

Athora Holding Ltd. publishes its 2024 interim results

13 September 2024

Pembroke, Bermuda, 13 September 2024 – Athora Holding Ltd. (Athora or the Group), a leading European savings and retirement services group, today announces its interim financial results for the half year (HY) to 30 June 2024.

Highlights

- **Operating Capital Generation: €306 million** (HY 2023: €232 million¹)
- **Group BSCR² solvency ratio: 186%** (FY 2023: 182%)
- **Cash remittances by Business Units: €150 million**
- **Assets under Management and Administration: €72.9 billion³** (FY 2023: €73.3 billion);
- **IFRS loss before tax: €225 million** (HY 2023: profit of €59 million)
- **IFRS equity & CSM: €6.7 billion⁴** (FY 2023: €6.9 billion)
- **Financial leverage: 25%** (FY 2023: 25%⁵)
- **Credit rating: 'A' (Stable)⁶**

¹ Solvency II Operating Capital Generation (OCG) is defined as the expected return on investments, less the cost of liabilities (including the Ultimate Forward Rate (UFR) drag), expense / experience variances (including profit-sharing impacts), Solvency Capital Requirement (SCR) unwinds, risk margin unwinds, new business impacts and resulting tiering impacts. It excludes the UFR stepdown. Comparative figure for OCG at 30 June 2023 restated due to a change to the Group methodology.

² Bermuda Solvency Capital Requirement (BSCR) ratio is considered an estimate given only year-end ratios are considered actuals by the Bermuda Monetary Authority.

³ Assets under Management and Administration (AuMA) is calculated by Athora as the sum of investment properties, financial assets, cash and cash equivalents, investments attributable to policyholders and third parties, net of derivative liabilities. Adjustments are made for consolidated third-party funds where no fee is earned by the Group to remove them from AuMA, and off-balance sheet AuA where the Group earns fees on unconsolidated funds, to include them in AuMA.

⁴ Contractual Service Margin (CSM) is presented gross of tax and net of reinsurance.

⁵ The financial leverage ratio has been calculated using the Fitch Ratings' methodology.

⁶ Fitch Ratings Insurer Financial Strength Rating of rated business units.

Strategic progress

- Increase in Operating Capital Generation (OCG) to €306 million, underpinned by continued asset repositioning and ongoing expense actions, partially offset by capital consumption from writing new business.
- Positive organic growth momentum, with new business volumes up 28% year-on-year supported by commercial actions in the Netherlands, Belgium and Italy. Athora Netherlands remains active in the developing Dutch Pension Risk Transfer market.
- Issuance of a €750 million⁷ Tier 2 notes by Athora Holding Ltd. on 10 June 2024. Proceeds were used to support a €284 million Tier 2 Liability Management Exercise (LME) by Athora Netherlands and prepayment of €465 million of bank debt. The transaction was leverage neutral, but increased both the Athora Group BSCR ratio and the Athora Netherlands Solvency II ratio.
- On 2 May 2024, Athora announced that its subsidiary, Athora Deutschland GmbH, and AXA Germany had mutually agreed to terminate the transaction for the purchase of the former DBV-Winterthur Life closed-book portfolio. The termination was consistent with the contractual terms of the sale agreement between the parties and followed significant changes in financial market conditions since signing. Athora remains committed to future growth in the German savings and retirement services market.
- On 30 June 2024, with retrospective effect as per 1 January 2024, Athora Netherlands completed a merger of its operating units SRLEV N.V. and Proteq Levensverzekeringen N.V. simplifying the legal structure and supporting operational efficiencies.

Financial performance

- **Operating Capital Generation (OCG) of €306 million** (HY 2023: €232 million). Increase in OCG underpinned by a 19% year-on-year increase at Athora Netherlands. The development in OCG reflects continued asset repositioning (consolidated gross investment spreads increased by 20bps year-on-year) and ongoing expense actions, partially offset by capital consumption from writing new business.
- **Cash remittances by Business Units €150 million.** Athora Netherlands started paying remittances to the parent company during 2024. €75 million remittances were completed in both March 2024 and June 2024.
- **Group IFRS loss before tax of €225 million** (HY 2023: profit of €59 million). Positive contributions from investment returns, release of CSM and risk adjustment were primarily offset by market movements, driven by an increase in interest rates. The increase in interest rates had a negative impact due to Athora's approach to hedging local business unit solvency, resulting in a basis difference in IFRS.
- **Total IFRS equity and CSM of €6.7 billion** (FY 2023: €6.9 billion).

IFRS equity of €4.4 billion (FY 2023: €4.6 billion) decreased as a result of the loss for the period. **The contractual service margin (CSM) of €2.3 billion** (FY 2023: €2.3 billion) remained stable. Release of the CSM to the income statement was offset by new business CSM and positive economic impacts on our VFA⁸ business.

⁷ €750m subordinated fixed rate notes, due in 2034, listed on Global Markets Exchange of Euronext Dublin. The notes are recognised as Tier 2 Ancillary Capital by the Bermuda Monetary Authority. The notes received a BBB- rating from Fitch Ratings on issuance.

⁸ The Group's VFA business refers to contracts valued under the variable-fee approach (VFA), and primarily relates to unit-linked contracts.

Financial performance (continued)

- **Financial leverage ratio of 25%** (FY 2023: 25%) is in line with Athora's target of 25% over the medium term. Financial leverage remained flat with the proceeds of the €750 million Tier 2 instrument issued by Athora Holding Ltd. used to support a €284 million Tier 2 LME by Athora Netherlands and prepayment of €465 million of bank debt. The transaction was leverage neutral.
- **Assets under Management and Administration (AuMA) of €72.9 billion** (FY 2023: €73.3 billion). AuMA remained flat during the period, despite claims experience and increases in interest rates negatively impacting asset values. Offsetting these impacts, new business volumes increased by 28% year-on-year to €1,905m.

Financial strength

- **Undrawn equity capital of €2.2 billion⁹** (FY 2023: €2.2 billion). Significant undrawn equity capital (split across €1.7 billion of uncalled equity from the 2022 capital raise, and €0.5 billion of "backstop" equity commitment letters) is available to execute the business plan and pursue growth. Athora's €1.0 billion Revolving Credit Facility was undrawn as of 30 June 2024 following a €250 million prepayment as part of financing actions in the period.
- **Group BSCR solvency ratio (estimated) of 186%¹⁰** (FY 2023: 182%): Increase in Group BSCR solvency ratio supported by positive capital generation and the impact of financing actions undertaken in 2024, partially offset by an increase in capital requirements due to selective deployment into Return Seeking assets.

In the first quarter of 2024, the Bermuda Monetary Authority published the Insurance (Prudential Standards) Amendment Rules 2024. The Amendment Rules 2024 reflect enhancements to the calculation of insurers' Technical Provisions and BSCR computation. Athora is on target to implement these rules for FY 2024.

- **Business unit solvency ratios:** Solvency remains robust across all business units. Netherlands 201% (FY 2023: 206%), Belgium (proforma) 160%¹¹ (FY 2023: 159%) Germany 147% (FY 2023: 163%), Italy 192% (FY 2023: 211%) and Reinsurance 172% (FY 2023: 186%). Athora Netherlands' solvency ratio includes the impact of €150 million of remittances paid during 2024.
- **Credit Rating affirmed at 'A' (Stable) by Fitch Ratings:** In August 2024, Fitch Ratings affirmed the Insurer Financial Strength Ratings of Athora's rated business units at 'A'. The Issuer Default Ratings for Athora Holding Ltd. and Athora Netherlands N.V. were also held at 'A-'. All ratings are on Stable outlook.

Management Updates

- On 31 July 2024, Athora announced that Group Chief Financial Officer (CFO) Anders Malmström will be leaving the company in early 2025. Succession of the Group CFO will be announced in due course.

⁹ As of 30 June 2024, including €1.7bn of uncalled equity from the 2022 capital raise, providing growth capacity, and a further €500m of "backstop" equity commitment letters, signed in 2020. The €500m of "backstop" equity commitment letters expire in April 2025.

¹⁰ Bermuda Solvency Capital Requirement (BSCR) ratio is considered an estimate given only year-end ratios are considered actuals by the Bermuda Monetary Authority.

¹¹ Athora Belgium (proforma) solvency ratio includes the impact of €50m capital contribution. Athora Belgium solvency ratio at 30 June 2024 was 148%.

Group Chief Executive Officer Statement

Mike Wells, Group Chief Executive Officer, said:

In the first half of 2024, we have continued to execute on our strategy in each market, building on the strong commercial and financial results achieved in 2023. Most notably, the improvements in financial performance at Athora Netherlands, since acquisition in 2020, have allowed the business to commence remittances to the Group in 2024. €150 million of remittances were paid during the first six months of the year, with €75 million in both March and June, supported by growing levels of recurring Operating Capital Generation (“OCG”).

OCG increased by 32% year-on-year to €306 million (HY 2023: €232 million). The development in OCG reflects continued asset repositioning, ongoing expense actions and the contribution from new business. The OCG of Athora Netherlands increased by €37 million to €230 million while its solvency ratio remains strong at 201% after payment of remittances during the period.

Asset repositioning during the first half of the year included a combination of selective deployment into Return Seeking assets and optimisation of Asset Liability Management assets, to balance yield-enhancement with short-term liquidity. These actions supported a 20bps increase in investment spreads year-on-year, while maintaining a strong liquidity profile across the Group. Investment performance remains very strong, with loss experience (8bps realised) on the Private Credit portfolio materially lower than underwriting expectations, reflecting the origination capabilities of our strategic partners and our strong underwriting processes.

Our strength in investment capabilities underpins both our financial results and customer offering. During 2024, we have continued to develop our organic growth channels, with a core strategic focus on developing our new business offering and recurring business inflows. New business volumes increased by 28% year-on-year to €1,905 million (HY 2023: €1,493 million), enabling AuMA to stay broadly stable period-on-period despite the impact of rising interest rates on asset balances. The strong growth in new business volumes is the result of coordinated product, distribution and brand initiatives. Driving these is our ability to offer market-leading returns on guaranteed products across all of our markets.

As a long-term insurance partner, maintaining a strong financial profile that is resilient across market cycles is central to our business model. Solvency remains robust across our Business Units and the estimated Group BSCR ratio increased to 186% (FY 2023: 182%), supported by positive capital generation and the impact of financing actions during 2024. These items were partially offset by an increase in capital requirements from selective deployment into Return Seeking assets.

Following a successful inaugural public debt issuance in June 2023, Athora Holding Ltd issued €750 million of subordinated fixed rates notes in June 2024, with proceeds used to support a €284 million Tier 2 Liability Management Exercise by Athora Netherlands and prepayment of €465 million of bank debt. This issuance marks another step in the maturing of our capital structure: providing longer-term financing that is more aligned with the duration of our business and qualifies as regulatory capital, while also centralising financing activities at the holding company level. The transaction was leverage neutral.

Looking ahead, we remain focused on the systematic execution of our strategy. We will continue to pursue disciplined organic and inorganic growth, underpinned by our strong investment, risk and capital management capabilities. We maintain significant financial flexibility, including significant undrawn equity, alongside a prudent capital structure and supportive long-term investor base.

I would like to thank all our employees for their continued efforts and contribution to our results, as well as our customers and business partners for their continued trust in Athora.

Unaudited interim consolidated income statement for the half year ended 30 June 2024

€m	Half year ended 30 June 2024	Half year ended 30 June 2023
Insurance contract revenue	1,132	1,095
Insurance service expense	(1,034)	(989)
Insurance service result before reinsurance contracts held	98	106
Allocation of reinsurance premium	(282)	(284)
Amounts recoverable from reinsurers for incurred claims	281	273
Net expense from reinsurance contracts held	(1)	(11)
Insurance service result	97	95
Net investment income	1,491	2,433
Net finance expense from insurance contracts	(561)	(1,558)
Net finance expense from reinsurance contracts	8	(113)
Change in investment contract liabilities	(131)	(94)
Investment return attributable to third parties	(832)	(424)
Net financial result	(25)	244
Fee and commission income	43	31
Other income	29	12
Other expenses	(251)	(221)
Acquisition costs	(8)	(14)
Finance costs	(111)	(86)
Impairments	1	(2)
(Loss)/profit before tax	(225)	59
Income tax	33	(36)
(Loss)/profit for the period	(192)	23
Attributable to shareholders of the Company	(202)	13
Attributable to non-controlling interest	10	10

Unaudited interim consolidated statement of other comprehensive income for the half year ended 30 June 2024

€m	Half year ended 30 June 2024	Half year ended 30 June 2023
(Loss)/profit for the period	(192)	23
Other comprehensive (expense)/income for the period		
Net change in foreign currency translation reserve	(1)	2
Actuarial gain arising from defined benefit plans	11	8
Other comprehensive (expense)/income for the period, net of tax	10	10
Total comprehensive (expense)/income for the period	(182)	33
Attributable to shareholders of the Company	(192)	23
Attributable to non-controlling interest	10	10

Unaudited interim statement of financial position as at 30 June 2024

€m	As at 30 June 2024	As at 31 December 2023
Intangible assets	113	118
Property and equipment	53	53
Investment properties	1,054	1,077
Financial assets	69,382	72,791
Investments held in respect of investment contract liabilities and third parties	11,160	9,607
Investments in associates	45	43
Reinsurance contract assets	41	47
Deferred taxation assets	809	771
Income tax receivable	45	60
Receivables and other assets	956	914
Cash and cash equivalents	1,641	2,484
Total assets	85,299	87,965
Equity		
Share capital, share premium and treasury shares	3,840	3,837
Retained losses	(404)	(184)
Other reserves	8	11
Common shareholders' equity	3,444	3,664
Preferred shares	740	720
Total shareholders' equity	4,184	4,384
Non-controlling interest	245	245
Total equity	4,429	4,629
Insurance contract liabilities	56,828	57,506
Reinsurance contract liabilities	194	210
Investment contract liabilities and liabilities for account of third parties	11,160	9,607
Pension scheme liabilities	507	524
Financial liabilities		
Borrowings	2,173	2,266
Other financial liabilities	8,879	12,469
Deferred taxation liabilities	7	9
Income tax payable	4	1
Other liabilities and accruals	1,069	619
Provisions	49	125
Total liabilities	80,870	83,336
Total equity and liabilities	85,299	87,965

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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 risk transfer solutions to other insurers seeking to enhance their capital position or enact strategic change. Athora's principal subsidiaries are Athora Netherlands N.V. (Amsterdam, Netherlands), Athora Belgium N.V./S.A. (Brussels, Belgium), Athora Lebensversicherung AG (Wiesbaden, Germany), Athora Italia S.p.A (Genoa and Milan, Italy) and Athora Life Re Ltd. (Bermuda). At 30 June 2024, Athora had AuMA of €72.9 billion, c.1,500 employees and approx. 2.8 million policyholders.

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 half year results for 2024 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 2023 of Athora Holding Ltd.