

Athora Holding Ltd. publishes its interim 2022 results

8 September 2022

Pembroke, Bermuda, 8 September 2022 – Athora Holding Ltd. (Athora or the Group), a leading European savings and retirement services group, today announces its unaudited financial results for the six months to 30 June 2022.

Progress in deploying our business model whilst strengthening solvency and capital generation

- **AuA: €67bn** (FY 2021: €78bn), after allowing for announced and completed acquisitions **pro forma AuA: €96bn¹**
- **Operating Capital Generation: €155m** (FY 2021: €272m²)
- **Group BSCR Solvency ratio (estimated): 192%** (FY 2021: 187%)
- **IFRS Profit before tax: €1,462m** (HY 2021: €204m)
- **IFRS Equity: €4.2bn** (FY 2021: €4.8bn)
- **Financial Leverage: 29% reported**, 26% on a pro forma basis³ (FY 2021: 25%)
- **Financial Strength Rating: “A” (Stable)**

Strategic progress

- Continued strong repositioning momentum of the investment portfolio of Athora Netherlands to support increased risk-adjusted returns and higher capital generation.
- Closed the acquisition of Amissima Vita on 1 August 2022, opening up the large and attractive Italian life insurance market, as well as diversifying the group footprint and earnings.
- Expected closing in Q4 2022 of the previously announced acquisition of a closed-life portfolio from NN Insurance Belgium adding material scale to our Belgian operations.

¹ The pro forma number comprises AuA at 30 June 2022 for Athora’s existing business units and estimated AuA at announcement/completion for the transactions in Italy (completed 1 August 2022), Germany and Belgium (subject to completion). See subsequent page for AuA definition and restatement of the comparative.

² Comparative figure for OCG at 31 December 2021 does not include an amount for Athora Life Re.

³ Pro forma for the €0.7bn (HY 2022) impact of interest rates on Athora’s Business Units using “locked-in” interest rates for liability discounting under IFRS.

- Announced acquisition of a €19bn Assets under Administration (AuA) closed-life portfolio from AXA Germany⁴, bringing material scale to our German business. Athora secured further equity commitments from existing shareholders for this transaction and will finance the deal consistently with its rating and leverage targets.
- Proactive management of business mix, completing disposals of non-core ACTIAM business in the Netherlands during the first half. This follows the disposal of our non-core Variable Annuity business in Ireland in December 2021.

Financial performance

- **Assets under Administration (AuA)⁵ of €67bn** (FY 2021: €78bn⁶), **proforma AuA⁵ of €96bn**. Growth in pro forma AuA supported by completed and announced acquisitions of €29bn AuA more than offsetting the technical impact of rising interest rates on asset values.
- **Operating Capital Generation (OCG)⁷ of €155m** (FY 2021: €272m). The increase in run-rate capital generation was supported by the ongoing repositioning of the Netherlands' asset portfolio, proactive asset purchases in Belgium and Germany and continued cost discipline.
- **Group IFRS profit before tax of €1,462m** (HY 2021: €204m). The significant increase in IFRS profit before tax is primarily attributable to the decrease in value of insurance provisions in the period, partially offset by the impact of rising interest rates on asset values. Other Comprehensive Income was impacted by a €1.7bn reduction in Available for Sale asset values primarily driven by interest rate movements.
- **Total IFRS equity of €4.2bn** (FY 2021: €4.8bn). The fall in IFRS equity was primarily driven by differences in asset and liability valuation approaches under IFRS 4. Athora's Belgian, German and Reinsurance businesses fair value assets under IFRS, while insurance provisions are valued using "locked-in" discount rates. Of the Total Comprehensive Income of €(590m), the impact from business units applying "locked-in" rates was €(0.7bn). This accounting treatment will be eliminated when IFRS 17 and 9 are implemented on 1 January 2023. This is expected to reverse the non-economic interest rate impacts. At HY 2022 the IFRS insurance provisions of Athora Netherlands were valued using the Athora Group Liability Adequacy Test, which applies a fair value approach to both asset and liability valuations, meaning movements are directionally aligned.

⁴ Subject to regulatory approval

⁵ Calculated by Athora as the sum of investment properties, financial assets, cash and cash equivalents, loans and advances due from banks, investments attributable to policyholders and third parties and derivative liabilities. The definition of Assets under Administration (AuA) has been updated from that used in the 31 December 2021 Annual Report to include derivative liabilities in addition to derivative assets. The comparative figure has been updated accordingly. The pro forma number comprises AuA at 30 June 2022 for Athora's existing business units and estimated AuA at announcement/completion for Italy, Germany and Belgium.

⁶ On 31 December 2021, Athora Ireland sold its non-core Variable Annuity (VA) portfolio; which is also excluded from the 2021 AuA number.

⁷ OCG is defined as the expected carry on investments less the cost of liabilities (including the Ultimate Forward Rate drag, new business value, expense variances, SCR release and Risk Margin unwind. It excludes the impact of profit-sharing.

Financial strength

- **Group BSCR⁸ ratio of 192%** (FY 2021: 187%). The increase in solvency was driven by positive underlying capital generation and financing activities, which more than offset the impact of asset repositioning and market movements.
- **Strong growth in Business Unit solvency ratios.** Netherlands 202% (FY 2021: 180%), Belgium 215% (FY 2021: 184%), Germany 182%⁹ (FY 2021: 170%), Reinsurance 248%¹⁰ (FY 2021: 227%). This strong increase in local solvency was primarily driven by positive operating capital generation and the impact of market movements. Asset repositioning and associated investment management provisions in the Netherlands consumed 30% of solvency capital during the period.
- **Credit Rating upgraded to A (Stable) by Fitch.** In May 2022, Fitch upgraded the Insurer Financial Strength Ratings of our rated Business Units from A- to A. The Issuer Default Ratings for Athora Holding Ltd. and Athora Netherlands N.V. were simultaneously upgraded from BBB+ to A-. The rating Outlook for Athora and its Business Units is Stable.
- **Financial Leverage Ratio of 29%** (FY 2021: 25%). The increase in Financial Leverage was primarily due to the interest rate impacts on the Group's IFRS Equity, explained above, along with a small increase in net borrowings. Adjusting for the €0.7bn (HY 2022) impact of interest rates on Athora's Business Units using "locked-in" interest rates for liability discounting under IFRS 4, the Financial Leverage Ratio would stand at 26%. Athora will continue to closely monitor its Financial Leverage Ratio in line with its stated targets and notes that IFRS 17 and 9 will use a fair value approach to asset and liability measurement.
- **Financing activity.** In April 2022, Athora Holding Ltd. secured a €250m Tier 3 loan. The proceeds were used to repay €50m of bank debt and support the general activities of the Group. Athora will continue to proactively manage its capital structure and may consider further refinancing of non-qualifying bank debt. In June 2022, Athora Netherlands issued a €500m Tier 2 instrument with an initial coupon of 5.375%. \$506m of the proceeds were used to fund a tender of the \$575m Tier 2 notes issued by Athora Netherlands in 2017. The \$69m of outstanding Tier 2 notes are First Callable in November 2022. Finally, Athora called €196m of Preferred Shares (Tier 1 regulatory Own Funds) in Q3 2022 ahead of the closing of the Amissima Vita acquisition.

⁸ Bermuda Solvency Capital Requirement ("BSCR"); ratio is considered an estimate given only Year-End ratios are considered actuals by the Bermuda Monetary Authority.

⁹ Ratio excluding transitionals, ratio with transitionals is 307%.

¹⁰ Bermuda Solvency Capital Requirement ("BSCR"); ratio is considered an estimate given only Year-End ratios are considered actuals by the Bermuda Monetary Authority. Reinsurance legal entity is known as Athora Life Re Ltd.

Management updates

- Following regulatory approval on 7 September 2022, Mike Wells has been appointed as Group Chief Executive Officer. Mr Wells is a seasoned leader in global insurance having spent 26 years at Prudential plc, including seven years as the Group Chief Executive Officer. Michele Bareggi, the former Group Chief Executive Officer has transitioned to the newly-created position of President and Deputy CEO.
- Ward Bobitz has also joined Athora's Management Executive Committee as Group General Counsel, following receipt of regulatory approval on 6 September 2022. Ralf Schmitt, the previous Group General Counsel, will focus on his leadership role as Chief Executive Officer and Chairman of Athora Germany, supporting a smooth integration of the announced transaction with AXA Germany.

Michele Bareggi, President and Deputy CEO of Athora, said:

Despite a volatile economic backdrop, I am pleased to report that Athora has made significant strategic progress and delivered resilient financial performance during the first six months of 2022.

We continued our growth trajectory by completing the acquisition of Amissima Vita in August, are on track to close the NN Belgium Portfolio Transfer in Q4 2022 and announced a €19bn AuA transaction with AXA Germany adding significant scale for Athora in a key market. In January, we also completed the disposal of our non-core asset manager ACTIAM in the Netherlands, in line with our strategic focus on core product lines. This follows the disposal of our non-core Variable Annuity business in Ireland in December 2021.

Operating Capital Generation (OCG) increased, across our Business Units, supported by the ongoing repositioning of the asset portfolio in the Netherlands and continued strong performance in our other Business Units. The positive momentum in OCG combined with our proactive approach to risk and capital management supported an overall increase in the solvency ratios of both the Group and our Business Units during HY 2022.

The strong financial profile of Athora Group has also been reflected in favourable credit rating momentum, with Fitch upgrading our rated Business Units in May from A- (Positive) to A (Stable). This is the second consecutive upgrade by Fitch in approximately a year. Both Fitch and AM Best have reaffirmed our credit ratings following the recently announced transaction in Germany.

Despite the volatile macroeconomic environment, we remain positive about our prospects in the short and medium-term. Our business model is designed to work through economic cycles, and we are confident that our strategic and financial progress will continue. Our focus on careful asset underwriting and rotation, disciplined expense management and investments in our infrastructure - all underpinned by strong risk and capital management - will allow us to navigate the shorter-term economic challenges, as well as meet the needs of our customers in the future.

I would like to thank all our employees for their continued efforts and contribution in the first half of the year and, as always, we remain focused on bringing more value to our customers and all of our stakeholders."

Unaudited interim consolidated income statement for the half year ended 30 June 2022

€m	Half year ended 30 June 2022	Half year ended 30 June 2021 ¹¹
Continuing operations		
Net earned premium	781	929
<i>Gross earned premiums</i>	1,075	1,120
<i>Premiums ceded to reinsurers</i>	(294)	(191)
Fee and commission income	38	55
Investment income	(4,492)	(1,302)
Investment income attributable to policyholders and third parties	(3,089)	1,100
Other income	16	4
Total income	(6,746)	786
Net insurance benefits and claims	5,511	475
<i>Claims paid and change in the insurance provisions</i>	5,136	281
<i>Reinsurers' share</i>	375	194
Expense attributable to policyholders and third parties	3,138	(652)
Acquisition costs	(30)	(24)
Other expenses	(352)	(324)
Interest expense	(59)	(57)
Total expenses	8,208	(582)
Profit before taxes	1,462	204
Taxation charge	(351)	(78)
Profit for the period	1,111	126
Attributable to shareholders of the Company	1,101	112
Attributable to non-controlling interest	10	14

¹¹ Half year ended 30 June 2021 has been updated to reflect reclassifications applied at year ended 31 December 2021.

Unaudited interim consolidated statement of other comprehensive income for the half year ended 30 June 2022

€m	Half year ended 30 June 2022	Half year ended 30 June 2021
Profit for the period	1,111	126
Impact on other comprehensive income from available-for-sale investments and shadow accounting adjustments	(1,742)	78
Impact on other comprehensive income from cash flow hedges	(102)	(61)
Net change in foreign currency translation reserve	-	6
<i>Items that will not be reclassified to profit or loss in subsequent years, net of tax:</i>		
Actuarial gains arising from defined benefit plans	143	22
Other comprehensive (expense) / income for the period, net of tax	(1,701)	45
Total comprehensive (expense) / income for the period, net of tax	(590)	171
Attributable to shareholders of the Company	(595)	157
Attributable to non-controlling interest	5	14

Unaudited interim statement of financial position as at 30 June 2022

€m	As at 30 June 2022	As at 31 December 2021
Intangible assets	90	95
Property and equipment	75	77
Investment properties	2,307	1,994
Financial assets	52,680	55,935
Investments attributable to policyholders and third parties	17,798	20,007
Reinsurance assets	32	34
Deferred taxation assets	828	587
Income tax receivable	10	8
Loans and advances due from banks	3,599	390
Other receivables	497	313
Other assets	681	933
Cash and cash equivalents	2,491	1,077
Non-current assets or disposal groups classified as held-for-sale	17	41
Total assets	81,105	81,491
Equity	3,310	3,305
Retained earnings	1,747	520
Other reserves	(1,761)	90
Ordinary shareholders' equity	3,296	3,915
Preference shares	583	566
Shareholders' equity	3,879	4,481
Non-controlling interests	313	334
Total equity	4,192	4,815
Insurance provisions	38,863	46,230
Liabilities attributable to policyholders and third parties	18,341	20,478
Employee benefits and other provisions	612	820
Borrowings	1,870	1,598
Other financial liabilities	16,094	6,409
Deferred taxation liabilities	37	104
Tax payables	96	24
Other payables	845	644
Other liabilities	155	330
Liabilities included in disposal groups classified as held-for-sale	-	39
Total liabilities	76,913	76,676
Total equity and liabilities	81,105	81,491

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About Athora

Athora is a leading European savings and retirement services group. We concentrate on the large and attractive traditional life and pensions market, with an ambition to become a leading provider of guaranteed savings and pensions products in Europe. We serve the needs of individual and corporate customers who continue to demand products offering safety of returns, and also provide innovative M&A and reinsurance solutions to other insurers seeking to enhance their capital position or enact strategic change. Athora's principal subsidiaries are Athora Netherlands N.V. (Amstelveen, Netherlands), Athora Belgium N.V./S.A. (Brussels), Athora Lebensversicherung AG (Wiesbaden, Germany), Amissima Vita S.p.A (Italy) and Athora Life Re Ltd. (Bermuda). Our acquisitions of closed book portfolios from NN Belgium and AXA Germany are expected to complete in 2022 and 2023 respectively, subject to applicable regulatory clearances. Including the proposed portfolio transfers with AXA Germany and NN Belgium, the Athora Group will employ some 2,000 staff and have over 3 million customers with Assets under Administration of €96bn (proforma AuA based on HY22 results and including Amissima and both proposed portfolio transfers (subject to regulatory approvals).

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

LinkedIn: www.linkedin.com/company/athoragroup

Disclaimer

This press release of Athora Holding Ltd. contains information, relating to the interim half-year results for 2022 of Athora Holding Ltd., as described above.

This press release contains summary information only and does not purport to be comprehensive and is not intended to be (and should not be used as) the sole basis of any analysis or other evaluation and should be read in conjunction with the annual report 2021 of Athora Holding Ltd.

Consistent accounting policies were applied in preparing the results to 30 June 2022 as those applied in preparing the annual report 2021 of Athora Holding Ltd.

All amounts quoted in this document are unaudited.