi-annually in arrears on 19 June and 19 December in each year. Interest on this loan is recognised directly via equity instead of via the statement of profit or loss.

13 Subordinated Debt

BREAKDOWN OF SUBORDINATED DEBT		
In € millions	**2022**	**2021**
Bonds	902	906
Total	**902**	**906**

STATEMENT OF CHANGES IN SUBORDINATED DEBT		
In € millions	**2022**	**2021**
Balance as at 1 January	**906**	**818**
Issue of subordinated debts	497	297
Disposals and redemptions	-545	-250
Amortisation	1	2
Realised revaluation	4	-
Changes market value due to hedging	-	-4
Currency gains and losses	39	43
Balance as at 31 December	**902**	**906**

BREAKDOWN OF SUBORDINATED DEBT							
				Carrying amount		Nominal value	
In € millions	Coupon	Maturity	First call date	**2022**	2021	**2022**	2021
SRLEV N.V. (Swiss Franc)	5.334%	July 2011 - perpetual	December 2022	107	102	107	102
Athora Netherlands N.V. (US Dollar)	6.250%	November 2017 - perpetual	November 2022	-	506	-	508
Athora Netherlands N.V.	2.250%	April 2021 - April 2031	April 2026	298	298	300	300
Athora Netherlands N.V.	5.375%	May 2022 - August 2032	May 2027	497	-	500	-
Total				**902**	**906**	**907**	**910**

In May 2022, Athora Netherlands N.V. issued € 500 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 5.375% per annum until the first call date, thereafter based on the five years mid swap rates plus margin with yearly resets. The notes qualify as Tier 2 regulatory capital under Solvency II.

In May 2022, Athora Netherlands N.V. redeemed the outstanding $ 506 million of originally issued $ 575 million subordinated notes as a result of the successful tender offer on the notes. In November 2022 (first call date), Athora Netherlands N.V. redeemed the outstanding $ 69 million at their principal amount outstanding together with accrued and unpaid interest and any arrears of interest.

In April 2021, SRLEV N.V. 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 N.V. issued € 300 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 2.250% per annum until the first call date. The notes qualify as Tier 2 regulatory capital under Solvency II.

In November 2017, Athora Netherlands N.V. issued $ 575 million (€ 476 million) in subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 6.25% per annum until the first call date (November 2022). The notes qualify as Tier 2 regulatory capital under Solvency II. The notes have been fully redeemed in 2022.

In July 2011, SRLEV N.V. issued CHF 105 million in perpetual subordinated bonds. The CHF bond had a first redemption date on 19 December 2016. SRLEV decided not to exercise its yearly December redemption option to redeem the CHF bond for the period 2016 to 2022. Under the Solvency II transitional measures, the CHF bond qualifies in full as Restricted Tier 1 own funds in the calculation of Solvency II own funds for ten years after 1 January 2016. At this specific time, it has been determined that it is currently in the interests of SRLEV not to exercise the redemption option to redeem the CHF Bond. The interest rate on the bond resets to 5-year CHF mid-swap plus 5.625%. As a result of this reset, on 19 December 2021 a new interest rate has been determined for the 5 years period ending on 19 December 2026. The interest rate for this next period has been fixed at 5.334%.

14 Borrowings

STATEMENT OF CHANGES IN BORROWINGS		
In € millions	2022	2021
Balance as at 1 January	**61**	**61**
Disposals and redemptions	-	-
Realised revaluation	-	-
Balance as at 31 December	**61**	**61**

On 17 May 2017 Athora Netherlands N.V. issued € 650 million of senior notes. An amount of € 584 million was redeemed in April 2020, at a loss of € 29 million, as a result of the successful tender offer on the notes. The remaining € 61 million senior notes have a fixed coupon at 2.375% per annum and a maturity date as per 17 May 2024.

15 Insurance Liabilities and Reinsurance Share

As per 31 December 2022, the total amount of insurance liabilities is € 40,540 million (2021: € 50,246 million). The reinsurers' share is € 3 million (2021: € 9 million).

Athora Netherlands sells Individual Life insurance policies in the retail and SME markets and Life Corporate insurance policies in the entire corporate market in the Netherlands. The Individual Life insurance portfolio mainly consists of unit-linked insurance policies, savings-based mortgage policies, term assurance policies (ORV) and life annuity insurance policies providing regular payments for the remainder of the holder's life. The Life Corporate insurance portfolio mainly consists of traditional contracts, group policies with separate accounts and of unit-linked policies.

BREAKDOWN OF INSURANCE LIABILITIES AND ITS REINSURERS SHARE PER TYPE OF PROVISION				
	Gross		Reinsurance	
In € millions	**2022**	2021	**2022**	2021
Provision for Life insurance obligations (15.1)	25,861	26,134	3	9
Results on allocated investments and interest derivatives (15.1)	337	6,204	-	-
Cumulative LAT deficit (15.3)	1,548	2,509	-	-
Unamortised interest rate discounts (15.1)	491	463	-	-
Provision for profit-sharing, bonuses and discounts (15.1)	37	42	-	-
Life, for own risk	**28,274**	**35,352**	**3**	**9**
Life, for account of policyholders (15.2)	**12,266**	**14,894**	**-**	**-**
Total	**40,540**	**50,246**	**3**	**9**

15.1 Life, for Own Risk

STATEMENT OF CHANGES IN PROVISIONS FOR LIFE INSURANCE OBLIGATIONS FOR OWN RISK				
	Gross		Reinsurance	
In € millions	**2022**	2021	**2022**	2021
Balance as at 1 January	**26,134**	**25,855**	**9**	**27**
Portfolio transfers	139	329	-	-
Benefits paid	-2,055	-2,138	-527	-431
Premiums received	1,039	1,434	546	432
Interest added	794	820	-	1
Technical result	-66	-40	-25	-20
Release of expense loading	-119	-123	-	-
Other movements	-5	-3	-	-
Balance as at 31 December	**25,861**	**26,134**	**3**	**9**

The Life portfolio contains individual and group insurance policies. In 2022, an amount of € 139 million was transferred from life insurance on behalf of policyholders to life insurance liabilities (2021: € 329 million). This concerned group pension contracts. At the end of the contract terms, these contracts were converted into other contract forms for account of Athora Netherlands. This transfer took place in dialogue with the customers.

Traditional Insurance Policies

In principle, Athora Netherlands bears the investment risk related to traditional insurance policies. Special categories are formed by the saving mortgage insurance, in which the return on the savings portion is linked to the associated mortgage loan. A small portion of the private loans linked saving mortgages portfolio is exposed to counterparty default risk.

A form of profit-sharing exists, or an interest rate rebate has been granted, for a significant portion of the portfolio. This breakdown is included in the accompanying table.

BREAKDOWN OF TRADITIONAL INSURANCE POLICIES		
In € millions	**2022**	**2021**
With profit-sharing (operational or surplus interest)	8,909	9,149
With interest rate discounts (or surcharges)	4,518	4,426
Without profit-sharing	9,110	8,925
Savings-based mortgages	3,324	3,634
Total traditional insurance policies	**25,861**	**26,134**

Measurement of life insurance liabilities is in principle based on historical tariff rates set at the inception date of the underlying contracts. A periodic IFRS liability adequacy test is performed on these liabilities. Since there is a deficit in the liability adequacy test (LAT) at 2022 and 2021, the insurance liabilities are currently measured at the probability weighted best estimate of future cash flows based on current assumptions discounted by the swap curve including Ultimate Forward Rate (UFR).

RESULTS ON ALLOCATED INVESTMENTS AND INTEREST DERIVATIVES		
In € millions	**2022**	**2021**
Revaluation reserve of fixed income investment portfolio	20	2,509
Results on fixed income financial assets backing insurance contracts with discretionary participation features and related derivatives	317	3,695
Total	**337**	**6,204**

The revaluation reserve of fixed income investment portfolio decreased by € 2,489 million. The increasing interest rates have led to a negative impact on the market value of assets.

Shadow accounting decreased with € 3,378 million mainly as a result of interest rate movements (shadow accounting mainly consists of returns and expected cash flows on derivatives, realised results on bonds sold and amortisation on Shadow Accounting).

STATEMENT OF CHANGES IN UNAMORTISED INTEREST RATE DISCOUNTS		
	Life own risk	
In € millions	**2022**	2021
Balance as at 1 January	**463**	**331**
Discounts and surcharges in the financial year	78	175
Amortisation	-50	-43
Balance as at 31 December	**491**	**463**

The change in discounts and surcharges compared to prior year is caused by interest rate movements.

STATEMENT OF CHANGES IN PROVISION FOR PROFIT-SHARING, BONUSES AND DISCOUNTS		
	Life own risk	
In € millions	**2022**	2021
Balance as at 1 January	**42**	**54**
Profit-sharing, bonuses and discounts granted in the financial year	-5	-12
Balance as at 31 December	**37**	**42**

15.2 Life, for Account of Policyholders

STATEMENT OF CHANGES IN TECHNICAL PROVISIONS FOR INSURANCE ON ACCOUNT OF POLICYHOLDERS		
In € millions	2022	2021
Balance as at 1 January	**14,894**	**14,190**
Portfolio transfers	-139	-329
Premiums received	724	693
Benefits paid	-758	-961
Interest added	30	40
Changes in valuation and exchange rate	-2,405	1,349
Technical result	-25	-37
Release of expense loading	-56	-50
Other movements	-0	-1
Balance as at 31 December	**12,266**	**14,894**

Insurance Policies in Investment Units

Policyholders usually bear the investment risk for insurance policies in investment units (unit-linked investment units). Athora Netherlands is in principle, not exposed to interest rate risk, price risk, exchange rate risk or counterparty default risk. For the Life Services Business the Insurance Policies in Investment Units only contain investment funds in units without additional provisions and company profit-sharing which are already reported under Own Risk. For part of the portfolio however, Athora Netherlands has issued minimum guarantees, as a result of which the interest rate risk, price risk and exchange rate risk for these contracts are for the account and risk of Athora Netherlands. The value of the guarantees within the portfolio is measured periodically.

Athora Netherlands' portfolio includes also group policies with separate accounts and unit-linked policies. The separate accounts have an interest guarantee.

The decrease in 2022 was mainly caused by market value movements in related assets.

BREAKDOWN OF INSURANCE POLICIES IN INVESTMENT UNITS		
In € millions	2022	2021
Without guarantee	9,825	11,813
With guarantee	2,441	3,081
Total	**12,266**	**14,894**

15.3 Liability Adequacy Test results

RECONCILIATION OF THE IFRS INSURANCE LIABILITIES AND THE LAT RESULTS		
	Life insurance LAT	
In € millions	2022	2021
Insurance liabilities before LAT[1]	38,969	45,218
IFRS LAT reserve	39,653	50,700
Deficit	**-684**	**-5,482**

1 Insurance liabilities before LAT includes both Life for own risk and Life for account of policyholder (net) and is excluding cumulative LAT deficit and revaluation reserve of fixed income investment portfolio.

The deficit is covered by the revaluation reserve of the fixed income investment portfolio (2022: € 20 million; 2021: € 2,509 million) (note that the large movement in revaluation reserve is due to the steep increase in market interest rates, resulting in lower market values of the investment portfolio) and by the difference between the market and book value of the investments (mortgages and part of the loans and receivables) measured at amortised cost (2022: € -884 million; 2021 € 463 million). The remaining cumulative LAT deficit at 31 December 2022 amounts to € 1,548 million (2021: € 2,510 million) and is added to the insurance liabilities before LAT.

The decrease of the cumulative LAT deficit amounts to € 962 million (2021: € 486 million increase) which is charged through the income statement. The development of the LAT deficit was a result of:

1. Structural items that are expected recurring elements and are mainly driven by accrued coupon, expected cash flows and the UFR drag (€ 468 million increase of LAT deficit (loss);
2. The following non-structural market movements (a-d) and other non-structural movements (e-h) decreased the LAT deficit by € 1,446 million (profit):
    a. Increasing swap interest rates led to an increase of LAT deficit with € 813 million (loss);
    b. The development of the swap spread (widened in 2022) caused the LAT deficit to increase by € 248 million (loss);
    c. Increase of inflation in 2022 caused the LAT deficit to increase with € 109 million (loss);
    d. Several other market movements had an impact of € 91 million decrease in LAT deficit (profit). This impact can largely be explained by effects from UL-Return, FX-effects and volatility.
    e. Due to portfolio & period experience variance and adding Value of New Business, the IFRS LAT deficit decreased by € 111 million (profit).
    f. Portfolio movement of assets caused the LAT deficit to increase with € 36 million (loss).
    g. Operating Assumption Changes have led to an increase of the LAT deficit of € 498 million (loss). This increase is mainly caused by updated expense assumptions;
    h. The following other changes decreased the LAT deficit by € 2,948 million (profit);
        i. The adjustment of the Ultimate Forward Rate (UFR) from 3,60% to 3,45% (€ 100 million loss);
        ii. Impact on Shadow Accounting (€ 2,975 million profit);
        iii. And several data and model refinements related to LAT reserves (€ 73 million profit).
3. Other movements (€ 16 million (loss)

STATEMENT OF CHANGES IN IFRS LAT RESERVE (LIFE)		
In € millions	**2022**	**2021**
Balance as at 1 January	**50,700**	**52,028**
Portfolio Movements	-1,056	-829
Operating Assumption Changes:		
- Lapse	24	32
- Mortality	-12	6
- Disability	-	-
- Expense	151	-8
- Asset management costs	213	228
- Update Risk Margin Assumption Changes	63	47
- Other	7	-23
Market Impacts	-10,480	-875
Other	43	94
Balance as at 31 December	**39,653**	**50,700**

The decrease of the market value of liabilities is largely caused by market impacts (€ -10,448 million) that primarily consist of the change of the swap interest rates (€ -9,654 million) and the decrease of fund value within the Unit Linked portfolio (€ -958 million), partially offset by increased inflation expectations (€ 132 million). Other items have led to an increase in market value by € 489 million and are driven by operating assumption changes (mainly expense assumptions largely due to SAA improvements and initial changes (adjustment of the Ultimate Forward Rate (UFR) from 3,60% to 3,45% and model changes). The market value of liabilities also decreased due to portfolio movements (€ -1,056 million).

Longevity reinsurance

Athora Netherlands has longevity reinsurance contracts to decrease SRLEV's longevity risk and positively affecting the Solvency II ratio for SRLEV and Athora Netherlands. The longevity contracts are included in LAT calculation and as such, presented as part of the cumulative LAT deficit. Ultimo 2022 the longevity reinsurance contracts are included in the cumulative LAT deficit for € 379 million (2021: € 658 million). The total impact of the longevity insurance contracts in 2022 is € 279 million. This is mainly due to an increase in interest rates with an impact of € 109 million and a change in mortality assumptions with an impact of € 110 million.

More elaboration on the significant developments with regards to risk disclosures are considered in chapter 7.

16 Provision for Employee Benefits

BREAKDOWN OF PROVISION FOR EMPLOYEE BENEFITS		
In € millions	**2022**	**2021**
Pension commitments	461	670
Other employee benefit commitments	8	12
Total	**469**	**682**

Pension Commitments

Defined Contribution Scheme

The pension scheme to which Athora Netherlands employees are entitled is a collective defined contribution scheme, which is accounted for as a defined contribution scheme in accordance with IAS 19 Revised. Under this scheme, Athora Netherlands N.V. pays a fixed amount to Stichting Pensioenfonds SNS REAAL.

In 2023, Athora Netherlands' contribution to the defined contribution scheme will be approximately € 14 million (2022: € 17 million).

Defined Benefit Schemes

Athora Netherlands has several legacy pension schemes with pension entitlements of current and former employees of Athora Netherlands and the companies it acquired over the years. Most of these legacy pension schemes have been insured by SRLEV and few with other insurance companies.

The fair value of the plan assets of these plans is determined based on different methodologies. Investments relating to pension schemes that are included in a separate investment account are offset against the present value of defined benefit obligations. Non-separated investments are recognised within investments in the statement of financial position.

Athora Netherlands' total contribution to these defined benefit schemes is expected to be approximately € 17.1 million in 2023 (2022: € 6.1 million). Obligations for additional indexation rights are included in the provision and will be released after payment to the insurer.

Regarding the several defined benefit schemes, as explained below, there are no changes with respect to terms and conditions. These defined benefit schemes are closed schemes, so no new participants are added.

Pension Scheme Former AXA and Winterthur (Defined Benefit Scheme)
The accrual of new pension rights of former employees of Winterthur, UAP, Equity & Law (E&L) and Guardian have been transferred to the Stichting Pensioenfonds SNS REAAL as from 1 January 2009.

The schemes of Winterthur, UAP and Equity & Law (E&L) are insured with SRLEV N.V., without the investments being separated; instead they are recognised within investments in the statement of financial position and included in the balance sheet item Investments.

The Guardian pension scheme is insured externally. No direct investment allocation is held in relation to the Guardian pension scheme. Therefore, the fair value of the pension plan assets cannot be determined based on a certain investment allocation. The fair value of the plan assets is based on the accrued pension benefits and actuarial rates.

The indexation of the pension entitlements of inactive participants, except for the Winterthur scheme, is equal to the indexation applied by the Stichting Pensioenfonds SNS REAAL. The indexation of the pension entitlements of inactive participants of the Winterthur scheme is an unconditional indexation based on the price index.

The pension entitlements of active participants are unconditionally indexed based on the salary index. Active participants are here defined as employees of Athora Netherlands that actively accrue pension benefits in the Stichting Pensioenfonds SNS REAAL.

In the event that the coverage ratio of the Winterthur scheme falls below the agreed limit of 105%, an additional contribution will be made by the employer.

After offsetting the fair value of the investments, € 151 million has been included in the provision for pensions for the former AXA and Winterthur pension schemes (2021: € 207 million). In 2023, Athora Netherlands' contribution to these defined benefit schemes is expected to amount to € 5.5 million (2022: € 1.6 million).

Pension Scheme Zwitserleven (Defined Benefit Scheme)
As of 1 January 2010, the accrual of new pension entitlements of the employees of former Zwitserleven N.V. was transferred to Stichting Pensioenfonds SNS REAAL. The rights of inactive participants built up in the past and active former participants remain part of the former pension scheme of Zwitserleven.

Until 2025 the conditional indexation of the pension rights of inactive participants is determined using the return on investment and potential technical results. If the return is insufficient, the indexation may be lower than the indexation of Stichting Pensioenfonds SNS REAAL. From 2025 onwards, the indexation will in principle be equal to the indexation of Stichting Pensioenfonds SNS REAAL. The pension rights of active former participants are unconditionally indexed based on the salary index.

The pension scheme of Zwitserleven is self-administered. For this pension scheme, the present value of the pension obligations of € 239 million (2021: € 353 million) has been included in the provision for employee benefits. There is no separate investment account. Athora Netherlands’ contribution to the defined benefit scheme of Zwitserleven is expected to amount to € 8.8 million in 2023 (2022: € 3.4 million).

Other Pension Schemes
The accrual of new pension rights of former employees of Zürich, NHL, Helvetia and DBV has been transferred to Stichting Pensioenfonds SNS REAAL. The pension rights of former employees of Zürich and DBV built up in the past are insured internally by SRLEV, without the investments being separated; instead they are recognised within investments in the statement of financial position and included in the balance sheet item Investments.

The pension rights of former employees of NHL and Helvetia built up in the past are insured externally. No direct investment allocation is held in relation to these pension schemes. Therefore, the fair value of the pension plan assets cannot be determined based on a certain investment allocation. The fair value of the plan assets of NHL is based on the accrued pension benefits and actuarial rates and the value of the indexation depot. As the value of the assets in the investment account is lower than the discounted value of the funded insured benefits under the insurance contract, the fair value of plan assets is set to the discounted value of the funded insured benefits, increased with the indexation depot and the current account. Regarding the NHL pension scheme the asset ceiling is applied. The fair value of the plan assets of Helvetia is based on the accrued pension benefits and actuarial rates. In all of these pension schemes no more pension rights, other than indexation, are accrued. As per 2019 the guarantee costs for the NHL pension plan are included in the fair value of the plan assets.

The indexation of the pension entitlements of inactive participants, except for the Zurich and NHL schemes, is equal to the indexation applied by the Stichting Pensioenfonds SNS REAAL. The indexation of the pension entitlements of inactive participants of the Zurich and NHL schemes is an unconditional indexation based on the price index. The pension entitlements of active participants are unconditionally indexed based on the salary index.

After offsetting the fair value of the investments, € 71 million (2021: € 109 million) has been included in the provision for pensions for these other pension schemes. In 2023, Athora Netherlands' contribution to the other defined benefit schemes is expected to amount to € 2.8 million (2022: € 1.0 million).

Overview Pension Commitments

BREAKDOWN OF PENSION COMMITMENTS		
In € millions	2022	2021
Present value of defined benefit obligations	518	743
Less: Fair value of plan assets	-57	-73
Present value of the net liabilities	**461**	**670**

STATEMENT OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS		
In € millions	2022	2021
Present value as at 1 January	**743**	**759**
Increase and interest accrual through profit or loss	7	4
Actuarial gains or losses due to changes in financial assumptions through Other Comprehensive Income	-211	-2
Actuarial gains or losses due to changes in demographic assumptions through Other Comprehensive Income	7	-
Actuarial gains or losses due to experience adjustments through Other Comprehensive Income	-8	1
Benefits paid	-20	-19
Present value as at 31 December	**518**	**743**

STATEMENT OF CHANGES IN FAIR VALUE OF THE PLAN ASSETS		
In € millions	2022	2021
Fair value as at 1 January	**73**	**79**
Investment result through profit or loss	1	-
Return on plan assets	-14	-3
Investment result	**-13**	**-3**
Premiums	17	16
Benefits paid	-20	-19
Fair value as at 31 December	**57**	**73**

The expected return on investments through profit or loss has been netted with the actuarial rate of interest (in accordance with IAS 19 Revised). The difference between the actual interest result and the actuarial rate of interest is recognised in Other Comprehensive Income.

BREAKDOWN OF FAIR VALUE OF THE PLAN ASSETS		
In € millions	**2022**	**2021**
Cash and cash equivalents	14	15
Insurance contract	43	58
Balance as at 31 December	**57**	**73**

The plan assets Insurance contracts consist of the paid-up value based on the actuarial principles.

STATEMENT OF CHANGES IN OTHER COMPREHENSIVE INCOME		
In € millions	**2022**	**2021**
Balance as at 1 January	**-74**	**-71**
Actuarial gains or losses directly taken to Other Comprehensive Income pension commitments	198	-
Deferred taxes	-51	-
Other	1	-3
Balance as at 31 December	**74**	**-74**

THE MAIN ACTUARIAL PARAMETERS AT YEAR-END		
	2022	**2021**
Discount rate	3.69%	1.16%
Rate of return on assets	Equal to discount rate	Equal to discount rate
Mortality	“Prognosetafel AG 2022” with 2022 mortality experience rates	“Prognosetafel AG 2020” with 2020 mortality experience rates
Increase accrued pension rights - Active	future wage inflation curve	future wage inflation curve
Increase accrued pension rights - Inactive	future price inflation curve	future price inflation curve

The discount rate is based on current market conditions. The expected rate of return on assets is equal to the discount rate.

The assumptions for pension increases during and after active period have been updated to better reflect expected future experience of the schemes. It has been assumed that accrued benefits of active participants will be increased annually based on a future wage inflation curve which is based on the development of the wage inflation as used for the annually increase of the benefits of current employees of Athora Netherlands.

The current and future pension payments will be increased annually based on a future price inflation curve which reflects future price inflation that is taking into account the most recent recovery plan of Stichting Pensioenfonds SNS REAAL and assuming the current financial position of the pension fund is one year ahead of this recovery plan.

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2022		
	31 December 2022	
	Change in € millions	Change in %
Discount rate 3.19% (-0.5%)	39	8%
Discount rate 4.19% (+0.5%)	-35	-7%

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2021		
	31 December 2021	
	Change in € millions	Change in %
Discount rate 0.66% (-0.5%)	70	10%
Discount rate 1.66% (+0.5%)	-61	-9%

Other Employee Benefit Commitments

STATEMENT OF CHANGES IN OTHER EMPLOYEE BENEFIT COMMITMENTS		
In € millions	**2022**	**2021**
Balance as at 1 January	**12**	**15**
Other movements	-3	-
Withdrawal	-1	-3
Balance as at 31 December	**8**	**12**

These refer to jubilee benefits, reimbursements of medical expenses, discounts granted for bank and insurance products to (former) employees after the date of their retirement.

17 Other Provisions

BREAKDOWN OF OTHER PROVISIONS		
In € millions	**2022**	**2021**
Restructuring provision	16	35
Other provisions	7	10
Total	**23**	**45**

Other provisions are predominantly of a long-term nature; these have been formed mainly for the settlement of legal and other claims.

STATEMENT OF CHANGES IN RESTRUCTURING AND OTHER PROVISIONS						
	Restructuring provision		**Other provisions**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**35**	**50**	**10**	**17**	**45**	**67**
Additions	-	7	3	1	**3**	**8**
Withdrawal	-14	-8	-5	-2	**-19**	**-10**
Released to results	-5	-14	-1	-7	**-6**	**-21**
Balance as at 31 December	**16**	**35**	**7**	**10**	**23**	**45**

In September 2020 the new Strategy & Operating Model, presented by the Executive Board, included a reduction of 400 to 500 FTE. In December 2021 the new Target Operating Model was implemented as an update of the 2020 Strategy & Operating Model. This has led to an additional reduction of FTE and as such to an additional restructuring provision of € 7 million.

The costs associated with the reduction in FTE are to be provided for and added to the restructuring provision. The restructuring provision is formed for employees which qualify for redundancy status according to social plan agreements. It is expected that it will be used during 2021 until 2025. In 2021, there was a release of the restructuring provision formed in 2020 to results of € 14 million due to a higher natural outflow of staff than expected.

In 2022, the outflow of staff showed the same trend, resulting in an additional release of the restructuring provision of € 5 million.

18 Amounts due to Banks

BREAKDOWN OF AMOUNTS DUE TO BANKS		
In € millions	**2022**	**2021**
Due on demand	1,579	2,638
Total	**1,579**	**2,638**

The amount of € 1,579 million (2021: € 2,638 million) due on demand relates to cash collateral. The market value of the derivatives portfolio decreased mainly due to increased long-term interest rates and the strengthening of foreign currency resulting in a decrease in received cash collateral.

19 Other Liabilities

BREAKDOWN OF OTHER LIABILITIES		
In € millions	**2022**	**2021**
Debts in relation to direct insurance	174	240
Debts to reinsurers	23	26
Investment transactions to be settled	100	114
Other taxes	27	29
Other liabilities	289	212
Benefits to be paid	290	258
Accrued interest	13	8
Lease liabilities	1	1
Total	**917**	**888**

Other liabilities include creditors, amounts payable to reinsurers, payables to clients, other taxes and accrued liabilities as well as interest accrued on financial instruments.

For depreciation charge of Right-of-use assets and for the additions to Right-of-use assets refer to Note 1 Property and Equipment. For interest expenses on lease liabilities refer to Note 36 Other Interest Expenses. For expenses relating to short-term leases and for income from subleasing Right-of-use assets refer to Note 34 Other Operating Expenses. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

With exception of the lease liabilities, the other liabilities are expected to be settled within twelve months after reporting date. See below for the maturity analysis of the lease liabilities as per 31 December 2022.

LEASE LIABILITIES - MATURITY ANALYSIS		
In € millions	2022	2021
< 1 month	-	-
1 - 3 months	-	-
3 - 12 months	1	1
1 - 2 years	-	-
2 - 5 years	-	-
> 5 years	-	-
Total	**1**	**1**
Current	1	1
Non-current	-	-

20 Guarantees and Commitments

Contingent Liabilities

At year-end 2022, SRLEV N.V. had contingent liabilities to invest € 1,631 million in investment funds (2021: € 1,212 million). These funds may in due course call these commitments (capital calls) when specific conditions are met. These capital calls have been taken into account in the company's liquidity management. The contingent liabilities had no immediate effect on the capital as of 31 December 2022.

At year-end 2022, SRLEV N.V. also has a residual commitment of € 64 million (2021: € 30 million) to invest in properties in the Netherlands and abroad.

In 2019, SRLEV N.V. entered a loan commitment of € 32 million with its subsidiary Bellecom N.V. for the renovation of property. In 2022 the renovation was finalised leading to the residual commitment being nil at year-end 2022 (2021: € 8 million).

Guarantee Schemes

SRLEV N.V. has guaranteed obligations arising under an insurance contract between N.V. Pensioen ESC, a subsidiary of SRLEV N.V., and a third party related to the defined benefit plan of that party for the term of the contract. The financial position of N.V. Pensioen ESC, including the indexation reserves, which – as stipulated in the contract with the third party – will be guaranteed by Athora Netherlands N.V. if the Solvency II ratio of SRLEV N.V. should fall below 100%. SRLEV N.V.'s solvency ratio was 207 % at year-end 2022. Given that the fair value of the separated assets exceeds the technical claims and benefits, this contract does not give rise to any additional technical claims and benefits in the statement of financial position.

As per 1 January 2019, the Recovery and Resolution insurance companies Act (Wet herstel en afwikkeling van verzekeraars) came into force. This also affects Athora Netherlands N.V. The Recovery and Resolution insurance companies Act will enable insurance companies and DNB to be better prepared for a crisis situation and gives DNB tools to - in the interest of policyholders and public interest - intervene in case of a failing insurance company.

In 2012, SRLEV N.V. revised separate account contracts before the end date of the contracts to make the deficits arising from issued guarantees more manageable. Agreement was reached with customers, in which process customers funded the increased charges of longevity risk while SRLEV N.V. bore part of the interest deficit. At year-end 2022, a liability of € 1 million exists relating to this separate accounts restructuring (2021: € 1 million). The customers' liability in respect of this restructuring was € 2 million at year-end 2022 (2021: € 2 million).

Guarantees Received and Given

The notional amount of the mortgages guaranteed under the National Mortgage Guarantee Fund (in Dutch: NHG) amounted to € 577 million at year-end 2022 (2021: € 650 million).

The market value of the collateral of the mortgages was € 12,854 million at year-end 2022 (2021: € 11,430 million). The amortised cost of the mortgages was € 5,190 million at year-end 2022 (2021: € 5,096 million).

For saving mortgage arrangements were made between SRLEV and several credit institutions. The credit risk concerning saving premiums is covered by received cession warranties amounting to € 3,123 million (2021: € 3,406 million), deeds of assignment amounting to € 231 million (2021: € 250 million) or clearance amounting to € 149 million (2021: € 176 million). At year-end 2022 an amount of € 34 million was unsecured (2021: € 36 million).

Under the so-called 'Fortuinplan' arrangement mortgage receivables have been pledged to policyholders for the equivalent value of insurance contract liabilities. The value of these insurance contract liabilities at year-end 2022 was € 42 million (2021: € 45 million).

Additional commitments

In 2021 SRLEV entered into a long-term contract with Cardano with regard to asset management activities. The future contractual payments amount to approximately € 202 million (2021: € 210 million), of which € 25 million (2021: € 27 million) will be due within 1 year and € 95 million (2021: € 108 million) in the period between 1 and 5 years. Early termination of the contract will result in the additional fees linked to the remaining duration of the contract.

In 2022 Athora Netherlands entered into a 10-year rental agreement for an office space in Amsterdam, where the head office of Athora Netherlands will be located from April 2023 onwards. The agreed contractual lease payments amount to approximately € 19 million, of which € 1 million will be due within 1 year and € 8 million will be due in the period between 1 and 5 years.

Netherlands Reinsurance Company for Losses from Terrorism

In 2023, Athora Netherlands will take a 17.15% share in the Life cluster (2022: 14.59%) of the Netherlands Reinsurance company for Losses from Terrorism (Nederlandse Herverzekeringsmaatschappij voor Terrorismeschaden N.V.). In 2023, the guarantee will be € 11 million (one third of total guarantee of € 34 million) for the Life cluster (2022: € 10 million (one third of total guarantee of € 29 million)) and total premiums will amount to € 1 million (2022: € 1 million).

Legal Proceedings

General

In Athora Netherlands' efforts to ensure compliance with applicable laws and regulations, instances of non-compliance occur. This includes insufficient compliance with anti-money laundering regulations for the life insurance portfolio of Athora Netherlands' subsidiary SRLEV N.V. ('SRLEV'), uniform pension overview (UPO) requirements, and requirements in relation thereto. Regulatory risk is present. Remediation actions have been initiated and are closely monitored to address and resolve this.

Athora Netherlands is involved in litigation and other binding proceedings involving, but not limited to, disputes concerning the products and services of Athora Netherlands and its position as principal, employer and taxpayer. Although it is impossible to predict the outcome of current or threatened legal proceedings, management believes on the basis of currently available information and after taking legal advice in general, the outcome of these proceedings is unlikely to have any material adverse effects on Athora Netherlands' financial position or operating results.

Investment-linked Insurance Policies

Athora Netherlands' subsidiary SRLEV has a portfolio of investment-linked insurance policies (including and also referred to as: unit-linked policies) which consists of a variety of products with distinct characteristics and different versions of contractual documentation. SRLEV and its predecessors have concluded approximately 1.2 million investment-linked insurance policies, of which about 144,000 were still outstanding at 31 December 2022.

Since 2006, there has been widespread public attention for costs and risks related to investment-linked insurance policies and the question whether insurance companies provided adequate information to their current and prospective investment-linked policyholders. In response to this, insurers, Athora Netherlands being one of them, agreed on compensation schemes with consumer organisations. In 2009, Athora Netherlands reached an outline agreement followed by an Agreement ('Vaststellingsovereenkomst') in 2010 to offer compensation to policyholders whose individual investment-linked policies had a cost charge in excess of an agreed maximum. In 2014, the implementation of the compensation scheme was concluded. The costs of the compensation scheme and complementary policy are substantial and have been recognised in the financial statements.

Later on, much of the attention of the public, politicians and regulators has shifted from the costs of investment-linked insurances to the efforts undertaken by the insurers to mobilise customers with an active investment-linked insurance to review their position (Flankerend Beleid: 'complementary policy'). SRLEV uses various tools to communicate with customers and encourages them to check whether their policies still meet the purposes for which they were originally entered into and to consider revising their products or switch to other forms or products for capital accumulation.

As from 2013, clients have been approached and activated to review their position and take adequate measures. The nature of the encouragement depended on the characteristics of the policies. First focus was on the so called 'non-accumulating policies' (Dutch: niet opbouwende polissen, 'NOPs'). In 2016 customers with a pension- or mortgage related policy have been approached. In 2017, the remaining group of customers (Activation Category 'Other') have been encouraged to review their position.

The number of proceedings against SRLEV that involve investment-linked policies is, compared to the portfolio of active policies, relatively limited. On 31 December 2022, less than five proceedings were pending against SRLEV before the civil courts or before the Klachteninstituut Financiële Dienstverlening ('Kifid'). These cases include a class action brought by Vereniging Woekerpolis.nl regarding the products Swiss Life Spaarbeleg and AXA Verzekerd Hypotheekfonds.

In this class action, the Vereniging Woekerpolis.nl asked for over 80 declaratory judgements from the court that SRLEV acted wrongfully. If such declarations are given, individual class members may use those declarations to file their own claims for damages. By judgement of 20 December 2017, the District Court Noord-Holland denied almost all of the requested declaratory decisions, except for two. The District Court declared that SRLEV failed to adequately inform a part of the class about the effect of increasing life premiums as the accrued capital diminishes ('hefboom en inteereffect'). Also, the District Court nullified a contractual term allowing SRLEV to increase certain administrative costs in one of its products; according to the District Court any cost increase based on those terms should be refunded.

The judgement itself does not have substantial influence on the assessment of the investment-linked insurances risk profile. So far, none of the class members have commenced litigation for financial compensation based on the declaratory verdict in the class action.

Both Woekerpolis.nl and SRLEV filed appeal against the judgement of the District Court. The appeal proceedings are currently on hold. It is unlikely that a final verdict by the Court of Appeal will be rendered in the year 2023.

To date, the number of cases in which SRLEV has been required to pay damages following a decision by Kifid or a civil court has been limited.

Relevant proceedings against peers as well as the Vereniging Woekerpolis.nl proceeding against SRLEV are, in general, still at a relatively early stage. On 11 February 2022, the Dutch Supreme Court issued a ruling in which it answered prejudicial questions raised by the Hague Court of Appeal in a collective action initiated by Vereniging Woekerpolis.nl against Nationale-Nederlanden. We concur with Nationale-Nederlanden's public statement that this ruling has no direct consequences for customers with an investment-linked insurance policy. In addition, we believe that the ruling does not have any direct consequences for the collective action brought by Vereniging Woekerpolis.nl against SRLEV.

Individual claims have operational impact. However, there are no material adverse changes in the overall risk profile, regarding the portfolio of investment-linked insurance policies compared to previous year. The political, regulatory and public focus on investment-linked insurances remains. Elements of investment-linked insurances are being challenged or may be challenged on multiple legal grounds in current and possible future legal proceedings against SRLEV and peers. There is a risk that one or more of those legal challenges will succeed and may affect Athora Netherlands. The financial consequences of any of the aforementioned factors or a combination thereof and current and any future subsequent legal proceedings may affect Athora Netherlands, both financially and reputationally. However, it is not possible at this time to make reliable estimates of the expected number of proceedings, possible future precedents or the financial and/or reputational impact of current and possible future proceedings. The probability and financial impact of additional compensation and/or successful claims still cannot be determined in a meaningful way.

21 Related Parties

Identity of Related Parties

Parties qualify as a related party if one of the parties has the power to exercise control or significant influence on the other in terms of deciding on financial or operational issues.

Athora Netherlands' related parties are its parent Athora, affiliates and Athora Netherlands' key management personnel and their close family members. Unless stated otherwise, transactions with related parties are conducted at arm's length.

Intra-group Balances and Transactions

INTRA-GROUP BALANCES AND TRANSACTIONS						
	Athora		Affiliates		Total	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Positions						
Equity and liabilities						
Other liabilities (Debts to group companies)	50	51	-	-	**50**	**51**
Transactions						
Capital injection	-	275	-	-	**-**	**275**
Obtain capital subordinated loan (holders of other equity instruments)	-	-25	-	-	-	-25
Interest payment subordinated loan	2	-	-	-	2	-
Expenses						
Interest expenses	2	-	-	-	**2**	**-**
Fee and commission expenses	-	-	22	10	**22**	**10**

The main intra-group balances and transactions between Athora Netherlands N.V., Athora and affiliates in 2022 were:

- Athora Netherlands paid an interest amount of € 1.6 million on the loan of € 50 million granted by Athora Group.
- For the year 2022 a total of € 22 million Management Fee has been charged by Apollo as Asset Manager for the Apollo funds.

- In 2022, Athora Netherlands' subsidiary SRLEV has acquired the part of the shares (34.3%) in Athora Lux Earth Holdings 1 S.A. from Athora Belgium S.A. for an amount of € 10 million.

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

The key management personnel consists exclusively of the (former) members of the Executive Board and the Supervisory Board, which were members of the Executive Board and the Supervisory Board during the financial year. This applies to Athora Netherlands and also to SRLEV N.V. and Proteq Levensverzekeringen N.V.

In 2022, the composition of the Executive Board and the Supervisory Board have changed. In 2022, one member of the Executive Board has resigned and a new member has been appointed to the Executive Board and one member of the Supervisory Board has resigned and a new member has been appointed to the Supervisory Board.

The Executive Board comprised five members at 31 December 2022 (31 December 2021: five members). The Supervisory Board comprised six members at 31 December 2022 (31 December 2021: six members).

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.

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE EXECUTIVE BOARD

In € thousands	2022	2021
Short-term employee benefits	7,032	3,775
Post-employment benefits	111	103
Termination benefits	14	1,443
Total	**7,157**	**5,321**

The short-term employee benefits consist of fixed remuneration, social contributions and expense allowances. In 2022 the short-term employee benefits also consist of sign-on bonuses paid, respectively to be paid to members of the Executive Board in their first year of their appointment.

The post-employment benefits consist of pension contributions

The termination benefits 2021 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.

Reference is made to Section 6.1.5 for the accounting principles of employee benefits.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2022 (and 2021) and/or granted to members of the Executive Board during 2022.

Actual Remuneration (former) Members of the Supervisory Board

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

BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE SUPERVISORY BOARD		
In € thousands	**2022**	**2021**
Total fixed actual remuneration for Supervisory Board members	498	554
Total remuneration related to membership Supervisory Board Committees	59	21
Total	**557**	**575**

Per 1 July 2022, the remuneration for Supervisory Board members has changed. The remuneration per membership of Supervisory Board Committees has been changed from a total amount for the membership to a payment per membership of a committee and the fixed remuneration has been reduced. In 2022, for a period of approximately seven months the Supervisory Board had a vacancy.

Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2022 (and 2021) and/or granted to members of the Supervisory Board during 2022.

Other intra-group balances and transactions

Athora Group maintains a number of active share plans and schemes, which includes a Management Equity Plan, a Long-Term Incentive Plan and an Employee Co-invest Plan.

Some 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.

22 Interests in Non-consolidated Structured Entities

Athora Netherlands invests in non-consolidated structured entities, such as investment funds, in the form of investments, credit guarantees or liquidity obligations.

The table below breaks down the carrying amount of the assets and liabilities relating to Athora Netherlands with its involvement classified by type of transaction and the maximum exposure to losses of the non-consolidated structured entities and the relative size of those entities.

NON-CONSOLIDATED STRUCTURED ENTITIES 2022					
In € millions	**Carrying amount assets**	**Carrying amount liabilities**	**Maximum exposure to losses**	**Total assets of entities**	**Total liabilities of entities**
Investment Funds	-	5	**145**	97	97
Private stocks	300	-	**321**	1,586	1,586
Total	**300**	**5**	**466**	**1,683**	**1,683**

NON-CONSOLIDATED STRUCTURED ENTITIES 2021					
In € millions	**Carrying amount assets**	**Carrying amount liabilities**	**Maximum exposure to losses**	**Total assets of entities**	**Total liabilities of entities**
Investment Funds	-	-	**150**	59	59
Total	**-**	**-**	**150**	**59**	**59**

The maximum exposure to losses with respect to commitments and guarantees is the notional amount. The notional amount does not represent the expected losses or reflect unrealised losses (if applicable). These commitments and guarantees are conditional and present the maximum losses that Athora Netherlands could suffer on its involvement in non-consolidated structured entities, without considering the impact of any mitigating action or compensating influence of other financial instruments. Reference is made to Note 20 for more information about guarantees and commitments.

23 Events after the Reporting Date

There are no events after reporting date which should be disclosed in the financial statements.

24 Net Premium Income

Premium income consists of insurance premiums net of reinsurance premiums.

BREAKDOWN OF NET PREMIUM INCOME						
	General account		For account of policyholders		Total	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Gross regular premiums	**522**	**568**	**620**	**601**	**1,142**	**1,169**
Gross single premiums	**516**	**866**	**105**	**92**	**621**	**958**
Total gross premium income	**1,038**	**1,434**	**725**	**693**	**1,763**	**2,127**
Total reinsurance premiums	546	432	-	-	**546**	**432**
Total net premium income	**492**	**1,002**	**725**	**693**	**1,217**	**1,695**

Compared to 2021 the total gross premium income is € 364 million lower, mainly because in 2021 there was a € 460 million buy-out deal. In addition, a shrinking individual life portfolio and renewals from SRLEV to Zwitserleven PPI have contributed to the lower periodic premiums as well. Meanwhile, reinsurance premiums increase in 2022 as the reinsurance deal was entered during 2021, and these contracts have full year premium in 2022.

BREAKDOWN OF REGULAR PREMIUMS						
	General account		For account of policyholders		Total	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Individual						
Without profit-sharing	331	364	113	129	**444**	**493**
With profit-sharing	48	55	-	-	**48**	**55**
Total individual	**379**	**419**	**113**	**129**	**492**	**548**
Group						
Without profit-sharing	115	119	507	472	**622**	**591**
With profit-sharing	28	30	-	-	**28**	**30**
Total group	**143**	**149**	**507**	**472**	**650**	**621**
Total gross regular premiums	**522**	**568**	**620**	**601**	**1,142**	**1,169**

BREAKDOWN OF SINGLE PREMIUMS						
	General account		For account of policyholders		Total	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Individual						
Without profit-sharing	408	388	2	4	**410**	**392**
With profit-sharing	-	-	-	-	**-**	**-**
Total individual	**408**	**388**	**2**	**4**	**410**	**392**
Group						
Without profit-sharing	93	467	103	88	**196**	**555**
With profit-sharing	15	11	-	-	**15**	**11**
Total group	**108**	**478**	**103**	**88**	**211**	**566**
Total gross single premiums	**516**	**866**	**105**	**92**	**621**	**958**

25 Net Fee and Commission Income

BREAKDOWN OF NET FEE AND COMMISSION INCOME		
In € millions	**2022**	**2021**
Fee and commission income:		
- Management fees	12	15
- Other activities	35	40
Total fee and commission income	**47**	**55**
Fee and commission expense	20	2
Total	**27**	**53**

26 Investment Income

BREAKDOWN OF INVESTMENT INCOME		
In € millions	**2022**	**2021**
Fair value through profit or loss	247	216
Available for sale	518	543
Loans and receivables	465	422
Investment property	-22	91
Total	**1,208**	**1,272**

BREAKDOWN OF INVESTMENT INCOME 2022					
In € millions	**Fair value through profit or loss**	**Available for sale**	**Loans and receivables**	**Investment property**	**Total**
Interest	264	298	416	-	**978**
Dividends	-	36	-	-	**36**
Rental income	-	-	-	36	**36**
Direct operating expenses	-	-	-	-17	**-17**
Total interest dividends and rental income	**264**	**334**	**416**	**19**	**1,033**
Realised revaluations	-17	148	23	-	**154**
Unrealised revaluations	-	36	26	-41	**21**
Total revaluations	**-17**	**184**	**49**	**-41**	**175**
Total	**247**	**518**	**465**	**-22**	**1,208**

The increase of the investment income in the fair value through profit or loss portfolio is mainly a result of higher interest rate swap income. The Loans and receivables portfolio has a higher interest income on loans and receivables as result of the higher yield compared to the lower yield on government bonds. The total valuation on investment property is significantly lower and resulted in a negative revaluation compared to a positive revaluation last year.

BREAKDOWN OF INVESTMENT INCOME 2021					
In € millions	**Fair value through profit or loss**	**Available for sale**	**Loans and receivables**	**Investment property**	**Total**
Interest	230	316	355	-	**901**
Dividends	-	36	-	-	**36**
Rental income	-	-	-	27	**27**
Direct operating expenses	-	-	-	-9	**-9**
Total interest dividends and rental income	**230**	**352**	**355**	**18**	**955**
Realised revaluations	-1	99	31	2	**131**
Unrealised revaluations	-13	92	36	71	**186**
Total revaluations	**-14**	**191**	**67**	**73**	**317**
Total	**216**	**543**	**422**	**91**	**1,272**

Investment income includes a net gain on currency differences. This amount is economically hedged within the result on derivatives.

27 Investment Income for Account of Policyholders

BREAKDOWN OF INVESTMENT INCOME FOR ACCOUNT OF POLICYHOLDERS		
In € millions	**2022**	**2021**
Interest	19	21
Dividends	1	185
Total interest and dividends	**20**	**206**
Revaluations	-2,480	1,170
Total	**-2,460**	**1,376**

The negative revaluation result mainly relates to a decrease of the stock markets and the increase of interest rates. The Account of Policyholders is invested via investment funds in both equities and bonds globally. The return of the Benchmark MSCI All Country World Index Net EUR is 2022: -13.61% and the return of the combined Benchmark (50% iBoxx € Sovereign 1-10 Index/50% iBoxx € Non-Sovereign Index) is -13.69% negative. Both benchmarks are representative for the total revaluation of € -2,480 million.

28 Result on (Liabilities from) Investments for Account of Third Parties

The loss of € 590 million (2021: € 534 million) consists of results of the third party investments. We refer to Note 6 Investments for Account of Third Parties for information about the third party investments.

29 Result on Derivatives

BREAKDOWN OF RESULT ON DERIVATIVES		
In € millions	**2022**	**2021**
Market value movements of derivatives maintained for ALM not classified for hedge accounting	-5,365	-1,872
Total	**-5,365**	**-1,872**

The negative result on derivatives of € 5,365 million is largely due to:

- the increase of the 20 years swap interest indicator EUSA20 with 234 basis points in 2022. This is the main driver of negative revaluation result on net receiver swap exposure (€ -6,774 million), partly of set by an increase of the Dutch and German sovereign rates, which reflects in the positive revaluation result on short position future bonds and forward bonds (€ 134 million and € 1,038 million).
- A negative FX result Currency forwards, mostly related to the hedge of USD investment loans and bonds. As dollar has strengthened against the euro. Most investments in derivatives are in USD.
- The increase in inflation rates.

30 Technical Claims and Benefits

Technical claims and benefits include benefits paid, surrenders, claims paid and changes in insurance liabilities. This item also includes profit-sharing and discounts.

BREAKDOWN OF TECHNICAL CLAIMS AND BENEFITS						
	Gross		**Reinsurance**		**Net**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
General account benefits paid and surrenders	2,054	2,138	-527	-431	**1,527**	**1,707**
Change in general account insurance liabilities	-268	264	6	18	**-262**	**282**
Profit-sharing and discounts	-51	-39	-	-	**-51**	**-39**
Results on allocated investments and interest derivatives	-2,734	-1,899	-	-	**-2,734**	**-1,899**
LAT deficit	-962	486	-	-	**-962**	**486**
Total	**-1,961**	**950**	**-521**	**-413**	**-2,482**	**537**

Compared to 2021 expenses are € 3,018 million lower, mainly caused by a large decrease of LAT value in 2022 as result of increased market interest rates.

For further details, see Note 15 Insurance liabilities and reinsurance share.

31 Charges for Account of Policyholders

Charges for account of policyholders include benefits paid, surrenders and changes in insurance contracts. This item also includes profit-sharing and discounts relating to these policyholders.

BREAKDOWN OF CHARGES FOR ACCOUNT OF POLICYHOLDERS		
In € millions	**2022**	**2021**
Benefits paid and surrenders for Life insurance contracts for account of policyholders	759	961
Change in technical provisions for Life insurance contracts for account of policyholders	-2,617	736
Total	**-1,858**	**1,697**

Change in technical provision is mainly attributable to a decrease in the market value revaluations.

32 Acquisition Costs for Insurance Activities

Acquisition costs amount to € 11 million (2021: € 13 million) and comprise the direct and indirect costs associated with acquiring an insurance contract.

33 Staff Costs

BREAKDOWN OF STAFF COSTS		
In € millions	**2022**	**2021**
Salaries	77	81
Pension costs	20	16
Social security contributions	11	10
Other staff costs	57	50
Total	**165**	**157**

The staff costs increased compared to 2022, mainly due to the increase of external staff employed. In 2022, a release of the restructuring provision was recorded of € 5 million (2021: € 7 million) and a release of the gratification provision of € 4 million.

There was a collective salary adjustment of 2.25% per July 2022 (2.25% per January 2021).

BREAKDOWN OF PENSION COSTS		
In € millions	**2022**	**2021**
Pension contributions based on defined contribution	16	16
Employee contributions	-2	-3
Total based on defined contributions	**14**	**13**
Increase of present value defined benefit plans	6	3
Total	**20**	**16**

Other Staff Costs

Other staff costs include the cost of temporary staff of € 54 million (2021: € 50 million), travelling expenses of € 1 million (2021: € 2 million), training costs of € 2 million (2021: € 2 million) and a release of the restructuring provision of € 5 million (2021: release of € 7 million).

NUMBER OF INTERNAL FTES		
In numbers	**2022**	**2021**
Number of internal FTEs	969	1,209

34 Other Operating Expenses

BREAKDOWN OF OTHER OPERATING EXPENSES		
In € millions	**2022**	**2021**
IT systems	17	14
Housing	2	1
Marketing and public relations	3	3
External advisors	30	17
Other costs	6	12
Total	**58**	**47**

The Other costs mainly relate to outsourced services and contributions.

Service costs for property are excluded from the valuation of Right-of-use assets and will continue to be reported under Housing. Other housing expenses include mainly costs for security, cleaning, energy and maintenance.

For depreciation charge of Right-of-use assets and for the additions to Right-of-use assets refer to Note 1 Property and Equipment. For interest expenses on lease liabilities refer to Note 36 Other Interest Expenses. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

35 Impairment Losses (Reversals)

BREAKDOWN OF IMPAIRMENT LOSSES / REVERSALS BY CLASS OF ASSET						
	Impairments		**Reversals**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Through profit or loss						
Property and equipment	5	1	-	1	**5**	**-**
Investments	23	1	-	2	**23**	**-1**
Other debts	1	1	1	-	**-**	**1**
Total through profit or loss	**29**	**3**	**1**	**3**	**28**	**-**

36 Other Interest Expenses

BREAKDOWN OF OTHER INTEREST EXPENSES		
In € millions	**2022**	**2021**
Bonds	52	47
Private loans	-	3
Other interest and investment expenses	-	4
Total	**52**	**54**

Other interest expenses regarding bonds have increased in 2022 compared to 2021. This is due to the refinancing of the subordinated debts. In May 2022, Athora Netherlands issued € 500 million subordinated notes with a fixed coupon of 5.375% per annum. In June 2022, Athora Netherlands redeemed the outstanding $ 506 million of originally issued $ 575 million subordinated notes with a fixed coupon of 6.250% per annum as a result of the successful tender offer on the notes and in November 2022, Athora Netherlands redeemed the outstanding $ 69 million at their principal amount outstanding together with accrued and unpaid interest. This included a buy back loss of € 4 million.

The decrease of interest on private loans is caused by the redemption of private loans in 2021, refer to Note 18 Amounts due to banks.

Other interest expenses includes interest expenses on lease liabilities, an item recognised for the first time in financial year 2019 due to the initial application of IFRS 16. The interest expenses on lease liabilities amounts to € 2 thousand (2021: € 4 thousand) at year-end.

For depreciation charge of Right-of-use assets and for the additions to Right-of-use assets refer to Note 1 Property and Equipment. For expenses relating to short-term leases and for income from subleasing Right-of-use assets refer to Note 34 Other Operating Expenses. For the cash outflows relating to leases refer to 5.5 Consolidated Cash Flow Statement.

37 Income Tax

BREAKDOWN OF TAX EXPENSE / BENEFIT		
In € millions	**2022**	**2021**
In financial year	34	85
Other	-5	-
Corporate income tax due	**29**	**85**
Due to temporary differences	-381	-86
Due to change in income tax rate with regard to deferred tax	-	-22
Non-recoverable deferred tax assets	-69	69
Deferred tax (including tax rate change)	**-450**	**-39**
Total tax expense / (benefit)	**-421**	**46**

The corporate income taxes are irrevocable for the years up to and including 2020.

RECONCILIATION BETWEEN THE STATUTORY AND EFFECTIVE TAX RATE		
In € millions	**2022**	**2021**
Statutory income tax rate	25.8%	25.0%
Result before tax from continued operations	-1,349	19
Statutory corporate income tax amount	**-348**	**5**
Effect of participation exemption	-7	-7
Due to change in income tax rate with regard to deferred tax	-	-22
Non-recoverable deferred tax assets	-69	69
Other items	3	1
Total tax expense / (benefit)	**-421**	**46**
In %		
Effective tax rate	31.2%	242.1%

The effective tax rate of 31.2% differs compared to the nominal rate of 25%. This is mainly caused by the reassessment of the deferred tax assets recoverability as explained in Note 8 Deferred Tax.

38 Discontinued operations

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 at 1 January 2022. Following this agreement, ACTIAM became a discontinued operation.

The results relating to ACTIAM as discontinued operations for the year are presented below.

NET RESULT FROM DISCONTINUED OPERATION	
In € millions	2021
ACTIAM	-49
Net result for the period from discontinued operation	**-49**

STATEMENT OF PROFIT OR LOSS OF DISCONTINUED OPERATIONS	
In € millions	2021
Income	
Fee and commission income	41
Fee and commission expense	8
Net fee and commission income	**33**
Total income	**33**
Expenses	
Staff costs	19
Other operating expenses	16
Total expenses	**35**
Result before tax from discontinued operation	**-2**
Elimination of group transactions	-24
Tax benefit / (expense)	6
Impairment loss recognised on the measurement to fair value less costs to sell	-29
Net result for the period from discontinued operation	**-49**

In 2021, ACTIAM became a discontinued operation and classified as held for sale. The assets of ACTIAM (€ 46 million) comprised available for sale financial assets (€ 29 million), cash and cash equivalents (€ 7 million) and other assets (€ 10 million). The liabilities of ACTIAM amounted to € 12 million. The fair value less costs to sell was determined as €5 million and was therefore lower than net assets of ACTIAM (€ 34 million). Under IFRS 5 a discontinued operation is measured as the lower of its carrying amount and its fair value less costs to sell, so an impairment loss of € 29 million has been recognised. Since none of ACTIAM's assets are in scope of the measurement requirements of IFRS 5, the impairment was recognised as a separate provision.

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.

The net cash flows incurred by ACTIAM are as follows.

NET CASH FLOWS DISCONTINUED OPERATIONS	
In € millions	**2021**
Net cash flow from operating activities	-8
Net cash flow from investment activities	13
Net cash flow from financing activities	-
Net cash flow	**5**

ASSETS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED (2021)		
In € millions	**Assets held for sale**	**Liabilities directly associated with the assets held for sale**
ACTIAM	46	41
Elimination of group positions	-5	-3
Total	**41**	**38**

The values of the assets and liabilities of ACTIAM 2021 as held for sale as at the date of disposal were:

VALUES OF ASSETS AND LIABILITIES	
In € millions	**2021**
Assets	
Investments	29
Corporate income tax	2
Other assets	8
Cash and cash equivalents	7
Total assets	**46**
Liabilities	
Provisions	29
Other liabilities	12
Total liabilities	**41**
Total net asset value	**5**
Gain on sale	-
Total consideration to be received	**5**

The cash portion of the consideration 2021 is equal to the amount of cash and cash equivalents of ACTIAM for an amount of € 7 million.

39 Income tax effects relating to Other Comprehensive Income

BREAKDOWN OF INCOME TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME						
	Before tax amount		Tax (expense) benefit		Net of tax amount	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Changes in valuation of defined benefit pension plan	198	-3	-50	-	**148**	**-3**
Change in other reserves	1	-	-	-	**1**	**-**
Unrealised revaluations from cash flow hedges	-	-70	-	17	**-**	**-53**
Amortisation from cash flow hedges	-9	-10	2	2	**-7**	**-8**
Unrealised revaluations investments available for sale	-3,203	-863	827	191	**-2,376**	**-672**
Impairments and reversals fair value reserve	-15	-	4	-	**-11**	**-**
Realised gains and losses transferred to profit or loss	86	42	-22	-9	**64**	**33**
Results on allocated investments and interest derivatives	3,132	955	-808	-215	**2,324**	**740**
Total other comprehensive income	**190**	**51**	**-47**	**-14**	**143**	**37**

The changes in valuation of defined benefit pension plan of € 198 million mainly consists of actuarial gains or losses due to changes in financial assumptions and due to experience adjustments.

The unrealised revaluations investments available for sale of € -3,203 million before tax consists mainly of unrealised revaluations of European and American sovereign and corporate bonds.

The realised gains and losses fair value reserve transferred to profit or loss of € 86 million mainly relates to realised gains on Dutch, German and France sovereign bonds.

The movement of the results on allocated investments and interest derivatives is part of the total movement of results on allocated investments and interest derivatives as explained in Note 15 Insurance Liabilities and Reinsurance Share. Before tax the amount is € 3,132 million consisting of the movement of Shadow accounting (€ 9 million before tax) and revaluation reserve of fixed income investment portfolio (€ 3,123 million before tax) and is mainly a result of interest rate movements.

40 Financial Instruments

40.1 Fair Value of Assets and Liabilities

The table below shows the fair value of Athora Netherlands' assets and liabilities. It only shows the property, financial assets and financial liabilities. The total fair value shown below does not represent the value of the company as a whole.

FAIR VALUE OF ASSETS AND LIABILITIES

	Fair value	Carrying amount	Fair value	Carrying amount
In € millions	2022	2022	2021	2021
Property				
Land and buildings for own use	32	32	36	36
Investment property	1,012	1,012	615	615
Financial assets				
- Fair value through profit or loss: designated	-	-	161	161
- Available for sale	19,254	19,254	28,089	28,089
- Loans and receivables	7,107	7,125	7,212	6,936
- Mortgages	4,322	5,190	5,004	4,834
Investments for account of policyholders	11,673	11,673	14,423	14,423
Investments for account of third parties	4,108	4,108	3,354	3,354
Derivatives	10,552	10,552	3,834	3,834
Loans and advances due from banks	4,262	4,262	376	360
Other assets	275	275	344	344
Cash and cash equivalents	363	363	404	404
Assets held for sale	-	-	41	41
Total property and financial assets	**62,960**	**63,846**	**63,893**	**63,431**
Financial liabilities				
Subordinated debt	838	902	913	906
Borrowings	59	61	62	61
Derivatives	13,166	13,166	1,415	1,415
Amounts due to banks	1,579	1,579	2,638	2,638
Other liabilities	917	917	887	887
Liabilities directly associated with assets held for sale	-	-	38	38
Total financial liabilities	**16,559**	**16,625**	**5,953**	**5,945**

The fair values represent the amount that would be received to sell a property and financial asset or paid to transfer a financial liability in an orderly transaction between market participants at the reporting date. The fair value of property, financial assets and liabilities is based on quoted market prices, where observable. If prices in an active market are not available, various valuation techniques are used to measure the fair value of these instruments. Parameters used in such valuation techniques may be subjective and various assumptions are used, for instance for the discount rate and the timing and size of expected future cash flows. Changes in assumptions can significantly influence estimated fair values. The main assumptions for each item are explained in the section on fair value hierarchy below.

The carrying amount of the financial assets and financial liabilities at amortised cost is shown excluding accrued interest. Accrued interest related to these instruments is recognised within other assets or other liabilities.

40.2 Measurement of Assets and Liabilities

The following methods and assumptions are used to determine the fair value of property and financial instruments.

Land and Buildings for Own Use

The fair value of land and buildings for own use is measured on the basis of annual appraisals. The main parameters for these appraisals are rentable market value and expected yield.

Investment Property

The fair value of investment property is measured on the basis of annual appraisals. The main parameters for these appraisals are rentable market value and expected yield.

Investments

The fair value of equities is based on quoted prices in an active market or other available market data. The fair value of interest-bearing securities, exclusive of mortgage loans, is also based on quoted market prices or if actively quoted market prices are not available, on the discounted value of expected future cash flows. These discounted values are based on the relevant market interest rate, taking into consideration the liquidity, creditworthiness and maturity of the investment.

Mortgages

The market value of mortgages is determined using a discounted value method. The yield curve used to discount cash flows of mortgage loans is the swap rate plus a risk premium that can vary between sub-portfolios. Expected future early redemptions, losses and the corresponding consumer rates are taken into account in determining the expected cash flows.

Derivatives

The fair value of nearly all derivatives is based on observable market inputs, such as market interest rates and foreign exchange rates. The fair value of a number of non-publicly traded derivatives depends on the type of instrument and is based on a discounted value model or an option valuation model.

Private Loans

Loans that are originated as part of the external mandates are valued by external valuation agencies on a quarterly basis.

Loans and Advances due from Banks

The fair value of loans and advances due from banks has been estimated based on the discounted value of the future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market for holding such instruments issued by Athora Netherlands, differentiated by maturity and type of instrument. The carrying amount of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Other Assets

Given the predominantly short-term nature of other assets, the carrying amount is considered to be a reasonable approximation of the fair value.

Cash and Cash Equivalents

The carrying amount of the cash and cash equivalents is considered to be a reasonable approximation of the fair value.

Assets held for sale

The way, in which the fair value of assets held for sale is determined depends on the type of the asset.

Subordinated Debts

The fair value of subordinated debt is based on quoted prices in an active market when available. When actively quoted market prices are not available the fair value of subordinated debts has been estimated based on the discounted value of future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market at years' end for holding subordinated debt issued by Athora Netherlands, differentiated by maturity and type of instrument.

Borrowings

The fair value of borrowings is based on quoted prices in an active market when available. When actively quoted market prices are not available the fair value of borrowings has been estimated based on the discounted value of future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market at years' end for holding subordinated debt issued by Athora Netherlands, differentiated by maturity and type of instrument.

Amounts Due to Banks

The fair value of amounts due to banks has been estimated based on the discounted value of the future cash flows, using the prevailing interest rate plus a risk premium. The risk premium is based on the credit risk assumed by the market for holding such instruments issued by Athora Netherlands, differentiated by maturity and type of instrument. The carrying amount of any amount that is due within one month is considered to be a reasonable approximation of the fair value.

Liabilities associated with assets held for sale

The way, in which the fair value of the liabilities associated with assets held for sale is determined depends on the type of the liability.

Other Liabilities

The carrying amount of the other liabilities is considered to be a reasonable approximation of the fair value.

40.3 Hierarchy in Determining The Fair Value of Property and Financial Instruments

A significant part of the properties and financial instruments are recognised at fair value. The fair value of property and financial instruments measured at fair value in the statement of financial position or for which the fair value is disclosed is classified as a level. This level depends on the parameters used to determine fair value and provides further insight into the valuation. The levels are explained below:

Level 1 – Fair Value Based on Quoted Prices in an Active Market

Quoted prices from exchanges, brokers or pricing institutions are observable for properties and 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 account of policyholders whose underlying investments are listed.

Level 2 – Fair Value Based on Observable Inputs

This category includes property and financial instruments for which no quoted prices are available but whose fair value 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 there are inactive markets. 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.

Level 3 – Fair Value not Based on Observable Market Data

The property and 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.

The table below shows the instruments in level 1, level 2 and level 3. Property and financial assets and liabilities not measured at fair value and whose carrying amount is a reasonable approximation of fair value are not classified by level.

FAIR VALUE HIERARCHY 2022					
		Fair value			
In € millions	Carrying amount	Level 1	Level 2	Level 3	**Total**
Property and financial assets measured at fair value					
Land and buildings for own use	32	-	-	32	**32**
Investment property	1,012	-	-	1,012	**1,012**
Investments available for sale	19,254	16,957	726	1,571	**19,254**
Investments for account of policyholders	11,673	11,421	19	233	**11,673**
Investments for account of third parties	4,108	4,108	-	-	**4,108**
Derivatives	10,552	-	10,302	250	**10,552**
Assets held for sale	-	-41	41	-	**-**
Financial assets not measured at fair value					
Mortgages	5,190	-	-	4,322	**4,322**
Investments loans and receivables	7,125	-	338	6,769	**7,107**
Loans and advances due from banks	4,262	-	4,255	7	**4,262**
Other assets	275	-	-	-	**275**
Cash and cash equivalents	363	-	-	-	**363**
Financial liabilities measured at fair value					
Derivatives	13,166	-	13,121	45	**13,166**
Financial liabilities not measured at fair value					
Subordinated debt	902	838	-	-	**838**
Borrowings	61	59	-	-	**59**
Amounts due to banks	1,579	-	-	-	**1,579**
Other liabilities	917	-	-	-	**917**

FAIR VALUE HIERARCHY 2021					
		Fair value			
In € millions	Carrying amount	Level 1	Level 2	Level 3	**Total**
Property and financial assets measured at fair value					
Land and buildings for own use	36	-	-	36	**36**
Investment property	615	-	-	615	**615**
Investments at fair value through profit or loss: designated	161	161	-	-	**161**
Investments available for sale	28,089	25,006	1,362	1,721	**28,089**
Investments for account of policyholders	14,423	14,158	8	257	**14,423**
Investments for account of third parties	3,354	3,354	-	-	**3,354**
Derivatives	3,834	1.000	3,814	19	**3,834**
Assets held for sale	41	-	41	-	**41**
Financial assets not measured at fair value					
Mortgages	4,834	-	-	5,004	**5,004**
Investments loans and receivables	6,936	-	912	6,300	**7,212**
Loans and advances due from banks	360	-	328	48	**376**
Other assets	344	-	-	-	**344**
Cash and cash equivalents	404	-	-	-	**404**
Financial liabilities measured at fair value					
Derivatives	1,415	-	1,292	123	**1,415**
Liabilities directly assoc. with assets held for sale	38	38	-	-	**38**
Financial liabilities not measured at fair value					
Subordinated debt	906	913	-	-	**913**
Borrowings	61	62	-	-	**62**
Amounts due to banks	2,638	-	-	-	**2,638**
Other liabilities	887	-	-	-	**887**

The table below shows the movements in property and financial instruments measured at fair value and classified in level 3.

STATEMENT OF CHANGES IN LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS IN 2022						
In € millions	Land and buildings for own use	Investment property	Derivatives	Investments for account of policyholders	Available for sale	Total
Balance as at 1 January	**36**	**615**	**-104**	**257**	**1,721**	**2,525**
Transfer to level 3	-	-	-2	-	13	**11**
Realised gains or losses recognised in profit or loss	-4	-	-88	-	-8	**-100**
Unrealised gains or losses recognised in profit or loss	-	-40	231	-4	-	**187**
Unrealised gains or losses recognised in other comprehensive income	-	-	-	-	-25	**-25**
Purchase/acquisition	-	437	32	9	1,102	**1,580**
Sale/settlements	-	-	136	-38	-1,194	**-1,096**
Other	-	-	-	9	-13	**-4**
Transfer from level 3	-	-	-	-	-25	**-25**
Balance as at 31 December	**32**	**1,012**	**205**	**233**	**1,571**	**3,053**
Total gains and losses included in profit or loss	-4	-40	144	-4	-8	**88**

STATEMENT OF CHANGES IN LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS IN 2021						
In € millions	Land and buildings for own use	Investment property	Derivatives	Investments for account of policyholders	Available for sale	Total
Balance as at 1 January	**38**	**521**	**-95**	**288**	**1,514**	**2,266**
Transfer to level 3	-	-	2	-	-	**2**
Realised gains or losses recognised in profit or loss	-2	-	-56	5	27	**-26**
Unrealised gains or losses recognised in profit or loss	-	74	51	3	-	**128**
Unrealised gains or losses recognised in other comprehensive income	-	-	-	-	27	**27**
Purchase/acquisition	-	30	2	11	820	**863**
Sale/settlements	-	-10	-8	-60	-667	**-745**
Other	-	-	-	10	-	**10**
Balance as at 31 December	**36**	**615**	**-104**	**257**	**1,721**	**2,525**
Total gains and losses included in profit or loss	-2	74	-5	8	27	**102**

BREAKDOWN OF LEVEL 3 PROPERTY AND FINANCIAL INSTRUMENTS		
In € millions	**2022**	**2021**
Land and buildings for own use	32	36
Investment property	1,012	615
Bonds issued by financial institutions	394	1,062
Collateralised loan obligation	4	4
Equities	1,173	655
Derivatives	205	-104
Investments for account of policyholders	233	257
Total	**3,053**	**2,525**

The fair value of property and financial instruments classified in level 3 is partly based on inputs that are not observable in the market. A sensitivity analyses is performed on the major holdings in Level 3 investments. The fair value of interest-bearing securities is calculated as the discounted value of expected future cash flows. The calculation method of sensitivities in this chapter is similar to the method used in calculating the sensitivities in chapter 7 however limited to fair value level 3 classified securities.

The expected future cash flows as well as the discount rate is also a significant unobservable input. These discounted values are based on the relevant market interest rate, taking into consideration the liquidity, creditworthiness and maturity of the investment. The fair value sensitivity on these securities is calculated based on the changes in one of the elements used to determine the discount rate.

SENSITIVITY AS A RESULT OF CHANGES IN PARAMETERS		
	Impact on shareholder's equity	
In € millions	**2022**	**2021**
Fixed income securities		
Interest +50 bps	-1	-12
Interest -50 bps	1	13
Credit spreads Government Bonds +50 bps	-1	-11
Credit spreads Corporates/Mortgages +50 bps	-1	-3
All Credit spreads +50 bps	-2	-14

The sensitivity of the fair value of equity securities is calculated as the movement in fair value of the equity securities in the event of a general shock in the market. In this calculation, the look through principal is taken into account.

SENSITIVITY AS A RESULT OF A SHOCK APPLIED		
	Impact on shareholder's equity	
In € millions	**2022**	**2021**
Equity securities		
Equities +10%	65	16
Equities -10%	-65	-16

IMPAIRMENTS OF FINANCIAL INSTRUMENTS BY CATEGORY								
	Level 1		Level 2		Level 3		Total	
In € millions	2022	2021	2022	2021	2022	2021	**2022**	**2021**
Equities	-	-	-	-	23	-1	23	-1
Total	**-**	**-**	**-**	**-**	**23**	**-1**	**23**	**-1**

Reclassification Between Levels 1, 2 and 3

RECLASSIFICATIONS BETWEEN CATEGORIES IN 2022					
In € millions	**to Level 1**	**to Level 2**	**to Level 3**	**from Level 3**	**Total**
From:					
Based on published stock prices in an active market (Level 1)	-	-7	-	-	-7
Based on observable market data (Level 2)	60	-	11	-25	46
Not based on observable market data (Level 3)	-	65	-	-	65

RECLASSIFICATIONS BETWEEN CATEGORIES IN 2021					
In € millions	**to Level 1**	**to Level 2**	**to Level 3**	**from Level 3**	**Total**
From:					
Based on published stock prices in an active market (Level 1)	-	-	-	-	-
Based on observable market data (Level 2)	76	-	2	-	78
Not based on observable market data (Level 3)	-	-	-	-	-

40.4 Offsetting Financial Assets and Liabilities

The table below shows the financial assets and liabilities that are subject to offsetting and the related amounts that are not set off but serve to mitigate credit risk.

FINANCIAL ASSETS AND LIABILITIES 2022							
			Related amounts not netted in the carrying amount				
In € millions	Gross carrying amount	Offsetting carrying amount	**Netted carrying amount**	Financial instruments	Cash collateral	Other financial collateral	**Netted value**
Financial assets							
Derivatives	10,552	-	**10,552**	-	1,579	-	8,973
Total financial assets	**10,552**	**-**	**10,552**	**-**	**1,579**	**-**	**8,973**
Financial liabilities							
Derivatives	13,166	-	**13,166**	-	4,093	-	9,073
Total financial liabilities	**13,166**	**-**	**13,166**	**-**	**4,093**	**-**	**9,073**

Athora Netherlands received collateral from third parties by virtue of derivative exposures. Received cash collateral is mainly invested in short-term bonds and money-market funds.

FINANCIAL ASSETS AND LIABILITIES 2021							
				Related amounts not netted in the carrying amount			
In € millions	Gross carrying amount	Offsetting carrying amount	**Netted carrying amount**	Financial instruments	Cash collateral	Other financial collateral	**Netted value**
Financial assets							
Derivatives	3,834	-	**3,834**	-	2,610	-	1,224
Total financial assets	**3,834**	**-**	**3,834**	**-**	**2,610**	**-**	**1,224**
Financial liabilities							
Derivatives	1,415	-	**1,415**	-	238	-	1,177
Total financial liabilities	**1,415**	**-**	**1,415**	**-**	**238**	**-**	**1,177**

40.5 Management of Past Due and Impaired Assets

The table below sets out the financial instruments by arrears and/or impairment.

FINANCIAL INSTRUMENTS - IMPAIRMENTS 2022					
In € millions	**Not in arrears nor impaired**	**Financial assets that are past due but not impaired**	**Financial assets that have been impaired**	**Provision for bad debt**	**Total**
Investments	19,297	-	-43	-	**19,254**
Loans and receivables	12,319	-	-4	-	**12,315**
Other financial assets	272	3	-	-2	**273**
Total	**31,888**	**3**	**-47**	**-2**	**31,842**

FINANCIAL INSTRUMENTS - IMPAIRMENTS 2021					
In € millions	**Not in arrears nor impaired**	**Financial assets that are past due but not impaired**	**Financial assets that have been impaired**	**Provision for bad debt**	**Total**
Investments	28,278	-	-28	-	**28,250**
Loans and receivables	11,770	-	-	-	**11,770**
Other financial assets	342	4	-	-2	**344**
Total	**40,390**	**4**	**-28**	**-2**	**40,364**

Athora Netherlands recognises impairments on equities if the market value has fallen to 25% below cost price, or has been at least 5% below cost price uninterruptedly for at least nine months.

Athora Netherlands recognises impairments on fixed-income financial instruments if there is a loss event related to the financial instrument. To identify such events, the financial instruments are periodically assessed on the basis of a number of criteria set by Finance. Financial instruments meeting one or more of these criteria are analysed and assessed individually to determine whether there is a loss event.

40.6 Maturity schedule for financial liabilities

The table below shows the undiscounted cash flows from the principal financial liabilities, other than derivatives, by contract maturity date.

LIQUIDITY CALENDAR FINANCIAL LIABILITIES 2022						
In € millions	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Subordinated debt	-	-	-	-	902	**902**
Borrowings	-	-	-	61	-	**61**
Amounts due to banks	1,579	-	-	-	-	**1,579**
Amounts due to reinsurers	-	-	-	6	10	**16**
Lease liabilities	-	-	1	-	-	**1**
Total	**1,579**	**-**	**1**	**67**	**912**	**2,559**

LIQUIDITY CALENDAR FINANCIAL LIABILITIES 2021						
In € millions	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Subordinated debt	-	-	-	--	906	**906**
Borrowings	-	-	-	61	-	**61**
Amounts due to banks	2,638	-	-	-	--	**2,638**
Amounts due to reinsurers	-	-	-	5	14	**19**
Lease liabilities	-	-	1	-	-	**1**
Total	**2,638**	**-**	**1**	**66**	**920**	**3,625**

The table below shows the undiscounted cash flows from all derivative contracts by maturity date.

LIQUIDITY CALENDAR DERIVATIVES 2022						
In € millions	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Interest rate derivatives	1	-	41	847	12,252	**13,141**
Currency contracts	8	5	10	-1	1	**23**
Total	**9**	**5**	**51**	**846**	**12,253**	**13,164**

LIQUIDITY CALENDAR DERIVATIVES 2021						
In € millions	**< 1 month**	**1 - 3 months**	**3 - 12 months**	**1 - 5 years**	**> 5 years**	**Total**
Interest rate derivatives	-	1	19	155	1,151	**1,326**
Currency contracts	62	16	9	1	-	**88**
Total	**62**	**17**	**28**	**156**	**1,151**	**1,414**

The table regarding the cash flows from insurance business is included in chapter 7.6.2.1.

40.7 IFRS 9 Disclosures

As mentioned in the section 'Relevant New Standards' Athora Netherlands qualifies for the temporary exemption and consequently is allowed to defer the implementation of IFRS 9. Due to the application of the temporary exemption, Athora Netherlands is required to provide additional disclosures in order to enable comparability with financial statements published by entities applying IFRS 9. These disclosures concern the changes in fair value of financial instruments and credit risk exposure.

Changes in Fair Value

According to amended IFRS 4-requirements the disclosures concerning the fair value and the changes in fair value for all the interest-bearing financial assets are disclosed divided on two groups:

- Financial assets that pass the SPPI-test excluding the financial assets held for trading or managed on a fair value basis;
- Other financial assets that fail the SPPI-test including financial assets held for trading and financial assets that are managed on a fair value basis.

Along with the Business Model Assessment, the Solely Payments of Principal and Interest (SPPI) test is one of the two criteria in IFRS 9 to determine whether an interest-bearing financial asset should be classified as measured at amortised cost or fair value through other comprehensive income (FVOCI). It is tested whether the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest.

A financial asset that fails the SPPI-criterion is measured at fair value through profit or loss (FVTPL). Equity instruments and derivatives are excluded from the SPPI-test.

The disclosures are required for the following items:

Investments

CHANGE IN FAIR VALUE OF INVESTMENTS SPPI AND NON-SPPI 2022

	Fair value through profit or loss: Designated		Available for sale		Loans and receivables		Total	
In € millions	SPPI[1]	non-SPPI	SPPI[2]	non-SPPI	SPPI	non-SPPI	**SPPI**	**non-SPPI**
Balance as at 1 January	**-**	**161**	**23,225**	**1,797**	**10,581**	**1,637**	**33,806**	**3,595**
Purchases and advances	-	-	11,963	1,178	1,924	1,523	**13,887**	**2,701**
Disposals and redemptions	-	-144	-20,106	-1,300	-2,515	-598	**-22,621**	**-2,042**
Changes in fair value	-	-17	-2,820	-136	-1,404	69	**-4,224**	**-84**
Other movements	-	-	-91	6	212	3	**121**	**9**
Balance as at 31 December	**-**	**-**	**12,171**	**1,545**	**8,798**	**2,634**	**20,969**	**4,179**

1 According to IFRS 4.39 the amounts presented in the columns labelled SPPI correspond to the financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading or that is managed and whose performance is evaluated on a fair value basis. The amounts related to the assets excluded from the SPPI group are presented in the column labelled non-SPPI (even if these assets meet the SPPI condition).

2 Available for sale is excluding equity instruments which do not pass SPPI test.

CHANGE IN FAIR VALUE OF INVESTMENTS SPPI AND NON-SPPI 2021

	Fair value through profit or loss: Designated		Available for sale		Loans and receivables		Total	
In € millions	SPPI[1]	non-SPPI	SPPI[2]	non-SPPI	SPPI	non-SPPI	**SPPI**	**non-SPPI**
Balance as at 1 January	**-**	**174**	**27,480**	**1,716**	**10,454**	**13**	**37,934**	**1,903**
Purchases and advances	-	-	8,300	776	2,903	1,746	**11,203**	**2,522**
Disposals and redemptions	-	-	-11,717	-677	-2,883	-180	**-14,600**	**-857**
Changes in fair value	-	-13	-676	-14	-127	55	**-803**	**28**
Other movements	-	-	-162	-4	234	3	**72**	**-1**
Balance as at 31 December	**-**	**161**	**23,225**	**1,797**	**10,581**	**1,637**	**33,806**	**3,595**

1 According to IFRS 4.39 the amounts presented in the columns labelled SPPI correspond to the financial assets with contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, excluding any financial asset that meets the definition of held for trading or that is managed and whose performance is evaluated on a fair value basis. The amounts related to the assets excluded from the SPPI group are presented in the column labelled non-SPPI (even if these assets meet the SPPI condition).

2 Available for sale is excluding equity instruments which do not pass SPPI test.

Other movements includes accrued interest and received coupons.

Investments for Account of Policyholders

All the investments for account of policyholders are managed on a fair value basis, therefore they are not eligible for SPPI testing. For their fair value and the changes in fair value refer to section 6.3 Note 5 'Investments for Account of Policyholders' in the consolidated financial statements.

Investments for Account of Third Parties

All the investments for account of third parties are managed on a fair value basis, therefore they are not eligible for SPPI testing. For their fair value and the changes in fair value refer to section 6.3 Note 6 'Investments for Account of Third Parties' in the consolidated financial statements.

Derivatives

By nature none of the derivatives meets the SPPI-test, therefore they are measured at fair value through profit or loss. For their fair value and the changes in fair value refer to section 6.3 Note 7 'Derivatives' in the consolidated financial statements.

Loans and Advances due from Banks

All the loans and advances due from banks meet the SPPI test. For their fair value and the changes in fair value refer to the table below.

CHANGE IN FAIR VALUE OF LOANS AND ADVANCES DUE FROM BANKS		
In € millions	2022	2021
Balance as at 1 January	**376**	**626**
Purchases and advances	31,106	2,988
Disposals and redemptions	-27,213	-3,240
Changes in fair value	-10	-1
Other movements	3	3
Balance as at 31 December	**4,262**	**376**

Other Assets

There are items recognised in Other assets, that qualify as financial instruments under IFRS 9. All financial assets recognised in Other assets meet the SPPI-test. As these assets constitute short-term receivables that are expected to be recovered within 12 months, their face value is deemed to be an approximation of their fair value. Bearing in mind their short-term character, no statement of changes is being presented. For more details refer to section 6.3 Note 10 'Other assets' in the notes to the consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include bank balances and demand deposits with a remaining maturity of less than one month. These items meet SPPI-conditions. For the changes in value of these items refer to section 5.5 'Consolidated Cash Flow Statement'.

Credit Risk Disclosures

For the financial assets that pass the SPPI-test (excluding the financial assets held for trading or managed on a fair value basis) the disclosure of their carrying amounts under IAS 39 separated into credit risk rating grades need to be made. Additionally, for the assets that do not have low credit risk, the fair value needs to be disclosed.

BREAKDOWN OF CARRYING AMOUNT OF FINANCIAL ASSETS 2022 (RATING)				
In € millions	Available for sale	Loans and receivables	Loans and advances due from banks	Total
AAA	5,981	380	47	**6,408**
AA	1,799	-	-	**1,799**
A	3,113	188	70	**3,371**
BBB	1,257	122	-	**1,379**
< BBB	17	-	-	**17**
Not rated	4	11,625	4,145	**15,774**
Total	**12,171**	**12,315**	**4,262**	**28,748**

BREAKDOWN OF CARRYING AMOUNT OF FINANCIAL ASSETS 2021 (RATING)				
In € millions	Available for sale	Loans and receivables	Loans and advances due from banks	Total
AAA	11,799	664	48	**12,511**
AA	4,855	-	-	**4,855**
A	4,388	352	69	**4,809**
BBB	2,133	-	-	**2,133**
< BBB	45	-	-	**45**
Not rated	5	10,754	243	**11,002**
Total	**23,225**	**11,770**	**360**	**35,355**

Athora Netherlands considers the financial assets with the credit rating BBB or higher to be assets with low credit risk. The total not rated assets consists for 54% (2021: 77%) of mortgages, private loans linked to savings mortgages and other private loans.

- Mortgages. The total portfolios are assumed to have a low credit risk because good social security systems in the Netherlands reduce the risk of consumers not being able to repay the mortgages. In case of unemployment, social security payments allow the homeowners time to find a new job and does not force them into selling their house. As a result, it is unlikely that consumers do not meet their contractual cash flow obligations. The mortgages themselves are primarily standardised financial instruments without additional contractual provisions that could contribute to an increased credit risk. Therefore, the mortgages are assumed to have a low credit risk.
- Private loans linked to savings mortgages. As a result of cession/retrocession being applied to the vast majority of these instruments, the commercial banks with an investment grade became counterparties. No contractual provisions are present based on which the credit risk of the instruments could additionally be increased as compared to the regular counterparty credit risk. As a result, these instruments are assumed to have a low credit risk.
- Other private loans. These are partly loans granted to municipality or comparable bonds. These municipality bonds are risks to Dutch (AAA rated) and French (AA rated) governments and considered investment grade. Apart from that, the loans do not have a subordinated character compared to other liabilities of these entities. As a result, these instruments are assumed to have a low credit risk. The other part are private loans that are originated as part of external mandates which have a higher credit risk.
- Loans and advances due from banks. The counterparties to these instruments are all banks with an investment credit rating, so it is our assumption that these banks have a strong capacity to meet their contractual cash flow obligations in the near term. Apart from that, no contractual provisions are present based on which the credit risk of the instruments could additionally be increased as compared to the regular counterparty credit risk. As a result, these instruments are assumed to have a low credit risk.

The assets rated lower than BBB are not considered to be the assets with low credit risk. As these assets are classified as available for sale, their fair value equals their carrying amount.

41 Hedging and Hedge Accounting

Athora Netherlands was applying hedge accounting until 1 July 2021. On 1 July 2021, Athora Netherlands voluntarily decided to prospectively discontinue the application of the hedge accounting, as the management concluded that the application of hedge accounting would not provide a significant benefit from a financial risk volatility perspective.

Athora Netherlands uses various strategies for its insurance business to hedge its interest rate, market and currency risks. Under IFRS, derivatives are recognised at fair value in the statement of financial position, while changes in their fair value are recognised through profit or loss. An accounting mismatch arises if changes in the fair value of hedged risks are not recognised through profit or loss, causing volatility in the results. In these cases, hedge accounting was applied in principle to mitigate the accounting mismatch and volatility.

The nominal amounts of the derivatives used for hedging purposes shown in the table below reflect the degree to which Athora Netherlands was active in the relevant markets.

DERIVATIVES FOR HEDGING PURPOSES 2022						
	Nominal amounts				Fair value	
In € millions	< 1 year	1 - 5 years	> 5 years	**Total**	Positive	Negative
Interest rate contracts						
- Swaps and FRAs	7,002	25,938	96,453	**129,393**	10,182	-13,136
- Options	-	-	4,650	**4,650**	230	-6
Currency contracts						
- Swaps	79	217	238	**534**	-	-7
- Forwards	148	-	-	**148**	141	-18
Total	**7,229**	**26,155**	**101,341**	**134,725**	**10,553**	**-13,167**

DERIVATIVES FOR HEDGING PURPOSES 2021						
	Nominal amounts				Fair value	
In € millions	< 1 year	1 - 5 years	> 5 years	**Total**	Positive	Negative
Interest rate contracts						
- Swaps and FRAs	5,572	21,247	55,867	**82,686**	3,647	-1,312
- Options	-	-	5,194	**5,194**	125	-14
Currency contracts						
- Swaps	653	440	488	**1,581**	23	-5
- Forwards	127	-	-	**127**	39	-84
Total	**6,352**	**21,687**	**61,549**	**89,588**	**3,834**	**-1,415**

The nominals of the derivatives are not disclosed netted (positive and negative).

The nominal amounts are the units of account relating to the derivatives, specifying the relationship with the underlying values of the primary financial instruments. These nominal amounts are not an indication of the size of the cash flows or market and credit risks relating to the transactions.

Hedging

Athora Netherlands uses derivatives to protect the market value of own funds and regulatory solvency against undesired market developments. Examples include:

- hedging interest rate risks arising from return guarantees made to policyholders;
- hedging interest rate risks arising from obligations to share surplus interest with policyholders;
- hedging interest rate risks arising from the difference in maturities between investments and liabilities;
- hedging currency risks on investments and liabilities denominated in foreign currencies.

Hedge Accounting

Athora Netherlands was applying hedge accounting until 1 July 2021. On 1 July 2021, Athora Netherlands voluntarily decided to prospectively discontinue the application of the hedge accounting, as the management concluded that the application of hedge accounting would not provide a significant benefit from a financial risk volatility perspective.

Fair Value Hedges

Hedging Interest Rate Risk on Subordinated Debt

Athora Netherlands hedges the interest rate risk in the subordinated debt using interest rate swaps.

Cash Flow Hedges

Hedging Interest Rate Risk in Future Reinvestments

Athora Netherlands has extended the effective maturity of the investment portfolio using interest rate swaps. As a result, the interest rate risk has been hedged by fixing the interest rates at the time of reinvestment, making the interest income constant over a longer period.

The cash flow hedge reserve in shareholders' equity, before application of shadow loss accounting, related to the aforementioned swaps is € 297 million (2021: € 306 million). Since the hedge accounting was discontinued in 2021, the part of this reserve corresponding to the expired swaps (€ 110 million) is amortised based on the effective interest method and the maturity date of the longest leg of the swap. The remaining reserve (€ 187 million) will be amortised after corresponding swap expiration dates.

42 List of Principal Subsidiaries

OVERVIEW OF PRINCIPAL SUBSIDIARIES				
Name	Country of incorporation and place of business	Nature of business or industry	Proportion of ordinary shares directly held by parent (%)	Proportion of ordinary shares directly held by the group (%)
SRLEV N.V.	The Netherlands, Alkmaar	Insurance	100	100
Proteq Levensverzekeringen N.V.	The Netherlands, Alkmaar	Insurance	100	100
Zwitserleven PPI N.V.	The Netherlands, Amstelveen	Pensions	100	100

6.4 SEGMENTATION

Segment Information

In 2021 the composition and size of Athora Netherlands changed after the sale of the non-life insurance business and following these changes two commercial lines were defined within the life insurance business. Since strategic decision-making as well as monitoring of key performance indicators happen at the level of the legal entities and not the commercial lines, the operating segments identified within Athora Netherlands have been adjusted to the legal entities: SRLEV N.V., Proteq Levensverzekeringen N.V., Zwitserleven PPI N.V. and Athora Netherlands N.V.

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

Legal entities constitute the level at which financial performance is managed (IFRS result, operating capital generation, investments and Solvency II ratio). Commercial targets, pricing and service level are managed at the level of commercial lines. These commercial lines (Life Service Business and Pension Business) are assessed based on key performance indicators, most of which have commercial character (except for premium income and operational costs). In order to provide relevant financial insights in the commercial activities additional information per commercial line related to financial key performance indicators will be disclosed: premium income and operating costs (staff costs and other operating expenses).

The operating segments of Athora Netherlands are clearly distinctive organisational components that carry out activities that generate income and expenses. The operating segments are:

SRLEV N.V.

This segment offers pension solutions for business customers. A range of products provide the employees of our customers freedom in making the right decisions to secure their financial future. The main brand of this product line is Zwitserleven.

Proteq Levensverzekeringen N.V.

This segment mainly consists of life annuity insurances, mortgage-related endowment, term-life insurances, funeral insurances and unit-linked insurances. These products are targeted at the retail and SME markets.

Zwitserleven PPI N.V.

This segment executes Defined Contribution pension plans for its clients.

Athora Netherlands N.V.

This segment comprises activities that are allocated to the holding or managed separately from the other segments.

Accounting basis between reportable segments

Costs are allocated within Athora Netherlands on an accrual basis. The prices of other transactions between group companies are in principle based on arms' length conditions.

Additional information

For the disclosure of net premium income per product and per customer group refer to the Note 24 'Net premium income'. The disclosures of staff costs and other operating costs per commercial line are presented further in this section. The net premium of none of the policyholders exceeds 10% of the total net premium incurred by Athora Netherlands.

Athora Netherlands does not have material premium income incurred abroad. For disclosures with regard to non-current assets located abroad refer to:

- Note 2 'Investments in associates and joint ventures'
- Note 3 'Investment property'
- Note 4 'Investments'

Statement of Financial Position by Segment

STATEMENT OF FINANCIAL POSITION BY SEGMENT 31 DECEMBER 2022						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Assets						
Property and equipment	30	-	-	13	-8	**35**
Investments in associates and joint ventures	38	-	-	3,381	-3,381	**38**
Investment property	1,012	-	-	-	-	**1,012**
Investments	30,987	424	-	756	-598	**31,569**
Investments for account of policyholders	11,673	-	-	-	-	**11,673**
Investments for account of third parties	2,431	-	1,677	-	-	**4,108**
Derivatives	10,454	98	-	-	-	**10,552**
Deferred tax	993	14	-	-	29	**1,036**
Reinsurance share	3	-	-	-	-	**3**
Loans and advances due from banks	4,223	39	-	-	-	**4,262**
Corporate income tax	14	-	-	14	-4	**24**
Other assets	284	-	1	265	-275	**275**
Cash and cash equivalents	347	4	7	5	-	**363**
Total assets	**62,489**	**579**	**1,685**	**4,434**	**-4,237**	**64,950**
Equity and liabilities						
Share capital	-	3	-	-	-3	**-**
Reserves	2,823	62	6	2,835	-2,891	**2,835**
Shareholders' equity	**2,823**	**65**	**6**	**2,835**	**-2,894**	**2,835**
Holders of other equity instruments	400	-	-	350	-400	**350**
Total equity	**3,223**	**65**	**6**	**3,185**	**-3,294**	**3,185**
Subordinated debt	702	-	-	795	-595	**902**
Borrowings	-	-	-	61	-	**61**
Insurance liabilities	40,437	372	-	-	-269	**40,540**
Liabilities investments for account of third parties	2,431	-	1,677	-	-	**4,108**
Provision for employee benefits	148	-	-	321	-	**469**
Other provisions	15	-	-	16	-8	**23**
Derivatives	13,031	135	-	-	-	**13,166**
Deferred tax	-	-	-	3	-3	**-**
Amounts due to banks	1,576	3	-	-	-	**1,579**
Corporate income tax	-	3	1	-	-4	**-**
Other liabilities	926	1	1	53	-64	**917**
Total equity and liabilities	**62,489**	**579**	**1,685**	**4,434**	**-4,237**	**64,950**

STATEMENT OF FINANCIAL POSITION BY SEGMENT 31 DECEMBER 2021						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Assets						
Property and equipment	36	-	-	22	-16	**42**
Investments in associates and joint ventures	211	-	-	4,176	-4176	**211**
Investment property	615	-	-	-	-	**615**
Investments	39,304	621	-	788	-694	**40,019**
Investments for account of policyholders	14,423	-	-	-	0	**14,423**
Investments for account of third parties	1,729	-	1,625	-	0	**3,354**
Derivatives	3,792	19	-	23	-	**3,834**
Deferred tax	630	-	-	21	-19	**632**
Reinsurance share	9	-	-	-	-	**9**
Loans and advances due from banks	360	-	-	-	-	**360**
Corporate income tax	-	-	-	29	-29	**-**
Other assets	350	-	1	350	-356	**345**
Cash and cash equivalents	358	4	4	37	-	**403**
Assets held for sale	-	-	-	-	41	**41**
Total assets	**61,817**	**644**	**1,630**	**5,446**	**-5,249**	**64,288**
Equity and liabilities						
Share capital	-	3	-	-	-3	**0**
Reserves	3,627	94	5	3,643	-3,726	**3,643**
Shareholders' equity	**3,627**	**97**	**5**	**3,643**	**-3,729**	**3,643**
Holders of other equity instruments	400	-	-	350	-400	**350**
Total equity	**4,027**	**97**	**5**	**3,993**	**-4,129**	**3,993**
Subordinated debt	792	-	-	804	-690	**906**
Borrowings	-	-	-	61	-	**61**
Insurance liabilities	50,093	521	-	-	-368	**50,246**
Liabilities investments for account of third parties	1,729	-	1,625	-	-	**3,354**
Provision for employee benefits	216	-	-	466	-	**682**
Other provisions	22	-	-	35	-12	**45**
Derivatives	1,413	2	-	-	-	**1,415**
Deferred tax	-	2	-	-	-2	**-**
Amounts due to banks	2,598	17	-	23	-	**2,638**
Corporate income tax	47	4	-	-	-29	**22**
Other liabilities	880	1	-	64	-57	**888**
Liabilities directly associated with the assets held for sale	-	-	-	-	38	**38**
Total equity and liabilities	**61,817**	**644**	**1,630**	**5,446**	**-5,249**	**64,288**

Statement of Profit or Loss by Segment

STATEMENT OF PROFIT OR LOSS BY SEGMENT 2022						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Continuing operations						
Income						
Premium income	1,762	4	-	-	-3	**1,763**
Less: Reinsurance premiums	546	-	-	-	-	**546**
Net premium income	**1,216**	**4**	**-**	**-**	**-3**	**1,217**
Fee and commission income	49	-	3	-	-5	**47**
Less: Fee and commission expense	19	-	1	-	-	**20**
Net fee and commission income	**30**	**-**	**2**	**-**	**-5**	**27**
Share in result of associates and joint ventures	1	-	-	-899	899	**1**
Investment result	1,229	9	-	-	-30	**1,208**
Result on liabilities from investments for account of third parties	267	-	324	-	-	**591**
Result on derivatives	-	-	-	26	-26	**-**
Other operating income	-	-	1	-	-	**1**
Total income	**2,743**	**13**	**327**	**-873**	**835**	**3,045**
Inter-segment revenues	3	-	-	27		**30**
Net benefits, claims and expenses						
Technical claims and benefits	-2,574	-2	-	-	94	**-2,482**
Charges for account of policyholders	-1,858	-	-	-	-	**-1,858**
Net benefits and claims	**-4,432**	**-2**	**-**	**-**	**94**	**-4,340**
Investment result for account of policyholders	2,460	-	-	-	-	**2,460**
Result on investments for account of third parties	267	-	324	-	-	**591**
Result on derivatives	5,336	55	-	-	-26	**5,365**
Acquisition costs for insurance activities	11	-	-	-	-	**11**
Staff costs	149	2	1	13	-	**165**
Depreciation and amortisation of non-current assets	1	-	-	6	-3	**4**
Other operating expenses	59	1	-	-2	-	**58**
Impairment losses	28	-	-	-	-	**28**
Other interest expenses	33	-	-	46	-27	**52**
Total expenses	**8,344**	**58**	**325**	**63**	**-56**	**8,734**
Total net benefits, claims and expenses	**3,912**	**56**	**325**	**63**	**38**	**4,394**
Result before tax	**-1,169**	**-43**	**2**	**-936**	**797**	**-1,349**
Tax expense	-350	-22	1	-8	-42	**-421**
Net result continued operations for the period	**-819**	**-21**	**1**	**-928**	**839**	**-928**

STATEMENT OF PROFIT OR LOSS BY SEGMENT 2021						
In € millions	SRLEV N.V.	Proteq Levens-verzekeringen N.V.	Zwitserleven PPI N.V.	Athora Netherlands N.V.	Elimi-nations	Total
Continuing operations						
Income						
Premium income	2,126	4	-	-	-3	**2,127**
Less: Reinsurance premiums	432	-	-	-	**-**	**432**
Net premium income	**1,694**	**4**	**-**	**-**	**-3**	**1,695**
Fee and commission income	41	-	2	-	12	**55**
Less: Fee and commission expense	20	-	1	1	-20	**2**
Net fee and commission income	**21**	**-**	**1**	**-1**	**32**	**53**
Share in result of associates and joint ventures	4	-	-	-62	62	**4**
Investment result	1,289	11	-	-3	-25	**1,272**
Investment result for account of policyholders	1,376	-	-	-	-	**1,376**
Result on investments for account of third parties	353	-	181	-	-	**534**
Result on derivatives	-	-	-	32	-32	**-**
Total income	**4,737**	**15**	**182**	**-34**	**34**	**4,934**
Inter-segment revenues	4	-	-	25		**29**
Net benefits, claims and expenses						
Technical claims and benefits	519	-7	-	-	25	**537**
Charges for account of policyholders	1,697	-	-	-	-	**1,697**
Net benefits and claims	**2,216**	**-7**	**-**	**-**	**25**	**2,234**
Result on liabilities from investments for account of third parties	353	-	181	-	-	**534**
Result on derivatives	1,888	16	-	-	-32	**1,872**
Acquisition costs for insurance activities	13	-	-	-	-	**13**
Staff costs	145	2	-	10	-	**157**
Depreciation and amortisation of non-current assets	1	-	-	7	-4	**4**
Other operating expenses	47	1	-	-1	-	**47**
Other interest expenses	41	-	-	38	-25	**54**
Total expenses	**2,488**	**19**	**181**	**54**	**-61**	**2,681**
Total net benefits, claims and expenses	**4,704**	**12**	**181**	**54**	**-36**	**4,915**
Result before tax	**33**	**3**	**1**	**-88**	**70**	**19**
Tax expense	30	11	-	-12	17	**46**
Net result continued operations for the period	**3**	**-8**	**1**	**-76**	**53**	**-27**

Breakdown by Business Lines

BREAKDOWN OF PREMIUM INCOME, STAFF COSTS AND OTHER OPERATING EXPENSES BY BUSINESS LINES 2022				
In € millions	**Life Service Business**	**Pension Business**	**Other**	**Total**
Gross premium income	599	1,164	-	1,763
Staff costs	56	96	13	165
Other operating expenses	24	34	-	58

BREAKDOWN OF PREMIUM INCOME, STAFF COSTS AND OTHER OPERATING EXPENSES BY BUSINESS LINES 2021				
In € millions	**Life Service Business**	**Pension Business**	**Other**	**Total**
Gross premium income	630	1,497	-	2,127
Staff costs	58	89	10	157
Other operating expenses	20	29	2	51

7 MANAGING RISKS

7.1 RISK MANAGEMENT SYSTEM

7.1.1 General

Athora Netherlands has implemented a Risk Management System (see figure Risk Management) that is aimed at a controlled and effective achievement of the strategic objectives. It relates risks to the strategic, financial and operational objectives as well as to the objectives in the areas of sustainability and reputation. The framework consists of organisational, control and culture components. The management of Athora Netherlands recognises that transparency is a vital element in effective risk management. The Executive 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 are to be discussed, employees feel responsible to share knowledge on risks and (pro)active risk management is appreciated.

The implemented Integrated Control Framework (ICF), part of the Risk Management System, provides the basis for the internal control system consisting of key controls (process, general IT and application) and management controls measuring risk maturity and performance within Athora Netherlands.

The management of Business Lines and Functions is responsible for day-to-day operations within the Risk Management System, 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.

7.1.2 Overview

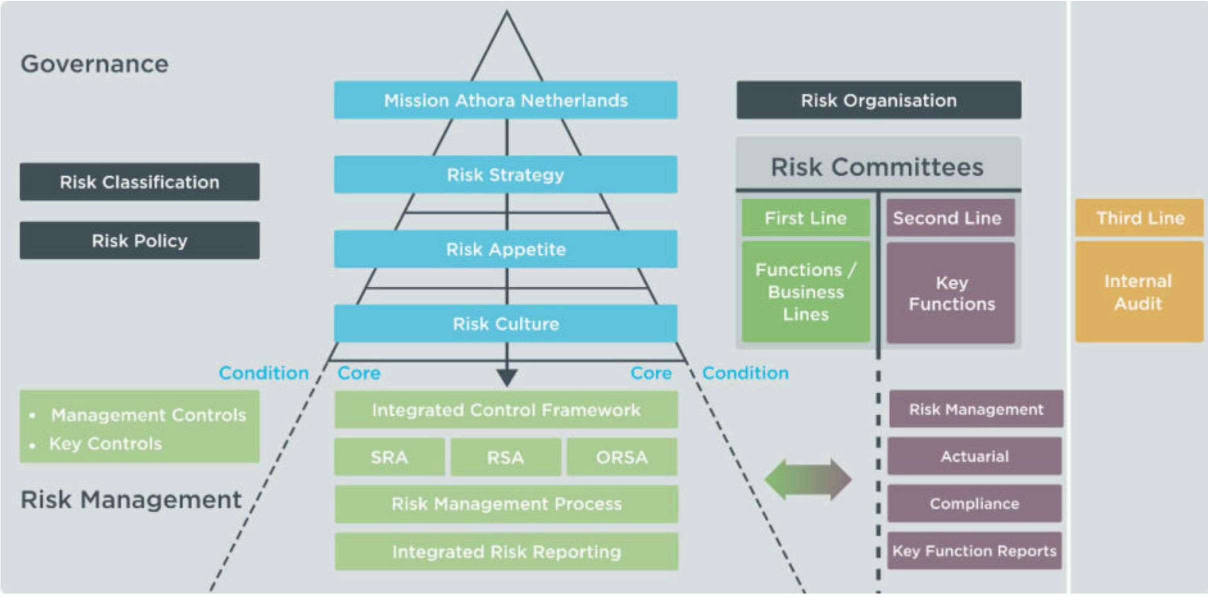
In the Risk Management System, specific Solvency II requirement such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. The Athora Netherlands Risk Management System operates an integrated approach for risks that the organisation is or could be exposed to, with Risk 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 Executive Board is accountable.



Risk Management

7.2 RISK MANAGEMENT GOVERNANCE

7.2.1 Mission

Athora Netherlands aims to be a leading player in the pension and life insurance market. To achieve this aim and to fulfil the purpose "We are a sustainable partner for life, taking care of your tomorrow", Athora Netherlands has formulated the Ambition 2025 strategy. With this focus as starting point a Risk Strategy is set out that contributes to a sustainable growth of Athora Netherlands, for the benefit of all its stakeholders.

Athora Netherlands takes its role in society seriously. Environmental, social and corporate governance (ESG) forms an integral part of the strategy and business operations. Athora Netherlands believes that responsible corporate behaviour with respect to ESG factors is key to deliver long-term value for policyholders, employees, shareholders and the wider society. ESG trends and changes in regulation may also introduce considerable financial risks (on assets) and non-financial risks (e.g., reputational) and need careful management and consideration. Athora Netherlands aims to set the example and will actively but cautiously target sustainable investments.

Athora Netherlands wishes to offer competitively priced products in efficient business processes and pursues a customer-centric strategy, with Zwitserleven positioned clearly in the pension market. The focus on Pensions allows for a more agile and lean operation bringing costs to a lower required level.

7.2.2 Risk Strategy

Athora Netherlands has derived a Risk Strategy, a supporting set of objectives following from the Athora Netherlands' mission to achieve the strategic goals. As main principles Athora Netherlands has defined a robust capital position, a sustainable operating capital generation and sound and controlled business operations. A robust and strong capital position contributes to the trust 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.

7.2.3 Risk Appetite

The Risk Appetite Statement (RAS) of Athora Netherlands is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually by the Executive 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.

7.2.4 Risk Culture

Culture and conduct in general play a vital role in steering a company, and specifically in adequate risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. Athora Netherlands has awareness programmes in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary.

Athora Netherlands values are Drive for results, Seek simplicity, Care, Dare to be different and Do the right thing. These contribute to simpler, better and above responsible operations, with more care for customers and the world around us. This ensures a clear link with Culture and defined behaviours.

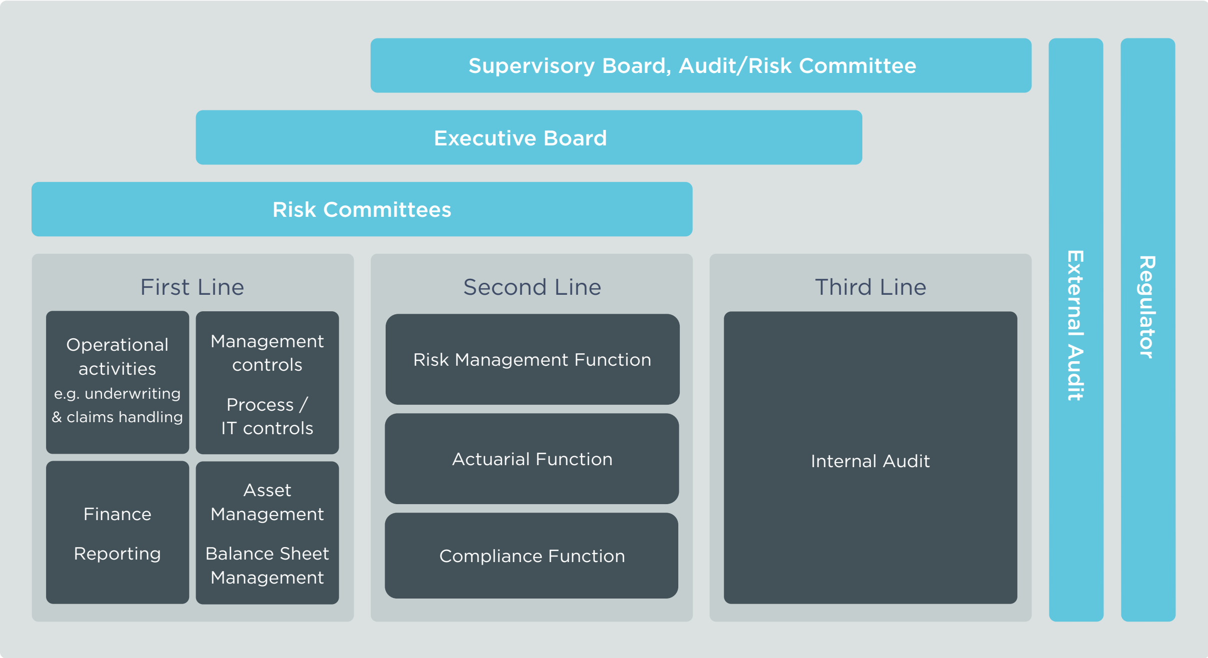
Athora Netherlands realises that the tone at the top is defining for Risk Culture, which makes communication and exemplary behaviour determinant. Athora Netherlands encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and where (pro) active risk management is appreciated. Exemplary behaviour, the openness for discussion of dilemmas, practicability of policy and transparency are inseparably linked to an open corporate culture.

Risk Culture is also embedded in the organisation by risk management being an integral part of the organisational processes and decision-making of Athora Netherlands. Decision-making is clear, explicit, and in line with the Risk Policy and Risk Appetite of Athora Netherlands. The management teams of the Business Lines and Functions promote awareness of risks and are supported by the second line departments of the Risk organisation. The management teams are responsible for ensuring that risk decisions are made in accordance with the delegated authorisations, in consultation with all second line Solvency II key functions.

Furthermore, Athora Netherlands ensures that senior management and employees on key functions at all times are fit and proper to fulfil their job. Finally, the Remuneration Policy of Athora Netherlands discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

7.2.5 Risk Organisation

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



Three Lines 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 MTs in the area of sound and controlled business operations. In the MTs, the issues regarding Operational Risk and Compliance are discussed. Decisions of the PC are leading for the local Business Lines MTs in the area of Product, Marketing, Customer/Clients and Pricing.

Key Functions

In accordance with Solvency II Athora Netherlands recognises four Key Functions. The Functions carry out activities on behalf of all insurance entities of Athora Netherlands. All Key Functions are segregated from each other and are not structured hierarchically in relation to each other. The second line Key Functions report to the CRO. The Director Risk is the Risk Management Function Holder, the Director Actuarial Risks is the Actuarial Function Holder and the Director Legal and Compliance is the Compliance Function Holder. The Director Audit Athora Netherlands is the Audit Function Holder.

The Risk Management Function (RMF) coordinates the Enterprise Risk Management Report (ERM Report), an integrated report on the overall risk profile with Key Takeaways from the three second line Key Functions (Risk Management Function, Actuarial Function and Compliance Function). Besides the major risks within Athora Netherlands it shows strategic developments and emerging risks. The ERM Report presents issues compiled on the basis of the information obtained from monitoring reports, risk dashboards, RAS, Internal Control Statements, reports by internal and external regulators, incidents and issues reported, and own assessments & perceptions. The Risk opinion is discussed in the risk committees, in the Executive Board and in the Risk Committee of the Supervisory Board.

The RMF annually provides the Risk Management Function Review Report, aimed at providing a sufficient level of assurance that the Solvency II-figures, and Solvency II and IFRS sensitivities, are determined adequate and reliable. This RMF report is submitted to the Executive Board and the Audit Committee of the Supervisory Board.

The Actuarial Function (AF) opines on the adequacy of the Technical Provision used for IFRS-LAT and Solvency II purposes. It furthermore assesses the reliability and adequacy of Underwriting and

Reinsurance programmes. The Actuarial Function Report (AFR) is submitted to the Executive Board and the Audit Committee of the Supervisory Board.

Regularly the RMF and the AF submit an update based on the follow-up of findings in the AFR and RMF report, supplemented with recent findings and advice.

The main purpose of the Compliance Function is to support management in conducting its business operations in a controlled, honest and sound manner, and with regard to the risks which in this context are a threat to achieving the strategic objectives, obligations arising from laws and regulations, insights from social discussions and guidelines imposed by regulators. The Compliance Function provides regularly, as part of the ERM Report, a report on the most important Compliance Risks of Athora Netherlands to the Executive Board and the Risk Committee of the Supervisory Board.

7.2.6 Risk Policy

Athora Netherlands has an integrated risk management policy structure. The entire policy structure is accessible to employees through the internal policy site. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level. The Risk Policy is structured in levels, the aim is to give insight in the cascading from (Solvency II) legislation, (second line) risk policy, corresponding processes and (first line) implementation. At least once a year the Risk Policies are assessed, adjusted if necessary and approved following regular governance.

7.2.7 Risk Taxonomy

Athora Netherlands provides insight into the risks for the business itself and for its stakeholders in order to manage these risks within the indicated tolerance levels. This includes both behaviour related and financial aspects of Risk Management. Clarity is crucial to ensure adequate risk management. In order to clarify the communication and management of risks, the risk taxonomy includes an extensive list of mutually exclusive risk types to which Athora Netherlands is or could be exposed.

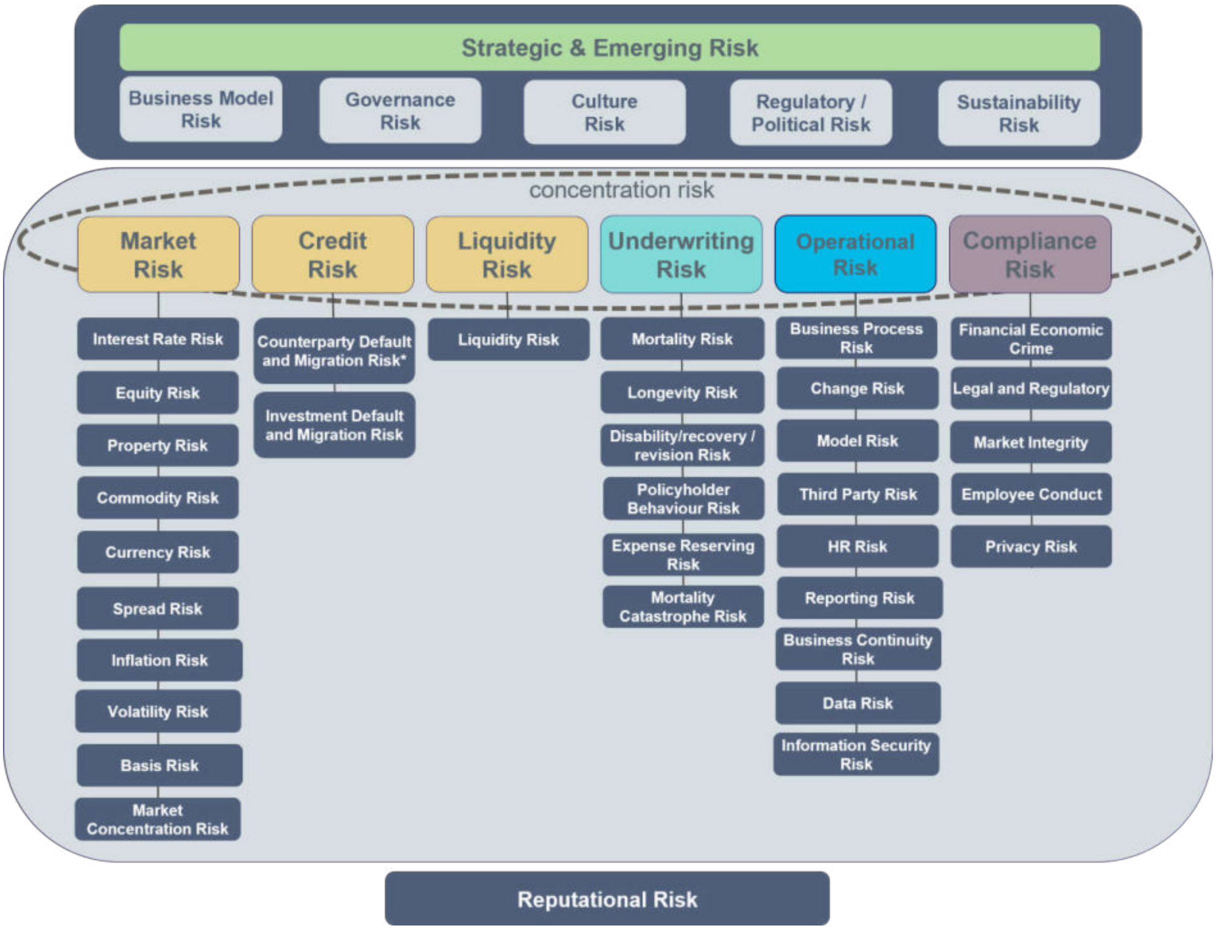
Athora Netherlands has defined and structured different risk types, partly based on applicable laws and regulations (such as Solvency II Standard Formula), and on the international ORX Reference Taxonomy.

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

Strategic and emerging Risks

Strategic and emerging risks relate to future business and society developments and may eventually materialise as one of the main or sub risk types. Strategic and emerging risks are monitored in the Enterprise Risk Management Report. In the risk assessment on the Operational Plans several internal and external strategic development scenarios are taken into account.

Athora Netherlands recognises several strategic risks, from which Business model risk, Governance risk and Sustainability risks are most notable. Emerging risk is a newly developing or changing risk that may evolve to one of the main or sub risk types, and which is perceived to have a potential significant impact on Athora Netherlands financial strength, competitive position or reputation. Identifying and assessing emerging risks are incorporated in the risk management system.



Risk Taxonomy

Athora Netherlands applies the Solvency II Standard Formula. Not all of the risk categories are part of the Solvency Capital Requirement (SCR) calculation. The SCR calculation does not contain Liquidity, Model and Compliance Risk.

The risk categories will be explained in more detail in the next paragraphs.

To give more insight in the risks the company is exposed to, sensitivities are determined on best effort basis for different underwriting and market risks in paragraph 7.5 and further. For underwriting risks and spread risks the sensitivities shown are the estimated impact on own funds without recalculating the SCR after shock. For the other market risks the sensitivities shown are the estimated impact on own funds including the estimated impact on the SCR market and life underwriting risk after shock.

7.3 RISK CONTROL

Risk control within the risk management process is a continuous process of identifying and assessing risks and establishing controls. Risk control is an inextricable part of the strategy, policy, processes, procedures, operational embedding, allocation of capacity and responsibilities, and independent testing of control effectiveness. The first and second line departments have been assigned a responsibility in this process, which is supported by the Integrated Control Framework (ICF).

7.3.1 Integrated Control Framework

The Integrated Control Framework (ICF) is Athora Netherlands' internal control system and is part of its Risk Management System. The objective of the ICF is to provide reasonable assurance regarding the design, effectiveness and efficiency of Athora Netherlands' management activity, operations and processes, the reliability of Athora Netherlands' financial, operational and other internal and external reporting, and compliance with regulatory requirements.

Internal control is a dynamic and iterative process.
The ICF contains core components that form the basis for a sound and controlled operational environment within Athora Netherlands. For all components within the ICF, standards are defined that outline the key requirements that should be met to develop the level of control to the desired level.

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

7.3.2 Process Controls and Management Controls

Optimisation of the 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. In November 2022 the ICF Transformation Steerco, which was installed in May 2021 successfully discharged itself as the objectives set in 2021 were achieved and confirmed by the Athora Netherlands third line Audit department. With this, the program that started in 2021 to strengthen the fundament of the ICF, namely the quality of process risk assessments, process- and key control design and change procedures ended successfully and activities and monitoring are fully embedded in business as usual. Accountability and responsibility are set in a new policy and RACI, RCSA sessions are frequently held to assess (new) risks in processes, processes are set up to timely recognise changes leading to operation changes, and first and second line collaborate in the continues monitoring and upgrading of design of ICF processes and (key) controls.

In the first line risk report 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 first 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 Netherlands. The second line department performs an independent review which may contain a reperformance. The results of the review activities are discussed with, reported to and followed up by responsible first line management. As part of the review the second line assesses and provides maturity scores to the first line to score the quality of the testing files.

Management controls
Management controls (i.e., entity level controls) provide an understanding and insight in the maturity level of risk management and risk control in the 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. The second line review results are reported to Business Lines and Functions, and on an aggregated level to the Executive Board.

The professional standards and scoping used for testing by Athora Netherlands' first and second line are assessed by the external auditor in order to, as much as possible, make use of these testing procedures for audit purposes.

7.3.3 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 7.8 and 7.9.

7.3.3.1 Underwriting Risk

Athora Netherlands assesses new underwriting risks continuously and manages existing underwriting risks, for both new business and for the existing portfolio.

Operational Plan

Derived from the Athora Netherlands strategy, the Operational Plan (OP) sets targets with respect to volume and value of new business and the existing portfolio. The OP describes the planned development of the insurance portfolio together with the related capital requirement for the next three years taking into account an assigned risk budget or available capital. The OP sets out in broad terms whether Athora Netherlands wants to enter new markets, which forms of distribution will be used, whether new (forms of) insurance products will be developed, and which products will be adjusted or terminated. It also lays down possible measures relating to acceptance and the mitigation of claims.

Product Development, Pricing and Acceptance

In accordance with the OP, new or adjusted products are developed following the Product Approval and Review Process (PARP). Starting from the customer's interests the target group, coverage and terms and conditions are determined. This is the basis for the best estimate risk premium, taking into account options and guarantees, capital requirements and the internal pricing curve. Furthermore, criteria related to profitability and risk control measures (acceptance criteria, clauses, any reinsurance) must be met.

The Product Committee (PC), in which Solvency II second line Key Functions are represented, is responsible for approval of new products, including the pricing. A selling product review is performed regularly, existing products follow a risk-based product review calendar.

Technical Provisions

The provision is calculated monthly. 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 to optimise risks and returns within the risk policy structure. This can lead to new strategic insights in areas such as entering new markets or terminating products. The analysis is based on the impact of underwriting risks following from various measures, e.g., Solvency II own funds, long-term profitability, SCR and the VNB. Based on the risk appetite, Athora Netherlands mitigates underwriting risks primarily by means of diversification and reinsurance.

7.3.3.2 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 current and projected balance sheet and capital outlook, which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with regards to solvency, laws and regulations. This BSA is used as a basis for defining a Strategic Asset Allocation (SAA), which is in turn used to translate specific investment activities into an investment plan and investment mandates for selected asset managers, taking into account the risk tolerances in the Risk Appetite Statements (RAS), solvency 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, inflation swaps, futures, forward contracts, interest rate swaptions and fixed income investments.

Sensitivity Analyses and Stress Tests

Stress tests provide information on how sensitive investments and liabilities are to interest rate risk and other market risk. These risks are quantified (and monitored) on a regular basis.

For interest rate risk several parallel and non-parallel shocks are defined. For market risk a number of combined scenarios is determined with (different) simultaneous shocks to the various sub-market risks.

These market risk scenarios are monitored and reported on a regular basis, and if deemed necessary adjustments are made to existing market risk exposures (e.g., interest rate risk). The aim is to mitigate interest rate risk through hedging, to achieve appropriate resilience in Athora Netherlands capital position over time.

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

7.3.3.3 Counterparty Default Risk

In addition to the calculation of SCR Counterparty Default Risk, Athora Netherlands has developed a complementary Counterparty Risk Policy for internal use. This risk is measured in terms of Stress Loss (SL) and Loss At Default (LAD) derived thereof and encompasses all instruments/exposures with credit exposures that are in scope for SCR Credit Spread, SCR Concentration Risk and SCR Counterparty Default Risk. Appropriate internal SL and LAD limits have been incorporated in the ALM policy and must be adhered to.

Athora Netherlands uses the methodology set out in the internal Counterparty Risk Policy to aggregate and monitor all counterparty exposures to various types of counterparties, such as (sub)sovereigns, financials and corporates on the individual counterparty basis. Monthly Counterparty Risk reports for Athora Netherlands and subsidiaries SRLEV and Proteq are generated and delivered to the Investment Office and Risk and included as part the Financial Risk Dashboard to the FRC for discussion. Appropriate measures are taken when limits are breached.

Athora Netherlands manages counterparty default risk within the set frameworks. Investments may have to be sold when deemed necessary. Risk mitigating contracts or clauses are drawn up in cooperation with the Investment Office and Legal Affairs. The counterparty default risk at Athora Netherlands is measured by the exposure to individual counterparties and, as the case may be, aggregating exposures with similar characteristics.

For each type of credit risk, the roles, powers and responsibilities of officers and committees, including tiered decision-making powers, are recorded in the policy documents for the relevant type of credit risk.

7.3.3.4 Compliance Risks and Operational Risks

Compliance risks and Operational risks (see section 7.9) are managed following the risk management cycle: risk identification, risk measurement, risk mitigation, risk monitoring and risk reporting.

Risk Identification

Risks are identified to its strategic objectives and at all levels within the organisation. Several different approaches are used such as risk assessments, analysis of incidents, and leveraging the experience of its employees and its competitors, including the consideration of emerging risks. Risk identification is both considered from top-down and bottom-up bases. Athora Netherlands maintains a Risk Taxonomy to facilitate the risk identification process The Risk Taxonomy also serves as a major organizing principle for its risk control, risk oversight activities and risk reporting.

Risk Measurement

In order to understand the magnitude of the exposure of the identified risks, risks are measured. The measurement of risks supports the risk management process through quantitative controls and limits. Risk measurement involves either or both qualitative and quantitative approaches depending on the nature of the risk and taking account of expert judgement and considering both normal and stressed scenarios. The level of risk is measured before and after considering additional mitigating measures.

Risk Mitigation

The risk mitigation activities (avoid, transfer, mitigate and accept) are aimed at controlling risks within the boundaries set by the risk appetite.

Risk Monitoring

In order to ensure that risks stay within the risk appetite, they are monitored. Within the monitoring activities both the first line and second line take their role. Given the outcome of the monitoring activities Athora Netherlands can determine the most appropriate course of action. The goal of risk monitoring is to ensure that Athora Netherlands carefully controls its risk-taking decisions as well as its total risk profile.

Risk Reporting

The primary objective of risk reporting – defined as all regular and ad hoc reports by first and second line – is to create internal risk transparency and meet external disclosure requirements. Objectives are to provide stakeholders with accurate and timely information about material risk issues by means of concise and understandable messages, to design reports so that they optimally meet recipients' needs and to facilitate informed decision-making.

Developments

In 2022 the main developments in non-financial risks were 1) remediation program Sanctions AML 2) change risks associated with volume of change on transformation initiatives and programs such as implementation of IFRS 9/17 3) HR Risk associated with labour market and high work pressure 4) Business Process risk associated with strategic change and new operational processes such as within the investment Office and the CTO (Buy out) 5) Third party risk including new strategic outsourcing initiatives 6) further attention and mitigation of cybercrime threats and ransomware developments. In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored according to the Athora Netherlands risk management procedures. Overall, the risk levels as reported in 2022 were steadily decreasing and becoming more within appetite towards the end of 2022.

7.4 CAPITAL MANAGEMENT

7.4.1 Definition

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Athora Netherlands manages its capitalisation within limits set in the Risk Appetite Statements. Annually 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.

7.4.2 Capital Policy

Athora Netherlands aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Athora Netherlands deems a solvency ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders 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.

7.4.3 Regulatory Framework

Solvency II is a risk-based regime consisting of three pillars. Pillar 1 regulates the capital requirements. Insurers should be capitalised 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. Currently, Solvency II is under review by EIOPA and the European Commission; and the impact of envisaged changes is being investigated by Athora Netherlands.

7.4.4 ORSA

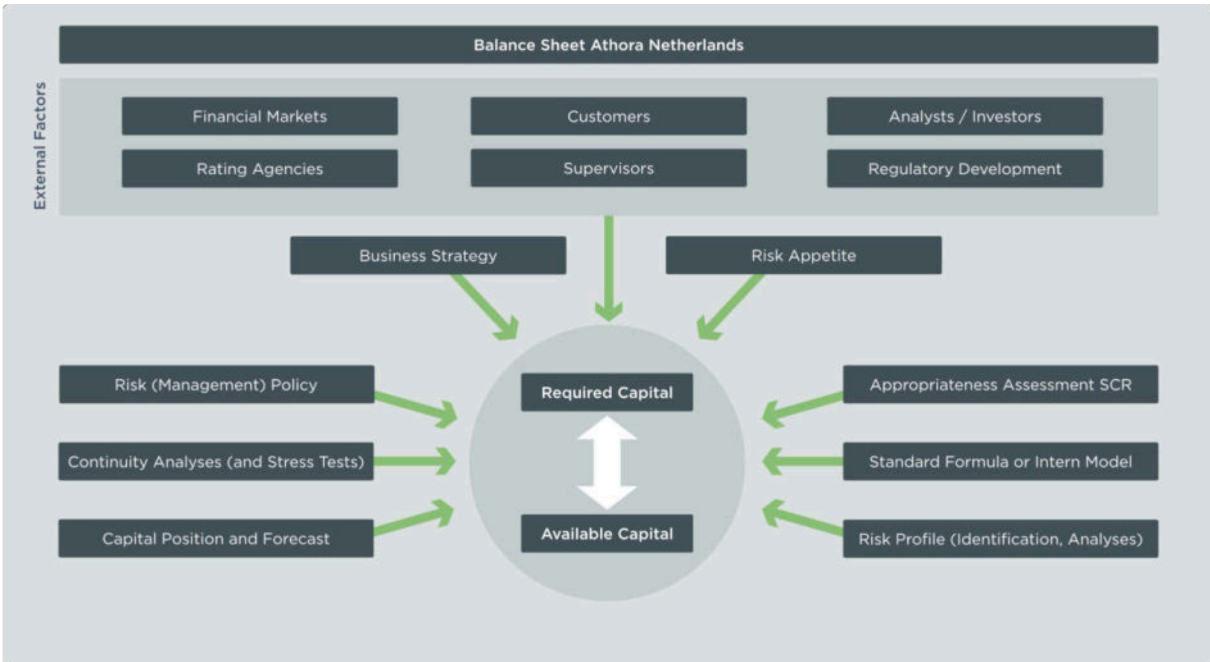
As part of its risk-management system Athora Netherlands conducts its own risk and solvency assessment (ORSA). That assessment includes:

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

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

7.4.4.1 ORSA Process

The ORSA considers external factors, the business strategy, future developments, the risk profile and risk appetite to assess the amount and quality of capital. An overview is shown in the figure below.



ORSA Process

Athora Netherlands performs the ORSA annually and if any significant change in its risk profile occurs. The Executive 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.

7.4.4.2 Scenario Tests and Mitigating Action

An extensive risk identification process takes place. The identified risks are subject to a range of stress scenarios, which are severe but plausible, to test the financial position of Athora Netherlands. This is in contrast to the Preparatory Crisis Plan, in which the scenarios should be severe enough to create a direct threat to the going concern of Athora Netherlands.

For all scenarios in the ORSA mitigating management actions have been assessed.

7.4.4.3 Main Conclusions

Athora Netherlands concludes that the standard formula is an appropriate risk management for Athora Netherlands' risk profile and Athora Netherlands' solvency is adequate for protecting its policy holders. Risks that are out-of-scope of the standard formula have been identified in risk assessments, examined in stress scenarios and mitigated by managerial actions. 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. A Revolving Credit Facility is available to withstand liquidity demands during stress. Athora Netherlands believes that operating capital generation will improve by moving towards the new strategic asset allocation, making the organisation more efficient and simultaneously growing the pension business, as planned in the new strategy.

7.4.5 Preparatory Crisis Plan

On 1 January 2019 the new law on Recovery and Resolution of insurers (Wet herstel en afwikkeling van verzekeraars) came into force in The Netherlands. As a result of this law Athora Netherlands has established a Preparatory Crisis Plan. In a Preparatory Crisis Plan an insurance group identifies its core businesses and sets out the possible key recovery measures to be taken in a situation of financial distress. The Preparatory Crisis Plan includes early warning indicators for emerging crises, a crisis management governance framework and the management actions Athora Netherlands has at its disposal in a crisis situation to maintain its core businesses viable for the future. The effectiveness of the management actions is evaluated using different stress scenarios.

7.4.6 Capital Position

In 2022, as part of Athora Netherlands' strategy to achieve profitable growth for our company, Athora Netherlands remained focused on improving operating capital generation. For example, by asset deployment, gradually rebalancing, achieving an increase in investment income within the appropriate risk limits. By improving the business contribution (improving the Value New Business for SRLEV) and by further optimising the risk profile (by Balance Sheet Management initiatives) taking into account the Risk Appetite.

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

For more details see the AOC of the Solvency II ratio.

Solvency II ratio

Athora Netherlands falls under the Solvency II regulatory framework and complies with the guidance notes on the interpretation of Solvency II as published by the supervisory authorities EIOPA and DNB.

For internal purposes, Athora Netherlands calculates the Solvency II position on a quarterly basis and updates weekly this position in the intervening weeks. Athora Netherlands calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) and thus making use of the possibility of applying long-term guarantee measures. Athora Netherlands does not apply the Matching Adjustment. The required and available capital (own funds) under Solvency II are determined on the basis of information at year-end. The yield curve used, including the Ultimate Forward Rate (UFR), Credit Risk Adjustment (CRA) and VA, is published by EIOPA.

For the euro the UFR was 3.45% in 2022. The calculated target UFR for 2023 remains at 3.45%. That UFR has been applicable for the calculation of the risk-free interest rates since 1 January 2022.

Under Solvency II, available capital is called 'Eligible Own Funds' and is divided into three tiers. The own funds prior to tiering restrictions are referred to as Available Own Funds. The tiering restrictions reflect the ability to absorb capital losses, with Tier 1 being the highest capital quality (which can be further split in restricted and unrestricted Tier 1 capital) and Tier 3 the lowest. Athora Netherlands does not have 'ancillary own funds' (such as letters of credit and guarantees) which require supervisory approval.

The classification of the hybrid capital of Athora Netherlands N.V. and SRLEV N.V. (outstanding on 31 December 2022) into Tier 1 and Tier 2 capital is based on the transitional measures contained in the level 1 regulations, and aligned with DNB.

Contingent liabilities – 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.

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

BREAKDOWN OWN FUNDS		
In € millions	2022	2021[1]
Shareholders' equity	2,835	3,642
Reconciliation IFRS-Solvency II	130	-420
Subordinated liabilities	1,180	1,278
Other	-2	-
Total available own funds	**4,143**	**4,500**
Tiering restriction	-962	-389
Total eligible own funds	**3,181**	**4,111**

1 Figures as filed with the regulator.

The key items of the reconciliation between IFRS shareholders' equity and Solvency II own funds are:

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 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.

Subordinated Liabilities

Under Solvency II the available own funds include subordinated debt including accrued interest with regard to this debt. The subordinated liabilities are determined based on own credit standing (credit spread determined at pricing date).

Tiering Restriction

The use of own funds of different tiers is subject to certain limits under Solvency II. These limits are related to the required capital or Tier 1 capital, and 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 2022. 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 € 389 million at year-end 2021 to € 962 million at the end of 2022.

BREAKDOWN TIERING					
	Tier 1		Tier 2	Tier 3	Total
In € millions	Unrestricted	Restricted			
Eligible own funds to meet the Group SCR 2022	1,973	434	746	28	**3,181**
Eligible own funds to meet the Group SCR 2021	2,518	460	818	315	**4,111**

The table below shows the eligible own funds, the Solvency Capital Requirement and the resulting Solvency II ratio.

SOLVENCY II RATIO		
In € millions/percentage	**2022[1]**	**2021[2]**
Total eligible own funds	3,181	4,111
Consolidated group SCR	1,552	2,290
Solvency II Surplus	1,629	1,821
In %		
Solvency II ratio	205%	180%

1 Regulatory Solvency II ratio 2022 is not final until filed with the regulator
2 Figures as filed with the regulator

Development Solvency Ratio

The development in 2022 of the solvency ratio is explained by the analysis of change as presented in the graphs below. The movement consists of the categories Operating Capital Generation, Market Impacts, One-off items, Capital flows and Other.

Operating Capital Generation is defined as the change of eligible own funds minus the SCR change. The overall principle is that this is a predictable and stable metric. Elements are the expected release of risk margin and SCR, the expected excess spread, the expected UFR drag and the (insurance) experience variance.

In Market Impacts Movements in assets and liabilities due to economic environment changes, other than the expected part in the operating capital generation. Next to these movements, also the change caused by the Volatility Adjustment is taken into account.

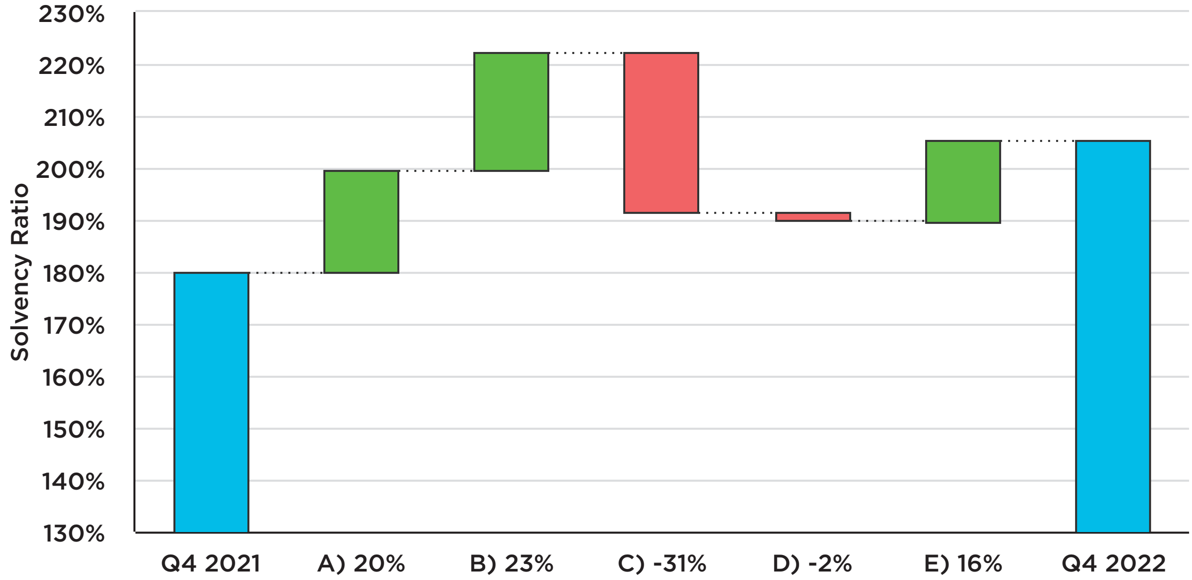
One-off items show the impact of events like changes in coverage of the longevity reinsurance contracts, the UFR decrease, Balance Sheet Management actions like investment deployments, interest rate hedge adjustments and changes in models and assumptions.

Capital flows, e.g., capital injections, issuance of (subordinated) loans, coupon payments on (subordinated) loans, dividends paid etc.

Other, for instance the difference in actual changes in the Deferred Tax Asset and Deferred Tax Liability versus the tax included in the operating capital generation.

Athora Netherlands

AOC SOLVENCY RATIO



The estimated movement in Solvency II ratio over 2022 is driven by:

A) Operating Capital Generation (+/+20%)

The operating capital generation during 2022 was mainly driven by excess return and SCR plus risk margin release, partly offset by the UFR drag.

B) Market Impacts (+/+23%)

Market impacts had a positive impact on the Solvency II ratio. The main drivers were the volatility adjustment and the inflation expectations. The volatility adjustment increased to 19bps at 31 December 2022 from 3bps at 31 December 2021 which impact was partly offset by market spread movements. The increase of inflation expectation had a positive impact on the inflation linked swaps partly offset by the increase of the insurance liabilities due to higher inflation assumptions.

C) One-off Items (-/-31%)

One-off items had a negative impact of 31%-point on the Solvency II ratio, mainly due to updates to (investment management) expense assumptions and asset deployments, partly offset by capital optimisation initiatives and interest rate hedge rebalancing.

D) Capital Flows (-/-2%)

The slight decrease of the Solvency II ratio is due to coupon payments on subordinated loans.

E) Other (+/+16%)

Includes the increase of the percentage of loss absorbing capacity of deferred taxes (LAC DT) driven by higher interest rates, spreads and the release of the 20 per cent haircut, which has a positive effect on the Solvency II ratio.

7.4.7 Risk Profile

SOLVENCY CAPITAL REQUIREMENT		
In € millions	2022	2021
Life underwriting risk	974	1,283
Market risk	1,380	1,585
Counterparty default risk	96	159
Diversification	-540	-697
Basic Solvency Capital Requirement	**1,910**	**2,330**
Operational risk	141	186
Loss-absorbing capacity of technical provisions	-	-6
Loss-absorbing capacity of deferred taxes	-502	-244
Net Solvency Capital Requirement	**1,549**	**2,266**
Capital requirements of other financial sectors	3	24
SCR for undertakings included via D&A	-	-
Consolidated group SCR	**1,552**	**2,290**

Capital requirements of other financial sectors decreased due to the sale of ACTIAM N.V.

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

Interest rate shocks can also have an impact on the loss-absorbing capacity of technical provisions (LAC TP). Article 83 of the Delegated Regulations requires to report this impact separately from the SCR Interest rate scenario. The leading up scenario explains the zero LAC TP in 2022.

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.

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 a single scenario of the recoverability calculation, where for Solvency II the non-recoverable amount is based on the weighted average of multiple scenarios, including future new business.

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.

7.5 LIFE UNDERWRITING RISK

7.5.1 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.

7.5.2 SCR Life Underwriting Risk

Life includes SRLEV and Proteq.

7.5.2.1 Risk Categories

The underwriting risk in the Life business includes the significant sub-risk categories of mortality risk, longevity risk, lapse risk, catastrophe risk and expense risk. It may include disability and recovery risk to a limited degree. Athora Netherlands is also exposed to interest rate risk in the context of guarantees for both IFRS and Solvency II.

Mortality Risk and Longevity Risk

The risk most typically associated with Life insurance policies is mortality and longevity risk. These risks mainly affect the duration and timing of the payment of the insured cash flows. Mortality risk indicates the risk for the company of the policyholder dying earlier than expected. In the case of a life benefit, the longevity risk for Athora Netherlands is that the policyholder might live longer than expected.

To derive the longevity assumptions, Athora Netherlands uses the latest model published by the Netherlands Actuarial Association (Projection table AG2022) which combines mortality rates of several European countries with those of the Netherlands. The assumptions are reviewed at least annually. Athora Netherlands further 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

The Life insurance portfolio is exposed to the risk of being (partially) unable to work for a limited period or on a permanent basis because of disability. The financial impact is dependent on the age, the sum insured and the disability percentage of the policyholder.

Lapse Risk

Lapse risk reflects the impact of policyholders' behaviour, such as surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date).

Life Expense Risk

Athora Netherlands is exposed to expense risk as actual expenses may exceed expense loadings included in the pricing calculation. This relates to changes in the level, trend or volatility of the costs related to the fulfilment of insurance or reinsurance contracts.

Athora Netherlands uses a moderate going concern assumption to derive the expense assumptions. 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.

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 traditional insurance policies and unit-linked investment policies with an interest rate guarantee, Athora Netherlands bears the interest rate risk on the investments that are held to cover the obligations to policyholders. When a benefit or annuity payment is due, Athora Netherlands pays the policy holder a predetermined nominal amount.

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

7.5.2.2 Life Insurance Portfolio

The life insurance portfolio contains individual and group life insurance policies.

Individual life policies were sold as policies with a fixed sum insured and policies with a benefit in units (unit-linked and universal life insurance). The traditional products were sold with or without profit-sharing. The unit linked policies are with or without guarantees.

The individual insurance portfolio mainly consists of unit-linked insurance policies, savings mortgage policies, endowments and other savings policies, term life policies, funeral policies and life annuity insurance policies providing regular payments for a fixed period or for the remainder of the holder's life.

The group life insurance portfolio consists of both traditional contracts where the investment risk is borne by the insurer, investment insurance (unit linked and universal life) and separate accounts, where the investment risk is borne by the customer. The separate accounts have an interest guarantee whereby at the current low interest rates this option has value for the customer.

The total portfolio is spread over policies with mortality risk and policies with longevity risk.

The next table provides an overview of the product portfolio.

SCOPE OF VARIOUS INSURANCE CATEGORIES

	Gross premium income		Sum insured		Technical provision for insurance contracts[1]	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Individual traditional insurance policies	485	497	56,216	59,784	8,573	9,116
Individual insurance policies in investment units	114	133	62,693	67,299	3,324	4,118
Traditional insurance policies	303	310	1,674	1,859	3,796	3,747
Group insurance policies	258	627	7,608	8,597	13,490	13,271
Group insurance policies in investment units	604	560	46,861	45,360	8,943	10,776
Total	**1,764**	**2,127**	**175,052**	**182,899**	**38,126**	**41,028**

1 The technical provision for insurance contracts excludes Results on allocated investments and interest derivatives and LAT deficit.

BREAKDOWN OF VARIOUS INSURANCE POLICIES						
	Gross premium income		Sum insured		Technical provision for insurance contracts[1]	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Term insurance	141	149	51,811	55,024	600	606
Pure endowment	6	6	1,873	1,992	1,368	1,431
Endowment	234	273	9,853	11,242	6,256	6,828
Funeral insurance	21	22	1,944	1,967	1,171	1,164
Deferred annuities and survivor annuities	193	431	17	15	7,940	7,844
Annuity payments	431	531	-	-	8,403	8,134
Supplementary coverage	21	22	-	-	123	127
Traditional insurance policies	**1,047**	**1,434**	**65,498**	**70,240**	**25,861**	**26,134**
Individual insurance policies in investment units	114	133	62,693	67,299	3,323	4,117
Group pure endowments	533	490	6,191	7,213	6,381	7,341
Group endowments	5	5	1,997	2,254	1,414	1,685
Group deferred annuities and survivor annuities	10	14	-	-	509	1,114
Group annuity payments	2	-	-	-	509	513
Other group insurance policies	54	51	38,673	35,893	132	124
Insurance policies in investment units	**718**	**693**	**109,554**	**112,659**	**12,268**	**14,894**
Total	**1,765**	**2,127**	**175,052**	**182,899**	**38,129**	**41,028**

1 The technical provision for insurance contracts excludes Results on allocated investments and interest derivatives and LAT deficit.

Co-insurance Life

Athora Netherlands has entered into several co-insurance contracts with one or more other insurers. Risk assessments for those contracts are based on the information provided by the administrating company and on an annual basis. The originating company of the contract draws up a report that Athora Netherlands uses to monitor the development of the portfolio and determine the provisions.

7.5.2.3 Life Reinsurance

Athora Netherlands has an integrated reinsurance programme for the life and disability portfolios. A Catastrophe reinsurance contract for mortality and disability was concluded as an umbrella cover for the different sub portfolios together, with a cover from € 15 million up to € 90 million. Terrorism is covered via a reinsurance pool (NHT).

A large part of longevity risk for individual and group insurances is transferred through Quota Share reinsurance. There are three longevity reinsurance treaties in place. The first longevity reinsurance contract was closed in 2018, followed by the second in 2020 and the third 2021. These longevity risks are transferred through full indemnity-based Quota Share reinsurance treaties. Remaining longevity exposure at risk of Athora Netherlands is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations.

7.5.2.4 SCR Life and sensitivities

The table below shows 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		
In € millions	**2022**	**2021**
Mortality risk	186	239
Longevity risk	390	533
Disability-morbidity risk	23	20
Lapse risk	210	226
Life expense risk	551	759
Life catastrophe risk	180	233
Diversification	-566	-727
SCR Life underwriting risk	**974**	**1,283**

Due to the long-term nature of our insurance liabilities the SCR life is very sensitive for interest rate movements. The increase of the interest rates leads to a decrease of our liabilities, also decreasing the SCR life.

Mortality Risk

The capital requirement for life mortality risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 15% in the mortality rates used for the calculation of the technical provisions. The increase in mortality rates will apply only to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

Longevity Risk

The capital requirement for life longevity risk is equal to the loss in basic own funds resulting from an instantaneous permanent decrease of 20% in the mortality rates used for the calculation of the technical provisions. The conditions for the calculation are 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.

Year end 2021 Athora Netherlands was sensitive for permanent decrease in lapse rates, per year end 2022 the mass lapse risk is 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.

To reduce the economic risk of an increase in inflation rates, Athora Netherlands put in place an inflation hedging programme, in line with the company's Risk Appetite.

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.

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 and the Solvency II ratio to changes in the underwriting parameters are the sensitivities to longevity, expense and inflation risk. Due to the long-term nature of the Life insurance portfolio these sensitivities are sensitive for interest rate movements.

The longevity risks are reduced through a reinsurance treaty. The remaining longevity exposure at risk of Athora Netherlands is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations.

To reduce the economic risk of an increase in inflation rates, Athora Netherlands put in place an inflation hedging programme, in line with the company's Risk Appetite. The programme is providing a significant reduction in the sensitivity of best estimate liabilities and own funds to changes in inflation expectations. In case of a 1% increase in inflation, the Solvency II ratio would not change materially taking into account the impact of the inflation linked swaps. The impact of the inflation linked swaps have not been taken into account in the SCR expense calculation.

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

SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions / In %	**2022**	2021	**2022**	2021	**2022**	2021
10% lower mortality rates for all policies (longevity risk)	-48	-57	-48	-57	-4%	-3%
10% increase in expenses assumptions + 1% increase in inflation[1]	-409	-563	-409	-563	-41%	-34%

1 The inflation linked swaps are conservatively not recalculated in this scenario.

7.6 MARKET RISK

7.6.1 Risks - General

Market changes may have a material impact on the value of the assets and liabilities of the insurance business. To manage the mismatch between the assets and liabilities an Asset and Liability Management (ALM) framework is in place in order to optimise between risks and returns and ensure that Athora Netherlands' operations remain within its risk appetite.

Market risk is the risk arising from changes in the level or volatility of market prices of financial instruments which 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 nine sub-market risks have been defined: interest rate, equity, property, spread, inflation, basis, concentration, currency and volatility risk. Athora Netherlands achieves its financial objectives by managing these risks adequately. This is done by reducing losses due to movements in the level and/or volatility of market prices of financial assets, liabilities and financial instruments.

Compared to Solvency II (standard model) market risk classification, Athora Netherlands recognises three additional market risks, namely inflation (see section 7.5.2.4), volatility and basis risk.

7.6.2 SCR Market Risk

Exposure to market risk is measured under the Solvency II regime using adverse movements in financial variables. The main driver of market risk is the Solvency Capital Requirement for spread risk and 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		
In € millions	**2022**	**2021**
Interest rate risk	96	247
Equity risk	507	353
Property risk	272	198
Spread risk	686	969
Concentration risk	65	35
Currency risk	180	155
Diversification	-426	-372
SCR market risk	**1,380**	**1,585**

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

7.6.2.1 Interest Rate Risk

Interest rate risk is a key component of Athora Netherlands' market risk profile. Interest rate risk arises when the interest rate sensitivities of the assets and liabilities are not equal and it is expressed as movements in the capital position if market rates change.

Nominal Insurance Liabilities by Buckets

The table below presents nominal cash flows arising from insurance liabilities, net of reinsurance (liabilities) by maturity segment.

CASH FLOWS FROM INSURANCE BUSINESS 2022							
In € millions	**< 1 year**	**1 - 5 years**	**5 - 10 years**	**10 - 15 years**	**15 - 20 years**	**> 20 years**	**Total**
Insurance liabilities - Life	1,492	5,405	6,028	5,460	4,564	13,642	**36,591**
Total	**1,492**	**5,405**	**6,028**	**5,460**	**4,564**	**13,642**	**36,591**

CASH FLOWS FROM INSURANCE BUSINESS 2021							
In € millions	**< 1 year**	**1 - 5 years**	**5 - 10 years**	**10 - 15 years**	**15 - 20 years**	**> 20 years**	**Total**
Insurance liabilities - Life	1,411	5,205	5,974	5,338	4,477	13,474	**35,879**
Total	**1,411**	**5,205**	**5,974**	**5,338**	**4,477**	**13,474**	**35,879**

The table excludes the portfolio on account of policyholders. The portfolio on account of policyholders is not relevant in this context, since the value accumulated in the investment funds is paid to policyholders on the policy's maturity date. The accrued balances of savings policies and savings-based mortgages are neither taken into account as these are offset. The cash flows from the underwriting provisions concern cash flows with a nominal guarantee. This does not include cash flows driven by options and guarantees and the risk margin. The cash flows arising from the underwriting provisions are estimated on a best estimate basis. Assumptions are made of mortality, disability, surrender and costs. A change in assumptions can alter the view of the cash flows in the table. The cash flow projections do not include future profit-sharing.

Solvency Capital Requirement

The capital requirement for interest rate risk in the standard formula of Solvency II is determined on the basis of two scenarios in which the risk-free yield curve is exposed to shocks affecting both assets and liabilities. The first scenario is 'interest rate up' and the second 'interest rate down'. The capital requirement for interest rate risk is defined by the scenario which has the most negative impact on basic own funds. The sign of the SCR interest rate shock (up or down) 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.

The interest rate scenario used for the up and down Solvency II shocks are prescribed; being in effect a non-parallel up shock with a minimum of 100 bps and a non-parallel down shock, both shocks decreasing for longer maturities and both without re-applying the UFR.

SCR INTEREST RATE RISK		
In € millions	**2022**	**2021**
SCR interest up shock	-96	-
SCR interest down shock	-24	-247
SCR interest rate risk	**96**	**247**

The interest rate risk decreased mainly due to interest rate hedge rebalancing.

Sensitivities

Athora Netherlands uses a scenario-based approach to control the sensitivity of solvency to market conditions, such as interest rates and spreads. The key solvency metric to express the risk is based on the regulatory solvency reported to the Dutch Central Bank (DNB). This method is chosen because Athora Netherlands has decided to use regulatory solvency as the principal factor in managing market risks.

Over the course of time, the positive valuation effect of the UFR reduces, which puts downward pressure on the trend in solvency in the future. EIOPA annually re-calculates the UFR in accordance with the methodology to derive the UFR.

For the euro the calculated target UFR for 2022 was 3.45.%. Per 1 January 2023 the applicable UFR will remain at 3.45%, this should have a neutral impact on solvency. Annual change of the UFR is according to the methodology limited to 15 basis points.

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 3.45%), decreases in the UFR of 0.15% and 0.5% and the impact of the VA on the Solvency II ratio.

Under IFRS the impact of different UFR is slightly different than under Solvency II due to tiering and the VA (not applicable under IFRS).

SENSITIVITY						
	IFRS net result		**IFRS shareholders' equity**		**Solvency II ratio**	
In € millions / In %	**2022**	2021	**2022**	2021	**2022**	2021
Interest +50 bps	-67	-137	-67	-137	-2%	-1%
Interest -50 bps	80	197	80	197	1%	4%
UFR -15 bps	-39	-73	-39	-73	-4%	-5%
UFR -50 bps	-134	-251	-134	-251	-14%	-17%
Excluding VA					-49%	-7%

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 ratio. Athora Netherlands manages its interest rate risk by stabilising the Solvency II ratio after an interest rate shock, taking the UFR of 3.45% into account.

7.6.2.2 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		
In € millions	**2022**	**2021**
Type 1 equities	153	255
Type 2 equities	382	119
Diversification	-28	-21
Equity risk	**507**	**353**

The equity risk of Athora Netherlands increased mainly due to asset deployments in private equity, partly offset by a lower symetric adjustment.

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).

SENSITIVITY						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions / In %	**2022**	2021	**2022**	2021	**2022**	2021
Equities +10%	24	31	89	55	5%	1%
Equities -10%	-61	-40	-89	-55	-5%	-1%

7.6.2.3 Property Risk

Property risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of the market prices of real estate.

The SCR for property risk is equal to the loss in the basic own funds that would result from an instantaneous decrease of 25% in the value of property. Property consists of direct property (e.g., buildings and investments in owner-occupied properties) and indirect interests in property (through investment funds). Athora Netherlands applies the look-through approach in determining the SCR for property risk also taking the effect of any leverage on the Net Asset Value of property funds into account.

The table below shows the SCR for property risk:

SCR PROPERTY RISK		
In € millions	**2022**	**2021**
Property risk	272	198

The property risk of Athora Netherlands increased mainly due to asset deployments.

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.

SENSITIVITY						
	IFRS net result		IFRS shareholders' equity		Solvency II ratio	
In € millions / In %	**2022**	2021	**2022**	2021	**2022**	2021
Property +10%	77	59	81	59	6%	3%
Property -10%	-81	-59	-81	-59	-6%	-3%

7.6.2.4 Spread Risk

Spread risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of the credit spread above the risk- free interest rate term structure. The spread risk for the insurance business arises in the fixed-income investment portfolio, which includes securitisations, loans, corporate and government bonds that are sensitive to changes in credit risk surcharges. Increasing credit risk surcharges have a negative effect on the 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		
In € millions	**2022**	**2021**
Bonds and loans	681	946
Securitisation positions	5	23
Spread risk	**686**	**969**

Spread risk decreased mainly due to improved modelling of parts of our bond portfolio including options. And also due to spread and interest rate increases, decreasing the value of the credit and bond portfolio.

Credit risk surcharges are also a source of basis risk in the valuation of insurance liabilities. The basis risk relates to the risk of a mismatch between the interest rate used in the valuation of the liabilities and the interest rate used for the asset portfolio. This basis risk mainly emanates from the risk that movements in the interest rate on the EU government bonds held in portfolio will not be in line with movements in the swap rate.

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, in case of lower spreads for high quality bonds (e.g., German and Dutch) and higher spreads for riskier bonds, the Solvency II Ratio in general increases.

Under Solvency II an increase of credit spreads also leads to an increase of the Volatility Adjustment impacting the value of the liabilities. Athora Netherlands determined that an increase of all credit spreads of 50 bps leads to an increase of the VA of 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.

SENSITIVITY						
	IFRS net result		**IFRS shareholders' equity**		**Solvency II ratio[1]**	
In € millions / In %	**2022**	2021	**2022**	2021	**2022**	2021
Credit spreads Government Bonds +50 bps	-106	-230	-106	-230	10%	9%
Credit spreads Corporates/Mortgages +50 bps	-203	-267	-203	-267	6%	15%
All Credit spreads +50 bps	-309	-497	-309	-497	16%	25%

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

7.6.2.5 Concentration Risk

Concentration risk is defined as all risk exposures associated with a potential loss that is significant to endanger the solvency or financial position of insurance and reinsurance undertakings.

A concentration risk charge is prescribed under Solvency II when the issuer exposure exceeds a certain percentage threshold of the asset base depending on the credit rating of the issuer and the type of investment. The SCR for concentration risk is calculated on the basis of single name exposure. 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	**2022**	**2021**
Concentration risk	65	35

The SCR concentration risk increased due to a higher exposure to central governments of non-EEA members within our own risk limits.

7.6.2.6 Currency Risk

Currency risk is defined as the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of exchange rates. The currency risk of Athora Netherlands is caused by a combination of investments and liabilities in foreign currencies that are not perfectly matched.

Athora Netherlands' policy is to permit only very limited currency risk.

The effects of changes in foreign exchange markets on the net result, own funds and solvency are measured periodically using scenario analysis. The Solvency II currency exposure is determined using the look-through principle regarding investment funds. This results in slightly higher currency exposure.

The table below provides an indication of Athora Netherlands' foreign exchange exposure excluding loans.

CURRENCY EXPOSURE EXCLUDING LOANS (NET EXPOSURE)				
	Net balance exposure		**Hedge derivatives**	
In € millions	**2022**	2021	**2022**	2021
US Dollar	2,229	2,264	-2,295	-2,101
Japanese Yen	1,109	1,176	-1,110	-1,176
Swedish Crown	61	-	-64	-
Australian Dollar	56	3	-52	-
Polish Zloty	27	-	-	-
Danish Crown	-	135	-	-135
Total	**3,482**	**3,577**	**-3,521**	**-3,412**

The table below provides an indication of Athora Netherlands' foreign exposure on subordinated loans (nominal value).

CURRENCY EXPOSURE LOANS (NET EXPOSURE)				
	Nominal balance		Hedge derivatives	
In € millions	**2022**	2021	**2022**	2021
US Dollar	2,454	1,063	-2,633	-1,085
Pound Sterling	436	-	-440	-
Swiss Franc	-102	-102	108	107
Australian Dollar	30	-	-26	-
Canadian Dollar	14	-	-13	-
Other	4	-	-4	-
Total	**2,836**	**961**	**-3,008**	**-978**

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	**2022**	**2021**
Currency risk	180	155

The currency risk of Athora Netherlands increased, amongst others due to model improvements and ending the hedging of the foreign exchange risk of the derivatives which were held for hedging the foreign exchange risk of subordinated loans denominated in foreign currency which were paid off.

The SCR for currency risk also partly originates from the decrease in projected asset management fees for the unit linked portfolio in case of a currency shock.

7.6.2.7 Volatility Risk

The volatility risk is the risk of losses due to changes in (implied) volatilities (interest rate and equity) and is measured separately. It is addressed in the market sub risks as described before. Athora Netherlands is sensitive to volatility on both sides of the balance sheet. The volatility risk is reduced because the volatility of the swaptions on the asset side has an offsetting effect on the embedded options on the liability side.

7.6.2.8 Basis Risk

Basis risk is the financial risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position.

7.6.2.9 Diversification

Not all risks will materialise at the same time and at their full magnitude, resulting in diversification between different risk types. Solvency II prescribes a correlation matrix for the diversification effect in the SCR Market Risk module in order to aggregate the results of the types of market risks. This leads to a lower amount of total Market Risk compared to the sum of the individual market risk types. Solvency II furthermore prescribes that a downward SCR interest rate shock will be more correlated with an equity, spread and property shock compared to an upward interest rate shock.

Changes in the individual market risk types led to a larger diversification effect.

7.7 COUNTERPARTY DEFAULT RISK

7.7.1 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.

OVERVIEW MORTGAGES		
In € millions	**2022**	**2021**
Mortgages < 75% of foreclosure value	4,352	3,868
Mortgages 75% < > 100% of foreclosure value	126	177
Mortgages > 100% of foreclosure value	14	18
Mortgages with National Mortgage Guarantee	698	771
Residential property in the Netherlands	**5,190**	**4,834**
Specific provision for bad debts	-	-
Total	**5,190**	**4,834**

The carrying amount of the portfolio increased mainly by increasing the exposure to mortgages as part of the asset 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.

SCR Spread risk will be applicable in case of no additional collateral and pledged collateral (50% of the charge). SCR CDR Type 1 will be applicable for the term contracts (future parts).

7.7.2 SCR Counterparty Default Risk

The 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.

Securities lending and repo programmes in which Athora Netherlands participates are also treated as a type 1 exposure. The capital requirement for counterparty default risk on type 1 exposures depends on the loss-given-default (LGD) and the probability of default (PD) of every single name exposure. The PD depends on the creditworthiness of the single name exposure.

Type 2 exposures consist of all exposures to which the capital requirement for spread risk is not applicable and which are not of type 1. In general, these are diversified exposures which do not have an external rating. Solvency II explicitly mentions the following exposures in the context of type 2:

- receivables from intermediaries;
- policyholder debtors;
- mortgage loans which meet a set of requirements.

The capital requirement for counterparty default risk on type 2 exposures as defined by EIOPA is equal to the sum of 90% of the LGD of receivables from intermediaries due for more than three months and 15% of the LGD of other type 2 exposures.

The SCR for counterparty default risk is determined by aggregating the capital requirements for type 1 and type 2 exposures with a correlation of 0.75 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		
In € millions	**2022**	**2021**
Type 1 exposures	86	108
Type 2 exposures	13	61
Diversification	-3	-10
SCR counterparty default risk	**96**	**159**

The decrease in SCR counterparty default risk for type 1 exposures is among others due to an decrease 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.

7.8 LIQUIDITY RISK

7.8.1 Risks - General

Liquidity risk is defined as the risk that Athora Netherlands would have insufficient liquid assets to meet its financial obligations in the short-term, in a going concern situation or in times of a stress situation, or if obtaining the necessary liquidity would mean incurring unacceptable costs or losses.

The liquidity risk is monitored and managed both at Athora Netherlands group level and at legal entity level separately as no risk capital is charged according to the standard formula of Solvency II.

7.8.2 Policy

The policy of Athora Netherlands is to have more liquidity available than it is required to hold based on internal risk management minimum levels. The objective of the internal risk management minimum levels is to ensure that Athora Netherlands is able to fulfil its obligations towards policyholders and all legal obligations.

The liquidity risk policy uses three sources of liquidity:
1. the cash position
2. the liquidity buffer
3. the liquidity contingency policy

Cash Position

The first source of liquidity concerns the cash position. This position is built up from the cash management process from investments management and cash management process from underwriting and operating activities. In the investments cash management process all cash flows from investments are managed by our investment managers.

Athora Netherlands has taken into account that all obligations to policyholders must be respected and that these obligations will be paid throughout the underwriting and other operating cash management process. If at any time these obligations exceed the premium income additional cash will be transferred from the investment cash management process. 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 scenario, including the respective liquidity needs in these scenarios for the margining of derivatives. Furthermore, on the asset side Athora Netherlands applies liquidity tiering and assigns a liquidity value for various time horizons and scenarios. Monitoring of the liquidity buffer accounts for an important part of the daily activities of Athora Netherlands.

Liquidity Contingency Policy

The last source of liquidity relates to a situation in which the normal liquidity and buffers turn out to be insufficient. In case of such a contingency, Athora Netherlands has implemented a Crisis Management Team (CMT) structure and a predefined set of potential management actions. The CMT must take timely action in rapidly deteriorating liquidity circumstances in order to avoid default or bankruptcy that could occur in the worst case and/or to settle all of the obligations under the insurance portfolio in an orderly manner.

7.8.3 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.

7.9 COMPLIANCE RISK AND OPERATIONAL RISK

7.9.1 Risks - General

Management of the Business Line or Function is responsible for the overall risk management cycle in their Business Line or Function from identification to monitoring and management of action plans. They report about the status of both operational and compliance risk directly to the Executive Board members. Compliance and Operational Risk, as second line departments, monitor and provide advice to management on compliance risk and operational risk. They frequently have direct contact with the Executive Board and Supervisory Board and are represented in the Risk and Audit Committee of the Supervisory Board, PC, ORC Athora Netherlands and in the ORC's and PMP's of the MTs (see Section 7.2.5 Risk Organisation) of Athora Netherlands. Within the PMP MTs, Compliance advises on the development, evaluation and approval of products in accordance with laws, regulations, the AFM criteria and criteria related to treating customers fairly.

Compliance Risk

Compliance risk is the risk that an organisation is potentially able to suffer legal or regulatory sanctions, material financial loss, or loss of reputation as a result of non-compliance with applicable laws, regulations, rules, self-regulatory standards, codes and unwritten rules.

Non-compliance with integrity- and/or conduct related rules can potentially lead to regulatory action, financial loss and/or damage to the reputation of Athora Netherlands, for example fines, compensation, disciplinary action, imprisonment or exclusion proceedings.

Laws and regulations within scope pertain amongst others to those laws and regulations as supervised by the Authority for the Financial Markets (AFM), the Dutch Central bank (DNB), the Authority for Consumers and Markets (ACM) and the Data Protection Authority (AP) for aspects related to non-financial risks. This includes the Dutch Financial Supervision Act (Wft), the Dutch Financial Supervision Act (Wwft), the Dutch Sanctions Act, as well as relevant European laws such as Solvency II and guidance from the Dutch Association of Insurers and other relevant bodies.

Operational Risk

Operational risk represents the risk of an economic loss, a negative reputational or supervisory impact resulting from inadequate or failed internal processes, people and systems, or from external events. Operational risks include the risk of a material misstatement in Athora Netherlands' financial reporting and legal risks, but excludes strategic and business risks. Operational risk events can lead to adverse consequences beyond a pure financial loss. The assessment of possible reputational impacts following an operational event is an explicit part of the operational risk management process.

Operational risks are inherent in all of Athora Netherlands' insurance products, activities, processes and systems and the management of operational risk is a fundamental element of Athora Netherlands' risk management framework. Operational (and compliance) risks are inherent risks that do not provide more returns when taking more risk and have to be controlled and managed. The responsibility of Athora Netherlands also extends to managing risks for outsourced activities. Athora Netherlands recognises the following types of operational risk categories: Business Process risk, Change risk, Model risk, Third Party risk, HR risk, Reporting risk, Business Continuity risk, Data risk and Information Security risk

7.9.2 Exposure to Non-financial Risks

During 2022, 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 (Wtp), legislation may not be unequivocally implemented on time, resulting in Athora Netherlands not being compliant and potentially suffering reputational damage. Athora Netherlands has a framework in place to track the implementation of legislative requirements in order to be in control of this risk.

Athora Netherlands is exposed to potential governance risks. Addressing these risks Athora Netherlands has a dedicated Institutional 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. From the end of 2021 to the beginning of 2022, DNB performed a governance effectiveness assessment on the functioning of the governance of Athora Netherlands. On 9 June 2022, Athora Netherlands received feedback from DNB on their governance effectiveness assessment. On 30 November 2022, Athora Netherlands submitted a detailed plan with governance enhancements taking into account the large company regime and other regulatory expectations including a roadmap for implementation of these enhancements. The roadmap provides, amongst others, for a pilot on the governance framework with Athora Group to test the revised governance protocol. The regulator will continue to monitor and evaluate the enhancements as part of its ongoing supervisory activities.

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

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism to be completed before 31 December 2022. During 2022, we continued remediation activities to further address shortcomings. In the course of our remediation activities some risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile and further enhancements will be implemented in 2023. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

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

Risks (including reputational risk) are not fully excluded in the non-accruing investment-linked policy file, due to the combined effects of intermittent media exposure, political opinion, court judgements and inaction on the part of customers. The client base is continuously addressed through Athora Netherlands' aftercare programme.

Due to the General Data Protection Regulation's consequences on systems and processes, privacy risks are taken into account. In 2022 special attention has been paid to cleansing of data. As part of the 2022 Compliance Monitoring Plan, a review of GDPR Governance, Communication to Data Subjects and privacy related to Third Parties has been conducted. Given the importance of protecting personal data, monitoring of privacy risks is also part of the 2023 Compliance Monitoring Plan. Local Privacy Champions, in cooperation with the appointed Data Protection Officer, safeguard full attention on Athora Netherlands' compliance with the privacy regulation.

Operational Risk

Business Process Risk
Athora Netherlands change projects, both initiated from strategic change, as well as license to operate projects were identified as the main source of business process risk as same resources were often needed for both change as daily operations. New strategic activities required embedding in the ICF and training and awareness for process risk management. The ICF program that started in 2021 to strengthen the fundament of the ICF, namely the quality of process risk assessments, process- and key control design and change procedures ended successfully and activities and monitoring were fully embedded in business as usual.

Change Risk
Important strategic changes combined with a large volume of license to operation programs bear change risk and alignment on strategic steps forward. During 2022 improvements were made in the change portfolio management governance to further align strategy execution and improve business agility. Improvements include installation of bi-weekly Steering committee meetings and quarterly business reviews (QBR). To facilitate this an integrated strategy & roadmap has been drafted. The improvement of the process change process further facilitates sound and controlled change implementation.

Model Risk
In 2022, 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.

Third Party Risk
Monitoring and governance regarding outsourcing within Athora Netherlands required further risk attention. An Outsourcing and Vendor management Team was installed to further develop monitoring and reporting standards, and make Athora Netherlands' outsourcings partners further adhere to strict outsourcing requirements in order to mitigate Athora Netherlands third party risk and withstand future strategic challenges.

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.

HR Risk
Effective resourcing is essential for the execution of strategy and to qualitatively maintain business as usual activities including a healthy balance on in- and external FTE 's. To accomplish a new and fit company culture, culture aspects are embedded within the strategy program, removing possible silos and stimulating involvement in the hybrid working concept. Staff turnover was monitored in 2022 closely to mitigate HR that was perceived relatively high in 2022 in specific areas of the organisation due to work pressure, (Strategic) change program in combination with attractive labour market.

Reporting Risk
Effective and timely implementation of IFRS17 is identified as the main source for future reporting risk. The ICF transformation within Finance improved demonstrability and risk awareness of financial

reporting processes but will require further attention and awareness to further align with ICF requirements and to demonstrably mitigate financial reporting risks.

Business Continuity Risk
Business continuity risk was regarded minimal in 2022 as working from home proved to be no obstacle for running efficient and effective processes. Fallback tests were held and proved to be successful. Further strategic outsourcing may impact business continuity and therefore require additional mitigating measures.

Data Risk
Data risk was regarded minimal throughout 2022 but attention for data expertise will increase to mitigate data risk related strategy initiatives for digitalisation and automation.

Information Technology Risk
For the Athora Netherlands IT organisation, 2022 has been a year of a lot of changes and challenges. In the beginning of the year the IT department became part of the new OPS and IT organisation, which gives new opportunities to improve efficiency and effectivity. As a consequence, the name changed from DTC to IT.

Also in 2022 the P&C migration to NN is successfully finished and the applications and infrastructure for P&C have been removed which simplifies the IT landscape. ACTIAM has successfully been migrated to Cardano. IFRS has been implemented and a lot of other change related projects were delivered on schedule and within financial boundaries. IT also focused on possibilities for outsourcing parts of IT as an alignment with the new Athora Netherlands business strategy and organisation.

In 2022 IT has been continuing the work on improving process automation of the 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. The In Control Framework (ICF) has been improved to a next level. Compliance with regulations and legislation is key and IT Risk Management is at the right level to monitor and mitigate risks. A low number of incidents and high availability of the business applications show the success of these high standards.

Athora Netherlands is more and more a data driven organisation thus improving the quality of decision-making and customer orientation. Data governance is in place to evaluate, direct and monitor data initiatives and the implementation of data policies and data related legislation. The integration of processes, systems and data based on a solid data infrastructure has been successful to improve quality, efficiency and cost reduction.

Cybercrime Risk
Cybercrime risk is growing over the years, and attackers are becoming more professionalised and aggressive. Also the political situation around Ukraine gives extra threats. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Athora already started implementing the new act.

For Athora Netherlands mitigating the cybercrime risk is a key priority which is also reflected in the Board level attention it gets. Cybercrime will remain high on the agenda of the Athora Netherlands Board and Risk Boards. In 2022 no major incidents related to cybercrime occurred within Athora Netherlands. To manage the increasing risk effectively in 2022 additional mitigating measures were implemented. In October Athora Netherlands participated in the ‘Alert Online’ campaign with a lot of awareness improving activities. Suppliers were monitored in their security testing. Also in 2022 Athora Netherlands contracted four specialised suppliers to strengthen its cyber defense, for example to improve the security monitoring and provide more threat intelligence. Incident response training has been practised, also at Board level, to minimise damage done by an attack. A cybercrime plan for 2023 has been drafted and Athora Netherlands will keep on focusing on mitigating this risk, also for outsourced services.

7.9.3 SCR Operational Risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. This takes into account legal risks, but risks that are a consequence of strategic decisions or reputational risks are disregarded. The technical provision for own risk is part of the calculation of the SCR operational risk.

The basic capital requirement for operational risk is calculated by taking the maximum of (a) the capital requirement for operational risks on the basis of earned premiums and (b) the capital requirement for operational risks on the basis of technical provisions and adding 25% of the expenses incurred in respect of unit linked business.

SCR OPERATIONAL RISK		
In € millions	**2022**	**2021**
Athora Netherlands	141	186

Operational risk decreased due to the decrease of the technical provision.

8 COMPANY FINANCIAL STATEMENTS

8.1 COMPANY STATEMENT OF FINANCIAL POSITION

Before result appropriation and in € millions	Ref.[1]	31 December 2022	31 December 2021
Assets			
Property and equipment	1	13	22
Subsidiaries	2	3,381	4,176
Receivables from group companies	3	861	1,037
Investments	4	158	94
Derivatives	5	-	23
Deferred tax	6	-	21
Corporate income tax		14	29
Other assets	7	2	7
Cash and cash equivalents	8	5	37
Total assets		**4,434**	**5,446**
Equity and liabilities			
Issued share capital[2]		0	0
Share premium reserve		4,568	4,568
Revaluation reserves		223	240
Retained earnings		-1,956	-1,165
Total shareholders' equity		**2,835**	**3,643**
Holders of other equity instruments		350	350
Total equity	9	**3,185**	**3,993**
Subordinated debt	10	795	804
Borrowings		61	61
Capital base		**4,041**	**4,858**
Provision for employee benefits	11	321	466
Other provisions		16	35
Deferred tax	6	3	-
Amounts due to banks	12	-	23
Other liabilities	13	53	64
Total equity and liabilities		**4,434**	**5,446**

1 The references next to the balance sheet items relate to the notes to the company statement of financial position in Section 9.2.
2 The issued and paid-up share capital of Athora Netherlands N.V. is € 238,500.

8.2 COMPANY STATEMENT OF PROFIT OR LOSS

In € millions	Ref.[1]	2022	2021
Income			
Fee and commission expense		1	1
Net fee and commission income		**-1**	**-1**
Share in result of subsidiaries	16	-900	-62
Investment result	17	-	-3
Result on derivatives	18	27	32
Total income		**-874**	**-34**
Expenses			
Staff costs	19	13	10
Depreciation and amortisation of non-current assets		5	7
Other operating expenses		-2	-1
Other interest expenses	20	46	38
Total expenses		**62**	**54**
Result before tax		**-936**	**-88**
Tax expense / benefit	21	-8	-12
Net result for the period		**-928**	**-76**
Attributable to:			
- Shareholders		-951	-97
- Holders of other equity instruments		23	21
Net result for the period		**-928**	**-76**

1 The references next to the income statement items relate to the notes to the company statement of profit or loss in Section 9.2.

9 NOTES TO THE COMPANY FINANCIAL STATEMENTS

9.1 ACCOUNTING POLICIES TO THE COMPANY FINANCIAL STATEMENTS

General

Where applicable, for items not described in this section, the accounting policies applied for the company financial statements are the same as those described in the section 6.1 Accounting policies for the consolidated financial statements. For the items not separately disclosed in the notes to the company financial statements, reference is made to the notes in the section 6.3 Notes to the consolidated financial statements.

Subsidiaries

Subsidiaries are companies and other entities in which Athora Netherlands N.V. has existing rights to direct the relevant activities of the entity (see Section 6.3, Note 42 List of principal subsidiaries). Subsidiaries are measured using the equity method of accounting.

Movements in the carrying amounts of subsidiaries due to changes in their revaluation, cash flow, fair value and profit-sharing reserves are recognised in shareholders' equity.

Movements in the carrying amounts arising from the share of result of subsidiaries are recognised in accordance with the accounting policies of Athora Netherlands N.V. in profit or loss. The distributable reserves of subsidiaries are recognised in retained earnings.

Athora Netherlands N.V. has provided a perpetual Tier 1 Capital loan to its subsidiary SRLEV N.V. Redemption of the loan is scheduled at specific dates, for the first time five years after it was issued. The agreed terms meet the requirements in the EU's Solvency II regulations for Tier 1 Capital loans. These regulatory requirements imply that the borrower has a unilateral right not to pay interest or repay the principal to the investors. Based on these terms, the loan does not qualify as a liability at SRLEV and consequently it is recognised as an equity investment at Athora Netherlands N.V., increasing the carrying amount of the investments in subsidiaries. Interest payments are deducted from the net equity value of the investment.

Receivables from and Debts to Group Companies

Loans (including subordinated loans) to and from group companies are measured at amortised cost.

Revaluation Reserve

The revaluation reserve comprises the cumulative revaluations on investment property, revaluations on financial investments and revaluations of owner-occupied property of Athora Netherlands' subsidiaries net of income tax. A cumulative loss on an investment property and owner-occupied property ((acquisition) costs exceed their fair value) is not recognised as part of the revaluation reserve. The revaluation reserve is a statutory reserve in accordance with Section 2:374(4) of the Dutch Civil Code. For more information about the part of the equity that is freely distributable we refer to Section 9.2, Note 9 Legal Reserves.

9.2 NOTES TO THE COMPANY FINANCIAL STATEMENTS

1 PROPERTY AND EQUIPMENT

BREAKDOWN OF PROPERTY AND EQUIPMENT		
In € millions	2022	2021
Land and buildings for own use	2	-
IT equipment	-	1
Right-of-use assets (ROU)	9	18
Other assets	2	3
Total	**13**	**22**

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2022						
In € millions	Land and buildings for own use	IT equipment	ROU: Property	ROU: Vehicles	Other assets	Total
Accumulated acquisitions costs	2	7	57	5	13	**84**
Accumulated depreciation and impairments	-	-7	-40	-3	-11	**-61**
Accumulated other	-	-	-9	-1	-	**-10**
Balance as at 31 December	**2**	**-**	**8**	**1**	**2**	**13**
Balance as at 1 January	**-**	**1**	**17**	**1**	**3**	**22**
Investments	2	-	-	1	-	**3**
Depreciation	-	-1	-3	-1	-1	**-6**
Other	-	-	-6	-	-	**-6**
Balance as at 31 December	**2**	**-**	**8**	**1**	**2**	**13**

Other movements of Right-of-use assets Property concerns the indexation of lease contracts. Lease liabilities increase accordingly. Therefore, indexation does not impact the statement of profit or loss.

STATEMENT OF CHANGES IN PROPERTY AND EQUIPMENT 2021					
In € millions	IT equipment	ROU: Property	ROU: Vehicles	Other assets	Total
Accumulated acquisitions costs	7	57	4	15	**83**
Accumulated depreciation and impairments	-6	-37	-2	-12	**-57**
Accumulated other	-	-3	-1	-	**-4**
Balance as at 31 December	**1**	**17**	**1**	**3**	**22**
Balance as at 1 January	**2**	**26**	**2**	**4**	**34**
Depreciation	-1	-4	-1	-1	**-7**
Other	-	-5	**-**	-	**-5**
Balance as at 31 December	**1**	**17**	**1**	**3**	**22**

BREAKDOWN OF RIGHT-OF-USE ASSETS		
In € millions	2022	2021
Property	8	17
Vehicles	1	1
Total	**9**	**18**

Athora Netherlands has chosen to exempt short-term leases and low value leases and therefore they are not included in the ROU. The relating costs will be reported as part of the operating expenses (refer to Note 34 of Notes to the Consolidated Financial Statements). For interest expenses on lease liabilities refer to Note 36 Other Interest Expenses.

2 SUBSIDIARIES

STATEMENT OF CHANGES IN SUBSIDIARIES		
In € millions	2022	2021
Balance as at 1 January	**4,176**	**3,874**
Interest Solvency II Tier 1 Capital subordinated loan SRLEV N.V.	-28	-26
Capital issue	-	276
Disposals and redemptions	-5	-
Solvency II Tier 1 Capital subordinated loan SRLEV N.V.	-	50
Other comprehensive income	136	64
Result	-900	-62
Other movements	2	-
Balance as at 31 December	**3,381**	**4,176**

In December 2021, Athora Netherlands provided a perpetual Tier 1 Capital loan to SRLEV N.V. The € 50 million subordinated loan is perpetual and is classified as equity instrument and consequently recognised as part of equity as there is no contractual obligation for SRLEV, as issuer of the loan, to repay the principal or to pay interest.

The disposal of € 5 million concerns the sale of ACTIAM N.V. to Cardano.

Other comprehensive income consist of revaluations and of changes in valuation of defined benefit pension plan.

3 RECEIVABLES FROM GROUP COMPANIES

BREAKDOWN OF RECEIVABLES FROM GROUP COMPANIES		
In € millions	2022	2021
Loans	595	690
Reimbursement right	222	323
Receivables	44	24
Total	**861**	**1,037**

LOANS				
In € millions	**Coupon**	**Maturity**	**2022**	**2021**
SRLEV N.V.	7.750%	2015 - 2025	140	140
SRLEV N.V.	3.780%	2017 - 2027	-	95
SRLEV N.V.	3.600%	2018 - 2028	180	180
SRLEV N.V.	2.250%	2021 - 2031	275	275
Total			**595**	**690**

Reimbursement Right

All personnel currently employed by Athora Netherlands N.V. have a collective defined contribution pension scheme at Stichting Pensioenfonds SNS REAAL. A number of defined benefit schemes for (former) employees still exists. The majority of these schemes is insured at SRLEV N.V. As a result, Athora Netherlands N.V., as employer, has a reimbursement right towards SRLEV N.V. for the amount that is insured at SRLEV N.V. This receivable covers the pension commitments to Athora Netherlands N.V.'s (former) employees. This commitment is presented as a provision for employee benefits in Athora Netherlands N.V.'s company statement of financial position.

4 INVESTMENTS

The investments comprise solely of available for sale investments (2022: € 158 million; 2021: € 94 million).

BREAKDOWN OF AVAILABLE FOR SALE: LISTED AND UNLISTED						
	Shares and similar investments		**Fixed-income investments**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Listed	-	-	11	37	**11**	**37**
Unlisted	147	57	-	-	**147**	**57**
Total	**147**	**57**	**11**	**37**	**158**	**94**

STATEMENT OF CHANGES IN AVAILABLE FOR SALE						
	Shares and similar investments		**Fixed-income investments**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
Balance as at 1 January	**57**	**26**	**37**	**-**	**94**	**26**
Purchases and advances	488	266	325	85	**813**	**351**
Disposals and redemptions	-398	-234	-351	-48	**-749**	**-282**
Revaluations	-	-1	-	-	**-**	**-1**
Balance as at 31 December	**147**	**57**	**11**	**37**	**158**	**94**

BREAKDOWN OF AVAILABLE FOR SALE: MEASUREMENT						
	Shares and similar investments		**Fixed-income investments**		**Total**	
In € millions	**2022**	2021	**2022**	2021	**2022**	2021
(Amortised) cost	147	57	11	37	**158**	**94**
Balance as at 31 December	**147**	**57**	**11**	**37**	**158**	**94**

5 DERIVATIVES

Derivatives are held in the context of ALM to which no hedge accounting is applied.

STATEMENT OF CHANGES IN DERIVATIVES		
In € millions	2022	2021
Balance as at 1 January	**23**	**-12**
Purchases	-	2
Realised gains and losses	-8	-
Disposals	-48	-
Revaluations	-	-11
Exchange rate differences and FX result	35	44
Accrued Interest	-2	-
Balance as at 31 December	**-0**	**23**

6 DEFERRED TAX

ORIGIN OF DEFERRED TAX 2022				
In € millions	1 January	Change through profit or loss	Change through equity	31 December
Derivatives	**-5**	5	-	**-**
Provision for employee benefits	**23**	9	-35	**-3**
Other	**3**	-3	-	**-**
Total	**21**	**11**	**-35**	**-3**

ORIGIN OF DEFERRED TAX 2021				
In € millions	1 January	Change through profit or loss	Change through equity	31 December
Derivatives	**3**	-8	-	**-5**
Provision for employee benefits	**22**	1	-	**23**
Other	**-7**	10	-	**3**
Total	**18**	**3**	**-**	**21**

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 and 31 December 2022 deferred tax calculation is based on the updated rate.

7 OTHER ASSETS

BREAKDOWN OF OTHER ASSETS		
In € millions	2022	2021
Other accrued assets	1	-
Accrued assets	**1**	**-**
Other receivables	1	7
Total	**2**	**7**

The receivables are expected to be recovered within twelve months after reporting date.

8 CASH AND CASH EQUIVALENTS

BREAKDOWN OF CASH AND CASH EQUIVALENTS		
In € millions	2022	2021
Short-term bank balances	5	37
Total	**5**	**37**

Short-term bank balances are at the company's free disposal.

9 EQUITY

STATEMENT OF CHANGES IN EQUITY 2022							
In € millions	Issued share capital[1]	Share premium reserve	Sum revaluation reserves	Retained earnings	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2022	**0**	**4,568**	**240**	**-1,165**	**3,643**	**350**	**3,993**
Other comprehensive income	-	-	-6	149	**143**	-	**143**
Net result 2022	-	-	-	-928	**-928**	-	**-928**
Total comprehensive income 2022	**-**	**-**	**-6**	**-779**	**-785**	**-**	**-785**
Interest on other equity instruments	-	-	-	-23	**-23**	-	**-23**
Unrealised revaluations	-	-	-14	14	**-**	-	**-**
Tax relating to changes in revaluation reserve	-	-	3	-3	**-**	-	**-**
Other movements	**-**	**-**	**-11**	**-12**	**-23**	**-**	**-23**
Total changes in equity 2022	**-**	**-**	**-17**	**-791**	**-808**	**-**	**-808**
Balance as at 31 December 2022	**0**	**4,568**	**223**	**-1,956**	**2,835**	**350**	**3,185**

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

STATEMENT OF CHANGES IN REVALUATION RESERVES 2022				
In € millions	Revaluation reserve	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves
Balance as at 1 January 2022	**181**	**-**	**59**	**240**
Amortisation from cash flow hedges	-	-9	-	**-9**
Unrealised revaluations	-14	-	-3,203	**-3,217**
Impairments and reversals	-	-	-15	**-15**
Realised gains and losses through profit or loss	-	-	86	**86**
Change in profit-sharing reserve and shadow accounting movement	-	9	3,123	**3,132**
Income tax	3	-	3	**6**
Total changes in equity 2022	**-11**	**-**	**-6**	**-17**
Balance as at 31 December 2022	**170**	**-**	**53**	**223**

STATEMENT OF CHANGES IN EQUITY 2021							
In € millions	Issued share capital	Share premium reserve	Sum revaluation reserves	Retained earnings	Total shareholders' equity	Holders of other equity instruments	Total equity
Balance as at 1 January 2021	**0**	**4,293**	**155**	**-1,020**	**3,428**	**300**	**3,728**
Other comprehensive income	-	-	40	-3	**37**	-	**37**
Net result 2021	-	-	-	-76	**-76**	-	**-76**
Total comprehensive income 2021	**-**	**-**	**40**	**-79**	**-39**	**-**	**-39**
Capital injection	**-**	**275**	**-**	**-**	**275**	**-**	**275**
Capital Subordinated Loan - Principal	-	-	-	-	**-**	50	**50**
Interest on other equity instruments	-	-	-	-21	**-21**	-	**-21**
Unrealised revaluations	-	-	67	-67	**-**	-	**-**
Realised revaluations	-	-	-5	5	**-**	-	**-**
Tax relating to changes in revaluation reserve	-	-	-15	15	**-**	-	**-**
Tax rate adjustment	-	-	-2	2	**-**	-	**-**
Other movements	**-**	**275**	**45**	**-66**	**254**	**50**	**304**
Total changes in equity 2021	**-**	**275**	**85**	**-145**	**215**	**50**	**265**
Balance as at 31 December 2021	**0**	**4,568**	**240**	**-1,165**	**3,643**	**350**	**3,993**

STATEMENT OF CHANGES IN REVALUATION RESERVES 2021				
In € millions	Revaluation reserves	Cash flow hedge reserve	Fair value reserve	Sum revaluation reserves
Balance as at 1 January 2021	**136**	**-**	**19**	**155**
Unrealised revaluations from cash flow hedges	-	-70	-	**-70**
Amortisation from cash flow hedges	-	-10	-	**-10**
Unrealised revaluations	67	-	-863	**-796**
Realised revaluations	-5	-	-	**-5**
Realised gains and losses through profit or loss	-	-	42	**42**
Change in profit-sharing reserve and shadow accounting movement	-	80	875	**955**
Income tax	-15	-	11	**-4**
Tax rate adjustment	-2	-	-25	**-27**
Total changes in equity 2021	**45**	**-**	**40**	**85**
Balance as at 31 December 2021	**181**	**-**	**59**	**240**

Issued Share Capital

The issued share capital has been fully paid-up and consists of ordinary shares with a nominal value of € 500.00 per share. 477 ordinary shares had been issued at 31 December 2022 (2021: 477).

BREAKDOWN OF ISSUED SHARE CAPITAL				
	Number of ordinary shares		Amount of ordinary shares (in € thousands)	
	2022	2021	**2022**	2021
Authorised share capital	2,385	2,385	1,193	1,193
Share capital in portfolio	1,908	1,908	954	954
Issued share capital as at 31 December	**477**	**477**	**239**	**239**

Legal Reserves

The total shareholders' equity as per 31 December 2022 amounts to € 2,835 million (2021: € 3,643 million) of which € 478 million (2021: € 2,224 million) is restricted for dividend payout due to the requirements in Section 2 of the Dutch Civil Code to hold legal reserves for unrealised gains for revaluation of property in own use, profits and capital increases in associates and joint ventures and unrealised gains on investments and share capital of Athora Netherlands and its subsidiaries. Shadow accounting is applied to the fair value reserve for fixed-income securities that are held to cover insurance liabilities (see note 15 Insurance Liabilities and Reinsurance Share in the consolidated financial statements).

10 SUBORDINATED DEBT

BREAKDOWN OF SUBORDINATED DEBT							
				Carrying amount		Nominal value	
In € millions	Coupon	Maturity	First call date	**2022**	2021	**2022**	2021
Athora Netherlands N.V. (US Dollar)	6.250%	November 2017 - perpetual	November 2022	-	506	-	508
Athora Netherlands N.V.	2.250%	April 2021 - April 2031	April 2026	298	298	300	300
Athora Netherlands N.V.	5.375%	May 2022 - August 2032	May 2027	497	-	500	-
Total				**795**	**804**	**800**	**808**

In November 2017, Athora Netherlands N.V. issued $ 575 million (€ 476 million) in 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 6.25% per annum until the first call date. The notes qualify as Tier 2 regulatory capital.

In April 2021, Athora Netherlands N.V. issued € 300 million subordinated notes. The notes are first callable after five years and each fifth anniversary thereafter, subject to conditions to redemption. The coupon is fixed at 2.250% per annum until the first call date. The notes qualify as Tier 2 regulatory capital.

In May 2022, Athora Netherlands N.V. issued € 500 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 5.375% per annum until the first call date. The notes qualify as Tier 2 regulatory capital under Solvency II.

In June 2022, Athora Netherlands N.V. redeemed the outstanding $ 506 million of originally issued $ 575 million subordinated notes as a result of the successful tender offer on the notes. In November 2022 (first call date), Athora Netherlands N.V. redeemed the outstanding $ 69 million at their principal amount outstanding together with accrued and unpaid interest and any arrears of interest.

STATEMENT OF CHANGES IN SUBORDINATED DEBT		
In € millions	**2022**	**2021**
Balance as at 1 January	**804**	**467**
Issue of subordinated debts	497	297
Disposals and redemptions	-546	-
Amortisation	2	1
Realised revaluation	4	-
Currency gains and losses	34	39
Balance as at 31 December	**795**	**804**

11 PROVISION FOR EMPLOYEE BENEFITS

BREAKDOWN OF PROVISION FOR EMPLOYEE BENEFITS		
In € millions	**2022**	**2021**
Pension commitments	313	454
Other employee benefit commitments	8	12
Total	**321**	**466**

Pension Commitments

For the general disclosure of the Pension commitments reference is made to Note 16, Section 6.3 Notes to the consolidated financial statements.

Athora Netherlands' total contribution to these defined benefit schemes is expected to be approximately € 11.6 million in 2023 (2022: € 4.1 million). Obligations for additional indexation rights are included in the provision and will be released after payment to the insurer.

After offsetting the fair value of the investments, € 102 million has been included in the provision for pensions for the former AXA and Winterthur pension schemes (2021: € 141 million). In 2023, Athora Netherlands' contribution to these defined benefit schemes is expected to amount to € 3.7 million (2022: € 1.1 million).

The pension scheme of Zwitserleven is self-administered. For this pension scheme, the present value of the pension obligations of € 162 million (2021: € 239 million) has been included in the provision for employee benefits. There is no separate investment account. Athora Netherlands' contribution to the defined benefit scheme of Zwitserleven is expected to amount to € 5.9 million in 2023 (2022: € 2.3 million).

After offsetting the fair value of the investments, € 48 million (2021: € 74 million) has been included in the provision for pensions for the pension schemes of former employees of Zürich, NHL, Helvetia and DBV built up in the past. In 2023, Athora Netherlands' contribution to the other defined benefit schemes is expected to amount to € 1.9 million (2022: € 0.7 million).

Overview Pension Commitments

BREAKDOWN OF PENSION COMMITMENTS		
In € millions	**2022**	**2021**
Present value of defined benefit obligations	352	504
Less: Fair value of plan assets	-39	-50
Present value of the net liabilities	**313**	**454**

STATEMENT OF CHANGES IN PRESENT VALUE OF DEFINED BENEFIT OBLIGATIONS		
In € millions	**2022**	**2021**
Present value as at 1 January	**504**	**515**
Increase and interest accrual through profit or loss	4	2
Actuarial gains or losses due to changes in financial assumptions through Other Comprehensive Income	-143	-1
Actuarial gains or losses due to changes in demographic assumptions through Other Comprehensive Income	5	-
Actuarial gains or losses due to experience adjustments through Other Comprehensive Income	-5	1
Benefits paid	-13	-13
Present value as at 31 December	**352**	**504**

STATEMENT OF CHANGES IN FAIR VALUE OF THE PLAN ASSETS		
In € millions	2022	2021
Fair value as at 1 January	**50**	**54**
Return on plan assets	-9	-2
Investment result	**-9**	**-2**
Premiums	11	11
Benefits paid	-13	-13
Fair value as at 31 December	**39**	**50**

The expected return on investments through profit or loss has been netted with the actuarial rate of interest (in accordance with IAS 19 Revised). The difference between the actual interest result and the actuarial rate of interest is recognised in Other Comprehensive Income.

BREAKDOWN OF FAIR VALUE OF THE PLAN ASSETS		
In € millions	2022	2021
Cash and cash equivalents	10	10
Insurance contract	29	40
Balance as at 31 December	**39**	**50**

The plan assets Insurance contracts consist of the non-contributory value based on the actuarial principles.

STATEMENT OF CHANGES IN OTHER COMPREHENSIVE INCOME		
In € millions	2022	2021
Balance as at 1 January	**-32**	**-32**
Actuarial gains or losses directly taken to Other Comprehensive Income pension commitments	134	-
Deferred taxes	-35	-
Balance as at 31 December	**67**	**-32**

THE MAIN ACTUARIAL PARAMETERS AT YEAR-END		
In percentages	2022	2021
Discount rate	3.69%	1.16%
Rate of return on assets	Equal to discount rate	Equal to discount rate
Mortality	“Prognosetafel AG 2022” with 2022 mortality experience rates	“Prognosetafel AG 2020” with 2020 mortality experience rates
Increase accrued pension rights - Active	future wage inflation curve	future wage inflation curve
Increase accrued pension rights - Inactive	future price inflation curve	future price inflation curve

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2022		
	31 December 2022	
In € millions	Change in € millions	Change in %
Discount rate 3.19% (-0.5%)	27	8%
Discount rate 4.19% (+0.5%)	-24	-7%

SENSITIVITY PRESENT VALUE OF PENSION OBLIGATIONS 2021		
	31 December 2021	
In € millions	Change in € millions	Change in %
Discount rate 0.66% (-0.5%)	47	10%
Discount rate 1.66% (+0.5%)	-41	-9%

Other Employee Benefit Commitments

STATEMENT OF CHANGES IN OTHER EMPLOYEE BENEFIT COMMITMENTS		
In € millions	**2022**	**2021**
Balance as at 1 January	**12**	**15**
Other movements	-3	-
Withdrawal	-1	-3
Balance as at 31 December	**8**	**12**

These refer to jubilee benefits and to discounts granted for bank and insurance products to (former) employees after the date of their retirement.

12 AMOUNTS DUE TO BANKS

There is € 0 million in 2022 (2021: € 22 million) due to banks. The amount in 2021 was regarding cash collateral due on demand, which is related to the market value of derivatives.

13 OTHER LIABILITIES

BREAKDOWN OF OTHER LIABILITIES		
In € millions	**2022**	**2021**
Debts to subsidiaries	1	1
Other taxes	6	8
Other liabilities	24	28
Accrued interest	13	8
Lease liabilities	9	19
Total	**53**	**64**

With exception of the lease liabilities, the other liabilities are expected to be settled within twelve months after reporting date. See below for the maturity analysis of the lease liabilities as per 31 December 2022 and 31 December 2021.

LEASE LIABILITIES - MATURITY ANALYSIS		
In € millions	2022	2021
< 1 month	1	1
1 - 3 months	-	-
3 - 12 months	1	3
1 - 2 years	2	3
2 - 5 years	4	10
> 5 years	1	2
Total	**9**	**19**
Current	2	4
Non-current	7	15

14 GUARANTEES AND COMMITMENTS

For the guarantees and commitments of Athora Netherlands N.V., we refer to section 6.3 Note 20 Guarantees and Commitments.

15 RELATED PARTIES

INTRA-GROUP BALANCES BETWEEN ATHORA NETHERLANDS N.V. AND SUBSIDIARIES		
In € millions	2022	2021
Positions		
Assets		
Loans (receivables from subsidiaries)	595	690
Reimbursement right	222	323
Receivables	40	20
Accrued interest (other assets)	3	4
Liabilities		
Other liabilities	1	1
Transactions		
Capital issue to subsidiaries	-	276
Changes in equity	-	50
Movements receivables	20	-40
Movements reimbursement right	-101	-30
Obtain loans (receivables from subsidiaries)	-	275
Redemption loans (receivables from subsidiaries)	-95	-
Movements accrued interest (other assets)	-1	3
Income		
Net fee and commission income	-	-1
Interest income	27	25
Expenses		
Staff costs	-104	-102
Other operating expenses	-52	-40

In 2022, the rental agreement between Athora (the tenant) and its subsidiary SRLEV N.V. (the landlord) for the office building in Amstelveen was terminated due to the planned move to an office in Amsterdam in 2023.

For details on the intra-group balances and transactions between Athora Netherlands N.V., Athora and affiliates, see Note 21 Related parties of the consolidated financial statements.

16 SHARE IN RESULT OF SUBSIDIARIES

BREAKDOWN OF SHARE IN RESULT OF SUBSIDIARIES		
In € millions	**2022**	**2021**
SRLEV N.V.	-819	3
Proteq Levensverzekeringen N.V.	-21	-8
ACTIAM N.V.	-	-30
Zwitserleven PPI N.V.	1	1
Others	-61	-28
Total	**-900**	**-62**

As of 1 January 2022, ACTIAM N.V. is no longer a subsidiary of Athora Netherlands. Refer to Note 38 Discontinued operations in the consolidated financial statements for more details.

17 INVESTMENT INCOME

The investment income in 2022 amounts to nil (2021: € -3 million) and mainly consist of interest on loans and receivables € 27 million (2021: € 25 million), interest on cross currency swaps € 8 million (2021: € 12 million) and unrealised revaluations by currency differences on subordinated notes € -34 million (2021: € -39 million).

18 RESULT ON DERIVATIVES

The result on derivatives in 2022 (€ 26 million) is caused by changes in interest rates and currency differences (2021: € 32 million).

19 STAFF COSTS

Staff costs include the costs for internal and external staff performing holding activities.

20 OTHER INTEREST EXPENSES

BREAKDOWN OF OTHER INTEREST EXPENSES		
In € millions	**2022**	**2021**
Bonds	46	38
Total	**46**	**38**

For depreciation charge of Right-of-use assets and for the additions to Right-of-use assets refer to Note 1 Property and Equipment.

The other interest expenses includes interest expenses on lease liabilities, an item recognised for the first time in financial year 2019 due to the initial application of IFRS 16. The interest expenses on lease liabilities amounts to € 171 thousand (2021: € 262 thousand) at year-end.

21 INCOME TAX

BREAKDOWN OF TAX EXPENSE / BENEFIT		
In € millions	**2022**	**2021**
In financial year	3	-9
Corporate income tax due	**3**	**-9**
Due to temporary differences	-11	-3
Due to change in income tax rate with regard to deferred tax	-	-
Non-recoverable deferred tax	-	-
Deferred tax (including tax rate change)	**-11**	**-3**
Total tax expense / (benefit)	**-8**	**-12**

The corporate income taxes are irrevocable for the years up to and including 2020.

RECONCILIATION BETWEEN THE STATUTORY AND EFFECTIVE TAX RATE		
In € millions	**2022**	**2021**
Statutory income tax rate	25.8%	25.0%
Result before tax	-936	-88
Statutory corporate income tax amount	**-242**	**-22**
Exemption participation	905	13
Effect of participation exemption	234	3
Other items	-	7
Total tax expense / (benefit)	**-8**	**-12**
Effective tax rate	0.9%	13.6%

The effective tax rate of 0.9% differs compared to the nominal rate of 25%, mainly caused by the effect of participation exemption. For further disclosures about deferred tax, see Note 6 of the company financial statements.

22 AUDIT FEES

Ernst & Young Accountants LLP charged the following fees pursuant to Section 382a(3) of Book 2 of the Dutch Civil Code to Athora Netherlands, its subsidiaries and other consolidated entities, with regards to the respective years, i.e., on an accrual basis (including VAT).

AUDIT FEES		
In € thousands	**2022**	**2021**
Audit of the financial statements, including the audit of the statutory financial statements and other statutory audits of subsidiaries and other consolidated companies	2,566	2,398
Other audit services	1,110	652
Total	**3,676**	**3,050**

The other audit services include services in relation to assurance reports provided to external parties and IFRS 9 and 17.

23 RESULT APPROPRIATION

For the provisions of the articles of association governing the appropriation of profit or loss reference is made to Section Other information.

The Executive Board proposes to the General Meeting of Shareholders to deduct the negative result for 2022 of € 928 million from the retained earnings of Athora Netherlands N.V.

In accordance with the resolution of the General Meeting of Shareholders held on 5 April 2022, the negative result for 2021 of € 76 million has been deducted from the retained earnings of Athora Netherlands N.V.

Amstelveen, the Netherlands, 29 March 2023

The Supervisory Board

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

M.A.E. (Michele) Bareggi

E. (Elisabeth) Bourqui

F.G.H. (Floris) Deckers

J.M.A. (Hanny) Kemna

H. (Henk) Timmer

The Executive Board

J.A. (Jan) de Pooter

A.P. (Annemarie) Mijer

E.P. (Etienne) Comon

J.H. (Jan-Hendrik) Erasmus

OTHER INFORMATION

1 PROVISIONS IN ARTICLES OF ASSOCIATION GOVERNING THE APPROPRIATION OF PROFIT OR LOSS

Article 41 Profit and Loss; general

1. The profits shall be at the free disposal of the general meeting.

2. The company may only make distributions to shareholders and other persons entitled to distributable profits to the extent its equity exceeds the total amount of its issued share capital and the reserves which to be maintained pursuant to the law.

3. Distribution of profits shall take place following the adoption of the annual accounts from which it appears that such distribution is allowed.

Article 42 Profit and Loss; Distributions

1. Dividends shall be due and payable fourteen days after having been declared, unless upon the proposal of the management board the general meeting determines another date thereof.

2. Dividends that have not been collected within five years after they became due and payable shall revert to the company.

3. If the general meeting so determines on the proposal of the management board, an interim dividend will be distributed, including an interim dividend from reserves, but only with due observance of what is provided in Section 2:105, paragraph 4, of the Dutch Civil Code.

4. A loss may only be applied against reserves maintained pursuant to the law to the extent permitted by the law.

Independent auditor's report

To: the shareholder and supervisory board of Athora Netherlands N.V.

Report on the audit of the financial statements 2022 included in the annual report

Our opinion

We have audited the financial statements 2022 of Athora Netherlands N.V. ('Athora Netherlands' or 'the Company'), based in Amstelveen, the Netherlands. The financial statements comprise the consolidated and company financial statements.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the financial position of Athora Netherlands N.V. as at 31 December 2022, and of its result and its cash flows for 2022 in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code
- The accompanying company financial statements give a true and fair view of the financial position of Athora Netherlands N.V. as at 31 December 2022, and of its result for 2022 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- The consolidated statement of financial position as at 31 December 2022
- The following statements for 2022: the consolidated statements of profit or loss, total comprehensive income and changes in equity and the consolidated cash flow statement
- The notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- The company statement of financial position as at 31 December 2022
- The company statement of profit or loss for 2022
- The notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Athora Netherlands N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Athora Netherlands N.V. is the holding company of two life insurance companies, SRLEV N.V. and Proteq Levensverzekeringen N.V., and Zwitserleven Premium Pension Institution (PPI). The group is structured in components and we tailored our group audit approach accordingly. We paid specific attention in our audit to a number of areas driven by the operations of the group and our risk assessment.

We determined materiality and identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	EUR 42 million (2021: EUR 50 million)
Benchmark applied	1.5% of total shareholder's equity (2021: 1.5% of total shareholder's equity)
Explanation	We consider Athora Netherlands' total shareholder's equity and solvency, and the ability to meet policyholder liabilities, key indicators for the users of its financial statements. As such, we have based materiality on total shareholder's equity.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of EUR 2.1 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

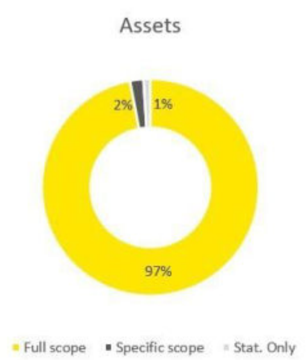
Athora Netherlands is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements.

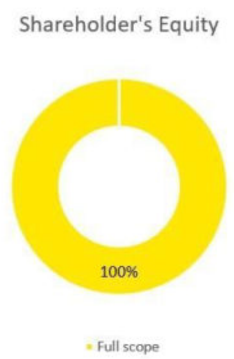
Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and/or the risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

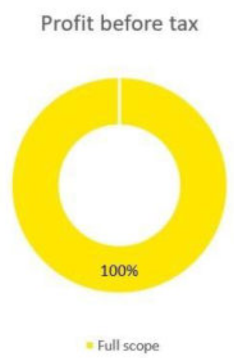
Our group audit mainly focused on significant group entities based on size and risk. We have:

- Performed full scope audit procedures ourselves at SRLEV N.V. and Athora Netherlands N.V.
- Performed specific scope audit procedures ourselves at Proteq Levensverzekeringen N.V.
- No scope assigned to Zwitserleven PPI N.V., statutory audit only

In total these procedures represent 97% of total assets, 100% of shareholder's equity and 100% of profit before tax.







Further, we performed, amongst others, analytical procedures to corroborate our assessment that there are no significant risks of material misstatement for the remaining entities.

By performing the procedures mentioned above at group entities, together with additional procedures at Group level, we have been able to obtain sufficient and appropriate audit evidence about the groups' financial information to provide an opinion about the consolidated financial statements.

Teaming and use of specialists

We ensured that the audit teams both at group and at component levels included the appropriate skills and competences which are needed for the audit of a client in the financial services industry. We included specialists in the areas of IT audit, forensics, sustainability, legal and income tax and have made use of our own actuaries and experts in the areas of valuation of technical provisions and valuation of unlisted investments.

Our focus on climate risks and the energy transition

Climate change and the energy transition are emerging topics and lead to significant change for many businesses and society. The executive board of Athora Netherlands has reported in the section 3.3 'Sustainability' of the annual report how the Company is addressing climate-related and environmental risk and taking into account related regulatory and supervisory guidance and recommendations.

As part of our audit of the financial statements, we evaluated the extent to which climate-related risks and the possible effects of the energy transition are taken into account in accounting estimates and significant assumptions as well as in the design of relevant internal control measures by Athora Netherlands, including those related to the estimation of liabilities related to insurance contracts. Furthermore, we read the Executive Board report and considered whether there is any material inconsistency with the financial statements.

Based on the audit procedures performed, we do not deem climate-related risks to have a material impact on the accounting estimates or significant assumptions used in the financial reporting per 31 December 2022.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the Company and its environment and the components of the system of internal control. This includes the risk assessment process and the executive board's process for responding to the risks of fraud and monitoring the system of internal control and how the Supervisory Board exercises oversight, as well as the outcomes.
We refer to section 3.3.10 of the Executive Board report for the Executive Board's (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment, as well as the code of conduct, whistle blower procedures and incident registration. We evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness, of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption in close co-operation with our forensic specialists. In our risk assessment we considered the potential impact of amongst others organizational changes. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls, and used data analysis procedures to identify and address high-risk journal entries. We also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates as disclosed in 'Estimates and Assumptions' (Note 6.1.3 to the financial statements), that include valuation of insurance contract liabilities including shadow accounting and liability adequacy test. We refer to the description of our audit approach in the key audit matter 'Estimates used in calculation of insurance liabilities including shadow accounting and Liability Adequacy Test (LAT)'.

We did not identify a risk of fraud in revenue recognition.

We considered available information and made enquiries of relevant executives, directors (including internal audit, legal, compliance, actuarial function and risk management) and the Supervisory Board.

The fraud risk we identified, enquiries and other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations
We performed appropriate audit procedures regarding compliance with the provisions of those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the Executive Board, inspecting the integrity risk analysis (SIRA), reading minutes, inspection of internal audit and compliance & risk management reports and performing substantive tests of details of classes of transactions, account balances or disclosures. We refer to note 7.9 to the financial statements for details of the Athora Netherlands compliance risk (management).

We also read lawyers' letters, communicated with and read correspondence with regulatory and supervisory authorities and remained alert throughout the audit to any indication of (suspected) non-compliance relevant to the audit. In case of potential non-compliance with laws and regulations that may have a material effect on the financial statements, we assessed whether Athora Netherlands has an adequate process in place to evaluate the impact of non-compliance for its activities and financial reporting and, where relevant, whether Athora Netherlands implemented remediation plans, amongst which compliance with the Dutch Act on the prevention of money laundering and financing of terrorism for which there are still outstanding remediation actions to be concluded. Furthermore at the end of 2022 Athora Netherlands prepared a plan with governance enhancements taken into account the large company regime and other regulatory expectations including a road map for implementation of these enhancements. We refer to section 'Compliance Risk' in note 7.9.2 'Exposure to Non-financial Risks – Compliance Risk'. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern
The executive board made a specific assessment of the Company's ability to continue as a going concern and to continue its operations for the foreseeable future. We discussed and evaluated the specific assessment with the executive board exercising professional judgment and maintaining professional skepticism.

We considered whether the executive board's going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. , also focusing on whether the Company will continue to meet the regulatory solvency requirements. To this end, we also inspected the Own Risk & Solvency Assessment (ORSA). If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the Company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

In comparison with previous year, the nature of our key audit matters did not change and the key audit matter concerning the sale of ACTIAM N.V. is removed. As of 1 January 2022, ACTIAM N.V. is no longer a subsidiary of Athora Netherlands.

Fair value measurement of investments and related disclosures	
Risk	Athora Netherlands invests in various asset types and continued the re-risking of the investment portfolio in 2022. 73% of the financial assets and 100% of the derivative liabilities are carried at fair value in the balance sheet. Of the total financial assets measured at fair value and derivatives liabilities, 30% and 100% respectively is related to investments for which no published prices in active markets are available. Fair value measurement can be subjective, especially in areas of the market reliant on model based valuation. Valuation techniques for mortgages, loans, investment property and for non-listed equities and bonds, equities and derivatives involve setting various assumptions regarding pricing factors. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Associated disclosures are complex and dependent on high quality data. Furthermore, the difference between the fair value and the carrying value of mortgages and loans at amortized cost is relevant for liability adequacy test (refer to "Estimates used in calculation of insurance liabilities including shadow accounting and Liability Adequacy Test (LAT)"). We therefore consider the fair value measurement of investments and related disclosures a key audit matter. Specific areas of our audit focus included the valuation of Level 2 assets (non-listed investment with observable input for valuation) and Level 3 assets (non-listed investment without observable input for valuation) where valuation techniques are applied in which significant unobservable inputs are used. We refer to the General Accounting Policies (6.1.3) on 'Estimates and Assumptions' and 'Fair Value of Assets and Liabilities' and Note 40 'Financial instruments' of the financial statements.
Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to the fair value measurement of investments according to IFRS13 "Fair Value Measurement". We evaluated the design and operating effectiveness of the controls over valuation. We performed independent price verification and model validation and approval. We performed additional substantive procedures, supported by our valuation specialists where necessary. This included, where relevant, comparison of judgments made to current and emerging market practice re-performance of valuations on a sample basis. We also assessed the impact of other sources of fair value information including gains or losses on disposal and fair value information based on the Company's own purchase transactions. Finally, we evaluated the related disclosures in accordance with IFRS 7 "Financial instruments: disclosures" and IFRS13 "Fair Value Measurement".
Key observations	Based on our procedures performed, we consider the fair value of financial instruments to be within a reasonable range. The fair value disclosures of investments meet the requirements of EU-IFRS.

Estimates used in calculation of insurance liabilities including shadow accounting and Liability Adequacy Test (LAT)	
Risk	Athora Netherlands has insurance liabilities of EUR 41 billion representing 66% of the Company's total liabilities. The measurement of insurance liabilities involves judgment over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders. The Company's IFRS liability adequacy test (LAT) is performed in order to confirm that insurance liabilities are adequate in the context of expected future cash outflows. In the LAT, the difference between the fair value and the carrying value of mortgages and loans at amortized cost is taken into account. As at 31 December 2022, the LAT shows a significant deficit. As a consequence, insurance liabilities are primarily measured on the basis of the LAT to cover for this deficit. Changes in estimates and assumptions used in the LAT therefore directly impact Athora Netherlands' profit or loss. The setting of mortality, longevity, expense and lapse assumptions in the LAT, as well as discount curves and the assumptions to determine the fair value of mortgages and loans, require application of significant judgment and we considered the potential risk of management override of controls or other inappropriate influence over the financial reporting process. The company applies shadow accounting in its financial reporting as disclosed in note 6.1.5. Shadow accounting is complex, requires judgment regarding results that apply for shadow accounting and has a significant impact on the liabilities arising from insurance contracts. The company has comprehensive procedures and internal controls in place to determine the shadow accounting. We therefore consider estimates used in calculation of insurance liabilities including shadow accounting and Liability Adequacy Test (LAT) and related disclosures a key audit matter. We refer to the Accounting Policies for the Statement of Financial position (6.1.5) on 'Insurance Liabilities' and Note 15 'Insurance Liabilities and Reinsurance Share' of the financial statements.
Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to the measurement of insurance liabilities and the IFRS LAT according to IFRS 4 'Insurance contracts'. We involved our actuarial specialists to assist us in performing audit procedures in this area. This included among others consideration of the appropriateness of the mortality, longevity, expense and lapse assumptions used in the valuation of life insurance liabilities. As part of these procedures, we evaluated Company and industry data, and expectations of developments in this respect. In addition, we considered the validity of the Company's IFRS LAT results which is a key test performed in order to ensure that insurance liabilities are adequate in the context of expected future cash flows based on best estimate assumptions plus a risk margin. Our work on the LAT includes evaluating the reasonableness of the projected cash flows and challenging the assumptions adopted, including mortality, longevity, expenses (including inflation) and lapses, discount curves and the determination of fair value of the mortgage and loan portfolio valued at amortised cost basis, based on Company's and industry experience data, expected market developments and trends. Regarding the fair value of the mortgage and loan portfolio, this included re-performance of valuations on a sample basis as mentioned in "Fair value measurement of investments and related disclosures". We audited the application of shadow accounting amongst others by inspecting the reconciliations of the fair value changes of the investments with the investment administration, assessing the calculation and the accounting of the related shadow accounting adjustment in the liabilities arising from insurance contracts. Other key audit procedures included evaluating the Company's methodology for calculating the insurance liabilities and an evaluation of the design of internal controls in this respect. We considered the analysis of the movements in insurance liabilities during the year. We assessed whether the movements are in line

Estimates used in calculation of insurance liabilities including shadow accounting and Liability Adequacy Test (LAT)	
	with the changes in assumptions adopted by the Company, our understanding of developments in the business and our expectations derived from market experience. We evaluated Athora Netherlands' disclosures in relation to insurance liabilities and LAT results in accordance with IFRS 4 'Insurance contracts'.
Key observations	We consider the estimates used in the calculation of insurance liabilities and in the IFRS LAT to be within a reasonable range. The disclosures of insurance liabilities and LAT results meet the requirements of EU-IFRS.

Unit-Linked Exposure	
Risk	Holders of unit-linked products (where the customer bears all or part of the investment risk), or consumer protection organizations on their behalf, have filed claims or initiated proceedings against the Company and may continue to do so. The outcome of such claims and proceedings in respect of unit-linked products, settlements or any other actions for the benefit of customers by other insurers and sector-wide measures could have a significant impact for Athora Netherlands relating to compensation. The financial consequences of these legal proceedings cannot be reliably estimated at this point. Refer to note 20 under 'Legal Proceedings' to the financial statements. Due to the high level of judgment and the significance of potential impact, we consider this a key audit matter.
Our audit approach	Our audit procedures included, amongst others, assessing the appropriateness of the Company's accounting policies related to the Unit-Linked exposure in accordance with IAS 37 'Provisions, contingent liabilities and contingent assets'. We performed audit procedures in this area, which included: • evaluation of Athora Netherlands' governance, processes and internal controls with respect to unit-linked exposures • review of the documentation and discussing the unit-linked exposures with management and the Company's internal legal advisors • obtaining a legal letter from Athora Netherlands' external legal advisor • involving our own legal experts in the assessment of the documentation and developments regarding the unit-linked exposure We also considered whether the Company's disclosures in respect of this legal exposure is compliant with the relevant accounting requirements. We focused on the adequacy of disclosure of the related risks and assumptions in the financial statements.
Key observations	The executive board's assessment that the financial consequences of the unit-linked exposure cannot be reliably estimated at this time and therefore no provision is recognized in the 2022 financial statements, is adequately substantiated. The related disclosure meets the requirements of EU-IFRS.

Reliability and continuity of the information technology and systems	
Risk	Athora Netherlands is highly dependent on its IT systems and IT infrastructure for the continuity of the operations and preparation of its annual accounts. Athora Netherlands continues to invest in its IT systems and IT infrastructure and processes to meet clients' needs and business requirements.

Reliability and continuity of the information technology and systems	
	Athora Netherlands is continuously improving the efficiency and effectiveness of its IT systems and IT infrastructure and the reliability and continuity of the electronic data processing, including its defense against cyber-attacks. Taking into account the significance of the IT systems and IT infrastructure for Athora Netherlands' process of preparation of annual accounts, we considered this a key audit matter with respect to potential impact it can have on the financial statements and continuity of processes and effectiveness of internal controls in processes relevant to reporting.
Our audit approach	IT audit professionals are an integral part of the audit team and assessed the reliability and continuity of the IT environment to the extent necessary for the scope of our audit of the financial statements. Our audit was not primarily designed to express an opinion on the continuity and reliability of Athora Netherlands' automated data processing (or parts thereof) and we have not been instructed to do so by the executive board. As part of our audit procedures we have assessed the changes in the IT systems and IT infrastructure and have tested the reliability and continuity of electronic data processing within the scope of the audit of the financial statements. Our procedures included evaluating the design and testing operating effectiveness of controls with regards to IT systems and processes relevant for financial reporting as well as additional (substantive) procedures if deemed necessary. In response to the (inherent) increased frequency and severity of cyber incidents and heightened concerns from regulators and other stakeholders about cybersecurity attacks and breaches, we have evaluated cybersecurity risks as part of our annual audit procedures. Our main focus during this audit was to gain an understanding of the cybersecurity risks at Athora Netherlands and the actions taken by the Company to address these risks.
Key observations	Our testing of the IT (general) controls and IT substantive procedures performed, provided sufficient evidence to enable us to rely on the adequate and continued operation of the IT systems relevant for our audit of the financial statements.

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon

Based on the following procedures performed, we conclude that the other information:
- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the supervisory board as auditor of Athora Netherlands N.V. on 29 October 2015, as of the audit for the year 2016 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Description of responsibilities regarding the financial statements

Responsibilities of the executive board and the supervisory board for the financial statements

The executive board is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the executive board is responsible for such internal control as the executive board determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the executive board is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the executive board should prepare the financial statements using the going concern basis of accounting unless the executive board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The executive board should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The supervisory board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The 'Information in support of our opinion' section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.
Our audit further included among others:

- Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures

- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the supervisory board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit. In this respect we also submit an additional report to the audit committee of the Supervisory Board in accordance with Article 11 of the EU Regulation on specific requirements regarding statutory audit of public-interest entities. The information included in this additional report is consistent with our audit opinion in this auditor’s report.

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 29 March 2023

Ernst & Young Accountants LLP

Signed by M. Koning

ADDITIONAL INFORMATION

1 GRI-TABLE

Athora Netherlands N.V. has reported the information cited in this Global Reporting Initiative (GRI) content index for the period 1 January 2022 to 31 December 2022 with reference to the GRI Standards. This has been done based on the requirements laid out in GRI 1: Foundation 2021. Disclosures pertinent to the selected GRI Standards have been referenced in the Index below. In some instances, information requirements could not be provided due to limitations of data availability. The information that has been provided has been extracted from Athora Netherlands' 2022 Annual Report and Athora Netherlands online. We continue to work on improving data availability and enhancing overall reporting transparency.

GRI Standard	Disclosure	Cross reference / explanatory note 2022
GRI 2: General Disclosures 2021	2-1 organisational details	a. Athora Netherlands N.V. b. Naamloze Vernootschap c. Burgemeester Rijnderslaan 7, 1185 MD Amstelveen, Nederland d. Athora Netherlands only operates in the Netherlands
	2-2 Entities included in the organisation's sustainability reporting	Athora Netherlands N.V.
	2-3 Reporting period, frequency and contact point	On 30 March 2023 we have published our Annual Report relating to the period 1 January 2022 to 31 December 2022. • This report covers both our ESG and financial disclosures, including our climate-related financial disclosures in line with the TCFD Guidelines. We report annually
	2-4 Restatements of information	• Athora Netherlands NV Annual Report 2022: How we Measure and Track Progress on pages 32 - 33 Operational footprint dashboard on page 35
	2-5 External assurance	• Athora Netherlands N.V. Annual Report 2022: Ernst & Young Accountants LLP Limited Assurance on page 233
	2-6 Activities, value chain and other business relationships	• Athora Netherlands N.V. Annual Report 2022: Overview on page 03 About Athora Netherlands on page 10 Our Brands on page 12 Our business model on pages 15 – 18 Consumers and End-users on pages 44 – 45 Affected Communities on pages 43 - 44 Workers in the Value Chain on page 42 Value Creation on page 28
	2-7 Employees	• Athora Netherlands N.V. Annual Report 2022: Our people on page 13 Own Workforce on pages 37 - 41
	2-8 Workers who are not employees	• Athora Netherlands N.V. Annual Report 2022: Our people on page 13 Own Workforce on pages 37 - 41 Workers in the Value Chain on pages 42 - 43
	2-9 Governance structure and composition	• Athora Netherlands N.V. Annual Report 2022: About Athora Netherlands on pages 10 -11 Corporate governance on pages 56 - 60
	2-10 Nomination and selection of the highest governance body	• Athora Netherlands N.V. Annual Report 2022: About Athora Netherlands on pages 10 - 11 Corporate governance on pages 56 - 60 • Organisation online
	2-11 Chair of the highest governance body	• Athora Netherlands N.V. Annual Report 2022: About Athora Netherlands on pages 10 - 11 Corporate governance on pages 56 - 60 • Organisation online

GRI Standard	Disclosure	Cross reference / explanatory note 2022
	2-12 Role of the highest governance body in overseeing the management of impacts	• Athora Netherlands N.V. Annual Report 2022: About Athora Netherlands on pages 10 - 11 Corporate governance on pages 56 - 60 • Organisation online
	2-13 Delegation of responsibility for managing impacts	• Athora Netherlands N.V. Annual Report 2022: Sustainability on pages 20 - 47
	2-14 Role of the highest governance body in sustainability reporting	• The Board Audit Committee provides oversight of Athora Netherlands' annual disclosures including the sustainability section of the Athora Netherlands N.V. Annual Report 2022. • Athora Netherlands N.V. Annual Report 2022: Governance on page 26 Report of the supervisory board on pages 60 - 62 Risk management governance on pages 174 - 178 • Organisation online
	2-15 Conflicts of interest	• Athora Netherlands N.V. Annual Report 2022: Business Conduct on pages 45 - 47 Report of the supervisory board on pages 60 - 62
	2-16 Communication of critical concerns	• Athora Netherlands N.V. Annual Report 2022: Corporate governance on pages 56 - 69 • Organisation online
	2-17 Collective knowledge of the highest governance body	• Athora Netherlands N.V. Annual Report 2022: Corporate governance on pages 56 - 69 • Organisation online
	2-18 Evaluation of the performance of the highest governance body	• Athora Netherlands N.V. Annual Report 2022: Corporate governance on pages 56 - 69 • Organisation online
	2-19 Remuneration policies	• Athora Netherlands N.V. Annual Report 2022: Remuneration on pages 63 - 69 • Remuneration Policy online
	2-20 Process to determine remuneration	• Athora Netherlands N.V. Annual Report 2022: Remuneration on pages 63 - 69 • Remuneration Policy online
	2-21 Annual total compensation ratio	• Athora Netherlands N.V. Annual Report 2022: Overview Remuneration 2022 on pages 68 - 69
	2-22 Statement on sustainable development strategy	• Athora Netherlands N.V. Annual Report 2022: Message from the Executive Board of Athora Netherlands on pages 8 - 9 Strategy and developments on pages 15 - 16 and 20 - 23 • All of our statements and policy positions on matters including environmental, human rights, governance, financial crime and codes of conduct can be found online
	2-23 Policy commitments	• All of our statements and policy positions on matters including environmental, human rights, governance, financial crime and codes of conduct can be found online
	2-24 Embedding policy commitments	• All of our statements and policy positions on matters including environmental, human rights, governance, financial crime and codes of conduct can be found online • Athora Netherlands N.V. Annual Report 2022: Materiality Assessment on pages 26 - 27 Strategy on pages 20 - 26 Climate on pages 29 - 35 Consumers and End-users on pages 44 - 45 Business Conduct on pages 45 -47
	2-25 Processes to remediate negative impacts	• Athora Netherlands N.V. Annual Report 2022 Climate on pages 29 - 35 Nature on pages 36 - 37 People on pages 37 - 45 Business Conduct on pages 45 -47
	2-26 Mechanisms for seeking advice and raising concerns	• Athora Netherlands N.V. Annual Report 2022: Business Conduct on pages 45 -47
	2-27 Compliance with laws and regulations	• Athora Netherlands N.V. Annual Report 2022: Total annual report in accordance with Dutch and EU law and regulations

GRI Standard	Disclosure	Cross reference / explanatory note 2022
	2-28 Membership associations	• Athora Netherlands N.V. Annual Report 2022: Here is a selection of the organisations of which we are members: Athora Netherlands / Zwitserleven / Reaal: Finance for Biodiversity Foundation, VBDO (Association of Investors for Sustainable Investment), Verbond van Verzekeraars (Dutch Association of Insurers), Swiss Life Network (International network of insurers who service multinational customers across borders), Ondernemersvereniging Amstelveen, Keurmerk Klantgericht Verzekeren, Verbond van Verzekeraars (Dutch Association of Insurers), Dutch Fund and Asset Management Association (DUFAS).
	2-29 Approach to stakeholder engagement	• Athora Netherlands N.V. Annual Report 2022: Materiality Assessment on pages 26 - 27
	2-30 Collective bargaining agreements	• Athora Netherlands N.V. Annual Report 2022: Remuneration Policies Athora Netherlands on pages 63 - 69
GRI 3: Material Topics 2021	3-1 Process to determine material topics 3-2 List of material topics 3-3 Management of material topics	• Athora Netherlands N.V. Annual Report 2022: What is important to our investors and stakeholders evolves over time and we aim to anticipate and respond to these changes. Disclosure expectations in relation to climate change and sustainability matters are particularly fast moving and differ in some ways from more traditional areas of reporting in the level of detail and forward-looking nature of the information involved and the consideration of impacts on the environment and other persons. We have adapted our approach in relation to disclosure of such matters. Our disclosures take into account the wider context relevant to these topics, including evolving stakeholder views, and longer time-frames for assessing potential risks and impacts having regard to international long-term climate and nature-based policy goals. Our climate and sustainability-related disclosures are subject to more uncertainty than disclosures relating to other subjects given market challenges in relation to data reliability, consistency and timeliness, and in relation to the use of estimates and assumptions and the application and development of methodologies. These factors means disclosures may be amended, updated, and recalculated in future as market practice and data quality and availability develops. Our materiality process includes three phases: 1.Research: We start by gathering data and information from a broad range of sources including customer and client questionnaires, investor questionnaires, ESG ratings agencies, relevant banking industry frameworks, colleague news sources and social media listening. This research allows us to define which topics might be material to our business and develop a proxy ranking across external stakeholders. 2.Engage: We then engage stakeholders from across the spectrum to provide a real-world view of stakeholder priorities. 3.Prioritise: We then take these inputs and score them in our materiality matrix on pages 26 - 27. • This year there has been some material changes in the output of our materiality assessment. • We assess the strategic relevance of ESG factors based on two criteria: their relative importance to financial materiality and their relative importance to impact materiality, as defined on page 24. This helps us to prioritise and govern our activity, ensuring that we are closely aligned with our stakeholders' expectations.
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	• Athora Netherlands N.V. Annual Report 2022: 2022 At a glance on page 3 Key figures on pages 4 - 5 Financial statements on pages 67 - 228
	201-2 Financial implications and other risks and opportunities due to climate change	• Athora Netherlands N.V. Annual Report 2022: Sustainability on pages 20 - 47

GRI Standard	Disclosure	Cross reference / explanatory note 2022
		Integrated Control Framework on page 52 Risk management system on page 174
	201-3 Defined benefit plan obligations and other retirement plans	• Athora Netherlands N.V. Annual Report 2022: Provision for Employee Benefits on page 99 - 101
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	• Athora Netherlands N.V. Annual Report 2022: Overview Remuneration 2022 on pages 68 - 69 • Remuneration policy online
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	• Athora Netherlands N.V. Annual Report 2022: Strategy for Investments on page 22 Own Operations on page 43 Anti-corruption and Bribery Risks on pages 46 - 47
	205-2 Communication and training about anti-corruption policies and procedures	• Athora Netherlands N.V. Annual Report 2022: Anti-corruption and Bribery Risks on pages 46 - 47
	205-3 Confirmed incidents of corruption and actions taken	• Athora Netherlands N.V. Annual Report 2022: Anti-corruption and Bribery Risks on pages 46 - 47
GRI 207: Tax 2019	207-1 Approach to tax	• Athora Netherlands N.V. Annual Report 2022: Taxes on pages 91 - 92 • Responsible tax policy online
	207-2 Tax governance, control and risk management	• Athora Netherlands N.V. Annual Report 2022: Risk management governance on pages 174 - 180 Risk control on pages 181 - 185
	207-3 Stakeholder engagement and management of concerns related to tax	• Athora Netherlands N.V. Annual Report 2022: Materiality Assessment on pages 26 - 27 • Responsible tax policy online
GRI 301: Materials 2016	301-1 Materials used by weight or volume	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on page 35
	301-2 Recycled input materials used	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on page 35
	301-3 Reclaimed products and their packaging materials	• Athora Netherlands N.V. Annual Report 2022: Net Zero Operations throughout the Value Chain on pages 31 - 32
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on page 35.
	302-2 Energy consumption outside of the organisation	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35.
	302-3 Energy intensity	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35.
	302-4 Reduction of energy consumption	• Athora Netherlands N.V. Annual Report 2022: Strategy on pages 20 - 26 Climate on pages 29 - 35 as part of the CO2e reduction goals • Climate plan online
	302-5 Reductions in energy requirements of products and services	• Athora Netherlands N.V. Annual Report 2022: Strategy on pages 20 - 26 Climate on pages 29 - 35 as part of the CO2e reduction goals • Climate plan online
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	• Athora Netherlands N.V. Annual Report 2022: Strategy on pages 20 - 26 Water and Marine Resources on pages 34 - 35
	303-2 Management of water discharge-related impacts	• Athora Netherlands N.V. Annual Report 2022: Strategy on pages 18 - 24 Water and Marine Resources on pages 36 - 37
	303-5 Water consumption	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on page 35
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35 Carbon Footprint of our Operations on page 35
	305-2 Energy indirect (Scope 2) GHG emissions	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35 Carbon Footprint of our Operations on page 35

GRI Standard	Disclosure	Cross reference / explanatory note 2022
	305-3 Other indirect (Scope 3) GHG emissions	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35 Carbon Footprint of our Operations on page 35
	305-4 GHG emissions intensity	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35 Carbon Footprint of our Operations on page 35
	305-5 Reduction of GHG emissions	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Investments on pages 33 - 35 Carbon Footprint of our Operations on page 35
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on pages 35
	306-2 Management of significant waste-related impacts	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on pages 35
	306-3 Waste generated	• Athora Netherlands N.V. Annual Report 2022: Carbon Footprint of our Operations on page 35
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria	• Athora Netherlands N.V. Annual Report 2022: Net Zero Operations throughout the Value Chain on pages 31 - 32
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	Athora Netherlands benefits are equal to all. No differences between full-time, part-time and temporary
	401-3 Parental leave	• Athora Netherlands follows Dutch Law and our Collective Labour Agreements
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	• Athora Netherlands N.V. Annual Report 2022: Our people on pages 13 - 14 Own Workforce on pages 37 - 42
	403-2 Hazard identification, risk assessment, and incident investigation	• Athora Netherlands N.V. Annual Report 2022: Our people on pages 13 - 14 Own Workforce on pages 37 - 42
	403-3 Occupational health services	• Athora Netherlands N.V. Annual Report 2022: Our people on pages 13 - 14 Own Workforce on pages 37 - 42
	403-5 Worker training on occupational health and safety	• Athora Netherlands N.V. Annual Report 2022: Own Workforce on pages 40 - 41
	403-6 Promotion of worker health	• Athora Netherlands N.V. Annual Report 2022: Own Workforce on pages 37 - 42
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	• Athora Netherlands N.V. Annual Report 2022: Own Workforce on pages 37 - 42
	403-8 Workers covered by an occupational health and safety management system	• Athora Netherlands N.V. Annual Report 2022: Own Workforce on pages 37 - 42
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	• Athora Netherlands N.V. Annual Report 2022: Own Workforce on pages 38 - 39
	405-2 Ratio of basic salary and remuneration of women to men	• Athora Netherlands N.V. Annual Report 2022: Our people on pages 13 - 14
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	• Athora Netherlands N.V. Annual Report 2022: Strategy for Investments on pages 21 - 24 Workers in the Value Chain on pages 42 - 43
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	• Athora Netherlands N.V. Annual Report 2022: Strategy for Investments on pages 21 - 24 Workers in the Value Chain on pages 42 - 43
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	• Athora Netherlands N.V. Annual Report 2022: Strategy for Investments on pages 21 - 24 Workers in the Value Chain on pages 42 - 43

GRI Standard	Disclosure	Cross reference / explanatory note 2022
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	• Athora Netherlands N.V. Annual Report 2022: Affected Communities on pages 43 - 44
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria	• Athora Netherlands N.V. Annual Report 2022: Workers in the Value Chain on page 43
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	• With respect to product and service information we adhere to applicable law and regulations for financial institutions
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Athora Netherlands N.V. Annual Report 2022: Business Conduct on pages 45 - 46

2 CARBON FOOTPRINT

Climate

In this deep dive Athora Netherlands shows the carbon emissions associated with our investments based on the specifications set out in the Climate Agreement (het Klimaatakkoord). The carbon footprint of investments is calculated according to the method developed by the Partnership Carbon Accounting Financials (PCAF). The carbon footprint consists of the absolute and relative scope 1, scope 2 and scope 3 carbon emissions of the entities in which we invest.

CARBON EMISSIONS SCOPE 1 AND 2									
						Total carbon emissions		Carbon intensity	
Investments	Capital per 31 December 2022 In € millions	Of which capital in scope In € millions	Reported In %	Estimated In %	No estimation possible In %	Ton CO_2e	Change compared to 2021 in %	Ton CO2e per € million	Change compared to 2021 in %
Own account	**29,399**	**23,215**	**54%**	**34%**	**12%**	**290,720**	**-25.6%**	**15**	**8.1%**
Sovereigns	9,193	9,193	71%	18%	11%	28,727	-47%	4	-19%
Money Market Funds	4,028	4,028	39%	56%	5%	5,786	50%	2	-30%
Mortgages	4,443	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Public Credits	5,999	5,999	52%	46%	2%	188,252	-38%	32	-36%
Private Credits	3,298	2,855	8%	35%	57%	63,257	230%	20	-11%
Public Equity	56	56	88%	12%	0%	4,289	-54%	76	-45%
Private Equity	508	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Real Estate	1,084	1,084	11%	12%	77%	409	109%	1	-44%
Other	790	-	n/a	n/a	n/a	n/a	n/a	n/a	n/a

SPECIFICATION ON CARBON FOOTPRINT OF OUR OPERATIONS				
	2022		2021	
		Ton CO_2e		Ton CO_2e
Water (m3)	2,107	0.6	2,376	0.7
Electricity (kWh)	1,784,615	0.0	2,188,741	0.0
Generated energy (kWh)	24,315	0.0	29,744	0.0
Gas (m3)	14,582	10.5	51,550	37.1
District heating (GJ)	-	0.0	36	1.3
Diesel generator (L)	29	0.1	30	0.1
Paper to customers (kg)	47,802	3.6	62,188	4.7
Waste (kg)	37,250	66.1	44,845	80.9
Commuting (km car)	2,688,186	518.8	746,281	145.5
Train journeys	354,652	0.0	157,621	0.0
Business (km car)	219,314	42.3	79,180	15.4
Other public transport	56,403	4.0	31,958	2.3
Plane european short (km)	19,430	5.8	3,667	1.1
Plane european medium (km)	35,511	7.1	3,676	0.7
Plane global (km)	168,540	24.8	26,529	3.9
Petrol (l)	12,744	35.5	72,329	201.4
Diesel (l)	20,794	67.8	92,186	300.7
LPG (l)	-	0.0	211	0.4
Electricity; car charging at the office (kWh)	55,685	0.0	23,293	0.0
Electricity; car charging elsewhere (kWh)	109,222	46.6	n.a.	
Electricity; data centre excluding cloud (kWh)	396,628	0.0	n.a.	
Total		**833.8**		**796.2**

SPECIFICATION ON WASTE OF OUR OPERATIONS				
			2022	2021
Waste	Waste type	Process	in kg	in kg
Residual waste	Refuse	Closed-loop	10,316	11,040
Confidential paper	Paper	Re-use	6,280	12,637
Paper & cardboard	Paper	Re-use	5,627	4,121
GFT / Swill	Organic	Composting	8,966	7,251
Glass	Other	Re-use	289	232
Cardboard cups	Other	Re-use	3,714	5,066
PMD	Other	Re-use	1,811	1,614
KGA	Other	Closed-loop	172	204
Electro scrap	Electrical items	Re-use & Closed-loop	75	0
Building materials	Refuse	Open-loop	0	2,680
Total Waste			**37,250**	**44,845**

3 PRINCIPLES UNDERLYING/NON-UNDERLYING RESULT

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.

4 NON-FINANCIAL REPORTING

4.1 Stakeholder Engagement

Stakeholders are essential for Athora Netherlands, for the continued existence of the business and for the course we are following. Our stakeholders include customers, suppliers, civil society organisations, financial authorities, government bodies and our employees. Stakeholders are identified on the basis of an assessment of the reciprocal interest which the stakeholder and Athora Netherlands have in each other. Athora Netherlands is in regular contact with its main stakeholders. This enables us to keep abreast of their expectations and relevant developments. In the dialogue with our stakeholders, we seek to create a basis of trust and to develop an understanding of the aspects that are important to the different parties.

This helps us to set priorities and take the right decisions. In addition, stakeholder dialogues enable us to adjust our strategy where needed. For this reason, our Executive Board is involved in these dialogues. We keep in contact with our main stakeholders, albeit more intensively with some than with others. The following table summarises the main aspects discussed in 2022.

STAKEHOLDER DIALOGUE			
Group	**Type of engagement**	**Main aspects discussed in 2022**	**Actions and reactions of Athora Netherlands**
Business partners	Events with intermediaries	Innovation, digitalisation	• Athora Netherlands organised several digital events with and for intermediaries to discuss innovation and digitalisation
Civil society organisations	Yearly ratings Verbond van Verzekeraars Discussions with several NGO's	(Sustainable) investment policy	• Almost all investments are in line with our Fundamental Investment Principles • Focus on three key themes: climate, water and land
Customers	Continuous and structural customer feedback loops Customer interviews for customer journey and proposition development Customer group specific events, including our annual pension day	Continuous identification of improvement areas of our service delivery and customer interaction Thorough understanding of customer (group) needs in certain life events to add more value for our customers by a.o. developing innovative digital solutions	• Customer feedback is translated into actions in order to continuously improve our services • Concentrate on providing solutions for our customers based on their needs and pro-active relevant customer interaction • Organising digital client events to offer them tailored information
Employees	Senior management debriefs and meetings Offsites (senior management) Innovation masterclasses Strategy webinar Work Council	Sustainable employability of our employees, personal development, customer centricity, innovation and digitalisation	• Employees have access to a learning portal that includes a range of training courses as well as development tools. • Athora Netherlands organised digital activities to involve employees with Athora Netherlands's strategy.
Regulators	Regular contact through formal meetings, emails and telephone contact with for example DNB and AFM	Risk Management, Treating customers Fairly, new initiatives, legislation, strategy and business updates, innovation	• Athora Netherlands filled out surveys of regulators and participated in sector broad research
Suppliers	Contract negotiations and renewals, (daily) email and telephone contact and meetings	Sustainable purchasing and general purchasing conditions	• Due diligence check suppliers on sustainability • request for sustainable solutions at renewals en negotiations • awareness of the internal organisation about sustainable solutions

4.2 Reference Table EU Directive Non-financial and Diversity Information

The table below is in line with the new EU Directive (2014/95/EU) that has come into effect. This Direction was enshrined in Dutch legislation in the form of two separate regulations: disclosure of non-financial information and disclosure of diversity policy. In order to be fully compliant with the directive, we included the following reference table to disclose where in our integrated report we have provided the information required.

Requirements EU-Directive	Reference Annual Report Athora Netherlands N.V. 2022
Company Model	
General description and core processes	2022 At a Glance on pages 4 – 5
Business model	3.3.1 Strategy on pages 20 – 26
Description of Strategy	3.1 Corporate Strategy on pages 15 – 16
	3.3 Sustainability on pages 20 – 47
Environment	
Description Implemented policies	3.1 Corporate Strategy on pages 15 – 16
	3.3 Sustainability on pages 20 – 47
	3.3.7 Climate on pages 29 – 35
	3.3.8 Nature on pages 36 – 37
Results of Implemented policies	3.3.7 Climate on pages 29 – 35
	3.3.8 Nature on pages 36 – 37
Description of Risks	3.3.7 Climate on pages 29 – 35
Description risk management	3.3.7 Climate on pages 29 – 35
Quantitative performance-indicators	3.3.5 Contribution to the Sustainable Development Goals through our Investments on page 28
	3.3.7 Climate on pages 29 – 35
	3.3.8 Nature on pages 36 – 37
Social and Personnel	
Description Implemented policies	3.1 Corporate Strategy on pages 15 – 16
	3.3.9 People on pages 37 – 45
Results of Implemented policies	2.4 Our People on pages 13 – 14
	3.3.9 People on pages 37 – 45
Description of Risks	3.3.9 People on pages 37 – 45
	7.2.4 Risk Culture on page 176
Description risk management	3.3.9 People on pages 37 – 45
	7.2.5 Risk organisation on pages 177 – 179
Quantitative performance-indicators	2.4 Our People on pages 13 – 14
	3.3.5 Contribution to the Sustainable Development Goals through our Investments on page 28
	3.3.9 People on pages 37 – 45
Human rights	
Description Implemented policies	3.3.1 Strategy on pages 20 – 26
Results of Implemented policies	3.3.9.2.Workers in the value chain on pages 42 – 43
	3.3.9.4 Consumers and End-users on pages 44 – 45
Description of Risks	3.3.9.2.Workers in the value chain on pages 42 – 43
	3.3.9.4 Consumers and End-users on pages 44 – 45
Description risk management	3.3.9.2.Workers in the value chain on pages 42 – 43
	3.3.9.4 Consumers and End-users on pages 44 – 45

Requirements EU-Directive	Reference Annual Report Athora Netherlands N.V. 2022
Quantitative performance-indicators	3.3.9.2.Workers in the value chain on pages 42 – 43
	3.3.9.4 Consumers and End-users on pages 44 – 45
Corruption and Bribery	
Description Implemented policies	3.3.1 Strategy on pages 20 – 26
	3.3.10 Business Conduct on pages 45 – 47
Results of Implemented policies	3.3.8.4 Consumers and End-users on pages 44 – 45
	3.3.10 Business Conduct on pages 45 – 47
Description of Risks	3.3.10 Business Conduct on pages 45 – 47
Description risk management	7.9. Compliance risk and operational risk on pages 209 – 214
Quantitative performance-indicators	3.3.1 Strategy on pages 20 – 26
Diversity Policy	
Description Implemented policies	3.3.9 People on pages 37 – 45
	4.3 Governing Rules on pages 58
	4.5 Report of the Supervisory Board on pages 60 – 62
Objectives of implemented policies	3.3.9 People on pages 37 – 45
Method of implemented policies	3.3.9 People on pages 37 – 45
	4.2 The Executive Board on pages 56 – 57
	4.4 The Supervisory Board on pages 58 – 60
Results of Implemented policies	2.4 Our People on pages 13 – 14
	3.3.5 Contribution to the Sustainable Development Goals through our Investments on page 28
	3.3.9 People on pages 37 – 45
	4.2 The Executive Board on pages 56 – 57
	4.3 Governing Rules on pages 58
	4.4 The Supervisory Board on pages 58 – 60

5 GLOSSARY

Active ownership, engagements	We identify three different types of engagement: 1) Responsive engagement: in response to controversies or violations of our Fundamental Investment Principles. 2) Proactive engagement: raising possibilities for improvement and potential risks. 3) Collective engagement: talking to companies along with other investors in order to have a greater impact.
CO_2 footprint	is a calculation that makes it clear how much CO_2 emissions a company creates and which business activities created which quantities. This makes it easier to see where CO_2 emissions can be reduced.
Customer satisfaction	is a measure of how our products and services meet or surpass customer (solely private clients) expectation following a survey in April and September. Customer satisfaction score (relation based) reflects our customers' satisfaction on a scale from 1 to 10 (1 = extremely dissatisfied, 10 = extremely satisfied).
ESG Criteria	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
Global Reporting Initiative	is a leading organisation in the sustainability field. GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development.
Insurance contract	a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder in exchange of a premium.
Net Promotor Score	outcome of Net Promoter Score ('NPS', relation based) survey with customers (solely private clients) in April and September of the reporting years. Stakeholders view this as a material indicator. The NPS methodology is a widely used methodology in which scores from 0 to 6 are classified as 'detractor', scores. 7 or 8 are classified as 'passive' and only those scores that are 9 or 10 are classified as 'promotors'. The result is calculated by the percentage of promoters minus the percentage of detractors, giving the NPS. The NPS can therefore range from -100% to +100%.
Responsible investment	is an approach to investment that explicitly acknowledges the relevance to the investor of environmental, social and governance (ESG) factors, and the long-term health and stability of the market as a whole.
Responsible investment, exclusions	Compliance with our Fundamental Investment Principles will be assessed based on two main criteria: 1) Repeated or systematic involvement in activities covered by our principles, as well as failure to sufficiently remedy such involvement. 2) Inadequate preparedness to prevent this involvement from occurring in the future – companies only
Scope 1	all direct GHG emissions.
Scope 2	indirect GHG emissions from consumption of purchased electricity, heat or steam.
Scope 3	other indirect emissions, such as the extraction and production of purchased materials and fuels, transport-related activities in vehicles not owned or controlled by the reporting entity, electricity-related activities (e.g., T&D losses) not covered in Scope 2, outsourced activities, waste disposal, etc.
Solvency	is the ability to meet our long-term financial obligations.
Solvency II	is an EU Directive that collects and harmonises the EU insurance regulation. Its primary concern is the amount of capital that insurance companies must hold to reduce the risk of insolvency
Simplicity score	is a measure to which extent our customers (solely private clients) find our products are clear and understandable following a survey in April and September. Simplicity score(relation based) reflects our customers' perception on simplicity on a scale from 0% to 100% (1 = unclear and fully not understandable, 100% = clear and fully understandable).
TCF	Treating Customers Fairly is a principle that intents to raise the standards in the way company's carry on their business. The aim is to induce changes that will benefit consumers and increase their confidence in the financial services industry.
Transparency benchmark	annual recurring research on the content and quality of sustainability reporting by Dutch companies. This is an initiative of the Ministry of Economic Affairs.

ATHORA

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