

Athora Holding Ltd. publishes its interim 2021 results 8 September 2021

Interim Consolidated Financial Report for six months to 30 June 2021

Pembroke, Bermuda, 8 September 2021 – Athora Holding Ltd. (Athora or the group), an insurance and reinsurance group focused on the European market, today announces its unaudited consolidated results for the six months to 30 June 2021. During the period, Athora's financial results remained robust despite ongoing economic uncertainty, validated by Credit Rating upgrades. Athora continues to integrate acquired businesses and build its growth pipeline.

Performance Highlights

- Group IFRS profit before tax (from continuing operations) for H1 2021 of €204m reflecting a full six month contribution from Athora Netherlands, a positive impact from a change in reserving parameters, partially offset by adverse accounting investment variances arising from hedging activity
- Assets under Administration¹ of €79bn (FY 2020: €83bn) slightly decreased as a result of rising interest rates with a corresponding reduction in insurance provisions
- IFRS total equity increased in the first six months of 2021 to €4.4bn (FY 2020 €4.3bn)

Financial Strength Highlights

- Fitch upgraded the ratings of Athora's subsidiaries (Athora Ireland plc, Athora Life Re Ltd. and SRLEV N.V.) from BBB+ to A-. The ratings of Athora Holding Ltd. and Athora Netherlands N.V. were upgraded from BBB to BBB+. The rating Outlook of Athora and its subsidiaries is Positive. Additionally, AM Best upgraded the ratings of Athora Life Re Ltd. and Athora Ireland plc to A-(Stable) from B++ (Stable)
- Athora signed a €500m unsecured revolving credit facility with a group of leading credit institutions providing material additional liquidity resources; the facility has not been drawn
- SRLEV N.V. refinanced a 9% €250m Tier 2 at favourable terms with a new Athora Netherlands N.V. issuance of a 2.25% €300m Tier 2
- Group financial leverage ratio² remained stable at 26% (FY 2020: 26%)

¹ Calculated by Athora as the sum of investment properties, financial assets, cash and cash equivalents, loans and advances due from banks and investments attributable to policyholders and third parties in the statement of financial position.

² Calculated by Athora as total borrowings expressed as a percentage of the sum of total borrowings and total equity. Definitions of borrowings and total equity are aligned with those of Fitch rather than on an accounting basis

Strategic Progress

- Continued focus by Athora Netherlands in the first six months of 2021 to reposition its investment portfolio to support increased risk-adjusted returns and drive higher capital generation
- Athora has continued to integrate and streamline its business units to achieve operational efficiencies including the outsourcing of technical administration of its life insurance business to Syncier GmbH in Germany in the first half of 2021
- Announced the sale of Athora Ireland's variable annuity portfolio in March 2021 (approximately €1bn of AuA), which has been in run-off since 2017. The sale is expected to complete by year end and allows Athora Ireland to focus on further developing its growing reinsurance business
- Development of our sustainability strategy including the launch of "The Responsible Finance Club" by Athora Belgium to raise awareness among insurance brokers and their clients of the societal importance of responsible investment. Additionally, Athora Netherlands was awarded first place by VBDO³ as the most sustainable insurance company in the Netherlands

Management Changes

- In May 2021, the Athora Board of Directors appointed Anders Malmström as Group Chief Financial Officer and a member of our Management Executive Committee
- In July 2021, Athora Netherlands appointed Jan de Pooter as member and chair of the Executive Board and CEO of Athora Netherlands and its insurance subsidiaries

³ Dutch Association of Investors for Sustainable Development

Group Chief Executive Officer Statement

Michele Bareggi, Group Chief Executive Officer of Athora, said:

"During the first half, we continued to make progress on our strategic objectives of sustainable growth; proactive capital and risk management; strong and stable investment returns; and competitive cost and service levels. Following the transformational acquisition of Athora Netherlands, our focus has been on repositioning asset portfolios supported by our strategic relationship with Apollo, increasing operational efficiency and selective growth. Collectively, these actions will enable us to provide more value to our customers and increase cash generation.

Our core focus on financial stability and resilience is central to our business model. Credit Rating improvements by our two rating agencies to A- also validates the sustainability and growing track-record of Athora. The ratings upgrades are key to Athora's reinsurance business plan, future financing and commitment to being a long-term provider to the European insurance sector. Our financial leverage ratio remains stable at 26%.

As I look to the remainder of 2021, we will continue to support our business units in the delivery of their strategic plans as we build our focused and integrated group. In addition, we will further develop and selectively pursue a growing pipeline of reinsurance, pension buy outs and M&A opportunities we see across our target markets.

Finally, we remain conscious of our responsibilities to employees and local communities as we mature as a group. We have been able to donate over €650k so far this year to our communities to assist with education and flood relief efforts. Additionally, supporting our employees during the pandemic has been a key focus for us through continuous communication, wellbeing initiatives and fit-for-purpose technologies. The vast majority have been working remotely and, thanks to their resilience, we continue to deliver on our mission to bring more value to our customers in fulfilling their long-term insurance needs."

Unaudited interim consolidated income statement for the half-year ended 30 June 2021

€m	Half year ended 30 June 2021	Full Year ended 31 December 2020 ⁴
Continuing operations		
Net earned premium	929	1,549
- <i>Gross earned premiums</i>	1,120	1,801
- <i>Earned premiums ceded</i>	(191)	(252)
Fee and commission income	55	92
Investment income	(1,392)	2,224
Investment income attributable to policyholders and third parties	1,100	2,456
Gain recognised on acquisition of subsidiary	-	213
Other income	4	39
Total income	696	6,573
Net insurance benefits and claims	1,032	(2,790)
- <i>Claims paid and change in the insurance provisions</i>	838	(2,822)
- <i>Reinsurer's share</i>	194	32
Expense attributable to policyholders and third parties	(1,209)	(2,230)
Acquisition costs	(24)	(41)
Other expenses	(234)	(707)
Interest expense	(57)	(105)
Total expenses	(492)	(5,873)
Profit before taxes	204	700
Taxation charge	(78)	(93)
Profit from continuing operations	126	607
Discontinued operations		
Profit after tax from discontinued operations	-	49
Profit for the period / year	126	656
Attributable to shareholders of the Company	112	641
Attributable to Non-Controlling Interest	14	15

⁴FY2020 shown as a comparative given the Athora Netherlands acquisition was only completed in April 2020 making a HY2020 comparative less relevant

In H1 2021, Athora generated IFRS profit before tax of €204m including the contribution from Athora Netherlands following its acquisition on 1 April 2020, which was partially offset by adverse investment variances arising from hedging positions that are in place to stabilise local solvency ratios. In addition, the H1 2021 result reflects a positive impact from an update to the IFRS reserving parameters to more closely align to the group solvency basis. The profit in H1 2021 does not reflect positive one-off items which occurred in FY2020 relating to the acquisition of Athora Netherlands and the tactical investment grade credit transactions. The FY 2020 result also included positive investment variances due to market conditions at the time.

Net Earned Premiums totalled €929m, reflecting a full six months of Athora Netherlands' premiums, in contrast to the FY 2020 result (€1,549m) which included premiums from the date of acquisition. 2021 premium income also includes further premiums from the group's first external reinsurance deal which was signed in late 2020.

The group hedges to ensure that investment assets and policyholder liabilities move largely in step, as economic factors change. This is designed around the local solvency balance sheets, and therefore there is some residual volatility which flows through to the IFRS income statement.

Investment Income, which represents income received and unrealised gains and losses on certain investments and derivative financial instruments, was negative for the six-month period. Within this, the result from derivatives was a loss of €1,786m (FY 2020: profit of €1,206m), mainly reflecting interest rate movements on derivatives used for asset/liability management purposes as noted above.

Similarly, net insurance benefits and claims were positive for the six-month period, offsetting the Investment Income movement shown above. This again reflects the impact of rising interest rates on policyholder liabilities, together with the above-mentioned parameter update to the group reserving provisions.

During the first six months, deployment of the asset portfolio towards our Strategic Asset Allocation (SAA) in the Netherlands showed good progress with increased investments into Mortgages and Private Credit which will increase future asset returns. Athora Belgium and Germany have completed repositioning their asset portfolios to the SAA.

Unaudited interim consolidated other comprehensive income for the half-year ended 30 June 2021

€m	Half year ended 30 June 2021	Full Year ended 31 December 2020
Profit for the period / year	126	656
Other comprehensive income / (expense), net of tax:		
Items that may be reclassified to profit or loss in subsequent periods, net of tax:		
Impact on other comprehensive income from available-for-sale investments and shadow accounting adjustments	78	46
Impact on other comprehensive income from cash flow hedges	(61)	10
Net change in foreign currency translation reserve	6	(2)
Items that will not be reclassified to profit or loss in subsequent years, net of tax:		
Actuarial gains or losses arising from defined benefit plans	22	(103)
Other comprehensive income / (expense) for the period / year, net of tax	45	(49)
Total comprehensive income for the period / year, net of tax	171	607
Attributable to shareholders of the Company	157	592
Attributable to Non-Controlling Interest	14	15

Unaudited interim statement of financial position as at 30 June 2021

€m	As at 30 June 2021	As at 31 December 2020
Intangible assets	101	103
Property and equipment	81	84
Investment properties	1,684	1,331
Financial assets	56,013	61,118
Investments attributable to policyholders and third parties	19,731	18,736
Reinsurance assets	108	158
Deferred taxation assets	656	678
Income tax receivable	1	23
Loans and advances due from banks	424	773
Other receivables	1,469	1,358
Other assets	767	832
Cash and cash equivalents	1,268	1,251
Non-current assets or disposal groups classified as held-for-sale	85	16
Total assets	82,388	86,461
Equity		
Share capital and share premium	3,096	3,095
Retained earnings / (deficit)	539	421
Other reserves	123	99
Ordinary shareholders' equity	3,758	3,615
Preference shares	400	384
Shareholders' equity	4,158	3,999
Non-controlling interests	270	255
Total equity	4,428	4,254
Insurance provisions	46,580	49,385
Liabilities attributable to policyholders and third parties	20,456	19,473
Employee benefits and other provisions	822	858
Borrowings	1,564	1,498
Other financial liabilities	6,345	8,846
Deferred taxation liabilities	83	59
Tax payables	19	5
Other payables	1,764	1,715
Other liabilities	327	368
Total liabilities	77,960	82,207
Total equity and liabilities	82,388	86,461

Total Assets at 30 June 2021 stood at €82,388m, a decrease on 31 December 2020 (€86,461m), primarily reflecting increases in interest rates in H1 2021 resulting in lower fixed-income values. It is important to note that these movement are offset by corresponding falls in the value of Insurance Provisions, which are also impacted by the same factors.

As a result, Total Equity has risen from €4,254m at 31 December 2020 to €4,428m at 30 June 2021.

For information

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About Athora

Athora is a specialised insurance and reinsurance group fully focused on the European market. We concentrate on the large and attractive traditional life and pensions market, with an ambition to become a leading provider of guaranteed life and pensions products in Europe. We serve the needs of individual and corporate customers who continue to demand products offering safety of returns, and also provide innovative M&A and reinsurance solutions to other insurers seeking to enhance their capital position or enact strategic change. Athora's principal subsidiaries are Athora Netherlands N.V. (Amstelveen, Netherlands), Athora Belgium N.V./S.A. (Brussels), Athora Lebensversicherung AG (Wiesbaden, Germany), Athora Ireland plc (Dublin) and Athora Life Re Ltd. (Bermuda). The Athora group employs some 2,300 staff and has approximately 2.3 million policyholders with assets under administration of €79 billion (as at 30 June 2021).

For more information, please visit: www.athora.com

LinkedIn: www.linkedin.com/company/athoragroup

Disclaimer

This press release of Athora Holding Ltd. contains information, relating to the interim half-year results for 2021 of Athora Holding Ltd., as described above.

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 conjunction with the annual report 2020 of Athora Holding Ltd.

Consistent accounting policies were applied in preparing the results to 30 June 2021 as those applied in preparing the annual report 2020 of Athora Holding Ltd.

All amounts quoted in this document are unaudited.