ATHORA

FINANCIAL CONDITION REPORT

2024

Athora Holding Ltd.

CONTENTS

Summary

Athora Holding Ltd. (AHL or the Company), an exempted company limited by shares domiciled in Bermuda, is the holding company of the Athora group of companies (collectively, Athora or the Group).

Athora is subject to insurance group regulatory supervision by the Bermuda Monetary Authority (BMA). This document represents the Group Financial Condition Report (FCR) that is required to be published.

The FCR has been prepared in accordance with the Insurance (Group Supervision) Rules 2011, as amended (Group Rules), and the Insurance (Prudential Standards), (Insurance Group Solvency Requirement) Rules 2011, as amended (Group Solvency Rules).

The purpose of the FCR is to provide information on the Group's business and performance, governance structure, risk profile, solvency valuation and capital management. The FCR also describes significant events that have occurred subsequent to the financial year ended 31 December 2024, in order to provide a complete view of the current status of the Group.

Business and performance

Athora is one of the fastest-growing savings and retirement services companies in Europe, focused on the traditional life and pensions market.

We dedicate our time, capital and resources to providing products and services which help customers achieve long-term financial security.

We focus on delivering competitive and stable returns to policyholders within a robust risk management framework, and with the certainty of long-term and high-quality investor support.

Our ambition is to become the leading provider of guaranteed savings and retirement products in Europe, with growth through a combination of individual and corporate new business activity, mergers and acquisitions, as well as portfolio and risk transfer solutions.

We operate through primary insurance businesses in the Netherlands, Belgium, Italy and Germany, and reinsurance operations in Bermuda.

The IFRS profit before tax of €54 million (2023: €1,082 million) reflects adverse economic variances experienced during the year, particularly the widening of sovereign spreads. The increased profit in 2023 mainly resulted from the significant decrease in interest rates during the year. The decrease in interest rates had a positive impact due to Athora's approach to hedging local business unit solvency, resulting in a basis difference in IFRS. Interest rates in 2024 marginally decreased in comparison to 2023 and resulted in an immaterial impact on the current year IFRS profit before tax.

Further details of our business, performance and significant events in 2024 are set out in **section 1** of this FCR. Details of material subsequent events are set out in **section 6.**

Governance structure

The board of directors of AHL (the Board) is responsible for promoting Athora's long-term success. This includes providing oversight and guidance over the strategic objectives, risk appetite, and monitoring and management delivery of these strategic objectives within the agreed governance framework.
The Management Committee (MC) is chaired by the Group Chief Executive Officer (CEO). The purpose of the MC is to support the evidencing of the discharge of responsibility, by the Chair, for management of the Group assets, business and operations in accordance with the strategic direction, integrated management plan, the Group's Risk Appetite and Strategy policy, relevant legal and regulatory obligations and bounds of spend on business growth/acquisitions approved by the Board.

Our Enterprise Risk Management (ERM) framework lays the foundations for managing risk throughout the Group. Athora uses a forward-looking risk management framework and manages individual risks through a continuous cycle of identification, assessment, management and monitoring, with regular review. We have implemented a *three lines of defence* governance model to ensure that risks are clearly identified, owned and managed.

Further details of our governance structure, including particulars of our corporate governance and risk management frameworks and solvency self-assessment process, are set out in **section 2.**

Risk profile

The objective of Athora's risk management framework is that each risk is selected in line with our defined risk appetite and risk strategy, and managed to create value for stakeholders.

Our risk appetite and risk strategy are integral parts of our business strategy. They determine how we select the risks we can control, and from which we can extract value, in line with our mission. Risk appetite and risk strategy are translated into specific policies and limits for the relevant risk types. Specific strategies apply for each risk type, but three fundamental principles apply generally:

- targeted risk selection;
- skilled risk taking; and
- cohesive risk management.

Athora's risk universe is a comprehensive set of risk categories and sub-categories. Risks are grouped by risk types: strategic, capital adequacy, market, credit, liquidity, insurance, operational, compliance, tax, sustainability, reputational and emerging risks. All of our business units use a consistent approach to facilitate a common understanding of risk, risk aggregation and reporting. We use risk appetite statements to indicate our appetite for certain risks. These are set at Group level to manage the aggregated risk profile across the Group.

Further details of our risk profile, including a description of the risks to which the Group is exposed and how we measure, monitor, manage and mitigate these risks, is set out in **section 3** of this FCR.

Solvency valuation

We value our assets and liabilities on a fair value basis in accordance with the Economic Balance Sheet (EBS) valuation principles prescribed by our group regulator.

Section 4 of this report provides further description of the bases, methods and assumptions used in the valuation of assets, technical provisions and other liabilities used to determine the Group's regulatory solvency.

Capital management

Group solvency capital is calculated in line with the requirements of the Bermuda insurance regulatory framework. We seek to maintain a strong Group solvency position, in line with our risk appetite. Our Group capital position allows us to support business growth, meet the requirements of our regulator and give customers, shareholders and other stakeholders assurance of our financial strength.

During 2023, the Bermuda Monetary Authority (BMA) issued two consultation papers setting out proposed changes to the regulatory regime. During the first quarter of 2024, the updated regulatory rules were published. These include changes to the calculation of the solvency position as well as related governance requirements. In 2024, we have been working with the BMA to implement the changes to our models, methodology and assumptions to reflect the revised rules. The net financial impacts have been included in the year end 2024 Bermuda Solvency Capital Requirement (BSCR) ratio.

The regulatory solvency positions of our European insurance subsidiaries are measured on a Solvency II basis.

Ratings

We seek to maintain our 'A' range financial strength rating target in accordance with our risk appetite, to support business growth, meet the requirements of our regulator and give our customers, shareholders and other stakeholders assurance of our financial strength. In August 2024, Fitch maintained the Insurer Financial Strength ratings of our rated insurance business units at 'A' and the issuer default rating for Athora Holding Ltd. and Athora Netherlands N.V. of 'A-' with a Stable outlook.

The Group Finance and Capital Committee, together with the Board, regularly considers capital assessments and projections for Athora to ensure that capital is managed with continuous adherence to Athora's principles around capital adequacy, financial flexibility and efficient use of capital.

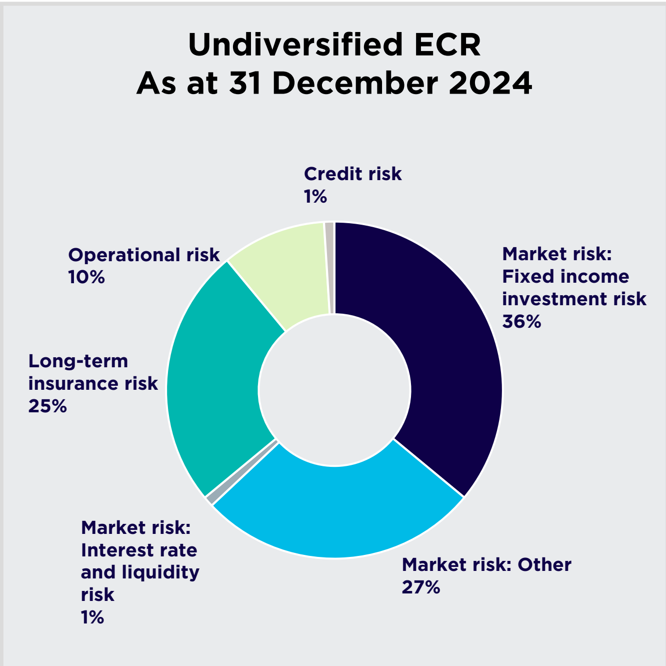
Our required regulatory capital, i.e. Enhanced Capital Requirement (ECR) is calculated using the Bermuda Solvency Capital Requirement (BSCR) model. Our Economic Balance Sheet (EBS) regulatory capital position at 31 December 2024 is shown in the table opposite:

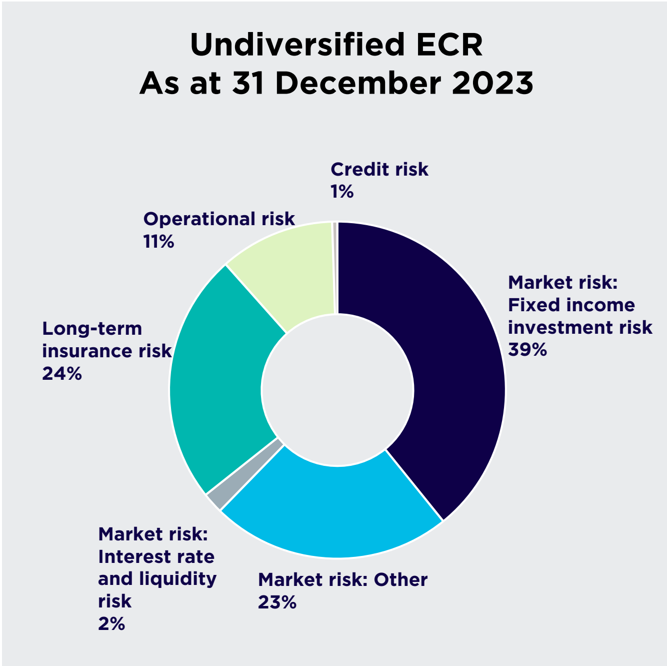
Capital	2024 €m	2023 €m
Available Statutory Capital	**5,924**	5,382
ECR	**3,176**	2,958
Surplus	**2,748**	2,424
Solvency ratio	**187%**	182%

The Group solvency ratio at 31 December 2024 of 187% is above the Group risk appetite threshold.

At 31 December 2024, Athora's Available Statutory Capital, on an EBS basis, was €5,924 million (2023: €5,382 million). Within this, €3,899 million (2023: €3,780 million) was categorised as Tier 1, the highest quality capital, mainly consisting of common share capital and share premium, statutory economic surplus, preferred shares and restricted Tier 1 notes (which are classified as Tier 1 ancillary capital). Tier 2 capital of €1,386 million (2023: €965 million) relates to four subordinated debt instruments. Tier 3 capital of €639 million (2023: €637 million) consists of senior unsecured fixed rate notes issued in June 2023.

The following charts show the composition of the Group's undiversified ECR by BSCR risk category[1]:





The largest components of the undiversified ECR are market risk (which includes fixed income investment, interest rate, liquidity and other market risks) and long-term insurance risk, which is the risk that the frequency or severity of insured events may be worse than expected and includes expense risk.

Further details of our capital management objectives and policies, and our regulatory capital position at 31 December 2024, including group solvency sensitivities, are set out in **section 5** of this FCR.

[1] Under the BSCR model, credit risk covers mainly reinsurance and receivables exposures only. Credit risk linked to investment assets is captured under 'Fixed income investment risk' within market risks. An analysis of the mapping between the BSCR risk categories and Athora's Risk Universe is set out in Appendix 2.

1. Business & performance

1.1 Insurance group

1.1.1 Name and contact details

AHL, an exempted company limited by shares domiciled in Bermuda, is the holding company of the Athora group of companies.

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Swan Building
26 Victoria Street
Hamilton HM12
Bermuda

+1 441 278 8600
athora.com

1.1.2 Business overview

Athora is one of the fastest growing savings and retirement services companies in Europe, focused on the traditional life and pensions market.

We dedicate our time, capital and resources to providing products and services which help customers achieve long-term financial security.

We focus on delivering competitive and stable returns to policyholders within a robust risk management framework, and with the certainty of long-term and high-quality investor support.

Our ambition is to become the leading provider of guaranteed savings and retirement products in Europe, with growth through a combination of individual and corporate new business activity, mergers and acquisitions, as well as portfolio and risk transfer solutions.

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

Our **primary insurance** operations are based in the Netherlands, Belgium, Germany and Italy. In the Netherlands, Belgium and Italy, we provide a range of life and pensions products to individual and corporate customers to meet their financial planning needs. In Germany, we focus on efficiently managing the existing book of policies.

We offer **risk transfer** solutions through our subsidiary Athora Life Re.

Our four primary insurance businesses provide a range of life insurance, pensions and savings products. In the Netherlands (€54.8 billion AuMA)[1], Belgium (€9.0 billion AuMA) and Italy (€5.7 billion AuMA), we actively write new business. Our German business unit (€3.9 billion AuMA) is closed to new business. Our reinsurance operation (AUM), Athora Life Re Ltd (Bermuda) offers optimisation and risk management solutions, primarily to our insurance subsidiaries.

[1] Assets under management and administration (AuMA) at 31 December 2024. For further details see our 2024 Annual Report which is available at https://www.Athora.com/results-and-reports

1.1.3 Significant events in the reporting period

The following significant events took place during the reporting period. Details of material subsequent events are set out in **section 6.**

- Athora Netherlands completed three external Pension Risk Transfer (PRT) transactions during the year – including one of the largest deals executed in the market during 2024 with Pensioenfonds Yara Nederlands (c.€650 million) – demonstrating the strength and credibility of our pension solutions offering.
- Athora Holdings Limited (AHL) successfully issued €750 million of Tier 2 notes on 10 June 2024. The proceeds were used to conduct a Liability Management Exercise (LME) at Athora Netherlands, as well as to repay senior bank financing at Group. This management action improved the Solvency II ratio locally and the BSCR ratio for the Group.
- In November, Athora Netherlands successfully issued €400 million perpetual subordinated Restricted Tier 1 notes, using the proceeds to refinance all of its Restricted Tier 1 capital into a single security, and thereby extending the duration of its capital structure.

1.2 Insurance group supervisor

The BMA acts as Group supervisor for Athora.

BMA House
43 Victoria Street
Hamilton HM12
Bermuda

+1 441 295 5278
bma.bm

1.3 Approved group auditor

The approved Group auditor for Athora is Ernst & Young.

EY Building
Harcourt Centre
Harcourt Street
Dublin 2
Ireland

+353 1 475 0555
https://www.ey.com/en_ie

1.4 Ownership details

Athora is privately owned by a diverse group of global investors that have taken a long-term approach to their investment in Athora and have committed c.€6.75 billion of equity capital. Our investor base comprises pension funds, sovereign wealth funds, family offices and financial services companies.

Key minority shareholders

AHL has three key minority shareholders: Apollo Global Management, Inc. (Apollo), Athene Holding Ltd. (Athene), which is part of the Apollo group, and the Abu Dhabi Investment Authority (ADIA).

Athene was a co-founder of Athora together with Apollo. Athora was a subsidiary of Athene until 1 January 2018, when Athene deconsolidated Athora through a private offering of equity securities.

On 1 January 2022, Athene merged with Apollo. As a result of the merger, Athene became a wholly-owned subsidiary of Apollo and one of its principal subsidiaries.

- As co-founders of Athora, Athene and Apollo retain a strategic relationship with Athora. At 31 December 2024, Apollo, including Athene, has five members on Athora's board of directors and a combined 25% economic interest and 29.90% vote holding in Athora's common share capital.
- At 31 December 2024, ADIA had a 19.14% economic interest and 9.90% vote holding in Athora and had exercised its right to select one member to Athora's Board.

1.5 Group structure

A simplified Group structure as at 31 December 2024 is shown in **Appendix 1.**

1.6 Performance

The IFRS profit before tax of €54 million (2023: €1,082 million) was primarily driven by economic variances experienced during the year, particularly the widening of sovereign spreads. The increased profit in 2023 mainly resulted from the significant decrease in interest rates during the year. The decrease in interest rates had a positive impact due to Athora's approach to hedging local business unit solvency, resulting in a basis difference in IFRS. Interest rates in 2024 marginally decreased in comparison to 2023 and resulted in an immaterial impact on the current year IFRS profit before tax.

The Group's main sources of income are from its insurance and reinsurance underwriting which are reported under insurance contract revenue, net (expense)/income from reinsurance contracts held, and investment activities which are recorded under net investment income attributable to shareholders.

The Group's main sources of expenses are reported under Insurance service expense, Net insurance and reinsurance finance expense attributable to shareholders, and Other expenses.

See **sections 1.6.1** and **1.6.2** for further analysis.

The key line items in the Group's consolidated statement of comprehensive income are summarised in the table below:

€m	2024	2023
Insurance contract revenue	**2,326**	2,228
Insurance service expense	**(2,076)**	(2,001)
Net (expense)/income from reinsurance contracts held	**(13)**	19
Insurance service result	**237**	246
Net investment income attributable to shareholders	**3,802**	5,070
Net insurance and reinsurance finance expense attributable to shareholders	**(3,348)**	(3,541)
Net finance result in respect of investment contracts and third parties[2]	**—**	—
Net financial result	**454**	1,529
Other income[3]	**132**	99
Other expenses[4]	**(544)**	(597)
Finance costs	**(225)**	(195)
Profit before tax	**54**	1,082
Income tax[5]	**(58)**	(320)
(Loss)/profit for the year	**(4)**	762
Other comprehensive income for the period, net of tax	**9**	17
Total comprehensive income for the year	**5**	779

1.6.1 Details on material income and expenses incurred by the insurance group during the reporting period

Insurance service result

The insurance service result of €237 million (2023: €246 million) is the difference between the actual and expected cost of the service provided. Insurance contract revenue includes expected claims, expected directly attributable expenses, release of the risk adjustment and contractual service margin (CSM) amortisation. Actual claims and directly attributable expenses paid are included within the insurance service expense. The result for the year is primarily attributable to the annual release of the CSM and risk adjustment, together with more beneficial impacts of actual claims against experience, partially offset by the impact of model and assumption changes in Italy and the Netherlands moving some portfolios into loss components. The insurance services result comprises Insurance service contract revenue less Insurance service expense. See below for further information on both.

[2] Refers to unit-linked contracts which are accounted for under IFRS 9 Financial Instruments (i.e. investment contracts that do not have discretionary participation features).
[3] Other income includes fees, commission €96 million (Refer to note **C3** of the Group's 2024 annual report) and other income €36 million.
[4] Other expenses includes acquisition costs, impairments and other expenses. Refer to note **C4** of the Group's 2024 annual report.
[5] Bermuda enacted a 15% corporate income tax, effective from 1 January 2025. Athora does not anticipate an increased tax burden in the near term from these changes. Refer to notes **C6 and G6** of the Group's 2024 annual report. Further information on the Group's total tax contribution is included in the Sustainability section on page 51 of the Group's 2024 annual report.

Insurance contract revenue

Insurance contract revenue reflects the total consideration that the Group expects to receive for the insurance contract services provided by the Group to policyholders during the year. During the reporting year Athora generated Insurance contract revenue of €2,326 million (2023: €2,228 million).

Net (expense)/income from reinsurance contracts held of €(13) million (2023: €19 million).

Insurance service expense

Insurance service expense, which primarily includes incurred claims and other directly attributable expenses, were €2,076 million, consistent with the prior year (2023: €2,001 million).

Net insurance and reinsurance finance expense attributable to shareholders

Net insurance and reinsurance finance expense attributable to shareholders, which represents the movement in insurance provisions due to changes in their present value, was an expense of €3,348 million (2023: €3,541 million). The main drivers are the impact of decreases in interest rates on discount rates during the year, partially offset by an increase in the illiquidity premium as a result of the further asset repositioning to return seeking assets in the Netherlands.

Net finance result in respect of investment contracts and third parties

Net investment expense in respect of investment contracts and third parties was €1,907 million (2023: €987 million). Refers to unit-linked contracts which are accounted for under IFRS 9 Financial Instruments. Due to the nature of these contracts, the investment income/expense earned on the assets held and the change in investment contract liabilities due to policyholders and third parties, will always completely offset in the Group's income statement.

Other expenses

Other expenses were €544 million (2023: €597 million). Other expenses include acquisition costs, impairments and other expenses.

Further details of our IFRS results are set out in the Group's 2024 Annual Report.

1.6.2 Investment performance

Investment strategy

Athora's investment strategy is focused on matching the cashflows of our liabilities and earning attractive risk-adjusted returns, while ensuring capital stability. Our expertise in managing assets enables us to deliver the returns that our customers desire, and sustainable returns for our shareholders, who have entrusted us with their investments. Our differentiated investment strategy benefits from our strategic relationship with Apollo, who provides a full suite of investment management services for some of our investment portfolio.

Further details of our investment strategy are set out in the Group's 2024 Annual Report, which can be found on our website at https://www.athora.com/results-and-reports

Performance of investments by asset class

IFRS net investment income attributable to shareholders was €3,802 million (2023: €5,070 million):

€m	2024	2023
Net (expense)/income from derivatives	**(694)**	778
Interest revenue	**2,049**	1,320
Net gains on financial assets valued through profit or loss	**2,063**	2,691
Investment properties	**39**	(39)
Cash and cash equivalents	**143**	112
Other investment income	**202**	208
Net investment income attributable to shareholders	**3,802**	5,070

Net investment income decreased compared to the prior year due to to market movements on sovereigns, property and equity, as well as derivatives.

The table below sets out the net investment income attributable to shareholders by asset class:

2024 €m	Financial assets FVTPL	Loans and receivables	Investment properties	Cash and cash equivalents	Other investments	Total
Net expense from derivatives held	(694)	—	—	—	—	(694)
Interest revenue	649	1,400	—		—	2,049
Net gains on financial assets value through profit or loss	2,063	—	—	—		2,063
Net income on investment properties	—	—	39	—	—	39
Interest revenue on cash and cash equivalents	—	—	—	143	—	143
Other investment income	—	—	—	—	202	202
Total	**2,018**	**1,400**	**39**	**143**	**202**	**3,802**

2023 €m	Financial assets FVTPL	Loans and receivables	Investment properties	Cash and cash equivalents	Other investments	Total
Net income from derivatives held	778	—	—	—	—	778
Interest revenue	518	802	—		—	1,320
Net gains on financial assets value through profit or loss	2,470	—	—	—	221	2,691
Net expense on investment properties	—	—	(39)	—	—	(39)
Interest revenue on cash and cash equivalents	—	—	—	112	—	112
Other investment income	—	—	—	—	208	208
Total	**3,766**	**802**	**(39)**	**112**	**429**	**5,070**

The 2023 comparative analysis of interest revenue includes €414m interest income which has been moved from interest revenue on financial assets FVTPL to interest revenue on loans and receivables to conform with the current year presentation.

1.6.3 Insurance business written during the reporting period

The table below sets out the Group's gross earned premiums from its insurance and reinsurance activities, and by geographical region.

€m	2024	2023
Insurance	**3,682**	2,755
Reinsurance accepted	**47**	65
	3,729	2,820
Netherlands	**2,848**	2,145
Belgium	**396**	337
Germany	**122**	129
Bermuda	**47**	65
Italy	**316**	144
	3,729	2,820

The increase in gross premiums earned in 2024 is primarily due to a strong result in Athora Netherlands. Athora Netherlands gross earned premiums increased by 33% from €2,145 million to €2,848 million, which includes PRT transactions totalling c.€900million.

Athora Belgium gross earned premiums earned increased by 18% from €337 million to €396 million. This strong performance was supported by disciplined pricing actions relating to the core guaranteed life product (Serenity II Prime), which offers market-leading guarantees. The business also added a key new bank distribution partner during the year, further broadening its distribution.

Athora Germany gross earned premiums earned decreased by 5% from €129 million to €122 million, reflecting the run-off nature of the closed book.

Athora Italia gross earned premiums earned increased by 119% from €144 million to €316 million. In 2024, Athora Italia developed a new guaranteed product ("Athora Rendimento+") which has since offered one of the highest policyholder yields in the market, driving commercial momentum. New distribution agreements were also signed with IFB Broker S.r.l and Vitanuova S.p.A., one of the most important Italian retail life brokers, to supplement the exclusive multi-year partnerships with BdM Banca del Mezzogiorno and Cassa di Risparmio di Orvieto, launched at the beginning of 2023. The diversification of distribution channels was supported by increased brand awareness through a national advertising campaign across multiple platforms.

1.7 Any other material information

There is no other information to report.

2. Governance structure

Athora has established a robust board, committee and management structure to oversee the business of the Group. Our system of governance is appropriate for the nature, scale and complexity of risks inherent in our business and ensures compliance with applicable laws and regulations. Athora is committed to a high standard of corporate governance and has adopted Board and other governance guidelines and terms of reference as a framework.

2.1 Parent board and senior executives

2.1.1 A description of the structure of the Board and senior executive, the roles, responsibilities and segregation of these responsibilities

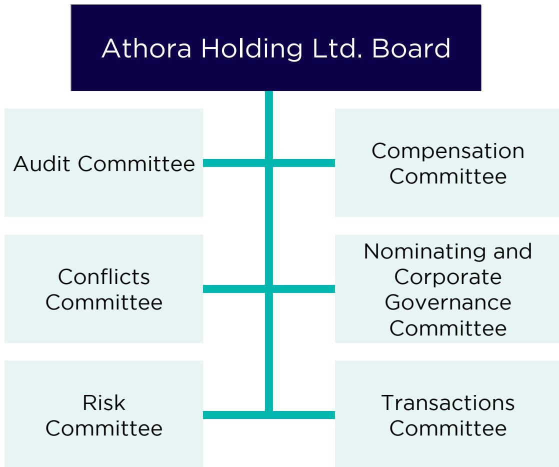
Board and committee structure

The Board is responsible for promoting Athora's long-term success. This includes providing oversight and guidance over the strategic objectives, the ultimate risk appetite of the Group, and monitoring management delivery of these strategic objectives within the agreed governance framework. AHL's bye-laws and Board governance guidelines define the Board's duties, membership and meeting procedures.

Athora is led, at the direction of the Board, by the Group CEO and the President & Deputy CEO, as well as the Management Committee (MC). The MC is chaired by the Group CEO.

The purpose of the MC is to support the evidencing of the discharge of responsibility, by the Chair, for management of the Group assets, business and operations in accordance with the strategic direction, integrated management plan, Risk Appetite and Strategy policy, relevant legal and regulatory obligations and bounds of spend on business growth/acquisitions approved by the Board.

To assist in fulfilling its oversight responsibilities, the Board has established six Board committees, each with its own charter. Each committee chairperson reports to the Board on the committee's activities.



The purpose of each Board committee

- **Audit Committee**

  Oversight and monitoring of the integrity of the consolidated financial statements and financial and accounting processes; monitoring compliance with audit, internal audit and internal controls requirements; monitoring the independent auditor's qualifications, independence and performance; and monitoring legal and regulatory compliance and ethical standards.
- **Compensation Committee**

  Oversight of the Group's executive compensation programme
- **Conflicts Committee**

  Evaluates and considers for approval certain related party transactions.
- **Nominating and Corporate Governance Committee**

  Supports the Board exercise general oversight with respect to the governance of the Board of Directors, recommending individuals to the Board for nomination, election or appointment as members of the Board and/or Board committees, overseeing the Board effectiveness reviews, identifying and recommending Group CEO candidates, assessing senior management succession plans and taking a leadership role in shaping the corporate governance of the Company, including developing, recommending to the Board and reviewing on an ongoing basis the corporate governance principles and practices that should apply to Athora along with providing oversight of the Environmental, Social and Governance Strategy and Inclusion , Diversity and Equality framework.

- **Risk Committee**

  Oversight of systems and processes to identify, manage and mitigate risks. Assists the Board and its committees in fulfilling their oversight responsibilities for risk management.
- **Transactions Committee**

  Reviews and assesses material transactions (e.g. acquisitions, dispositions and certain reinsurance transactions) for recommendation to the Board.

Group executive management structure

Responsibilities are allocated individually to the following members of the MC by functional area:

Role	MC member
Group Chief Executive Officer	Mike Wells
President & Deputy CEO	Todd Solash (appointed 26 January 2024)
Group Chief Risk Officer	Michael Koller
Group General Counsel	Ward Bobitz (resigned 12 December 2024) Matthew Salter (appointed 13 March 2025)
Group Managing Director, Risk and Compliance	Chantal Waight (appointed 28 August 2024)
Group Head of Corporate and Regulatory Affairs	Tobias Buecheler (appointed 28 August 2024)

All appointment dates disclosed in the table above are regulatory approval dates. Anders Malmström resigned as Group Chief Financial Officer on 12th December 2024.

Athora has established a framework of management committees to support each MC member and key function holders in fulfilling their responsibilities.

Membership of the MC is subject to regulatory notification and meeting fitness and propriety requirements. Athora's MC members have substantial experience in insurance and broader global financial services, as outlined in **section 2.2** below.

Subsidiary governance

The responsibility for day-to-day management at the level of each of Athora's regulated subsidiaries sits with the respective board, management and (where applicable) supervisory boards of each subsidiary. Each of Athora's regulated subsidiaries has a comprehensive local governance framework. This supports the subsidiary board in oversight and monitoring of the business of the subsidiary.

The board of each subsidiary has established appropriate committees to assist in fulfilling its role.

2.1.2 A description of the remuneration policy and practices and performance-based criteria governing the parent board, senior executive, and employees

Athora's Group remuneration policy lays out the philosophy and principles which guide how we compensate and incentivise our employees, including those whose professional activities have a material impact on the undertaking's risk profile.

We apply a total reward approach whereby we seek to drive the highest possible levels of engagement, motivation, performance and cost effectiveness through employing the appropriate elements of compensation and benefits. We seek to:

- provide a well-balanced and, where appropriate, performance-related compensation package for employees, considering the interests of all stakeholders and relevant regulators;
- provide a motivational employment package, as appropriate to each role and to the markets in which we operate, which seeks to drive high levels of individual, team and collective engagement;
- remain competitive in all markets; and
- keep all design aspects modern and as simple as possible, allowing for efficient management and administration of all programmes.

The policy applies to all Athora employees and independent non-executive directors. In the case where there is a conflict between the Group policy and a remuneration policy established and approved by a local subsidiary board, the local policy shall prevail to the extent that it relates to those individuals employed by or serving the local subsidiaries.

Employee reward

Athora aims to attract, recruit, develop and retain competent employees with the skills, knowledge and expertise to fulfil their allocated responsibilities. We seek to provide a motivational employment package, as appropriate to each role in the markets in which we operate.

All employees are required to set performance objectives, aligned ultimately to corporate objectives. Compensation and discretionary bonuses (where applicable) are based on the output of regular performance reviews and aligned with the interests of policyholders and shareholders.

Senior executive and independent non-executive director reward

The Compensation Committee is responsible for the review and approval of the key terms of employment and appropriate levels of compensation for the most senior Group executives.

Senior executives

The policy for senior executives is to provide a fixed and (where appropriate) a variable component to their compensation alongside employee benefits. The variable element of remuneration may comprise a short- and a long-term variable component to reward the achievement of qualitative and quantitative performance objectives.

Annual bonus plans for this group provide for a maximum target bonus of no more than 200% of the annual basic salary. There is, at a minimum, an annual evaluation of individual and collective performance; this forms the basis of performance-related remuneration.

Senior executives are typically eligible for participation in long-term incentive arrangements as part of a balanced and market-oriented approach to fixed and variable remuneration in line with our principles. Rewards are delivered in either shares, phantom shares and/or cash. From time to time, other additional equity incentives which are founded on equity in Group entities outside of the European Union may be offered to this group.

Typically, the long-term incentive arrangements include the following characteristics, tailored according to circumstances:

- There is a total time frame of three or more years for each performance cycle.
- Incentives are aligned to specific long-term and balanced performance objectives.
- Incentives are provided as part of an appropriately balanced package between fixed and variable, short- and long-term focused remuneration, as appropriate, to the role and market.
- A holding period post-vesting may apply, in line with applicable regulatory expectations.

Where senior executives are also classified as Identified[1] they will also be subject to the variable remuneration deferral.

Independent non-executive directors (INEDs)

INEDs are typically remunerated by means of an annual base retainer fee and committee membership and/or chair fee, where applicable, payable in a combination of cash and Class A common shares. The fees are fixed and do not vary based on business performance, and are reviewed periodically by the Compensation Committee.

INEDs do not participate in incentive arrangements, unless approved by the Board. INEDs may be offered the opportunity to acquire additional Athora shares. Such opportunities require approval by the Compensation Committee and will be compliant with all parts of the Athora remuneration policy. Where required, INEDs are provided with professional indemnity (Directors and Officers) insurance for the period during which they undertake their duties. INEDs receive reimbursement for expenses incurred in the performance of their duties.

2.1.3 A description of the supplementary pension or early retirement schemes for members of the insurance group, parent board, its senior executives, and employees

We operate a range of pension plans aligned to local market requirements, primarily on a defined contribution basis. The maximum employer contribution is typically 10% of eligible salary, other than where mandated by local jurisdictions.

2.1.4 Any material transactions with shareholder controllers, persons who exercise significant influence, the parent board or senior executive

As explained in **section 1.4**, AHL's three key minority shareholders - Athene, Apollo and ADIA - are considered to be related parties of the Group.

[1] Individuals defined under the European Solvency II regime as comprising the administrative, management or supervisory body in a regulated entity; persons who effectively run the regulated undertaking or other categories of staff whose professional activities have a material impact on the undertaking's risk profile.

During the year ended 31 December 2024 dividends of €10.9m on the Series B Preferred Shares were declared to Athene.

At 31 December 2024, Athene and Apollo have commitments to make additional equity investments in Athora of €805[2] million, which remain undrawn and available to the Group. The table below summarises the amount of the other material transactions with Athene and Apollo during the year and the outstanding balances at the end of the year:

€m	Income	Expenses	Payable	Receivable
2024				
Apollo	—	148	35	—
Athene	1	2	—	—
	1	**150**	**35**	**—**

€m	Income	Expenses	Payable	Receivable
2023				
Apollo	—	121	33	—
Athene	1	1	1	—
	1	122	34	—

Apollo has a strategic relationship with Athora and provides the Group with investment management, advisory and sub-advisory services through its subsidiary, Apollo Asset Management Europe LLP. We expect the strategic relationship with Apollo to continue for the foreseeable future.

In December 2024, the Group sold their total investment in AP Violet Ath Holdings LP for a purchase price of €91m ($95m) to Athene Annuity Re Ltd. and has signed a sales agreement with Athene HD Investor, L.P. to disinvest its equity share (19,677,125 shares) in HD Finance Holdings Limited for €34m (£28m), which is expected to settle in the second quarter of 2025.

Until April 2023, the Group leased office space in the United Kingdom. Under a sub-licence agreement, Apollo rented a floor of this space, with total rent payable, including service and similar costs, of €0.2 million for the first 4 months of 2023 excluding VAT.

From May 2023, the Group entered into a new lease agreement with Apollo whereby Apollo is sub-letting a floor in their new office to the Group, with total annual rent payable by the Group of €0.3 million, excluding VAT, up to March 2027, and then increasing to an annual rent payable of €0.5 million, excluding VAT.

Athene has a cooperation agreement with Athora. Under this agreement, which excludes Athora Netherlands, Athene and Athora have certain rights of first refusal relating to certain reinsurance and acquisition transactions. As at 31 December 2024, Athene has not exercised its right of first refusal to reinsure liabilities ceded to Athora's insurance or reinsurance subsidiaries. In addition, Athora's subsidiaries may from time to time purchase certain funding agreements and/or other spread instruments issued by Athene's insurance subsidiaries. At 31 December 2024, the value of funding agreements purchased by the Group was €55 million (2023: €55 million).

2.2 Fitness and propriety requirements

2.2.1 A description of the fit and proper process in assessing the parent board and senior executive

Athora uses the hiring and vetting process, including recruitment and interviewing requirements, to confirm fitness and propriety for the relevant role. All Board, MC and key function holder appointments are subject to review by the Nominating and Corporate Governance Committee, as set out in the Committee's charter.

2.2.2 A description of the professional qualifications, skills, and expertise of the parent board and its senior executives to carry out their functions

Our Board consists of eleven directors, including five independent non-executive directors. One INED serves as Chair of both the Board and the Nominating and Corporate Governance Committee and three other INEDs each serve as Chairs of the Conflicts Committee, Audit Committee, and Risk Committee.

Our Board has diverse management, operations, governance and oversight experience across many industries.

Athora has established a framework of management committees to support each MC member and key function holders in fulfilling their responsibilities. Board member biographies and a brief outline of our MC members' biographies and responsibilities are set out on the following pages.

[2] Including €500 million of backstop equity commitment letters, signed in 2020 and expired in April 2025.

Board of directors

NG Cp Cf T R

Bruce Hemphill

Chair, INED

Tenure: 1 year

Experience

Bruce is a global leader in the financial services industry with 30 years of experience in senior executive and non-executive leadership roles across international markets and jurisdictions.

Previously, he served as Group CEO of Old Mutual plc, a FTSE 100 company and earlier in his career was CEO at Liberty Holdings.

Other current appointments include
Director, Menai Financial Group

A Cf NG R

Debra Broek

INED

Tenure: 6 years

Experience

Debra has over 25 years of insurance experience, primarily in finance and risk.

She was previously CFO of Zurich Insurance Group's global life segment; Head of Investor Relations and Rating Agency Management; and Group Chief Accounting Officer, Managing Director of the Winterthur Group.

Other current appointments include
Non-Executive Director and Audit and Risk Committee member, Zurich American Insurance Company

Non-Executive Director and Audit and Risk Committee Chair, Zurich American Life Insurance Company and Zurich American Life Insurance Company of New York

Non-Executive Director and Audit and Risk Committee Chair, Zurich Holding Company of America, Inc.

Cf

Volkert Doeksen

INED

Tenure: 7 years

Experience

Volkert has over 35 years of investment experience.

He co-founded and held the positions of Chairman/CEO of AlpInvest Partners, Director at Kleinwort Benson Ltd, Dillon Read and Morgan Stanley.

Other current appointments include
Partner, GP House B.V.

Supervisory Board Member, Koninklijke Doeksen B.V.

Board Member, Nouryon B.V.

Board Member, Nobian B.V.

A Audit Cp Compensation Cf Conflicts NG Nominating and Corporate Governance R Risk T Transactions

Committee Chair

R A Cf NG

Anna Maria D'Hulster

INED

Tenure: 6 years

Experience

Anna Maria has held many senior roles, including Secretary General of The Geneva Association, the insurance industry's leading international think tank, between August 2014 and February 2019.

Prior to that she was Founder and CEO of Baloise Life and member of the executive committee at Insurance Europe. She was also a Principal with Boston Consulting Group, covering insurance and banking projects in Germany and the US. Other Board positions have included Non-Executive Director and Risk Committee Chair, CNA Europe; Non-Exectuive Director and Risk Committee Chair, Hardy (Underwriting Agencies) Limited; Deutscher Ring and Mercator Verzekeringen.

Other current appointments include
Supervisory Board Member and Chair of the Audit Committee, UNIQA Insurance Group (UQA).

Cf A NG Cp

Fred Kleisner

INED

Tenure: 7 years

Experience

Fred has extensive experience in business management and governance with over four decades of experience as a hotelier and held the positions of corporate Group CEO and COO of multi-national, listed companies.

He has also led successful management teams in the hospitality and gaming sectors, throughout the world.

Other current appointments include
Independent Director, Audit Committee, Compensation Committee, Corporate Governance and Nominating Committee, Ashford Hospitality Trust (NYSE: AHT)

Director/Trustee, Executive Committee Member and Board Treasurer/Finance Committee Chair, Island Wood School, Bainbridge Island, WA

Independent Director, NR International (a public reporting, non-traded REIT); Co-Chair Finance Committee, Chair, Board of Directors, Sterling Hotels and Resorts, a NAV REIT, publicly reporting, non listed.

Cp Cf NG R T

Jérôme Mourgue d'Algue

Tenure: 7 years

Experience

Jérôme has over two decades of investment experience and is Co-Global Head of Private Equity at ADIA.

He was previously a Partner at Bregal Capital LLP, Vice President at Morgan Stanley Capital Partners and commenced his career at McKinsey & Company.

Other current appointments include
Board Director and Risk Committee Member, Athene Holding Ltd.

Board Director, Pension Insurance Corporation.

A Audit Cp Compensation Cf Conflicts NG Nominating and Corporate Governance R Risk T Transactions

Committee Chair

A T

Martin P. Klein

Tenure: 2 years

Experience

Martin is Executive Vice President and CFO of Athene Holding Ltd. He also serves as a director of several of Athene's insurance subsidiaries.

Prior to joining Athene in 2015, Martin served at Genworth Financial, most recently as Executive Vice President & CFO, and, prior to that, as Genworth's Acting President & CEO.

Previously, he was Managing Director at Barclays and, before that, at Lehman Brothers and Zurich Insurance Group.

Other current appointments include
Board Member, Caritas

Dean's Advisory Council Member, University of Iowa College of Liberal Arts & Sciences

Cp A NG

Alexander Humphreys

Tenure: 6 years

Experience

Alex is a partner at Apollo Global Management having joined in 2008.

Alex serves on the board of directors of Athora, Aspen, Catalina Holdings and ACRA. Alex is a former board member of Tranquilidade, Haydock Finance, Amissima, Lumileds and Miller Homes.

Alex serves on the Investment Committee of Apollo's Insurance Solutions Group International.

Prior to joining Apollo, Alex was at Goldman Sachs in the financial institutions investment banking team based in London.

Alex has a BSc in Economics from University College London.

Other current appointments include
Director, Aspen

Director, Catalina Holdings

Director, Miller Homes

T R NG

Gernot Löhr

Tenure: 7 years

Experience

Gernot is Partner and Co-Chair of Global Financial Institutions Group at Apollo Global Management, Inc. He is a member of Apollo's Business Development Committee, and oversees Apollo's investments in the financial services sector.

Prior to Apollo, he was a founding partner at Infinity Point LLC, Apollo's joint venture partner for the financial services industry.

He has also held senior roles in financial services investment banking at Goldman Sachs, McKinsey & Company and B. Metzler Corporate Finance.

Other current appointments include
Director, Aspen

Director, Athene

Director, Catalina Holdings

Advisory Board Member, MIT Sloan School of Management

A Audit Cp Compensation Cf Conflicts NG Nominating and Corporate Governance R Risk T Transactions

Committee Chair

T

Vishal Sheth

Tenure: < 1 year

Experience

Vishal is Partner and Co-Head of Global Financial Institutions Group (FIG) at Apollo, focused on financial services and insurance-related opportunities. He is also a member of Apollo's Leadership Team.

Prior to joining Apollo, Vishal was Managing Director in the Financial Institutions Group at Barclays, and a corporate lawyer in the Financial Institutions Group at Skadden, Arps, Slate, Meagher & Flom before that.

Vishal graduated magna cum laude from the Honors Program at the Stern School of Business at New York University with a Bachelor of Science degree in finance and economics. He received his JD from New York University School of Law where he served as a Staff Editor on the Review of Law and Social Change.

Cp T

Scott Kleinman

Tenure: 4 years

Experience

Scott is Co-President of Apollo Asset Management, Inc., co-leading Apollo's day-to-day operations including all of Apollo's revenue-generating businesses and enterprise solutions across its integrated alternative investment platform. Mr. Kleinman joined Apollo six years after its inception in 1996, and was named Lead Partner for Private Equity in 2009 prior to being named Co-President in 2018. Mr. Kleinman serves on Apollo's Executive Committee.

Prior to joining Apollo, Mr. Kleinman was a member of the Investment Banking division at Smith Barney Inc. He serves on the board of directors of Apollo Global Management, Inc. and Athora Holding Ltd.

In 2014, Mr. Kleinman founded the Kleinman Center for Energy Policy at the University of Pennsylvania.

Other current appointments include

Board of Advisors, University of Pennsylvania Stuart Weitzman School of Design

Board of Directors, White Plains Hospital

A Audit Cp Compensation Cf Conflicts NG Nominating and Corporate Governance R Risk T Transactions

Committee Chair

Management committee

Mike Wells,
Group Chief Executive Officer

Mike joined Athora in 2022 and is responsible for the overall coordination and direction of Athora Group and the AHL Management Committee.

Mike is a global financial services leader with three decades' experience in insurance and retirement services.

Before joining Athora, Mike was Group CEO of Prudential plc, and prior to that CEO of Prudential's then US business, Jackson.

Earlier in his career, he worked at the US brokerage houses Dean Witter, and Smith Barney Shearson.

Todd Solash,
President & Deputy CEO

Todd joined Athora in 2023 and, alongside the Group CEO, is responsible for overseeing its subsidiaries, and coordinating business performance across operations, technology, change and M&A.

He joined Athora from Corebridge Financial (formerly AIG Life & Retirement) where he was President and CEO for Individual Retirement and Life Insurance. Prior to that, he was Head of Individual Annuity at AXA Equitable Life Insurance.

Earlier in his career, Todd consulted with insurers and banks as a partner at Oliver Wyman and held senior positions at Jefferson National Life (now part of Nationwide Life Insurance).

Michael Koller,
Group Chief Risk Officer

Michael joined Athora in 2023, with responsibility for risk management and compliance across the Group.

He has three decades of senior experience in European life insurance, risk, actuarial and regulatory affairs. Michael joined Athora from MS Reinsurance where he was Chief Risk Officer.

Prior to that, he held executive roles at Prudential plc, Aviva Europe, Partner Re, Swiss Re and Swiss Life.

Michael is also a professor at the Federal Institute of Technology in Zurich where he regularly lectures on Life Insurance Mathematics.

Tobias Buecheler,
Group Head of Corporate and Regulatory Affairs

Tobias joined Athora in 2024 with responsibility for regulatory affairs, sustainability and external communications.

Tobias has extensive global financial sector experience. Prior to joining Athora, he was Group Head of Regulatory Affairs at Allianz where he managed a number of regulatory changes and projects.

Tobias previously held other senior roles at Allianz in Europe and Asia-Pacific, including Chief Investment Officer of Allianz Australia. Earlier in his career, he was a Capital Markets Analyst at J.P. Morgan.

Management committee

Chantal Waight,
Managing Director, Group Risk & Compliance

Chantal joined Athora in 2023 with responsibility for people, processes and systems across the Athora Group Risk & Compliance function.

Chantal has 25 years of insurance and investment management experience. Prior to joining Athora, Chantal spent 15 years at M&G and Prudential plc where she held senior roles across equity research, investor relations and strategy & corporate development.

Earlier in her career, Chantal was an insurance equity analyst at Deutsche Bank and Dresdner Kleinwort Wasserstein.

Matthew Salter,
Group General Counsel

Matthew joined Athora in 2017 and was appointed as the Group General Counsel in December 2024.

Matthew works closely with the Group CEO and senior management team on legal, regulatory and corporate governance matters across the Group.

Prior to Athora, he spent eight years with Aviva in London where he held various positions internationally including in the area of M&A and as head of corporate governance for Aviva's regulated general insurance business.

Rakesh Thakrar,
Interim Group Chief Financial Officer*

Rakesh joined Athora on 2 December 2024 as Interim Group Chief Financial Officer and is responsible for the Group's finance operations including oversight of the actuarial function.

Rakesh has over 25 years' experience working in a regulated financial services environment and is highly experienced in Corporate & Capital restructuring, listings, M&A, debt refinancing, disposals and integrations.

Prior to Athora, Rakesh spent over twenty years with Phoenix Group plc in London, where he held various senior positions within Finance, including Group Chief Financial Officer since 2020.

Rakesh also sits on the Boards of Bupa UK and JP Morgan Global Growth and Income plc as a Non Executive Director and is also Chair of the Audit Committee at Bupa UK.

*The position of interim Group Chief Financial Officer is not a member of the management committee, however is a standing attendee of all meetings.

2.3 Risk and capital management

2.3.1 A description of the risk management process and procedures to effectively identify, measure, manage and report on risk exposures

Robust risk management is central to Athora's success as a specialised European savings and retirement services group. As a key element of our business model, risk management is the responsibility of all Athora employees. Our Enterprise Risk Management (ERM) framework was devised to ensure that we identify, understand and assess risks against levels defined as acceptable. When we understand the risks we face, we can design and implement appropriate controls. The aim is to enable every employee to see how they contribute to the effective management of risk. Risks are managed from multiple perspectives, including economic, regulatory and accounting. The ERM framework includes risk appetite and strategy, risk governance, risk culture, risk measurement and assessment, risk management and monitoring, risk reporting and insights, and data and technology. The ERM framework lays the foundations for managing risk throughout Athora.

Athora manages individual risks through a continuous cycle of identification, assessment, management and monitoring, with regular review.

Risk appetite and strategy

Athora's risk appetite and risk strategy are integral parts of our business strategy and we manage all risks with the purpose of supporting the delivery of Athora's strategic pillars. They determine how we select the risks we can control and from which we can extract value, in line with our mission. Risk appetite and risk strategy are translated into specific policies and limits for the relevant risk types. Specific strategies apply for each risk type, but three fundamental principles apply generally:

1. Targeted risk selection

- We take on long-dated life insurance liabilities in European markets where these can be managed within risk appetite and provide a risk-adjusted return in line with strategy.
- Asset selection for return-seeking investments is determined by Athora's access and opportunity to capture appropriate risk-adjusted returns.
- Risks outside of risk appetite are pro-actively mitigated or traded out; short-term unrewarded risk taking is discouraged. This includes having an efficient process in place to identify emerging risks and issues.

2. Skilled risk taking

- Active risk management is a core competency of Athora that helps promote confidence in our stakeholders (including the Board, customers, supervisors, shareholders, and rating agencies).
- Athora ensures the level of capital held in the balance sheet is compatible with the risks taken and that the business operates efficient capital structures.
- Athora only takes risks where the appropriate skills, capabilities and resources exist in the organisation to manage them.
- We measure risk on a timely and reliable basis to achieve a predictable risk profile, and promote conscious trade-offs between risk, reward and cost.

3. Cohesive risk management

- Risk is managed consistently across all the business with the aggregated risk ultimately owned at the Group level.
- Risk appetite is clearly articulated for all risk categories and is managed to ensure the business operates within the established risk appetite through monitoring and controls as well as overall compliance with risk policies.
- The three lines of defence model is employed with all lines clear on their roles and working together effectively to manage the risk.
- The common underlying economic own view of the risk is used to measure the available and required risk capital across the business.

Enterprise Risk Management Framework

Risk appetite and strategy	Risk governance	Risk culture	Risk assessment and measurement	Risk management and monitoring	Risk reporting and insights	Data and technology
Linkage to corporate strategy	Board oversight and committees	Risk organisation	Risk identification, assessment and prioritisation	Risk mitigation response and action plans	Risk reporting	Data quality and governance
Risk universe	Group risk operating structure	Risk competence	Quantitative methods and modelling	Testing, validation and assurance	Business/ operational requirements	Risk analytics
Risk appetite statements	Roles and responsibilities	Risk relationships	Risk aggregation, correlation and concentration	Monitoring	Board and Senior Management requirements	Technology enablement
	Risk policies and risk opinions	Risk motivation	Scenario analysis and stress testing	Projects and initiatives	External requirements	

The table below sets out the risk definition for each of the risks.

Risk type	Risk definition
Strategic risk	Risk that an event impacts our ability to achieve our overarching strategy and core business priorities. In line with our Strategic Pillars, this includes any risk impacting our ability to achieve sustainable growth, maintain effective capital management, drive strong and stable investment returns and operate efficiently and competitively.
Capital Adequacy risk	Risk of not maintaining a sufficient level of capital to protect policyholders, or not allocating capital in a manner that supports Athora's strategic goals and aligns with Athora's risk appetite.
Market risk	Risk of loss or adverse change in the financial situation resulting (directly or indirectly) from fluctuations in the level and volatility of market prices of assets, liabilities and financial instruments.
Credit risk	Risk of loss resulting from an obligor's potential inability or unwillingness to fully meet its contractual obligations to Athora.
Liquidity risk	Risk that an entity has insufficient cash, other liquid resources or management actions to meet obligations when they fall due.
Insurance risk	Insurance risk is comprised of underwriting and reserving risk. Underwriting risk is the risk of incurring financial losses from assumptions deviating from expectation (where assumptions include mortality, longevity, morbidity, policyholder behaviour, and expense) and reserving risk is the risk of misestimation or lack of control surrounding reserving activities.
Operational risk	Risk of loss resulting from external events or from inadequate or failed internal processes, people and systems.
Compliance risk	Risk of legal or regulatory sanctions, material financial loss or loss to reputation Athora may suffer as a result of its failure to comply with the laws, regulations, rules and codes of conduct applicable to its business activities.

Risk type	Risk definition
Tax risk	Risk of incurring unplanned and/or unexpected tax liabilities, for instance, as a result of changes in practice or interpretation; or incorrect tax advice.
Sustainability (Environmental, Social and Governance risk (ESG))	Risk of ESG events or developments, which may, if not managed, have significant negative impacts on the assets, financial and earnings situations, or reputation of an entity.

We set out qualitative risk appetite statements internally for each risk in the risk universe which summarises the comprehensive set of risks to which Athora is exposed to and provides direction as to how the risk is to be managed, we either accept these or take action to reduce, transfer or mitigate them. We also use a quantitative risk appetite dashboard to monitor key risk metrics, across financial and other dimensions of the business. We report on these qualitative and quantitative dashboards quarterly to the Board Risk Committee.

Risk governance

Athora governs risk through:

- risk policies and business standards.
- risk oversight committees.
- clear roles, responsibilities and delegated authorities.

The Group Chief Risk Officer has a reporting line to the Board Risk Committee.

The assignment of responsibility to key stakeholders across the Group is guided by the following risk governance principles:

- risk can be allocated by category such as: strategic, market, credit, liquidity, etc.
- executive owners of each risk category are identified and are responsible for the aggregated view of that risk.
- structure and processes ensure that risks are managed within pre-defined appetite.
- management includes delegation of authority to take risks and consideration of the risk- reward balance.
- each risk category has an appropriate Management forum.
- Risk management services may be outsourced to third parties, but responsibility for risk management cannot be outsourced.

We have implemented a three lines of defence governance model to ensure that risks are clearly identified, owned and managed.

The Risk Management function together with specialist functions such as Compliance and Actuarial, develop and operate methodologies to identify, manage and mitigate designated types of risks. The Risk Management function monitors overall risks, including specific risk types, and escalates through the system of governance any such risks that may exceed Athora's risk appetite. The risk management framework is embedded in decision making across the business, including for capital, insurance, reinsurance and investment management.

Within the Athora Group at legal entity level, Risk management functions/owners exist with resourcing responsibilities and governance structures tailored to each entity. The business has clear ownership of risk-taking/risk-avoidance decisions, and reports to the Group on appetite, decisions and outcomes.

Risk culture

Risk culture is the set of values, behaviours and subsequent actions that shape our collective approach to managing risk and making decisions.

The following critical and reinforcing elements describe the strong risk culture which we seek to have in Athora:

- a clear and well communicated risk strategy.
- collaboration and information sharing.
- rapid and "no blame" escalation of threats or concerns.
- constructive challenge of actions and preconceptions at all levels.
- visible and consistent role modelling by senior leaders and managers.
- incentives which encourage people to "do the right thing" in the long-term interest of the whole business.

Our Risk Culture Framework sets out our sustainable approach to risk culture which aligns to Athora's broader culture, values and behaviours.

Our Code of Conduct embodies our values and guides our behaviours, actions and decisions to ensure we carry out our business in a way that is right for all our colleagues, stakeholders and customers.

Risk assessment and measurement

We maintain activities that allow us to identify, assess, and quantify known and emerging risks. These processes allow us to consider the extent to which potential events may have an impact on the achievement of our objectives. Athora uses qualitative and quantitative approaches, processes and tools to identify, assess and measure risk, and determine the appropriate capital requirements.

Risk management and monitoring

We apply and embed a coordinated series of processes and tools across risk management and assurance activities to test effectiveness and validate controls and mitigation activities. Monitoring of risks comprises both ongoing monitoring activities and separate evaluations. Group Risk Management provides guidance on quarterly monitoring in line with the risk strategy and appetite, and risk tolerances and limits, set out in risk policies.

Consistent monitoring across the Group allows for aggregation and active monitoring of risks at Group level:

- control testing—a key component of the internal control framework.
- model validation activities—includes independent validation of key models and assumptions.
- validation of material external data.
- independent review and oversight of outsourcing due diligence processes; and
- reporting of risks to the Board and relevant committees.

Risk reporting and insights

The Management and Board Committees are part of Athora's overall governance framework for ensuring appropriate reporting and escalation of risk to the Board.

Regulatory reports such as the BMA required Commercial Insurer's Solvency Self-Assessment (CISSA)/Group Solvency Self Assessment (GSSA) and Approved Actuary Report and Opinion and the Solvency II required Own Risk Self-Assessment (ORSA) and Actuarial Function Holder Report, also provide relevant information to the Board, its committees, and to management, to ensure risks are being managed and escalated appropriately. These reports also play an important role in supporting strategic decision making and strategy development.

Risk reporting seeks to provide a comprehensive picture of risks across layers and risk types. The key focus is on delivering actionable insights from risk information and providing risk transparency.

Data and technology

Athora takes a Group-wide approach using tools and processes for establishing and maintaining confidence in, and integrity of, our data and technology. Risk data and technology aligns with Athora's Architecture & Data governance forum (ADWG) data policies & standards and the ADWG's objectives of maximising the value of data as a business asset; meeting business needs, Group/local regulatory requirements, innovation and efficiency goals.

2.3.2 A description of how the insurance group's risk management and solvency self-assessment systems are implemented and integrated into the insurance group's operations: including strategic planning and organisational and decision-making process

Athora's GSSA is completed annually as part of our risk management framework. The GSSA is a governance, risk management and solvency assessment exercise with its findings documented in a report to the Board and MC, and submitted to the BMA annually. The objective of the GSSA is to deliver a set of processes constituting a tool for decision making and strategic analysis for Board and Management, in line with the Group Rules and the Group Solvency Rules and internal requirements.

Athora's solvency self-assessment processes align with the risk and capital management ambitions to withstand adverse developments, with a forward-looking view of capital deployment. Our solvency self-assessment process is part of a cycle of management and strategic decision-making activities.

2.3.3 A description of the relationship between the solvency self-assessment, solvency needs, and capital and risk management frameworks of the insurance group

The solvency self-assessment provides an overview of the capital and risk management frameworks and their implementation at Athora. This includes the outcome of the Group's stress testing and scenario analysis framework and assessment of the appropriateness of the regulatory capital requirement based on the Group's economic capital framework. The solvency self-assessment concludes with an assessment of the overall solvency needs which are an input into the annual review of the Risk Appetite and Strategy Policy.

2.3.4 A description of the solvency self-assessment approval process, including the level of oversight and independent verification by the parent board and senior executives

The GSSA report is prepared by the Group Risk function with contributions from other Group functions and business units. The Board and MC have oversight of the contributions of the Group functions through regular Board and management committee meetings and the draft GSSA report is submitted to the Board Risk Committee for review. Oversight is also provided through the following:

- Group Risk coordinates the process.
- Internal Audit prepares and executes an audit plan (IA Plan) annually which is approved by the Audit Committee. Internal Audit adopts a risk-based approach in the development of its IA Plan and continuously considers the planned audits in light of changes in the business, the external environment and emerging risks. The GSSA process is considered part of the audit planning process and is audited in accordance with the risk-based planning cycle.

2.4 Internal controls

2.4.1 A description of the internal control system

Athora has an Internal Control Framework (ICF) Policy describing the system of internal controls and we use it to mitigate the risk of unexpected events. The ICF is based on key principles of:

- governance.
- roles and responsibilities.
- risk identification and assessment.
- control activities.
- testing and assurance.
- monitoring and reporting.
- skills, resources and tools.

The ICF, approved by the Board, has been adopted in order to support the Group in executing robust and effective internal controls over the risks to which we are exposed in conducting our business and management activities while supporting strategic decision making.

To ensure this is done in a consistent and repeatable way, group tools and guidance have been developed and issued for each part of Athora to use and apply in its own business. Through this approach of operational standardisation, consistent reporting and management of risks, controls can be embedded and matured across Athora, creating suitable bottom-up risk and control assessment.

2.4.2 A description of how the compliance function of the insurance group is executed

Athora's compliance function is a core component of the internal control system and its duties and responsibilities are within Athora's second line of defence. Group Compliance is an independent function led by the Group Head of Compliance (GHOC). The GHOC allows the Board to discharge its duties regarding monitoring and compliance by an independent function. The GHOC reports directly to the Group Managing Director, Risk and Compliance, a member of the MC, and provides quarterly updates to the Board Audit Committee.

The GHOC has extensive experience in control functions in the financial services sector, across a broad range of products, geographies and business lines.

The Group Compliance function is supported by local business units that maintain fully staffed and capable compliance functions. Local compliance teams are responsible for implementing Group and local policies and taking steps to embed controls and processes to manage compliance risks. Local Heads of Compliance (HoC) are responsible for annual risk assessments and plans. Quarterly reporting, focusing on progress against plans and static risk assessment reporting, is provided to the GHOC by HoCs.

Group Compliance manages compliance activities across Athora using Group-wide compliance policies and frameworks, including specific control objectives, and supports business units with their implementation. In order to perform its duties, Group Compliance has full access rights to all information, documents and data; for Athora Netherlands the process is different as structured information is exchanged via monthly forums established for that purpose.

To assess how changes in the legal and regulatory environment can impact the Group's operations, Group Compliance monitors the regulatory landscape to identify relevant changes and assesses potential impacts on the Group and business units. To support this process, business unit compliance functions report to Group Compliance on any significant changes in their legal environment. In addition to the above, Group Compliance regularly advise and train the management and employees of Group companies on compliance risk areas.

Group Compliance also owns the internal speaking-up policy alongside a speak-up facility allowing employees to report anonymously in case they observe any potentially unlawful or improper behaviour.

2.5 Internal Audit

Internal Audit function

As the third line of defence, the Internal Audit function assists management and the Board Audit Committee in protecting the Group's assets, reputation and sustainability by independently and objectively evaluating the effectiveness of internal controls, risk management and governance processes.

Internal Audit's main tasks and responsibilities

- Prepare and execute a risk-based audit plan which is approved by the Board Audit Committee.
- Identify, and agree with management, opportunities to improve internal controls, risk management and governance processes and verify that such improvements are implemented within a reasonable period of time.
- Assist in the investigation of any significant suspected fraudulent activities within the Group and notify management and the Board Audit Committee of the results.
- Issue periodic reports to management and the Board Audit Committee, summarising the progress and results of the annual audit plan, as well as on the sufficiency of Internal Audit resources.
- Assemble and maintain a professional audit staff (of an adequate size relative to the size and nature of the organisation and the remit of the Internal Audit function) with sufficient knowledge, skills, experience and professional certifications.
- Ensure management and the Board Audit Committee are kept informed of emerging trends and successful practices in internal auditing.
- Consider the scope of work of external auditors and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organisation at a reasonable overall cost.
- Coordinate and work together with other control and monitoring functions (e.g. Risk Management, Compliance and external auditors).
- Execute audits on the functioning of the first and second line of defence.
- Ensure the audit work conforms to the Institute of Internal Auditors or other regulatory bodies and Group standards.
- Ensure the principles of integrity, objectivity, confidentiality and competency are applied and upheld.

Independence and objectivity of the Internal Audit function

The Internal Audit function is independent of senior management, which has responsibility for the first and second lines of defence, and is therefore able to provide independent assurance opinions on the effectiveness of the systems of internal control, risk management and governance.

To provide for the independence of Internal Audit, its staff report to the Group Chief Internal Auditor, who reports directly to the Chair of the Board Audit Committee and, administratively, to the Group CEO.

Internal Audit executes its duties freely and objectively in accordance with the Institute of Internal Auditors' International Standards for the Professional Practices of Internal Audit, including the Code of Ethics, as well as with Group policies and procedures. Internal Audit avoids any conflicts of interest and accesses the expertise and knowledge necessary to undertake work in respect of specialist business functions.

2.6 Actuarial function

The Actuarial Function is a control function within Athora and independently oversees the calculation of technical provisions, including the appropriateness and quality of methodologies, models, assumptions and data used in the calculation of technical provisions. As part of Athora's internal control system, the Actuarial function works in close collaboration with an independent Approved Group Actuary, which is a reserved role under the Bermuda Insurance Act 1978, as amended, to provide an opinion on the Group's technical provisions which is submitted as part of the annual filing to the BMA.

The Group's Actuarial function, led by the Group Chief Actuary (GCA), leads the calculation of technical provisions, including the appropriateness and quality of methodologies, models, assumptions and data. It provides technical expertise and assurance to key processes across the business, such as reserving, pricing, underwriting, capital modelling and input to acquisition due diligence. In performing such activities, the GCA is supported by actuarial and risk professionals across the Group including business units, operating in areas such as actuarial reporting, modelling, pricing assumption setting, reinsurance etc. The teams are structured to facilitate a wide understanding of actuarial risks within Athora's portfolios, ensuring an effective peer review framework as well as providing adequate controls and governance.

The GCA has unrestricted access to the Board and provides actuarial advice to the Board Audit Committee through regular formal reports and presentations.

2.7 Outsourcing

2.7.1 A description of the insurance group's outsourcing policy and information on any key or important functions that have been outsourced

Athora manages external outsourcing in accordance with all applicable regulatory requirements. Our Third Party and Outsourcing policies and procedures establish requirements to ensure that where we use an internal or external service provider, we:

- Understand and document the value of using a third party.
- Review the capability of the third party to deliver the services we require to our requirements, service levels and standards.
- Contract at a fair price with appropriate terms and conditions, including obligation on the parties to comply with all legal and regulatory obligations.
- Manage the delivery of the ongoing service to monitor performance and support any required remediation.
- Meet legal and regulatory obligations, in particular the identification and management of critical or important operational functions or activities.

In particular, the policy is designed so that outsourcing of critical or important operational functions or activities does not lead to a reduction in direct management's responsibility for their successful delivery. This includes the quality of the service and of the control environment and governance which must be aligned to our agreed risk appetite, and that perceived conflicts of interest are managed appropriately. Critical or important outsourcing attracts the highest level of rigour, including regulatory notification, performance and relationship reviews, regulatory compliance reviews, and risk and control assessments.

We complete due diligence for the selection of external vendors and third party supply arrangements and manage outsourcing risk by applying a framework and standards to establish controls and governance. For example, disaster recovery and exit plans are regularly assessed to manage business continuity. Where appropriate, we have entered into service level agreements, which include an obligation on the parties to comply with all legal and regulatory obligations. Additionally, we ensure that any sub-outsourcing is overseen and managed in line with those service level agreements.

We outsource many of the same activities as our peers. A range of the key or important functions outsourced include:

- IT services ranging from end-user services to data storage and includes agreements with Microsoft, T-Systems and Tata Consultancy Services.
- Investments—Athora outsources management of certain parts of the Group's investment portfolio to Apollo Asset Management Europe LLP, Generali, Axa and certain investment operations functions to BNP and Clearwater Analytics LLC.
- Athora Netherlands outsources certain asset management services to Cardano N.V.
- Certain life insurance policy administration systems, and policy administration are outsourced to TCS in Germany and the Netherlands.

2.7.2 A description of the insurance group's material intra-group outsourcing

Alongside external service providers we also provide services from and to entities within Athora, primarily (but not exclusively) through service companies. We apply similar frameworks and standards to these services as we do to our external service providers, including formal service level agreements, identification of risk and process owners and monitoring of key controls.

Our material intra-group outsourcing arrangements include:

- Athora Belgium outsources certain IT services to Athora Ireland Services Ltd, such as network and infrastructure, IT security, end user computing, application support, finance systems, data services and investment operations.
- Our German business unit outsources certain risk and IT services to Athora Ireland Services Ltd. IT services outsourced include network and application support, IT security, end user computing, data services and investment operations.

- Our Reinsurance business units outsource certain actuarial, HR and IT services to Athora Ireland Services Ltd. IT services outsourced include network and application support, IT security, end user computing, data services and investment operations.

2.8 Any other material information

There is no other material information to report.

3. Risk profile

3.1 Material risks

Material risks that the insurance group is exposed to, including how these risks are measured and mitigated, and any material risk concentrations

Athora sets out the universe of risks that make up its risk profile in the Athora Risk Universe. This is reviewed at least annually but may be updated more frequently as new material risks arise, e.g. through new transactions or changes in the external environment.

The material risks that Athora is exposed to are described below.

3.1.1 Market risk

Definition

Market risk includes the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments. Market risk includes the following:

- Spread risk is the risk from any mismatch between the impact of credit-spread changes on the value of assets and the valuation of the corresponding liabilities.
- Property risk is the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of market prices of real estate.
- Equity risk is the sensitivity of the values of assets, liabilities, and financial instruments to changes in the level or in the volatility of market prices of equities.
- Interest rates risk is the sensitivity of the values of assets, liabilities, and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.
- Currency risk is the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Description

Athora aims to limit balance sheet volatility from market risks, while pursuing returns from attractive investments. Athora has low risk appetite for certain market risks such as currency and inflation risks whilst accepting a higher risk tolerance for other market risks.

Measurement and mitigation

Athora ensures that investment activity and the resulting market risk exposure is managed to provide long-term sustainable returns by investing in a manner appropriate to the nature, currency and duration of Athora's insurance liabilities and obligations while complying with relevant regulatory requirements. In doing so, Athora actively manages exposure to market risks with the Group's asset liability management risk policy which is implemented locally by the business units.

The business units define thresholds for interest rate, spread and currency risk according to the risk metrics and scenarios defined in the policy. Such scenarios, include standalone stresses for each market risks, such as interest rate, spread, currency risk, as well as multi-risk scenario calibrated to account for diversification benefits allocated to each risk upon aggregation. Exposures are identified, actively monitored and reported to Group at a minimum on a quarterly basis.

The Group investment management function steers and co-ordinates the overall duration matching process and the Risk function prompts duration matching risk management actions. Any risk-limit breaches are escalated to the appropriate governance bodies for remedy and mitigation.

Material risk concentrations

Athora has a Group Asset Liability Management Risk Policy and a Group Credit Concentration and Counterparty Risk Policy to manage risk concentrations via risk limits in relation to market and credit risks. These risks are monitored by both the Group and local Risk Committees and reported and/or escalated to the MC and Board Risk Committee.

The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile.

3.1.2 Insurance risk

Definition

Insurance risk is comprised of underwriting and reserving risk. Underwriting risk is the risk of incurring financial losses from assumptions deviating from expectation (where assumptions include mortality, longevity, morbidity, policyholder behaviour, and expense) and reserving risk is the risk of misestimation or lack of control surrounding reserving activities.

Insurance risks include the following:

- Mortality risk is the risk/uncertainty of a sustained increase in mortality rates (level risk); the risk of unexpected volatility in mortality experience (volatility risk); and the risk of a decrease in the assumed rate of future mortality improvement (trend risk).
- Longevity risk is the risk/uncertainty of a sustained decrease in mortality rates (level risk); the risk of unexpected volatility in mortality experience (volatility risk); and the risk of an increase in the assumed rate of future mortality improvement (trend risk).
- Morbidity/disability risk is the risk/ uncertainty of the actual morbidity and disability rates deviating from the ones expected.
- Policyholder behaviour risk is the risk/ uncertainty of the actual policyholder behaviour surrounding policy options and guarantees deviating from the one expected. This includes lapse risk which is defined as the risk of a sustained increase in lapse rates (level risk); the risk of low levels of premium payment on flexible or recurrent single premium policies (level risk); the risk of unexpected volatility in lapse rates (volatility risk); and the risk of mass lapses (event risk).
- Expense risk is the risk/uncertainty of a large one-off expense increase (event risk); and the risk of a sustained increase in expenses above the rate allowed for in pricing and reserving (level risk).
- Product design risk is the risk of an incorrect structural design of any product and/or the risk of incorrect pricing of any product.

Description

Athora is exposed to insurance risks as part of its business model. As Athora's business model is mainly aimed at providing a capital guarantee, the underwriting risk management is therefore focused on longevity risk as well as customer behaviour such as annuitisation.

Athora is exposed to the risk that reserves are insufficient to cover the Group's liabilities, as a result of:

- unanticipated trends and/or developments for Athora's main risk drivers.
- operational risk impacting reserves calculation (wrong data extraction etc.).
- inherent uncertainties in estimating reserves.
- changes in regulations.
- legal risk.

Athora seeks high confidence in reserving adequacy based on the implementation of generally accepted reserving methodologies, fit for purpose reserving models/tools and robust reserving processes, controls and reconciliations validated by extensive risk management actions, in particular on assumptions, expert judgment, model, data quality and results. This also includes independent internal and external reviews.

Measurement and mitigation

Insurance risk is one of the inherent risks when selling/servicing insurance products and quantifying accompanying reserves. The business units use several methods to assess and monitor insurance risk exposures both for individual types of risks insured and overall risks. These methods include internal risk measurement models, experience analyses, external data comparisons, sensitivity analyses, scenario analyses and stress testing.

Before taking on insurance risks, business units must verify that they possess the core underwriting, product design, pricing, claims management and external risk transfer capabilities required to successfully and profitably accept the risk and either manage it or transfer it to a third party.

Limits for the acceptance of life (re)insurance risks are agreed as part of the business planning process and assessed as part of the ORSA/CISSA/GSSA process.

Athora entities must have in place appropriate processes to ensure reliability and adequacy of data, assumptions, methods and models used in reserving activities.

Athora assesses, monitors and controls insurance risks to be able to adequately price and reserve for such uncertainty, and to anticipate any potential future adverse deviations. This is based on several methods including:

- regular experience investigations using actuarial professional practices and available internal data; complemented by external data such as industry analysis and benchmarking reports.
- regular reporting on the performance of key insurance risks, including sensitivity analysis and stress & scenario testing. The evolution of these risks is monitored in case of changes in macroeconomic conditions, regulation, competitor activity or socio-economic trends.
- implementing solutions to manage or transfer such risks where appropriate (e.g. reinsurance arrangements).

Material risk concentrations

Athora entities must establish insurance risk limits in line with the Group limits and monitor these on at least a quarterly basis and escalate any breaches to Group Risk in line with the escalation procedure set out in the Group Risk Appetite and Strategy Policy.

3.1.3 Credit risk

Definition

Credit risk is the risk of loss resulting from an obligor's potential inability or unwillingness to fully meet its contractual obligations.

Default and migration risk (counterparties) is the risk arising from the probability that Athora's counterparty in a financial transaction might fail to fulfil its contractual obligations. Possible sources of counterparty default risk include reinsurance agreements, derivative contracts and cash deposits, among others.

Default and migration risk (investments) is the risk arising from the probability of a loss driven by a borrower's failure to repay a contractual loan obligation (default on interest and/or principal payment) or a borrower's deterioration in its creditworthiness (credit migration).

Description

Credit risk originates from fixed income investment in both public and private financial instruments, whose credit risk profile varies depending on asset-specific structural features, credit protections, seniority ranking and collateral terms. Credit risk arises from a variety of investments considered strategic within Athora's Investment Universe, including investments into sovereign bonds, public corporate bonds, residential mortgage loans, private corporate loans, and commercial real estate debt. We seek certain investment risks in pursuit of returns, while minimising counterparty risks (in derivatives, cash and reinsurance). Athora has low risk appetite for default and migration risk of public credit securities, while high risk appetite for private credit investments that present an attractive risk-return profile.

Asset quality

The ratings employed by the Group consider predominantly the ratings from the three main rating agencies (Standard & Poor's, Fitch and Moody's), and are used as inputs for the BMA-approved BSCR internal credit assessment.

The tables below provide information regarding the maximum credit risk exposure of the Group by classifying assets[1] according to the Standard & Poor's credit ratings of the counterparties. AAA is the highest possible rating. Assets that fall outside the range of AAA to BBB are classified as speculative grade.

€m	Debt securities	Reinsurance contract assets
2024		
AAA	**7,300**	**2**
AA	**8,644**	**4**
A	**6,668**	**35**
BBB	**4,094**	**—**
BB	**121**	**—**
B or lower	**183**	**—**
NR	**993**	**3**
	28,003	**44**

€m	Debt securities	Reinsurance contract assets
2023		
AAA	6,810	—
AA	8,760	5
A	5,617	39
BBB	2,296	—
BB	203	—
B or lower	226	—
NR	1,208	3
	25,120	**47**

Measurement and mitigation

Athora ensures that investment activity and the resulting credit risk is managed to provide long-term value creation for its policyholders and stakeholders, while complying with the Solvency II and Bermuda regulatory requirements, including the Prudent Person Principle framework, our risk appetite, strategy and internal financial risk policies. In this context, each investment is selected based on the fitness within the strategic asset allocation, a tailored risk-return analysis and a comprehensive underwriting criteria review process.

Investable assets are described in Athora's Investment Universe, with associated expected risk profiles and characteristics. According to our Investment Governance and Oversight Policy, only assets that are Board-approved per the Athora Investment Universe are permitted. Credit concentration risk and counterparty risk are managed via our Credit Concentration and Counterparty Risk Policy. Additionally, we form our own credit risk view via an internal credit assessment process for a selected set of private credit investments based on validated internal methodology. We test risk-adjusted return appropriateness against regulatory and economic capital consumptions. This process further enhances Athora's capabilities to monitor and manage risks associated with credit investments.

[1] The table excludes investments attributable to investment contracts and third parties of €14,058million (2023: €9,607million) as the risk is not borne by the Group. Loans & Receivables largely comprises of mortgages, private loans linked to saving mortgages, private credit and pledged collateral.

Material risk concentrations

Athora maintains and implements a Group Credit Concentration and Counterparty Risk Policy to manage potential material concentration and counterparty risks arising in its investment portfolio that are outside of Group risk appetite. These risks are monitored by both the Group and local Risk Committees and reported and/or escalated to the MC. The identification of material risks and effectiveness of proposed risk mitigation actions are assessed through continued monitoring of the composition and credit risk profile of the investment portfolio.

3.1.4 Liquidity risk

Definition

Liquidity risk is the risk that a firm, though solvent, either does not have sufficient financial resources available to enable it to meet its obligations as they fall due or can secure them only at excessive cost.

Description

The main sources of liquidity risk for the Athora entities include cash outflows related to expenses, financial and insurance obligations, derivative or similar collateral obligations and reinsurance collateral obligations. Policyholder behaviour and market risks might further cause strain on Athora's liquidity position. Athora entities identify and manage exposures to liquidity risk in accordance with the Athora Group Liquidity Risk Policy, which is adopted and implemented locally by the business units.

Measurement and mitigation

Business units define liquidity risk appetite, limits and metrics in line with the Athora Group Liquidity Risk Policy requirements. Athora's insurance entities assess their liquidity sources and requirements, including under stress scenarios, over the short-, medium- and long-term against the established appetite levels of liquidity risk. Liquidity stresses are calibrated for both market and underwriting risks. Athora holding and service entities determine their liquidity risk appetite based on the forecasted annual expense spend net of any contractually agreed income.

Liquidity risk is managed prudently to ensure that at all times Athora can meet its obligations as they fall due. Liquidity is actively monitored locally and reported to Group on a monthly basis, at a minimum. Such reporting includes liquidity positions as of a point in time, as well as reporting of liquidity sources and requirements under stress. If a liquidity risk limit is breached, escalation procedures are in place such that local and Group management are informed and management actions identified to restore the liquidity position to an adequate level within an acceptable time frame.

Business units manage liquidity risk by holding an appropriate proportion of the assets in liquid form. The proportion is based on cash flow projections, stress testing and holding appropriate buffers in respect of the liquidity risks that are applicable to each entity.

The key sources of liquidity risk for AHL include increased expenses, reduced remittances from business units and inability to access new financing. However, the most critical liquidity risk to AHL is related to the capital support which might be required for its business units. Consequently, AHL is focused on maintaining a robust and stable liquidity profile. Liquidity resources available to AHL, in addition to cash and cash equivalents, include committed equity and a revolving credit facility. These resources constitute a significant liquidity buffer for AHL and its business units.

Material risk concentrations

Athora has a Group Liquidity Risk Policy to manage risk in relation to liquidity. These risks are monitored by both the Group and local Risk Committees and reported and/or escalated to the MC and Board Risk Committee.

The effectiveness of these risk mitigation techniques is assessed through continual monitoring of the underlying risk profile.

3.1.5 Operational risk

Definition

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Operational risk includes the following:

- Information security risk is the risk that the confidentiality, integrity and availability of the organisation's assets are compromised, due to inappropriate access, modification or loss.
- Data risk is the risk that data stored and processed is incomplete, inaccurate, inconsistent or insecure across Athora leading to impaired ability to provide services and produce management and financial information in a correct and timely manner.
- People risk is the risk of failures in the processes related to our human resources, including not attracting and retaining the

talent needed to compete, leading to a lack of critical succession and insufficient talent, failures in recruiting or training leading to inexperienced or incapable staff, and (internal) communication failures. This also includes the risk of insufficient alignment in the culture of Athora's business units and functions, including misalignment between Athora's values and leader actions, employee behaviours, or organisational systems.
- Third party risk is the risk of losses/damage due to issues with outsourcing partners and suppliers, including events such as bankruptcy, disruption of services, standards of service level agreements not upheld and abuse of power.
- Operational resilience risk is the risk of failure to continue the delivery of products or services at acceptable predefined levels following disruptive incidents.
- Business process risk is the risk that occurs through ineffective or inefficient processes used to deliver critical customer or internal operational services.
- Reporting risk is the risk of reputational damage, loss of investor confidence and/or financial loss arising from the adoption of inappropriate accounting policies, ineffective controls over financial and regulatory reporting, failure to manage associated risks to changes in laws, ownership or corporate structure and the failure to disclose accurate and timely information.
- Change risk is the risk arising from the inability of the institution to manage changes in a timely and controlled manner.
- Model risk is the risk of potential financial loss, reputational damage, or poor decisions that could be principally based on the output of models, due to errors in the development, implementation, or operational use or use of such models.

Description

Operational risks are identified through the following processes:

- risk appetite reporting, through the qualitative and quantitative risk appetite dashboards.
- risk and control self-assessments, both regular and deep dive assessments, through the implementation and maturing of the Internal Control Framework.
- risk event reporting.
- scenario analysis.
- operational risk capital assessment.

Measurement and mitigation

Methodology and guidance for assessing the potential inherent and residual risk impacts that might arise from operational risk (including but not limited to: customer, operational, regulatory, reputational, and financial) has been issued by the Group. This guidance has been developed and implemented as an appendix to the Group Operational Risk Policy. This ensures that a common methodology can be used for the assessment and treatment of risks across the Group.

In order to manage operational risk, Athora has developed the following risk policies: Internal Control Framework, Operational Risk, Outsourcing Risk and Model Risk. Risk owners have developed additional standards to further manage operational risk beneath these policies.

Athora Group has implemented standard guidance and tools to support the consistent implementation of the Internal Control Framework to improve the identification and ongoing management of operational risk. Athora has established a Group-level working group to monitor operational risk. This forum meets quarterly and supports the Board Risk Committee in the monitoring of operational risk.

3.1.6 Compliance risk

Definition

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation an undertaking may suffer as a result of not complying with laws, regulations and administrative provisions as applicable to its activities.

Description

Compliance risk includes the following categories:

- Financial crime risk is the risk that Athora does not have adequate policies and procedures with comprehensive and proportionate systems and controls in place to enable us to identify, assess, monitor and manage financial crime.
- Market integrity risk is the risk of losses due to non-compliance with market integrity related regulatory requirements, laws, regulations, company rules and policies and failure to manage our

consumer protection/conduct risk inherent in our processes.
- Customer conduct risk is the risk of loss or harm to customers arising from our products and services failing to deliver the contractual benefit or to meet the expected levels of service and support.
- Employee conduct risk is the risk of losses due to non-compliance with the Code of Conduct and underlying procedures (e.g. expense policies, gift and entertainment policies) and the speaking-up procedure.
- Privacy risk is the risk of losses due to unlawful processing of data of natural persons or the inability to accommodate data subject rights.

Compliance risk can arise from a variety of sources:

- a failure of the control environment.
- the pace of regulatory change may exceed the capacity of the firm to identify new requirements and make the necessary changes to systems and processes within the required time limits.
- a lack of understanding by the business owners as to Athora's legal and policy requirements.

Measurement and mitigation

To obtain a holistic view of compliance risk, a compliance risk assessment is conducted based on both a 'top down' and 'bottom up' assessment of the compliance risks in each business unit, which incorporates consideration of several inputs. The Group risk assessment includes engagement with the Board and senior management, as well as engagement with, and oversight of, business units.

The compliance risk assessment is a key process to determine the compliance risks which pose the most significant threats to the Group and covers the key business activities, functions and compliance universe which fall within the scope of the Compliance Function. The risk assessment process will inform the following year's compliance annual plan and monitoring program.

The assessment process considers as many factors as possible, including the following:

- compliance universe/compliance obligations register—compliance with new and existing regulation.
- horizon scanning—anticipating new regulatory, social or industry trends and estimating how these will impact the business.
- system or business changes.
- regulatory findings or enforcement.
- compliance monitoring outcomes.
- Internal Audit findings.
- risk and control self-assessments.

To manage this risk, Athora has adopted a Board-approved Group Compliance Framework. The framework documents the policies, procedures and processes for compliance with applicable laws, rules and regulations. Athora's policies contain key requirements to ensure clarity on our compliance obligations. The framework is supported by our Code of Conduct which applies across the Group. This code sets the standards of ethical business conduct expected of Athora's stakeholders and employees. Training for all employees is provided on key topics such as the Code of Conduct, financial crime and privacy.

3.1.7 Other risks

Strategic risk

Strategic risk is the risk that an event impacts our ability to achieve our overarching strategy and core business priorities. In line with our Strategic Pillars, this includes any risk impacting our ability to achieve sustainable growth, maintain effective capital management, drive strong and stable investment returns and operate efficiently and competitively.

Strategic risks are identified through Board and management discussion about the objectives and direction of the organisation and the risks to achieving its strategic objectives. The quarterly strategic risk appetite dashboard is used to identify and discuss strategic risks with management and risks that are assessed as outside of risk appetite are reported to the Board Risk Committee. Actions to address these risks and bring them back into appetite are documented. This process defines clear actions, owners and timelines to bring the risk profile within appetite.

Strategic risks are assessed both qualitatively and quantitatively, depending on the nature of the risk and deep dive risk identification exercises are conducted on the direction of management where necessary.

Capital adequacy

Capital is managed in a proactive and prudent way to ensure that Athora can meet its long-term obligations through the robust capitalisation of the Athora Group and all the business units.

This risk is managed through the robust capitalisation of Athora Group and of all its business units, and the central management of financial resources to be able to support life companies in stress or opportunity. Athora allocates capital across risks and businesses in a way that aligns with its specific risk and strategic preferences while ensuring appropriate risk-return trade-offs. Athora also maintains a financial profile consistent with an 'A' range rating.

Tax risk

Tax risk is the risk of incurring unplanned and/or unexpected tax liabilities, as a result of changes in practice or interpretation or incorrect flawed tax advice.

Athora shows tax risk as a distinct category of risk on its Risk Universe to demonstrate its commitment to control tax risk and in response to the visible profile that tax has from not only an investor and board perspective, but also from a tax authority and public perspective.

Athora has no appetite for tax crimes and aims to minimise the risk of inadvertent non-compliance with tax obligations through embedding tax risk management into important decisions and day-to-day operations. Athora is committed to tax compliance that is focused on complete and timely tax filings in all jurisdictions in which we operate.

Our Tax Control Framework sets out how tax risk is managed.

Emerging risk

An emerging risk is a newly developing or changing risk which is perceived to have potential significant impact on Athora's financial strength, competitive position or reputation. Emerging risk may not yet be fully understood or accounted for in traditional ways (e.g. terms and conditions, pricing, reserving or capital setting). A key ingredient for Athora's success is the ability to navigate a dynamic risk landscape - one that changes ever more rapidly and often materialises in unexpected ways. These changes modify known risks, create new ones and open opportunities for Athora to reduce, mitigate and transfer risk.

To protect our customers and our business against undue uncertainties, Athora monitors the evolution of the risk landscape on a continuous basis and so, as a central part of our foresight activities, we need to scan the horizon for future risks. This entails the implementation of a broad-based Enterprise Risk Management framework, which includes the detection and assessment of emerging risks and thinking in scenarios.
Athora has an established process for identifying and monitoring emerging risks relevant to its business. Emerging risks are identified and discussed with management. Athora maintains an Emerging Risk Register where all risks are assessed in terms of impact and time horizon. The Emerging Risk Register is updated on an annual basis.

Athora also monitors Sustainability risk. Sustainability risk is the risk of Environmental, Social and Governance (ESG) events or developments, which may, if not managed, have significant negative impacts on the assets, financial and earnings situations, or reputation of an entity.

3.1.8 Changes in the reporting period

Global economic background

2024 has seen inflation return to more normal levels after the significant shocks during 2022-2023, and, as a consequence, central banks around the world reduced interest rates, though the pace has slowed towards the end of 2024. Increased investor confidence has also seen strong returns in many equity markets and corporate spreads have tightened to levels not seen since before the 2008-2009 Global Financial Crisis.

However, sovereign spreads in a number of European countries have widened significantly in the second half of 2024, resulting from a combination of political uncertainty, structural deficits and high supply to market.

Athora's investment positioning, solid underwriting performance and active asset-liability management has helped to navigate through these challenging market conditions without material adverse impacts on our investments. Overall, the performance of the investment portfolio has remained robust, a reflection of the strong credit fundamentals of the underlying positions, the resilience of the credit profile and the continued adherence to the Prudent Person Principle in the risk-taking process.

Regulatory solvency requirements

Athora operates in multiple jurisdictions in Europe as well as Bermuda and is therefore subject to different capital regimes. Changes to the regulatory frameworks in Bermuda (BSCR) and in Europe (Solvency II) have been reviewed in the last few years. During 2024, the BMA revised rules to the Bermuda Solvency Capital Requirement (BSCR) Model and rules for commercial insurers came into force. In 2024, we have been working with the BMA to implement the changes to our models, methodology and assumptions to reflect the revised rules. The net financial impacts have been included in the year end 2024 BSCR ratio. However, the impact of these changes at year end 2024 has been limited given the transitional measures in place. The new rules will be implemented with transitional measures providing a phased approach for implementation of between 5 and 10 years, depending on the specific items in question. For Solvency II, the updated Directives have been published, with the implementation date set for Q1 2027. These changes are expected to impact the balance sheets of the European-based entities. Athora entities are currently proactively assessing the operational and financial implications of the anticipated changes and preparing accordingly.

Athora has been designated as an Internationally Active Insurance Group (IAIG), which requires compliance with the Common Framework for IAIGs (ComFrame) rules and the Insurance Capital Standards (ICS). The ICS provides a globally comparable risk-based measure of capital adequacy for IAIGs and forms the quantitative element of ComFrame. It has been under development by the International Association of Insurance Supervisors (IAIS) over the past years and was adopted as a prescribed capital requirement for IAIGs in December 2024. Following the adoption of the ICS, the IAIS has set high-level timelines to assess the comprehensive and consistent implementation of the ICS by regulators across jurisdictions over the next three years. Athora is closely monitoring any further developments in the regulatory capital frameworks to ensure ongoing compliance with all relevant regulatory requirements.

Cyber risk

We continued to monitor the cyber threat landscape closely throughout 2024. There were a number of geo-political incidents which generated increased cyber activity in the impacted regions. Another significant area of focus was enhancing operational resiliency across the Group and ensuring readiness for Digital Operational Resilience Act (DORA) compliance in 2025. Athora's proactive testing of key security controls continued via penetration testing, red team activities[2] and independent maturity assessments. The results of these tests, risk assessments and the changing global threat landscape will be used to ensure activities in 2025 are focused on the most significant risks.

3.2 Prudent person principle

How assets are invested by and on behalf of the insurance group in accordance with the prudent person principle as stated in paragraph 5.1.2 of the code

The Prudent Person Principle (PPP) requires that insurance companies only invest in assets and instruments whose risks they can properly identify, measure, monitor, manage, control and report, and appropriately take into account in the assessment of their overall solvency needs. Athora considers these requirements before any investment in new assets or instruments and has an investment risk governance process to ensure constant compliance with the PPP.

Athora complies with the PPP through the implementation of the following key risk policies:

- Investment Governance and Oversight Policy which sets out the processes and procedures required for the governance of the investment activity, including investment information provision and new product approval process.
- Credit Concentration and Counterparty Risk Policy which sets out key risk identification, risk measurement, risk monitoring and risk escalation processes, governance and thresholds to the Group's investment activity and hedging program respectively.
- Asset Liability Management (ALM) Risk Policy and Liquidity Risk Policy which define appropriate ALM and liquidity risk appetite, risk limits, thresholds, and stress testing requirements, which must be observed in the investment of the Group's assets.

A comprehensive PPP-compliant investment oversight process is in place for Athora's non-publicly traded asset classes. The Risk function performs detailed analysis of new investment opportunities presented by the deal team, with particular focus on creditworthiness of the asset, strategic fitness within Athora investment objectives as well as compliance with internal policy level limits, strategic asset allocation targets, appropriateness of regulatory capital application and compliance with liquidity and ALM risk targets. The review is performed using a "Pre-Trade Investment Memorandum", which aggregates all the relevant investment information and analysis on an individual asset level. The memo includes a credit risk overview, details on legal structure, capital structure, loan terms, liquidity and scenario-based projections,

[2] Red team activities involve ethical hacking exercises where IT security experts mimic the tactics of malicious hackers to test and improve Athora's defences. These activities include penetration testing, social engineering, and simulated cyberattacks to identify vulnerabilities and improve response strategies.

solvency capital requirement capital impact of the investment and quantitative assessment on expected loss.

The Risk function closely monitors execution of the strategy and credit developments of the existing portfolio by way of regular meetings with portfolio managers, overview of the deal pipeline, maintenance of a credit watchlist, performance monitoring, portfolio deep-dive sessions, contribution to investment committees and review of valuation updates. In addition, the Risk function has built an internal credit assessment process to independently evaluate the probability of default (PD) and the loss given default (LGD) for each in-scope private credit asset. The process is based on internal methodology built in collaboration with Standard and Poor's rating agency and is approved by the BMA. The methodology is maintained and regularly reviewed by the credit specialists, who apply PD and LGD scorecard methodology to assess the creditworthiness of each in-scope asset. The credit assessment memorandum for each asset is submitted and presented for discussion and approval to the Athora Credit BSCR Scoring Forum.
Each credit assessment is also reviewed and renewed on an annual basis via the Credit BSCR Scoring Forum. The internal credit assessment process further enhances Athora's capabilities in overseeing and managing investment risk exposures.

The Investment Governance and Oversight Policy, supplemented by the Athora Fair Value Manual, sets out the principles and practices for valuation of assets in line with the Prudent Person Principle. The focus is primarily on Level 2 and Level 3 assets where traded market prices do not exist and where there is hence varying levels of expert judgement. Athora maintains a process to internally value these assets to act as a check against the external valuations provided by the independent valuation agents.

3.3 Stress testing and sensitivity analysis

The stress testing and sensitivity analysis is performed to assess material risks, including methods and assumptions used, and the outcomes

A key requirement under Athora's ERM framework is that Athora entities must have an appropriate risk assessment and measurement framework in place (with supporting processes). Stress testing and scenario analysis is a key component of the risk assessment and measurement framework. Athora uses stress testing and scenario analysis to assess the resilience of its capital position by testing its ability to withstand a broad range of adverse developments, i.e. risks.

Stress testing and scenario analysis is about ensuring an effective risk management framework, which is established by creating an in-depth understanding of risk drivers and risk dependencies and by preparing and defining countermeasures in the event that risks occur. By understanding the risks and appropriate countermeasures, Athora can ultimately optimise its chances of fulfilling its business strategy when subject to a number of possible scenarios, especially if these analyses provide us with a better insight into our own strengths and weaknesses.

Stress testing and scenario analysis is used to help analyse the risks to Athora's financial condition, and is fundamental to Athora's risk management framework in terms of:

- informing business strategy.
- capital-planning decisions.
- identification, analysis and management of risks inherent within the business.
- macro prudential oversight.

The purpose of stress testing and scenario analysis includes the following:

- Provides an understanding of risk profile, the nature and scale of key risks and exposures and the impact of events (moderate, substantial, severe/ extreme), which may result in significant own funds losses or materially affect the solvency ratio.
- Helps to provide a more forward-looking assessment of risk as a complement to other risk management tools and helps to overcome the limitations of reliance on historical data. Providing a forward-looking view of the impact of stresses and scenarios on the ability to meet capital requirements, therefore highlighting situations where solvency needs cannot be met and where the viability of the business may be under threat.
- Feeding into contingency planning and definition of management actions.
- Understanding the effects of emerging risks on the business model.

Supporting business decision making and strategic planning by highlighting vulnerabilities of the business model:

- setting of risk appetite and limits.

- assessing positions against risk appetite under stressed conditions to allow consideration of mitigating actions.
- exploring the stresses which would result in Athora's solvency position becoming significantly impaired, resulting in a significant loss of available assets or damage to long-term viability of the business.

Stress testing and scenario analysis forms a key part of Athora's GSSA. In particular, standalone risk scenarios are used as inputs for calculating GSSA capital and testing ongoing appropriateness of the standard formula for calculating regulatory capital requirements for business units and the Group under the applicable regime (Solvency II or Bermuda).

Business units must perform and report to Athora on the Group-wide set of stress tests and scenario analysis at least quarterly. There should at least be a refresh of stress tests performed from the previous quarter, however new stress tests should be considered if relevant after a change in risk profile.

Details of the Group solvency ratio sensitivity analysis performed at 31 December 2024 are set out in **section 5.3** of this FCR.

3.4 Any other material information

There is no other material information to report.

4. Solvency valuation

This section sets out information on the valuation of the EBS for solvency purposes in accordance with Schedule XIV of the Group Solvency Rules.

It provides an explanation of the bases, methods and assumptions used for EBS valuation purposes for the main balance sheet categories, including an explanation where applicable, of the differences between the IFRS balance sheet and the EBS balance sheet.

The table below summarises the EBS as at 31 December 2024.

EBS	2024 €m	2023 €m
Investments	**64,542**	64,539
Investment properties	**946**	1,118
Reinsurance receivables	**—**	3
Cash and cash equivalents	**4,363**	2,464
Other	**4,809**	4,727
Total assets	**74,660**	72,851
Insurance provisions	**61,700**	59,701
Insurance and reinsurance payables	**615**	624
Financial liabilities	**4,924**	5,785
Other	**1,497**	1,359
Total liabilities	**68,736**	67,469
Excess of assets over liabilities	**5,924**	5,382

The consolidated financial statements for Athora are prepared in accordance with IFRS as adopted by the European Union (EU) and form the basis of the EBS under the Bermuda capital regime. The basis of the EBS fair valuation principle is the amount for which the assets or liabilities could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Under the EBS regime, certain items not fair valued under IFRS are required to be adjusted. These adjustments are described in the following sections.

Where the valuation of assets and liabilities is the same under both IFRS and EBS, a description of the valuation bases, methods and main assumptions can be found in the Group's 2024 Annual Report (see **note A** Material accounting policies and **note E1** Classification and measurement of financial assets and liabilities), which is available at [https://www.athora.com/results-and-reports.](https://www.athora.com/results-and-reports)

4.1 Asset valuation bases

The valuation bases, assumptions and methods used to derive the value of each asset class

Investments

Investments include equities, government bonds, investment grade corporate bonds, mutual funds, loans & receivables, and net exposure to derivatives. All investments are measured at fair value for both EBS and IFRS purposes.

Investments are recorded at fair value using quoted market prices, where possible. Pricing information is obtained from external independent pricing sources, broker quotes or valuation models. These sources incorporate a variety of market observable information in their valuation techniques including benchmark yields, trading activity, credit quality, issuer spreads, bids, offers and other reference data to calculate the fair value. Where quoted prices are not available, unobservable inputs may be used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

Derivatives are held at fair value under both IFRS and EBS bases. However, the presentation is different. Under IFRS, derivative assets and derivative liabilities are presented separately, while under the BMA guidance, derivatives are presented as a net asset/net liability as applicable.

Investment properties

Investment properties are portfolios of commercial and mixed-use properties. They are principally retail properties, offices, and residential properties held for long-term rental yields and are not occupied by the Group. The IFRS valuation provides a reasonable basis for the fair valuation. Under IFRS, investment properties are measured initially at cost, including transaction costs. After initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Therefore, there are no EBS valuation adjustments made to investment properties.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term liquid investments, and fixed interest deposits. The IFRS valuation is considered to approximate to fair value.

Intangible assets

Intangible assets recognised on the IFRS balance sheet are removed from the EBS in accordance with BMA guidance.

Other

Other includes deferred tax assets, collateral held and other receivables. These are valued on an IFRS basis which is deemed a reasonable proxy for fair value, given the nature of these assets. To calculate the EBS position, prudential filters are applied to eliminate assets which do not have a readily realisable market value, such as prepaid and deferred expenses.

To calculate the EBS deferred tax asset/liability, the IFRS deferred tax asset/liability is adjusted to recognise the approximate impact of an increase or decrease in shareholders' funds arising from the transition from IFRS to EBS.

4.2 Technical provisions valuation bases

The valuation basis, assumptions and methods used to derive the value of technical provisions and the amount of the best estimate. The calculation of the risk margin and the level of uncertainty associated with technical provisions.

The value of the technical provisions is calculated as the sum of the best estimate and a risk margin.

The best estimate provision (BEP) is defined as the average expected scenario. It is to be neither conservative nor optimistic. Assumptions are compared to actual experience and reviewed to consider any potential trend changes.

The risk margin reflects the uncertainty in the BEP due to the underlying, largely unhedgeable risks such as longevity, lapse, underwriting, credit expense, and operational. It is determined as the present value of the cost (set at 6%) of future economic capital requirements (BSCR) for these unhedgeable risks. The risk margin together with the BEP approximates the market value of the liabilities.

Technical provisions are calculated in accordance with regulatory requirements including the Group Solvency Rules and professional practices.

This section provides a summary of the EBS technical provisions including the assumptions and methodologies used to derive the value of the technical provisions and the level of uncertainty in technical provisions.

Proportionality

The technical provisions are determined using appropriate data, assumptions and methods that are proportionate to the nature, scale and complexity of the risks underlying the insurance contracts.

Expert judgement

The valuation of the technical provisions requires expert judgement, notably when historical data is not sufficient to predict future trends. When necessary, expert judgements are validated within the appropriate governance and in line with professional practices and regulatory requirements.

Cashflow modelling approach

Athora utilises the actuarial cashflow projection models used in the local business units for local statutory and regulatory reporting.

The cashflow models used project the cash inflows and outflows required to meet obligations to policyholders over the lifetime of the policy, taking into account the undertaking's regulatory duty to treat its customers fairly.

The projection of future cash flows is performed using realistic assumptions regarding future experience. The key relevant assumptions include mortality, longevity, lapse rates and option take-up rates with allowance for any expected trends. An allowance is also made for future expenses. The table on the next page sets out the material cash in/out flows.

Contract boundaries

The calculation of the BEP allows for the future boundaries of the insurance contracts. A boundary exists where the insurance company has a unilateral right to terminate the contract, refuse premiums payable under the contract, stop paying claims on the policy or has the unilateral right to amend the premiums or benefits in a way that the premiums fully reflect the risks.

Financial options and guarantees

The cost of financial options and guarantees are reflected in the liability valuations.

Cashflows in scope for best estimate provision

The following table summarises the cashflows in scope of the liability cashflow projection models.

These cashflows are provided by homogenous risk groups and the subsequent BEP is calculated. This is produced in order to allocate the BEP to the relevant lines of business, as required for regulatory reporting.

Cash inflow	Cash outflow
Future policyholder premiums inside of the contract boundary	Benefit payment including: • Claims payment • Maturity benefits • Death benefits • Critical Illness benefit • Surrender benefits • Annuity payments • Guarantee payments • Profit sharing payments
Annual management charges	Expenses including: • Administration expense • Investment management expense • Commission payment
Claims and benefits arising from reinsurance contracts	Future reinsurance premium and commission
Floating leg payments on longevity swaps	Fixed leg payments on longevity swap

Discount rates

The BEP considers the time value of money using relevant risk-free interest rate term structures with an appropriate illiquidity premium. The BMA has two methods that reflect the illiquidity of the insurance policies sold. These methods are described in the BMA's guidance for Commercial Insurers and Groups (dated 30 November 2016).

- **Standard approach** utilises the interest rates published by EIOPA for use in Solvency II valuations as directed by the BMA.
- **Scenario based approach (SBA)** utilises the actual portfolio of assets backing the liabilities to derive a best estimate liability valuation. This valuation represents the market value of assets necessary to cover all liability cashflows included in the SBA, adjusted for the maximum amount of additional assets required under a base scenario and eight interest rate scenarios prescribed by the BMA. The scenario tests capture the interest rate sensitivity, and the degree of cashflow mismatch, of assets and liabilities included in the SBA[1].

The BEP for liability cashflows that are suitable for a cashflow matching strategy is valued using the SBA, subject to approval by the BMA and eligible asset coverage. Assets used in the SBA meet eligibility criteria, as prescribed by the BMA, which requires the assets to be of high quality and fixed income in nature. This is consistent with the investment strategy employed by Athora which is focused on producing stable and predictable spread generation for its diverse and expertly managed investment portfolio.

The SBA requires that Athora project the assets assuming appropriate levels of expected defaults for each individual asset class and to allow for the actual investment management fees that are expected to be incurred in deploying this investment strategy. Reinvestments must follow the business unit's investment guidelines and indicative yields. The projection of each business unit's assets within the SBA is consistent with the investment strategy of the business unit, subject to the rules and guidance provided by the BMA. The BMA-prescribed stresses are onerous and are designed such that any mismatch between assets and liabilities is penalised and is included in the best estimate.

Unit-linked liabilities are also excluded from the SBA calculation as their cashflows directly depend on the performance of the underlying unit-linked assets which are ineligible for

[1] For prudence, Athora limits the additional spread over risk-free rates that it applies under the SBA.

inclusion in the SBA calculation, as per the rules set by the BMA.

Risk margin

The calculation of the risk margin involves projecting the non-hedgeable risks over the lifetime of the insurance business. Non-hedgeable risks are classified as insurance risks, operational risks and credit risks. The BMA guidelines state that market risk is not considered in the risk margin, where it can be assumed that the asset portfolio can be constructed to hold a risk-free portfolio. Appropriate risk drivers are used to project the non-hedgeable risks and the projected risks are aggregated using a correlation matrix at each future time point to derive the risk margin. The rate used to discount the projected non-hedgeable risks is the basic risk-free rate (floored at zero), as prescribed by the BMA.

The risk margin is calculated using a cost of capital approach. The cost of capital rate used is 6%, as prescribed by the BMA.

Assumptions

The cashflows underlying the BEP are based on unbiased prevailing assumptions and take into account all future cashflows needed to settle future insurance obligations.

The table below contains the main assumptions used in the calculation of the BEP.

Economic assumptions	Non-economic assumption
Risk-free rates	Mortality rate
Credit spread	Morbidity rates
Expense inflation	Persistency
Tax	Annuity take-up rate
Asset volatility and correlations	Operating and investment management expense

Economic assumptions are reviewed and calibrated on a regular basis. In order to derive the BEP, assumptions are made about the asset performance of the business unit. This requires consideration of the development of capital markets and assumptions on the business unit's investment strategy and asset portfolio and allocation.

Non-economic assumptions are reviewed at least annually to ensure that they remain appropriate and reflect recent experience. These assumptions are determined based on past, current, and expected future experience. Data used to set assumptions may come from both credible internal and external sources.

Recent trends in the insurance book or the wider population are monitored and considered when reviewing best estimate assumptions.

Expert judgement is used, or combined with quantitative information, where there is a lack of sufficient quality data. Any expert judgement used in setting assumptions is derived from a 'fit and proper person' with the proficiency and experience necessary. These assumptions are reviewed by the Group and guidance on assumption setting is provided by the Group Chief Actuary. By following this assumption framework, Group Actuarial has oversight of all material assumption changes in local entities.

The appropriateness of the non-economic actuarial assumptions is assessed by the Group Chief Actuary as part of the reserving adequacy review and the Appointed Group Actuary (AGA) and Audit as part of the year-end governance process.

Level of uncertainty associated with technical provisions

The BEP corresponds to the probability-weighted average of future cashflows that considers the time value of money and reflects expectations of how the capital markets and the business will evolve in the future. This gives rise to inherent uncertainty in the valuation of the technical provisions.

All assumptions and estimates about future behaviour are based on management's views and predictions of future events based on current knowledge, facts, and circumstances at the valuation date. The list below sets out some of the key estimates and assumptions that underpin the value of the technical provisions and could give rise to some uncertainty in the valuation:

- Uncertainty in future policyholder behaviour e.g. actual lapse rates being different to those expected when setting the assumptions.
- Uncertainty in the future biometric assumptions and future trends such as life expectancy.
- Change in the asset values used to determine future claims amounts and the cost of any guarantees.
- Changes in the level of risk-free interest rates which may change over time and be different to expectations at the valuation date.
- Changes in legislation relating to supervision of insurance entities or tax.

- Changes to regulatory guidelines or their interpretation.

Technical provisions overview

The table below summarises Athora's technical provisions as at 31 December 2024:

Insurance provisions	2024 €	2023 €m
Insurance provisions	**42,584**	42,604
Reinsurance liability	**713**	604
Net best estimate provisions	**43,297**	43,208
Risk margin	**887**	818
Liabilities attributable to policyholders and third parties*	**17,516**	15,675
	61,700	59,701

*includes unit-linked liabilities

4.3 Recoverables from reinsurance contracts valuation bases

A description of recoverables from reinsurance contracts, including special purpose insurers and other risk transfer mechanisms

Reinsurance recoverables are calculated using the same principles as those used to calculate the gross reserves. The cashflows underlying the recoverable are based on unbiased prevailing assumptions and take into account all future cashflows needed to settle future insurance obligations.

4.4 Valuation bases, assumptions and methods of other liabilities

Financial liabilities

Financial liabilities are comprised of collateral held, deposits, repurchase agreements, unrealised losses on derivative instruments and borrowings. Under IFRS, the borrowings are valued at amortised cost. Fair value adjustments have been applied to calculate the EBS valuation.

Insurance and reinsurance payables

These payables relate to claims arising out of insurance and reinsurance operations and other operational payables. For these liabilities, the IFRS valuation policy is considered to be a close approximation to fair value, and therefore sufficient for EBS purposes.

Other

Other comprises accounts payable, accruals, tax payable and provision for pension obligations. The IFRS valuation is considered to be a close approximation to fair value, and therefore sufficient for EBS purposes.

Deferred tax is based on IFRS values and adjusted for the impact of the net change in shareholders' funds arising from the transition adjustments applied to IFRS in order to arrive at the EBS valuation.

Other liabilities	2024 €m	2023 €m
Accounts payable	**39**	54
Accruals	**542**	437
Tax payable	**28**	25
Provision for pension obligations	**503**	524
Deferred tax liabilities	**—**	38
Other	**385**	281
	1,497	1,359

4.5 Any other material information

During 2024, the Bermuda Monetary Authority (BMA) introduced significant enhancements to the EBS regulatory framework. These enhancements focused on strengthening reserving practices and introducing more stringent rules for the Scenario-Based Approach (SBA) and the Bermuda Solvency Capital Requirement (BSCR). The Insurance (Prudential Standards (Class C, Class D, Class E Solvency Requirement)) Amendment Rules 2024 ("the Rules") were released in March 2024 and became effective on December 31, 2024.

The revised SBA guidance introduced heightened expectations across multiple areas, including:

- Asset approvals: enhanced approval requirements now apply to structured assets, alternative investments, derivatives, and affiliated investments. Athora has submitted comprehensive approval applications in line with the new rulebook and continues to engage actively with the BMA. Feedback from the BMA is expected during 2025 which may lead to a change in the calculation of Technical Provisions.
- Fungibility: stricter tests are required to validate the fungibility of cashflows between blocks of business with insurers expected to demonstrate compliance with legal and contractual requirements.
- Lapse risk: Formal eligibility criteria have been introduced for managing lapse risk under the SBA. Insurers must now hold a Lapse Cost (LapC) loading as part of the best estimate liabilities.
- Transaction costs: Modelling must now incorporate realistic transaction costs,

aligning BEL assumptions with actual transaction costs incurred.
- Default & downgrade costs: Prescribed costs for default and downgrade risk for public bonds must be applied. For structured and private assets, insurers may apply entity-specific assumptions, provided they are at least as prudent as those for the comparable public bonds.
- Reinvestment/disinvestment Assumptions: structured private assets and mortgage loans may not be assumed to be liquid unless a BMA-approved haircut is applied. The BMA has reinforced that assumptions used in the BEL calculation must reflect actual reinvestment and disinvestment practices.
- Well matched: Insurers must define, document, and justify their interpretation of “well-matched” portfolios, and ensure this is applied consistently in SBA modelling.

The regulatory changes also introduced increased granularity in capital stresses under the BSCR framework, specifically related to lapse and expense risks.

Athora prepared and submitted a comprehensive Model Change Application to meet the new regulatory requirements, which the BMA has approved for use in regulatory reporting.

The implementation of the above SBA and BSCR changes has resulted in a reduction in the Group EBS Solvency ratio of c.2%.

Athora expects to continue enhancing its capabilities and embedding the updated BMA rulebook throughout 2025. Any further refinements will be implemented through future reporting and calibration cycles, ensuring continued alignment with regulatory expectations.

5. Capital management

5.1 Eligible capital

5.1.1 A description of the capital management policy and process of the insurance group to determine capital needs for business planning, how capital is managed and any material changes during the reporting year

Athora manages capital within the constraints, preferences and requirements of our stakeholders. The primary objective of the Group's capital management policy is to ensure that a strong financial position is maintained and unwanted capital volatility is minimised. The Group has adopted the Athora Group Capital Management Policy which sets out its capital management process.

The aims of the capital management policy are:

1. **Capital adequacy:** ensure a robust capitalisation of the Group and of all local business units to withstand moderate, substantial and severe stress events.

2. **Capital generation:** ensure sufficient capital is available for local business units to pursue an investment and underwriting strategy that will deliver returns that meet or exceed our return on capital targets and therefore make a positive contribution to distributable capital.

3. **Financial flexibility:** provide sufficient flexibility for the Group and each local business unit's balance sheet to take advantage of market opportunities that might arise with attractive return expectations.

4. **Efficient use of capital:** capital is deployed at any point in time to achieve adequate returns.

The Group's Finance and Capital Committee, together with the Board and the Management Committee, regularly consider capital assessments and projections for the Group to ensure that capital is managed with continuous adherence to the Group's principles around capital adequacy, financial flexibility and the efficient use of capital.

A capital management plan is prepared, at least annually, for which the Group performs capital projections over the business planning period. The projections take into account the current and expected business strategy, risk profile and capital management activities. This exercise allows the Board to make an assessment of the Group's current and projected solvency needs and helps trigger appropriate and timely capital management actions, where required. The capital management plan is regularly monitored and updated to reflect up-to-date information and the performance of the business.

Changes during the reporting period

There have been no material changes to the business planning process or the overall approach to capital management during the reporting year.

The primary changes in capital structure during the year are described below:

- In June 2024, Athora Holding Ltd. (AHL) completed its second public bond issuance and first in Tier 2 format. The €750 million transaction received strong investor demand, with the order book twice oversubscribed. The notes qualify as Tier 2 ancillary capital under the Group Rules and carry a fixed coupon rate of 5.875% with a 10-year maturity. The proceeds were used to conduct a Liability Management Exercise (LME) at Athora Netherlands, lessening tiering constraints and supporting the local Solvency II ratio.

Residual proceeds were used to prepay bank debt at AHL, allowing the Group to continue transitioning away from senior bank financing into longer-term capital market borrowing that better aligns with our long-term strategy.

- €400 million Perpetual Restricted Tier 1 Temporary Write-Down Securities were issued by Athora Netherlands in November 2024. The securities qualify as Tier 1 ancillary capital under the Group Rules and are perpetual securities in respect of which there is no fixed maturity or redemption date. The proceeds were used to conduct a LME on Athora Netherlands and SRLEV Restricted Tier 1 notes which were approaching call-dates.

As at 31 December 2024, the Group had c.€2.2 billion of undrawn equity commitments remaining across the above mentioned capital raise and the “backstop” equity commitment. The €500 million “backstop” equity commitment letters, signed in 2020, expired in April 2025. They are included in the c.€2.2 billion of undrawn equity commitments at 31 December 2024 . Note, undrawn common equity commitments are not counted as available statutory capital until drawn by AHL and paid-in by shareholders.

Group BSCR Ratio

Athora’s required capital, its ECR, is the greater of the Minimum Margin of Solvency (MSM) and the BSCR. For most companies, the BSCR will be greater than the MSM and will therefore drive the ECR. This is the case for the Group. The table below summarises Athora’s capital position on an EBS basis at 31 December 2024.

Capital	2024 €m	2023 €m
Available Statutory Capital	**5,924**	5,382
ECR	**3,176**	2,958
Surplus	**2,748**	2,424
Solvency ratio	**187%**	182%

5.1.2 A description of the eligible capital of the insurance group categorised by tiers in accordance with the group rules

Bermuda has a three-tiered capital system to assess the quality of capital resources that an insurance group has available to meet its capital requirements. The tiered capital system classifies all capital instruments into one of three tiers based on their 'loss absorbency' characteristics with the highest quality capital classified as Tier 1 capital and lesser quality capital classified as either Tier 2 capital or Tier 3 capital. Only Tier 1 and Tier 2 capital are admissible to cover the MSM, whereas all tiers of capital are admissible to cover the ECR, subject to admissibility limits defined in the Group Rules. See **section 5.1.3** for further details.

At 31 December 2024, Athora’s eligible capital was categorised as shown in the following table:

€m	2024	2023
Tier 1	**3,899**	3,780
Tier 2	**1,386**	965
Tier 3	**639**	637
	5,924	5,382

At 31 December 2024, Athora's eligible capital was primarily categorised as Tier 1, the highest quality capital, mainly consisting of common share capital and share premium, statutory surplus, preferred shares and restricted Tier 1 notes (which are classified as Tier 1 ancillary capital). At 31 December 2024, Tier 2 capital of €1,386 million (2023: €965 million) relates to four subordinated debt instruments issued by AHL. and its subsidiaries. Tier 3 capital relates to senior unsecured fixed rate notes issued by AHL See **section 5.1.6** below for further details.

5.1.3 A description of the eligible capital categorised by tiers, in accordance with the group Rules used to meet the ECR and the MSM defined in accordance with section 1 (1) of the Insurance Act

As at 31 December 2024, the Group’s eligible capital for its MSM and ECR was categorised as follows:

€m	MSM	ECR
2024		
Tier 1	**3,899**	**3,899**
Tier 2	**974**	**1,386**
Tier 3	**n/a**	**639**
	4,873	**5,924**

€m	MSM	ECR
2023		
Tier 1	3,534	3,780
Tier 2	884	965
Tier 3	n/a	637
	4,418	5,382

Only Tier 1 and Tier 2 capital are admissible to cover the MSM.

The MSM and ECR amounts are recognised in accordance with the prudential supervision rules set down by the BMA.

Under the admissibility limits for the ECR defined by the Group Rules, at 31 December 2024 the Group had the following incremental tiering capacity:

- Tier 1: no limits
- Tier 2 and Tier 3: €573 million (2023: €918 million)
- Tier 3: €294 million (2023: €200 million).

5.1.4 Confirmation that the insurance group's eligible capital is subject to transitional arrangements as required under the group rules

Athora has no eligible capital subject to transitional arrangements.

5.1.5 Identification of any factors of the insurance group affecting encumbrances affecting the availability and transferability of capital to meet the ECR

Under the regulatory assessment of encumbrances prescribed by the Group Rules, all of Athora's capital is deemed unencumbered.

5.1.6 Identification of ancillary capital instruments that have been approved by the Authority

In line with approvals received from the BMA, Athora recognises the instruments described below as Tier 1, Tier 2 and Tier 3 ancillary capital. The main changes during the reporting period in ancillary capital instruments are discussed in section 5.1.1

Tier 1 Ancillary capital instruments

Issuer	Instrument type	Issue date	Amount recognised
Athora Netherlands N.V.	Perpetual Restricted Tier 1 Temporary Write Down Securities	November 18 2024	€401 million

Tier 2 Ancillary capital instruments

Issuer	Instrument type	Issue date	Amount recognised
Athora Italia S.p.A.	Euro subordinated notes	16 February 2021	€80 million
Athora Netherlands N.V.	Euro subordinated notes	31 May 2022	€500 million
Athora Netherlands N.V.	Euro subordinated notes	15 April 2021	€15 million
Athora Holding Ltd.	Euro Subordinated Notes	10 June 2024	€791 million

Tier 3 Ancillary capital instruments

Issuer	Instrument type	Issue date	Amount recognised
Athora Holding Ltd.	Senior Unsecured Fixed Rate Notes	16 June 2023	€639 million

5.1.7 Identification of differences in shareholders' equity as stated in the financial statements versus available statutory capital and surplus

The most significant differences in shareholders' equity as stated in the IFRS financial statements versus the available statutory capital and surplus are due to the impact of employing statutory-based technical provision valuation techniques and the reclassification of subordinated and senior debt liabilities.

The following table sets out the reconciliation of IFRS total equity to Available Statutory Capital at 31 December 2024.

€m	**2024**	2023
IFRS total equity	**4,713**	4,629
Elimination of prudential filters	**(113)**	(128)
Net deferred tax on elimination of prudential filters	**21**	25
Adjustment to EBS		
Insurance assets and liabilities valuation difference	**(683)**	(700)
Financial assets and liabilities valuation differences	**(51)**	(2)
Reclassification of borrowings eligible as regulatory capital	**2,025**	1,602
Net deferred tax on valuation differences	**12**	(44)
Available statutory economic capital and surplus	**5,924**	5,382

5.2 Regulatory capital

5.2.1 Identification of amount of the insurance group ECR and MSM at the end of the reporting period

Athora uses the BSCR model to determine the ECR.

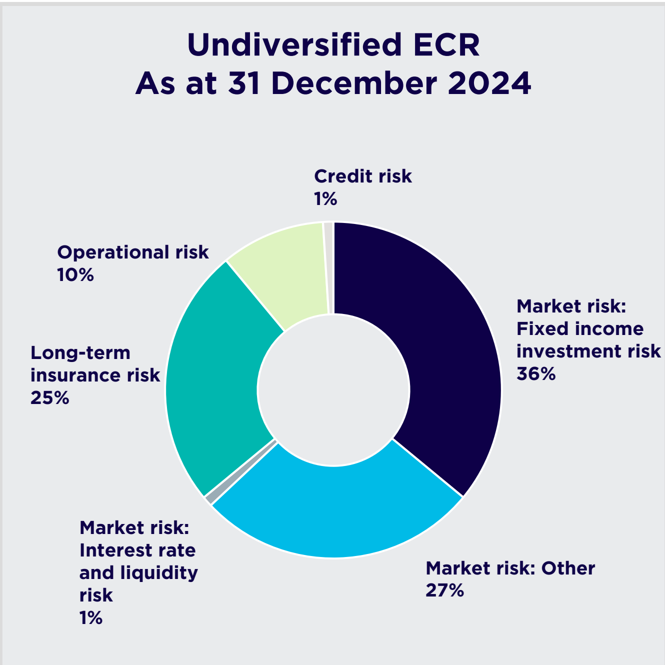
The ECR is calculated by populating the BSCR model. This calculates capital requirements for market risks, credit risks, long-term insurance risks and operational risks. These main risks have sub-risks, which are aggregated using correlation matrices. The sub-risks within market risks include fixed income risk, equity risk, currency risk, concentration risk and interest rate risk. The sub-risks within insurance risks include mortality, morbidity and disability, longevity, stop loss, riders, variable annuity guarantee and other long-term insurance risks.

These capital requirements are calculated by applying capital factors or stresses to the exposure. The aforementioned capital factors are prescribed in the Group Solvency Rules, with the exposures being populated by Athora in line with BMA guidance. The correlation matrices applied are prescribed by the Group Solvency Rules.

At 31 December 2024, Athora's regulatory capital requirements were assessed as follows:

	2024		2023	
	€m	**ECR Ratio**	€m	ECR Ratio
MSM	**1,199**		1,158	
ECR	**3,176**	**187%**	2,958	182%

The chart below shows the composition of the Group's undiversified ECR by BSCR risk category[1] at 31 December 2024.



The most significant contribution to the total undiversified ECR comes from market risk, which accounts for:

- Fixed income investment risk (36% of total undiversified BSCR): captures the market risks linked to fixed-income securities (except for interest rate and liquidity risks which are assessed separately) and is a core risk for Athora given our risk profile and appetite (see **section 3** for further details).
- Other market risks (27% of total undiversified BSCR): comprises equity and property risks (25% of total undiversified BSCR) and concentration risk (2% of total undiversified BSCR).
- Interest rate and liquidity risk represents 1% of the total undiversified BSCR.

The second most significant contribution comes from long-term insurance risk, which accounts for 25% of the total undiversified BSCR and is comprised of the following sub-risks: longevity (8% of total undiversified BSCR), mortality (2% of total undiversified BSCR), morbidity and disability (1% of total undiversified BSCR), and other insurance risks (14% of total undiversified BSCR).

Credit risk (1% of total undiversified BSCR) has a relatively low weight in the total BSCR as, under the BSCR model, credit risk covers mainly reinsurance and receivables exposures only. Credit risk linked to investment assets is captured in the BSCR model under fixed income investment risk (see market risks above).

5.2.2 Identification of any non-compliance by the insurance group with the MSM and the ECR

Not applicable.

5.2.3 A description of the amount and circumstances surrounding the insurance group's non-compliance, the remedial measures taken and their effectiveness

Not applicable (see 5.2.2).

5.2.4 Where the non-compliance has not been resolved, a description of the amount of the non- compliance of the insurance group at the end of the reporting year

Not applicable (see 5.2.2).

5.3 Group solvency sensitivities

Sensitivities

In addition to the examination of the best estimate scenario, Athora performs a thorough analysis of the resilience of the Group's solvency ratio in alternative scenarios. As Athora's business model is sensitive to interest rate, credit spread movements and changes in underwriting parameters, specific sensitivities are performed

[1] See Appendix 2 for a mapping between the BSCR risk categories and the categories in Athora's Risk Universe.

to ensure these features are modelled appropriately[2].

Interest rate risk

Interest rate risk represents changes in the value of assets and liabilities, based on the corresponding valuation basis, as well as capital requirements for a given movement in interest rates. Athora aims to tightly limit the balance sheet volatility of operating entities to interest rate movements by implementing an interest rate ALM approach that is efficient under the local capital regimes.

As the majority of the Group's operating entities are domiciled in the EU and operate under Solvency II, interest rate risk management is primarily designed to minimise entities' Solvency II balance sheet volatility. The hedging approach employed may result in some residual EBS volatility given differences in calibration of EBS compared to Solvency II (noting that this residual sensitivity was limited at year-end 2024). Athora actively monitors the basis risk between local and Group solvency, to ensure that the Group's solvency ratio remains within risk appetite levels.

	Solvency ratio	Solvency ratio change
FY 2024		
Interest rate +50bps	**190%**	**3%**
Interest rate -50bps	**184%**	**(3%)**

Spread risk

Spread risk represents changes in the value of assets and liabilities, based on the corresponding valuation basis, as well as capital requirements for a given movement in credit spreads. As detailed in **section 3.1**, Athora has a medium-risk appetite for spread risk, but accepts certain investment-related credit risk (e.g. complexity and illiquidity), subject to an appropriate risk-reward trade-off.

The sensitivity of Athora's Group solvency ratio to spread changes is driven by:

- the impact of a defined spread change on the value of fixed income assets within the investment portfolio, and
- the impact on the value of liabilities, from corresponding changes in illiquidity premium accounted for in the liability discounting (see **section 4.2**).

	Solvency ratio	Solvency ratio change
FY 2024		
Spread +50bps	**168%**	**(19)%**
Spread -50bps	**208%**	**21%**

Underwriting (long-term insurance) risk

The value of the life insurance portfolio is also sensitive to changes in the underwriting parameters used for calculating the market value of liabilities.

	Solvency ratio	Solvency ratio change
FY 2024[3]		
Lapse up 1-in-10	**185%**	**(2)%**
Longevity up 1-in-10	**180%**	**(7)%**

5.4 Approved internal capital model to derive the ECR

Not applicable (see **5.2.1**).

5.5 Any other material information

There is no other material information to report.

[2] For prudence, Athora limits the additional spread over risk-free rates that it applies under the SBA which impacts the sensitivity results disclosed.
[3] The 1-in-10 lapse up scenario is assumed equivalent to a 25% increase in lapse rates and the 1-in-10 longevity scenario is assumed equivalent to a 12.5% decrease in mortality rates.

6. Subsequent events

6.1 Description of the subsequent events

6.1.1 Dividends

On 13 March 2025, AHL declared a dividend of €21 million (2023: €20 million) on its Series A preferred shares, which will be paid in kind by the pro rata issuance of 213,489 (2023: 197,383) Series A preferred shares, based on their stated value on the date of declaration.

On 19 March 2025, AHL declared a dividend of €9.5 million (2023: €9.5 million) on its Series B preferred shares, which will be paid in cash on 3 May 2025.

6.1.2 Extension of revolving credit facility

On 13 January 2025, the maturity date of the Group's revolving credit facility was extended by one year to 14 February 2028. Further details of the terms of this senior debt are included in **note E7.2.4 Borrowings, Senior debt** of the Group's 2024 Annual Report at https://www.athora.com/results-and-reports.

6.1.3 Pension Risk Transfer (PRT) transaction

In April 2025, Athora Netherlands completed two pension risk transfer (PRT) transactions, acquiring the pension rights and entitlements of Nedlloyd Pensioenfonds and Pensioenfonds Trespa. Combined, these PRTs comprised approximately 9,500 participants and invested pension capital of approximately €1.1 billion.

6.1.4 Expiration of equity commitment letters

In April 2025, €500 million of "backstop" equity commitment letters that were signed in 2020 expired.

6.2 Any other material information

There is no other material information to report.

Declaration

We, the Group Chief Executive Officer and Interim Group Chief Financial Officer of Athora Holding Ltd., do hereby certify that, to the best of our knowledge and belief, this Financial Condition Report fairly represents the financial condition of Athora Holding Ltd. in all material respects.

Signed: /s/ Mike Wells

Title: Group Chief Executive Officer

Date: 14 May 2025

Signed: /s/ Rakesh Thakrar

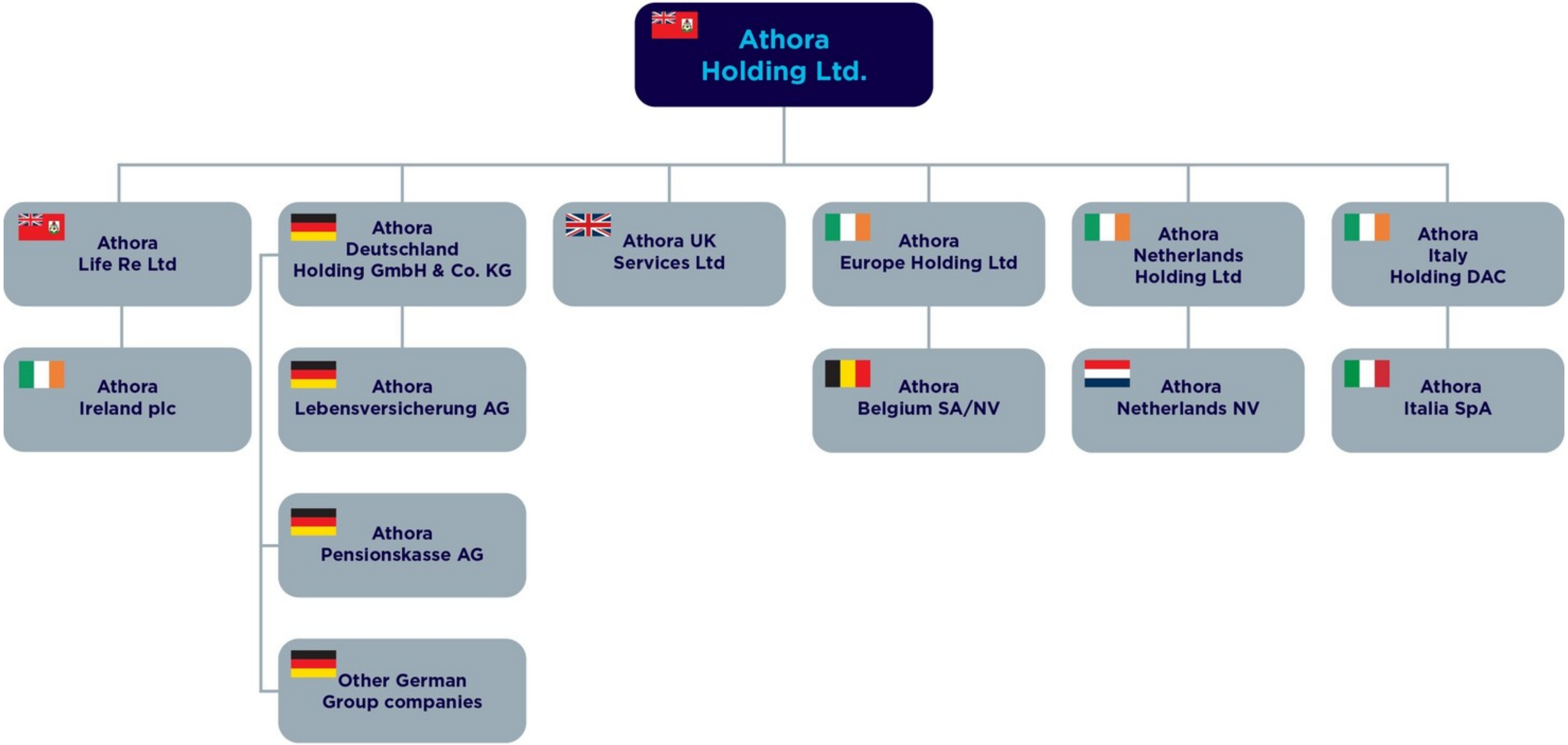
Title: Interim Group Chief Financial Officer

Date: 14 May 2025

APPENDIX 1

Athora Group simplified structure

As at 31 December 2024



APPENDIX 2

A mapping between the BSCR risk categories and the Athora Risk Universe is provided in the table below.

BSCR risk category	Athora risk category
Market risk	**Market risk**
Fixed income investment risk	Spread risk Default and migration risk
Equity investment risk	Equity risk Property risk
Interest rate and liquidity	Interest rate risk Liquidity risk
Currency risk	Currency risk
Concentration risk	Concentration risk
Credit risk	**Credit risk**
Long-term insurance risk	**Underwriting and reserving risk**
Mortality risk	Mortality risk
Morbidity and disability risk	Morbidity and disability risk
Longevity risk	Longevity risk
Lapse risk	Policyholder behaviour risk
Expense risk	Expense risk
Stop loss risk Riders risk Variable annuity guarantee risk	Not part of Athora's core strategy
Operational risk	**Operational risk**

Cautionary statement

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