



ATHORA

FINANCIAL **CONDITION** **REPORT**

Athora Holding Ltd.

2025

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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 2025, in order to provide a complete view of the current status of the Group.

Business and performance

Athora is a leading European savings and retirement services group specialising in guaranteed life insurance products.

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 organic new business

activity, pension risk transfer transactions, acquisition and reinsurance.

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

During 2025 we advanced our strategic ambitions with the announcement of Athora's scaled entry into the UK market through the acquisition of Pension Insurance Corporation Group (PICG). PICG is the ultimate parent company of Pension Insurance Corporation (PIC). PIC is a leading operator in the large UK Pension Risk Transfer (PRT) market and is renowned for exceptional customer service.

Following regulatory approval from the UK regulator, the Prudential Regulatory Authority (PRA), the acquisition of PICG was completed on 27 March 2026. The total consideration of £6.0 billion¹ was funded through a combination of common equity and debt financing issued in March 2026:

- AHL issued common equity capital in euros of €4.4 billion (£3.8 billion²)
- AHL drew down in sterling £1.6 billion (€1.8 billion²) of a £2.2 billion senior term loan.
- AHL issued in sterling £1.0 billion (€1.2 billion²) Fixed Rate Reset Perpetual Tier 1 Ancillary Contingent Convertible Notes to affiliated parties.

The residual proceeds after transactions costs are available to support future growth opportunities, including the funding of PRTs.

The IFRS loss before tax of €382 million (2024: profit €54 million) reflects adverse economic movements particularly from an increase in interest rates during the year. An increase in interest rates has a negative impact in IFRS due to Athora's approach to hedging local operating entity solvency, which creates accounting volatility in our IFRS results.

¹ The difference between the actual consideration paid of £6.0 billion and the approximate amount of £5.7 billion disclosed in the announcement on 3 July 2025 resulted from additional contractual payments due to the Sellers on closing.

² Financing transactions translated using GBP/EUR exchange rate of 1:1.152 as at 31 March 2026.

Further details of our business, performance and significant events in 2025 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 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, 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 and

sustainability risks. All of our operating entities 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.

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

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.

Ratings

We seek to maintain our 'A' range financial strength rating target in accordance with our risk appetite, to support business growth and give our customers, shareholders, regulators and other stakeholders assurance of our financial strength. Following an upgrade to A+ by Fitch Ratings on 31 March 2026, Athora's rating is comfortably at the upper end of the target.

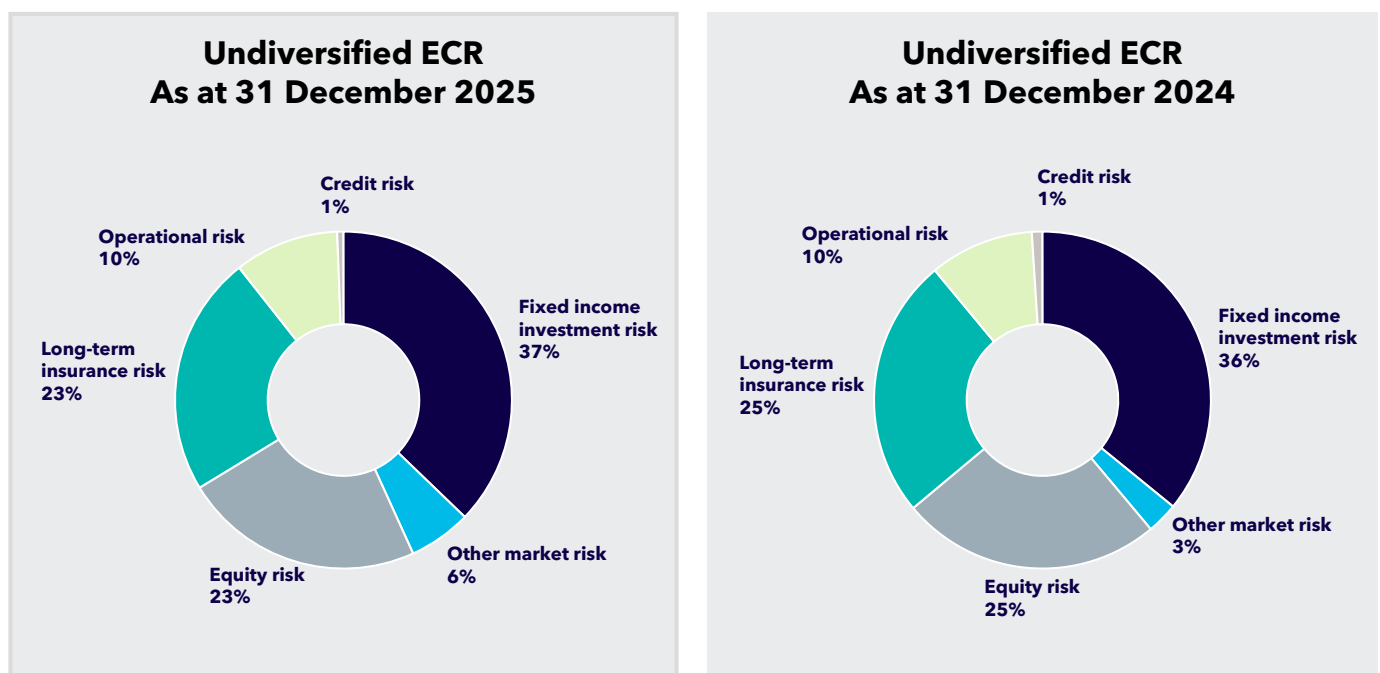
Our required regulatory capital, i.e. Enhanced Capital Requirement (ECR) is calculated using the Bermuda Solvency Capital Requirement (BSCR) model. Our EBS regulatory capital position at 31 December 2025 is shown in the table opposite:

	2025 €m	2024 €m
Capital		
Available Statutory Capital	6,392	5,924
ECR	3,280	3,176
Surplus	3,112	2,478
Solvency ratio	195%	187%

The Group solvency ratio at 31 December 2025 of 195% is above the Group risk appetite threshold.

At 31 December 2025, Athora's Available Statutory Capital, on an EBS basis, was €6,392 million (2024: €5,924 million). Within this, €4,393 million (2024: €3,899 million) was categorised as Tier 1, the highest quality capital, mainly consisting of common share capital and share premium, statutory economic surplus, contributed surplus, preferred shares and restricted Tier 1 notes (which are classified as Tier 1 ancillary capital). Tier 2 capital of €1,366 million (2024: €1,386 million) relates to four subordinated debt instruments. Tier 3 capital of €633 million (2024: €639 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 category³:



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

Further details of our capital management objectives and policies, and our regulatory capital position at 31 December 2025, including group solvency sensitivities, are set out in **section 5** of this FCR.

³ 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.

First Floor
Swan Building
26 Victoria Street
Hamilton HM12
Bermuda

+1 441 278 8600
athora.com

1.1.2 Business overview

Athora is a leading European savings and retirement services group specialising in guaranteed life insurance products.

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 organic new business activity, pension risk transfer transactions, acquisition and reinsurance.

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 and delivering an attractive customer offering.

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 (€54.3 billion AuMA)¹, Belgium (€9.7 billion AuMA) and Italy (€5.5 billion AuMA), we actively write new business. Our German operating entity (€3.5 billion AuMA) is closed to new business. Our reinsurance operation (€2.3 billion 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 2025. For further details see our 2025 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 two external PRT transactions during the year totalling c. €1.1 billion.
- On 3 July 2025, Athora entered into an agreement to acquire Pension Insurance Corporation Group (PICG), a leading provider of pension solutions in the United Kingdom. On 6 March 2026, Athora received regulatory approval from the PRA and the acquisition completed on 27 March 2026. The acquisition marks a major expansion of Athora's presence in the UK and Europe. See **section 6** of this FCR for further details.

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

1.5 Group structure

A simplified Group structure as at 31 December 2025 is shown in **Appendix 1**.

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.€9 billion² 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 2025, Apollo, including Athene, has five members on Athora's board of directors and a combined 24.51% economic interest and 26.00% vote holding in Athora's common share capital.
- At 31 December 2025, ADIA had a 19.12% economic interest and 9.9% vote holding in Athora and had exercised its right to select one member to Athora's Board.

² Completion of the 2025/26 equity rights issue was announced on 6 March 2026. €3.5 billion was raised during the fourth quarter of 2025 and the first quarter of 2026.

1.6 Performance

The IFRS loss before tax of €(382) million (2024: profit €54 million) reflects adverse economic movements particularly from an increase in interest rates during the year. An increase in interest rates has a negative impact in IFRS due to Athora's approach to hedging local solvency, which creates accounting volatility in our IFRS results.

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	2025	2024
Insurance contract revenue	2,466	2,326
Insurance service expense	(2,264)	(2,076)
Net expense from reinsurance contracts held	(22)	(13)
Insurance service result	180	237
Net investment (expense)/income attributable to shareholders	(637)	3,802
Net insurance and reinsurance finance expense attributable to shareholders	697	(3,348)
Net finance result on financial assets held in respect of investment contract liabilities and third parties ³	–	–
Net financial result	60	454
Other income ⁴	129	132
Other expenses	(542)	(544)
Finance costs	(209)	(225)
(Loss)/profit before tax	(382)	54
Income tax ⁵	32	(58)
Loss for the year	(350)	(4)
Other comprehensive income for the year, net of tax	29	9
Total comprehensive (expense)/income for the year	(321)	5

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 €180 million (2024: €237 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 Belgium moving some portfolios into loss components. The insurance service result comprises insurance service contract revenue less insurance service expense. See below for further information on both.

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 €2,466 million (2024: €2,326 million).

Net expense from reinsurance contracts held of €(22) million (2024: €(13) million).

³ 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).

⁴ Other income includes fees, commission €91 million (Refer to note C3 of the Group's 2025 annual report) and other income €38 million.

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 2025 annual report. Further information on the Group's total tax contribution is included in the Sustainability section on page 54 of the Group's 2025 annual report.

Insurance service expense

Insurance service expense, which primarily includes incurred claims and other directly attributable expenses, was €2,264 million (2024: €2,076 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 income of €697 million (2024: expense €3,348 million). This positive impact was due to an increase in the risk-free interest rates in 2025, compared to a decrease in 2024.

Net finance result on financial assets held in respect of investment contract liabilities and third parties

Net investment income on financial assets held in respect of investment contract liabilities and third parties was €744 million (2024: €1,907 million). Investment contracts 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 investment return attributable to third parties, will always completely offset in the Group's income statement.

Other expenses

Other expenses were €542 million (2024: €544 million). Other expenses include acquisition costs, impairments and other expenses. Refer to note **C4** of the Group's 2025 annual report.

Further details of our IFRS results are set out in the Group's [2025 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. Our investment performance by asset class at the table below reports an IFRS net expense which is driven by the net impact of losses on derivatives, net of gains on interest revenue. This result arises due to Athora's approach to hedging local solvency, which creates accounting volatility in our IFRS results.

Further details of our investment strategy are set out in the Group's 2025 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 (expense)/income attributable to shareholders was a net expense of €637 million (2024: net income €3,802 million):

€m	2025	2024
Net expense from derivatives	(2,693)	(491)
Interest revenue	1,699	1,706
Net (losses)/gains on financial assets valued through profit or loss	119	1,890
Investment properties	19	39
Cash and cash equivalents	38	140
Other investment income	236	177
Net foreign exchange (losses)/gains	(55)	341
Net investment (expense)/income attributable to shareholders	(637)	3,802

The main driver for the reduction in investment income compared with 2024 is the movement in the fair value of derivatives and unrealised losses on fixed income securities, where steepening of the swap curve impacts long-maturity bond values.

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

2025 €m	Financial assets FVTPL	Loans and receivables	Investment properties	Cash and cash equivalents	Total
Interest revenue	525	1,012	–	16	1,553
Net (losses)/gains on financial assets valued through profit or loss	(2,126)	(286)	(21)	22	(2,411)
Other investment income	236	–	–	–	236
Other net income	–	–	40	–	40
Net foreign exchange (losses)/gains	701	(738)	–	(18)	(55)
Total	(664)	(12)	19	20	(637)

2024 €m	Financial assets FVTPL	Loans and receivables	Investment properties	Cash and cash equivalents	Total
Interest revenue	239	1,057	–	108	1,404
Net gains/(losses) on financial assets valued through profit or loss	1,701	108	(4)	32	1,837
Other investment income	177	–	–	–	177
Other net income	–	–	43	–	43
Net foreign exchange gains/(losses)	(5)	343	–	3	341
Total	2,112	1,508	39	143	3,802

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	2025	2024
Insurance	4,137	3,682
Reinsurance accepted	–	47
	4,137	3,729
Netherlands	3,137	2,848
Belgium	436	396
Germany	113	122
Bermuda ⁶	–	47
Italy	451	316
	4,137	3,729

The increase in gross premiums earned in 2025 is primarily due to a strong result in Athora Netherlands. Athora Netherlands gross earned premiums increased by 10% from €2,848 million to €3,137 million, mainly driven by premiums earned on PRT transactions over the last two years.

Athora Belgium gross earned premiums earned increased by 10% from €396 million to €436 million. This strong performance was supported by disciplined pricing actions relating to the core guaranteed life product, which offers market-leading guarantees.

Athora Germany gross earned premiums earned decreased by 7% from €122 million to €113 million, reflecting the run-off nature of the closed book. Athora Germany is closed to new business with premiums continuing to be earned on existing policyholder contracts.

Athora Italia gross earned premiums increased by 43% from €316 million to €451 million. In 2025, Athora Italia further enhanced its product offering by launching new versions of its guaranteed product, Athora Rendimento+, tailored for the evolving needs of Italian investors. Athora Rendimento+ continued to offer one of the highest policyholder yields in the market, driving commercial momentum.

⁶ Group gross earned premiums are reported net of intra-group premiums.

Two new distribution agreements were also signed with Banca del Fucino S.p.A. and Banco di Credito Popolare S.C.p.A, to supplement existing distribution channels. The diversification of distribution channels was supported by enhanced brand awareness through new marketing initiatives including a sponsorship agreement with the Italian Football Federation under which Athora became the Title Partner of the Women's Serie A Championship.

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 by-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**

Identifies, evaluates and recommends individuals for Board and senior management appointment. Evaluates and determines the corporate governance framework, including relevant documents such as Group policies. Oversees Environmental, Social and Governance strategy and Inclusion, Diversity and Equality framework and the annual performance evaluation of the Board.

- **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. The committee hasn't met through 2025 with all matters going directly 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
Group Chief Financial Officer	Rakesh Thakrar (regulatory approval received 5 September 2025)
Group General Counsel	Matthew Salter (regulatory approval received 13 March 2025)
Group Head of Corporate and Regulatory Affairs	Tobias Buecheler
Interim Group Co-Chief Risk & Compliance Officer	Chantal Waight
Interim Group Co-Chief Risk Officer	Stephen Hainsworth ¹
Group Chief Strategy and Operating Officer	Edward Gunby (regulatory approval received 12 March 2026)

All appointment dates disclosed in the table above are regulatory approval dates.

¹ Standing attendee (not a formal member).

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, independent non-executive directors and self-employed 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 Identified² 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.

During the year ended 31 December 2025 dividends of €16.8 million on the Series B Preferred Shares were declared to Athene.

At 31 December 2025, Athene and Apollo have commitments to make additional equity investments in Athora of €305 million, which remain undrawn and available to the Group. The table below summarises the amount of the other material transactions with

² 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.

Athene and Apollo during the year and the outstanding balances at the end of the year:

€m	Income	Expenses	Payable	Receivable
2025				
Apollo	–	139	35	–
Athene	1	–	–	–
	1	139	35	–

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

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.

Athene had a cooperation agreement with Athora. Under this agreement, which excludes Athora Netherlands, Athene and Athora had agreed to use their best efforts to offer retrocession opportunities in relation to certain reinsurance transactions. This agreement was terminated in August 2025.

The Group's subsidiary Athora Life Re ("ARE") entered into a Tail Risk Retrocession Treaty with Athene Annuity Re Ltd., effective 31 December 2025. Under the treaty, ARE provides tail risk lapse reinsurance on a block of USD Whole of Life business. As the treaty became effective on the last day of the reporting period, no insurance service result was recognised in the 2025 profit or loss. Any outstanding receivables or payables arising from routine quarterly settlements were immaterial at the reporting date. The treaty was conducted on normal commercial terms.

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 2025, the value of funding agreements purchased by the Group was €25 million (2024: €55 million).

At December 2024, the Group had sold their total investment in AP Violet Ath Hldgs LP for a purchase price of €91 million (\$95 million) to Athene Annuity Re Ltd. and 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 €34 million (£28 million).

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.

In March 2026, Apollo and Athene exercised their pre-emptive rights in relation to the common equity raise in anticipation of the acquisition of PICG. Further details have been included in **section 6.1**.

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, due diligence and interviewing requirements, to confirm fitness and propriety for the relevant role. All appointments to the Board, Management Committee and key function holder roles are subject to review and oversight by the Group Nominating and Corporate Governance Committee, in accordance with the Fit and Proper Policy, Procedure and 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 INEDs. 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.

Board of directors



NG **Cp** **Cf** **T** **R**

Bruce Hemphill

Chair, INED

Tenure: 2 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

INED, Hargreaves Lansdown Asset Management Limited (Chairing Risk and Nominations Committees)

INED Chair for Hargreaves Lansdown Group Limited



A **Cf** **NG** **R**

Debra Broek

INED

Tenure: 7 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.

Debra is a Certified Public Accountant (CPA).

Other current appointments include

INED and Audit and Risk Committee member, Zurich American Insurance Company

INED and Audit and Risk Committee Chair, Zurich American Life Insurance Company and Zurich American Life Insurance Company of New York

INED and Audit and Risk Committee Chair, Zurich Holding Company of America, Inc.



Cf

Volkert Doeksen

INED

Tenure: 8 years

Experience

Volkert has over 35 years of investment experience.

He co-founded and held the positions of Chairman/CEO of AlInvest 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: 7 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, Audit Committee Chair and Risk Committee Chair, CNA Europe and Hardy (Underwriting Agencies) Ltd.; Deutscher Ring and Mercator Verzekeringen.

Other current appointments include

Supervisory Board Member and Chair of the Audit Committee, UNIQA Insurance Group (UQA)

INED, Assura AG



Cf A NG Cp

Fred Kleisner

INED

Tenure: 8 years

Experience

Fred has extensive experience in business management and governance with over five 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: 8 years

Experience

Jérôme has over two decades of investment experience and is Co-Global Head of Private Equity at ADIA. He joined ADIA in 2012.

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, Pension Insurance Corporation



A T

Sean Brennan

Tenure: >1 year

Experience

Sean Brennan is Co-President of Athene USA and Chief Commercial Officer of Athene Holding.

Before joining Athene, Sean served as Global Pensions Director for Marsh & McLennan Companies, responsible for developing and implementing its global pension strategy, and oversaw \$15 billion in global asset-liability management. Earlier in his career, Sean spent 14 years at Mercer, most recently as Partner in the Financial Strategy Group.

Sean holds a B.A. in mathematics and political science from Emory University. He is a Chartered Financial Analyst Charterholder and an Associate of the Society of Actuaries.

Other current appointments include

Board Member, Horizons at New Canaan Country School

Advisory Board Member, American Savings Education Council



Cp A NG

Alexander Humphreys

Tenure: 7 years

Experience

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

Alex serves on the board of directors of Athora, 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, Catalina Holdings

Director, Miller Homes



T R NG

Gernot Löhr

Tenure: 8 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 Leadership Team 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 and B. Metzler Corporate Finance.

Other current appointments include

Director, Aspen

Director, Catalina Holdings

Advisory Board Member, MIT Sloan School of Management

A

Audit

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Nominating and Corporate Governance

R

Risk

T

Transactions

Committee Chair



T

Vishal Sheth

Tenure: 1 year

Experience

Vishal is Partner and Global Co-Head of the 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 a 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.

Other current appointments include

Board Member, Athene
Board Member, Venerable
Board Member, ACRA
Board Member, Brooklyn Community Foundation



Cp T

Scott Kleinman

Tenure: 5 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

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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.

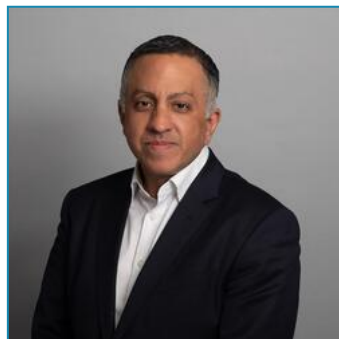


Todd Solash,
President & Deputy CEO

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, Todd led the Individual Annuity business at AXA Equitable Life Insurance Company.

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).



Rakesh Thakrar,
Group Chief Financial Officer

Rakesh joined Athora in December 2024 and is responsible for the Group's finance & actuarial functions, finance operations and reporting, including accounting, tax and capital.

Rakesh has more than 25 years' insurance experience, having served as CFO at Phoenix Group - a FTSE100, long-term savings and retirement services company - before joining Athora. During his time at Phoenix, Rakesh worked across all areas of the finance organisation including several large acquisition and restructuring projects.

Rakesh is also a Non-Executive Director (NED) and Chair of Audit at Bupa UK, and NED at JP Morgan Global Growth and Income plc. Rakesh holds a BSc Economics degree from Warwick University.



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.

Management committee



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.



Chantal Waight,
Interim Group Co-Chief Risk & Compliance Officer

Chantal Waight is interim Group Co-Chief Risk & Compliance Officer, with responsibility for enterprise risk management, compliance and credit risk. Chantal jointly leads Athora's Group Risk function on an interim basis alongside Stephen Hainsworth.

Chantal has over 25 years of insurance and investment management experience. Prior to joining Athora in 2023, Chantal spent 15 years at M&G and Prudential plc where she held senior roles across equity research, investor relations and strategy & corporate development.



Stephen Hainsworth,
Interim Group Co-Chief Risk Officer*

Stephen is interim Group Co-Chief Risk Officer with responsibility for balance sheet management, focusing on financial and actuarial risks. He jointly leads Athora's Group Risk function on an interim basis alongside Chantal Waight.

Stephen is a qualified actuary with more than 20 years' experience in life insurance. Prior to joining Athora in 2024, Stephen spent 14 years at Prudential plc, where he most recently led its group-wide finance transformation programme. He was also responsible for economic capital modelling and led the work on Prudential's Solvency II internal model.

*Stephen Hainsworth is not a member of the management committee, however is a standing attendee of all meetings.



Edward Gunby,
Group Chief Strategy and Operating Officer†

Edward is Group Chief Strategy Officer responsible for Group Strategy & New Business, Investor Relations & Capital Raising, Transformation & Integration, and Information Technology.

Prior to joining Athora in 2020, Edward was an Executive Director at Goldman Sachs in the Global Investment Research division, with coverage responsibility for the UK & European insurance sector. As part of his role at Goldman Sachs, Edward worked on numerous capital market transactions in the UK & Europe, including initial public offerings, and supported corporate broking activities for several UK insurance companies.

†Edward Gunby's membership of the management committee received regulatory approval on 12 March 2026.

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

Effective risk management is fundamental to Athora's success as a specialised European savings and retirement services group.

As a key element of our business model, risk management is embedded across the organisation and is the responsibility of all Athora employees. Our Enterprise Risk Management (ERM) framework ensures that risks are identified, assessed, managed, monitored and reported in a structured and consistent manner.

By understanding the risks we face, we can design and implement appropriate controls. The ERM Framework empowers employees to understand their role in managing risk effectively. Risks are managed from multiple perspectives, including economic, regulatory and accounting and are subject to continuous review. 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. It lays the foundations for a forward-looking, enterprise-wide approach to managing risk throughout Athora.

Under the leadership of the interim Group Co-Chief Risk and Compliance Officer, Enterprise Risk Management (ERM) and interim Group Co-Chief Risk Officer, Balance Sheet Management (BSM), the objective of Athora's risk management framework is that each risk is assumed and managed in line with our defined risk appetite and risk strategy. This ensures a clear and common understanding of the Group's Enterprise Risk Management framework and enables employees to adhere to the principles and governance of the system.

Risk appetite and strategy

Athora's risk appetite and risk strategy are integral parts of our business strategy and support 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, with appropriate risk mitigations applied otherwise. Risk appetite and risk strategy are translated into specific policies and limits for the relevant risk types. While specific strategies apply for each risk type, three fundamental principles underpin our overall approach:

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 private 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 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 strong and robust capital position to provide all key stakeholders with the confidence that Athora will meet its financial and non-financial obligations, including delivering on its strategic and growth objectives.
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 mis-estimation 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 or may potentially 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 of these risks and their related sub-risks, providing direction on how to manage them. Depending on the risk appetite level, we either accept these risks 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 Group Board Risk Committee, providing a consolidated view of risk exposures and trends across the Group.

Risk governance

Athora governs risk through:

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

The Interim Group Co-Chief Risk and Compliance Officer³ and Interim Group Co-Chief Risk Officer⁴ have 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

³ Responsible for enterprise risk management (ERM), compliance and credit risk.

⁴ Responsible for balance sheet management (BSM), focusing on financial and actuarial risks.

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 evaluate control effectiveness and confirm that mitigation measures are operating as intended.

Monitoring of risks comprises both ongoing monitoring activities and thematic 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 active oversight and aggregation of risks at Group level through:

- control testing—a key component of the internal control framework;
- model validation activities—including 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 reporting provides a key source of risk information to the Board, its committees and Management. This includes, as applicable, the Commercial Insurer's Solvency Self-Assessment (CISSA) / Group Solvency Self-Assessment (GSSA) and Approved Group Actuary Report and Opinion required by the BMA, and the Own Risk and Solvency Assessment (ORSA) and Actuarial Function Holder Report required under Solvency II for in-scope entities. 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 where possible, using tools and processes, for establishing and maintaining the confidence in, and integrity of data and technology. Athora's Architecture and Data Working Group (ADWG) oversees technology and data governance for the organisation to ensure that data and technology use aligns with applicable Policies, Standards and Strategies.

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 sets out the forward-looking perspective of the capital and solvency assessment exercise, with its findings documented in a report to the Board. The assessment considers the liquidity resources required to enable Athora to achieve its business strategy while maintaining its Risk Appetite and solvency targets. The report is approved by the Board and submitted annually to the Bermuda Monetary Authority. The objective of the GSSA is to provide a structured set of processes that serve as a tool for strategic analysis and informed decision making for Board and Management, in line with regulatory 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 liquidity 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 operating entities. A steering committee is established for the duration of the report production period to support management in the oversight of the preparation of the report and to act as a forum for the escalation of any issues in the delivery of the report. The Board and Management Committee 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. The GSSA process is considered as part of the internal audit planning process and is audited periodically.

2.4 Internal controls

2.4.1 A description of the internal control system

Athora has established a principles-led internal control policy for the Group which requires each Group entity to implement an appropriate Internal Control Framework (ICF). This flexible approach is intended to support Athora in executing a consistent, robust and effective control environment over its risk exposures, while allowing operating entities to implement a proportionate ICF which specifically suits their operating requirements and therefore supports strategic decision making.

The ICF enables us to:

- achieve important objectives.
- sustain/improve performance.
- develop a consistent and scalable system of effective and efficient internal controls.

The ICF, approved by the Board, has been adopted 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 assessments.

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 and Controls (GHOCC). The GHOCC allows the Board to discharge its duties regarding monitoring and compliance by an independent function. The GHOCC reports directly to the interim Group Co-Chief Risk and Compliance Officer, ERM, a member of the MC, and provides quarterly updates to the Board Audit Committee.

The GHOCC 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 fully staffed and capable local compliance functions within each operating entity. These 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 GHOCC by HoCs.

Group Compliance manages compliance activities across Athora using Group-wide compliance policies and frameworks, including specific control objectives, and supports operating entities 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 assess potential impacts on the Group and operating entities. To support this process, operating entity 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, promoting awareness and embedding a strong compliance culture.

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 Interim 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.
- 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 operating entity 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 operating entity outsources 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.

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.

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.

- Inflation risk is the sensitivity of assets, liabilities and financial instruments to changes in the level or in the volatility of inflation.
- Volatility risk is risk of a change of price of a portfolio as a result of changes in the (implied) volatility of a risk factor. It usually applies to portfolios of derivatives instruments, where the volatility of its underlying is a major influencer of prices.
- Basis risk is the financial risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position.

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 basis 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 in line with requirements set out in the Group's Asset Liability Management Policy. Actions are implemented locally by the operating entities with oversight from the Group Investment Function.

The thresholds for market risks are defined according to the risk metrics and scenarios defined in the policy. Such scenarios include standalone stresses for each

market risk, such as interest rate, spread and 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 on a quarterly basis, at a minimum. Any risk-limit breaches are escalated to the appropriate governance bodies for remedy and mitigation.

Material risk concentrations

The Financial Risk Policy Book addresses Group Asset Liability Management Risk requirements and Group Credit Concentration and Counterparty Risk requirements 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, product design, and expense risks) and reserving risk is the risk of mis-estimation 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).
- Mortality catastrophe risk is the risk/uncertainty of a pandemic event or catastrophe in a specific location (event risk) which leads to excess deaths.
- Morbidity catastrophe 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 reserving 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 a core 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 and expense reserving risk, as well as customer behaviour, most notably lapse risk, as well other customer options 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 operating entities 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, operating entities 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.

Credit risk includes the following.

- 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.

Further details in relation to credit risk are included at **note E10.3 Financial risks** of the Group's 2025 Annual Report at <https://www.athora.com/results-and-reports>.

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).

The tables below provide information regarding the maximum credit risk exposure of the Group by classifying assets¹ 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	2025		2024	
	Fixed-income securities	Reinsurance contract assets	Fixed-income securities	Reinsurance contract assets
AAA	5,846	–	7,300	2
AA	6,768	6	8,644	4
A	7,994	36	6,668	35
BBB	5,132	–	4,094	–
BB	107	–	121	–
B or lower	178	–	183	–
NR	1,063	3	993	3
	27,088	45	28,003	44

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 a 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.

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.

¹ The table excludes investments attributable to investment-contracts and third parties of €16,194 million (2024:€14,058 million) as the risk is not borne by the Group. Also excluded are Loans & Receivables which largely comprises mortgages, private loans linked to saving mortgages, private credit and pledged collateral.

3.1.4 Liquidity risk

Definition

Liquidity risk is the risk that an entity has insufficient cash, other liquid resources or management actions to meet obligations when they fall due.

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 operating entities.

Measurement and mitigation

Operating entities 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. Financial markets have remained volatile in recent years, particularly following the sharp rise in interest rates since early 2022. Throughout this period, Athora has demonstrated resilience through robust liquidity risk management.

Athora has a comprehensive liquidity management framework that ensures that a sufficient liquidity buffer is maintained to enable liquidity demands to be met, even in times of stressed market conditions. The operating entities identify and quantify stressed liquidity requirements in line with the Group's liquidity risk policy, with results reported and monitored through established governance processes. Liquidity risks are actively identified and managed on a forward-looking basis through continuous oversight at both the operating entity and Group levels.

Liquidity is actively monitored locally and reported to Group on at least a monthly basis. In periods of heightened volatility, the frequency of liquidity reporting is increased. 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.

The key drivers for liquidity risk for AHL Ltd. include increased expenses, reduced remittances from operating entities or contractual capital support to operating entities, and inability to access new financing. Sources of liquidity resources available to AHL Ltd. include cash and cash equivalents, a Revolving Credit Facility and (over longer time horizons) fresh credit or equity raises. These sources constitute a significant liquidity buffer for AHL Ltd. in addition to the liquidity buffers held by each operating entity.

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 - the risk that the confidentiality, integrity and availability of the Athora's assets are compromised as a result of inappropriate access, modification or loss.
- Data risk - the risk that the process by which data is captured, stored and processed is incomplete, inaccurate, inconsistent or inappropriate, thereby impairing the ability to provide quality services and produce management and financial information in a correct and timely manner. This may arise because of inappropriate sourcing, inadequate storage, improper use, insecure transmission, poor management oversight, or deficient security of data.
- People risk - 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 operating entities and Functions, including misalignment between Athora's values and leader actions, employee behaviours, or organisational systems.

- Third-party risk - the risk of losses/damage arising from 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 is the risk of failure to continue the delivery of products or services at acceptable predefined levels following disruptive incidents
- Business process risk - the risk of losses (caused by ineffectiveness, inefficiencies, disruption, errors) as a result of inadequate or failing business processes and related internal controls as a result of inadequate design and/or execution risk that occurs through ineffective to inefficient processes used to deliver critical customer or internal operational services.
- Reporting risk - the risk the Group suffers 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 law, 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 of such models.

Description

Operational risk is inherent to all businesses, including Athora. Given the scale and extent of its operations, Athora faces a range of operational risks that must be managed consistently and effectively. This is essential not only to protect the business, but also to ensure the delivery of high-quality customer service and to act in the best interests of its customers. Athora's approach enables it to realise the benefits of operating within a group structure, while preserving the value of regional expertise through locally embedded teams and tailored operational frameworks. Risk management is underpinned by strong governance, skilled personnel, and robust systems and controls.

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

Athora has a system of internal controls to mitigate the risk of unanticipated financial loss or damage to our reputation which is enhanced through investment in our system capabilities and business processes to ensure that we meet the expectations of our customers; comply with regulatory, legal and financial reporting requirements; and mitigate the risks of loss or reputational damage from risk events. Any risks with a material potential impact are monitored on a regular basis with action taken to remediate as required.

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 is outlined in the Group Operational Risk Policy Book. 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 in the Operational Risk Policy Book: Internal Controls, Operational Risk, Third Party Risk, Model Risk and Data Risk. Risk owners have developed additional standards and guidelines 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 Athora may suffer as a result of its failure to comply with laws, regulations, rules and codes of conduct applicable to its operating entities.

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 resulting from 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 resulting from non-compliance with the Code of Business Conduct and Ethics and underlying procedures (e.g. expense policies, gift and entertainment policies) and the whistleblowing procedure.
- Privacy risk is the risk of losses arising from unlawful processing of personal 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

The primary compliance challenge for financial institutions is the quickly evolving regulatory landscape and the pace of change, at both the EU and the national level, across a broad range of regulatory topics. Compliance with new or evolving requirements presents operational challenges for the business given the effort to assess the impact of evolving regulation, implement the necessary controls and processes in response, document these controls and processes, and then test the effectiveness of new controls, all within a limited timeframe.

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 operating entity, 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, operating entities.

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. 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

Athora manages compliance risk through comprehensive policies designed to ensure the firm's obligations are met at a national and supranational level. Athora's policies contain key requirements to ensure clarity on our compliance obligations. This is supported by our control infrastructure, detailed procedures and training programs that ensure staff are aware of their responsibilities in supporting Athora's compliance program.

In addition, regular monitoring and testing activity is undertaken by our compliance teams to validate the design and effectiveness of Athora's controls. Training for all employees is provided on key topics such as the Code of Conduct, financial crime and privacy.

Group Compliance also coordinates regular meetings and working groups with each of the operating entities to identify synergies and areas of best practice that can be replicated throughout the wider Group.

3.1.7 Other risks

Strategic risk

Definition

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.

Description

Strategic risk includes the following categories:

- Regulatory and reputational risk where Regulatory risk is the risk that Athora suffers loss, business restrictions, public censure or regulatory sanctions from non-compliance with regulatory requirements, regulatory expectations or developments that change the regulatory requirements or expectations. Reputational risk is the risk that the actions of Athora undermine trust and confidence in Athora and its brand.
- Legal and Governance Risk where Legal risk is the risk of financial or reputational losses as a result of inadequate legal documentation and unwarranted or excessive litigation. The risk of losses driven by non-compliance with legislative requirements can expose Athora and its employees to significant regulatory and reputational damage including monetary fines and the suspension or withdrawal of regulated status, and in the case of individuals, imprisonment. Governance risk is the risk of loss or damage as a result of deficiencies in decision-making processes, allocation of responsibilities and supervision of business activities by leadership and management. This risk arises from management practices that fail to clearly establish ownership and accountability. The risk of loss or damage driven by inadequate, ineffective, or non-compliant establishment and enforcement of appropriate policies, procedures and controls to ensure compliance with laws, regulations, and ethical standards.
- Risks associated with being a group regulated entity i.e. Group Risk is the risk that the financial condition or continued operation of the company may be adversely affected by an event that is either internal or external to the group it belongs. Such an event may either be financial or non-financial.

Measurement and mitigation

Our strategic planning process has been designed to ensure we can effectively identify and manage strategic risks should they arise. As a part of this process, we have articulated strategic priorities that outline our key business activities in line with our strategy, as well as their associated short-term and medium-term targets. Athora has actively embedded ongoing monitoring processes to ensure we have a clear understanding of our progress against these priorities and can identify and mitigate where we may be off track.

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 which 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 risk

Definition

Capital adequacy risk is the risk that Athora will not maintain a strong and robust capital position to provide all key stakeholders with the confidence that it will meet its financial and non-financial obligations, including delivering on its strategic and growth objectives.

Measurement and mitigation

This risk is managed through the robust capitalisation of Athora Group and of all its operating entities, and the central management of financial resources to be able to support operating entities 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. Following an upgrade by Fitch Ratings on 31 March 2026, Athora's financial profile is consistent with an A+ credit rating, reflecting the Group's profile following the acquisition of PIC.

Tax risk

Definition

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

Measurement and mitigation

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.

Sustainability (ESG) risk

Definition

Sustainability risk is the risk of environmental, social or governance (ESG) events or developments, which may, if not managed, have or may potentially have significant negative impacts on the assets, financial and earnings situations, or reputation of an entity.

Measurement and mitigation

Athora has no appetite for sustainability-related misconduct and aims to minimise the risk of adverse ESG impacts through embedding sustainability risk management into investment decisions, governance structures, and day-to-day operations. Athora is committed to integrating ESG considerations into its risk management framework, including stress testing, scenario analysis, and reporting.

To strengthen the integration of sustainability into enterprise risk management, Athora has developed a set of Level 2 and Level 3 sustainability risks. The development of Level 2 risks allows Athora to assign clear ownership, embed sustainability into the Internal Control Framework, and ensure that ESG-related risks are subject to the same rigorous assessment, monitoring, and reporting as other material risks.

Our Sustainability Risk Policy sets out how sustainability risk is identified, assessed, managed, and reported. It includes requirements for annual risk identification, integration of double materiality assessments, and the establishment of Sustainable Investment Policies across operating entities. Sustainability risk is reported quarterly and

incorporated into the Solvency Self-Assessment process.

This structure supports Athora's commitment to proactive sustainability risk management, regulatory alignment, and transparent reporting, while enabling operating entities to tailor their local frameworks to reflect material ESG exposures.

3.1.8 Changes in the reporting period

Global economic background

2025 has seen inflation stabilise at more moderate levels following the significant shocks of 2022 and 2023. We continue to monitor the situation as a result of escalating conflict in the Middle East with potential supply side shocks. Central banks around the world continued to reduce interest rates during 2025, albeit at a slower pace as inflation risks re-intensified and the outlook is for flat or slightly increased levels in the near term. Increased investor confidence supported equity markets performance through 2025 while corporate spreads tightened to levels not seen since before the 2008-2009 Global Financial Crisis. The Middle East conflict has, however, led to recent volatility which is being closely monitored across all of these market indicators.

Sovereign spreads in a number of European countries widened significantly in late 2024 and into 2025, driven by persistent political uncertainty, structural deficits and high sovereign issuance volumes.

Athora's investment positioning, solid underwriting performance and active asset-liability management enabled the navigation of these market conditions without material adverse impacts on investment performance.

Overall, investment performance has remained resilient, underpinned by strong credit fundamentals, a robust credit profile and the continued adherence to the Prudent Person Principle in the risk-taking process.

Geopolitical uncertainty remains a key consideration, with potential impacts on global markets, regulation, and investment performance. We continue to monitor developments to assess and manage any emerging risks.

Regulatory solvency requirements

Athora operates in multiple jurisdictions in Europe and Bermuda and is therefore subject to different capital regimes. The regulatory frameworks in both Bermuda (BSCR) and Europe (Solvency II) have undergone significant changes in recent years. In Bermuda, the Bermuda Monetary Authority (BMA) implemented revised solvency standards in 2024. These changes are now fully reflected in solvency reporting, with transitional measures ranging from 5 to 10 years depending on the specific provisions affected.

In Europe, the recent Solvency II review introduced substantial amendments to the Directive and Delegated Regulation, with implementation scheduled for Q1 2027. Business units are currently assessing the impact of these changes and preparing for operational readiness.

As an Internationally Active Insurance Group (IAIG), Athora is subject to the Insurance Capital Standards (ICS), which became a prescribed capital requirement for IAIGs in December 2024. Regulatory authorities are now entering a three-year period to assess consistent implementation across jurisdictions. Athora is actively 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 2025. 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 compliance with Digital Operational Resilience Act (DORA), which came into force in January 2025. Athora's proactive testing of key security controls continues via penetration testing, red team activities² and independent maturity assessments. The results of these tests, risk assessments and the changing global threat landscape will be used to ensure activities are prioritised based on threat intelligence and test outcomes to ensure robust protection of critical systems and data.

Strategic Growth Execution

In 2025, Athora entered into an agreement to acquire Pension Insurance Corporation Group (PICG), the parent of Pension Insurance Corporation (PIC). Regulatory approval was received on 6 March 2026 and the transaction closed on 27 March 2026. The activities to finalise the acquisition, including the calling of funds and the payments to PICG's shareholders, were subject to significant planning and scrutiny from both the Group Finance and Group Risk teams. This includes the counterparty, concentration and operational risks relating to the close. Workstreams to integrate all relevant PICG operations into the equivalent Athora Group processes have been underway since mid 2025, with input and review from Group Risk where relevant.

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, Derivatives Policy and Liquidity Risk Policy which define appropriate ALM, derivatives and liquidity risk appetites, 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 Group and operating entity risk functions perform detailed analysis of new investment opportunities presented by the deal team, with particular focus on creditworthiness of the asset, strategic fitness within Athora's investment objectives as well as compliance with concentration limits, strategic asset allocation targets, appropriateness of regulatory capital application and compliance with liquidity and ALM risk targets.

The Risk and Investment functions closely monitor 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

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.

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 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 the 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 operating entities and the Group under the applicable regime (Solvency II or Bermuda).

Operating entities must perform and report to Athora on the Group-wide set of stress tests and scenario analysis at least quarterly. There should, at a minimum, 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 2025 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 2025.

EBS	2025 €m	2024 €m
Investments	64,337	64,542
Investment properties	925	946
Reinsurance receivables	1	–
Cash and cash equivalents	3,824	4,363
Other	5,828	4,809
Total assets	74,915	74,660
Insurance provisions	59,500	61,700
Insurance and reinsurance payables	597	615
Financial liabilities	7,104	4,924
Other	1,322	1,497
Total liabilities	68,523	68,736
Excess of assets over liabilities	6,392	5,924

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 2025 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>.

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 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 Liability (BEL) and the Risk Margin (RM).

The BEL is defined as the value of the liability in 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 BEL 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.

Technical provisions (TP) 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 TP value and its level of uncertainty.

Proportionality

The TPs 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 operating entities 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 BEL 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 BEL is calculated. This is produced in order to allocate the BEL 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: <ul style="list-style-type: none"> • Maturity benefits • Death benefits • Critical illness benefit • Surrender benefits • Annuity payments • Guarantee payments • Profit sharing payments
Annual management charges	Expenses including: <ul style="list-style-type: none"> • 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 BEL 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 Prudential Standards rules (dated 28 March 2024).

- **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 mismatch, of assets and liabilities included in the SBA¹.

The BEL for liability cashflows that are suitable for a 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 a suitably high quality and fixed income in nature, with BMA approval required where applicable. 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 are considered on an operating entity level, based on the more onerous of the Strategic Asset Allocation and Current Asset Allocation. The BMA-prescribed stresses are onerous and are designed such that any mismatch between assets and liabilities is penalised and included in the best estimate.

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

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 hedgeable market risk should not be considered in the risk margin. 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 BEL are based on unbiased prevailing assumptions and take into

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

account all future cashflows needed to settle future insurance obligations.

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

Economic assumptions	Non-economic assumption
Risk-free rates	Mortality rate
Credit spreads	Morbidity rates
Expense inflation	Lapse rates
Asset volatility and correlations	Annuity take-up rate
Downgrade and Default rates	Operating and investment management expense

Economic assumptions are reviewed and calibrated on a regular basis. In order to derive the BEL, assumptions are made about the asset performance of the operating entity. 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 Interim 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 BEL 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. To account for this, an uncertain margin reserve is held in the BEL. At year-end 2025 this amounted to €260million.

The uncertainty margin reserve covers three main areas:

- uncertainty arising from methods and assumptions.
- uncertainty arising from the SBA model.
- uncertainty arising from data and controls.

Examples of uncertainty stemming from methods and assumptions include the uncertainty in future policyholder behaviour, biometric assumptions and future trends such as life expectancy or expenses.

Examples of uncertainty stemming from the SBA model include key methodology choices around the SBA modelling.

Examples of uncertainty stemming from data and controls include the reliance on inputs provided by the operating entities.

Technical provisions overview

The table below summarises Athora's TPs as at 31 December 2025:

	2025 €m	2024 €m
Insurance provisions	39,650	42,584
Reinsurance liability	595	713
Net best estimate provisions	40,245	43,297
Risk margin	749	887
Liabilities attributable to policyholders and third parties*	18,506	17,516
	59,500	61,700

*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.

	2025	2024
Other liabilities	€m	€m
Accounts payable	39	39
Accruals	522	542
Tax payable	34	28
Provision for pension obligations	457	503
Deferred tax liabilities	6	–
Other	264	385
	1,322	1,497

4.5 Any other material information

There is no other material information to report.

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 operating entities to withstand moderate, substantial and severe stress events.
2. **Capital generation:** ensure sufficient capital is available for local operating entities 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 operating entity'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 MC, 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 were no material changes to the business planning process, the overall approach to capital management, or the capital structure during the reporting year.

A detailed description of material movements in relation to common equity issuances and debt financing subsequent to the end of the reporting period to support the PIC acquisition, have been included in **section 6.1**.

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 2025.

Capital	2025 €m	2024 €m
Available Statutory Capital	6,392	5,924
ECR	3,280	3,176
Surplus	3,112	2,748
Solvency ratio	195%	187%

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 2025, Athora's eligible capital was categorised as shown in the following table:

€m	2025	2024
Tier 1	4,393	3,899
Tier 2	1,366	1,386
Tier 3	633	639
	6,392	5,924

At 31 December 2025, 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 2025, Tier 2 capital of €1,366 million (2024: €1,386 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 2025, the Group's eligible capital for its MSM and ECR was categorised as follows:

€m	MSM	ECR
2025		
Tier 1	4,393	4,393
Tier 2	1,098	1,366
Tier 3	n/a	633
	5,491	6,392

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

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 2025 the Group had the following incremental tiering capacity:

- Tier 1: no limits
- Tier 2 and Tier 3: €930 million (2024: €573 million)
- Tier 3: €383 million (2024: €294 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	€400 million

Tier 2 Ancillary capital instruments

Issuer	Instrument type	Issue date	Amount recognised
Athora Italia S.p.A.	Euro subordinated notes	16 February 2021	€82 million
Athora Netherlands N.V.	Euro subordinated notes	31 May 2022	€503 million
Athora Netherlands N.V.	Euro subordinated notes	15 April 2021	€16 million
Athora Holding Ltd.	Euro subordinated notes	10 June 2024	€765 million

Tier 3 Ancillary capital instruments

Issuer	Instrument type	Issue date	Amount recognised
Athora Holding Ltd.	Senior Unsecured Fixed Rate Notes	16 June 2023	€633 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 2025.

€m	2025	2024
IFRS total equity	4,360	4,713
Elimination of prudential filters	(131)	(113)
Net deferred tax on elimination of prudential filters	20	21
Adjustment to EBS		
Insurance assets and liabilities valuation differences	330	(683)
Financial assets and liabilities valuation differences	(22)	(51)
Reclassification of borrowings eligible as regulatory capital	1,999	2,025
Net deferred tax on valuation differences	(164)	12
Available statutory capital and surplus	6,392	5,924

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.

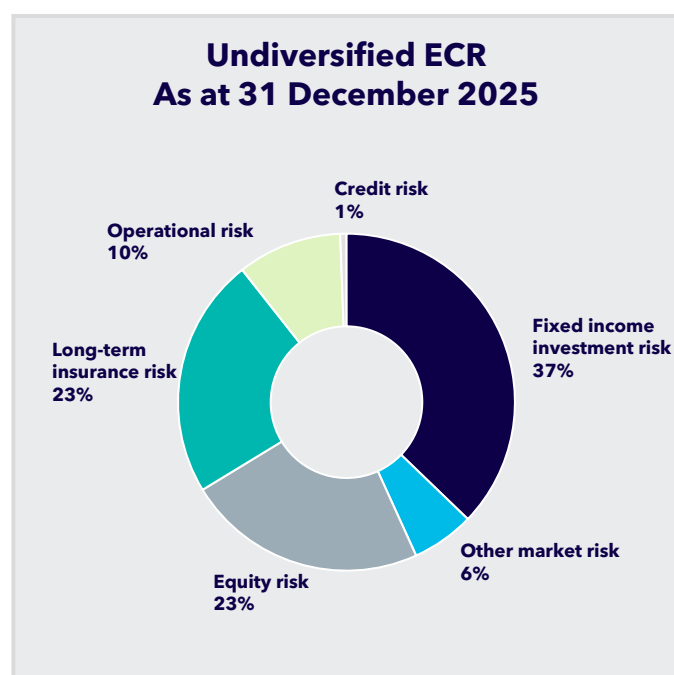
The ECR is calculated by populating the BSCR model. This calculates capital requirements for market risks, credit risks, long-term insurance risks and operational risks. These main risks have sub-risks, which are aggregated using correlation matrices. The sub-risks within market risks include fixed income 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 (including lapse and expense 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 2025, Athora's regulatory capital requirements were assessed as follows:

	2025		2024	
	€m	ECR Ratio	€m	ECR Ratio
MSM	1,186		1,199	
ECR	3,280	195%	3,176	187%

The chart below shows the composition of the Group's undiversified ECR by BSCR risk category¹ at 31 December 2025.



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

- Fixed income investment risk (37% 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).
- Equity risk (23% of total undiversified BSCR): captures the market risk related to equity, alternative and property holdings.
- Other market risks (6% of total undiversified BSCR): comprises interest and liquidity risks (2% of total undiversified BSCR) and concentration and currency risks (4% of total undiversified BSCR).

The second most significant contribution comes from long-term insurance risk, which accounts for 23% of the total undiversified BSCR and is comprised of the

following sub-risks: longevity (7% of total undiversified BSCR), mortality, morbidity and disability (2% of total undiversified BSCR), and other insurance risks (including lapse and expense risks) (14% of total undiversified BSCR).

Operational risk (10%) has a modest weight in the total BSCR and covers the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. 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 to ensure these features are modelled appropriately².

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.

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

² For prudence, Athora limits the additional spread over risk-free rates that it applies under the SBA which impacts the sensitivity results disclosed.

The hedging approach employed may result in some residual EBS volatility given differences in calibration of EBS compared to Solvency II. 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 2025		
Interest rate +50bps	195%	0.0%
Interest rate -50bps	195%	0.2%

Due to a higher level of interest rates and changes in the asset portfolio, the sensitivity of the EBS solvency ratio has reduced over 2025.

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**). The inclusion of prudence in the liability valuation results in some increase in credit spread sensitivity on a regulatory basis.

	Solvency ratio	Solvency ratio change
FY 2025		
Spread +50bps	186%	(8%)
Spread -50bps	196%	1%

Currency risk

Currency risk arises when assets and liabilities are denominated in different currencies. This exposure is primarily driven by investments in non-euro assets, most notably the US dollar.

Athora mitigates currency risk through the use of currency hedging strategies, which are designed to protect the balance sheet from exchange rate changes.

The sensitivity of the Group's solvency ratio to movements in exchange rates mainly reflects changes in risk capital resulting from fluctuations in the market value of assets, particularly USD denominated assets.

	Solvency ratio	Solvency ratio change
FY 2025		
FX-Foreign +5%	191%	(4%)
FX-Foreign -5%	199%	4%

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. Where Athora has exposure, a 1-in-10 year stress is applied to affected policyholders. For the stresses applied, a 1-in-10 year shock is approximately equal to a 20% instantaneous mass lapse event or a 20% reduction in projected mortality rates for longevity.

	Solvency ratio	Solvency ratio change
FY 2025		
Mass lapse 1-in-10	186%	(8%)
Longevity up 1-in-10	189%	(6%)

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.

6. Subsequent events

6.1 Description of the subsequent events

6.1.1 Dividends

On 11 March 2026, Athora Holding Ltd. declared a dividend of €22m (2024: €21m) on its Series A preferred shares, which was paid in cash on 27 March 2026.

6.1.2 Preferred shares redemption

On 26 February 2026, Athora Holding Ltd. issued formal notices to redeem its 4.8% Series B preferred shares with a carrying value of €232 million. The redemption occurred on 20 March 2026.

6.1.3 Extension of revolving credit facility (RCF)

On 14 January 2026, the maturity date of the Group's RCF was extended by one year to 14 February 2029. As of the date of signing this FCR the total amount remaining undrawn was €1,380 million. Further details of the terms of this senior debt are included in **note E7.2.3 Borrowings, Senior debt** of the Group's 2025 Annual Report at <https://www.athora.com/results-and-reports>.

6.1.4 Redemption of subordinated bonds

On 23 February 2026, Athora Italia S.p.A. redeemed its €80 million subordinated bonds - these were replaced by internally issued Tier 2 and RT1 notes to Athora Holding Ltd.

6.1.5 Acquisition

On 3 July 2025, Athora entered into an agreement to acquire Pension Insurance Corporation Group (PICG), a leading provider of pension solutions in the United Kingdom. On 6 March 2026, Athora received regulatory approval from the PRA and on 27 March 2026, Athora acquired 100 per cent of the ordinary share capital of PICG. The acquisition has created one of Europe's largest savings and retirement businesses. The expanded and increasingly diverse Athora Group is anticipated to deliver secure retirement solutions to a greater number of pensioners, while boosting investment in vital sectors throughout the UK and Europe.

To fund the acquisition Athora issued common equity and associated share premium in euros of €4.4 billion (£3.8 billion³) and has drawn down in sterling £1.6 billion (€1.8 billion³) of a £2.2 billion senior term loan under the facility signed on the 3rd of July 2025. In addition, on the 25 March 2026, Athora issued in sterling a £1.0 billion (€1.2 billion³) restricted Tier 1 instrument (which is classified as Tier 1 ancillary capital) to affiliated parties. The residual proceeds after transactions costs are available to support future growth opportunities, including the funding of PRTs.

Consistent with the basis of preparation of this FCR, all quantitative and narrative disclosures describe the position as at and for the year ended 31 December 2025. The completion of the acquisition is presented here as an event after the reporting period and does not result in any adjustments to the amounts reported at 31 December 2025. This FCR does not seek to describe the post-completion group structure, governance or risk profile.

³ Financing transactions translated using GBP/EUR exchange rate of 1:1.152 as at 31 March 2026.

6.1.6 Relocation of Group headquarters

On 27 March 2026, the Group announced its intention to relocate its corporate and legal headquarters from Bermuda to the UK by late 2027, subject to regulatory approval. This process will include the transfer of Athora's business to a new public limited company incorporated in England and Wales as the new holding company of the Group.

During this transitional phase, the Bermuda Monetary Authority will continue as the Group supervisor and Athora shall comply with PRA group supervision requirements on a modified basis in parallel. Upon completion of the relocation process, it is expected that the PRA will become Athora's Group supervisor.

6.1.7 Rating

On 31 March 2026, the Athora Group's Fitch credit rating was upgraded from 'A' to 'A+' reflecting the Group's improved credit profile following the acquisition of PICG.

6.2 Any other material information

There is no other material information to report.

7. Declaration

We, the Group Chief Executive Officer and 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 2026

Signed: /s/ Rakesh Thakrar

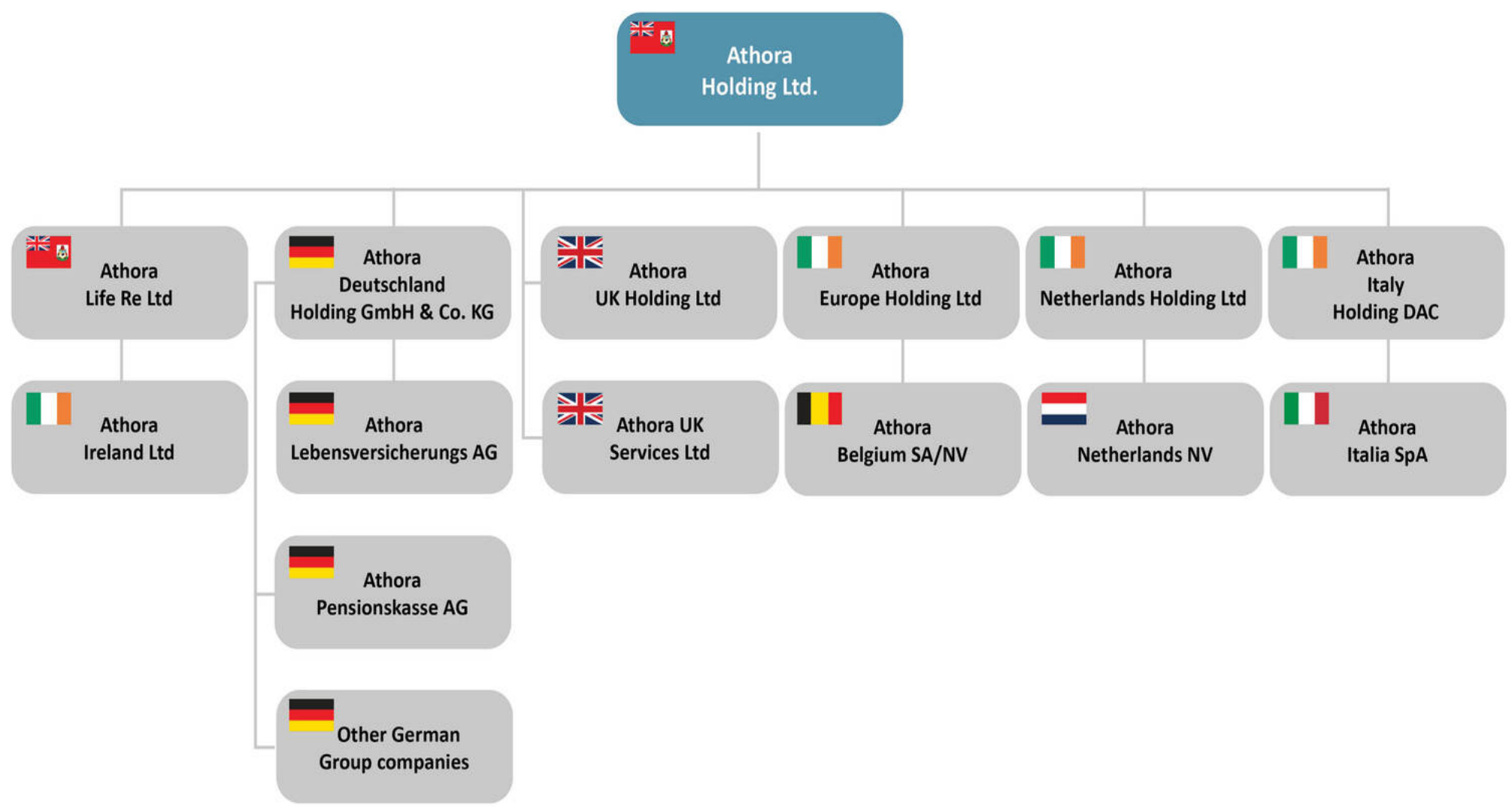
Title: Group Chief Financial Officer

Date: 14 May 2026

APPENDIX 1

Athora Group simplified structure

As at 31 December 2025



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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This document contains certain forward-looking statements that reflect Athora's intentions, beliefs, assumptions or current expectations about and targets for the Group's future result of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which Athora operates, taking into account all information currently available, and are not necessarily indicative or guarantees of future performance and results. You should not place undue reliance on the forward-looking statements in this document. Athora does not guarantee that the assumptions underlying the forward-looking statements in this document are free from errors, does not accept any responsibility for the future accuracy of the opinions expressed in this document and does not undertake any obligation to update the statements in this document to reflect subsequent events. No responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) is or will be accepted in relation to this document by any member of the Group or any member's respective directors, officers, employees, advisers or agents. No representation or warranty, express or implied, is made as to the truth, fullness, accuracy, reasonableness or completeness of the information contained herein (or whether any information has been omitted from this document) or any other information relating to Athora, whether written, oral or in a visual or electronic form, and howsoever transmitted or made available by Athora or any of its directors, officers, employees, advisers or agents.

