

Amsterdam, 28 September 2023

Athora Netherlands Interim Results 2023

Strong financial and commercial results

Solvency ratio increased to 214% with HY23 Operating Capital Generation of € 193 million and HY23 Operating Result of €217 million (HY22: €110 million)

Financial Results

- Solvency II **Operating Capital Generation (OCG) substantially higher at € 193 million** (HY2022: € 74 million) supported by increased investment income and higher interest rates.
- Gross **inflows were 21% higher** at € 1,228 million (HY2022: € 1,017 million) driven by increased premiums and deposits in the pensions and retirement business, a new innovative pension buy-out with Pensioenfond Aon and the inclusion of the Willis Towers Watson (WTW) PPI as of the second quarter of 2023.
- First time application of new accounting standards IFRS 17 and 9. No impact on strategy and underlying economics of our business. We continue to steer our business on Solvency II and OCG.
- Operating Result (before taxation) of € 217 million (HY2022: € 110 million) due to higher investment income following the repositioning towards higher yielding assets.
- The Net Result IFRS of € 115 million (HY2022: € -806 million) is predominantly driven by the positive Operating Result. In 2022, the Net Result IFRS was heavily impacted by the change in market value of investments from higher interest rates and spread widening.

Solvency

- Solvency II ratio increased to 214% (YE2022: 205%) for Athora Netherlands N.V., driven by strong OCG and the positive impact of management actions.
- SRLEV N.V. Solvency II ratio of 221% (YE2022: 207%)

Strategic Progress

- Athora Netherlands' strategy continues to be focused on being a leading pension and retirement solutions provider.
- Customer satisfaction increased across all segments.
- Completed an innovative buy-out solution that was developed together with the Board of Pensioenfond Aon.
- Closed the transaction to acquire WTW's Premium Pension Institution (PPI) in the Netherlands.
- Closed the transfer of 2nd pillar pension portfolio of Onderlinge 's Gravenhage.
- Announced the transfer of administrative tasks pertaining to the legacy individual life portfolio to Tata Consultancy Services (TCS).
- Athora Netherlands selected as the most sustainable insurer in the Netherlands by VBDO for the second time in a row.

In € millions	HY2023	HY2022
Operating Result (before taxation)	217	110
Net Result IFRS	115	-806

In € millions / percentage	30 June 2023	31 December 2022
IFRS Equity	3,258	3,149
Solvency II ratio	214%	205%

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

“We delivered strong financial and commercial results in the first half of 2023. In an environment that remained challenging in terms of geo-political developments, financial markets and inflation, I am proud and thankful to all employees for the continued strong progress with the execution of our Ambition 2025 strategy.

After many years, the new Wtp pension law came into force in the second quarter. As the only pure pension specialist, Athora Netherlands is perfectly positioned to capture together with our business partners the opportunities in the dynamic Dutch pension market. With our clear focus, solid capital position, talented workforce and commercial momentum, we have all ingredients in place to build a leading position in the market.

Commercially, we saw strong business volumes in the first six months while customer and advisor satisfaction is increasing across all segments. Employers and advisors were updated on the latest developments in the market during the highly valued annual Zwitserleven pension event.

Healthy business flows were supported by an innovative buy-out solution that was developed together with Pensioenfonds Aon to provide the fund’s pensioners and former members with the option of a lifelong guaranteed pension at Zwitserleven with a fixed annual indexation. This created a certain degree of freedom of choice for these members, which also strengthened support for the liquidation of the pension fund and the associated transition. With the pension legislation now in place, we expect to be able to provide our market-leading solutions to more pension funds.

We closed the transaction with WTW’s PPI, welcomed our new colleagues and started the planning of the integration with our own Zwitserleven PPI. In addition, we also completed the transfer of 2nd pillar pension portfolio of Onderlinge ‘s Gravenhage.

In August, we announced the transfer of the individual life portfolio management and certain IT activities to TCS. This expansion of our long-standing strategic partnership with TCS will enable us to further improve customer service levels, safeguard the continuity of service, and variabilise the expense base of our Life Service Business.

One of the key 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. This ongoing process allows us to offer competitive rates to our customers and the significant progress that has been made to date has led to a substantially higher OCG for the first half of 2023.

Our Solvency II ratio improved to 214% from 205% at year-end 2022, reflecting material OCG and the positive impact from management actions. Our strong capital position provides comfort to our customers and forms a solid and sustainable platform to further develop our business.

We also continue to make tangible progress towards realising our sustainability ambitions. From introducing new sustainable investment categories in our DC pension propositions to more accurate measuring and lowering of the ecological footprint across our value chain. A lot of effort is put into further increasing transparency on sustainability matters to customers and other stakeholders.

Additionally, we continue to make a real world impact by investing in companies that are important for the transition to a sustainable society and economy. The development of the Prince of Delft building offering affordable housing for 260 young professionals is an example of an investment addressing a pressing need in Dutch society.

We are proud that our efforts and expertise on sustainable investing have once again been recognized, retaining the first place in the renowned Benchmark Responsible Investment by Dutch Insurers conducted by the Dutch Association of Investors for Sustainable Development (VBDO).

We moved to our new office location Edge West in Amsterdam, while our location in Alkmaar has been redesigned. The new offices provide a sustainable and energizing environment for all our colleagues.

I am very pleased with our performance in the first half year of 2023 and would like to thank our customers and business partners for their continued trust. I look forward to continuing to build Athora Netherlands into a leading pension solutions provider in the Netherlands.”

Financial Results

FINANCIAL RESULTS		
In € millions	HY2023	HY2022 ¹
Gross Inflows	1,228	1,017
- of which: Gross Written Premium	988	864
- of which: Net inflow PPI ²	240	153
Direct Investment Income	456	370
Operating expenses ³	129	103
Operating Result (before taxation)	217	110
Net Result IFRS	115	-806
<p>¹ Financial Results are based on IFRS 9 and IFRS 17 accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards.</p> <p>² Per 1 April 2023, Athora Netherlands acquired WTW's Dutch PPI. Therefore, net inflow PPI 2023 includes the Q2 2023 net inflow of WTW's Dutch PPI. The net inflow 2022 consists only of that of Zwitserleven PPI.</p> <p>³ Operating expenses contain staff costs, depreciation and other expenses. Costs relating to invoices for external asset management (IME) and insurance commissions are not included.</p>		

Gross inflows increased by € 211 million to € 1,228 million compared to the same period in 2022, driven by growth in both the retirement and pension solutions segments, a € 58 million buy-out transaction with Pensioenfonds Aon and the inclusion of the Willis Towers Watson (WTW) PPI. Individual life insurance premium income decreased by € 26 million, in line with our closed book strategy for individual life products.

INVESTMENTS FOR ACCOUNT OF PARTICIPANTS PPI'S		
In € millions	30 June 2023	31 December 2022
Investments for account of participants PPI's ¹	3,273	1,641
<p>¹ Per 1 April 2023, Athora Netherlands acquired WTW's Dutch PPI. Therefore, per 30 June 2023 this represents the combination of our PPI's and per 31 December 2022 this only consists of that of Zwitserleven PPI.</p>		

Assets under Management (AuM) of the PPI business doubled from € 1.6 billion to € 3.2 billion in the first half, largely due to the acquisition of WTW's PPI at the end of the first quarter 2023, € 239 million deposits, and the positive evolution of the market value of the investments and value transfers.

Direct investment income consisting of interest received, dividends and rental income increased by € 86 million to € 456 million compared to HY2022. The positive effect of the repositioning of the investment portfolio towards higher yielding assets more than offset the impact of the run-off of the individual life investment portfolio.

The increase in total operating costs to € 129 million was driven by one off items, expenses related to the execution of strategic and transformation initiatives, the costs related to acquisition of the PPI of WTW and inflationary pressures.

INSURANCE AND REINSURANCE CONTRACTS		
In € millions	30 June 2023	31 December 2022
Insurance contracts liabilities	40,936	40,364
Net Contractual Service Margin (combined reinsurance and insurance)	2,143	1,974

The Net Contractual Service Margin (reinsurance and insurance netted) increased by € 169 million (HY2023: € 2,143 million; YE2022: € 1,974 million) mainly due to the positive impact of changes in group life reinsurance contracts and is partly offset by the regular Contractual Service Margin release.

The Operating Result increased from € 110 million to € 217 million compared to the first half year of 2022. The Operating Result was supported by higher investment income and the impact of higher rates.

The Net Result IFRS of € 115 million (HY2022: € -806 million) is mainly driven by the positive Operating Result, market variances and methodology and assumption changes partly offset by the initial impact arising from the changes in the group life reinsurance contracts. The latter was more than offset by the increased in CSM, which is expected to be released as IFRS profit over time. In 2022, the Net Result IFRS was heavily impacted by the change in market value of investments from higher interest rates and spread widening.

The reconciliation of Operating result (before taxation) to Net Result IFRS is presented in the table below:

RECONCILIATION OPERATING RESULT TO NET RESULT IFRS		
In € millions	HY2023	HY2022
Operating Result (before taxation)	217	110
Taxation	-56	-28
Operating Result (after taxation)	161	82
1) Market variances	-61	-914
2) Methodology and Assumption Changes	29	2
3) Management Actions	-	-
4) Capital Flows (including funding costs)	-14	-46
5) Other	-	70
Net Result IFRS	115	-806

- 1) Market variances were negative in the first half of the year mainly due to the impact of rising interest rates on existing reinsurance contracts. Other market variances were broadly neutral.
- 2) Methodology and assumption changes are mainly driven by the update of the provision for future Investment Management Expenses in line with the continued repositioning of our investment portfolio. The latter resulted in a positive impact on current profit (P&L) and a slightly higher negative impact on CSM.
- 3) Management actions includes the impact of changes in the group life reinsurance contracts and also resulted in an increase in the CSM, which will be released as IFRS profit in future years.

- 4) Capital flows in the first half of 2023 comprised Athora Netherlands' regular funding costs of € 14 million on the outstanding bond financing. In the first half of 2022, capital flows included regular funding costs of € 15 million and a € 31 million loss related to the (partial) repurchase of subordinated notes.
- 5) "Other" consists of a € 70 million valuation adjustment in HY2022 from the Deferred Tax Asset (DTA) becoming fully recoverable.

Financial Result per Segment

FINANCIAL INTERIM RESULT PER SEGMENT					
In € millions	SRLEV	Proteq	Zwitserleven PPI	Holding	Total
Net Result IFRS HY2023	125	10	1	-21	115
Net Result IFRS HY2022	-737	-8	1	-62	-806

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

Net Result IFRS for the legal entity Proteq Levensverzekeringen N.V. (Proteq) was positively influenced in the first half year of 2023 by a change in the DTA position due to a valuation adjustment and a positive investment result. For the same period last year Net Result IFRS of Proteq was impacted by a negative development in the fair value of the derivatives portfolio.

Net Result IFRS for the segment Holding in HY2023 improved as result of a less negative impact compared to HY2022 from the accounting treatment of the Own Pension Contract within Athora Netherlands N.V. A lower (or higher) market value of fixed income investments is reflected in the income statement, while the related decrease (or increase) in the provision for employee benefits (IAS19) is recorded through Equity (Other Comprehensive Income). Athora Netherlands provides funding to subsidiaries by means of subordinated loans. Interest received on intercompany Tier 1 loans is recorded directly in Equity, while interest paid to external parties is included in the income statement.

Capital Management

SOLVENCY II POSITION ATHORA NETHERLANDS		
In € millions / percentage	30 June 2023	31 December 2022
Eligible own funds Athora Netherlands	3,439	3,181
Consolidated group SCR	1,606	1,552
Solvency II Surplus Athora Netherlands	1,833	1,629
Solvency II ratio Athora Netherlands	214%	205%

SOLVENCY II POSITION SRLEV		
In € millions / percentage	30 June 2023	31 December 2022
Eligible own funds SRLEV	3,496	3,159
Consolidated SRLEV SCR	1,581	1,524
Solvency II Surplus SRLEV	1,915	1,635
Solvency II ratio SRLEV	221%	207%

The Solvency II ratio of Athora Netherlands increased from 205% at 31 December 2022 to 214% at 30 June 2023.

In the first half year of 2023 OCG increased significantly compared to the first half year of 2022 to € 193 million. OCG strengthened due to higher returns on the asset portfolio, higher interest rates and the resulting lower UFR-drag. OCG contributed 14%-points to the Solvency II ratio in the first half of the year.

Repositioning of assets of the investment portfolio towards higher yielding assets to improve OCG increased the Solvency Capital Requirement (SCR) in the first half year. The impact of the SCR increase amounted to a negative 6%-points Solvency II ratio. The capital position at 30 June 2023 will allow Athora Netherlands to continue the asset repositioning strategy.

In June, Athora Netherlands changed the existing group life longevity reinsurance contracts which resulted in a positive impact of 14%-points to the Solvency II ratio.

Market variances and funding costs in the first half year offset part of the positive other impacts. Market variances had an impact of -11%-points and were mainly driven by the change in the symmetric adjustment and alternative asset performance including real estate.

Funding costs in the first half year represented a negative 2%-points Solvency II ratio impact.

The Solvency II ratio of SRLEV increased to 221% at the end of June 2023 from 207% at the end of 2022. The drivers of the change in the Solvency II ratio of SRLEV are similar to those of Athora Netherlands.

IFRS 17 and IFRS 9 impact on transition date

Athora Netherlands is reporting its financial statements in accordance with the IFRS 17 and IFRS 9 accounting standards for the first time. The first-time application of the new accounting standards does not impact Athora Netherlands' strategy and underlying economics of the business.

The adoption of IFRS 17 and 9 per 1 January 2023 required the adjustment of the 2022 comparative figures, following the transition date of 1 January 2022. The total net impact of the accounting standards on shareholders' equity is a reduction of € 350 million per 1 January 2022.

Whilst on transition at 1 January 2022 the new accounting standards had an adverse impact on shareholders' equity, the interest rates have increased in 2022 and the impact on shareholders' equity on implementation at 1 January 2023 is therefore smaller. The negative impact of the new

accounting standards on shareholders' equity decreased from € 350 million at 1 January 2022 to a modest € 36 million at 1 January 2023.

More information about the accounting choices regarding IFRS 17 and 9 can be found in the Athora Netherlands N.V. 2022 Annual Accounts in note 6 'Accounting policies for the Consolidated Financial Statements'.

Consolidated Statement of Financial Position Athora Netherlands N.V.

Before result appropriation and in € millions	30 June 2023	31 December 2022 ¹	1 January 2022 ²
Assets			
Intangible assets	5	-	-
Property and equipment	33	35	42
Investments in associates and joint ventures	43	38	211
Investment property	1,014	1,012	615
Investments	30,785	30,792	41,218
Investments for account of policyholders	12,313	11,689	14,502
Investments for account of third parties	4,859	4,108	3,354
Derivatives	9,892	10,552	3,834
Deferred tax	1,021	1,049	754
Reinsurance contract assets	10	8	14
Loans and advances due from banks	4,226	4,263	376
Corporate income tax	33	24	-
Other assets	221	221	301
Cash and cash equivalents	294	363	404
Assets held for sale	-	-	41
Total assets	64,749	64,154	65,666
Equity and liabilities			
Share capital ³	0	0	0
Reserves	2,908	2,799	3,293
Total shareholders' equity	2,908	2,799	3,293
Holders of other equity instruments	350	350	350
Total equity	3,258	3,149	3,643
Subordinated debt	935	914	913
Borrowings	61	62	62
Insurance contract liabilities	40,936	40,364	52,161
Reinsurance contract liabilities	202	94	430
Liabilities investments for account of third parties	4,859	4,108	3,354
Provision for employee benefits	456	469	682
Other provisions	22	23	45
Derivatives	12,286	13,166	1,415
Amounts due to banks	1,473	1,579	2,638
Corporate income tax	-	-	22
Other liabilities	261	226	263
Liabilities directly associated with the assets held for sale	-	-	38
Total equity and liabilities	64,749	64,154	65,666
<p>1 Financial Results are based on IFRS 9 'Financial Instruments' and IFRS 17 'Insurance Contracts' accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards. The total impact is a reduction of € 36 million in shareholders' equity at 31 December 2022.</p> <p>2 The initial application of IFRS 9 and 17 has a total impact of € 350 million (reduction) in shareholders' equity at 1 January 2022. The impact of IFRS 9 and 17 is, respectively, an increase in shareholders' equity of € 1,168 million and a reduction in shareholders' equity of € 1,518 million at 1 January 2022.</p> <p>3 The issued and paid-up share capital of Athora Netherlands N.V. is € 238,500</p>			

Consolidated Statement of Profit or Loss Athora Netherlands N.V.

In € millions	HY2023	HY2022 ¹
Insurance revenue	893	984
Insurance service expenses	-822	-790
Net expenses from reinsurance contracts	-10	-24
Insurance service result	61	170
Result on investments for general account	364	-3,210
Result on investments for account of policyholders	714	-2,236
Result on investments for account of third parties	424	-594
Result on derivatives	310	-4,236
Result on liabilities from investments for account of third parties	-424	594
Share in result of associates	2	11
Net impairment loss on financial assets	-2	-
Total investment result	1,388	-9,671
Insurance finance income or (expenses)	-1,138	8,028
Reinsurance finance income or (expenses)	-112	311
Insurance finance income and expenses	-1,250	8,339
Other income	5	23
Other operating expenses	-32	-21
Other finance result	-25	-27
Total other income and expenses	-52	-25
Result before tax	147	-1,187
Tax expense / benefit	-32	381
Net result for the period	115	-806
¹ Financial Results are based on IFRS 9 and IFRS 17 accounting standards, which have been adopted on 1 January 2023. Comparative figures have been adjusted to reflect the application of these new accounting standards.		

Alternative Performance Measures

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

Definition and usefulness of Operating Result (OR):

The Operating Result (OR) presents the financial performance on underlying operations of the business and provides a long-term view of IFRS result consistent with the Solvency II Operating Capital Generation definition.

The Net Result IFRS of Athora Netherlands has a period-to-period volatility due to the valuation of most assets and liabilities at fair value. In the Operating Result, fair value movements as a result of market developments, capital flows (incl. funding costs), methodology and assumption changes and other one-time items are considered non-operating and are therefore eliminated from the Net Result IFRS.

Elements included in the Operating Result are:

- market return accretion of assets over liabilities,
- unwinding effects of the portfolio including CSM and Risk Margin release,
- impact of the UFR-drag,
- value of onerous new business, and
- in-period experience variance on operating expenses and other non-insurance operating items.

The Operating Result should be viewed as complementary to, and not as a substitute for Net Result IFRS.

Definition and usefulness of Gross Inflows:

Gross Inflows provide an indication for the business volumes through our insurance entities and PPIs, and comprise Insurance premiums received, and Customer funds deposited in the PPIs which are not accounted for as premiums.

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About Athora Netherlands

Athora Netherlands N.V. is the holding company for, among others, SRLEV N.V., Proteq Levensverzekeringen N.V., Zwitserleven PPI N.V. and the foundation of former WTW's PPI. Athora Netherlands' subsidiaries are active on the Dutch market with the Zwitserleven and Reaal brands. A balance sheet total of € 65 billion (end of June 2023) makes Athora Netherlands one of the largest insurers in the Netherlands. Athora Netherlands Holding Limited is the sole shareholder of Athora Netherlands N.V.

For more information, please visit www.athora.nl.

Disclaimer

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

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

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

As per 30 June 2023 the same key accounting principles have been applied as per 31 December 2022 for the annual report 2022 of Athora Netherlands N.V. except for the impact of IFRS 17 and 9 which became effective in 2023 and for which the 2022 comparative figures have been restated. More information about the impact of IFRS 17 and 9 can be found in the Athora Netherlands N.V. 2022 Annual Accounts in note 6 'Accounting policies for the Consolidated Financial Statements'.

All figures in this document are unaudited.