

Athora Holding Ltd. publishes its full year 2022 results

Continued progress against strategic objectives, maintaining strong growth trajectory and securing €2.75 billion of additional equity capital

Pembroke, Bermuda, 31 March 2023 – Athora Holding Ltd. (Athora or the Group), a leading European savings and retirement services group, today announces its financial results for the full year ended 31 December 2022.

Highlights

- **Operating Capital Generation: €442m** (FY 2021: €243m¹)
- **Group BSCR ratio (estimated): 183%** (FY 2021: 187%), which reflects the impact of a short-term investment² made in December 2022 and repaid in early 2023, without which the Group BSCR ratio would stand at 195%
- **AuMA: €74bn** (FY 2021: €78bn), after announced transactions **pro forma AuMA: €94bn**³
- **IFRS Profit before tax: €488m** (FY 2021: €428m)
- **IFRS Equity: €3.9bn** (FY 2021: €4.8bn)
- **Financial Leverage: 31% reported** (FY 2021: 25%), after adjusting for the impact of ‘locked-in’ interest rates **25%**⁴
- **Credit Rating: “A” (Stable)**⁵

¹ Comparative figure for OCG at 31 December 2021 does not include an amount for Athora Life Re.

² The investment was a highly secure, collateralised fixed income replacement exposure with a conservative loan-to-value, daily margin and implied investment grade rating. For the investing entities under Solvency II, the capital charge was reflective of the low risk and short duration of the instrument. However, under the Group BSCR the default capital charge was 35%.

³ The pro forma number comprises AuMA at 31 December 2022 for Athora’s existing Business Units and estimated AuMA at announcement/completion for the transactions in Germany and Netherlands (subject to completion and regulatory approvals). See subsequent page for AuMA definition and restatement of the comparative.

⁴ Adjusted for the €1.5bn (FY 2022) impact of interest rates on Athora’s Business Units using “locked-in” interest rates for liability discounting under IFRS4.

⁵ Fitch Insurer Financial Strength Rating of rated Business Units.

Strategic progress

- Common Equity Capital raise of approximately €2.75bn from new and existing investors.
- Strong progress in repositioning the investment portfolio of Athora Netherlands to support increased risk-adjusted returns and higher operating capital generation.
- Closed the acquisition of Amissima Vita S.p.A. (rebranded Athora Italia) on 1 August 2022, opening up the large and attractive Italian life insurance market, as well as diversifying the Group's footprint and earnings.
- Closed the acquisition of a closed-life portfolio from NN Insurance Belgium on 1 October 2022 adding material scale to our Belgian operations.
- Announced acquisition of a €19bn AuMA closed-life portfolio from AXA Germany⁶, bringing material scale to our German business.
- Proactive management of business mix, completing disposal 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

- **Operating Capital Generation (OCG)⁷ of €442m** (FY 2021: €243m). The increase in operating capital generation was supported by the continued repositioning of Athora Netherlands' asset portfolio, proactive investments in other business units and continued cost discipline.
- **Group IFRS profit before tax of €488m** (FY 2021: €428m). The increase in IFRS profit before tax is primarily attributable to a reduction in the value of technical provisions at Athora Netherlands due to the benefit of rising interest rates on the Group Liability Adequacy Test result. Other Comprehensive Income was impacted by a €1.9bn reduction in Available for Sale asset values primarily driven by interest rate movements (see below).
- **Total IFRS equity of €3.9bn** (FY 2021: €4.8bn). The fall in IFRS equity was primarily driven by differences in asset and liability valuation approaches under IFRS 4. All businesses fair value assets under IFRS, while insurance provisions are valued using "locked-in" discount rates (except Athora Netherlands which applies the Group Liability Adequacy Test). Of the Total Comprehensive Loss of €1.6bn, the impact from Business Units applying "locked-in" rates was €1.5bn. This non-economic accounting treatment will be eliminated when IFRS 17 and 9 are implemented on 1 January 2023.
- **Financial Leverage Ratio of 31%** (FY 2021: 25%). The increase is primarily due to the interest rate impacts on the Group's IFRS Equity, explained above. Adjusting for the €1.5bn (FY 2022) interest rate impact from "locked-in" discount rates, the Financial Leverage Ratio would stand at 25% and consistent with our 25% target. Athora closely monitors this ratio and notes that IFRS 17 and 9 will use a fair value approach to asset and liability measurement which is expected to largely unwind the above non-economic accounting impact.

⁶ Closing subject to regulatory approval

⁷ OCG is defined as the expected carry on investments, less the cost of liabilities and includes the Ultimate Forward Rate (UFR) drag, expense and experience variances (incl. profit-sharing impacts), SCR and Risk Margin unwind and new business. It excludes UFR stepdown

- **Assets under Management and Administration (AuMA)⁸ of €74bn** (FY 2021: €78bn⁹), **proforma AuMA⁴ of €94bn**. Increases in interest rates resulted in a reduction in asset values, partially offset by the acquisitions in Italy and Belgium. Growth in pro forma AuMA supported by the announced acquisition of a €19bn AuMA portfolio from AXA Germany.

Financial strength

- **Equity Capital Raise of €2.75bn**. In December 2022, secured new equity capital commitments of approximately €2.75 billion bringing the total equity capital raised since inception to approximately €6.75bn.
- **Group BSCR¹⁰ ratio of 183%** (FY 2021: 187%). The Group's solvency ratio has remained relatively stable supported by positive underlying capital generation and financing activities, which largely offset the impact of asset repositioning and market movements. The year-end Group BSCR ratio reflects the impact of a short-term investment¹¹ made in December 2022 and repaid in early 2023, without which the Group BSCR ratio would stand at 195%. The Solvency II ratio of Athora Netherlands increased by 25%-points year-on-year to 205%.
- **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 outlooks are Stable.
- **Financing activity**. In 2022, Athora continued to actively manage its financing. €250m of Tier 3 debt was raised to repay existing indebtedness and support the general activities of the Group. In addition, Athora Netherlands refinanced a Tier 2 instrument on its first call date at a more favourable interest cost.

⁸ 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 net derivative assets/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 AuMA at 31 December 2022 for Athora's existing business units and estimated AuMA at announcement for Germany and Netherlands.

⁹ On 31 December 2021, Athora Ireland sold its non-core Variable Annuity (VA) portfolio; which is also excluded from the 2021 AuMA number.

¹⁰ Bermuda Solvency Capital Requirement ("BSCR"); ratio is considered an estimate as formal filings are not due until end May 2023 to the Bermuda Monetary Authority.

¹¹ The investment was a highly secure, collateralised fixed income replacement exposure with a conservative loan-to-value, daily margin and implied investment grade rating. For the investing entities under Solvency II, the capital charge was reflective of the low risk and short duration of the instrument. However, under the Group BSCR the default capital charge was 35%.

Group Chief Executive Officer statement

Mike Wells, Group Chief Executive Officer of Athora, said:

“2022 has been a pivotal year for Athora. Amidst a volatile economic backdrop, we have delivered strong operating performance, demonstrating the merits of our business model through varying economic cycles, while continuing to execute on our focused growth agenda. We ended the year having materially expanded our market position and balance sheet capacity, while simultaneously consolidating the foundations on which we operate.

The continued repositioning of the Athora Netherlands investment portfolio, combined with strong cost discipline, has driven a more than 80% annual increase in Operating Capital Generation (OCG). The positive momentum in OCG – supported by a core focus on careful asset underwriting, strong risk management and proactive capital management – supported positive developments in local solvency ratios, most notably at Athora Netherlands.

Athora’s strong financial profile and disciplined management of our capital structure, combined with additional equity capital raised during 2022, provides us with significant resources to continue our strong growth trajectory. As of 31 December, we had approximately €2.5 billion of undrawn equity capital, which is not reflected in reported solvency or IFRS metrics.

We enter 2023 well positioned to further accelerate our business delivery – providing stakeholders with peace of mind irrespective of market conditions – and capitalise on the variety of organic and inorganic growth opportunities available to us across Europe. Special attention will be given to Athora Germany in the year ahead, in order to prepare for the closing and smooth integration of the portfolio acquisition from AXA Germany. Alongside this, we will continue to invest in our employees, capabilities, governance, controls and sustainability efforts.”

For information

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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), Athora Italia S.p.A (Italy) and Athora Life Re Ltd. (Bermuda). In 2022 we announced the acquisitions of a closed book portfolio from AXA Germany (which is expected to complete in late 2023 subject to applicable regulatory clearances) and WTW's Premium Pension Institution (PPI) in the Netherlands (which is expected to close in 2023 subject to regulatory approvals and the satisfaction of works council proceedings).

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

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Disclaimer

This press release of Athora Holding Ltd. contains information, relating to the full 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 2022 of Athora Holding Ltd.