

## OFFERING MEMORANDUM DATED 6 JUNE 2024



### ATHORA HOLDING LTD.

*(incorporated under the laws of the Bermuda limited by shares  
and having its corporate seat in Hamilton, Bermuda)*

### **EUR 750,000,000 5.875 per cent. Fixed Rate Subordinated Notes due 2034**

The EUR 750,000,000 5.875 per cent. Fixed Rate Subordinated Notes due 2034 (the “**Notes**”) are issued by Athora Holding Ltd. (the “**Issuer**” or “**Athora**”). The Notes represent subordinated, unsecured, general obligations of the Issuer and rank (a) junior to the claims of all Senior Creditors, (b) *pari passu* with all claims in respect of any Parity Obligations and (c) in priority to claims in respect of all Junior Obligations.

The Notes will bear interest (i) from (and including) 10 June 2024 (the “**Issue Date**”), to (but excluding) 10 September 2034 (the “**Maturity Date**”), at a fixed rate of 5.875 per cent. per annum, payable annually in arrear on 10 September in each year, commencing on 10 September 2024 (short first coupon).

Athora will have the right to redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, at any time in the period from (and including) the First Call Date to (but excluding) the Maturity Date. Athora may also, at its option, (A) redeem the Notes (i) if a Tax Event, a Regulatory Event or a Rating Methodology Event has occurred and is continuing, at any time, at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption, (ii) upon exercise of its Make-whole Redemption option at any time after the First MW Call Date at the Make-whole Redemption Amount or (iii) if 75 per cent. or more of the Notes originally issued (including any further issues pursuant to Condition 12 (*Further Issues*)) have been purchased and cancelled at the time of such election, at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption, in each case subject to the conditions to redemption and/or purchase and (B) in certain instances exchange the Notes or vary their terms on any Interest Payment Date, in each case as further described in Condition 4.13 (*Conditions to Redemption and/or Purchase*) in “*Terms and Conditions of the Notes*”.

Application has been made to The Irish Stock Exchange plc trading as Euronext Dublin (“**Euronext Dublin**”) for the approval of this Offering Memorandum as Listing Particulars. Application has also been made to Euronext Dublin for the Notes to be admitted to the official list (the “**Official List**”) and to trading on the Global Exchange Market of Euronext Dublin (“**GEM**”). References in this Offering Memorandum to the Notes being “listed” (and all related references) shall mean that the Notes have been admitted to the Official List and have been admitted to trading on GEM. GEM is the exchange regulated market of Euronext Dublin and is not a regulated market for the purposes of Directive 2014/65/EU (as amended) (“**MiFID II**”).

The Notes are expected to be assigned, on issue, a rating of ‘BBB-’ by Fitch Ratings Limited (“**Fitch**”). Fitch is established in the European Union and registered pursuant to Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies, amended by Regulation (EC) No 513/2011 of the European Parliament and of the Council of 11 March 2011 (the “**CRA Regulation**”). As such, as at the date of this Offering Memorandum, Fitch is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Fitch is not established in the United Kingdom (the “**UK**”), but it is part of a group in respect of which one of its undertakings, Fitch Ratings Limited, is (i) established in the UK and (ii) is registered with the UK Financial Conduct Authority in accordance with Regulation (EC) No. 1060/2009 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the “**UK CRA Regulation**”). Accordingly, the ratings issued by Fitch have been endorsed by Fitch Ratings Ltd. in accordance with the UK CRA Regulation and have not been withdrawn. As such, the ratings issued by Fitch may be used for regulatory purposes in the UK in accordance with the UK CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the relevant rating organisation.

The Notes will be issued in registered form and shall have denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. The Notes will initially be represented by a global certificate in registered form (the “**Global Certificate**”) and will be registered in the name of a nominee of a common depositary for Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”). It is expected that delivery of the Global Certificate will be made on 10 June 2024 or such later date as may be agreed (the “**Closing Date**”) by the Issuer and the Joint Lead Managers (as defined under “*Subscription and Sale*”). The provisions governing the exchange of interests in the Global Certificate for any definitive note certificates are described in “*Summary of Provisions Relating to the Notes while represented by the Global Certificate*”.

**An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described in the chapter “*Risk Factors*” starting on page 1.**

Definitions used, but not defined, in this section can be found elsewhere in this Offering Memorandum.

The date of this Offering Memorandum is 6 June 2024.

#### **Structuring Agents and Joint Global Co-ordinators**

**BofA Securities**

**Goldman Sachs International**

#### **Joint Lead Managers**

**ABN AMRO**

**BofA Securities**

**Barclays**

**BNP Paribas**

**Goldman Sachs International**

**HSBC**

**Morgan Stanley**

## TABLE OF CONTENTS

IMPORTANT INFORMATION	i
RISK FACTORS	1
DOCUMENTS INCORPORATED BY REFERENCE	50
KEY FEATURES OF THE NOTES	51
TERMS AND CONDITIONS OF THE NOTES	62
SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE	94
USE OF PROCEEDS	97
INFORMATION ABOUT ATHORA AND BUSINESS OVERVIEW	98
CORPORATE GOVERNANCE	127
TAXATION	134
SUBSCRIPTION AND SALE	136
GENERAL INFORMATION	140

## IMPORTANT INFORMATION

Athora accepts responsibility for the information contained in this Offering Memorandum. To the best of the knowledge and belief of Athora (having taken all reasonable care to ensure such is the case), the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person has been authorised to give any information or to make any representation other than as contained in this Offering Memorandum in connection with the offering of the Notes and, if given or made, such information or representations must not be relied upon as having been authorised by Athora and its subsidiaries (the “**Athora Group**”) or the Joint Lead Managers (as defined under “*Subscription and Sale*” below). Neither the delivery of this Offering Memorandum nor any sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Athora Group since the date hereof.

The Joint Lead Managers expressly do not undertake to review the financial condition or affairs of Athora or the Athora Group during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Joint Lead Managers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers as to the accuracy or completeness of the information contained or incorporated in this Offering Memorandum or any other information provided by Athora in connection with the offering of the Notes. The Joint Lead Managers accept no responsibility in relation to the information contained in this Offering Memorandum or any other information provided by Athora in connection with the offering of the Notes or their distribution.

Where information has been sourced from a third party, this information has been accurately reproduced and, as far as Athora is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

This Offering Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

This Offering Memorandum should not be considered as a recommendation by Athora or the Joint Lead Managers that any recipient of this Offering Memorandum should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of Athora and of the suitability of an investment in the Notes in light of its own circumstances.

This Offering Memorandum does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Memorandum and the offer or sale of Notes may be restricted by law in certain jurisdictions. Athora and the Joint Lead Managers do not represent that this Offering Memorandum may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by Athora or the Joint Lead Managers which is

intended to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Memorandum or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Memorandum and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Memorandum and the offer or sale of Notes in the United States, the European Economic Area (the “EEA”), the UK, Hong Kong, Singapore and Italy, see “*Subscription and Sale*”.

**TO THE EXTENT THE SECURITIES ARE OFFERED OR SOLD IN OR FROM BERMUDA, SUCH OFFER OR SALE WILL BE MADE IN ACCORDANCE WITH THE INVESTMENT BUSINESS ACT 2003 OF BERMUDA.**

**THE PERMISSION OF THE BERMUDA MONETARY AUTHORITY (THE “BMA”) IS REQUIRED, UNDER THE PROVISIONS OF THE EXCHANGE CONTROL ACT 1972 OF BERMUDA AND RELATED REGULATIONS, FOR ALL ISSUANCES AND TRANSFERS OF SECURITIES OF BERMUDA COMPANIES TO OR FROM A NON-RESIDENT OF BERMUDA FOR EXCHANGE CONTROL PURPOSES, OTHER THAN IN CASES WHERE THE BMA HAS GRANTED A GENERAL PERMISSION. THE BMA, IN ITS NOTICE TO THE PUBLIC DATED 1 JUNE 2005, HAS GRANTED A GENERAL PERMISSION FOR THE ISSUE AND SUBSEQUENT TRANSFER OF ANY SECURITIES, OTHER THAN “EQUITY SECURITIES” (AS DEFINED BY THE BMA FOR EXCHANGE CONTROL PURPOSES), OF A BERMUDA COMPANY FROM AND/OR TO A NON-RESIDENT OF BERMUDA. IN GRANTING THE GENERAL PERMISSION THE BMA ACCEPTS NO RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS OFFERING DOCUMENT OR ACCOMPANYING DOCUMENT.**

**PRIIPs Regulation / Prohibition of Sales to EEA retail investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive 2016/97/EU (as amended) (the “**Insurance Distribution Directive**”), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the “**PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

**UK PRIIPs Regulation / Prohibition of Sales to UK retail investors** – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 (the “**EUWA**”); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended) (the “**FSMA**”) and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law of

the UK by virtue of the EUWA (“**UK MiFIR**”). Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the “**UK PRIIPs Regulation**”) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

**MiFID II product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a “**distributor**”) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

**UK MiFIR product governance / Professional investors and ECPs only target market** – Solely for the purposes of each manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook (COBS), and professional clients, as defined in UK MiFIR; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturers’ target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturers’ target market assessment) and determining appropriate distribution channels.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except in certain transactions exempt from the registration requirements of the Securities Act. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Offering Memorandum, see “*Subscription and Sale*” below.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes.

Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes. A prospective investor may not rely on Athora or the Joint Lead Managers (as defined in “*Subscription and Sale*”) or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

**Notification under Section 309B(1)(c) of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore** - In connection with Section 309B of the Securities and Futures Act 2001 (2020 Revised Edition) of Singapore, as modified or amended from time to time (the “SFA”) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the “CMP Regulations 2018”), the Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Notice to Canadian investors**

No prospectus has been filed with any securities commission or similar regulatory authority in Canada in connection with the offer and sale of the Notes. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this document or on the merits of the Notes and any representation to the contrary is an offence.

The Notes may be sold only to purchasers that are resident in or subject to the securities laws of the province of Ontario or the province of British Columbia that are purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 *Prospectus Exemptions* (“NI 45-106”) or subsection 73.3(1) of the *Securities Act* (Ontario), and are permitted clients, as defined in National Instrument 31-103 *Registration Requirements, Exemptions and Ongoing Registrant Obligations* (“NI 31-103”) and that are not created or used solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of “accredited investor”.

The offer and sale of the Notes in Canada is being made on a private placement basis only and is exempt from the requirement that the Issuer prepares and files a prospectus under applicable Canadian securities laws. Any resale of the Notes must be made in accordance with applicable Canadian securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made in accordance with Canadian prospectus requirements, a statutory exemption from the prospectus requirements, in a transaction exempt from the prospectus requirements or otherwise under a discretionary exemption from the prospectus requirements granted by the applicable local Canadian securities regulatory authority. These resale restrictions may under certain circumstances apply to resales of the Notes outside of Canada.

Securities legislation in certain provinces or territories of Canada may provide Canadian investors with remedies for rescission or damages if an “offering memorandum” such as this document (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province or territory for the particulars of these rights or consult with a legal advisor.

### **Miscellaneous**

This Offering Memorandum should be read and understood in accordance with any amendment or supplement hereto and with any other documents incorporated by reference herein.

All references in this Offering Memorandum to euro, euros, EUR and € refer to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities, as amended. All references in this Offering Memorandum to US\$, US dollar, USD or \$ refer to the lawful currency of the United States.

Certain figures contained in this Offering Memorandum have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in a column or row of a table contained in this Offering Memorandum may not conform exactly to the total figure given for that column or row.

See “*Terms and Conditions of the Notes*” for capitalised terms used in this Offering Memorandum which are not otherwise defined.

In connection with the issue of the Notes, Merrill Lynch International (or any person acting on behalf of the Stabilising Manager) (the “**Stabilising Manager**”) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any such stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager in accordance with all applicable laws and rules.

### **Suitability of Investment**

The Notes may not be a suitable investment for all investors. The Notes are complex financial instruments. A potential investor should not invest in the Notes unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor’s overall investment portfolio. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Memorandum or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, bearing in mind that the currency for principal or interest payments may be different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.



The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

### **Cautionary statement regarding forward looking statements**

Some statements in this Offering Memorandum may be deemed to be forward looking statements. Forward looking statements include statements concerning the Issuer's plans, objectives, goals, strategies, future operations and performance and the assumptions underlying these forward looking statements. When used in this Offering Memorandum, the words "anticipates", "estimates", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "should" and any similar expressions generally identify forward looking statements. These forward looking statements are contained in the sections entitled "*Risk Factors*" and "*Information about Athora and Business Overview*" and other sections of this Offering Memorandum. The Issuer has based these forward looking statements on the current view of its management with respect to future events and financial performance. Although the Issuer believes that the expectations, estimates and projections reflected in its forward looking statements are reasonable as of the date of this Offering Memorandum, if one or more of the risks or uncertainties materialise, including those identified below or which the Issuer has otherwise identified in this Offering Memorandum, or if any of the Issuer's underlying assumptions prove to be incomplete or inaccurate, the Issuer's actual results of operation may vary from those expected, estimated or predicted.

The risks and uncertainties referred to above include:

- the Issuer's ability to achieve and manage the growth of its business;
- the performance of the markets in Bermuda, Germany, Belgium, Italy, the Netherlands and Ireland and the wider region in which the Issuer operates;
- the Issuer's ability to realise the benefits it expects from existing and future projects and investments it is undertaking or plans to or may undertake;
- the Issuer's ability to obtain external financing and capital or maintain and generate sufficient capital and liquidity to fund its existing and future investments and projects; and
- changes in political, social, legal or economic conditions in the markets in which the Issuer and its customers operate.

Any forward looking statements contained in this Offering Memorandum speak only as at the date of this Offering Memorandum. Without prejudice to any requirements under applicable laws and regulations, the Issuer expressly disclaims any obligation or undertaking to disseminate after the date of this Offering Memorandum any updates or revisions to any forward looking statements contained in it to reflect any change in expectations or any change in events, conditions or circumstances on which any such forward looking statement is based.

## **RISK FACTORS**

*Prospective investors should carefully consider the risk factors set out below, together with the other information contained in this Offering Memorandum (including, but not limited to, the audited consolidated financial statements), before making an investment decision with respect to the Notes. If any of the following risks should actually occur, the business, revenues, results, financial condition and prospects of Issuer and the Athora Group could be materially adversely affected, which could result in an inability of Athora to pay interest and/or principal and could negatively affect the price of the Notes.*

*Although Athora believes that the risks and uncertainties described below are the material risks and uncertainties, they are not the only ones faced by the Athora Group. All of these factors are contingencies which may or may not occur. Additional risks and uncertainties not presently known to Athora or that Athora currently deems immaterial may also in the future have a material adverse effect on the business, revenues, results, financial condition and prospects of the Athora Group, which could result in Athora being unable to pay interest and/or principal and could negatively affect the price of the Notes.*

*Prospective investors should carefully review the entire Offering Memorandum, and should form their own views before making an investment decision with respect to the Notes. Before making an investment decision with respect to the Notes, prospective investors should also consult their own financial, compliance, legal and tax advisers to carefully review the risks associated with an investment in the Notes and consider such an investment decision in light of the prospective investor's personal circumstances and should perform their own due diligence before making an investment decision. The sequence in which the risk factors are presented below, and any quantitative historical impacts and sensitivities included, are not indicative of their likelihood of occurrence or the potential magnitude of their financial consequences in the future.*

*Words and expressions defined in "Terms and Conditions of the Notes" below or elsewhere in this Offering Memorandum have the same meanings in this section, unless otherwise stated.*

### **1. Risks Related to Athora and the Athora Group**

#### **1.1 Strategic Risks**

*The Athora Group is subject to strategic risks*

A strategic risk is the risk that an event impacts the Athora Group's ability to achieve its overarching strategy and core business priorities. This includes any risk impacting the Athora Group's ability to achieve sustainable growth, maintain effective capital management, drive strong and stable investment returns and operate efficiently and competitively. The Athora Group has in place strategic planning processes designed to ensure it can effectively identify and manage strategic risks should they arise, as well as actively embedded ongoing monitoring processes designed to ensure the Athora Group has a clear understanding of its progress against set strategic priorities and that it can identify, where the Athora Group may not be meeting its strategic priorities and/or mitigate strategic risk incidents. Despite these processes, strategic risk incidents – should they materialise – could have a material adverse effect on the Athora's Group business, revenues, operational results, financial position and prospects.

*The Athora Group's strategy includes growing organically through its primary operations as well as inorganically via mergers and acquisitions, portfolio transfers, pension risk transfers and reinsurance. If these channels fail to produce meaningful growth, there is a risk that this could negatively affect the Athora Group's financial position*

The Athora Group has a multi-channel growth strategy whereby it seeks to grow organically and where appropriate, inorganically. The Athora Group has primary operations in the Netherlands, Belgium and Italy, which are open to both retail and corporate customers for new business in certain product-lines. In Germany, Athora's portfolio is not writing new insurance policies and is only accepting premiums on existing policies, where applicable - consequently the focus of Athora Deutschland GmbH and Athora Deutschland Holding GmbH & Co. KG (together, "**Athora Germany**") is on efficiently managing its closed book portfolio of traditional life, unit-linked and pension policies.

On 2 May 2024, Athora announced that Athora Germany and AXA Germany mutually agreed to terminate the transaction for the purchase of the former DBV-Winterthur Life closed life book portfolio, agreed in July 2022 (the "**Termination of the DWL Acquisition**"). The termination agreement is consistent with the contractual terms of the sale agreement between the parties and follows significant changes in financial market conditions since signing. Notwithstanding the Termination of the DWL Acquisition, Athora remains committed to further growth in the German savings and retirement services market.

The Athora Group can also grow inorganically by completing mergers and acquisitions, portfolio transfers of insurance books and providing reinsurance to cedants. Whilst the Athora Group is not reliant on a single channel for growth, if the Athora Group fails to produce meaningful growth across these channels, there is a risk that this could negatively affect the Athora Group's financial position. For example, the Athora Group may not be able to reduce certain elements of its cost base (e.g., fixed costs) as the insurance liabilities run-down which may negatively impact the Athora Group's financial position.

*The network of insurance intermediaries, advisors and banks who sell the Athora Group's products is an important distribution channel for the Athora Group's primary business and there is a risk the Athora Group may be unable to maintain a competitive distribution network or that the preferences of intermediaries and/or the factors determining their preferences change*

The Athora Group uses a variety of distribution channels for the marketing and offering of its primary insurance products and services, including internet, call centres, specialised intermediaries, actuarial advisors, banks, brokers, financial advisers or asset management distribution partners. A part of the Athora Group's distribution originates from the offering of its products and services by intermediaries and advisors who may also offer competitors' products and services. As a result, the success of the Athora Group in these distribution channels depends on the preferences of these intermediaries and advisors for the products and services of the Athora Group. Preferences of intermediaries and advisors are determined by, amongst other things, the security of investment and prospects for future investment returns in the light of a company's product offering, past investment performance, financial strength, perceived stability, ratings, the quality of the product and the quality of the service provided to the intermediaries and advisors. An unsatisfactory assessment by an intermediary and/or advisor of the Athora Group and its products based on any of these factors could result in the Athora Group generally, or in particular certain of its products, not being actively marketed by intermediaries and advisors to their customers. The extensive network of intermediaries and advisors remain an important distribution channel and an inherent part of the Athora Group's business and the Athora Group has undertaken a

number of distribution-related initiatives across its product lines in Belgium, Italy and the Netherlands. Despite these and future initiatives in building distribution networks, a failure by the Athora Group to maintain a competitive distribution network, e.g. resulting from termination of an existing distribution agreement, could have a material adverse effect on its business, revenues, operational results, financial position and prospects.

*The Athora Group faces competitive pressures in the products, distribution and market segments in which it operates*

There is competition in the markets the Athora Group operates in and targets for the insurance products and services that the Athora Group provides from other insurance companies, intermediaries, financial advisers, banks, asset managers and other institutions (e.g., fintech, start-ups and alternative asset managers who have entered the market in recent years), both for the customers of the Athora Group and the third-party distribution channels. The Athora Group continues to develop its retail and corporate product offerings across Belgium, Italy and the Netherlands with Athora Belgium S.A. ("**Athora Belgium**") having, for instance, revamped its guaranteed product offering in 2023. If, despite these continued efforts, the Athora Group is unable to offer attractive products and services that are suitable and competitive, it may lose market share or incur losses on some or all of its activities. Customer demand, technological changes, regulatory actions, financial markets and other factors also affect competition. Competitive pressures could result in increased pricing pressures, particularly as competitors seek to win market share. This could have a material adverse effect on the Athora Group's business, revenues, operational results, financial position and prospects.

*Market-wide sales of some primary life insurance and pension products that the Athora Group targets in the Netherlands have generally declined in recent years and sales of certain products sold in Italy and Belgium have decreased*

Sales of certain primary life insurance and pension products have declined in the Netherlands and Belgium, as have sales of certain other products in Italy. These declines in sales are mainly due to:

- historically low interest rates for the last decade, prior to the more recent increases in interest rates in 2022 and early 2023 (before stabilising), as referenced below;
- more recently with the sustained higher interest rate environment, consumers have the option to invest directly in certain government bonds, or bank savings products, with higher returns than competing insurance products, depending on their geographical location;
- a trend in moving away from traditional guaranteed products to investment-linked products or a combination of investment-linked and traditional guaranteed products, because of historically low interest rates and higher cost;
- changes in tax and pension laws, resulting in less attractive insurance products compared to alternative products with similar tax benefits;
- adverse market sentiment relating to investment-linked products, particularly in the Netherlands; and

- a changed mortgage market particularly in the Netherlands, resulting in reduced sales of mortgages with life insurance products attached (i.e., savings mortgages and investment-linked mortgages).

Athora Germany is in run-off and, as such, the impact of declining sales will have a lesser impact than for the Athora Group's other businesses which are open to new customers, given that Athora Germany will only receive new premiums from existing customers. In contrast, the Athora Group's Dutch, Belgian and Italian businesses are open to both retail and corporate customers for new business in certain product lines and the market in several of these product lines has benefitted from growth whilst others have suffered declining volumes.

A continued decline in market-wide sales volumes in the Netherlands and/or a downward trend in Italy, as well as shifting trends in Belgium, could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*The Athora Group could fail to effectively identify, close or execute acquisitions, joint ventures, partnerships, investments or divestments, and if such transactions are pursued, the Athora Group could fail to successfully implement and execute them or realise anticipated benefits in a timely manner*

The Athora Group intends to selectively pursue opportunities to acquire, form joint ventures with, enter into partnerships in respect of, or make investments in, businesses, portfolios, products, technologies or innovations which are aligned with the Athora Group's business and growth strategy. Divestments may also be beneficial for the Athora Group's business and strategy. The Athora Group may not be able to identify suitable candidates for such acquisitions, joint ventures, partnerships or investments or to pursue such divestments, or if the Athora Group does identify suitable candidates, it may not be able to complete any transaction on acceptable terms, or at all. Any acquisitions, joint ventures, partnerships, investments or divestments by the Athora Group could entail risks, such as:

- difficulties in realising cost synergies, revenue or other anticipated benefits from the acquired business, the joint venture, partnership, investment or divestment;
- costs of executing the acquisition, joint venture, partnership, investment or divestment, both in terms of capital expenditure and increased management attention;
- the potential for undermining the Athora Group's strategy, its relationship with customers, intermediaries, regulators and/or partners or other elements critical to the success of the Athora Group's business;
- liabilities or losses resulting from the Athora Group's control of the acquired business, participation in the joint venture or partnership or investment;
- liabilities or losses resulting from claims under guarantees, representations and warranties, and/or indemnities given to the Athora Group by its counterparties in relation to an acquisition, joint venture, partnership, investment or divestment or alternatively any guarantees, representations and warranties, and/or indemnities which Athora Group has provided to its counterparties which result in a successful claim against the Athora Group;
- difficulties in integrating an acquired business in the Athora Group's business; or

- difficulties in integrating and exercising effective internal controls with respect to the acquired business both within the acquired business and within the Athora Group,

any of which, alone or in aggregate, could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

Athora Netherlands N.V.'s ("**Athora Netherlands**") acquisition of Willis Towers Watson's ("**WTW**") Premium Pension Institution closed in April 2023. Athora Netherlands also completed two pension risk transfer transactions in 2023, one with Onderlinge's-Gravenhage and another with pension fund Aon. A failure to implement the envisaged business and integration plan in these and future acquisitions could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*Prolonged investment underperformance in relation to the Athora Group's assets under management and administration may cause existing customers to withdraw funds (i.e., lapse) especially those related to products whose performance are not subject to guarantees*

When buying investment or pension products, customers typically consider, among other things, the historic performance of the investment or pension products. Although the Athora Group's business model and strategy are designed to deliver strong investment returns in line with its strategic asset allocation targets, if the Athora Group, in comparison to its competitors, underperforms for a prolonged period of time in relation to its investments, if the Athora Group does not provide satisfactory or appropriate investment returns, or if the Athora Group does not sell investment or pension products (linked to insurance products) that customers require or are deemed suitable, existing customers may decide to liquidate, cancel, reduce or transfer their investment or pension products. Customers could also lapse their policies if better alternatives are available to them or there is a change in the general market environment. Furthermore, potential customers may decide not to buy further investment or pension products. Consequently, prolonged investment underperformance could have a material adverse effect on the business, revenues, results, financial condition and prospects of the Athora Group.

*The Athora Group is exposed to the risk of damage to its reputation*

The Athora Group is exposed to the risk that its reputation could be damaged, such reputational damage could, for example and not exclusively, be caused by any of the following occurring or having occurred in respect of the Athora Group (whether actually or allegedly and whether or not founded):

- non-compliance with legal or regulatory requirements (including financial regulatory rules, anti-money laundering rules and data privacy rules);
- litigation and regulatory measures (including firm specific and industry-wide investigations);
- failures in the Athora Group's information technology systems, cyber attacks on the Athora Group, loss of customer data or confidential or privacy related information;
- failure in risk management procedures;
- operational failures;
- press speculation or negative publicity;

- adverse events (including those as described herein or any malpractice or misconduct) occurring in relation to Athora Group's shareholders, its indirect shareholders or any third party directly or indirectly linked to its shareholders, such as personnel, affiliates, shareholders, intermediaries, partners, business promoters, third party managers or customers (including politically exposed persons); or
- any of the above occurring or having occurred in respect of any third party directly or indirectly linked to the Athora Group such as personnel, affiliates, intermediaries, partners, business promoters, third party managers or customers.

Any damage to the reputation of the Athora Group could cause existing customers to withdraw their business from the Athora Group and potential customers to be reluctant to do, or to elect not to do business with the Athora Group, and thereby cause disproportionate damage to the Athora Group's business, regardless of whether the negative publicity is factually accurate. Furthermore, reputational damage could result in greater regulatory scrutiny and influence market or rating agency perceptions of the Athora Group, which could make it more difficult for Athora and/or other members of the Athora Group to maintain their credit ratings. This could have a material adverse effect on the Athora Group's business, revenues, results, financial condition, financial flexibility and prospects. Furthermore, certain of the insurance products and services of the Athora Group are distributed through third parties or form part of broader products and services sold by third parties. Any reputational damage in respect of such third parties or such broader products and services could result in significant damage to the reputation of the Athora Group, which could hinder the Athora Group's ability to retain clients (i.e., lead to lapses) or compete for new business, which could also have a material adverse effect on the Athora Group's business, revenue, results, financial condition and prospects.

## 1.2 Integrity Risks

*The Athora Group is exposed to the risk of fraud and other misconduct or unauthorised activities by the Athora Group's personnel, partners, intermediaries, customers and other third parties*

Fraud typically occurs when persons deliberately abuse the Athora Group's procedures, systems, assets, products or services, and includes policy fraud (where fraudulent misstatements of fact are made in applications for insurance products by customers), sales fraud (where, for instance, intermediaries design commission schemes that are not for bona fide customers, or are written for non-existent customers, in order to collect commissions that are typically payable in the first year of the contract, after which the policy is allowed to lapse), claims fraud (where fraudulent misstatements of fact are made in an effort to make claims under existing policies) and fraud in relation to payment execution (where payments of policy benefits are fraudulently routed to bank accounts other than those of the relevant beneficiary or payee in the case of other payments made by the Athora Group more generally in its operations). The occurrence of fraud, be it by Athora's own personnel, partners, intermediaries, customers or by external parties and other misconduct and unauthorised activities could result in losses, increased costs, violations of law, investigations and sanctions by regulatory and other supervisory authorities, claims by customers, customer groups and customer protection bodies, loss of potential and existing customers, loss of receivables and harm to the Athora Group's reputation, any of which, alone or in the aggregate, could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

In addition to fraud risk there is also compliance risk, i.e., the risk of the Athora Group not complying with laws, regulations and regulatory standards, including laws related to anti-money laundering and

international sanction regimes. Failure to comply with any laws, regulations and standards established by financial regulators, financial crime regulators or data protection authorities could lead to disciplinary action, the imposition of fines, revocation of a license, permission or authorisation necessary for the conduct of the Athora Group's business and/or civil liability, all or any of which could have a materially adverse effect on the Athora Group's business, revenues, results, financial condition and prospects. Laws and regulations applied at a national level generally grant supervisory authorities broad administrative discretion over the Athora Group's activities, including the power to limit or restrict business activities. It is possible that laws and regulations governing the Athora Group's business or particular products and services could be adopted, amended or interpreted in a manner that has a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*Measures taken to address potential (or actual) conflicts of interests with key shareholders may be insufficient*

The board of directors of Athora (the "**Board**") has established a conflicts committee (the "**Board Conflicts Committee**") to consider and address potential (or actual) conflicts of interests with key shareholders in accordance with the Athora Group's related party transaction policy (the "**Group RPT Policy**"). The Group RPT Policy, in summary, would (subject to limited exceptions) prohibit a member of the Athora Group from entering into a transaction of economic value with a "**Related Party**" (defined to include another member of the Athora Group and/or a shareholder holding a 10 per cent. or more of the economic or voting interest in Athora, which currently includes Apollo Global Management, Inc. ("**Apollo**"), Athene Holding Ltd. ("**Athene**") and the Abu Dhabi Investment Authority ("**ADIA**") and/or any of their respective affiliates) unless and until the Athora Group and local level conflicts committees have satisfied themselves that the proposed arrangement or transaction is to be conducted on an arm's length basis and that any conflict of interest has or will be appropriately managed and/or mitigated. The Board Conflicts Committee comprises the five independent members of the Board as well as the Board member appointed by ADIA. Any transaction between Athora Netherlands or any of its subsidiaries, and Athene or Apollo or any of their affiliates or related parties must similarly be considered and approved by the independent members of the Athora Netherlands supervisory board. Athora Belgium, Athora Italia S.p.A. ("**Athora Italy**"), and Athora Germany also have bodies that approve any such conflicts of interest matters and/or Related Party transaction before they can be presented to the local board for a final decision.

These processes have been put in place to address potential or actual conflicts of interest that may arise with Related Parties, including key shareholders. Nonetheless, should any conflicts of interest which arise in the context of transactions with Related Parties not be effectively mitigated by the processes the Athora Group has in place, any such transaction could have a materially adverse effect on the business, results, financial condition and prospects of the Athora Group. Additionally, any perception that conflicts of interests are not appropriately managed may adversely impact the Athora Group's reputation as well as lead to increased regulatory scrutiny.

### 1.3 Operational Risks

*The Athora Group is subject to operational risks*

Given the size and complexity of its business, the Athora Group is exposed to operational risks which include the possibility of inadequate or failed internal or external processes or systems, human error, regulatory breaches, loss of key personnel, personnel misconduct or external events, such as fraud.



While the Athora Group has in place a system designed to mitigate operational risk such that any risks with a material potential impact are monitored on a regular basis with action taken to remediate as required, operational risk incidents do happen periodically and no system or process can entirely prevent them. Such events could, among other things, harm the Athora Group's ability to perform necessary business functions, result in the loss of confidential or proprietary data (exposing it to potential legal claims and regulatory sanctions) and damage its reputation and relationships with its customers, regulators and distribution partners, all of which may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*The Athora Group relies on information technology, communication systems and/or internal controls and there is a risk that these do not function properly*

The Athora Group relies on its operational processes, communication and information technology systems and internal controls to conduct its business, including (without limitation) to determine the pricing of its products, its underwriting of liabilities, the required level of provisions and the acceptable level of risk exposure and to maintain accurate records, high-quality customer services and compliance with its reporting obligations. Defects and errors in the Athora Group's financial reporting and actuarial processes, systems and reporting procedures, including both human and technical errors, could result in a late delivery of internal and/or external reports or reports with insufficient or inaccurate information.

Defaults and errors in the Athora Group's financial reporting processes, systems and reporting procedures could lead to sub-optimal management decisions regarding, for instance, product pricing and hedging decisions which could materially adversely affect its net income and increase risk. In addition, misinforming customers and investors could lead to substantial customer claims and regulatory fines, increased regulatory scrutiny, reputational harm and increased administrative costs to remedy errors.

Furthermore, the Athora Group depends on third party and affiliated providers for administration, operational and IT services, asset management and asset-liability management services and other back office functions. Any interruption in the Athora Group's ability to rely on its internal or outsourced IT services or deterioration in the performance of these services could impair the timing and quality of the Athora Group's services to its customers and result in loss of customers, inefficient or detrimental transaction processing and regulatory non-compliance, all of which could also damage the Athora Group's brands and reputation.

The Athora Group is also exposed to cybercrime risks, for example, login credentials of customers, intermediaries and personnel may be intercepted by cyber criminals. Throughout 2023, the Athora Group continued to see an increase in the volume and sophistication of cyber attacks, much of which was driven by the impact of artificial intelligence capabilities maturing globally, and it is expected that an increased number of attacks (both failed and successful) will occur globally. Although the Athora Group has in place perimeter protection which incorporates hybrid working structures and is continuing to build out crisis management testing for senior leaders and operational resiliency to improve the testing and enhancement of the Athora Group's capabilities should an incident occur, cybercrime risks could lead to abuse of information and harm the Athora Group's reputation. Any interruptions, denial of service, failures or breaches in security of these processes and systems could also result in a loss of customers and/or materially adversely affect the Athora Group's ability to compete with its competitors.

Although the Athora Group's system of internal controls to mitigate operational risks is enhanced through investment in its system capabilities and business processes to ensure that the Athora Group

meets the expectations of its customers, complies with regulatory, legal and financial reporting requirements and mitigates the risks of loss or reputational damage from risk events, the occurrence of any of the foregoing events may not be effectively mitigated by the processes the Athora Group has in place which could, in turn, harm the Athora Group's reputation and could have a material adverse effect on the Athora Group's business, revenues, results and financial condition and prospects.

*The Athora Group may not be able to retain or attract personnel who are key to the business*

The success of the Athora Group's operations is dependent, among other things, on its ability to attract and retain highly qualified professional personnel. Competition for key personnel is intense. The ability of the Athora Group to attract and retain key personnel with appropriate knowledge and skills, particularly financial, investment, operations, acquisitions, IT, data analysis, risk management, reinsurance, actuarial, Solvency II (being Directive 2009/138/EC and Commission Delegated Regulation (EU) No 2015/35 (the "**Level 2 Regulation**") each as amended, together "**Solvency II**"), Bermuda Economic Balance Sheet ("**EBS**") and other specialist skills and experience, is dependent on a number of factors, including prevailing market conditions and compensation packages offered by companies competing for the same talent. While the Athora Group is focused on building a long-term talent pipeline and aims to continue to attract and develop talent across its entities engaged in the underwriting and/or sale of life insurance, pensions and/or savings products or solutions and related activities ("**Business Units**"), any failure by the Athora Group to retain or attract qualified personnel could have a material adverse effect on the Athora Group's business, revenues, results and financial condition and prospects.

*Change in senior management team could lead to discontinuities and deficiencies*

The risks of discontinuities and deficiencies by change in senior management could lead to untimely and/or insufficient actions or other deficiencies with regards to strategic decision making, operational processes, internal controls, application of laws and regulations, HR processes, relationship and communication with customers and intermediaries. This could have a material adverse effect on the Athora Group's business, revenues, results and financial condition and prospects.

*The performance of the Athora Group depends on the quality of its pricing and underwriting processes to adequately price its products and services*

The results and financial condition of the Athora Group depend, among other things, on its ability to set adequate premium levels and maintain an underwriting process for new business (including pension risk transfer transactions) that is consistent with pricing. The adequacy of premiums for both primary insurance and reinsurance is necessary to be able to pay claims and expenses and to provide an appropriate return on capital. The ability of the Athora Group to price and underwrite its products and services appropriately is subject to a number of uncertainties, i.e., inadequate or inaccurate data or inappropriate analyses, processes, assumptions or methodologies. If the Athora Group fails to establish adequate premiums for its products and services or is unable to maintain a robust underwriting process, its revenues could decline or its expenses increase resulting in proportionately greater losses.

*The Athora Group makes use of models which present the Athora Group with model risk when decisions are based on incorrect or misused model outputs and reports*

The term model refers to a quantitative method, system, or approach that applies statistical, economic, financial, or mathematical theories, techniques, and assumptions to process input data into quantitative

estimates. Models meeting this definition might be used for pricing products, analysing business strategies, informing business decisions, identifying and measuring risks, valuing exposures, instruments or positions, conducting stress testing, assessing adequacy of capital, managing client assets, measuring compliance with internal limits, or meeting financial or regulatory reporting requirements and issuing public disclosures. The definition of model also covers quantitative approaches whose inputs are partially or wholly qualitative or based on expert judgment, provided that the output is quantitative in nature. The Athora Group uses a number of models for a variety of purposes including, among others, pricing of products, merger and acquisition transactions, reinsurance transactions, valuation of assets, valuation of insurance liabilities, regulatory required capital calculations, rating required capital calculations, determination of hedging portfolios and setting assumptions. The use of models invariably presents model risk, which is the potential for adverse consequences from decisions based on incorrect or misused model outputs and reports. Model risk can lead to financial loss, poor business and strategic decision-making, or damage to the Athora Group's reputation. Model risk occurs primarily for two reasons: (1) a model may have fundamental errors and produce inaccurate outputs when viewed against its design objective and intended business uses; and (2) a model may be used incorrectly or inappropriately or there may be a misunderstanding about its limitations and assumptions. Model risk increases with greater model complexity, higher uncertainty about inputs and assumptions, broader extent of use and larger potential impact. Even though active model risk management and model validation are an integrated part of the risk management system of the Athora Group, the adverse consequences (including financial loss) of model risk can negatively influence the Athora Group's business, revenues, results, financial condition and prospects.

*The implementation of complex strategic initiatives gives rise to significant execution risks, which may affect the operational capacity of the Athora Group and may adversely impact the Athora Group if these initiatives fail to meet their objectives*

Organisational change as well as the pursuit by the Athora Group of its strategic objectives (including growth and expanded scale) may result in the creation of an operational risk, amongst other things because these events may result in an increased strain on information technology, communication systems and/or internal controls. The Athora Group is currently pursuing its multi-year transformation and efficiency programme, "Transform Athora", which involves several key initiatives such as the development of actuarial models on a leading platform and the introduction of a new investment accounting shared service. However, there may be financial, operational, regulatory, customer and reputational implications if Transform Athora and/or other operational change initiatives fail (either wholly or in part) to meet their objectives and could place strain on the operational capacity, or weaken the control environment, of the Athora Group. The scale and nature of the change programmes may cause disruption to resourcing through heightened uncertainty, increased workloads and short-term resource stretch, which, in turn, result in the transformation activities being delayed or not delivered at all and/or the disruption of business as usual activities. These events could result in personnel and their knowledge and expertise leaving the Athora Group, thereby increasing the strain on the remaining organisation. This may have a negative impact on existing work routines and internal controls and may consequently lead to operational incidents and could have a material adverse effect on the Athora Group's business, revenues, results and financial condition and prospects.

*The occurrence of disasters or core infrastructure failures may endanger the continuity of the Athora Group's business operations and the security of the Athora Group's personnel*

The Athora Group is exposed to various risks arising from natural disasters (including floods, fires and storms), as well as man-made disasters and core infrastructure failures (including acts of terrorism, war,

power grid and telephone/internet infrastructure failures). These natural and man-made disasters may endanger the continuity of the Athora Group's business operations and the security of the Athora Group's personnel, and may adversely affect the Athora Group's business, revenues, results and financial condition and prospects by causing, among other things, disruptions of the Athora Group's normal business operations.

#### **1.4 Market Risks**

##### *Risk relating to the general economic and financial environment*

The Athora Group's results can be adversely affected by general economic conditions and other business conditions. The Athora Group generates most of its income in the EU and Bermuda and is therefore particularly exposed to the economic and business conditions in the EU and Bermuda. These conditions include changing economic cycles that affect demand for insurance products. Such cycles are also influenced by global political events, such as terrorist acts, war and other hostilities as well as by market specific events, such as shifts in consumer confidence, industrial output, labour or social unrest and economic and political uncertainty. Weak macroeconomic conditions, including recessions, and the implementation of austerity measures in many economies, along with global financial market turmoil and volatility, have affected and, if these trends persist or return, will continue to affect, the behaviour of the Athora Group's customers, and, by extension, the demand for, and supply of, the Athora Group's products and services. Over the past several years, as European and global economies have taken steps to recover from the financial crisis, significant actions by governments, including bail-outs of financial institutions, as well as volatile markets, interest rates and credit spreads and significant changes in asset valuations (including material write-offs and write-downs of impaired assets), have all affected the business of financial institutions, including the Athora Group.

In 2023, the global economy experienced turbulence with persistent inflation, rising interest rates, tight labour markets and geopolitical shocks creating uncertainty. Although systemic failure was avoided, any new deterioration in economic conditions could result in a downturn in new business and sales volumes of the Athora Group's products and a decrease of its investment return, which, in turn, could have a material adverse effect on the Athora Group's growth, business, revenues and results.

The Athora Group is affected by market conditions in both the short-, medium- and long-term. These market conditions include, amongst others, inflation, interest rates, monetary policy, a decline in the securities markets or poor investment performance, changes in demographics and changes in consumer or business spending. These market conditions also include insurance industry cycles, such as changes with respect to mortality and longevity. If any such market conditions were to occur and persist, the results of the Athora Group could be adversely affected.

The Covid-19 pandemic had a major impact on the global economy and health systems and could have further significant economic impact. In addition, further pandemics and/or the emergence of other and/or yet unknown diseases could have a similarly significant economic impact. Changing employment environments; government monetary and fiscal policies; reduced consumer and government spending and indebtedness levels; market indices; equity and other securities prices inflation rates; interest rates; credit spreads and credit default rates; currency exchange rates; real estate prices; political events and terrorism trends; cybercrime and cyberattack; and changes in customer behaviour have affected the Athora Group in the past and will continue to affect the Athora Group in the future. Recently, the increase in global interest rates and spreads has resulted in significant volatility in financial markets and has affected Athora's customers, product offering, asset valuation, hedging strategy and liquidity, amongst

other factors. All of these factors are impacted by changes in financial markets and developments in the global and European economies and policies.

Although the Athora Group has systems in place to ensure that market risk and volatility resulting from its investment activities are managed in order to protect long-term sustainable returns whilst operating within accounting, solvency and liquidity constraints and actively manages exposure to market risks with the Athora Group's asset and liability management risk policy which is implemented locally by the Business Units, market risks, should they materialise (including, without limitation, as a result of further market volatility or adverse movements) may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects (see also "*Geopolitical risk*" for further risks related to the general economic and financial environment).

*Changes in interest rates and spreads could lead to changes in consumer behaviour that could have a material adverse effect on the Athora Group's results of operations and financial condition*

The future results of the insurance operations of the Athora Group are impacted by the level of interest rates. A prolonged period of low interest rate levels has had a material negative effect on the Athora Group's revenues, results of operations, financial condition and prospects. In a period of sustained low interest rates, financial and insurance products with long-term options and guarantees (such as pension and whole-life products) may be more costly to the Athora Group. Moreover, the capital that the Athora Group is required to hold for long-term risks, such as longevity, expense and morbidity risks, is higher in a low interest rate environment. These effects limit the ability of the Athora Group to offer these products at affordable prices. Also, the present value impact of assumption changes affecting future benefits and expenses is larger, potentially creating more volatility in the Athora Group's results and available regulatory capital (see "*Capital Adequacy Risks*" for further risks related to capital adequacy risk resulting from changes in interest rates and credit spreads). In addition, the Athora Group will be subject to a reinvestment risk because, in a low interest rate or credit spread environment, the Athora Group may not be able to reinvest the proceeds from maturing investments or to invest the premiums, which it will continue to receive on recurring premium products with interest rate guarantees, in assets with a favourable return profile.

Recent years have seen a sustained period of rising interest rates as central banks around the world sought (and continue to seek) to contain inflation. During such periods, policy lapses and withdrawals may increase as policyholders may believe they can obtain a higher rate of return in the marketplace or in alternative products. In order to satisfy the resulting obligations to make cash payments to policyholders, the Athora Group may be forced to sell assets at reduced prices and thus realise investment losses and place a strain on liquidity resources of the Athora Group. Such a sale of investment assets may also result in a decrease in the Athora Group's assets under management and administration, which could result in reduced fee income from policyholders as fee income is typically linked to the value of the assets under management. Such impacts were observed primarily for Athora Italy in 2023.

If the results of the Athora Group are adversely affected by the level of interest rates or for other related reasons, this could also adversely affect the rights of policyholders to receive additional benefit payments over and above any insured or guaranteed capital ("**Profit Sharing Policies**") which may in turn affect lapses and withdrawals and affect the Athora Group as referenced above.

*Risk related to the Athora Group's exposure to fluctuations in the equity, fixed income and property markets*

The returns on the Athora Group's investments are exposed to fluctuations in equity, fixed income and property markets. The Athora Group bears all the risk associated with its own investments. Fluctuations in the equity, fixed income and property markets affect the Athora Group's profitability and capital position. A decline or volatility in any of these markets can lead to a reduction of (un)realised gains in the asset or result in (un)realised losses and could result in impairments. Any decline in the market values of these assets can reduce the Athora Group's solvency, which could materially adversely impact the Athora Group's financial condition and the Athora Group's ability to attract or conduct new business.

*The Athora Group holds investments consisting of a variety of asset classes and hedge instruments. The condition of global financial markets as well as economic conditions could have a material adverse effect on the effectiveness of the hedge instruments and the performance of the financial investments held by the Athora Group*

Financial market conditions may adversely affect the effectiveness of the hedge instruments used by the Athora Group to manage certain risks to which it is exposed. This may result in the hedge instruments not performing as intended or expected, in turn resulting in higher realised losses and increased cash needs to collateralise or settle hedge transactions at a loss. Such financial market conditions may limit the availability, and increase the costs, of hedging instruments.

*The Athora Group is exposed to currency transaction risks. Fluctuations in currency exchange rates may affect the Athora Group's business, results of operations, financial condition and prospects*

The Athora Group may enter into transactions in currencies other than its local currency. Whilst the Athora Group generally seeks to hedge currency risks, movements in relevant currency exchange rates could adversely affect the revenues, results of operations and financial condition of the Athora Group if left unhedged or hedged inadequately.

*The Athora Group is exposed to the continuing risk that one or more European countries could exit the Eurozone and/or EU*

There remains a risk that financial difficulties may result in certain European countries exiting the Eurozone and/or EU. This can also be caused by changes in the political landscape and/or by a referendum. To date, only the UK has left the EU. The possible exit from the Eurozone and/or EU of one or more European countries (in addition to the UK) and, as a consequence, the potential replacement of the euro by one or more successor currencies could create significant uncertainties regarding the valuation of euro denominated assets and liabilities held by the Athora Group's business in the exiting country, and the enforceability and valuation of euro denominated contracts to which the Athora Group or its counterparties are a party, thereby materially and adversely affect the business, revenues, results, financial condition and prospects of both the Athora Group and/or its counterparties.

The possible exit from the Eurozone and/or EU of one or more European countries and/or the replacement of the euro by one or more successor currencies could also cause other significant market dislocations and lead to other adverse economic and operational impacts that are inherently difficult to predict or evaluate. The occurrence of one or more of these events could have a material adverse effect on the business, results, financial condition and prospects of the Athora Group and its counterparties.

## **1.5 Capital Adequacy Risks**

*The Athora Group is subject to capital adequacy risks*

Capital adequacy risk is the risk that the Athora Group will not maintain a robust capital position to provide all key stakeholders with the confidence that it will meet its financial and non-financial obligations. This risk is managed through the robust capitalisation of the Athora Group (as a whole) and the central management of financial resources to be able to support subsidiaries in times of stress or opportunity, i.e. to ensure that capital is not considered a scarce resource. Despite these risk management processes, there remains a risk that such controls will not always be effective and as such there remains capital adequacy risk which can adversely affect the financial results and capital positions of Athora and the Athora Group.

*The Athora Group is specifically exposed to capital adequacy risk resulting from changes in interest rates and credit spreads.*

Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations, fiscal deficits, trade surpluses or deficits, regulatory requirements and other factors beyond the control of the Athora Group. The level of interest rates and changes in prevailing interest rates (including changes in the difference between the levels of prevailing short- and long-term interest rates and non-parallel movements) could adversely affect the financial results and capital positions of Athora and the Athora Group.

As a provider of life insurance and guaranteed products, the Athora Group requires a significant amount of long-term fixed income assets and interest rate derivatives to be matched against its long-term insurance liabilities, although there are likely to be mismatches in duration depending on the valuation basis applied and targeted. Fixed income assets are typically valued at fair market value in accordance with current accounting and solvency regulations and are therefore sensitive to interest rate and credit spread movements. Following the introduction of the more market-value based International Financial Reporting Standards (“IFRS”) 17 accounting regime on 1 January 2023, the valuation of assets and liabilities is now more aligned with EBS. However, even if the corresponding liabilities are valued using a market-value based methodology, they may nevertheless have limited or different sensitivity to credit spread and interest rate movements, because the discount rates applied in those market valuations (in some cases, including the discount rate prescribed or determined by regulators) typically do not fully reflect sensitivities to credit spread and interest rate movements and therefore the value of the Athora Group’s liabilities may not match that of its fixed income assets.

Under the EBS framework, the Athora Group’s financial position is sensitive to interest rate movements. As the majority of the Athora Group’s Business Units are domiciled in the EU and operate under Solvency II, interest rate risk management is designed to minimise Solvency II balance sheet volatility and primarily focused on Solvency II Capital Requirement Ratio (i.e., “**Solvency II Ratio**”) hedging. However, as a result of the volatile and higher interest rate environment, the Athora Group may consider whether for certain Business Units a hedging approach which takes local-GAAP into stronger consideration alongside the Solvency II Ratio, is favourable. This may mean the Athora Group could accept more local Solvency II Ratio volatility to stabilise local GAAP positions to optimise dividends from subsidiaries to Athora. This may lead to higher volatility of the Athora Group’s EBS ratio. The Athora Group’s EBS ratio can be more sensitive to interest movements than the Solvency II Ratios of the Athora Group’s main Business Units as the interest rate hedging approach to date has focused on Solvency II Ratio stability, as discussed above. The Athora Group utilises the ‘scenario based approach’ pursuant to the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 of Bermuda, as amended (the “**Scenario Based Approach**” or “**SBA**”) in the valuation of a significant portion of its liabilities whilst using the ‘standard approach’ in accordance with the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 of Bermuda, as amended (the

**“Standard Approach”**) for the residual liabilities. For the Athora Group, the Scenario Based Approach comprises the euro risk-free rate without an ultimate forward rate (“UFR”), plus a spread that is added to the risk-free rate. The spread applied is derived from the underlying asset portfolio the Athora Group is holding to back its liabilities. For prudence, Athora limits the additional spread over risk free rates that it applies under the SBA. The Standard Approach uses valuation methods for liabilities as determined centrally by the BMA which may not align with the asset portfolio Athora Group holds which may lead to volatility in the EBS ratio.

Under Solvency II, for instance, the basic risk-free interest rate for liability valuation is based on the swap rate (corrected for a credit risk adjustment with an extrapolation of the curve from the last liquid point (“LLP”) to the UFR), while a material part of the Athora Group’s fixed income portfolio is comprised of European government bonds. The spread between the swap rates and the government bond rates can change. Under Solvency II, the Athora Group also uses a spread correction based on the so-called volatility adjustment (“VA”) which could be included in the discount rate used to value liabilities under Solvency II, but this VA spread does not necessarily have the same impact as the spread on the investment portfolio. Another factor that leads to a mismatch is the extrapolation technique that is used to determine the interest rate curve for the valuation of liabilities (from the LLP (currently year-20) to the Solvency II level of the UFR of 3.45 per cent. for 2023 and 3.30 per cent. for 2024 in year-40, as last published by the European Insurance and Occupational Pensions Authority (“EIOPA”) on 27 April 2024) which differs from the valuation techniques used for the asset portfolio. In addition, the net effect on the net asset value/surplus depends on the (key rate) duration and volume matching of assets and liabilities including derivatives. To the extent that the Athora Group is unable to match or chooses not to completely match liabilities with assets that have the same or similar levels of interest rate sensitivity, there could be a gap between the movement of the Athora Group’s assets and liabilities as interest rates change.

Potential investors should note the proposed changes to the Solvency II regime, in respect of which see *“Risks relating to regulatory change”* below for a discussion of such changes and the associated risks.

Interest rate and/or credit spread fluctuations could therefore have a material adverse effect on the Athora Group’s business, revenues, results, financial condition and prospects.

*The Athora Group’s technical provisions reflected in its IFRS financial statements to pay insurance and other claims, now and in the future, or other balance sheet valuations (e.g., Solvency II or EBS) could prove insufficient or the valuation of the assets backing the insurance provisions could be incorrect*

In accordance with industry practices, provisions are established on the basis of estimates using actuarial projection techniques. The process of estimating is based on information available at the time the provisions are established. The adequacy of the provisions, including risk margins, are continuously reviewed and believed to be sufficient. Similarly, the valuation of the assets is based on current market values or using models and methodologies that are believed to be appropriate. However, the provisions could prove insufficient in the future for several reasons, such as new knowledge or events, discrepancy between assumptions and actual experience, increasing guarantee obligations related to outstanding issues and regulatory capital or other requirements, which are particularly uncertain in the current regulatory environment, undergoing significant, and ongoing, changes, policy or former management decisions, which could require strengthening the provisions. The same applies to other balance sheet valuations, such as the valuation of some assets that are established on the basis of estimates using projection techniques. Another example of a valuation that could prove insufficient is the determination



of the value of deferred tax assets, which needs to be tested for recoverability. For this, testing projection techniques are necessary as well. The same valuation risks exist under other valuation basis such as Solvency II, EBS and local Generally Accepted Accounting Principles (“GAAP”) where applicable, at both Business Unit and Athora Group level. If the Athora Group’s provisions or other balance sheet valuations prove insufficient, the Athora Group may be required to strengthen its reserves or revalue other balance sheet items, which may have a material adverse effect on the Athora Group’s business, revenues, results, financial condition and prospects.

*The Athora Group is exposed to the risk of a downgrade or withdrawal of any of its credit ratings or financial strength ratings or a credit rating agency assigning unsolicited ratings on the Athora Group which are lower than those assigned by agencies which the Athora Group solicits*

In general, rating agency financial strength ratings are important factors affecting public and market confidence in insurers, and are as such important to the Athora Group’s ability to sell its products and services including activities of Athora involving credit risk such as hedging and financing activities. Credit ratings represent the opinions of rating agencies regarding an entity’s ability to repay its indebtedness. On an operating subsidiary level (e.g. Business Units), financial strength ratings reflect the opinions of rating agencies on the financial ability of an insurance company to meet its obligations under an insurance policy and are typically referred to as “claims-paying ability” ratings. Furthermore, a downgrade or a potential downgrade of the Athora Group’s (or its “rated” subsidiaries’) credit or financial strength ratings or withdrawal of its rating could have a material adverse effect on Athora’s (or its “rated” subsidiaries’) ability to raise additional capital, increase the cost of additional capital, lead to a loss of existing or potential business (including losses on customer withdrawals), lower assets under management and fee income, and reduce liquidity, and could have adverse consequences for the ability of Athora (or its “rated” subsidiaries) to hedge financial and other risk, any of which could have a material adverse effect on the Athora Group’s business, revenues, results, financial condition and prospects. The financial strength ratings of the Athora Group’s reinsurance operations may influence the attractiveness of these entities as a counterparty to other insurers, as a result a downgrade of the financial strength rating could adversely impact their ability to attract new business. In addition, certain reinsurance contracts include rating based collateral requirements and a downgrade of the financial strength rating could lead to an increase in the collateral required on certain transactions.

At the date of this Offering Memorandum, Athora is targeting to maintain an ‘A’ range credit rating. Athora’s rated subsidiaries have achieved a rating upgrade by Fitch two years in a row (in 2021 and 2022). In September 2023, Fitch maintained the “Insurer Financial Strength Ratings” of Athora’s rated subsidiaries (Athora Ireland / Athora Life Re / SRLEV N.V. (“**SRLEV**”)) at ‘A’ (stable) and the “Issuer Default Rating” of Athora and Athora Netherlands N.V. at ‘A-’ (stable). AM Best Company, Inc. (“**AM Best**”) currently rates Athora Ireland and Athora Life Re at a Financial Strength Rating of ‘A-’ (stable).

Rating agencies review insurers’ ability to meet their obligations (including to policyholders and their creditworthiness generally) based on various factors and assign ratings stating their current opinion in that regard. If a rating agency considers itself unable to reach a satisfactory assessment on the various factors, it is possible that its rating(s) will be downgraded, suspended and/or withdrawn. A credit rating may also be adversely affected by the credit rating agencies’ evolving views on the Athora Group, its business model, the sectors and geographies it is present in, the products written, its domicile and its corporate structure, amongst many other factors. Changes in any of these factors initiated by the Athora Group could also have an adverse impact on the credit rating. While most of the factors are specific to the rated company, some relate to general economic conditions, intercompany dependencies and other circumstances outside the rated company’s direct control. Such factors might also include a downgrade

of the sovereign credit rating of the countries in which the Athora Group operates as rating agencies typically take into account the credit rating of the relevant sovereign in assessing the credit and financial strength ratings of the rated entity. In addition, rating agencies have increased the level of scrutiny that they apply to financial institutions, have increased the frequency and scope of their reviews, have requested additional information from the companies that they rate, and may adjust upward the capital and other requirements employed in the rating agency capital models for maintenance of certain ratings. The Athora Group may need to take actions in response to changing standards or capital requirements set by any of the rating agencies, which may not otherwise be in the best interests of the Athora Group's other stakeholders. The Athora Group cannot predict what additional actions rating agencies may take, or what actions the Athora Group may take in response to the IFRS 17-related actions of rating agencies. The outcome of such reviews may have adverse ratings consequences. In addition, rating agencies may change their methodologies which may also have an adverse rating consequence for the Athora Group. Any downgrade (especially if below investment grade), suspension, withdrawal or adverse consequence as referred to above, could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

Furthermore, rating agencies can provide unsolicited credit ratings on the Athora Group. Given these ratings are unsolicited the rating agency relies solely on publicly available information if the Athora Group does not co-operate with this unsolicited approach. This may lead to the rating agency assigning an unsolicited credit rating to the Athora Group which is below those assigned by the rating agencies the Athora Group solicits ratings from. This unsolicited rating may then have an adverse impact on the Athora Group's business, revenues, results, financial condition and prospects.

## **1.6 Liquidity Risks**

### *The Athora Group faces liquidity risk*

Liquidity risk arises if the Athora Group is not able to meet current or contingent liabilities as and when they become due. This risk consists of (i) funding risk, i.e., the risk that the Athora Group cannot meet any scheduled or unexpected demand for cash from policyholders, lenders and other contracting parties or Athora's subsidiaries and (ii) market liquidity risk, i.e., the risk that the Athora Group is not able to convert assets into cash as a result of unfavourable market conditions or a market disruption when liquidity is required. In addition, the Athora Group's life reinsurance activity typically requires collateral arrangements with counterparties. If the value of assets required in collateral arrangements is insufficient, then reinsurance arrangements may be subject to recapture i.e., early termination arrangements which could cause economic losses as well as reputational impacts.

The Athora Group holds, or may hold, certain assets that have lower liquidity, such as privately placed fixed income securities, commercial and residential mortgage loans, asset-backed securities, structured loans, government bonds of certain countries, private debt or private equity investments and real estate, amongst other illiquid investments. In stressed market conditions, some or all of these assets can suffer from increased illiquidity, which could result in realised losses if such assets were sold, in addition to unrealised losses on such assets if they were marked-to-market. A crisis in the financial markets may exacerbate the lower liquidity of these assets and may also reduce the liquidity of assets that are typically liquid, as occurred during the financial crisis of 2008 in the case of the market for asset-backed securities relating to real estate assets and other collateralised debt and loan obligations. The continued volatility in interest rates in 2023 also created liquidity challenges for a number of financial market participants.

The Athora Group 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. Athora was able to navigate the higher interest rate environment as a result of its risk management strategy and holdings of liquid assets, in line with the Athora Group's liquidity risk policy. During 2024, further enhancements of the liquidity risk management framework are planned to support the Athora Group with its ambitious growth plans. However, despite Athora's liquidity risk management policy, if liquidity in excess of the Athora Group's buffer is required or if the Athora Group is not holding its targeted liquidity, the Athora Group may be forced to sell assets at distressed valuations as a result of liquidity demands from posting or returning collateral in connection with its investment portfolio, other derivatives transactions, securities lending activities or severe lapse events, amongst other liquidity stress events. For assets which are less liquid, the Athora Group may be forced to sell them for a lower price than it otherwise would have been able to realise, resulting in losses, which may have a material adverse effect on the Athora Group's results and financial condition. A (forced) sale at a lower price could also negatively impact the Athora Group's regulatory solvency positions and more generally may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*Athora is a holding company with no material direct operations of its own and relies on its current liquidity and future liquidity from its subsidiaries, financing providers and shareholders amongst others to provide it with the resources to meet its financial obligations*

Athora is the ultimate holding company of the Athora Group with no material direct business operations of its own. Athora relies on its current liquidity and ability to generate future liquidity to meet its financial obligations. Athora's current liquidity is principally held in cash, money market funds and in the future may include other such assets including highly liquid government bonds and term deposits. Athora's ability to generate future liquidity will depend on the funds it receives from its subsidiaries in the form of remittances and/or distributions and to a degree, internal loans and recharges for services provided. The ability of subsidiaries to effect remittances and/or distributions to Athora will be dependent on their financial performance (including that of the Business Units) and may be limited by regulatory solvency, local GAAP and liquidity requirements as well as restrictions imposed by local regulators on an ongoing basis or as a result of certain change of control conditions. Adverse tax rulings may also impact a subsidiary's ability or willingness to make remittances and/or distributions to Athora. Athora can also generate future liquidity by entering into financing arrangements such as completing new loans with banks or drawing on available or new revolving credit facilities as well as borrowing from capital markets. Furthermore, Athora can also generate liquidity by drawing on committed resources from its shareholders or entering into other transactions which generate liquidity.

As a holding company, Athora's financial obligations primarily include non-operating and operating expenses including asset management expenses and interest costs on financing arrangements. Athora's liquidity could also be reduced by remittances and/or distributions to its shareholders or share repurchases as well as unplanned tax payments. Finally, liquidity could also be used for acquisitions, portfolio transfers and capital injections – with the latter, certain injections may be legally binding where keep-well agreements are in place between Athora and its subsidiaries.

Athora being unable to generate sufficient liquidity to cover financial obligations may have an adverse effect on Athora's ability to fulfil its payment obligations under the Notes and more generally may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

## 1.7 Counterparty Risks

*The Athora Group is exposed to financial risks such as credit risk, default risk and risks concerning the adequacy of its credit provisions*

Credit risk originates from fixed income investments in both public and private financial instruments, where the 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 as strategic within the Athora Group's investment universe, including investments into sovereign bonds, public corporate bonds, residential mortgage loans, private corporate loans, and commercial real estate debt. The Athora Group seeks certain investment risks in pursuit of returns, while minimising counterparty risks (created by the Athora Group's use of derivatives, cash holdings and reinsurance), and has low risk appetite for default and migration risk of public credit securities, whilst maintaining a higher risk appetite for private credit investments that present an attractive risk-return profile. While the Athora Group has a system in place to ensure that investment activity and the resulting credit risk is managed to provide long-term value creation for its policyholders and stakeholders whilst complying with the Solvency II and Bermuda regulatory requirements, including the "Prudent Person Principle" framework, the Athora Group's risk appetite, strategy and internal financial risk policies, there is a risk that these systems may prove inadequate at preventing losses due to credit risk, including actual losses from defaults, market value losses due to credit/financial strength rating downgrades and/or spread widening, or impairments and write-downs.

The Athora Group is exposed to various types of general credit risk, including spread risk, default risk and concentration risk. Third parties that owe the Athora Group money, securities or other assets may not pay or perform under their obligations. These parties may include customers, the issuers whose securities are being held by the Athora Group, trading counterparties, counterparties under swaps and other derivative contracts, clearing members or agents, exchanges, clearing houses and other financial intermediaries. These parties may default on their obligations to the Athora Group due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

The business of the Athora Group is also subject to risks that have an impact on the adequacy of its credit provisions. These provisions relate to the possibility that a counterparty may default on its obligations to the Athora Group which arise from financial transactions. Depending on the actual realisation of such counterparty default, the current credit provisions may prove to be inadequate. If future events or the effects thereof do not fall within any of the assumptions, factors or assessments used by the Athora Group to determine its credit provisions, these provisions could be inadequate.

The Athora Group is also exposed to concentration risk, which is the risk of default by counterparties or investments in which it has taken a (relatively) large position. These risks are related to, among others, the Athora Group's investments in sovereigns, financials and corporates.

Finally, the current higher interest rate environment has increased financing and liquidity costs for many of the Athora Group's counterparties whilst also leading to recessionary pressures on the wider economy which could increase the Athora Group's counterparty risk.

Any of these financial risks could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*The Athora Group is exposed to counterparty risk in relation to financial institutions*

Due to the nature of the global financial system, financial institutions such as the Athora Group are interdependent as a result of trading, counterparty and other relationships (e.g., relationships with third parties in respect of savings-linked mortgages). Other financial institutions with whom the Athora Group conducts business, act as counterparties to the Athora Group in such capacities as borrowers under loans, issuers of securities, customers, reinsurance companies (see also *“Reinsurance may not be available, affordable or adequate to protect the Athora Group against losses, and reinsurers may default on their reinsurance obligations”*), trading counterparties, counterparties under swaps and credit and other derivative contracts, clearing members or agents, exchanges, clearing houses, brokers and dealers, commercial banks, investment banks, private, mutual and hedge funds and other financial intermediaries. In any of these capacities, a financial institution acting as a counterparty may not perform its obligations due to, among other things, bankruptcy, lack of liquidity, market downturns or operational failures, and the collateral or security it provides may prove inadequate to cover their obligations at the time of the default. The interdependence of financial institutions means that the failure of a sufficiently large and influential financial institution due to disruptions in the financial markets could materially disrupt securities markets or clearing and settlement systems in the markets. This could cause severe market declines or volatility, as most recently observed in 2023 with the Credit Suisse / UBS merger and the regional bank failures in the United States of America. Such a failure could also lead to a chain of defaults by counterparties that could materially adversely affect the Athora Group. This risk, known as “systemic risk”, could adversely impact future product sales as a result of reduced confidence in the insurance and banking industries. It could also reduce results because of market declines and write-downs of assets and claims on third parties. The Athora Group believes that despite increased focus by regulators around the world with respect to systemic risk, this risk remains part of the financial system in which the Athora Group operates and dislocations caused by the interdependency of financial market participants could have a material adverse effect on its business, revenues, results, financial condition and prospects.

*Athora is exposed to the risk that its unfunded resources are not funded by counterparties when requested to do so*

At 31 December 2023, Athora had approximately EUR 2.2 billion of uncalled equity commitments provided by its shareholders. Athora considers these equity commitments as additive to its financial strength although they do not contribute directly to the Athora Group’s regulatory capital until they are funded. There is a risk that shareholders do not fund the equity commitments when called, which would result in Athora’s financial strength being weakened or less than previously assumed. In addition, Athora has a EUR 1 billion revolving credit facility (EUR 750 million of which is currently undrawn) with a group of credit institutions and considers this facility as part of its liquidity resources. There is a risk that the credit institution(s) backing the revolving credit facility do not fund drawings by Athora, which would weaken Athora’s liquidity resources.

## **1.8 Insurance Risks**

*The Athora Group is exposed to insurance risk*

Insurance risk is comprised of underwriting and reserving risk. Underwriting risk is the risk of incurring financial losses from assumptions deviating from expectation (where assumptions include mortality, longevity, morbidity, policyholder behaviour and expense) and reserving risk is the risk of misestimation or lack of control surrounding reserving activities. As the Athora Group’s business model is mainly aimed at providing a capital guarantee, the underwriting risk primarily arises from longevity and expense reserving risk, as well as customer behaviour, most notably lapse risk, as well other customer options

such as annuitisation. Whilst the Athora Group has in place a system to assess, monitor and control underwriting risks to be able to adequately price and reserve for such uncertainty and to anticipate any potential future adverse deviations, such system may prove inadequate and/or insufficient at mitigating and/or transferring insurance risk which could have a material adverse effect on the revenues, results, financial condition and prospects of the Athora Group.

*Changes in longevity, mortality and morbidity experience*

The insurance portfolio is exposed to longevity risk (i.e., the risk that an insured party lives longer than was projected at the time their policy was written, with the result that the insurer must continue paying under the policy longer than anticipated), mortality risk (i.e., the risk the insured party dies sooner than was projected at the time their policy was issued) and morbidity risk (i.e., the risk that more policyholders than anticipated will suffer from long-term health impairments and the risk that those who are eligible to make a claim do so for longer than anticipated and therefore longer than was reflected in the price of the policies and in the liability established for the policies). In valuing the insurance liabilities and in establishing the pricing and reserving standards, assumptions are used to model the future benefit payments, which may be different from the actual benefit payments that will become due in the future. Although the assumptions are reviewed and updated periodically based on historic experience and expected trends, the uncertainties (such as the improvements in medical treatments that prolong life without restoring the ability to work) associated with the assumptions make it impossible to have assurance that the assumptions will indeed prove to be adequate in the future. A part of the longevity, mortality and morbidity risks contained in the insurance portfolio has been transferred by the Athora Group to reinsurers by means of reinsurance agreements but there is no guarantee that the coverage of such reinsurance will be adequate to cover all changes. Changes in assumptions could lead to additions to the provisions on account of longevity, mortality and morbidity risks in future years, which could result in significant losses that could have a material adverse effect on the revenues, results, financial condition and prospects of the Athora Group.

*Adverse experience compared to the assumptions used in pricing products, establishing provisions and reporting business results*

In accordance with industry practices and regulation, models are used to interpret and process data. Actuarial and risk models are inherently uncertain and involve the exercise of significant own judgement. Therefore, it cannot be determined with absolute precision what amounts should be paid for, the timing and level of payment of actual benefits, claims and expenses or whether the assets supporting the policy liabilities, together with future premiums, will be sufficient. If actual experience differs from assumptions or estimates, the profitability of the products may be negatively impacted, which may incur losses, and capital and reserves may not be adequate, and the effectiveness of the hedging programmes may be adversely affected. Processes have been established to periodically review the adequacy of the data, both internal and external, methods and models. Notwithstanding these reviews, statistical methods and models may not accurately quantify the risk exposure if circumstances arise that were not observed in the data or if the data proves to be inaccurate. This may have a material adverse effect on the revenues, results, financial condition and prospects of the Athora Group.

*Change in policy lapses, paid-up rates, annuity take up rates and other policyholder behaviour*

The Athora Group is exposed to the risk of changes in policyholder behaviour relating to policy lapses, paid-up rates, annuity take up rates and other policyholder options. Such changes may lead to a substantial decrease in future profits which are currently part of the EBS and Solvency II own funds,

thus leading to a decrease in own funds. For example, in order to satisfy the obligation to make an immediate cash payment to policyholders in case of a lapse event, the Athora Group may be forced to sell assets at reduced prices and thus realise investment losses. The extent of such investment losses depends on various circumstances, including the type of policy lapsed, the application of surrender penalties, the time window in which they lapse and the market circumstances at that time. Such a sale of investment assets may also result in a decrease in the Athora Group's assets under management, which could result in reduced fee income from policyholders as fee income is typically linked to the value of the assets under management. Furthermore, this also influences the assumptions used to forecast (future) policy lapses and paid-up rates, which are reviewed and updated periodically. The uncertainties associated with these assumptions make it impossible to have assurance that the assumptions will prove to be adequate in the future. The present value impact of changes in these assumptions could lead to additions to the liabilities vis-a-vis policyholders. The high interest rate environment increased observed lapses in certain of the markets that the Athora Group operates in, including Italy, which if it accelerates could lead to the adverse impacts described above. A change in policy lapses, paid-up rates, annuity take up rates and other policyholder behaviour may have a material adverse effect on the business, revenues, results, financial condition and prospects of the Athora Group.

*Reinsurance may not be available, affordable or adequate to protect the Athora Group against losses, and reinsurers may default on their reinsurance obligations*

The Athora Group has transferred and may further transfer its exposure to certain risks in the insurance business to third parties through reinsurance arrangements. Under these arrangements, other insurers assume a portion of the potential losses and expenses associated with reported and unreported losses in exchange for a portion of policy premiums. The availability, amount and cost of reinsurance depend on general market conditions and may vary significantly. Therefore, it could happen that additional expenses are needed for reinsurance or even that there is no possibility to obtain sufficient reinsurance on acceptable terms, which could negatively affect the ability to write future business and increase the exposure to losses. When reinsurance is obtained, the Athora Group will still be liable for those transferred risks if the reinsurer cannot meet its obligations. Therefore, the inability of the reinsurers to meet their financial obligations could materially affect the results of the Athora Group. Reinsurers are chosen with care, given the Athora Group's risk appetite and Athora's policies on reinsurance. Counterparties will be assessed on compliance with Solvency II and/or EBS, rating requirements, correlation risk with the Athora Group's business model, and counterparty risk appetite, continuity, partnership, capacity and market experience. In addition, certain reinsurance agreements may contain rights for the reinsurer to assign its obligations to another party, which could be a party outside of the Athora Group's risk appetite and reinsurance policies. Despite the assessment and the periodic review of the financial statements and reputations of the reinsurers, the reinsurers may become financially unsound by the time they are called upon to pay amounts due, which may not occur for many years.

*Unforeseeable and/or catastrophic events, terrorist attacks and similar events could have a negative impact on the business and results of the Athora Group*

Catastrophes could result in substantial impact on the business, revenues, results, financial condition and prospects of the Athora Group. Catastrophe risk can come about as a single event, or series of events, that leads to a significant deviation in actual claims from the total expected claims that may exceed its established provisions. These unpredictable/unforeseeable events may affect multiple insured risks. Such events include both natural and man-made events, such as, but not limited to pandemics, industrial explosions, earthquakes, climate change, weather related events and man-made disasters such as civil unrest and terrorist attacks. In accordance with industry practices, provisions are

established based on estimates using actuarial projection techniques. The process of estimating is based on information available at the time the provisions are originally established. Although the adequacy of the provisions is continually reviewed and believed to be sufficient, there is no assurance that actual claims will not exceed estimated claim provisions. These unforeseeable/catastrophic events can lead to losses, premium events and massive loss of customers and even to abrupt interruption of activities.

*A failure to accurately estimate inflation and factor it into the Athora Group's product pricing, expenses and liability valuations could have a material adverse effect on the Athora Group's business, revenues, results and financial condition*

A failure to accurately estimate inflation and factor it into the Athora Group's product pricing and liability valuations with regard to future claims and expenses could result in the systemic mispricing of long-term insurance products resulting in underwriting losses, and in restatements of insurance liabilities, which could have a material adverse effect on the Athora Group's business, revenues, results and financial condition. In the case of expenses, the Athora Group's most significant exposure to inflation risk is in its long-term life insurance products. With respect to claims, the Athora Group's most significant exposure to inflation risk is in its funeral and disability insurance policies, particularly in the Netherlands.

The Covid-19 pandemic, as well as monetary policy to mitigate its effects, has impacted both supply and demand in the world economy. Worldwide, supply chain disruptions and labour and energy shortages partially restrict economic growth. Inflation in the EEA and Bermuda was subject to sustained, material growth in 2021 and 2022 and, notwithstanding the recent reduction from its peak in 2023, the economic outlook remains uncertain. Potentially, additional inflation might be driven by further increases in energy prices and the impact of the Russian/Ukraine war. The impact of inflationary developments on the Athora Group's balance sheet and solvency position depends on inflation itself, but also on how other market factors move, amongst others driven by the response by central banks to rising inflation, or market expectations by investors.

Pressure on the supply chain and geopolitical events may lead to a structural increase in inflation. Both economic volatility and inflation could lead to potential volatility in financial markets and in the value of investment assets (which could in each case be widespread, severe and long-lasting).

A sustained increase in inflation may result in (a) claims inflation in the Business Units (which is an increase in the amount ultimately paid to settle claims several years after the policy coverage period or event giving rise to the claim), expense inflation (which is an increase in the amount of expenses that are paid in the future) and indexation (increase of accrued pension), respectively, coupled with (b) an underestimation of corresponding reserves at the time of establishment due to a failure to fully anticipate increased inflation and its effect on the amounts ultimately payable, and, consequently, actual claims or expense payments that significantly exceed associated insurance reserves, which could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects. An increase in inflation may also require the Athora Group to update its assumptions. Updates in assumptions would result in an immediate change in the present value of the claims or expenses, respectively, used to determine available (regulatory) capital and would therefore have an immediate impact on available (regulatory) capital and could therefore have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.



*Previously unknown risks, which cannot be reliably assessed, so-called “emerging risks”, could lead to unforeseeable claims and could have a material adverse effect on the Athora Group’s business, results of operations and financial condition*

The term “emerging risks” is used in the insurance industry to refer to previously unknown risks that could impact both the Athora Group’s assets and insurance liabilities causing substantial future losses and, therefore, are of major concern to insurance companies. Even more so than traditional risks, emerging risks are difficult to analyse because they often exist as hidden risks. Insurance premiums for emerging risks are difficult to calculate due to a lack of historical data about, or experience with, such risks or their consequences. At present, the consequences of potential worldwide climate change and average global temperature increase are considered emerging risks and could increase the frequency of hurricanes, floods, droughts and forest fires. In addition, regulation intended to mitigate global warming could emerge which could have an impact on how the Athora Group manages its business and investments. Other examples of emerging risks are demographic changes (such as the aging of the population), epidemics and pandemics, and risks that may arise from the development of nanotechnology or genetic engineering. A further emerging risk example is artificial intelligence and the changes this may bring to the economy, consumers, the insurance sector and the Athora Group.

A final noteworthy emerging risk is the potential impact of regulatory initiatives related to sustainability. Although the Athora Group has implemented its own sustainability strategy and has assessed the potential impacts of this strategy on its business model and financial position, there is a risk that global, regional and local initiatives related to sustainability are imposed on the Athora Group. This may include, amongst others, requirements to invest in certain asset classes whilst disinvesting others; costly sustainability related measurement and reporting initiatives; and limitations on management’s ability to travel frequently between the geographies in which the Athora Group operates in.

Despite its efforts aimed at early identification and continuous monitoring of emerging risks, the Athora Group cannot give any assurance that it has been or will be able to identify these emerging risks and to implement pricing, reserving and other measures to avoid or minimise claims exposure or other materially adverse impacts on the Athora Group. Defects and inadequacies in the identification and response to emerging risks could lead to unforeseen policy claims and benefits and could have a material adverse effect on the Athora Group’s business, results of operations, financial condition and prospects.

## **1.9 Regulatory and Litigation Risks**

*The Athora Group operates in industries that are highly regulated*

The Athora Group conducts its business in a highly regulated environment. The financial services industry continues to be subject to intense regulatory scrutiny and constantly evolving regulation. The general trends in regulation increase the standards expected of insurance institutions and their officers in fulfilling their duty of care to their customers. Compliance with new or evolving requirements presents operational challenges for the Athora Group’s 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. The Athora Group will need to continue spending significant monetary, staff and management resources implementing, monitoring and creating necessary awareness regarding these changes in rules applicable to products, business and services. Any delays or errors in implementing regulatory compliance could lead to substantial monetary damages and fines, loss of significant assets, public reprimands, a material adverse effect on the Athora Group’s reputation, regulatory measures in the

form of cease and desist orders, increased regulatory compliance requirements or other potential regulatory restrictions on the Athora Group's business, enforced suspension of operations and in extreme cases, withdrawal of licences or authorisations to operate particular businesses, or criminal prosecution in certain circumstances, any of which could have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects. Certain additional related risks are discussed more specifically in various subparagraphs below, including under "*Risk and impact of recent and ongoing financial regulatory reform initiatives*".

*Changes in reporting standards or policies could adversely affect the Athora Group's reported results and the reported financial condition*

The Athora Group's consolidated financial statements are subject to the application of IFRS, which are periodically revised or expanded. As a result, the Athora Group is required to adopt new or revised reporting standards issued by the International Accounting Standards Board and, where applicable, endorsed by the European Commission (the "**EC**"). For example, on 1 January 2023, the industry (including the Athora Group) formally implemented IFRS 17 and although this change was implemented without material adverse impact for the Athora Group from both an operational and financial standpoint, it is possible that future new or amended IFRS which the Athora Group is required to adopt could have a materially adverse effect on the Athora Group's reported results and its reported financial condition.

*The Athora Group may be subject to regulatory stress tests and other industry-wide regulatory enquiries which may result in additional capital requirements*

In order to assess the level of available capital in the insurance sector, national regulatory authorities (such as the BMA) and supra-national regulatory bodies (such as EIOPA or the International Association of Insurance Supervisors ("**IAIS**")) require solvency calculations and conduct stress tests where they examine the effects of various adverse scenarios on insurers. Furthermore, regulatory authorities periodically conduct thematic supervisory investigations. Announcements by regulatory authorities that they intend to carry out such calculations, tests or investigations can destabilise the insurance sector and lead to a loss of trust with regard to individual companies or the insurance sector as a whole. In the event that the Athora Group's results in such calculations, tests or investigations are worse than those of its competitors and these results become known, this could also have adverse effects on the Athora Group's financing costs, customer demand for the Athora Group's products and the Athora Group's reputation. Furthermore, a poor result by the Athora Group in such calculations, tests or investigations could influence regulatory authorities in the exercise of their discretionary powers.

*Changes in tax laws impacting policyholder behaviour*

Changes in tax laws, tax policy or case law may make some of the Athora Group's insurance, pensions, investment management and other products or solutions less attractive to customers, decreasing demand for certain of the Athora Group's products and increasing surrenders of certain of the Athora Group's in-force life insurance policies, which may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*Actions by the Organisation for Economic Co-operation and Development ("**OECD**"), by the European Union, by the UK and by individual jurisdictions to address base erosion and profit shifting could have adverse tax consequences for the Athora Group*

The ongoing initiatives in furtherance of the OECD's base erosion and profit shifting ("**BEPS**") project have changed, and will continue to change, the risk dynamics faced by Athora's business. The OECD's BEPS recommendations are directed at counteracting preferential tax regimes in countries around the world.

Several of the areas of tax law on which the BEPS project has focused have led or will lead to changes in the domestic law for individual OECD jurisdictions. These changes include (amongst others) restrictions on interest and other deductions for tax purposes, the introduction of broad anti-hybrid regimes and reform of controlled foreign company rules. Changes have also been introduced in the application of certain double tax treaties as a result of the implementation and adoption of the OECD's Multilateral Instrument (with further amendments expected to arise), which may restrict Athora entities' ability to rely on the terms of relevant double tax treaties in certain circumstances.

In addition, the OECD is continuing to work on a two-pillar initiative, "**BEPS 2.0**", which is aimed at (i) shifting taxing rights to the jurisdiction of the consumer ("**Pillar One**") and (ii) ensuring all companies (with global revenues exceeding EUR 750 million) pay a global minimum tax ("**Pillar Two**"). Pillar One will, broadly, re-allocate taxing rights over 25 per cent. of the residual profits of multinational enterprises ("**MNEs**") with global turnover in excess of EUR 20 billion (excluding extractives and regulated financial services) to the jurisdictions where the customers and users of those MNEs are located. Pillar Two will, broadly, consist of three interlocking domestic rules (together the Global anti-Base Erosion Rules (the "**GloBE Rules**")): (a) a Qualifying Domestic Minimum Top-Up Tax, (b) an Income Inclusion Rule ("**IIR**"), which imposes top-up tax on a parent entity in respect of the low-taxed income of a constituent entity; and (c) an 'Undertaxed Payment Rule' ("**UTPR**"), which denies deductions or requires an equivalent adjustment to the extent the low-taxed income of a constituent entity is not subject to tax under an IIR. There will also be a treaty-based 'Subject To Tax Rule' that allows source jurisdictions to impose limited source taxation on certain related party payments subject to tax below a minimum rate.

Changes of law in individual jurisdictions which have arisen (and may continue to arise) as a result of the BEPS project (including BEPS 2.0) may ultimately increase the tax base of Athora's subsidiaries in certain jurisdictions and add to the complexity, burden and cost of doing business. Those changes of law are also potentially relevant to the Athora Group's ability to efficiently fund and realise investments or repatriate income or capital gains from relevant jurisdictions, and could ultimately necessitate some restructuring of Athora's subsidiaries or business operations.

Other BEPS-related changes focus on the goal of ensuring that transfer pricing outcomes are in line with value creation and such changes could also result in significant modifications to existing transfer pricing rules and could potentially have an impact on the Athora Group's taxable profits in various jurisdictions.

In addition, some countries in which the Athora Group does business, including Bermuda, have (as a consequence of the BEPS project) required certain MNEs, including Athora, to report detailed information regarding allocation of revenue, profit, and other information, on a country-by-country basis. The information the Athora Group is required to report pursuant to this country-by-country reporting (as well as information required to be reported pursuant to certain other exchange of information regimes, e.g., pursuant to the Common Reporting Standard or DAC 6, the UK Mandatory Disclosure rules ("**MDR**") (and, potentially, the draft EU Anti-Tax Avoidance Directive III ("**ATAD III**")) could ultimately result in certain tax authorities having greater access to information enabling them to challenge Athora's tax positions in a number of different areas – transfer pricing in particular.

#### *Enactment of legislation giving effect to the OECD's Pillar Two Global 15 per cent. Minimum Tax*

EU countries in which the Athora Group operates enacted legislation giving effect to the OECD's Pillar Two minimum 15 per cent. corporate income tax framework during 2023. Similar legislation has been enacted in the United Kingdom and has, or will be, enacted by other OECD countries. The Athora Group

expects to be within scope of the legislation for the foreseeable future, but may be able to avail itself of transitional safe harbour exemptions in the short term.

The Athora Group is continuing to assess the impact of the Pillar Two income taxes legislation on its future financial performance. The Athora Group's subsidiaries are currently subject to corporate income tax at headline rates in excess of 15 per cent., with the exception of those established in Ireland and Bermuda.

The Athora Group's initial analysis of the impact of Pillar Two is that no additional taxes are expected to arise in those countries where the headline rate is already in excess of 15 per cent. (i.e. Belgium, Germany, Italy, Netherlands, United Kingdom). Due to the complexities in applying the legislation and calculating Pillar Two income, the quantitative impact of the enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15 per cent., there may still be Pillar Two tax implications. The Athora Group is currently engaged with tax specialists to assist with applying the legislation.

However, one of the expected consequences of the enactment of Pillar Two's qualifying domestic top-up tax by Ireland is that the effective tax rate applicable to the Athora Group's profits in Ireland will be 15 per cent. from 1 January 2024. Heretofore, the headline rate of tax applicable to the Athora Group's profits in Ireland has been 12.5 per cent. Also, the Athora Group's Irish reinsurance subsidiary, Athora Ireland plc ("**Athora Ireland**"), has incurred losses in the recent past which it has not yet fully utilised, and which are expected to be available for deduction against future profits.

In response to Pillar Two, during December 2023, the Government of Bermuda has enacted a 15 per cent. corporate income tax regime effective from 1 January 2025.

#### *Corporate income tax on certain Bermuda-based entities - Bermuda Corporate Income Tax Act 2023*

The Bermudan Corporate Income Tax Act 2023 ("**CITA**") will impose corporate income tax on certain Bermuda-based entities, including the Bermudan constituent entities within the Athora Group, for fiscal years beginning on or after 1 January 2025 (subject to a number of transitional adjustments).

CITA will apply to any entity incorporated or formed in Bermuda, or that has a permanent place of business in Bermuda, if that entity is a member of an "In Scope MNE Group", i.e. a group of entities related through ownership and control that has an annual revenue of EUR 750 million or more in a fiscal year, pursuant to the consolidated financial statements of the ultimate parent entity, in at least two of the four fiscal years immediately preceding the fiscal year beginning on or after 1 January 2025, and such group includes at least one entity located in a jurisdiction that is not the parent entity's jurisdiction.

Prior to the enactment of CITA, Athora obtained from the Bermuda Minister of Finance under the Exempted Undertaking Tax Protection Act 1966, as amended, an assurance that, in the event that Bermuda enacts legislation imposing tax computed on profits, income, any capital asset, gain or appreciation, or any tax in the nature of estate duty or inheritance (including CITA), the imposition of any such tax shall not be applicable to Athora or any of its operations or its shares, debentures or other obligations until 31 March 2035. This assurance is subject to the proviso that it is not to be construed so as to prevent the application of any tax or duty to such persons as are ordinarily resident in Bermuda or to prevent the application of any tax payable in accordance with the provisions of the Bermuda Land Tax Act 1967, as amended, or otherwise payable in relation to any property leased to Athora. From 1 January 2025, however, liability for tax pursuant to CITA shall apply to all in-scope Bermuda entities

(including those within the Athora Group) notwithstanding any assurances given pursuant to the Exempted Undertakings Tax Protection Act 1966. Therefore, liability for tax pursuant to CITA shall apply to the Athora Group from 1 January 2025 (subject to the transitional adjustments referred to below), notwithstanding the Exempted Undertakings Tax Protection Act 1966 or the assurance to Athora issued thereunder.

Notwithstanding the potential liability for tax pursuant to CITA, the Government of Bermuda has taken steps to ensure that accounting profits arising from 1 January 2025 may be relieved from taxation to the extent that eligible deductions are available via an election to apply either, amongst other things, a pre-implementation loss carryforward provision or a pre-implementation fair value assessment known as the Economic Transition Adjustment (the “**ETA**”), undertaken as of 30 September 2023. The Athora Group currently expects to elect for the loss carryforward provision rather than the ETA. However, Athora is continuing to evaluate the options available under CITA and no election is required in respect of the available options until 2026, when the Athora Group makes its filing pursuant to CITA in respect of the 2025 accounting period.

Moreover, the Athora Group has identified net Bermuda losses of EUR 957 million arising in the period from 1 January 2020 to 31 December 2023 which it expects would represent a tax loss carryforward, with an effective tax value of EUR 144 million on the basis of a 15 per cent. tax under CITA. As a result of the expected availability of net losses to be carried forward, as well as administration and interest costs being incurred by Athora on an ongoing basis, no immediate cash tax impact from the implementation of CITA is anticipated.

However, no deferred tax asset has yet been recognised by Athora as at 31 December 2023 due to the historic loss-making position of the Athora Group’s Bermuda constituent entities, and uncertainty remains regarding future profits, expected future expenses and the ongoing evaluation of the options available to Athora under CITA. Further, the implications of CITA are, as of the date of this Offering Memorandum, uncertain, and CITA therefore could have a material adverse effect on Athora’s financial condition and results of operations in respect of future financial years.

In addition to CITA as set out above, given the limited duration of the Bermuda Minister’s assurance, it cannot be certain that Athora (or any of its Bermuda incorporated subsidiaries) will not be subject to any other Bermuda tax, in addition to tax pursuant to CITA, after 31 March 2035. Any such additional taxes imposed could have a material adverse effect on Athora’s financial condition and results of operations.

*The Athora Group business may become subject to additional withholding taxes in respect of distributions*

Currently the approach taken by a number of jurisdictions to the taxation (and, in particular, the application of withholding taxes) of international distributions between entities and their owners is subject to ongoing change, due to both changes in domestic law and changes in the approach to the interpretation of existing laws by domestic courts, as well as changes in the application of relevant international laws and treaties. In this environment there is increased risk of the Athora Group becoming subject to anti-avoidance tax rules or losing access to the benefits of EU directives or international tax laws (such as double tax treaties), or otherwise being exposed to changes of law which could conceivably result in those entities suffering the imposition of withholding taxes on distributions, remittances or other payments (such as interest or royalties). Such adverse developments could affect movements of capital between entities in the Athora Group (including on distributions and other

remittances from subsidiaries to Athora), as well as flows to the Athora Group from underlying investments. If this were to happen, it is unlikely that the relevant the Athora Group recipient would be entitled to receive full tax credits in respect of any applicable withholding taxes, in all cases.

For example, the “Outbound payments defensive measures” legislation came into effect in Ireland in 2024 which disapplies domestic exemptions on Irish withholding tax exemptions in respect of certain payments by Irish resident companies to entities resident in specified zero or low tax jurisdictions. Whilst the Athora Group does not expect to be adversely affected by this legislation as its operating subsidiaries are subject to tax where the businesses are based, this legislation is nonetheless indicative of the increased tax risks associated with intra-group, cross-border distributions and other remittances which Athora is reliant on.

*The Athora Group may become subject to withholding taxes, fines or other penalties if it fails to comply with applicable tax reporting regimes*

The Athora Group is subject to a variety of tax reporting regimes, including the Foreign Account Tax Compliance Act, the “Common Reporting Standard”, “DAC 6” and the UK MDR (which provide for mandatory disclosure of relevant cross-border transactions and arrangements which satisfy certain hallmarks). The Athora Group intends to comply with the obligations imposed under such tax reporting regimes as necessary to avoid being subject to any withholding taxes, fines or other penalties thereunder. However, such regimes are complex and may require that the Athora Group obtain and report identifying and other information regarding its shareholders, policyholders, counterparties, other persons or transactions that the Athora Group may not be able to timely obtain (if at all). Further, the Athora Group may acquire entities that have not historically complied with all the requirements of such regimes, and the Athora Group may not be able to identify or reconcile any such noncompliance without significant costs, if at all. The Athora Group may become subject to material withholding taxes, fines or other penalties if it is unable to fully comply with all applicable tax reporting regimes. The Athora Group may also incur costs in complying with such regimes. In addition, on 22 December 2021, the EU published the draft ATAD III directive, designed to impose new minimum substance rules to prevent the misuse of shell entities for improper tax purposes. ATAD III proposes to introduce reporting requirements for certain EU tax resident companies with mobile and/or passive income (such as interest, dividends and royalty income) that have inadequate economic substance (as prescribed under ATAD III). If an entity fails to meet these substance requirements, it will be denied benefits under double tax treaties and various EU directives. ATAD III is currently in draft form. The details of these rules are therefore subject to change and to the specifics of further domestic implementation by individual EU Member States.

*Litigation, regulatory measures and other proceedings or actions*

The number and size of claims, litigation, regulatory measures, investigations, proceedings and other adversarial events (including, without limitation, class actions) against financial institutions are increasing. These legal risks could potentially involve, but are not limited to, disputes concerning the products and services of the Athora Group and its position as principal, issuer of securities or otherwise.

Increasingly, financial institutions are held liable by customers for actions of intermediaries even if there has been little to no control over the actions of such intermediaries. In addition, the Athora Group is increasingly exposed to collective claims (with or without merit) from groups of customers or consumer organisations seeking damages for an unspecified or indeterminate amount or involving novel legal claims. These risks are often difficult to assess or to quantify and their existence and magnitude often

remain unknown for substantial periods of time. It is inherently difficult to predict the outcome of many of the pending or future claims, regulatory proceedings and other adversarial proceedings involving the Athora Group. General changes in legislation (including, without limitation, to further facilitate class actions) may affect the Athora Group adversely. Furthermore, changes to customer protection laws and regulations or to the interpretation and perception by both the public at large and governmental and supervisory authorities of acceptable market practices, may influence client expectations as well as the interpretation of contract terms. Such changes may relate to the requirements of the duty of care of insurers during the lifecycle of insurance and pension products, such as specifications of annual reports to customers and any future demands of legislators and/or regulators to provide special, occasional information. Consequently, such changes may result in products not meeting client expectations and, consequently, clients making claims against the Athora Group. Furthermore, such changes may result in clients, governmental authorities and courts interpreting contract terms differently than anticipated at the time such contract terms were determined. This risk arises particularly in respect of products with a long duration, which by nature may be subject to contract terms that have been determined without anticipating changes to customer protection regulations or to the interpretation and perception of acceptable market practices that may have occurred since. The costs to defend future actions may be significant. There may also be reputational damage and/or adverse publicity associated with litigation that could decrease customer acceptance of the Athora Group's products and services, regardless of whether the allegations are valid or whether the Athora Group is ultimately found liable (see also "*The Athora Group is exposed to the risk of damage to its reputation*").

As a result, litigation may adversely affect the Athora Group's business, revenues, results, financial condition and prospects. Current and future subsequent legal proceedings could have a substantial financial and reputational impact. However, it is not possible to make reliable estimates of the expected number of proceedings, possible future precedents or the financial and/or reputational impact of current and possible future proceedings. The political, regulatory and public focus on investment-linked insurances remains. See also "*The Athora Group is exposed to litigation risks related to the offering of investment-linked insurance policies*".

*The Athora Group is exposed to litigation risks related to the offering of investment-linked insurance policies*

The Athora Group has diverse portfolios of insurance liabilities which consist of a variety of products with distinct characteristics and different versions of contractual documentation, also as a result of several mergers and acquisitions in the past. This includes investment-linked insurances, investment-linked pensions and Profit Sharing Policies. In the Netherlands, reviews of investment-linked insurance policies by the Netherlands Authority for the Financial Markets and the Ombudsman of the Financial Services Complaints Institute ("**Kifid**") led to the Athora Group's subsidiary SRLEV entering into a general agreement with several organisations representing policyholders on 24 March 2009, which was followed up by a settlement agreement dated 15 November 2010 for the benefit of policyholders. These agreements with the organisations are not binding on policyholders. Consequently, neither the implementation of the compensation schemes nor the various additional measures offered by SRLEV prevent individual policyholders from initiating legal proceedings against SRLEV and making claims for damages.

A number of policyholders – some of which are represented by consumer organisations – have pursued, and in some cases are still pursuing, claims, which in some cases have led to legal proceedings. The number of proceedings against SRLEV that involve unit-linked policies is, compared to the portfolio of active policies, relatively limited. As at 31 December 2023, only one proceeding was pending against

SRLEV before the civil courts or before Kifid. This is a collective action brought by Vereniging Woekerpolis.nl regarding the products of Swiss Life BelegSparplan and AXA Verzekerd Hypotheekfonds asking for over 80 declaratory judgments two of which were granted against SRLEV in 2017. In this collective action, the District Court of Noord-Holland (the “**District Court**”) declared that SRLEV failed to adequately inform a part of the class about the effect of increasing life premiums as the accrued capital diminishes (leverage and diminishing effect, ‘hefboom en inteereffect’) and nullified a contractual term allowing SRLEV to increase certain administrative costs in one of its products such that any cost increase based on those terms should be refunded. The judgment itself does not have substantial influence on the assessment of the unit-linked insurances risk profile. So far, none of the class members have commenced litigation for financial compensation. Also, the judgment is not final, both Vereniging Woekerpolis.nl and SRLEV filed appeals against the judgment of the District Court. The appeal proceedings are currently on hold. The number of cases in which SRLEV has been required to pay damages following a decision by Kifid or a civil court has been limited.

On 26 September 2023, two judgments were rendered by the Court of Appeal of The Hague in collective actions initiated by Vereniging Woekerpolis.nl against two other Dutch insurers Nationale-Nederlanden and Aegon. Contrary to the District Court of The Hague, the Court of Appeal of The Hague (partially) awarded the claims. The Athora Group believes that these judgments do not have any direct consequences for SRLEV’s position in the collective action brought by Vereniging Woekerpolis.nl against SRLEV. On 29 November 2023, Aegon/a.s.r. announced a settlement with five interest groups. Nationale-Nederlanden announced its settlement with the same organisations on 9 January 2024, followed by Achmea on 16 February 2024.

On 21 March 2024, SRLEV reached a final settlement agreement with interest groups Consumentenbond, ConsumentenClaim, Wakkerpolis, Vereniging Woekerpolis.nl, and Woekerpolisproces regarding investment-linked insurance policies sold by SRLEV and its predecessors. The settlement relates to all unit linked insurance products of customers affiliated with one of the interest groups. All legal proceedings will be discontinued, and no new legal proceedings may be initiated by the interest groups. The agreement will be final once 90 per cent. of these affiliated customers agree with their proposal. A provision of EUR 95 million was recognised to cover the costs of the settlement. This includes EUR 25 million for the estimated risk of hardship cases and customers not affiliated with one of the interest groups who have not previously received compensation.

Any future rulings in legal proceedings concerning investment-linked insurances and also any further regulatory initiatives, may substantially affect the financial position and reputation of the Athora Group. This, in turn, may negatively affect the Athora Group’s business, revenues, results, financial condition and prospects, since SRLEV is one of the Athora Group’s main operating companies.

There has been for some time, and there continues to be, political, regulatory and public attention focused on the unit-linked issue in general. Elements of unit-linked policies are being challenged or may be challenged on multiple legal grounds in current and future legal proceedings. There is a risk that one or more of those legal challenges will succeed, which could have a material adverse effect on the Athora Group’s business, results, financial condition and prospects.

*The Athora Group is subject to stringent data privacy laws and may therefore be exposed to increased compliance costs and to data and security breaches*

The Athora Group is subject to complex and evolving European, and local laws and regulations regarding the collection, retention, sharing and protection of data, which the Athora Group receives



from, and which concerns, customers, as well as its personnel and third parties it deals with. Regulators are active in establishing standards and the court decisions interpreting these standards result in an operational environment that is subject to change.

The Athora Group makes use of data (e.g., to design and price its products) that may give rise to the risk of non-compliance under data protection frameworks. The Athora Group uses third party service providers to process personal data in jurisdictions that may not offer a similar level of data protection and as such may be subject to an increased risk of non-compliance with data protection legislation as regulators or courts make decisions on adequacy. Security breaches may lead to unlawful use of personal data for which the Athora Group is responsible, as well as notification obligations towards financial and other supervision bodies (e.g., data protection authorities) or affected individuals, any of which may damage the Athora Group's reputation and result in claims from individuals. For a more detailed description of cyber security please refer to: The Athora Group relies heavily on information technology, communication systems and/or internal controls and there is a risk that these do not function properly.

The General Data Protection Regulation ("**GDPR**") entered into force on 25 May 2018 and applies across the EU. The GDPR imposes stringent data protection obligations. The GDPR sets forth sanctions for data protection compliance violations depending on the type of violation.

The Athora Group has to maintain an internal register recording all security breaches experienced by the Athora Group and its third party service providers. Under the GDPR, data controllers must notify most serious data breaches to the applicable data protection authority within 72 hours after becoming aware of them; in some cases, the data subjects must also be informed.

The EC is developing a "digital single market" strategy to foster innovation, create common standards, and foster privacy protection across the EU. Changes in the regulatory environment may prove operationally challenging for the Athora Group and third-party service providers that the Athora Group may rely upon.

It is anticipated that the Athora Group's operations in Bermuda will also become subject to data protection laws in the near future. The Bermudan Personal Information Protection Act 2016 ("**PIPA**") regulates how any individual, entity or public authority may use personal information. Although PIPA was passed on 27 July 2016, the sections that are currently in effect are limited to those that relate to the establishment and appointment of the privacy commissioner ("**Privacy Commissioner**"), the hiring of the Privacy Commissioner's staff, and the general authority of the Privacy Commissioner to inform the public about PIPA. On 30 October 2020, the Privacy Commissioner issued guidance regarding privacy safeguarding of personal information by public companies; however, regulations under PIPA have not yet been provided. The Privacy Commissioner has recommended that organizations in Bermuda start to conduct data due diligence across their existing business lines as a first stage towards PIPA compliance. On 15 June 2023, the Privacy Commissioner's office announced that PIPA will come fully into effect on 1 January 2025.

A failure to comply with privacy laws and regulations or data protection policies may lead to significant fines and may undermine the Athora Group's reputation and may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects.

*Risks relating to the impact of the Dutch Intervention Act and the Dutch Act on Recovery and Resolution of Insurance Companies on Athora's subsidiary Athora Netherlands as well as any other future legislation resulting from EIOPA opinions or initiatives which may impact the Athora Group*

In relation to Athora Netherlands and its subsidiaries, the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) ("**DFSA**"), gives De Nederlandsche Bank ("**DNB**") and the Dutch Minister of Finance far-reaching powers to deal with ailing Dutch insurance companies prior to insolvency.

The Dutch Intervention Act, which is embedded in the DFSA, empowers the Dutch Minister of Finance (a) to commence proceedings leading to ownership by the Dutch State (nationalisation) of an insurance company, or its parent company, and expropriation of assets and liabilities, claims against it and/or securities, and (b) to take immediate measures which may deviate from statutory provisions or from the articles of association of the relevant company, in each case if the company has its corporate seat in the Netherlands, if in the opinion of the Minister of Finance the stability of the financial system is in serious and immediate danger as a result of the situation in which the relevant company finds itself.

On 1 January 2019, the Dutch Act on Recovery and Resolution of Insurance Companies (*Wet herstellen afwikkeling verzekeraars*) ("**IRRA**") entered into force. The IRRA is also embedded in the DFSA. With the IRRA, the legislative framework for the recovery and resolution of insurers was strengthened and a new recovery and resolution framework was introduced under which certain obligations are imposed on insurers and certain resolution powers are conferred on DNB. The new recovery and resolution framework applies to, among others, all insurers who are subject to DNB's prudential supervision.

The IRRA distinguishes two phases: the preparation phase and the resolution phase. During the preparation phase, each insurer is required to draw up a preparatory crisis plan and DNB is required to draw up (and periodically evaluate) a resolution plan for each insurer. During the resolution phase, DNB has several recovery and resolution tools. The resolution tools include the bail-in tool, the sale of business tool, the bridge institution tool and the asset separation tool. The bail-in tool comprises a general power for DNB to write down the claims of unsecured creditors of a failing insurer or to convert unsecured debt claims into equity. In addition to the above mentioned resolution tools and corresponding powers, the IRRA gives DNB special powers to take actions such as: (i) taking over the management of an insurer under resolution, (ii) appointing a special director to take over the insurer's management, (iii) converting the insurer into a different legal form if this is necessary to apply bail-in, and (iv) terminating or modifying the terms of an agreement to which the insurer is a party. The application of any measures described above may have a material adverse effect on Athora Netherlands and its subsidiaries and therefore the Athora Group as a whole including its business, financial position and results of operations.

EIOPA has in public opinions and consultations called for the establishment of a minimum harmonised and comprehensive framework in the area of recovery and resolution of insurers and reinsurers. However, as the date of this Offering Memorandum it is unclear whether and in what form such a European-wide framework will come into effect and how it may affect Athora Netherlands and its subsidiaries, Athora's other European subsidiaries as well as the Athora Group as a whole.

On 22 September 2021, the EC published a proposal for a directive on the recovery and resolution of insurance undertakings (proposal for a Directive of the European Parliament and of the Council establishing a framework for the recovery and resolution of insurance and reinsurance undertakings and amending Directives 2002/47/EC, 2004/25/EC, 2009/138/EC, (EU) 2017/1132 and Regulations

(EU) No 1094/2010 and (EU) No 648/2012) (the “**IRR**D”). On 20 December 2022, the EC agreed a negotiating mandate for IRRD with the intention of commencing negotiations with the European Parliament in 2023 in view of finding an agreement on the final text. On 23 April 2024, the European Parliament approved the IRRD text which was agreed by the European Parliament and the European Council on 24 January 2024. This text will now be presented to the European Council for adoption. If adopted, the IRRD would require member states to implement preventative measures to minimise the potential for insurance undertakings requiring public/national/supranational financial support. Resolution tools are also envisaged in the IRRD which would allow resolution authorities to write down or convert certain liabilities (generally, in reverse order of their ranking in liquidation) into equity capital instruments. The IRRD resolution measures are similar to those under the IRRA and could have a material adverse effect on the Athora Group’s European subsidiaries and therefore the Athora Group as a whole, if, for example, Athora is forced to write-down the interests (debt and equity) it has in its European subsidiaries as a result of certain IRRD resolution measures are invoked.

*Additional requirements for subsidiaries to repay capital or to pay out remittances and/or distributions from reserves*

In many of the Athora Group’s Business Units, there is a requirement to receive local regulatory approval or non-objection in the event of a remittance, distribution and/or action that would result in a reduction of own funds i.e., share repurchases, remittances or subordinated debt redemptions. Local regulatory approval is unlikely to be forthcoming if, following the reduction in own funds, the applicable capital requirement and the internal capital management policy and other risk requirements are not satisfied. Athora is a holding company and is dependent on loans, dividends, remittances and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the potential payment of dividends and payment of principal and interest on the Notes. Therefore, any such limitation on the payment of remittances and/or distributions by its subsidiaries will impact Athora’s ability to fulfil its obligations under the Notes.

*Risks relating to cross-border regulatory equivalence*

The Athora Group is an insurance group supervised by the BMA. It is therefore subject to rules issued by the BMA which impose minimum solvency and capital requirements. Accordingly, the Athora Group is subject to the BMA’s Bermuda Solvency Capital Requirements (“**BSCR**”), which is a risk-based capital model used to measure risk and determine appropriate levels of capitalisation. Bermuda’s enhanced commercial reinsurance and insurance group regime was granted Solvency II equivalence effective from 1 January 2016. In 2022, EIOPA finalised an equivalence monitoring exercise in Bermuda, which aimed at assessing if the supervisory implementation of the equivalent regime ensured the same outcome from a policyholder protection perspective with regards to the protection provided under Solvency II. Equivalence was retained following this EIOPA exercise. This means that EEA supervisors will continue to be entitled to rely on group supervision applied by the BMA to the Athora Group under Bermuda insurance regulation. If the abovementioned equivalence is revoked or discontinued it could materially and adversely impact the Athora Group’s businesses, operations, financial conditions, liquidity and cash flows.

*Risks relating to Solvency II*

The Athora Group’s European subsidiaries are subject to solvency capital requirements (“**SCR**”) and minimum capitalisation requirements pursuant to Solvency II. Solvency II introduced risk-based

solvency requirements across all Member States of the EU and a “total balance sheet” type regime where insurers’ material risks and their interactions are considered.

Under Solvency II, insurers are required to hold own funds equal to or in excess of their SCR. Solvency II categorises own funds into three tiers with differing qualifications as eligible available regulatory capital. Under Solvency II, own funds use IFRS balance sheet items where these are at fair value and replace other balance sheet items using market consistent valuations. The determination of the technical provisions is, on the one hand, based on “hedgeable” risks that can effectively be covered in the financial markets (valued at the market value of these financial instruments) and, on the other hand, “non-hedgeable” risks (valuation of which is based on a “best estimate” plus a risk margin). The SCR is a risk-based capital requirement which is determined using either the ‘standard formula’ (set out in the Level 2 Regulation) or, where approved by the relevant supervisory authority, a partial internal model. The Athora Group uses the “standard formula” for its Solvency II subsidiaries.

While the aim of Solvency II is to introduce a harmonised, risk-based approach to solvency capital, there is a risk of differences in interpretation and a risk of failure by supervisory authorities to align Solvency II approaches across Europe (or with Bermuda), resulting in an unequal competitive landscape. This risk may be exacerbated by discretionary powers afforded to supervisory authorities in Member States and/or Bermuda. This could lead to inconsistencies in the application of Solvency II across the Athora Group. Additionally, certain of the Athora Group’s competitors may benefit from such failures or discretionary powers, placing the Athora Group at a competitive disadvantage.

The Athora Group’s and/or its regulated subsidiaries’ capital ratios and/or regulatory capital amounts may increase or decrease depending on a variety of factors, most of which are outside of the Athora Group’s control, including, but not limited to changes to the BSCR, SCR or target capital level formulas and interpretations of regulators’ instructions with respect to these calculation methodologies, increases in required capital resulting from regulatory capital add-ons, decreases in capital resources due to regulators changing their views on capital fungibility, changes to solvency regimes and interpretations, and regulatory changes in the jurisdictions of the Athora Group’s regulated subsidiaries. Similarly, if the Issuer and/or, on a consolidated basis, the Athora Group becomes subject to different group Applicable Regulations and as a result has to embed a different capital regime it may materially and adversely impact the Athora Group’s businesses, operations, financial conditions, liquidity and cash flows. See *“Risks resulting from potential future changes to the Applicable Regulations which apply to the Issuer and/or the Athora Group”*.

If the Athora Group’s, or any regulated subsidiary’s, solvency or capital ratios breach certain minimum levels, it could be subject to examination or corrective action imposed by its insurance regulators, including supervision by regulators, seizure or liquidation (including transfer of the insurance undertaking or the relevant affected portfolio to the statutory protection regime), each of which could materially and adversely affect the Athora Group’s business, financial condition, result of operations, cash flow and prospects.

#### *Risks relating to regulatory change*

Both the EBS and Solvency II regimes have already been subject to review and amendments and will likely be further amended in the future. Two ongoing reviews in particular are of note, in addition to a potential new additional set of rules through application of the IAIS common framework (“**ComFrame**”) to the Athora Group.

Firstly, related to Solvency II, EIOPA commenced a review of Solvency II (the “**2020 Solvency II Review**”) in 2020. On 22 September 2021, the EC published its draft proposal on the 2020 Solvency II Review. The amendments to Solvency II from the 2020 Solvency II review (together with the IRRD) were approved by the European Parliament on 23 April 2024 with the official text expected by the end of the year. This means implementation is not expected before the end of 2026. Given the uncertainty regarding the final implementation, it is currently not possible to accurately determine the impact that will result from the 2020 Solvency II Review and what impact this could have on the Athora Group. Solvency II also remains subject to regular reviews, changes and amended best practices which could have an impact on the Athora Group.

Secondly, on 24 February 2023 and 28 July 2023, the BMA issued consultation papers aimed at enhancing the BMA's regulatory regime (the “**Consultation Papers**”). The Consultation Papers outline proposed changes to the BMA's regulatory regime which, amongst other areas, include changes to the risk margin calculation of insurance groups to be on an unconsolidated basis, amendments to the Scenario Based Approach and Standard Approach in the calculation of technical provisions, including pre-approval requirements for SBA use, changes to the BSCR calculation approach (which aligns notably the evaluation of lapse risk capital and expense risk capital more closely with Solvency II) and other changes including further requirements on governance, controls and documentation. The BMA has since published amended prudential rules implementing these changes, which came into operation on 31 March 2024 (the “**Prudential Rules**”) and which must be implemented by the end of 2024. Implementation of the regulatory enhancements specified in the Consultation Papers and required by the Prudential Rules could lead to higher capital requirements, lower eligible capital and higher costs to the Athora Group and may have a material adverse effect on the Athora Group's business, revenues, results, financial condition and prospects and its ability to redeem the Notes at their scheduled maturity. The Athora Group currently has a risk appetite level of 175 per cent. for its BSCR ratio (the “**Group BSCR**”). Below the risk appetite level, the Athora Group will actively consider taking management action to increase the ratio to above this risk appetite level. At 31 December 2023, the Group BSCR ratio is above the Athora Group's risk appetite level and the Athora Group's current expectation is that it will stay above the risk appetite level post implementation of the amended Prudential Rules mentioned above.

Finally, in 2012, IAIS released a working draft on the ComFrame for the supervision of “Internationally Active Insurance Groups” (“**IAIGs**”) on “Insurance core principles”. ComFrame has several objectives, including to develop methods of operating group-wide supervision of IAIGs, to establish a comprehensive framework for supervisors to address group-wide activities and risks and to foster global convergence. In 2014, the IAIS commenced a public consultation on the development of a risk-based global “Insurance Capital Standard” (“**ICS**”), which followed the announcement of the ICS as a component of ComFrame for IAIGs in 2013. In 2018, IAIS separately consulted new versions of ComFrame and ICS. These were subsequently adopted in 2019. A 5-year monitoring period started in January 2020 in which feedback to the IAIS on the ICS design and performance will be given by the supervisors. The future impact on the Athora Group, which has been designated as an IAIG by the BMA as defined in the ComFrame, is uncertain and will depend on how Bermuda implements ComFrame, ICS and the Insurance Core Principles into Bermuda regulation. This adds to the uncertainty around the implications of being an IAIG. The Athora Group may be subject to increased stress testing, incremental capital requirements and participation in various information gathering exercises. The quantitative impacts of being designated an IAIG may lead Athora to have to change its business plan to meet these IAIG requirements. Higher costs to manage this further regulatory basis may increase Athora's expense base.

It is possible that individual jurisdiction or cross-border regulatory developments could adversely differentiate Bermuda, the jurisdiction in which the Athora Group is subject to group supervision, or could exclude Bermuda-based companies from benefits such as market access, mutual recognition or reciprocal rights made available to other jurisdictions, which could adversely impact the Athora Group. Any such development could significantly and negatively affect the operations of the Athora Group.

Given the possibility of further changes to any of the above regimes, their effects on the Athora Group's business, solvency margins and capital requirements are uncertain but could be material.

*Risk and impact of not receiving certain modelling permissions from the BMA*

In addition, as it relates to the Prudential Rules, the Athora Group has applied or intends to apply for certain modelling permissions from the BMA. If the Athora Group is unsuccessful in receiving permission for certain aspects of the group solvency modelling, it may adversely impact the Group BSCR ratio and the Athora Group's ability to stay above the risk appetite level.

*Risk and impact of recent and ongoing financial regulatory reform initiatives*

Because the Athora Group operates in a highly regulated industry and was designated as an IAIG by the BMA in July 2023, changes in laws, regulations, regulatory standards and policies that govern its activities could have an effect on its business, operations and its net profits. Legislators, supervisory authorities and supra-national bodies predominantly in Europe and in the United States but also elsewhere, have been and are still introducing and implementing a wide range of regulatory proposals that may result in changes to the way the Athora Group's global operations are regulated and could have material adverse consequences for its business, business model, revenues, financial condition, results, reputation and prospects. The Athora Group may also be materially and adversely affected by changes in the interpretation of existing rules, for example as a result of court judgments, or of developing or changing views of regulators, tax authorities and other authorities or industry bodies on the application of rules. Changes in law and regulation also affect Athora's business operations, revenues, results, financial condition and prospects.

Notable regulatory and other legislative initiatives include, but are not limited to:

- **EMIR.** Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on over-the-counter (“**OTC**”) derivatives, central counterparties and trade repositories (“**EMIR**”) has introduced new requirements to improve transparency and reduce the risks associated with the derivatives market. Many of these requirements have already entered into force. As a result, certain parties that enter into derivative contracts must report certain information on these contracts and their counterparties to a trade repository, apply risk mitigating techniques (including portfolio compression, marked-to-market valuation, and margining, if applicable) for all OTC derivative trades that are not cleared by a central counterparty, and clear OTC derivatives that are subject to a central clearing obligation set forth in EMIR through a central counterparty.
- **Benchmark Regulation.** On 29 June 2016, Regulation (EU) No. 2016/1011 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds (“**Benchmark Regulation**”) was published in the official journal and has applied from 1 January 2018. The Benchmark Regulation aims to contribute to the accuracy and integrity of benchmarks used in financial instruments and financial contracts or to measure

the performance of investment funds by, among others, (i) ensuring that benchmark administrators are subject to prior authorisation and supervision depending on the type of benchmark, requiring greater transparency on how a benchmark is produced, (ii) ensuring the appropriate supervision of critical benchmarks, such as the London Inter-Bank Offered Rate (LIBOR) and/or the Euro Interbank Offered Rate (“EURIBOR”), the failure of which might create risks for market participants and for the functioning and integrity of markets, and (iii) requiring EU supervised entities to only use benchmarks of administrators that are duly authorised and/or registered. As a user of benchmarks for, amongst others, the debt securities it issues, the Issuer may only use benchmarks which are in compliance with the Benchmark Regulation.

- **Insurance Distribution Directive.** On 3 July 2012, the EC published proposals for a revision of the Insurance Mediation Directive (“IMD”), later renamed the Insurance Distribution Directive (“IDD”). On 23 February 2016, the IDD entered into force and as of 23 February 2018, the IDD is applicable in all EU member states. The IDD recasts and repeals the IMD. Pursuant to the IDD, customer protection is extended to all distribution channels. Insurers carrying out direct sales will be required to comply with information and disclosure requirements and certain conduct of business rules, including a general obligation to act honestly, fairly and professionally in accordance with customers’ best interests. Furthermore, if insurance products are offered in a package with another product or service which is not considered to be an insurance under the IDD, customers will have the choice to buy the (main) product or service separately, without the insurance product. The IDD also imposes additional requirements for transparency and product governance in respect of insurance products on insurers. In addition, the IDD sets out stricter requirements for the sale of life insurance products. This may affect the Athora Group’s distribution channels and, directly or indirectly, the Athora Group itself.

## 1.10 Other risks

### *Climate change risk*

The Athora Group’s climate change risk can be allocated into several broad categories: (1) physical risks, (2) transition risks, and (3) liability risks. Physical risks relate to increasing severity and frequency of climate and weather-related events as well as the direct impacts of global warming. Transition risks relate to the risk of shifting to a low carbon economy, which will require significant structural changes to the economy as well as at company level. Both physical and transition risks may have a materially adverse effect on the value of the Athora Group’s investment portfolio. Moreover, climate change risks may not yet be fully priced into financial markets and changes in sentiment and/or government policy may have significant impacts on certain asset valuations. In addition, there are also potential impacts on the health and longevity of policyholders, which may impact underwriting performance and asset-liability matching strategies from climate change. Finally, liability risks relate to risks arising from external parties seeking compensation for losses suffered or other impact from climate-related physical or transition risks. This includes litigation, regulatory censure and/or customer and/or investor perception of the Athora Group’s position and/or progress on climate change related topics. This may have a materially adverse effect including but not limited to loss of brand value, regulatory fines and higher cost of capital due to adverse perception by investors of the Athora Group’s position on climate change topics. Currently regulatory focus is on improving the transparency of reporting, for example through disclosures mandated by the EU’s Corporate Sustainability Reporting Directive.

The Athora Group is actively monitoring and mitigating the above-mentioned risks but they could nonetheless have a material adverse effect on the Athora Group's business, revenue, results, financial condition and prospects.

### *Geopolitical risk*

Geopolitical risks emanating from the invasion by Russia of Ukraine, tensions in the Middle East including the escalation of the Israel-Gaza conflict and other trade restrictions and sanctions, have contributed to increased volatility in the financial markets in recent years and have the potential to diminish both growth expectations and actual growth for the global economy. Geopolitical conflicts could impact the supply of energy and other critical commodities, adding further pressure to any inflationary trends. A prolonged period of rising inflation may develop into slow or stagnant economic growth if combined with slowing economic expansion and elevated unemployment.

In a sustained economic phase of low growth and high public debt, characterised by higher unemployment, lower household income, lower corporate earnings, lower business investment and lower consumer spending, the demand for financial and insurance products could be adversely affected. In addition, the Athora Group may experience an elevated incidence of claims or surrenders of policies. Any potential material adverse effect on the Athora Group will be dependent upon customer behaviour and confidence.

In addition, such geopolitical risks could lead, and in the case of the Russian invasion of Ukraine have led, to the imposition of additional sanctions which carry additional economic implications. For example, numerous companies withdrew their products and services from Russia and Belarus, and Russian state-funded media were banned from broadcasting and removed from online platforms. Such geopolitical conflicts entail a number of risks for the Athora Group, including but not limited to:

- the risk that the Athora Group does not adhere to its "gatekeeper function". This entails the correct screening against applicable sanctions lists and performing (enhanced) customer due diligence on an ongoing basis and taking the required actions;
- increasing cyber risk, which could disrupt the operations of the Athora Group;
- market risks (especially interest rate risk, spread risk and inflation risk given the Athora Group does not have significant direct investment exposure to the currently affected geographies); and
- where conflict spreads to countries in which the Athora Group operates, the Athora Group could face default risk on assets or businesses that are exposed to these countries.

Athora is actively monitoring and mitigating the above-mentioned risks but developments are unpredictable and, especially if conflicts escalate or spread to other areas, it could have a material adverse effect on the Athora Group's business, revenue, results, financial condition and prospects.

## **2. Risks Related to the Notes**

### **2.1 Risks relating to the structure of the Notes**



*The Notes are subordinated obligations of the Issuer (but not of its operating subsidiaries), and will be structurally subordinated to the claims of the Issuer's operating subsidiaries' creditors*

The obligations of the Issuer under the Notes in respect of principal and interest rank *pari passu* and without any preference among themselves and constitute unsecured and subordinated obligations of the Issuer, ranking; (A) junior to the claims of all Senior Creditors; (B) *pari passu* with all claims in respect of any Parity Obligations; and (C) in priority to claims in respect of all Junior Obligations.

In the event of a Winding-Up, the rights and claims of the Noteholders against the Issuer in respect of, or arising under, the Notes shall rank after the claims of all Senior Creditors and payment to Noteholders may only be made after all obligations of the Issuer in respect of such Senior Creditors have been satisfied.

In the event that in a Winding-Up, the Issuer's assets are insufficient to meet the claims of the Noteholders after the claims of the Senior Creditors have been satisfied in full, the Noteholders shall have no further claim on the Issuer in connection with principal and interest in respect of the Notes.

The Issuer is a holding company and, accordingly, it conducts substantially all of its operations through its subsidiaries. The subsidiaries of the Issuer are separate and distinct legal entities and have no obligation to pay any amounts due on the Notes or to provide the Issuer with funds for its payment obligations, whether by dividends, remittances and/or distributions, loans or any other such payments. In addition to being limited by the financial condition and operating requirements of such subsidiaries, any payment of dividends or remittances and/or distributions or repayment loans or advances by the Issuer's subsidiaries to the Issuer could be subject to statutory or contractual restrictions. Moreover, since certain of the Issuer's subsidiaries are insurance companies, their ability to pay dividends to the Issuer is subject to regulatory limitations, (see "*Athora is a holding company with no material direct operations of its own and relies on its current liquidity and future liquidity from its subsidiaries, financing providers and shareholders amongst others to provide it with the resources to meet its financial obligations*" above).

The rights of the Issuer to receive any assets of any of its subsidiaries upon liquidation or reorganization of such subsidiaries, and the claims of the holders of the Notes in respect of any amounts outstanding pursuant to the Notes, will be structurally subordinated to the claims of the above-mentioned subsidiary's creditors, including amounts owed to holders of reinsurance and insurance policies and other creditors of such subsidiaries.

Furthermore, subject to applicable law, no holder of the Notes shall be entitled to, and no such holder shall, exercise, claim or plead any right of set-off, counterclaim, abatement, compensation, retention or other similar remedy that such holder might otherwise have under applicable law against any member of the Athora Group in respect of any amount owed to it by any member of the Athora Group arising under or in connection with the Notes whether prior to or in a Winding-Up. Therefore, there is a risk that an investor in the Notes will lose all or some of its investment should the Issuer become insolvent, be dissolved or liquidated.

*There are no events of default under the Notes*

The Issuer is under no obligation to redeem the Notes at any time prior to the Maturity Date and the Noteholders have no right to call for their redemption. Noteholders may only declare Notes due and repayable in the case of a Winding-Up. A Winding-Up may occur as a result of the winding up,

dissolution or liquidation of the Issuer (except in certain circumstances including a solvent winding up, dissolution or liquidation solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer).

Accordingly, if the Issuer fails to meet any obligations under the Notes, including the payment of any interest, investors will not have the right of acceleration of principal. The right of the Noteholders to institute Winding-Up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. In the case of any payment of interest and/or Arrears of Interest due in respect of the Notes, such payment may, subject to certain conditions, be deferred and if so deferred will not be due on the originally scheduled payment date and, in the case of payment of principal, such payment will be deferred and will not be due on the originally scheduled payment date if certain conditions apply (see “*Redemption and/or purchase of the Notes is subject to certain conditions*”).

#### *Mandatory deferral of interest payments*

On any Mandatory Interest Deferral Date, the Issuer will be obliged to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment.

Any interest not paid on a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.5 (*Interest Deferral*), together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute Arrears of Interest and shall be payable as outlined in Condition 3.5(B) (*Arrears of Interest*). Arrears of Interest themselves shall not bear interest.

A Mandatory Interest Deferral Date will be triggered upon the occurrence of certain conditions, including where:

- (a) a Capital Adequacy Event has occurred and is continuing on the relevant interest payment date, or such payment of interest (in whole or in part) would itself cause a Capital Adequacy Event to occur; or
- (b) the Issuer determines that it is not, or as a result of the payment of such interest (in whole or in part) would not be, Solvent,

subject as provided in Condition 3.5(E).

The applicable Capital Requirement for determining whether or not a Capital Adequacy Event has occurred in respect of the Notes is, as at the date of this Offering Memorandum, the ECR. However, the Capital Requirements may be subject to change due to any replacement of, or change to, the Applicable Regulations (see “*Risks resulting from potential future changes to the Applicable Regulations which apply to the Issuer and/or the Athora Group*” below). In such case the Capital Requirements will be such other solvency capital requirement that may apply to the Issuer and/or, on a consolidated basis, the Athora Group which relate to a solvency control level (or equivalent):

- (a) above which, the Relevant Supervisory Authority does not intervene on capital adequacy grounds and whereby the Issuer’s and/or the Athora Group’s assets exceed its technical provisions and other liabilities with a specified level of safety over a defined time horizon; and/or

- (b) below which, the Relevant Supervisory Authority would invoke its strongest actions (in the absence of appropriate corrective behaviour) and whereby the Issuer is no longer regarded by the Relevant Supervisory Authority as being viable to operate effectively.

Any actual or anticipated deferral of interest payments will be likely to have an adverse effect on the market price of the Notes. In addition, as a result of the above provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to the above provisions and may be more sensitive generally to adverse changes of the Issuer's financial condition.

*Payments made under or in respect of Junior Obligations or Parity Obligations will not trigger an obligation for the Issuer to make payments on the Notes*

Payments in respect of Junior Obligations or Parity Obligations will not trigger an obligation for the Issuer to pay interest or Arrears of Interest on the Notes.

Potential investors in the Notes should therefore note that holders of instruments ranking junior to or *pari passu* with the Notes may receive payments from the Issuer in priority to the Noteholders, even though their claims rank junior to or *pari passu* with those of the Noteholders in respect of the Notes.

*Risks resulting from potential future changes to the Applicable Regulations which apply to the Issuer and/or the Athora Group*

Any future changes to the Applicable Regulations to which the Issuer and/or, on a consolidated basis, the Athora Group is subject to may, among other things, negatively affect the prescribed capital resources or other financial adequacy requirements or otherwise reduce the amount of eligible capital or own funds instruments required to be maintained by it. As referred to in "*Mandatory deferral of interest payments*" above, the Issuer and/or, on a consolidated basis, the Athora Group, is required to hold sufficient eligible capital or own funds instruments in excess of the Capital Requirement (which is set by reference to the Applicable Regulations) in order for payments to be made under the Notes. Resultantly, any changes in the Applicable Regulations which apply to the Issuer and/or the Athora Group may adversely affect the Issuer and/or the Athora Group's ability to meet the Capital Requirements and therefore may increase the risk of: (A) a deferral of interest payments; (B) a prohibition on the payment of Arrears of Interest (see "*Mandatory deferral of interest payments*"); or (C) deferral of the redemption of the Notes. In addition, such changes may also result in an early redemption of the Notes due to a change in the regulatory classification of the Notes (see "*Optional early redemption, exchange or variation of the Notes for taxation, regulatory or rating reasons*" below). The occurrence of any of the foregoing is likely to have a significantly negative impact on the market value of the Notes.

*Early redemption risk*

Subject to the conditions to redemption and/or purchase, as further described below in "

*Redemption and/or purchase of the Notes is subject to certain conditions*" and in Condition 4 (*Redemption and Purchase*), the Issuer may redeem the Notes in whole, but not in part, from (and including) the First Call Date, being the date falling three months prior to the Maturity Date, to (but excluding) the Maturity Date.

The Issuer may also, at its option, redeem the Notes in whole, but not in part, (i) upon the occurrence of a Tax Event, a Regulatory Event or a Rating Methodology Event at any time, (ii) upon exercise of its Make-whole Redemption option at any time after the First MW Call Date at the Make-whole Redemption Amount or (iii) if 75 per cent. (seventy-five per cent.) or more of the Notes originally issued (including any Further Notes issued pursuant to Condition 12 (*Further Issues*)) have been purchased and cancelled at the time of such election (the “**Clean-up Redemption**”), in each case subject to the conditions to redemption and/or purchase, as further described below in “

*Redemption and/or purchase of the Notes is subject to certain conditions*” and in “*Terms and Conditions of the Notes – Condition 4 (Redemption and Purchase)*”.

Such redemption options, other than the Make-whole Redemption option, would be exercised at the principal amount of the Notes together with interest accrued to the date of redemption (including, for the avoidance of doubt, any Arrears of Interest thereon at such date).

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. The option for the Issuer to redeem the Notes may affect their market value. From the date from which the Notes may be redeemed at the option of the Issuer, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to such date. If the Issuer elects to redeem the Notes, there can be no assurance that Noteholders will be able to reinvest the amounts received upon redemption at a rate that will provide the same return as their investment in the Notes. Potential investors should therefore consider reinvestment risk in light of other investments available at that time.

In addition, with respect to the Clean-up Redemption, there is no obligation under the Terms and Conditions of the Notes for the Issuer to inform the Noteholders if and when the 75 per cent. threshold has been, or is about to be, reached, and the Issuer’s right to redeem such Notes will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-up Redemption, the Notes may have been trading significantly above par, thus potentially resulting in a loss of capital invested.

*Optional early redemption, exchange or variation of the Notes for taxation, regulatory or rating reasons*

If at any time after the Issue Date the Issuer determines that a Tax Event, a Regulatory Event or a Rating Methodology Event has occurred with respect to the Notes and is continuing, the Issuer may, subject to the conditions of the Notes, redeem the Notes early as further described in “*Early redemption risk*” above, “*Redemption and purchase of the Notes is subject to certain conditions*” below and in “*Terms and Conditions of the Notes – Condition 4 (Redemption and Purchase)*”. In addition, the Issuer has the right to exchange or vary the Notes, subject (among other things) to such Exchanged Notes or Varied Notes qualifying as Qualifying Securities, which among other things entails that they have terms that are not materially less favourable to the Noteholders, so that after such exchange or variation a Tax Event no longer exists. Whilst any such exchange or variation is required to not be materially prejudicial to the Noteholders, there can be no assurance that the Qualifying Securities will not have a significant adverse impact on the price of, and/or market for, the Notes or the circumstances of individual Noteholders.

A Tax Event is deemed to occur if, among other things, amendment to, clarification of, or change in Applicable Law, there is more than an insubstantial risk that interest payable by the Issuer in respect of the Notes is no longer fully deductible by the Issuer for income tax purposes in the Taxing Jurisdiction,

provided that (A) such non-deductibility cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate and (B) an opinion of a recognised independent tax counsel has been delivered to the Fiscal Agent stating the same.

A Regulatory Event occurs where, at any time after the Issue Date and as a result of any replacement of or change to the Applicable Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so), the whole or any part of the Notes can no longer be treated as Tier 2 Capital of the Issuer or, on a consolidated basis, the Athora Group under the Applicable Regulations from time to time, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

A Rating Methodology Event is deemed to occur if, as a result of a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation by the relevant Rating Agency of such methodology) on or after the Reference Date, the equity credit or capital recognition previously assigned by such Rating Agency to the Notes has been materially and adversely impacted and/or reduced when compared to the equity credit or capital recognition assigned by such Rating Agency at or around the Issue Date or from the date on which equity credit or capital recognition is first assigned, should such Rating Agency only assess the instrument at a later date.

*Redemption and/or purchase of the Notes is subject to certain conditions*

The Notes may only be redeemed or purchased if: (i) the Prior Approval of the Relevant Supervisory Authority has not been obtained; (ii) a Capital Adequacy Event has occurred and is continuing on the relevant redemption date or purchase date, or such redemption or purchase would itself cause a Capital Adequacy Event to occur; or (iii) the Issuer determines that it is not, or as a result of the redemption or purchase would not be, Solvent. See “*Mandatory deferral of interest payments*” above for a description of when a Capital Adequacy Event might occur.

If any of conditions (i) to (iii) above is not satisfied, a Mandatory Redemption Deferral Event shall occur, except that the occurrence of condition (ii) above will not constitute a Mandatory Redemption Deferral Event if certain conditions, including that the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment, are satisfied.

Furthermore, where the Issuer elects, prior to the fifth (5<sup>th</sup>) anniversary of the Reference Date, to redeem or otherwise purchase the Notes upon the occurrence of a Tax Event, a Regulatory Event or a Rating Methodology Event or upon exercise of the Clean-up Redemption, such redemption or purchase shall be: (A) in exchange for, or funded out of the proceeds of, a new issuance of capital of at least the same quality as the Notes; or (B) (i) made following receipt by the Issuer of confirmation from the Relevant Supervisory Authority that it is satisfied that the Capital Requirements will be exceeded by an appropriate margin (taking into account the solvency position of the Issuer, including the Athora Group’s medium-term capital management plan as provided in the Applicable Regulations); and (ii) if applicable, either: (a) a Tax Event occurs, the applicable change in tax treatment is material and was not reasonably foreseeable at the Reference Date; or (b) a Regulatory Event occurs, the following conditions are met: (1) the Relevant Supervisory Authority considers the negative impact on the classification of the Notes as described in the definition of Regulatory Event to be sufficiently certain; and (2) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the occurrence of a Regulatory Event was not reasonably foreseeable as at the Reference Date. See further in “*Terms and Conditions of the Notes – Condition 4 (Redemption and Purchase)*”.

Therefore, if the Issuer does not comply with the conditions to redemption or purchase, including on the Maturity Date, the redemption or purchase may be delayed and Noteholders have no right to require the redemption or purchase of the Notes and therefore may receive the amounts due upon redemption or purchase at a much later point in time than initially expected. Potential investors should be aware that they may be required to bear the financial risk of an investment in the Notes for a long period of time and may not recover their investment.

*No limitation on issuing or guaranteeing debt, including debt ranking senior to or pari passu with the Notes*

There is no restriction on the amount of debt which the Issuer or the Athora Group may issue or guarantee. The Issuer and the Athora Group may incur additional indebtedness or grant guarantees in respect of indebtedness of third parties, including indebtedness or guarantees that rank senior in priority of payment to, or *pari passu* with the obligations under the Notes. If the Issuer's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including deferral of interest and, if the Issuer were subject to a Winding-Up, the Noteholders could suffer loss of their entire investment.

*Interest rate risk*

The interest rate on the Notes is fixed until the date of redemption. Therefore, investment in the Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Notes, this will adversely affect the value of the Notes as an equivalent investment issued at the current market interest rate may be more attractive to investors.

## **2.2 General risks relating to the Notes**

*Legality of purchase*

Neither the Issuer, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the acquisition of the Notes by a prospective investor, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

*Modification and waivers*

The Agency Agreement contains provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The agreement or approval of the Noteholders shall not be required in the case of any variation or exchange of the Notes pursuant to Condition 4.5 (*Exchange or Variation for Taxation Reasons*), Condition 4.7 (*Exchange or Variation for Regulatory Reasons*), Condition 4.9 (*Exchange or Variation for Rating Reasons*), any amendments pursuant to Condition 14 (*Amendments*) or any consequential amendments to the Agency Agreement required in connection therewith.

In addition, pursuant to Condition 14 (*Amendments*), the Terms and Conditions of the Notes may be modified or amended by the Issuer, without consent of the Noteholders: (A) where there is either a substitution of the Issuer pursuant to Condition 13 (*Substitution*) (see "*Risk related to substitution of the Issuer without consent of the Noteholders*" below) or a change in the Relevant Regulatory Jurisdiction,

and the Issuer deems that amendments are necessary in order to ensure that the Notes continue to qualify as Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group under the Applicable Regulations or (B) where required pursuant to the laws of the Relevant Regulatory Jurisdiction in order to ensure that the Notes are subject to (or are otherwise acknowledged as being so subject to) any applicable Statutory Loss Absorption Powers. The Issuer may only make such amendments to the Terms and Conditions, in each case, if two authorised signatories of the Issuer certify that such amendments are not materially prejudicial to the interests of the Noteholders and the Notes, as so amended, constitute Qualifying Securities. Notwithstanding this, any such amendments could nonetheless have an adverse effect on the trading price and liquidity of the Notes.

*Risk related to substitution of the Issuer without consent of the Noteholders*

The Issuer may at any time, without the consent of the Noteholders, substitute in place of the Issuer as principal debtor under the Notes: (A) any subsidiary of the Issuer; (B) a successor in business of the Issuer; (C) a parent company of the Issuer (including but not limited to any Insurance Group Parent Entity); or (D) any subsidiary of a parent company of the Issuer, subject to certain conditions set out in the Terms and Conditions of the Notes including, without limitation, that two authorised signatories of the Issuer certify that the substitution is not materially prejudicial to the interests of the Noteholders, as further described in Condition 13 (*Substitution*). Except where the Substitute Issuer is the successor in business of the Issuer, amounts which become due and payable by the Substitute Issuer in respect of the Notes shall be unconditionally and irrevocably guaranteed by the Issuer.

As a result of a substitution of the Issuer, the Noteholders would be faced with a different issuer than Athora as principal debtor under the Notes, which could affect the rights and remedies of Noteholders. No assurance can be given as to whether such substitution will negatively affect any particular Noteholder. The tax consequences (including, but not limited to, stamp duty) of holding Notes could be different for some categories of investors from those consequences for such investors of holding the Notes prior to any substitution.

*Taxation*

Potential investors should be aware that they may be required to pay taxes or documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official guidance from relevant tax authorities or court decisions may be available in relation to the treatment for tax purposes of instruments such as the Notes. The tax impact on Noteholders generally in Bermuda is summarised in the chapter entitled "*Taxation*"; however, the tax impact on an individual Noteholder may differ from the situation described for Noteholders generally. Potential investors cannot rely upon such tax summary contained in this Offering Memorandum but should ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. See also "*Taxation*" section of this Offering Memorandum.

*The service of process and enforcement of judgments against the Issuer or its directors or officers may be difficult*

The Issuer is a Bermuda exempted company and some of its officers and directors are residents of jurisdictions outside the UK or outside a Noteholder's jurisdiction. All or a substantial portion of the Issuer's assets and the assets of those persons may be located outside the UK or outside a Noteholder's jurisdiction. As a result, it may be difficult for Noteholders to effect service of process within

the UK or a Noteholder's jurisdiction upon those persons or to recover against the Issuer or those persons on judgments of an English court or a court in a Noteholder's jurisdiction based on provisions of UK or a Noteholder's jurisdiction's securities laws. Judgments for sums of money from the superior courts of the UK may be enforceable in Bermuda by registration of the judgment pursuant to the Judgments (Reciprocal Enforcement) Act 1958. Further, no claim may be brought in Bermuda against the Issuer or its directors and officers for violation of UK securities laws, as such laws do not have force of law in Bermuda. A Bermuda court may, however, impose civil liability on the Issuer or its directors and officers in a suit brought in the Supreme Court of Bermuda if the facts alleged in the complaint constitute or give rise to a cause of action under Bermuda law.

#### *Change of law and jurisdiction*

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Memorandum, except for Condition 2 (*Status of the Notes*) which is based on the law of the Relevant Regulatory Jurisdiction (being, as at the date of this Offering Memorandum, Bermudan law). No assurance can be given as to the impact of any possible judicial decision or change in English law, the law of the Relevant Regulatory Jurisdiction or administrative practice or in the official application or interpretation of English law, Bermudan law or the law of other future Relevant Regulatory Jurisdiction after the date of this Offering Memorandum.

Many of the defined terms in the Conditions depend on the interpretation and implementation of the Applicable Regulations. Further, the Relevant Supervisory Authority may interpret the Applicable Regulations, or exercise discretion accorded to the regulator under the Applicable Regulations in a different manner than expected.

Future regulatory proposals may also impose further restrictions on the Issuer's ability to make payments on the Notes. These issues and other possible issues of interpretation make it difficult to determine whether a Regulatory Event will occur or whether scheduled interest payments will be made on the Notes. This uncertainty and the resulting complexity may adversely impact the trading price and the liquidity of the Notes.

Prospective investors should note that the courts of England shall have jurisdiction in respect of any disputes involving the Notes. Noteholders may take any suit, action or proceedings arising out of or in connection with the Notes against the Issuer in any court of competent jurisdiction. English law or Bermuda law may be materially different from the equivalent law in the home jurisdiction of prospective investors in its application to the Notes.

#### *Credit ratings may not reflect all risks and a change may affect the market value of the Notes*

The Notes are expected to be rated 'BBB-' by Fitch. The credit rating may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Any credit rating assigned to the Notes may be withdrawn entirely by the relevant rating agency, may be suspended or may be lowered, if, in that rating agency's judgment, circumstances relating to the basis of the rating so warrant. Other rating agencies may also assign a rating to the Notes in the future which may be lower than the rating assigned by Fitch. Fitch or any other rating agency that may assign a rating to the Notes may also change its methodologies for rating securities with features similar to the



Notes in the future. If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Notes were to be subsequently lowered, this may have a negative impact on the trading price of the Notes.

Any withdrawal of or decline in the credit ratings of the Notes may affect the market value of the Notes.

*An active trading market for the Notes may not develop*

Application has been made to have the Notes listed on the Official List of Euronext Dublin, and to allow trading on the Global Exchange Market of The Irish Stock Exchange plc trading as Euronext Dublin. There can be no assurance that an active trading market for the Notes will develop, or, if one does develop, that it will be maintained. If an active trading market for the Notes does not develop or is not maintained, the market or trading price and liquidity of the Notes may be adversely affected. If the Notes are acquired upon issue by a limited number of initial investors, this may result in an even more illiquid or volatile market in the Notes. The Issuer or any of its subsidiaries is also entitled to buy the Notes, which may then be cancelled or caused to be cancelled, and to issue further notes. Such transactions may favourably or adversely affect the price development of the Notes. If additional and competing securities are introduced in the market, this may adversely affect the value of the Notes.

In addition, investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that certain Notes will not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations will be significant.

The price at which a Noteholder will be able to sell the Notes may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

*Because the Global Certificate is held by or on behalf of Clearstream, Luxembourg and Euroclear, investors will have to rely on their procedures for transfer, payment and communication with the Issuer*

The Notes will be represented by the Global Certificate upon issue. The Global Certificate will be registered in the name of a nominee for the common depository for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Global Certificate, investors will not be entitled to receive Notes in definitive form. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Certificate. While the Notes are represented by the Global Certificate, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to the common depository for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in the Global Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Certificate. In addition, the Issuer has no responsibility for the proper performance by Euroclear and Clearstream, Luxembourg or their participants of their obligations under their respective rules and operating procedures.

*Integral multiples of less than EUR 100,000*

The denomination of the Notes is EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000. Therefore, it is possible that the Notes may be traded in amounts in excess of EUR 100,000 that are not integral multiples of EUR 100,000. In such a case, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than EUR 100,000 will not receive a Note in definitive form in respect of such holding (should Notes in definitive form be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denominations.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The following documents which have previously been published or are published simultaneously with this Offering Memorandum and have been filed with the Euronext Dublin, shall be deemed to be incorporated in, and to form part of, this Offering Memorandum:

- (a) Athora's publicly available annual report 2022, pages 11, 26, 30, 32 and 65 to 171 (inclusive), containing the audited consolidated financial statements of the Athora Group (including the notes thereto and the independent auditor's report thereon) in respect of the financial year ended 31 December 2022; and
- (b) Athora's publicly available annual report 2023, pages 9, 31, 36, 38 and 70 to 206 (inclusive), containing the audited consolidated financial statements of the Athora Group (including the notes thereto and the independent auditor's report thereon) in respect of the financial year ended 31 December 2023.

Those parts of the documents referred to above which are not incorporated by reference are, to the extent that such information is relevant for the investors, covered elsewhere in this Offering Memorandum.

Physical copies of the documents referred to above can be obtained without charge at the office of Athora (First Floor, Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda). Written or oral requests for such documents should be directed to Athora at its office set out at the end of this Offering Memorandum.

## KEY FEATURES OF THE NOTES

The following overview refers to certain provisions of the Terms and Conditions and is qualified by the more detailed information contained elsewhere in this Offering Memorandum. Capitalised terms which are defined in the Terms and Conditions have the same meaning when used in this overview. References to numbered Conditions are to the Terms and Conditions as set out under “*Terms and Conditions of the Notes*”.

<b>Issuer</b>	Athora Holding Ltd.
<b>Issuer’s LEI</b>	98450059DQ10TFC4B020.
<b>The Notes</b>	EUR 750,000,000 5.875 per cent. Fixed Rate Subordinated Notes due 2034.
<b>Issue Date</b>	10 June 2024.
<b>Maturity Date</b>	10 September 2034, subject as further set out below under “ <i>Conditions to Redemption and/or Purchase</i> ” and “ <i>Deferral of Redemption Date</i> ”.
<b>First Call Date</b>	10 June 2034, subject as further set out below under “ <i>Conditions to Redemption and/or Purchase</i> ” and “ <i>Deferral of Redemption Date</i> ”.
<b>Risk Factors</b>	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under the Notes. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with the Notes and certain risks relating to the structure of the Notes. These are set out under “ <i>Risk Factors</i> ”.
<b>Status and Subordination</b>	The Notes represent subordinated, unsecured, general obligations of the Issuer and rank (a) junior to the claims of all Senior Creditors, (b) <i>pari passu</i> with claims in respect of any Parity Obligations and (c) in priority to claims in respect of all Junior Obligations, as further described in Condition 2 ( <i>Status of the Notes</i> ).
<b>Waiver of set-off etc.</b>	The Notes are unencumbered and, subject to applicable law, no Noteholder shall be entitled to, and no such holder shall, exercise, claim or plead any right of set-off, counterclaim, abatement, compensation, retention or other similar remedy that such holder might otherwise have under applicable law against the Issuer or any other member of the Athora Group in respect of any amount owed to it by Issuer or any other member of the Athora Group arising under or in connection with the Notes whether prior to or in a Winding-Up. By its holding of any Note and subject to applicable law, each holder will be deemed

to have unconditionally and irrevocably waived any such right or remedy.

**Interest**

The Notes shall bear interest on their principal amount from (and including) the Issue Date until (but excluding) the Maturity Date, at a fixed rate of 5.875 per cent. per annum, payable annually in arrear on 10 September in each year, commencing on 10 September 2024. The first payment of interest, to be made on 10 September 2024, shall be in respect of the period from (and including) the Issue Date to (but excluding) 10 September 2024.

**Interest Deferral**

If at any time after the Issue Date certain conditions are satisfied which trigger a Mandatory Interest Deferral Date, the Issuer is obliged to defer payment of all of the interest accrued to that date, and the Issuer shall not have any obligation to make such a payment of interest. Any interest so deferred shall constitute Arrears of Interest. See Condition 3.5 (*Interest Deferral*).

**Optional Early Redemption as from First Call Date**

The Issuer may, subject to having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, at any time in the period from (and including) the First Call Date to (but excluding) the Maturity Date.

**Optional Early Redemption following a Tax Event**

If at any time after the Issue Date the Issuer determines that a Tax Event has occurred and is continuing with respect to the Notes, the Issuer may, subject to having given not less than 15 nor more than 60 days' notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at any time at their principal amount plus any interest accrued (including Arrears of Interest) to the date fixed for redemption.

**Exchange or Variation for Taxation Reasons**

If at any time after the Issue Date the Issuer determines that a Tax Event has occurred and is continuing with respect to the Notes, the Issuer may, instead of redeeming the Notes in the manner described above, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for new notes (the "**Exchanged Notes**"), or (ii) vary the terms of all but not some only of the Notes (the "**Varied Notes**"), so that in either case a Tax Event no longer exists.

Any such exchange or variation is subject to certain specified conditions (including the Issuer having given not less than 15 nor more than 60 days' notice to the Fiscal Agent and the Noteholders and the Prior Approval of the Relevant Supervisory

Authority having been obtained) and shall be binding on the Noteholders. See “*Terms and Conditions of the Notes – Condition 4.5 (Exchange or Variation for Taxation Reasons)*”.

**Optional Early Redemption for Regulatory Reasons**

If at any time, the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Reference Date and is continuing, the Issuer may, subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part, at any time at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption.

“**Regulatory Event**” means that, after the Reference Date, (i) the Issuer and/or the Athora Group is subject to regulatory supervision by the Relevant Supervisory Authority and (ii) as a result of any replacement of, or change to, the Applicable Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so) at any time whilst any of the Notes are outstanding, the whole or part of the Notes can no longer be treated as Tier 2 Capital of the Issuer or on a consolidated basis, the Athora Group under the Applicable Regulations from time to time, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

**Exchange or Variation for Regulatory Reasons**

If at any time the Issuer determines that a Regulatory Event has occurred with respect to the Notes on or after the Reference Date and is continuing, the Issuer may, instead of redeeming the Notes in the manner described above, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for Exchanged Notes, or (ii) Varied Notes, so that in either case the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under the Applicable Regulations as at least Tier 2 Capital of the Issuer or the Athora Group.

Any such exchange or variation is subject to certain specified conditions (including the Prior Approval of the Relevant Supervisory Authority), shall be binding on the Noteholders and shall be notified to them as soon as practicable thereafter. See “*Terms and Conditions of the Notes – Condition 4.7 (Exchange or Variation for Regulatory Reasons)*”.

**Optional Early Redemption for Rating Reasons**

If at any time after the Issue Date, the Issuer determines that a Rating Methodology Event has occurred and is continuing with respect to the Notes, the Issuer may, subject to having given prior notice to the Fiscal Agent and the Noteholders, redeem the Notes in whole, but not in part at any time, at their principal

amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption.

A **“Rating Methodology Event”** will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation by the relevant Rating Agency of such methodology) on or after the Reference Date as a result of which the equity credit or capital recognition previously assigned by such Rating Agency to the Notes has been (in the reasonable opinion of the Issuer) materially and adversely impacted and/or reduced when compared to the equity credit or capital recognition assigned by such Rating Agency at or around the Reference Date or from the date on which equity credit or capital recognition is first assigned, should such Rating Agency only assess the instrument at a later date. In this definition, **“capital recognition”** also refers to any other nomenclature that the Rating Agency may then use to describe the contribution of the Notes to capital adequacy in the applicable rating methodology.

#### **Exchange or Variation for Rating Reasons**

If at any time after the Issue Date, the Issuer determines that a Rating Methodology Event has occurred and is continuing with respect to the Notes, the Issuer may, instead of redeeming the Notes, on any Interest Payment Date, without the consent of the Noteholders, (i) exchange all but not some only of the Notes for Exchanged Notes, or (ii) vary the terms of all but not some only of the Notes, so that in either case the capital recognition assigned by the Rating Agency to the Exchanged Notes or Varied Notes (as the case may be) is at least the same as the capital recognition assigned to the Notes by such Rating Agency at or around the Issue Date.

Any such exchange or variation is subject to certain specified conditions (including the Prior Approval of the Relevant Supervisory Authority), shall be binding on the Noteholders and shall be notified to them as soon as practicable thereafter. See *“Terms and Conditions of the Notes – Condition 4.9 (Exchange or Variation for Rating Reasons)”*.

#### **Optional Make-whole Redemption**

The Issuer may, subject to having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and the Noteholders redeem the Notes in whole, but not in part, at any time at the Make-whole Redemption Amount, provided that such date shall be no earlier than the First MW Call Date.

**“First MW Call Date”** means the fifth (5<sup>th</sup>) anniversary of the Issue Date.

**“Make-whole Redemption Amount”** means the sum of:

- (i) the greater of (1) the principal amount of the Notes so redeemed and (2) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes to the Maturity Date, discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Reference Rate plus the Make-whole Redemption Margin; and
- (ii) any interest accrued (including Arrears of Interest) but not paid on the Notes to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent.

#### **Clean-up Redemption**

The Issuer may at any time after the Issue Date, subject to it having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and the Noteholders elect to redeem all, but not some only, of the Notes at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption if 75 per cent. or more of the Notes originally issued (including any further issues pursuant to Condition 12 (*Further Issues*)) have been purchased and cancelled at the time of such election.

#### **Purchase of Notes by the Issuer**

The Issuer or any of its affiliated entities may at any time purchase Notes in the open market or otherwise at any price. Notes so purchased by the Issuer or any of its affiliated entities may be held, resold or surrendered for cancellation.

#### **Conditions to Redemption and/or Purchase**

The Notes may not be redeemed or purchased at any time, including on the Maturity Date or pursuant to any of the optional early redemption or purchase provisions referred to above if (i) the Prior Approval of the Relevant Supervisory Authority has not been obtained, (ii) a Capital Adequacy Event has occurred and is continuing on the relevant redemption date or purchase date, or such redemption or purchase would itself cause a Capital Adequacy Event to occur or (iii) the Issuer determines that it is not, or as a result of the redemption or purchase would not be, Solvent. The occurrence of such either condition in respect of the Issuer shall constitute a **“Mandatory Redemption Deferral Event”**, provided, however, that the occurrence of condition (ii) will not constitute a Mandatory Redemption Deferral Event if (a) the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment, (b) the Notes are exchanged for, or converted into, Tier 1 Capital or Tier 2 Capital



and (c) the Capital Requirements will be complied with immediately after the redemption or purchase is made.

In the case of a redemption pursuant to Conditions 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*) or 4.11 (*Clean-up Redemption*) or purchase pursuant to Condition 4.12 (*Purchases*) that is within five years from the Reference Date, (i) such redemption or purchase shall be in exchange for, or funded out of the proceeds of, a new issuance of capital of at least the same quality as the Notes, or (ii) if:

- (a) made following receipt by the Issuer of confirmation from the Relevant Supervisory Authority that it is satisfied that the Capital Requirements, after the repayment or redemption or purchase, will be exceeded by an appropriate margin (taking into account the solvency position of the Issuer, including the Athora Group's medium-term capital management plan as provided in the Applicable Regulations); and

(if applicable) either:

- (b) (in the case of a redemption for taxation reasons) the applicable change in tax treatment is material and was not reasonably foreseeable at the Reference Date; or
- (c) (in the case of a redemption for regulatory reasons):
  - (A) the Relevant Supervisory Authority considers that the negative impact on the classification of the Notes as described in the definition of Regulatory Event to be sufficiently certain; and
  - (B) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the occurrence of a Regulatory Event was not reasonably foreseeable as at the Reference Date.

Notwithstanding any other provision in the Conditions, the deferral of redemption of the Notes in accordance with Condition 4.13 (*Conditions to Redemption and/or Purchase*) will not constitute a default by the Issuer under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

**Deferral of Redemption Date**

The Fiscal Agent and the Noteholders will be notified if redemption of the Notes shall be deferred as a result of the occurrence and continuation of a Mandatory Redemption Deferral Event.

A Mandatory Redemption Deferral Event will occur if:

- (i) the Prior Approval of the Relevant Supervisory Authority has not been obtained;
- (ii) a Capital Adequacy Event has occurred and is continuing on the relevant redemption date or purchase date, or such redemption or purchase would itself cause a Capital Adequacy Event to occur; or
- (iii) the Issuer determines that it is not, or as a result of the redemption or purchase would not be, Solvent.

A Capital Adequacy Event (defined in “*Terms and Conditions of the Notes*” below) will occur if the amount of eligible ‘capital’ or ‘own funds instruments’ of the Issuer and/or the Athora Group that is required in order to satisfy the Capital Requirements is, or as a result of a payment under the Notes would be, insufficient to satisfy any of the relevant Capital Requirements or where the Relevant Supervisory Authority has notified the Issuer that it has determined (in view of the financial and/or solvency condition of the Issuer) that the Issuer must defer payments of principal and/or interest (including Arrears of Interest) under the Notes.

The “**Capital Requirements**” are either: (i) the ECR; or (ii) such other solvency capital requirement that may apply to the Issuer and/or, on a consolidated basis, the Athora Group including solvency control levels above which, the Relevant Supervisory Authority does not intervene of capital adequacy grounds and/or below which, the Relevant Supervisory Authority would invoke its strongest actions (in the absence of appropriate corrective behaviour).

If redemption of the Notes does not occur on the date specified in any notice of redemption by the Issuer, the Issuer shall redeem such Notes at their principal amount and any accrued and unpaid interest (including Arrears of Interest), upon the earliest of:

- (i) the date falling ten (10) Business Days after the date the Mandatory Redemption Deferral Event has ceased to be continuing (unless on such tenth (10<sup>th</sup>) Business Day a further Mandatory Redemption Deferral Event

has occurred and is continuing), subject to the Prior Approval of the Relevant Supervisory Authority having been obtained after the Mandatory Redemption Deferral Event has ceased to exist;

- (ii) the date falling ten (10) Business Days after the Relevant Supervisory Authority has agreed to the repayment or redemption of the Notes; and
- (iii) the date on which the Winding-Up of the Issuer occurs.

### **Enforcement Events**

There will be no events of default in respect of the Notes, however each Note shall become immediately due and payable in the case of the Winding-Up of the Issuer at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest.

Winding-Up may occur if at any time an order is made, or an effective resolution is passed, for the winding up, dissolution or liquidation of the Issuer (except, in any case, a solvent winding up, dissolution or liquidation solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously (save in respect of any substitution effected in accordance with Condition 13 (*Substitution*)) been approved in writing by Noteholders representing not less than 75 per cent. in aggregate number of the Notes then outstanding and do not provide that the Notes or any amount in respect thereof shall thereby become payable).

### **Meetings of Noteholders**

The Terms and Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The agreement or approval of the Noteholders shall not be required in the case of any variation or exchange of the Notes pursuant to Condition 4.5 (*Exchange or Variation for Taxation Reasons*), Condition 4.7 (*Exchange or Variation for Regulatory Reasons*), Condition 4.9 (*Exchange or Variation for Rating Reasons*), Condition 13 (*Substitution*) or any consequential amendments to the Agency Agreement required in connection therewith.

### **Substitution**

The Issuer may, without the consent of the Noteholders, substitute in place of the Issuer as principal debtor under the notes (i) any subsidiary of the Issuer, (ii) a successor in business of the Issuer, (iii) a parent company of the Issuer

(including but not limited to any Insurance Group Parent Entity) or (iv) any subsidiary of a parent company of the Issuer, without consent of the Noteholders, provided that (a) subject to paragraph (b) below, except where the Substitute Issuer is the successor in business of the Issuer, the Notes shall be unconditionally and irrevocably guaranteed by the Issuer, (b) the rights and claims of the Noteholders against the Substitute Issuer or the Issuer under the guarantee referred to in paragraph (a) will be in accordance with the rights and claims of the Noteholders as set out in Condition 2.1 (*General*), (c) two authorised signatories of the Issuer certify that the substitution is not materially prejudicial to the interests of Noteholders, (d) two authorised signatories of the Issuer certify that the Issuer is Solvent and will remain Solvent (e) the Substitute Issuer will be bound by the terms of the Agency Agreement, the Deed of Covenant and the Notes, (f) if the Substitute Issuer is incorporated, domiciled or resident in a territory other than Bermuda, the Substitute Issuer shall give an undertaking or covenant in terms corresponding to Condition 6 (*Taxation*) in which references to Bermuda in the definition of “Taxing Jurisdiction” shall be substituted with references to such territory, (g) if the Notes had a published Solicited Rating from one or more Rating Agencies at any time in the period of twelve (12) months prior to the substitution, the Notes shall be assigned an equal or higher published Solicited Rating immediately after the substitution, (h) if the Notes are listed on the Global Exchange Market of The Irish Stock Exchange plc trading as Euronext Dublin or any other stock exchange or market immediately prior to the substitution, the Notes continue to be listed on the relevant stock exchange or market immediately after the substitution, (i) such substitution shall not result the occurrence of a Tax Event, Regulatory Event or a Rating Methodology Event and two authorised signatories of the Issuer deliver to the Fiscal Agent a certificate to such effect and (j) the Prior Approval of the Relevant Supervisory Authority has been obtained. See “*Terms and Conditions of the Notes – Condition 13 (Substitution)*”.

## **Amendments**

Following either a substitution of the Issuer as outlined above and further described in Condition 13 (*Substitution*) or a change in the Relevant Regulatory Jurisdiction, the Issuer and the Fiscal Agent may, without the consent of the Noteholders, agree to any amendments as the Issuer deems necessary to ensure that the Notes continue to qualify as Tier 2 Capital. See Condition 14(A) (*Amendments*).

<b>Listing and Admission to Trading</b>	Application has been made for the Notes to be admitted to the Official List and to trading on the Global Exchange Market of Euronext Dublin.
<b>Governing Law</b>	The Notes and any non-contractual obligations arising out of or in connection with them will be governed by, and construed in accordance with, English law, except for Condition 2 ( <i>Status of the Notes</i> ) which will be governed by and construed in accordance with the law of the Relevant Regulatory Jurisdiction. As at the Issue Date, the Relevant Regulatory Jurisdiction is Bermuda.
<b>Form</b>	The Notes will be issued in registered form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000.
<b>Credit Ratings</b>	<p>The Notes are expected to be assigned on issue a rating of 'BBB-' by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and is subject to suspension, reduction or withdrawal at any time by the assigning rating agency. A suspension, reduction or withdrawal of a credit rating assigned to Athora may adversely affect the market price of the Notes.</p> <p>Fitch is established in the EU and is registered under the Regulation (EC) No 1060/2009 on credit rating agencies, as amended.</p>
<b>Use of Proceeds</b>	The net proceeds from the issue of the Notes will be applied by Athora for general corporate purposes (including, without limitation, towards: (a) the cash tender offer for all or a portion of the EUR 300 million fixed to fixed rate subordinated notes due 2031 (the " <b>EUR NC2026 Notes</b> ") and a portion of the EUR 500 million fixed to fixed rate subordinated notes due 2032 (the " <b>EUR NC2027 Notes</b> ") each issued by Athora Netherlands, as announced by Athora Netherlands on 3 June 2024; and (b) bank loan refinancings).
<b>Fiscal Agent, Paying Agent, Transfer Agent and Registrar</b>	Citibank, N.A., London Branch
<b>Listing Agent</b>	Arthur Cox Listing Services Limited
<b>ISIN Code</b>	XS2831758474
<b>Common Code</b>	283175847
<b>CFI</b>	DBFXFR

**FISN**

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**Selling Restrictions**

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions only in compliance with applicable laws and regulations. See “*Subscription and Sale*” below.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the Conditions of the Notes which (subject to modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Notes:*

The issue of the EUR 750,000,000 5.875 per cent. Fixed Rate Subordinated Notes due 2034 (the “**Notes**”) of Athora Holding Ltd. (the “**Issuer**”) was authorised by a resolution of the Board of Directors of the Issuer passed on 21 May 2024. An agency agreement relating to the Notes dated 10 June 2024 (such agreement as amended and/or supplemented and/or restated from time to time, the “**Agency Agreement**”) has been entered into between the Issuer and Citibank, N.A., London Branch as fiscal agent (the “**Fiscal Agent**”), Citibank, N.A., London Branch as paying agent (the “**Paying Agent**”, together with the Fiscal Agent, the “**Paying Agents**”), Citibank, N.A., London Branch as transfer agent (the “**Transfer Agent**”) and Citibank, N.A., London Branch as registrar (the “**Registrar**”). The holders of the Notes (the “**Noteholders**”) are entitled to the benefit of a Deed of Covenant (the “**Deed of Covenant**”) dated 10 June 2024 and made by the Issuer. The original of the Deed of Covenant is held by the Common Depository for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

The statements in these terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of, and definitions in, the Agency Agreement. Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours by the Noteholders at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Deed of Covenant, and are deemed to have notice of those provisions applicable to them of the Agency Agreement. References in these Conditions to the Fiscal Agent, the Registrar and the Paying Agents shall include any successor appointed under the Agency Agreement.

References in these Conditions to “**EUR**”, “**euro**” or “**€**” shall mean the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome establishing the European Communities, as amended.

These Conditions may only be amended if the Issuer has obtained the Prior Approval of the Relevant Supervisory Authority (as defined below) and (if required) the consent of the Noteholders in accordance with the provisions for meetings of Noteholders scheduled to the Agency Agreement.

*The owners shown in the records of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Agency Agreement applicable to them.*

### 1. FORM AND DENOMINATION; TITLE; TRANSFERS OF NOTES AND ISSUE OF CERTIFICATES

#### 1.1 Form and Denomination

The Notes are issued in registered form in denominations of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof up to and including EUR 199,000 (referred to as the “principal amount” of a Note). A definitive note certificate (each a “Certificate”) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered

serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

## 1.2 Title and Transfer

Title to the Notes passes only by registration in the register of Noteholders maintained by the Registrar (the “**Register**”). The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership or writing on it, or the previous theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions, “**Noteholder**” and (in relation to a Note) “**holder**” means the person in whose name a Note is registered in the Register.

## 1.3 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any Transfer Agent.

## 1.4 Delivery of new Certificates

*Except in the limited circumstances described herein (see “Summary of Provisions relating to the Notes while represented by the Global Certificate – Exchange and Registration of Title”), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.*

- (A) Each new Certificate to be issued upon transfer of Notes will, within five (5) business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition 1.4 only, “**business day**” shall mean a day on which banks are open for business in the city in which the specified office of the Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.
- (B) Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

## 1.5 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Transfer Agent but upon payment (or the giving of such indemnity as the Issuer or any



Transfer Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

## 1.6 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note or during the period following delivery of a notice of a voluntary payment of Arrears of Interest and ending on the date referred to in such notice as having been fixed for such payment of Arrears of Interest.

## 1.7 Regulations

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

## 2. STATUS OF THE NOTES

### 2.1 General

If at any time an order is made, or an effective resolution is passed, for the winding up, dissolution or liquidation of the Issuer (except, in any case, a solvent winding up, dissolution or liquidation solely for the purpose of a reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, the terms of which reconstruction, amalgamation or substitution have previously (save in respect of any substitution effected in accordance with Condition 13 (*Substitution*)) been approved in writing by Noteholders representing not less than 75 per cent. in aggregate number of the Notes then outstanding and do not provide that the Notes or any amount in respect thereof shall thereby become payable) (a "**Winding-Up**"), the rights and claims of the Noteholders against the Issuer in respect of, or arising under, the Notes (including any damages awarded for breach of any obligations thereunder) will be contractually subordinated to all claims of Senior Creditors which have been admitted in the Winding-Up, but shall rank:

(A) *pari passu* with all claims in respect of any Parity Obligations; and

(B) in priority to claims in respect of all Junior Obligations,

and accordingly satisfaction of all claims in respect of the Notes in a Winding-Up shall be conditional upon all claims of Senior Creditors which have been admitted in the Winding-Up having first been satisfied (or provided for) in full.

*On a Winding-Up of the Issuer, there may be no surplus assets available to meet the claims of the Noteholders after the claims of the Senior Creditors (as provided for in Condition 2.1 (General) (above)) have been satisfied.*

## 2.2 Set off

The Notes are unencumbered and, subject to applicable law, no Noteholder shall be entitled to, and no such Noteholder shall, exercise, claim or plead any right of set-off, counterclaim, abatement, compensation, retention or other similar remedy that such Noteholder might otherwise have under applicable law against the Issuer or any other member of the Athora Group in respect of any amount owed to it by the Issuer or any member of the Athora Group arising under or in connection with the Notes whether prior to or in a Winding-Up. By its holding of any Note and subject to applicable law, each Noteholder will be deemed to have unconditionally and irrevocably waived any such right or remedy.

## 2.3 Definitions

**“Applicable Regulations”** means, at any time, as applicable to the Issuer and/or, on a consolidated basis, the Athora Group, either:

- (a) any legislation, rules, guidelines, regulations or expectations set forth in applicable guidance (whether having the force of law or otherwise) of Bermuda which are, at such time, applicable to the Issuer and/or, on a consolidated basis, the Athora Group from time to time relating to the characteristics, features or criteria of own funds or capital resources and the requirement to maintain capital resources in excess of a prescribed capital resources requirement and, for the avoidance of doubt and without limitation to the foregoing, includes (for so long as the same are applicable as aforesaid) the Insurance Act 1978 of Bermuda, as amended, the Insurance (Group Supervision) Rules 2011 of Bermuda, as amended, and the Insurance (Prudential Standards) (Insurance Group Solvency Requirement) Rules 2011 of Bermuda, as amended, any legislation, rules or regulations relating to such matters which are supplementary or extraneous thereto; or
- (b) any legislation, rules, guidelines, regulations or expectations set forth in applicable guidance (whether having the force of law or otherwise) then applied by the then Relevant Supervisory Authority to the Issuer and/or, on a consolidated basis, the Athora Group relating, but not limited to, own funds, capital resources, capital requirements, financial adequacy requirements or other prudential matters (including, but not limited to, the characteristics, features or criteria of any of the foregoing and including, without limitation, for the purposes of any capital requirements applicable to internationally active insurance groups).

**“Athora Group”** means the Insurance Group Parent Entity and its direct and indirect subsidiaries and holding companies, if any, from time to time required to be included in the calculation of “group solvency” as provided for in Applicable Regulations.

**“Insurance Group Parent Entity”** means the Issuer or any subsidiary or parent company of the Issuer which from time to time constitutes the highest entity in the relevant insurance group for which supervision of group capital resources or solvency is required pursuant to the Applicable Regulations. For the avoidance of doubt, as at the Issue Date, the Insurance Group Parent Entity is the Issuer.

**“Junior Obligations”** means any present and future subordinated indebtedness, security or obligation incurred by the Issuer and any claim in respect of any shares issued by the Issuer

(including preferred shares or common shares) and any other indebtedness, security or obligation of the Issuer that, in each case, ranks or are expressed to rank junior to Parity Obligations, including, without limitation, the Tier 1 Capital of the Issuer.

**“Parity Obligations”** means any present and future, subordinated indebtedness, security or obligation of the Issuer that, in each case, ranks, or is expressed to rank, equally and rateably with the Notes, including, without limitation, the Tier 2 Capital of the Issuer.

**“Relevant Regulatory Jurisdiction”** means: (a) Bermuda; or (b) such other jurisdiction in which or of which any authority has, as a result of a change of the Applicable Regulations to which the Issuer and the Athora Group is subject, primary supervisory authority with respect to prudential and/or resolution matters with respect to the Issuer and the Athora Group. As at the Issue Date, the Relevant Regulatory Jurisdiction is Bermuda.

**“Relevant Supervisory Authority”** means the regulator or other authority from time to time in the Relevant Regulatory Jurisdiction having primary supervisory authority with respect to prudential and/or resolution matters in relation to the Issuer and the Athora Group. As at the Issue Date, the Relevant Supervisory Authority is the Bermuda Monetary Authority.

**“Senior Creditors”** means any present and future, unsubordinated indebtedness, security or obligation of the Issuer that, in each case, ranks, or is expressed to rank senior to the Notes, including, without limitation, the Tier 3 Capital of the Issuer, and, creditors who are policyholders of the Issuer’s subsidiaries that are registered as insurance companies (and, for the avoidance of doubt, the claims of creditors who are policyholders shall include all amounts to which any such policyholder would be entitled in its capacity as policyholder under any applicable legislation or rules related to a winding up of insurance companies to reflect any right to receive, or expectation of receiving, policyholder benefits to which policyholders may have).

**“Tier 1 Capital”** has the meaning given to it for the purposes of the Applicable Regulations from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under the Applicable Regulations).

**“Tier 2 Capital”** has the meaning given to it for the purposes of the Applicable Regulations from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under the Applicable Regulations).

**“Tier 3 Capital”** has the meaning given to it for the purposes of the Applicable Regulations from time to time (including, without limitation, by virtue of the operation of any grandfathering provisions under the Applicable Regulations).

### 3. INTEREST

#### 3.1 General

The Notes shall bear interest on their principal amount from (and including) 10 June 2024 (the **“Issue Date”**) until (but excluding) the Maturity Date at a fixed rate of 5.875 per cent. per annum (the **“Interest Rate”**), payable annually in arrear on 10 September in each year (each an **“Interest Payment Date”**), commencing on 10 September 2024. The first payment of interest, to be made on 10 September 2024, shall be in respect of the period from (and including) the

Issue Date to (but excluding) 10 September 2024 (and shall be EUR 14.768 per EUR 1,000 in principal amount of the Notes).

### 3.2 Interest Accrual

- (A) The Notes will cease to bear interest from and including the date fixed for redemption unless: (i) payment of the principal in respect of the Notes is improperly withheld or refused; (ii) a default is otherwise made in respect of the payment on such date; or (iii) the date fixed for redemption is deferred pursuant to Condition 4 (*Redemption and Purchase*) in which case the Notes shall cease to bear interest from the date fixed for redemption as so deferred.
- (B) In such event, the Notes will continue to bear interest at the Interest Rate as specified in this Condition 3 on their remaining unpaid amount until whichever is the earlier of:
  - (i) the date on which all amounts due in respect of such Note have been paid; and
  - (ii) five (5) days after the date on which the full amount of the moneys payable in respect of such Notes has been received by the Fiscal Agent and notice to that effect has been given to the Noteholders in accordance with Condition 10 (*Notices*).

### 3.3 Interest Amount

Subject as provided in Condition 3.1 in respect of the amount of interest payable on the first Interest Payment Date and subject to Condition 3.5 (*Interest Deferral*), the amount of interest payable on each Note on each Interest Payment Date (the “**Interest Amount**”) will be the product of the principal amount of such Note and the Interest Rate, multiplied by the Day Count Fraction and rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards).

“**Accrual Period**” means the period from (and including) an Interest Payment Date (or the Issue Date as the case may be) to (but excluding) the next Interest Payment Date.

“**Day Count Fraction**” means: (a) in respect of an Interest Amount payable on a scheduled Interest Payment Date, one; and (b) in respect of an Interest Amount payable other than on a scheduled Interest Payment Date, the number of days in the relevant period from (and including) the date from which interest begins to accrue to (but excluding) the date on which it falls due, divided by the number of days in the Accrual Period in which the relevant period falls (including the first such day but excluding the last).

### 3.4 Notifications, etc. to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 3 by the Fiscal Agent will (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Fiscal Agent and all Noteholders and (in the absence of wilful default, bad faith or manifest error) no liability to the Issuer or the Noteholders shall attach to the Fiscal Agent in

connection with the exercise or non-exercise by it of its powers, duties and discretions under this Condition 3.

### 3.5 Interest Deferral

#### (A) *Mandatory Interest Deferral Dates*

On any Mandatory Interest Deferral Date, the Issuer will be obliged, by notice to (x) the Noteholders in accordance with Condition 10 (*Notices*) and (y) the Fiscal Agent pursuant to sub-paragraph (C) below, to defer payment of all (but not some only) of the interest accrued to that date, and the Issuer shall not have any obligation to make such payment and any failure to pay shall not constitute a default by the Issuer for any purpose and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

#### (B) *Arrears of Interest*

Any interest in respect of the Notes not paid on a Mandatory Interest Deferral Date and deferred in accordance with Condition 3.5(A) (*Mandatory Interest Deferral Dates*) above, together with any other interest deferred on any previous Interest Payment Date, shall, so long as the same remains outstanding, constitute “**Arrears of Interest**”. Arrears of Interest may at the option of the Issuer, subject to the Prior Approval of the Relevant Supervisory Authority, be paid in whole or (in accordance with sub-paragraph (D) below) in part at any time upon the expiry of not less than 14 days’ notice to such effect given by the Issuer to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders, but all Arrears of Interest in respect of all Notes for the time being outstanding shall become due in full on whichever is the earliest of:

- (i) the next Interest Payment Date which is not a Mandatory Interest Deferral Date;
- (ii) the date fixed for any redemption or purchase of the Notes in accordance with Condition 4 (*Redemption and Purchase*) or Condition 8 (*Enforcement Events*);  
or
- (iii) the date on which an order is made or a resolution is passed for the Winding-Up of the Issuer,

provided that, for the avoidance of doubt, on the date on which such Arrears of Interest are to be paid pursuant to (i) or (ii) above no Mandatory Interest Deferral Event has occurred and is continuing.

For the avoidance of doubt, Arrears of Interest shall not themselves bear interest.

#### (C) *Notice of Deferral*

The Issuer shall give notice not less than five (5) nor more than thirty (30) Business Days’ prior to an Interest Payment Date to the Noteholders in accordance with Condition 10 (*Notices*) and to the Fiscal Agent if that Interest Payment Date is a Mandatory Interest Deferral Date and specifying that interest will not be paid because

a Mandatory Interest Deferral Event has occurred, provided that if the Mandatory Interest Deferral Event occurs less than five (5) Business Days prior to an Interest Payment Date, the Issuer shall give notice of the interest deferral to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders as soon as reasonably practicable following the occurrence of such event and before such Mandatory Interest Deferral Date. Failure to give notice in accordance with this Condition 3.5(C), however, shall not have any impact on the effectiveness of, or otherwise invalidate, any such deferral of payment of interest or give the Noteholders any rights as a result of such failure.

So long as the Notes are listed on the Global Exchange Market of The Irish Stock Exchange plc trading as Euronext Dublin and the rules of such stock exchange so require, notice of any such deferral shall also be given as soon as reasonably practicable to such stock exchange.

(D) *Partial Payment of Arrears of Interest*

If amounts in respect of Arrears of Interest are paid in part:

- (i) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period; and
- (ii) the amount of Arrears of Interest payable in respect of any Note in respect of any period, shall be *pro rata* to the total amount of all unpaid Arrears of Interest accrued in respect of that period to the date of payment.

(E) *Definitions*

In this Condition 3.5 and for the purposes of these Conditions:

**“Assets”** means the non-consolidated gross assets of the Issuer, as shown by the then latest published balance sheet of the Issuer, adjusted for contingencies and for subsequent events and to such extent as the directors, or as the case may be, the administrator, receiver, liquidator, examiner or similar official may determine to be appropriate.

**“Capital Adequacy Event”** means that:

- (a) the amount of eligible ‘capital’ or ‘own funds instruments’ (or any equivalent terminology employed pursuant to the Applicable Regulations from time to time) of the Issuer and/or, on a consolidated basis, the Athora Group that is required in order to satisfy the Capital Requirements is, or as a result of a payment under the Notes would be, insufficient to satisfy any of the relevant Capital Requirements; or
- (b) (if required or applicable in order for the Notes to qualify as Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group under the Applicable Regulations from time to time) the Relevant Supervisory Authority has notified

the Issuer that it has determined, in view of the financial and/or solvency condition of the Issuer, that in accordance with the Applicable Regulations at such time the Issuer must defer payments of principal and/or interest (including Arrears of Interest) under the Notes.

**“Capital Requirements”** means at any time, as applicable to the Issuer and/or, on a consolidated basis, the Athora Group: (a) the ECR; or (b) any and all other solvency capital requirements which relate to a solvency control level (or equivalent) required to be maintained by the Issuer and/or, on a consolidated basis, the Athora Group under Applicable Regulations: (i) above which, the Relevant Supervisory Authority does not intervene on capital adequacy grounds; and/or (ii) below which, the Relevant Supervisory Authority would invoke its strongest actions (in the absence of appropriate corrective behaviour by the Issuer and/or the Athora Group). As at the Issue Date, the applicable Capital Requirement is the ECR.

**“ECR”** means the enhanced capital requirement applicable to the Athora Group (whether calculated on a solvency capital requirement (**“BSCR”**) or minimum margin of solvency (**“MSM”**) basis), each as defined in the Applicable Regulations. As at the Issue Date, the ECR is calculated as the higher of the BSCR and MSM, which (as at the Issue Date) is the BSCR.

**“Liabilities”** means the non-consolidated gross liabilities of the Issuer as shown by the then latest published balance sheet of the Issuer, adjusted for contingencies and for subsequent events and to such extent as the directors, the auditors, or as the case may be, the administrator, receiver, liquidator, examiner or similar official may determine to be appropriate.

**“Mandatory Interest Deferral Event”** means, in relation to any payment of interest and/or Arrears of Interest:

- (a) a Capital Adequacy Event has occurred and such Capital Adequacy Event is continuing or the payment (in whole or in part) of the relevant interest (and/or Arrears of Interest) would in itself cause a Capital Adequacy Event to occur; and/or
- (b) the Issuer determines that it is not, or as a result of the payment of such interest (in whole or in part) would not be, Solvent,

provided however that the occurrence of (a) above will not constitute a Mandatory Interest Deferral Event if each of the following requirements are satisfied:

- (i) the Relevant Supervisory Authority has exceptionally waived the deferral of such interest payment (and/or payment of Arrears of Interest);
- (ii) the Issuer has demonstrated to the satisfaction of the Relevant Supervisory Authority that paying the interest (and/or Arrears of Interest) does not further weaken the solvency position of the Issuer as determined in accordance with the Applicable Regulations;

- (iii) the Issuer has demonstrated to the satisfaction of the Relevant Supervisory Authority that the Capital Requirements will be complied with immediately after the interest payment (and/or payment of Arrears of Interest) is made; and
- (iv) the Issuer has demonstrated to the satisfaction of the Relevant Supervisory Authority that any other then applicable or alternative conditions to those set out above as provided for under the Applicable Regulations are complied with,

in each case to the extent then required in accordance with the Applicable Regulations for the Notes to qualify as Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group under the Applicable Regulations from time to time.

**“Mandatory Interest Deferral Date”** means each Interest Payment Date prior to which a Mandatory Interest Deferral Event has occurred and where such Mandatory Interest Deferral Event is continuing, or would occur if payment of interest were made on such Interest Payment Date.

**“Pari Passu Creditors”** means the creditors in respect of any Parity Obligations.

**“Prior Approval of the Relevant Supervisory Authority”** means, in respect of any proposed act on the part of the Issuer, the prior written consent or due notification of non-objection in writing from the Relevant Supervisory Authority (if required by the Relevant Supervisory Authority or the Applicable Regulations at the relevant time).

**“Solvent”** means, in respect of the Issuer, that it:

- (a) is able to pay its debts owed to Senior Creditors and Pari Passu Creditors as they fall due; and
- (b) has Assets that exceed its Liabilities (other than its Liabilities in respect of Junior Obligations).

#### 4. REDEMPTION AND PURCHASE

The Notes may not be redeemed otherwise than in accordance with this Condition 4.

##### 4.1 Maturity Date

- (A) Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, on 10 September 2034 (the **“Maturity Date”**). Where, as a result of Condition 4.13 (*Conditions to Redemption and/or Purchase*) or 4.14 (*Deferral of Redemption Date*), the Notes cannot be redeemed on the Maturity Date, the Issuer shall redeem the Notes as soon as practicable after such conditions have ceased to be an impediment to such redemption in accordance with Condition 4.14(C) (*Deferral of Redemption Date*), and the Issuer



will inform the Fiscal Agent and, in accordance with Condition 10 (Notices), the Noteholders of the date fixed for redemption.

- (B) Except as provided under Condition 4.2 (*Optional Early Redemption as from First Call Date*), 4.3 (*Optional Make-whole Redemption by the Issuer*), 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*) or 4.11 (*Clean-up Redemption*) or if a Winding-Up of the Issuer occurs, the Notes may not be redeemed before the Maturity Date.

#### 4.2 Optional Early Redemption as from First Call Date

Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), the Issuer may, subject to having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole, but not in part, at their principal amount, together with all interest accrued (including Arrears of Interest) to the date fixed for redemption, at any time in the period from (and including) the First Call Date to (but excluding) the Maturity Date.

**"First Call Date"** means the date falling three (3) months prior to the Maturity Date.

#### 4.3 Optional Make-whole Redemption by the Issuer

- (A) Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), the Issuer may, subject to having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption (the **"Make-whole Redemption Date"**)), provided that such date shall be no earlier than the First MW Call Date), redeem the Notes in whole, but not in part, at any time at the Make-whole Redemption Amount (the **"Make-whole Redemption"**).

- (B) In this Condition 4.3 and for the purposes of these Conditions:

- (i) **"Calculation Date"** means the third Business Day preceding the Make-whole Redemption Date.
- (ii) **"First MW Call Date"** means the fifth (5<sup>th</sup>) anniversary of the Issue Date.
- (iii) **"Make-whole Redemption Amount"** means the sum of:
  - (a) the greater of: (1) the principal amount of the Notes so redeemed; and (2) the sum of the then present values of the remaining scheduled payments of principal and interest on such Notes to the Maturity Date, discounted to the relevant Make-whole Redemption Date on an annual basis at the Make-whole Redemption Reference Rate plus the Make-whole Redemption Margin; and

- (b) any interest accrued (including Arrears of Interest) but not paid on the Notes to, but excluding, the Make-whole Redemption Date,

as determined by the Quotation Agent and as notified on the Calculation Date by the Quotation Agent to the Issuer and the Fiscal Agent.

- (iv) **"Make-whole Redemption Margin"** means 0.50 per cent.
- (v) **"Make-whole Redemption Reference Rate"** means:
  - (a) the mid-market yield to maturity of the Reference Note which appears on the Relevant Make-whole Screen Page on the third business day preceding the Make-whole Redemption Date at 11:00 a.m. (CET); or
  - (b) to the extent that the mid-market yield to maturity does not appear on the Relevant Make-whole Screen Page at such time, the average of the number of quotations given by the Reference Dealers of the mid-market yield to maturity of the Reference Note on the third business day preceding the Make-whole Redemption Date at or around 11:00 a.m. (CET).
- (vi) **"Quotation Agent"** means the independent bank or financial services firm or other independent adviser appointed by the Issuer for the purpose of determining the Make-whole Redemption Amount.
- (vii) **"Reference Dealers"** means each of the four banks selected by the Quotation Agent which are primary European government security dealers, and their respective successors, or market makers in pricing corporate bond issues.
- (viii) **"Reference Note"** means the German government bond bearing interest at a rate of 2.200 per cent. per annum and maturing in February 2034 with ISIN DE000BU2Z023. If the Reference Note is no longer outstanding, a Similar Note will be chosen by the Quotation Agent at 11:00 a.m. (CET) on the Calculation Date, quoted in writing by the Quotation Agent to the Issuer and notified to the Noteholders in accordance with Condition 10 (*Notices*).
- (ix) **"Relevant Make-whole Screen Page"** means Bloomberg QR page for the Reference Note (using the settings "Mid YTM" and "Daily") (or any successor or replacement page, section or other part of the information service), or such other page, section or other part as may replace it on the information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying the mid-market yield to maturity for the Reference Note.
- (x) **"Similar Note"** means: (a) a reference bond; or (b) reference bonds issued by the same issuer as the Reference Note having an actual or interpolated maturity comparable with the remaining term of the Notes, in each case that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of

comparable maturity to the remaining term of the Notes from the date fixed for redemption to the Maturity Date.

#### 4.4 Optional Early Redemption for Taxation Reasons

- (A) Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), if at any time after the Issue Date the Issuer determines that a Tax Event has occurred and is continuing with respect to the Notes, the Issuer may, subject to having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole, but not in part, at any time at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption.
- (B) For the purpose of this Condition 4.4 and Condition 4.5 (*Exchange or Variation for Taxation Reasons*) below:
  - (i) a "**Tax Event**" shall be deemed to have occurred with respect to the Notes if, as a result of:
    - (a) any amendment to, clarification of, or change, including any announced prospective change, in Applicable Law or any regulations under those laws or treaties;
    - (b) with respect to the Taxing Jurisdiction, any judicial decision or any official administrative pronouncement, ruling, regulatory procedure, notice or announcement including any notice or announcement of intent to issue or adopt any administrative pronouncement, ruling, regulatory procedure or regulation; or
    - (c) any amendment to, clarification of, or change in the official position or the interpretation of any administrative action or judicial decision or any interpretation or pronouncement that provides for a position with respect to an administrative action or judicial decision that differs from the previously generally accepted position, in each case by any legislative body, court, governmental authority or regulatory body in the Taxing Jurisdiction, regardless of the manner in which that amendment, clarification or change is introduced or made known,

which amendment, clarification or change is effective or the administrative action is taken or judicial decision, interpretation or pronouncement is issued after the Reference Date, there is more than an insubstantial risk that interest payable by the Issuer in respect of the Notes is no longer, or within 90 days of the date of the opinion will no longer be, fully deductible by the Issuer for income tax purposes in the Taxing Jurisdiction (if the Issuer was subject to taxation at the time of such Tax Event (and remains so subject) and such interest was so deductible immediately prior to such Tax Event) and that such non-deductibility cannot be avoided by the Issuer taking such reasonable measures as it (acting in good faith) deems appropriate and an opinion (obtained at the expense of

the Issuer) of a recognised independent tax counsel has been delivered to the Fiscal Agent stating the same.

- (ii) **“Applicable Law”** means the laws of:
  - (a) Bermuda or any political subdivision or any authority thereof; or
  - (b) any other jurisdiction or any political subdivision or any authority thereof or therein to which the Issuer or the Athora Group becomes subject.
- (iii) **“Taxing Jurisdiction”** means:
  - (a) Bermuda or any political subdivision or any authority thereof or therein having power to tax; or
  - (b) any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject to tax in respect of payments made by it of amounts in respect of the Notes.

#### 4.5 Exchange or Variation for Taxation Reasons

- (A) If at any time after the Issue Date the Issuer determines that a Tax Event has occurred and is continuing with respect to the Notes, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.4 (*Optional Early Redemption for Taxation Reasons*) above, on any Interest Payment Date, without the consent of the Noteholders:
  - (i) exchange all but not some only of the Notes for new notes (the **“Exchanged Notes”**); or
  - (ii) vary the terms of all but not some only of the Notes (the **“Varied Notes”**), so that in either case a Tax Event no longer exists.

Any such exchange or variation following the occurrence of a Tax Event is subject to the following conditions:

- (a) the Issuer giving not less than 15 nor more than 60 days’ notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders;
  - (b) the Prior Approval of the Relevant Supervisory Authority having been obtained; and
  - (c) the Exchanged Notes or the Varied Notes constituting Qualifying Securities.
- (B) In this Condition 4.5 and for the purposes of these Conditions, **“Qualifying Securities”** means securities (other than the Notes):

- (i) having terms that are not materially less favourable to an investor than the terms of the Notes (as reasonably determined by the Issuer in consultation with an independent investment bank, consulting firm or comparable expert of international standing on the subject and provided that a certification to such effect of the Issuer, represented by at least one authorised signatory, shall have been delivered to the Fiscal Agent prior to the issue of the Exchanged Notes or the variation of the Notes to Varied Notes or them otherwise becoming obligations of the Issuer);
- (ii) issued by or otherwise being obligations of the Issuer or another member of the Athora Group with a guarantee by the Issuer, such that investors have the same material rights and claims as under the Notes (as reasonably determined by the Issuer, and provided that a certification to such effect of the Issuer, represented by at least one authorised signatory, shall have been delivered to the Fiscal Agent prior to the issue of the Exchanged Notes or the variation of the Notes to Varied Notes or them otherwise becoming obligations of the Issuer or any of its subsidiaries);
- (iii) ranking (or the relevant guarantee in respect of such securities ranks) at least equal to the ranking of the Notes (immediately prior to the exchange or variation), provided that in the insolvency, moratorium, or Winding-Up of the relevant issuer, the payment obligations of such issuer shall rank in right of payment after unsubordinated and unsecured creditors of such issuer (including all claims of present and future creditors who are policyholders of the Issuer's subsidiaries that are registered as insurance companies), but *pari passu* with all other subordinated obligations of such issuer save for those preferred by mandatory provisions of law and those that rank or are expressed by their terms to rank junior to such securities, and in priority to the claims of shareholders of such issuer, and featuring the same principal amount, interest rate (including applicable margins), interest payment dates and optional redemption dates as the Notes;
- (iv) containing terms which preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to the timing of, and amounts payable on, such redemption;
- (v) which qualify as Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group;
- (vi) which do not contain any contractual terms providing for loss absorption through principal write down or conversion to shares;
- (vii) which contain contractual provisions for the deferral of payments of interest and/or principal under such securities only if such terms are not materially less favourable to Noteholders than the equivalent provisions of the Notes;

- (viii) which are listed on a stock exchange in the European Economic Area or the United Kingdom, if the Notes were so listed prior to such substitution or variation;
  - (ix) which preserves the existing rights under the conditions to any Arrears of Interest and other amounts which may have accrued;
  - (x) admitted to, and traded in, the same clearing system or clearing systems as the Notes were; and
  - (xi) given a rating by a rating agency of international standing which is at least equal to the rating of the Notes (immediately prior to the exchange or variation).
- (C) Any such exchange or variation shall be binding on the Noteholders and shall be notified to them in accordance with Condition 10 (*Notices*) as soon as practicable thereafter.
- (D) In the case of Notes exchanged in accordance with this Condition 4.5, Arrears of Interest accrued on the Notes originally issued will be paid by the relevant issuer pursuant to the conditions of such Exchanged Notes.

#### 4.6 Optional Early Redemption for Regulatory Reasons

- (A) Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), if at any time after the Issue Date, the Issuer determines that a Regulatory Event has occurred and is continuing with respect to the Notes, the Issuer may, subject to having given not less than 15 nor more than 60 days' prior notice to Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole, but not in part, at any time at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption.
- (B) In this Condition 4.6 and for the purposes of these Conditions, "**Regulatory Event**" means that, after the Reference Date:
- (i) the Issuer and/or the Athora Group is subject to regulatory supervision by the Relevant Supervisory Authority; and
  - (ii) as a result of any replacement of, or change to, the Applicable Regulations (or change to the interpretation thereof by any court, the Relevant Supervisory Authority or any other authority entitled to do so) at any time whilst any of the Notes are outstanding, the whole or part of the Notes can no longer be treated as Tier 2 Capital of the Issuer or, on a consolidated basis, the Athora Group under the Applicable Regulations from time to time, except where such non-qualification is only as a result of any applicable limitation on the amount of such capital.

#### 4.7 Exchange or Variation for Regulatory Reasons

(A) If at any time after the Issue Date the Issuer determines that a Regulatory Event has occurred and is continuing with respect to the Notes, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.6 (*Optional Early Redemption for Regulatory Reasons*) above, on any Interest Payment Date, without the consent of the Noteholders:

- (i) exchange all but not some only of the Notes for Exchanged Notes; or
- (ii) vary the terms of all but not some only of the Notes,

so that in either case the aggregate principal amount of the Exchanged Notes or Varied Notes (as the case may be) is treated under the Applicable Regulations as at least Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group. Any such exchange or variation is subject to the same conditions as in Condition 4.5 (*Exchange or Variation for Taxation Reasons*) which shall apply *mutatis mutandis*, save that references in such Condition to “Tax Event” shall be read and construed as references to “Regulatory Event”.

#### 4.8 Optional Early Redemption for Rating Reasons

(A) Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), if at any time after the Issue Date, the Issuer determines that a Rating Methodology Event has occurred and is continuing with respect to the Notes, the Issuer may, subject to having given not more than 15 nor less than 60 days’ prior notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes in whole, but not in part at any time, at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption.

(B) In this Condition 4.8 and for the purposes of these Conditions:

- (i) **“Fitch”** means Fitch Ratings Limited;
- (ii) **“Rating Agency”** means Fitch or any other rating agency of international standing which assigns a Solicited Rating to the Issuer, its subsidiaries or its affiliates, as specified from time to time by the Issuer, and, in each case their respective affiliates, subsidiaries or successors;
- (iii) **“Rating Methodology Event”** will be deemed to occur upon a change in, or clarification to, the methodology of any Rating Agency (or in the interpretation by the relevant Rating Agency of such methodology) on or after the Reference Date as a result of which the equity credit or capital recognition previously assigned by such Rating Agency to the Notes has been (in the reasonable opinion of the Issuer) materially and adversely impacted and/or reduced when compared to the equity credit or capital recognition assigned by such Rating Agency at or around the Reference Date or from the date on which equity credit or capital recognition is first assigned, should such Rating Agency only assess

the instrument at a later date. In this definition, “**capital recognition**” also refers to any other nomenclature that the Rating Agency may then use to describe the contribution of the Notes to capital adequacy in the applicable rating methodology; and

- (iv) “**Solicited Rating**” means a rating assigned by a Rating Agency and pursuant to which the Notes are assigned a credit rating and recognised as capital in whole or in part (including the assignment of equity credit).

#### 4.9 Exchange or Variation for Rating Reasons

- (A) If at any time after the Issue Date, the Issuer determines that a Rating Methodology Event has occurred and is continuing with respect to the Notes, the Issuer may, instead of redeeming the Notes in accordance with Condition 4.8 (*Optional Early Redemption for Rating Reasons*) above, on any Interest Payment Date, without the consent of the Noteholders:

- (i) exchange all but not some only of the Notes for Exchanged Notes; or
- (ii) vary the terms of all but not some only of the Notes,

so that in either case the capital recognition assigned by the Rating Agency to the Exchanged Notes or Varied Notes (as the case may be) is at least the same as the capital recognition assigned to the Notes by such Rating Agency at or around the Issue Date. Any such exchange or variation is subject to the same conditions as in Condition 4.5 (*Exchange or Variation for Taxation Reasons*) which shall apply *mutatis mutandis*, save that references in such Condition to “Tax Event” shall be read and construed as references to “Rating Methodology Event”.

#### 4.10 Inapplicability Period

- (A) Notwithstanding anything to the contrary in this Condition 4, the Issuer may waive, at any time and in its sole discretion and for whatever reason, its right to redeem, exchange or vary the Notes under any of Condition 4.2 (*Optional Early Redemption as from First Call Date*), 4.3 (*Optional Make-whole Redemption by the Issuer*), 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.5 (*Exchange or Variation for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.7 (*Exchange or Variation for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*), 4.9 (*Exchange or Variation for Rating Reasons*) or 4.11 (*Clean-up Redemption*), in each case for a (definite or indefinite) period of time to be determined by the Issuer (the “**Inapplicability Period**”) by notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders.
- (B) Any notice so given shall specify the Inapplicability Period(s) during which the Issuer shall cease to have the right to redeem, exchange or vary the Notes under any of Condition 4.2 (*Optional Early Redemption as from First Call Date*), 4.3 (*Optional Make-whole Redemption by the Issuer*), 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.5 (*Exchange or Variation for Taxation Reasons*) 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.7 (*Exchange or Variation for Regulatory*



*Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*), 4.9 (*Exchange or Variation for Rating Reasons*) or 4.11 (*Clean-up Redemption*).

- (C) Any ongoing Inapplicability Period may be terminated by the Issuer at any time and in its sole discretion by notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders.

#### **4.11 Clean-up Redemption**

Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), the Issuer may at any time after the Issue Date, subject to it having given not less than 15 nor more than 60 days' prior notice to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) elect to redeem all, but not some only, of the Notes at their principal amount plus any accrued interest (including Arrears of Interest) to the date fixed for redemption if 75 per cent. or more of the Notes originally issued (including any further issues pursuant to Condition 12 (*Further Issues*)) have been purchased and cancelled at the time of such election.

#### **4.12 Purchases**

- (A) Subject to Condition 4.13 (*Conditions to Redemption and/or Purchase*), the Issuer or any of its affiliated entities may at any time purchase Notes in the open market or otherwise at any price.
- (B) Notes, so purchased by the Issuer or any of its affiliated entities may be held, resold or surrendered for cancellation.

#### **4.13 Conditions to Redemption and/or Purchase**

- (A) The Notes may not be redeemed at any time (whether on the Maturity Date pursuant to Condition 4.1 (*Maturity Date*), prior to the Maturity Date pursuant to Conditions 4.2 (*Optional Early Redemption as from First Call Date*), 4.3 (*Optional Make-whole Redemption by the Issuer*), 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*) or 4.11 (*Clean-up Redemption*), or at any other time pursuant to Condition 4.14 (*Deferral of Redemption Date*)) or otherwise purchased pursuant to Condition 4.12 (*Purchases*) at any time, if any of the following events listed at (i) to (iii) below has occurred:
  - (i) the Prior Approval of the Relevant Supervisory Authority has not been obtained;
  - (ii) a Capital Adequacy Event has occurred and is continuing on the relevant redemption date or purchase date, or such redemption or purchase would itself cause a Capital Adequacy Event to occur; or
  - (iii) the Issuer determines that it is not, or as a result of the redemption or purchase would not be, Solvent.

The occurrence of any such events in respect of the Issuer shall constitute a **“Mandatory Redemption Deferral Event”**, provided, however, that the occurrence of condition (ii) above will not constitute a Mandatory Redemption Deferral Event if each of the following requirements are satisfied:

- (a) the Relevant Supervisory Authority has exceptionally waived the deferral of such principal payment;
  - (b) with the Prior Approval of the Relevant Supervisory Authority, the Notes are exchanged for, or converted into, Tier 1 Capital or Tier 2 Capital; and
  - (c) the Issuer has demonstrated to the satisfaction of the Relevant Supervisory Authority that the Capital Requirements will be complied with immediately after the redemption or purchase is made.
- (B) In addition to the requirement that any redemption or purchase of the Notes is subject to the Prior Approval of the Relevant Supervisory Authority, where the Issuer elects, prior to the fifth (5<sup>th</sup>) anniversary of the Reference Date, to redeem or otherwise purchase the Notes pursuant to Condition 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*), 4.11 (*Clean-up Redemption*) or 4.12 (*Purchases*), such redemption or purchase shall be either (solely where the Applicable Regulations make the relevant redemption or purchase conditional thereon (on the basis that the Notes are intended to constitute Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group, under the Applicable Regulations)):
  - (i) in exchange for, or funded out of the proceeds of, a new issuance of capital of at least the same quality as the Notes; or
  - (ii)
    - (a) made following receipt by the Issuer of confirmation from the Relevant Supervisory Authority that it is satisfied that the Capital Requirements, after the repayment or redemption or purchase, will be exceeded by an appropriate margin (taking into account the solvency position of the Issuer, including the Athora Group's medium-term capital management plan as provided in the Applicable Regulations); and
    - (b) (if applicable) either:
      - (1) (in the case of a redemption pursuant to Condition 4.4 (*Optional Early Redemption for Taxation Reasons*)), the applicable change in tax treatment is material and was not reasonably foreseeable at the Reference Date; or
      - (2) (in the case of a redemption pursuant to Condition 4.6 (*Optional Early Redemption for Regulatory Reasons*)):

- (A) the Relevant Supervisory Authority considers that the negative impact on the classification of the Notes as described in the definition of Regulatory Event to be sufficiently certain; and
- (B) the Issuer demonstrates to the satisfaction of the Relevant Supervisory Authority that the occurrence of a Regulatory Event was not reasonably foreseeable as at the Reference Date.
- (C) Notwithstanding the above requirements of this Condition 4.13, if, at the time of any redemption or purchase, the Applicable Regulations permit the redemption or purchase only after compliance with one or more alternative or additional conditions to those set out above (if and to the extent required or applicable in order for the Notes to qualify as Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group under the Applicable Regulations from time to time), the Issuer shall comply with such alternative and/or, as appropriate additional condition(s) as are then so required.

#### **4.14 Deferral of Redemption Date**

- (A) The Issuer shall notify the Noteholders in accordance with Condition 10 (*Notices*) and the Fiscal Agent no later than five (5) Business Days prior to any date set for redemption of the Notes under Condition 4.1 (*Maturity Date*) or pursuant to Conditions 4.2 (*Optional Early Redemption as from First Call Date*), 4.3 (*Optional Make-whole Redemption by the Issuer*), 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*) or 4.11 (*Clean-up Redemption*), if such redemption is to be deferred as a result of the occurrence and continuation of a Mandatory Redemption Deferral Event (as defined in Condition 4.13 (*Conditions to Redemption and/or Purchase*) above).
- (B) If a Mandatory Redemption Deferral Event occurs less than five (5) Business Days prior to the date set for redemption, the Issuer shall give notice of such deferral to the Fiscal Agent and, in accordance with Condition 10 (*Notices*), the Noteholders as soon as reasonably practicable following the occurrence of such event. Failure to give notice, however, shall not have any impact on the effectiveness of, or otherwise invalidate, any such deferral of payment of principal or give the Noteholders any rights as a result of such failure.
- (C) If redemption of the Notes does not occur on the date specified in the notice of redemption by the Issuer under Condition 4.1 (*Maturity Date*), 4.2 (*Optional Early Redemption as from First Call Date*), 4.3 (*Optional Make-whole Redemption by the Issuer*), 4.4 (*Optional Early Redemption for Taxation Reasons*), 4.6 (*Optional Early Redemption for Regulatory Reasons*), 4.8 (*Optional Early Redemption for Rating Reasons*) or 4.11 (*Clean-up Redemption*), as contemplated by this Condition 4.14, the Issuer shall redeem such Notes at their principal amount and any accrued and unpaid interest (including Arrears of Interest), upon the earliest of:
  - (i) the date falling ten (10) Business Days after the date the Mandatory Redemption Deferral Event has ceased to be continuing (unless on such tenth

(10th) Business Day a further Mandatory Redemption Deferral Event has occurred and is continuing, in which case the provisions of this Condition 4.14 will apply *mutatis mutandis* to determine the due date for redemption of the Notes), subject to the Prior Approval of the Relevant Supervisory Authority having been obtained after the Mandatory Redemption Deferral Event has ceased to exist;

- (ii) the date falling ten (10) Business Days after the Relevant Supervisory Authority has agreed to the repayment or redemption of the Notes; and
  - (iii) the date on which the Winding-Up of the Issuer occurs.
- (D) Notwithstanding any other provision in these Conditions, the deferral of redemption of the Notes in accordance with this Condition 4.14 will not constitute a default by the Issuer under the Notes or for any other purpose and will not give Noteholders any right to accelerate repayment of the Notes or take any other action under the Notes.

## 5. PAYMENTS

### 5.1 Payments in respect of Notes

- (A) Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by euro cheque drawn on a bank that processes payments in euro mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the record date) being the 15<sup>th</sup> day before the relevant Interest Payment Date.
- (B) For the purposes of this Condition 5.1, a Noteholder's "**registered account**" means the euro account maintained by or on behalf of it with a bank that processes payments in euro, details of which appear on the Register at the close of business, in the case of principal, on the second Business Day (as defined below) before the due date for payment and, in the case of interest, on the relevant record date, and a Noteholder's registered address means its address appearing on the Register at that time.
- (C) None of the Issuer, the Fiscal Agent or the Paying Agents shall be liable to any Noteholder or other person for any commission, costs, losses or expenses in relation to, or resulting from, the credit or transfer of euro, or any currency conversion or rounding effect in connection with such payment being made in euro.

### 5.2 Payments subject to applicable laws

- (A) Payments in respect of principal and interest on the Notes will, in all cases, be made subject to:

- (i) any fiscal or other laws and regulations or orders of courts of competent jurisdiction applicable in respect of such payments to the Issuer or the relevant Paying Agent, but without prejudice to the provisions of Condition 6 (*Taxation*); and
  - (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the Code) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto (a “**FATCA Withholding Tax**”), and the Issuer will not be required to pay Additional Amounts on account of any FATCA Withholding Tax.
- (B) The Issuer’s obligation to pay principal and interest on the Notes is discharged once it has paid the Paying Agent, and the Issuer has therefore no responsibility for any withholding or deduction on payments made thereafter through or by the Paying Agent and custodians or intermediaries.

### 5.3 Payments on Business Days

- (A) If any due date for payment of principal, interest or other amounts in respect of any Note is not a Business Day, then the relevant Noteholder shall not be entitled to payment of the amount due until the next following Business Day and will not be entitled to any interest or other sums with respect to such postponed payment.
- (B) In this Condition 5.3 and for the purposes of these Conditions:
- (i) “**Business Day**” means any day (other than a Saturday or a Sunday) which is a TARGET Day;
  - (ii) “**TARGET Day**” means any day on which T2 is open for the settlement of payments in euro; and
  - (iii) “**T2**” means the real time gross settlement system operated by the Eurosystem, or any successor system.

### 5.4 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the Register with a record of the amount of principal or interest in fact paid.

### 5.5 Agents

- (A) The names of the initial Paying Agents and their initial specified offices are set out below:

#### **Fiscal Agent and Paying Agent**

**Citibank, N.A., London Branch**

6th Floor  
 Citigroup Centre 2  
 Canada Square  
 Canary Wharf  
 London E14 5LB  
 United Kingdom

- (B) The Issuer reserves the right at any time to vary or terminate the appointment of any Paying Agent and/or to appoint additional or other Paying Agents or approve any change in the office through which any such Paying Agent acts, provided that:
- (i) there will at all times be a Fiscal Agent;
  - (ii) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (which may be the Fiscal Agent) having a specified office in the place required by the rules and regulations of the relevant stock exchange or any other relevant authority; and
  - (iii) there will at all times be:
    - (a) a Paying Agent in a jurisdiction within Europe;
    - (b) a Registrar; and
    - (c) a Transfer Agent.
- (C) Notice of any variation, termination, appointment and/or of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 10 (*Notices*).

**6. TAXATION**

- (A) All payments in respect of the Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, levied, collected, withheld or assessed by or on behalf of the Taxing Jurisdiction or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law.
- (B) If applicable law should require that payments of principal or interest (including, without limitation, Arrears of Interest) made by the Issuer in respect of any Note be subject to deduction or withholding in respect of any Taxes whatsoever levied by the Taxing Jurisdiction, the Issuer will, to the fullest extent then permitted by law, pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable with respect to any Note:

- (i) Other connection: to, or to a third party on behalf of, a Noteholder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of it having some connection with the Taxing Jurisdiction other than the mere holding of the Note;
  - (ii) Prevention of withholding: presented for payment by, or by a third party on behalf of, a Noteholder who would be able to lawfully avoid such withholding or deduction by satisfying any statutory requirements or by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority but fails to do so; or
  - (iii) Presentation more than thirty (30) days after the Relevant Date: presented for payment more than thirty (30) days after the Relevant Date except to the extent that the Noteholder would have been entitled to such Additional Amounts on presenting it for payment on the last day of such period of thirty days.
- (C) As used in these Conditions, "Relevant Date" in respect of any Note means the date on which payment in respect of it first becomes due and payable or (if any amount of the money payable is improperly withheld or refused) the date on which the full amount of monies payable on such date in respect of such Note is paid to the Fiscal Agent.
- (D) Any reference in these Conditions to principal and/or interest shall be deemed to include any Additional Amounts.
- (E) If the Issuer becomes subject at any time to any taxing jurisdiction other than the Taxing Jurisdiction, references in this Condition 6 to the Taxing Jurisdiction shall be construed as references to the Taxing Jurisdiction and/or such other jurisdiction.

## 7. PRESCRIPTION

Claims against the Issuer for the payment of principal and interest (including, without limitation, Arrears of Interest) in respect of the Notes shall become prescribed ten (10) years from the due date for payment thereof.

## 8. ENFORCEMENT EVENTS

*Notwithstanding any of the provisions below in this Condition 8, the right to institute Winding-Up proceedings in respect of the Issuer is limited to circumstances where payment has become due and is not duly paid. In the case of any payment of interest and/or Arrears of Interest due in respect of the Notes, such payment may be deferred pursuant to Condition 3.5(A) (Interest Deferral) and if so deferred will not be due on the scheduled payment date and, in the case of payment of principal, such payment will be deferred and will not be due on the scheduled payment date if Condition 4.14 (Deferral of Redemption Date) applies.*

- (A) There will be no events of default in respect of the Notes, however each Note shall become immediately due and payable in the case of the Winding-Up of the Issuer at its principal amount, together with accrued interest thereon, if any, to the date of payment and any Arrears of Interest.

- (B) If default is made for a period of: (i) fourteen (14) days or more in the payment of any interest (including any Arrears of Interest) due in respect of the Notes; or (ii) seven (7) days or more in the payment of any principal due in respect of the Notes, each Noteholder may (at its discretion, and to the extent permitted by the laws of the Relevant Regulatory Jurisdiction) institute proceedings for, and claim in, the Winding-Up of the Issuer for the amounts described in paragraph (A) above. No payment in respect of the Notes or the Agency Agreement may be made by the Issuer pursuant to this paragraph (B) nor will any Noteholder accept the same, otherwise than during or after a Winding-Up of the Issuer unless the Issuer has received the Prior Approval of the Relevant Supervisory Authority (if and to the extent required by the Relevant Supervisory Authority or the Applicable Regulations at the relevant time).
- (C) Without prejudice to paragraph (B) above, each Noteholder may institute such steps, actions or proceedings against the Issuer as they may think fit to enforce any term or condition binding on the Issuer under the Notes or the Agency Agreement (other than any payment obligation of the Issuer under or arising from the Notes or the Agency Agreement, including, without limitation, payment of any principal, premium, interest or Arrears of Interest in respect of the Notes and any damages awarded for any breach of any obligations) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums (in cash or otherwise) sooner than the same would otherwise have been payable by it. Nothing in this paragraph (C) shall, subject to paragraph (B) above, prevent Noteholders from instituting proceedings for the Winding-Up of the Issuer, proving in any Winding-Up of the Issuer in respect of any payment obligations of the Issuer arising from the Notes or the Agency Agreement (including, without limitation, payment of any principal, premium, interest or Arrears of Interest in respect of the Notes and any damages awarded for any breach of any obligations).

## 9. MEETINGS OF NOTEHOLDERS AND MODIFICATIONS

### (A) *Meetings of Noteholders*

- (i) The Agency Agreement contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the modification by Extraordinary Resolution (as defined in the Agency Agreement) of any of these Conditions or any of the provisions of the Agency Agreement. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that at any meeting the business of which includes consideration of proposals, among other things, to:
- (a) change the date for payment of principal, interest or any other amount in respect of the Notes;



- (b) reduce or cancel the amount of principal, interest or any other amount payable in respect of the Notes;
- (c) change any of the provisions of Condition 2 (*Status of the Notes*) above;
- (d) change the currency in which any amount due in respect of the Notes is payable; or
- (e) change the quorum required at any meeting of Noteholders in connection with the taking of any decision or action by or on behalf of the Noteholders,

the quorum shall be one or more persons holding or representing not less than two-thirds in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing in the aggregate not less than one-third of the principal amount of the Notes for the time being outstanding.

(ii) The Agency Agreement provides that:

- (a) a resolution passed at a meeting duly convened and held in accordance with the Agency Agreement if a poll is duly demanded by a majority consisting of not less than 75 per cent. of the votes cast on such poll,
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding or
- (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Fiscal Agent) by or on behalf of the holders of not less than 75 per cent. in principal amount of the Notes for the time being outstanding,

shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution. The agreement or approval of the Noteholder shall not be required in the case of any variation or exchange of the Notes pursuant to Conditions 4.5 (*Exchange or Variation for Taxation Reasons*), 4.7 (*Exchange or Variation for Regulatory Reasons*) or 4.9 (*Exchange or Variation for Rating Reasons*) or any consequential amendments to the Agency Agreement required in connection therewith.

(B) *Modification*

- (i) The Issuer shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of, or any failure to comply with, the Agency

Agreement if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

- (ii) The Agency Agreement or these Conditions may be amended by the Issuer and the Fiscal Agent, without the consent of any Paying Agent or Noteholder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein and which, in the Issuer's opinion, does not adversely affect the interests of the Noteholders or for the purpose of any variation or exchange of the Notes pursuant to Conditions 4.5 (*Exchange or Variation for Taxation Reasons*), 4.7 (*Exchange or Variation for Regulatory Reasons*) or 4.9 (*Exchange or Variation for Rating Reasons*).
- (iii) Any such modification shall be binding on the Noteholders and, unless the Fiscal Agent agrees otherwise, any modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 10 (*Notices*).

## 10. NOTICES

- (A) Notices to Noteholders will be valid if published in the English language in a leading newspaper having general circulation in the Relevant Regulatory Jurisdiction.
- (B) If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe.
- (C) Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication.

## 11. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

## 12. FURTHER ISSUES

- (A) The Issuer may from time to time, without the consent of the Noteholders, create and issue further notes, having terms and conditions the same as those of the Notes, or the same except for the amount and timing of the first payment of interest and the date on which interest starts to accrue, which may be consolidated and form a single series with the outstanding Notes ("**Further Notes**").
- (B) In these Conditions, "**Reference Date**" means the later of: (i) the Issue Date; and (ii) the latest date (if any) on which any Further Notes have been issued pursuant to this Condition 12.

### 13. SUBSTITUTION

(A) The Issuer may, without the consent of the Noteholders, substitute in place of the Issuer as principal debtor under the Notes:

- (i) any subsidiary of the Issuer;
- (ii) a successor in business of the Issuer;
- (iii) a parent company of the Issuer (including but not limited to any Insurance Group Parent Entity); or
- (iv) any subsidiary of a parent company of the Issuer,

(each a “**Substitute Issuer**”) provided that:

- (a) subject to paragraph (b) below, except where the Substitute Issuer is the successor in business of the Issuer, the Notes shall be unconditionally and irrevocably guaranteed by the Issuer;
- (b) the rights and claims of the Noteholders against the Substitute Issuer or the Issuer under the guarantee referred to in paragraph (a), in respect of, or arising under, the Notes (including any damages awarded for breach of any obligations thereunder) will be in accordance with the rights and claims of the Noteholders as set out in Condition 2 (*Status of the Notes*);
- (c) two authorised signatories of the Issuer certify that the substitution is not materially prejudicial to the interests of the Noteholders;
- (d) two authorised signatories of the Substitute Issuer certify that the Substitute Issuer is Solvent at the time at which such substitution is proposed to be effected and will remain Solvent immediately after such substitution is effected;
- (e) a deed is executed or some other form of undertaking is given by the Substitute Issuer agreeing to be bound by the terms of the Agency Agreement, the Deed of Covenant and the Notes as fully as if the Substitute Issuer had been named in the Agency Agreement, the Deed of Covenant and the Notes as the principal debtor in place of the Issuer (or of any previous substitute under this Condition 13);
- (f) if the Substitute Issuer is incorporated, domiciled or resident in a territory other than Bermuda, an undertaking or covenant shall be given by the Substitute Issuer in terms corresponding to Condition 6 (*Taxation*) with the substitution for the references to Bermuda in the definition of “Taxing Jurisdiction” with references to such territory, whereupon the Agency Agreement, these Conditions and the Notes shall be read accordingly;

- (g) if the Notes had a published Solicited Rating from one or more Rating Agencies at any time in the period of twelve (12) months prior to the substitution, the Notes are assigned by each such Rating Agency, or each such Rating Agency has informed the Issuer by an announcement or otherwise of its intention to assign, an equal or higher published Solicited Rating immediately after the substitution;
  - (h) if the Notes are listed on the Global Exchange Market of The Irish Stock Exchange plc trading as Euronext Dublin or any other stock exchange or market immediately prior to the substitution, the Notes continue to be listed on the Global Exchange Market of The Irish Stock Exchange plc trading as Euronext Dublin or such stock exchange or market immediately after the substitution;
  - (i) such substitution shall not result in the occurrence of a Tax Event, Regulatory Event or a Rating Methodology Event and two authorised signatories of the Issuer deliver to the Fiscal Agent a certificate to such effect; and
  - (j) the Prior Approval of the Relevant Supervisory Authority has been obtained.
- (B) For the purposes of this Condition 13, a “**successor in business**” means, in respect of the Issuer, any company which as a result of any amalgamation, merger, transfer, reconstruction or agreement, beneficially owns the whole or substantially the whole of the undertaking, property and assets owned by the Issuer immediately prior to such amalgamation, merger, transfer, reconstruction or agreement coming into force and carries on as successor to the Issuer the whole or substantially the whole of the business carried on by the Issuer immediately prior thereto.
- (C) Any substitution pursuant to this Condition 13 shall be notified to the Noteholders in accordance with Condition 10 (*Notices*) as soon as practicable thereafter.
- (D) In the case of any substitution pursuant to this Condition 13, the Issuer and Fiscal Agent may agree, without the consent of Noteholders, to a change of the law governing Condition 2 (*Status of the Notes*).

#### 14. AMENDMENTS

- (A) Where there is either:
- (i) a substitution of the Issuer pursuant to Condition 13 (*Substitution*) above; or
  - (ii) a change in the Relevant Regulatory Jurisdiction,

the Issuer and Fiscal Agent may agree, without the consent of Noteholders, to any such amendments to these Conditions as the Issuer deems necessary in order to ensure that the Notes continue to qualify as Tier 2 Capital of the Issuer and/or, on a consolidated basis, the Athora Group under the Applicable Regulations.

- (B) Where required pursuant to the laws of the Relevant Regulatory Jurisdiction, the Issuer and Fiscal Agent may agree, without the consent of Noteholders, to any such amendments to these Conditions in order to ensure that the Notes are subject to (or are otherwise acknowledged as being so subject to) any applicable Statutory Loss Absorption Powers.
- (C) Without prejudice to the requirements of Condition 13 (*Substitution*) as they apply to a substitution of the Issuer, the Issuer may only amend these Conditions in accordance with paragraphs (A) and (B) above where two authorised signatories of the Issuer certify that such amendments are not materially prejudicial to the interests of the Noteholders and the Notes, as so amended, constitute Qualifying Securities.
- (D) For the purposes of this Condition 14, “**Statutory Loss Absorption Powers**” means any write-down, conversion, transfer, modification, suspension or similar or related power existing from time to time under, and exercised in compliance with, any laws, regulations, rules or requirements provided for under the laws of the Relevant Regulatory Jurisdiction, together with the instruments, rules and standards created thereunder, pursuant to which any obligation of the Issuer (or any affiliate of the Issuer) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of the Issuer or any other person (or suspended for a temporary period).

## 15. GOVERNING LAW AND JURISDICTION

- (A) The Agency Agreement, the Deed of Covenant and the Notes, and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes are governed by and shall be construed in accordance with the laws of England, except that Condition 2 (*Status of the Notes*) is governed by and shall be construed in accordance with the law of the Relevant Regulatory Jurisdiction.
- (B) The Issuer irrevocably agrees, for the exclusive benefit of the Noteholders, that the English courts shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes (including any suit, action, proceedings or dispute relating to any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant and the Notes) (together “**Proceedings**”) and, for such purpose, irrevocably submits to the jurisdiction of the English courts. The Issuer irrevocably and unconditionally waives and agrees not to raise any objection which it may have now or subsequently to the laying of the venue of any Proceedings in the English courts and any claim that any Proceedings have been brought in an inconvenient or inappropriate forum and further irrevocably and unconditionally agrees that a judgment in any Proceedings brought in the courts of England shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. To the extent permitted by law, nothing in this Condition 15 shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not.
- (C) The Issuer irrevocably appoints Athora UK Services Limited at its office at Level 4, 1 Soho Place, London, England, W1D 3BG as its agent in England for service of process

in England and undertakes that, in the event of Athora UK Services Limited ceasing so to act or ceasing to be registered in England, it will appoint another person as its agent for service of process in England in respect of any Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

**16. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

The Notes confer no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL CERTIFICATE

*The Global Certificate contains the following provisions which apply to the Notes in respect of which they are issued whilst they are evidenced by the Global Certificate, some of which modify the effect of the Conditions. Terms defined in the Conditions have the same meaning in paragraphs 1 to 6 below.*

### 1. ACCOUNTHOLDERS

For so long as any of the Notes are evidenced by the Global Certificate, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of the Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression “**Noteholders**” and references to “holding of Notes” and to “holder of Notes” shall be construed accordingly) (the “**Accountholder’s Holding**”) for all purposes other than with respect to payments on such Notes, for which purpose the registered holder of the Global Certificate (the “**Registered Holder**”) shall be deemed to be the holder of such aggregate principal amount of the Notes in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Registered Holder.

### 2. CANCELLATION

Cancellation of any Note following its redemption or purchase by the Issuer or any of its affiliated entities will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders.

### 3. PAYMENTS

For so long as the Registered Holder is shown in the register of Noteholders as the Noteholder evidenced by the Global Certificate, the Registered Holder shall (subject as set out above under ‘Accountholders’) in all respects be entitled to the benefit of such Notes and shall be entitled to the benefit of the Agency Agreement. Payments of all amounts payable under the Conditions in respect of the Notes as evidenced by the Global Certificate will be made to the Registered Holder pursuant to the Conditions.

Distributions of amounts with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the Fiscal Agent, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

Upon any payment of any amount payable under the Conditions the amount so paid shall be entered by the Registrar on the register, which entry shall constitute *prima facie* evidence that the payment has been made.

Principal and interest shall be payable in accordance with the Conditions, save that the calculation of interest will be made in respect of the total aggregate principal amount of the Notes represented by this Global Certificate.

For the purposes of Condition 5 (*Payments*), so long as the Notes as evidenced by the Global Certificate are held on behalf of Euroclear and/or Clearstream, Luxembourg, the record date in respect of the Notes shall be the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date.

#### **4. NOTICES**

So long as the Notes are evidenced by a Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled Accountholders in substitution for notification as required by Condition 10 (*Notices*) provided that, so long as the Notes are listed on any stock exchange notices shall also be published in accordance with the rules of such exchange. Any such notice shall be deemed to have been given to the Noteholders on the date of delivery of such notice to such clearing system.

Whilst any of the Notes are evidenced by a Global Certificate, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through the applicable clearing system's operational procedures approved for this purpose and otherwise in such manner as the Fiscal Agent and the applicable clearing system may approve for this purpose.

#### **5. EXCHANGE AND REGISTRATION OF TITLE**

The Global Certificate will be exchangeable (free of charge to the holder) in whole but not in part for Certificates only upon the occurrence of an Exchange Event. An Exchange Event means that:

- (a) the Issuer has been notified that both Euroclear or Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system is available; or
- (b) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes in definitive form.

The Issuer will promptly give notice to the Noteholders in accordance with Condition 10 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg, as the case may be, acting on the instructions of any Accountholder may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (c) above, the Issuer may also give notice to the Registrar requesting exchange. Any exchange shall occur no later than ten days after the date of receipt of the first relevant notice by the Registrar.

Exchanges will be made upon presentation of the Global Certificate at the office of the Registrar by or on behalf of the Registered Holder on any day on which banks are open for general



business in Luxembourg and will be effected by the Registrar (a) entering each Accountholder in the register of Noteholders as the registered holder of the principal amount of Notes equal to such Accountholder's Holding (as defined above) and (b) completing, authenticating and dispatching to each Accountholder a Certificate evidencing such Accountholder's Holding. The aggregate principal amount of the Notes evidenced by Certificates issued upon an exchange of the Global Certificate will be equal to the aggregate outstanding principal amount of the Notes evidenced by the Global Certificate.

The Registrar will not register title to the Notes in a name other than that of a nominee for the common depository for a period of fifteen calendar days preceding the due date for any payment of principal, or interest in respect of the Notes.

In the event that (a) the Notes as evidenced by the Global Certificate (or any part of it) have become due and repayable in accordance with the Conditions or that the maturity date of the Notes has occurred and, in either case, payment in full of the amount due has not been made to the Registered Holder, or (b) following an Exchange Event, the Global Certificate is not duly exchanged for Certificates by the day provided in the Global Certificate, then from 8.00 p.m. (London time) on such day each Accountholder will become entitled to proceed directly against the Issuer on, and subject to, the terms of the Deed of Covenant executed by the Issuer on 10 June 2024 in respect of the Notes and the Registered Holder will have no further rights under the Global Certificate (but without prejudice to the rights any person may have under the Deed of Covenant).

## **6. TRANSFERS**

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear and/or Clearstream, Luxembourg their respective participants in accordance with the rules and procedures of Euroclear and/or Clearstream, Luxembourg and their respective direct and indirect participants.

## USE OF PROCEEDS

The net proceeds from the issue of the Notes will be applied by Athora for general corporate purposes (including, without limitation, towards: (a) the cash tender offer for all or a portion of the EUR 300 million fixed to fixed rate subordinated notes due 2031 (the “**EUR NC2026 Notes**”) and a portion of the EUR 500 million fixed to fixed rate subordinated notes due 2032 (the “**EUR NC2027 Notes**”) each issued by Athora Netherlands, as announced by Athora Netherlands on 3 June 2024; and (b) bank loan refinancings).

## INFORMATION ABOUT ATHORA AND BUSINESS OVERVIEW

### General

Athora is an exempted company limited by shares, incorporated in Bermuda on 1 December 2014 as AGER Bermuda Holding Ltd. Athora changed to its current name on 9 January 2018. Athora is registered with the Bermuda Registrar of Companies under registration number 49779, and its registered office is Swan Building, First Floor, 26 Victoria Street, Hamilton HM12, Bermuda. As at 31 December 2023, the authorised share capital of Athora was EUR 1,000,000 divided into 1,000,000,000 shares with a par value EUR 0.001 each across four classes of common shares and two classes of preferred shares. As at 31 December 2023, 383,813,755 common shares were issued and outstanding, of which 20,000,000 are owned by subsidiaries of the Issuer. In addition, as at 31 December 2023, 7,253,460 preferred shares of par value EUR 0.001 were issued and outstanding.

Athora is the ultimate holding company of the Athora Group. The Athora Group is a European savings and retirement services group. The Athora Group concentrates on the traditional life and pensions market, with the ambition to become the leading provider of guaranteed products in Europe. The Athora Group serves the needs of individual and corporate customers who continue to demand products offering safety of returns, and also provides innovative M&A and risk transfer solutions to other insurers seeking to enhance their capital positions or enact strategic change.

### History

Athora was originally established by Athene, based in Bermuda, with the intention of building a savings and retirement services group focused on the European market. Given the size of the potential opportunities in Europe, EUR 2.2 billion of equity capital commitments were secured in 2017 from several global institutional investors. On 1 January 2018, the business was deconsolidated from Athene and renamed to Athora. Since inception, Athora has raised approximately EUR 6.75 billion of total equity capital, established operations in seven countries and formed a leading European insurance group. Key milestones since deconsolidation from Athene are outlined below:

#### 2018

- Acquisition of Dublin-based insurer Aegon Ireland plc (renamed Athora Ireland).
- Athora Life Re Ltd. ("**Athora Life Re**") completes its first internal reinsurance transaction with Athora Lebensversicherung AG in Germany.

#### 2019

- Acquisition of Generali Belgium S.A./N.V. (renamed Athora Belgium), which provides an entry point into the Belgian life insurance market.

#### 2020

- The BMA becomes Athora Group's insurance group supervisor.

- Athora secures additional equity capital commitments of EUR 1.8 billion from new and existing shareholders (EUR 1.3 billion in the form of common equity capital and EUR 0.5 billion in the form of an equity commitment letter, both raised in 2019 but subsequently signed in 2020).
- Athora acquires VIVAT N.V. (renamed Athora Netherlands), bringing immediate scale in an attractive life insurance market. Athora also disposes of Athora Netherlands' non-life business to NN Group N.V. following completion of the acquisition.
- Completion of a EUR 1 billion internal reinsurance transaction by Athora Belgium and the Athora Group's reinsurance subsidiaries in Bermuda and Ireland.
- Completion of a tender offer for Athora Netherlands' 2.375 per cent. senior notes, reducing leverage by nearly EUR 600 million.

## 2021

- Having been rated 'BBB+' in 2019 and 2020, Athora's insurer financial strength ratings upgraded to 'A-' (by AM Best and Fitch).
- Athora Netherlands announces the sale of asset manager ACTIAM N.V. ("**ACTIAM**") to Cardano Group, which completed in January 2022.

## 2022

- Athora completes its third capital raise, securing approximately EUR 2.75 billion of additional common equity commitments.
- Athora acquires Amissima Vita S.p.A. (renamed Athora Italy), marking its entry into the attractive Italian insurance market.
- Athora Belgium acquires a closed life portfolio from NN Insurance Belgium.
- Athora publishes its first Sustainability Report, outlining its strategic ambitions and priorities in this space.

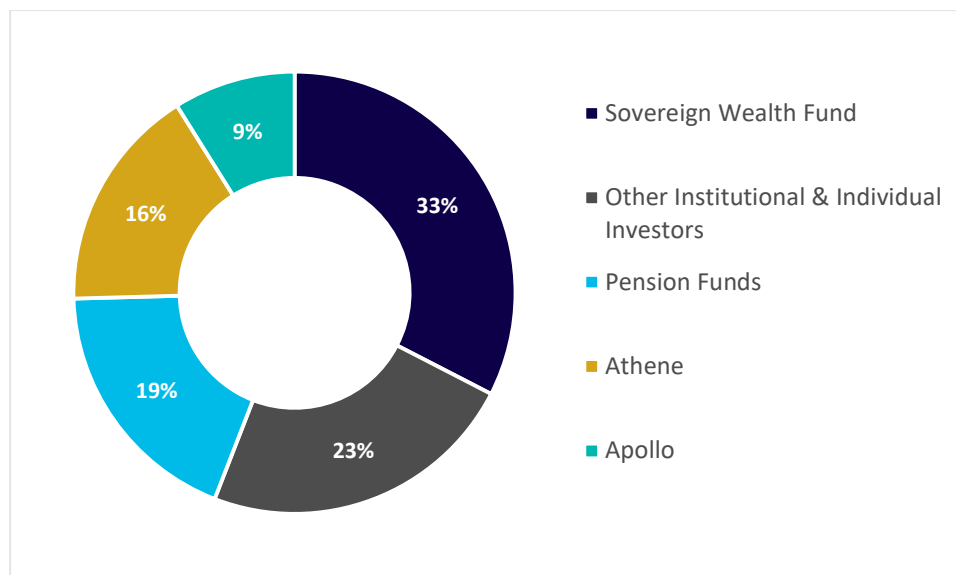
## 2023

- Athora completes a EUR 600 million inaugural listed notes issuance qualifying as Tier 3 ancillary capital (as defined under the Insurance (Group Supervision) Rules 2011 of Bermuda, as amended).
- WTW Premium Pension Institution transfers to Athora Netherlands.
- Zwitserleven PPI N.V. acquires Onderlinge's-Gravenhage's second pillar pension portfolio.

## Shareholders

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 approximately EUR 6.75 billion of equity capital to

date. Athora's investor base comprises pension funds, sovereign wealth funds, family offices and financial services companies. The below figure shows Athora's ownership split by type as at 31 December 2023:



### Key Minority Shareholders

Apollo, Athene and its affiliates, and the ADIA and its affiliates are the three key minority shareholders in Athora. These investors share the vision for Athora to become the leading provider of guaranteed life solutions in Europe. With these investors' backing, Athora benefits from access to stable capital, ensuring it has the resources necessary to drive growth and the financial strength to face interest rate, capital, market, operational, and resource challenges.

### *Relationship with Athene, Apollo, and ADIA*

Athene (together with its subsidiaries) is a retirement services company that issues, reinsures and acquires retirement savings products designed for the increasing number of individuals and institutions seeking to fund retirement needs. Together with Apollo, Athene was a co-founder of Athora. Athora was a subsidiary of Athene until 1 January 2018, when Athene deconsolidated Athora through a private offering of equity securities. Athene retains a minority interest in Athora and has one member on Athora's Board. On 1 January 2022, Athene merged into a wholly owned subsidiary of Apollo. As a result of the merger, Athene became a wholly owned subsidiary of Apollo and one of its principal subsidiaries. Athene is no longer a publicly traded company. The strategic relationship with Athene provides the Athora Group with expertise and insight of an experienced management team to support the creation of a successful insurance group tailored to the specific market requirements in Europe.

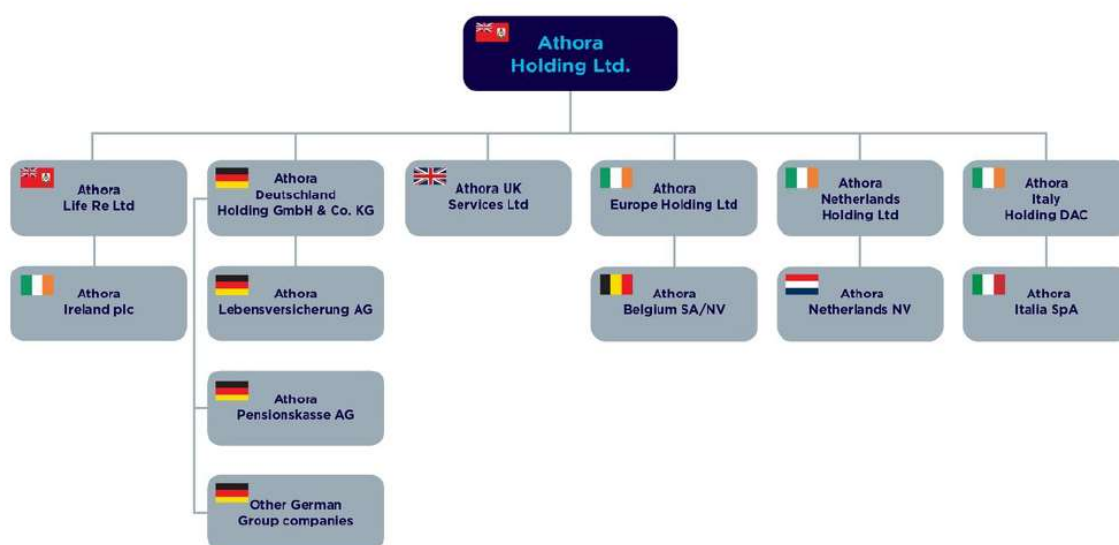
Apollo (together with its subsidiaries) is a global alternative asset manager. Apollo had assets under management of approximately USD 651 billion as at 31 December 2023. Apollo is listed on the New York Stock Exchange under the ticker APO. As co-founder of Athora, Apollo retains a strategic relationship with Athora, providing it with specific asset management and specialised investment expertise through its subsidiary, Apollo Asset Management Europe LLP, that includes duration matching strategies to evaluate, source and manage investments originated by Apollo. Apollo also provides

advisory services that include advice on direct investment management, asset allocation, asset due diligence, mergers and acquisitions, operational support services (such as investment compliance, tax, legal and risk management), capital raisings and identifying and capitalising on acquisition opportunities to grow the Athora Group's business. Apollo, including Athene, have five members on Athora's Board. Apollo, including Athene, had a 25 per cent. economic interest in the equity share capital of Athora as at 31 December 2023. The strategic relationship with Apollo is expected to continue for the foreseeable future.

Established in 1976, ADIA and its affiliates is a globally diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi through a strategy focused on long term value creation. ADIA has the right to select one member to Athora's Board and has exercised its right.

## Corporate Structure

Athora, as the ultimate holding company of the Athora Group, is an exempted company limited by shares domiciled in Bermuda, whose principal activity is the holding of investments in its subsidiaries. Athora is subject to insurance group supervision by the BMA. The chart below provides an overview of the main structure and material entities within the Athora Group, including their credit ratings, where relevant, as at 31 December 2023. The below is an overview and does not aim to provide a complete overview of all entities in the Athora Group.



## Business Description

### Overview

The Athora Group is a leading provider of guaranteed products in the European savings and retirement services market. The Athora Group operates through primary insurance businesses in the Netherlands, Belgium, Germany and Italy, and reinsurance operations in Bermuda and Ireland. As at 31 December 2023, the Athora Group had EUR 73.3 billion of Assets under Management and Administration ("**AuMA**"), approximately 2.8 million customers, and approximately 1,500 employees across Belgium, Bermuda, Germany, Ireland, Italy, the Netherlands and the UK.

There is substantial unmet customer demand for de-risked savings and retirement products with financial guarantees, driven by the structural ageing of European populations as well as volatility over market cycles. Despite this, many insurers have been increasingly de-emphasising these product lines as they seek to reduce capital intensity. The Athora Group believes that the provision of guaranteed savings and retirement solutions is of great value to its stakeholders. For customers, the Athora Group's solutions are an essential tool for long-term financial planning and providing safety in retirement. For investors, these products offer resilient margins and attractive risk-adjusted returns. As a result, the Athora Group has tailored its business model to serve these needs comprehensively and effectively, delivering both dependable security and differentiated returns.

### **The Athora Group's Business Model and Strategy**

The Athora Group's business model is underpinned by its multi-channel growth strategy, proactive risk and capital management, leading investment capabilities, and efficient and scalable operations. The successful implementation of the business model aims to deliver sustainable cash and capital that can be used to grow further, in-line with the Athora Group's ambition to become the leading provider of guaranteed savings and retirement services in Europe. The Athora Group applies a disciplined approach to growth with efficient capital allocation between new growth and capital returns, subject to defined profitability and capital thresholds. The Athora Group is designed and built using permanent equity from an investor base that is fully supportive of its long-term strategy, providing strong alignment between the capital backing the Athora Group's investments and the guarantees to customers. The Athora Group currently has EUR 2.2 billion<sup>1</sup> of committed, but undrawn equity capital. Additionally, the Athora Group benefits from the strong support of its shareholder and strategic partner, Apollo, who provides access to a leading asset management platform, and a network of relationships and financial expertise, enabling the Athora Group to generate superior risk-adjusted investment returns and offer customers market-leading guarantee levels.

The Athora Group's ambition is to become the leading provider of guaranteed savings and retirement services in Europe and, in doing so, to provide long-term certainty, returns and security to its customers, and generate stable returns for its shareholders.

The Athora Group's four strategic pillars – Grow, Optimise, Earn and Operate – and three foundations – People, Governance & Risk Culture and Sustainability – outline its key business priorities and act as guardrails for how the Athora Group delivers this ambition for its stakeholders.

Grow: The Athora Group's strategy under the 'Grow' strategic pillar is to selectively scale through a multi-channel approach comprising M&A, risk transfer solutions, pension risk transfer ("**PRT**") (e.g. via pension buy-outs) and new business. The Athora Group believes there is an opportunity to accumulate large volumes of long-duration liabilities at attractive terms, underpinned by a disciplined approach to pricing, financial stability and sustainable value creation. In recent years, many insurers with onerous legacy liabilities have exited the guaranteed product space and restructured portfolios, transitioning to focus instead on fee-based products with less capital intensity. Balance sheet pressures for these legacy products have persisted throughout the interest rate cycle, as periods of heightened volatility in public markets put pressure on investment portfolios and/or capital positions under risk-based frameworks. The Athora Group's product offering, in contrast, is tailored to meet the demand of customers, including the provision of savings and retirement services products with guarantees. These products are sold to institutional and retail clients through a strong network of distribution partners,

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<sup>1</sup> As of 31 December 2023, including EUR 1.7 billion of uncalled equity from the 2022 capital raise, providing growth capacity, and a further EUR 500 million of "backstop" equity commitment letters, signed in 2020.

primarily comprised of banks, brokers and advisers. The Athora Group continues to invest in its product offering and distribution capabilities, including the expansion of its distribution networks. Additionally, the Athora Group offers a full suite of options to other insurers to support them in enhancing their capital positions and/or enacting strategic change and has built a strong reputation in executing complex transactions over recent years.

Optimise: The 'Optimise' strategic pillar is reflective of the Athora Group's unwavering commitment to the protection of its customers, and to ensure that its businesses have the resources to deliver their strategic ambitions. In practice, this translates into robustly capitalised Business Units, with contained risk sensitivities, and a strong financial position for the Athora Group. The Athora Group is proactive and prudent in management of capital, leverage and liquidity across all economic conditions and invests significant effort in building these capabilities across all of its businesses to ensure that the Athora Group is resilient and maintains its financial strength. This is reflected in the capitalisation of the Athora Group's Business Units, as well as its 'A' (stable) Insurer Financial Strength rating from Fitch, its medium term financial leverage target of 25 per cent., and benefits from significant uncalled committed equity capital and undrawn liquidity facilities. In 2023, the Athora Group increased its financial flexibility by accessing public debt capital markets. The Athora Group seeks to ensure consistent value generation throughout economic cycles and minimise exposure to non-strategic market risks. To achieve this, the Athora Group adopts a rigorous approach to asset and liability management, including prudent monitoring of hedge positions and liquidity to manage investment and counterparty requirements, as well as policyholder behaviour. This is reflected in the balance sheet composition of the Athora Group's Business Units and its liquidity profile, including undrawn facilities.

Earn: The Athora Group's 'Earn' strategic pillar focuses on the delivery of its investment strategy, enabling the Athora Group to offer attractive guaranteed products to its customers and create sustainable value for shareholders. The Athora Group proactively manages its investment risks through diligent asset underwriting, prudent asset and liability management and proactive management of emerging risks. The Athora Group's asset allocation strategy is specifically tailored to the needs of guaranteed savings and retirement products and aims to generate superior returns while minimising exposure to market volatility. While many insurance companies primarily use traded assets to back these products, typically taking more credit and/or market risk to generate incremental income, the Athora Group uses investment expertise to capture illiquidity and complexity premium – rather than assuming only credit or market risk – for a return seeking portion of its investment portfolio. This means the Athora Group invests in assets that it believes offer better risk-adjusted returns without compromising on asset quality. The Athora Group's differentiated investment strategy benefits from the strategic relationship with Apollo. This relationship is instrumental in the execution of the Athora Group's strategic asset allocations ("**SAAs**") and deployment into return seeking asset classes. The full suite of services Apollo provides for the Athora Group's investment portfolio includes direct investment management, asset allocation, M&A asset diligence and certain operational support services including investment compliance, tax and legal services.

Operate: Under the 'Operate' strategic pillar, the Athora Group's focus is to implement a lean operating structure with a competitive cost base, whilst maintaining the agility to effectively integrate newly acquired businesses. As a growth-minded organisation, the Athora Group is focused on building robust and scalable infrastructure to drive increasing efficiency over time. The extensive operational insurance expertise of the Athora Group and its local management teams ensures that it is strongly placed to progress its maturity journey within a streamlined operating model. The Athora Group is focused on enabling its Business Units to achieve at-scale positions in its core markets, while maintaining effective governance and through a lean corporate centre function. Its Transform Athora programme seeks to



facilitate these ambitions, balancing cost management with selective investment in technologies that enable the Athora Group to operate in a focused, efficient and scalable manner. As part of Transform Athora, the Athora Group is also engaging selectively with outsourcing partners that enable it to drive more cost-effective outcomes, by leveraging the efficiency, scale or capability benefits of specific providers.

**Foundations:** The Athora Group's foundations are centred around its 'People', 'Governance & Risk Culture' and 'Sustainability', and act as key enablers for delivering its strategy.

- **People:** People are an essential component of the Athora Group's business and the Athora Group strives to embed a diverse and inclusive culture, where employees thrive and feel empowered. As a part of this, the Athora Group is focused on building a long-term talent pipeline, with a view to attracting and retaining individuals who embody the values and enable ambitions.
- **Governance & Risk Culture:** The Athora Group recognises that building strong relationships with key stakeholders is critical, and it continues to prioritise this through ongoing engagement that is both proactive and transparent. In demonstrating commitment to strengthening governance structures and risk culture, the Athora Group has undertaken a multi-year culture and maturity initiative. This has sought to enhance governance bodies and frameworks to ensure enhanced decision-making processes, controls and risk management.
- **Sustainability:** Sustainability is an important focus for the Athora Group and it continues to consider the impact of its activities in its role as an insurer, employer, corporate citizen and investor. The Athora Group's approach to sustainability is outlined in its sustainability strategy and its annual Sustainability Report.

### Closer Look at the Athora Group's Investment Strategy

The Athora Group has developed a unique investment strategy and, in executing this strategy, it utilises the strategic relationship with Apollo. The Athora Group leverages Apollo's expertise, dedicated infrastructure and access to differentiated investment opportunities, which ultimately supports the delivery of superior investment return outcomes for the Athora Group's customers and shareholders.

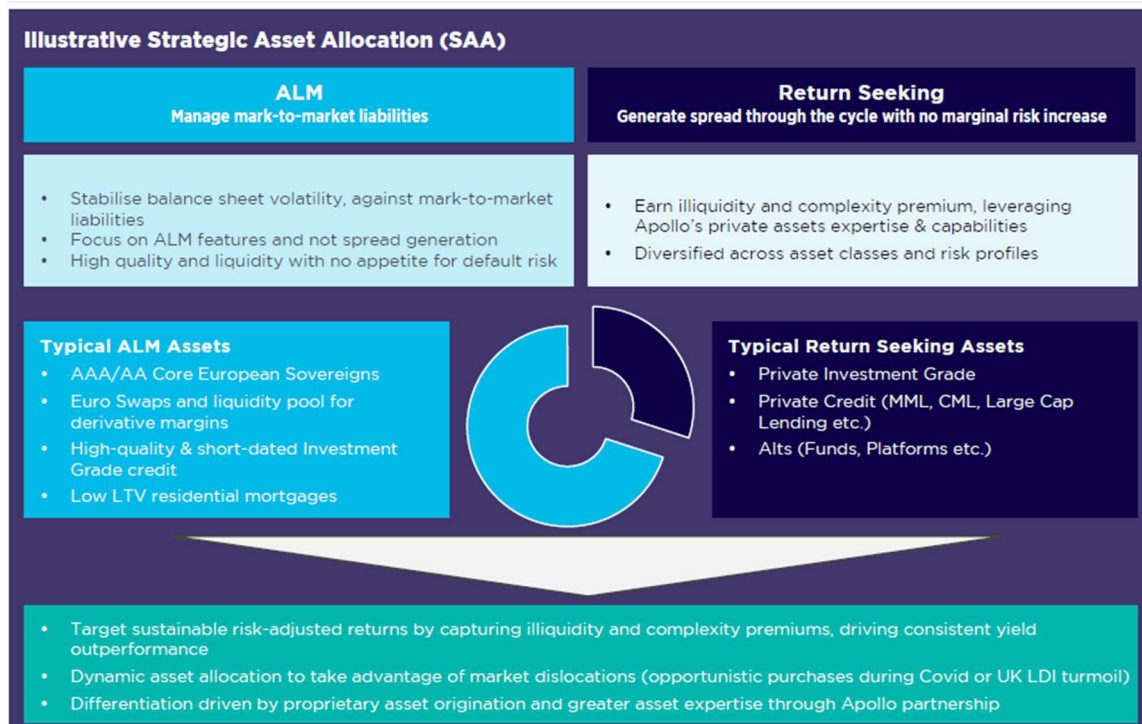
The Athora Group is deliberate in positioning its investments to navigate market dislocations, which provides unique protection in downside scenarios. The Athora Group have a prudent risk appetite and focuses its investment strategy on assets where returns are primarily driven by fundamental-based underwriting, harvesting illiquidity and complexity premium rather than assuming incremental credit or market risk.

The Athora Group's SAA is designed to be resilient in a market downturn and can broadly be split into two components: asset liability matching ("**ALM**") assets and return seeking assets.

1. **ALM assets:** The Athora Group manages the duration of its assets and liabilities to maintain stability in its capital positions, while minimising exposure to market risk and protecting against volatility in the valuation of liabilities. This results in a high-quality, liquid allocation and low appetite for systemic market risk. The portfolio comprises investments in high-quality core sovereigns (primarily 'AAA' and 'AA' rated, with limited strategic appetite for investing in European periphery or emerging market sovereign debt instruments), high-quality and

diversified short-dated traditional public investment grade credit (77 per cent. rated 'A' and higher, with low appetite for investing in European periphery, emerging markets, or high-yield instruments), performing prime owner occupied residential mortgages (predominantly in the Netherlands with low Loan to Value ("LTV") of approximately 60 per cent. or lower) and interest rate derivatives (as necessary to support efficient risk management).

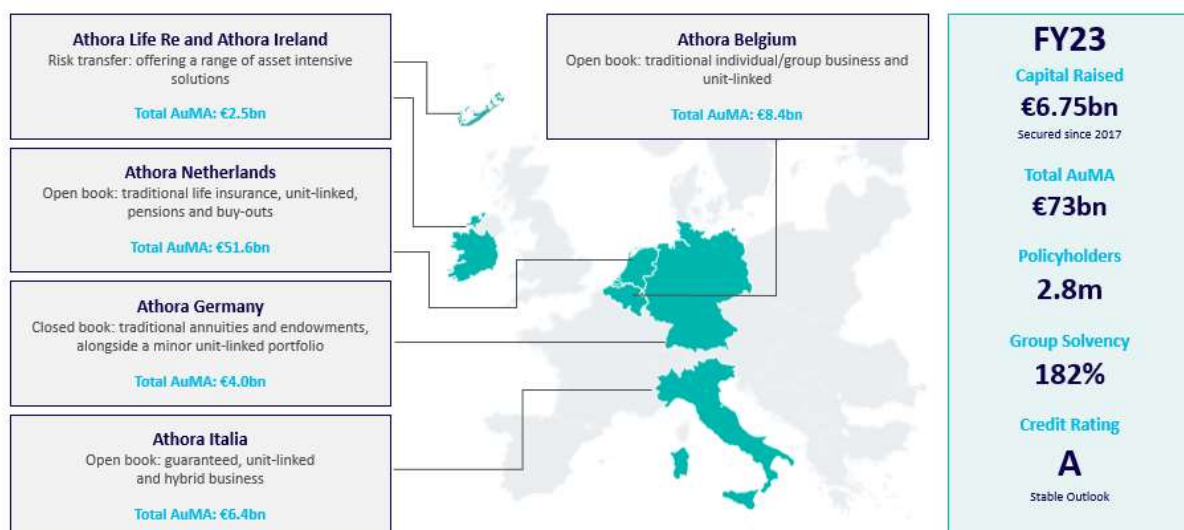
2. **Return-seeking assets:** The Athora Group's return-seeking portfolio seeks to support the yield of its overall portfolio, whilst carefully managing exposures through diversification across idiosyncratic asset risks. Of the total value invested in return seeking assets, the majority focuses on privately originated, fixed income assets, with granular allocation between sub-categories and types of collateral. A small portion is allocated towards alternative (majority towards platforms) and real estate assets, with a focus on cash-generating and downside-protected investments. The Athora Group has no appetite for public equities and structured credit due to unfavourable perceived risk and return profile. The return seeking portfolio is characterised by investments with low systemic market risk, instead aiming for attractive returns driven by illiquidity and complexity. Illiquidity premium and private market inefficiencies result in better risk-adjusted returns, with no marginal or market risk increase, given the bespoke protective covenants and strong collateral package. The Athora Group's continued focus on direct origination also provides a number of other important quantitative and qualitative advantages, for example, avoiding the cost of intermediaries, direct access in conducting due diligence and greater control over the terms of each investment. In addition, given the nature of the private investments and focusing on downside protection, the recoverability rate is, on average, higher than in public markets. Rather than increasing its allocation to higher risk, publicly traded securities to increase yields, the Athora Group leverages Apollo's expertise, access and infrastructure in direct origination across a wide range of asset classes. This has enabled the Athora Group to build a portfolio of high-quality assets, predominantly senior secured, which possess more attractive risk versus return profiles than securities that would otherwise be readily available in public markets. The Athora Group captures illiquidity and complexity premium with a prudent risk profile stemming from disciplined underwriting and drawdown modelling. As a result, the Athora Group's return seeking portfolio is characterised by security, with low loan to value, collateral and protective covenants in place. Robust underwriting of individual investments results in a diversified portfolio of high-quality private assets, which provides steady and attractive risk-adjusted returns for the portfolio as a whole. This is particularly beneficial when both public markets and the macroeconomic environment are volatile. A continuing focus on direct origination also provides a number of other important quantitative and qualitative advantages, for example avoiding the cost of intermediaries, direct access in conducting due diligence and greater control over the terms of each investment. In addition, given the nature of the private investments and focusing on downside protection, the recoverability rate is, on average, higher than in public markets. The Athora Group reviews new opportunities to ensure they are suitable for the balance sheet. This robust process takes into account factors such as fit of the investment with the Athora Group's investment universe, Prudent Person Principle requirements, performance of the asset in a drawdown scenario and its impact on the solvency position.



**Strategy monitoring:** The Athora Group believes that effective monitoring is a key element of a successful investment strategy. The performance of each investment strategy versus the Athora Group's strategic objective is monitored monthly. The Athora Group monitors key risk and solvency capital metrics, actual asset allocation versus target allocation, impact of solvency capital stress testing and detailed asset performance. Liquidity, performance and positioning of the duration matching assets are reported on a weekly basis and are monitored daily.

## Businesses

The chart below shows, in simplified form, the primary insurance and risk transfer businesses and the countries in which these businesses operate.



## Risk Management

Robust risk management is central to the success of the Athora Group as a specialised European savings and retirement services group. As a key element of the Athora Group's business model, risk management is the responsibility of all the Athora Group employees. The Athora Group's enterprise risk management framework was devised to ensure that the Athora Group identifies, understands and assesses risks against levels defined as acceptable. As the Athora Group understands the risks it faces, it can design and implement appropriate controls. The aim is to enable every employee to contribute to the effective management of risk. Risks are managed from multiple perspectives, including economic, regulatory, and accounting.

The objective of the Athora Group's risk management framework is that each risk is assumed and managed deliberately, understanding the risk-reward trade off within the Athora Group's defined risk appetite and risk strategy. This ensures a clear and common understanding of the Athora Group's Risk Management system and enables employees to adhere to the principles and governance of the system.

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

1. Targeted risk selection: The Athora Group takes on long-dated life insurance liabilities in European markets where these can be managed within its risk appetite and provide a risk-adjusted return in line with its strategy. Asset selection for return-seeking investments is determined by the Athora Group's access and opportunity to capture appropriate risk-adjusted returns. Risks outside risk appetite are pro-actively mitigated and traded out; short-term unrewarded risk taking is discouraged. This includes having an efficient process in place to identify emerging issues and risks.
2. Skilled risk taking: The Athora Group's active risk management is a core competency that helps to promote confidence in the Athora Group's stakeholders (including the Board, supervisors, shareholders, and rating agencies). The Athora Group ensures the level of capital held in its balance sheet is compatible with the risks taken and that the business operates efficient capital structures. The Athora Group only takes risks for which the appropriate skills, capabilities and resources exist in the organisation to manage the risks. The Athora Group measures 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 to be managed consistently across the entire business with the aggregated risk ultimately owned at the Issuer 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 Athora Group's three lines of defence model is employed with people being clear on their roles and working together effectively to manage the risk. The common underlying economic own view of the risk is used to measure the available and required risk capital across the business.

## Capital Management

The main objective of the Athora Group's capital management policy is at all times to appropriately capitalise the Business Units and the Athora Group itself and to ensure the interests of policyholders, regulators, shareholders, and other stakeholders can be met. The capital management policy is designed based on regulatory, economic, and rating agency requirements. The aim of the capital management strategy is four-fold:

1. Ensure a robust capitalisation of the Athora Group and operating units;
2. Ensure sufficient capital is available to support investment strategies and drive future capital generation;
3. Enable financial flexibility to pursue opportunities as they arise; and
4. Ensure the efficient allocation of capital across the Athora Group to deliver expected returns.

The Athora Group's capital management policy is adopted by each operating unit to ensure a cohesive approach to capital management across the Athora Group, with appropriate amendments to reflect the specifics of each jurisdiction.

Target capital levels at both group and local level are set to reflect the risk profiles of the business and the strategic outlook. An integrated management plan is produced annually to assess capital adequacy and optimisation across the Athora Group over the business planning period. On 7 April 2020, the BMA notified Athora of the BMA's determination and approval to be group supervisor of the Athora Group. Pursuant to Section 27B(5) of the Bermuda Insurance Act 1978, the BMA designated Athora Life Re as a 'Designated Insurer' for the purposes of the Insurance Act. Group supervision of the Athora Group was effective from 1 January 2020.

### ***Athora's Approach to Solvency Valuation***

The consolidated financial statements for Athora are prepared in accordance with IFRS as adopted by the European Union 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.

**Investments:** Investments include equities, government bonds, investment grade corporate bonds, mutual funds, loans and advances due from banks and net exposure to derivatives. All investments are measured at fair value for both EBS and IFRS purposes, other than loans and advances from banks which are held at amortised cost for IFRS. Derivatives are held at fair value for both IFRS and on the EBS. 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.

**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.

#### *Technical Provision Valuation Bases*

The value of the technical provisions is calculated as the sum of the best estimate and a risk margin. The best estimate provision ("**BEP**") is defined as the average expected scenario. Assumptions are compared to actual experience and reviewed to consider any potential trend changes. The risk margin reflects the uncertainty in the best estimate provision 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 per cent.) of future BSCR for these unhedgeable risks. The risk margin together with the BEP approximates the market value of the liabilities.

Athora utilises the actuarial cashflow projection models used in the local subsidiaries for local statutory and regulatory reporting. As most of Athora's subsidiaries are incorporated in member states of the European Union and follow reporting rules under Solvency II (reflecting the regulatory regime in Europe), the cashflows used are consistent with those prepared for Solvency II 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 BEP also considers the time value of money using relevant risk-free interest rate term structures with an appropriate illiquidity premium. The BMA has two methods, which are described in the BMA's guidance for Commercial Insurers and Groups (dated 30 November 2016):

The 'standard approach', which utilises interest rates prescribed by the BMA which are risk free rates plus an illiquidity premium.

The SBA, which 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 nine interest rate scenarios prescribed by the BMA. The scenario tests capture the interest rate sensitivity, and the degree of cashflow mismatch, of assets and liabilities included in the SBA.

The best estimate provision for liability cashflows that are suitable for a cashflow matching strategy is valued using the SBA, subject to approval by the BMA and eligible asset coverage. Assets used in the SBA meet eligibility criteria as prescribed by the BMA, which requires the assets to be of high quality and fixed income in nature. This is consistent with the investment strategy employed by Athora, which is focused on producing stable and predictable spread generation for its diverse and expertly managed investment portfolio. The SBA requires that Athora projects the assets assuming appropriate levels of expected defaults for each individual asset class and to allow for the actual investment management fees that are expected to be incurred in deploying this investment strategy. Reinvestments must follow Athora's investment guidelines and indicative yields. The projection of the assets within the SBA is

consistent with the current practices whereby local Business Units manage their asset portfolios to produce stable local solvency coverage ratios. The approach takes account of the planned transition to locally approved SAAs. The BMA-prescribed stresses are onerous and are designed such that any mismatch between assets and liabilities is penalised and is included in the best estimate. Unit-linked liabilities are also excluded as the value of the unit-linked liabilities directly depends on the value of the corresponding unit linked assets.

## Financial Position

### *Overview*

The Athora Group delivered strong financial results for the year ended 31 December 2023 (“**FY23 Results**”) despite challenging market conditions. This continues to show the strength of the Athora Group’s operating model, unique investment strategy and focus on managing costs. Against a volatile market backdrop, the Athora Group’s investment strategy continued to deliver, seeing its consolidated investment spreads increasing by 12bps year-on-year to 180bps as a result of the ongoing asset repositioning in the Netherlands. Additionally, in a challenging inflationary environment, the Athora Group maintained stable operating expenses, demonstrating its focus on cost discipline. The Athora Group continued its growth journey with the completion of the acquisitions of WTW’s approximately EUR 1.4 billion PPI and two PRTs of approximately EUR 0.3 billion in the Netherlands, one with Onderlinge’s-Gravenhage (approximately EUR 240 million) and another with pension fund Aon (approximately EUR 60 million).

The Athora Group’s business model’s performance is evidenced by the increase in operating capital generation (“**OCG**”) of 53 per cent. year-on-year to EUR 567 million (2022: EUR 370 million). A significant milestone was reached in March 2024 when Athora Netherlands declared a capital distribution of EUR 75 million. In March 2024, Athora Netherlands also reached a settlement agreement with interest groups regarding investment-linked insurance policies, leading to a provision of EUR 95 million being included in the FY23 Results.

In 2023, the Athora Group delivered strong IFRS results, with IFRS profit before tax of EUR 1,082 million (2022: EUR (1,294) million) supported by the asset repositioning in the Netherlands and a reduction in interest rates.

### *Regulatory solvency*

As at 31 December 2023, the Athora Group’s estimated surplus over the Group BSCR was EUR 2,424 million (2022: EUR 2,356 million) and the Group BSCR ratio remained robust at 182 per cent. (2022: 183 per cent.); the main driver for the slight decrease being an increase in capital requirements to support the ongoing asset repositioning in the Netherlands. The BSCR ratio excludes any uncalled equity commitments. The regulatory solvency positions of all the Athora Group’s European insurance subsidiaries, which are measured on a Solvency II basis, were resilient during 2023.

### **OCG**

Group OCG increased during the year ended 31 December 2023 to EUR 567 million (2022: EUR 370 million) driven primarily by significant improvements in the Athora Group’s largest business unit, Athora Netherlands. This increase was underpinned by a 69 per cent. increase at Athora Netherlands, aided by the continued repositioning of the investment portfolio and ongoing business transformation following

the sale of non-core business lines. Consolidated investment spreads increased year-on-year by 12 bps to 180 bps.

### *IFRS results*

Athora's IFRS total equity increased during the year ended 31 December 2023 by 15 per cent. to EUR 4.6 billion (2022: EUR 4.0 billion; 2021: EUR 4.2 billion). This was driven by IFRS profit for the year of EUR 762 million (2022: loss of EUR 939 million). This was partially offset by net reductions in share capital. During 2023, there was a net share issuance of EUR 188 million of common equity and Athora also redeemed EUR 118 million of preferred shares and bought back EUR 300 million of common equity, of which EUR 184 million is held as treasury shares.

The Athora Group generated IFRS profit before tax for the year of EUR 1,082 million (2022: EUR (1,294 million)), supported by the asset repositioning in the Netherlands and a reduction in interest rates.

The Contractual Service Margin ("**CSM**") (net of reinsurance) increased over 2022 by EUR 177 million. The CSM decreased by EUR 151 million over 2023, largely represented by the release of EUR 202 million to profit or loss. Other movements within CSM were largely offsetting during 2023, with the beneficial impacts of the renegotiation of an external reinsurance treaty offsetting new business CSM, experience variances, assumption changes and other impacts. The CSM under IFRS 17 represents a stock of future profit to be released to the consolidated income statement over the life of the insurance contract. The CSM may increase with each future acquisition made by the Athora Group or when new insurance contracts are written. It will also be impacted by assumption changes, experience variances and market movements for the variable fee business. The two tables below summarise the breakdown of equity and provide an overview of CSM.

€m	2023	2022 Restated
Share capital, share premium and treasury shares	3,837	3,833
Retained earnings	(184)	(884)
Other reserves	11	4
Preferred shares	720	800
Non-controlling interest	245	267
<b>Total equity</b>	<b>4,629</b>	<b>4,020</b>

€m	2023	2022 Restated
CSM (net of reinsurance)	2,279	2,430

### *Ratings and financial leverage*

The Athora Group's financial leverage ratio definition is consistent with the newly released Fitch Ratings Methodology. Following the implementation of IFRS 17, Fitch has published a revised financial leverage definition which includes the CSM (net of tax) within the total equity capital calculation, whilst keeping the leverage target for an 'A' rated entity unchanged. Hence, the Athora Group's medium-term leverage target is unchanged at 25 per cent., which is consistent with its 'A' rating target. In the year ended 31 December 2023, Athora has applied the new methodology and restated the 2022 comparative. The

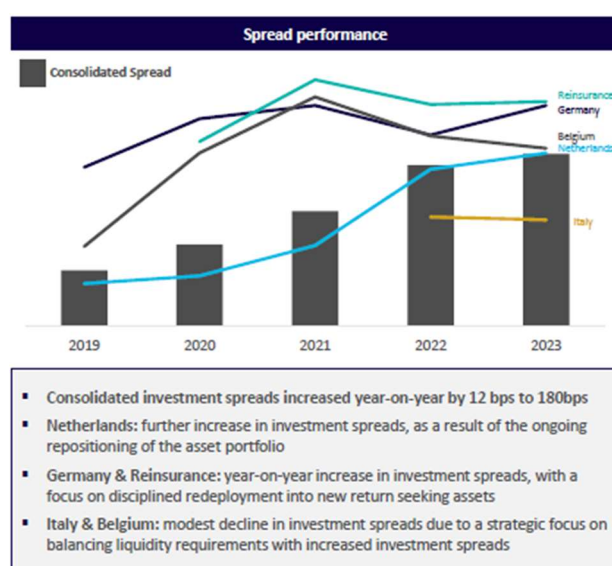


Athora Group manages its financial leverage ratio carefully given the influence it has on credit rating, which in turn is critical to the Athora Group's reinsurance proposition, funding costs and ability to maintain financial flexibility.

At year end, the Athora Group's financial leverage ratio was 25 per cent. (2022: 23 per cent.; 2021: 25 per cent.). During 2023, total borrowings also increased by EUR 374 million. The increase in financial leverage, and the increase in total borrowings were primarily due to the inaugural EUR 600 million Tier 3 senior bond issuance by the Issuer undertaken in June 2023, which was partially offset by an increase in IFRS equity and repayment of a EUR 250 million senior loan. In February 2023, senior bank loans issued by Athora (EUR 450 million) and Athora Europe Holding (Bermuda) Ltd. (EUR 150 million) were refinanced by a EUR 600 million senior bank loan at Athora. The transaction was refinanced at materially better terms, whilst having no impact on financial leverage. Interest expense on borrowings increased to EUR 112 million (2022: EUR 93 million), driven by the higher borrowing base and a sharp increase in the EURIBOR rates during 2023, which was partially offset by refinancing of existing debt at favourable terms.

In September 2023, Fitch maintained the Insurer Financial Strength Ratings of Athora's rated Business Units (Athora Ireland, Athora Life Re and SRLEV) at 'A'. The 'Issuer Default Ratings' of Athora and Athora Netherlands were also held at 'A-'. All ratings are on stable outlook. Additionally, AM Best held the ratings of Athora Life Re and Athora Ireland stable at 'A-'. The Fitch upgrade achieved by Athora in 2022 and maintained in 2023 places Athora comfortably within its 'A' range rating target.

The chart below shows the performance of Athora's investment spreads since 2019.



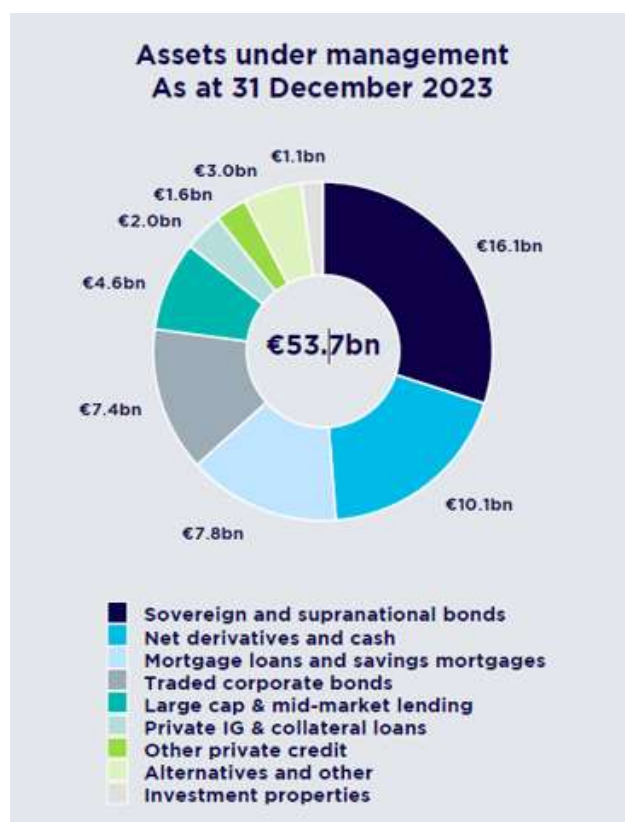
## Assets

AuMA represents the value of invested assets managed directly by the Athora Group or administered on behalf of clients. Assets under Management ("**AuM**") reflects the assets the Athora Group manages as part of the general account insurance business, while Assets under Administration ("**AuA**") refers to assets the Athora Group administers on behalf of clients, primarily in relation to unit-linked products. Assets that the Athora Group manages as part of the general account activities are invested according to the principles of the Athora Group's investment strategy and SAA.

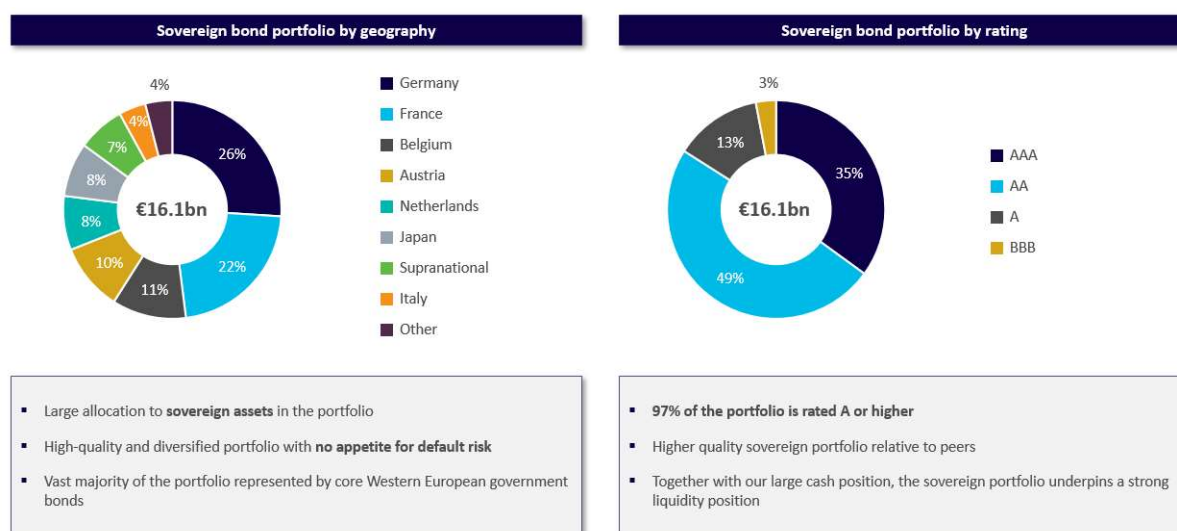
The Athora Group's general account assets (AuM) remained flat and AuA increased by 22 per cent. in the year ending 31 December 2023. As at 31 December 2023, the AuM was EUR 53.7 billion and Group's AuA was EUR 19.6 billion, giving a total AuMA of EUR 73.3 billion on 31 December 2023 (2022: EUR 69.6 billion).

€m	2023	2022
Investment properties	1,077	2,214
Financial assets	59,208	65,452
Investments in associates	43	41
Cash and cash equivalents	2,484	1,315
Derivative liabilities	(9,093)	(15,516)
<b>Total AuM: General account assets</b>	<b>53,719</b>	<b>53,506</b>
Total AuA: Investments attributable to policyholders and third parties (includes unit-linked assets)	19,591	16,082
<b>Total AuMA</b>	<b>73,310</b>	<b>69,588</b>

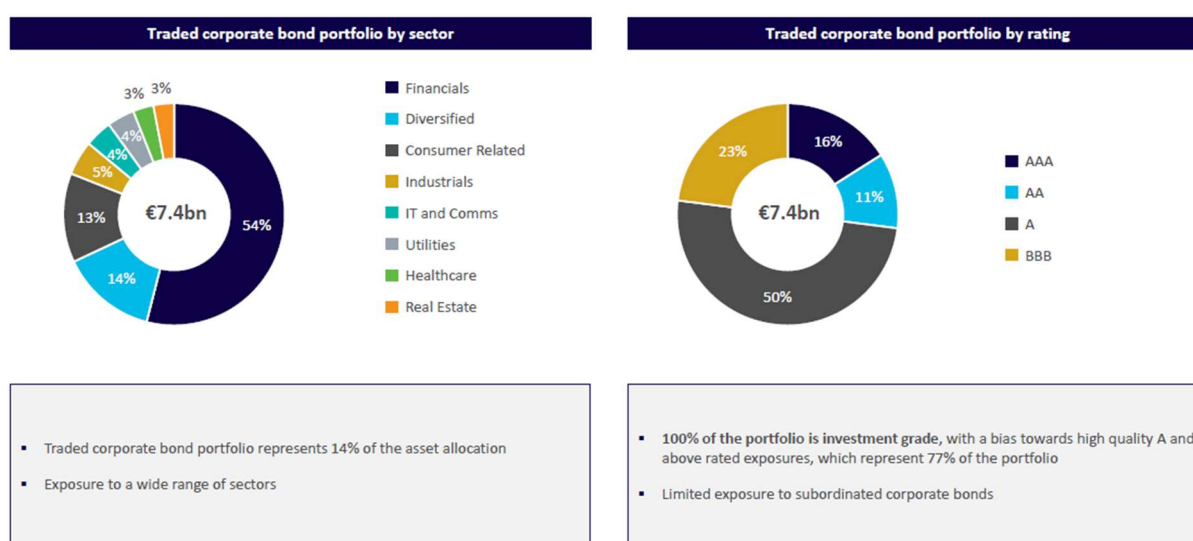
The charts below show the main categories of assets managed by the Athora Group as part of its general account insurance business in 2023. and includes both return seeking and ALM assets. Investment properties are considered as return seeking assets and principally relate to residential and commercial property exposures:



Sovereign bonds represent the largest allocation within the portfolio, with the majority of the portfolio represented by Western European governments. The quality of the Athora Group's portfolio remains very high, and therefore provides significant liquidity to the balance sheet. At 31 December 2023, 97 per cent. of government debt securities were rated 'A' or better.

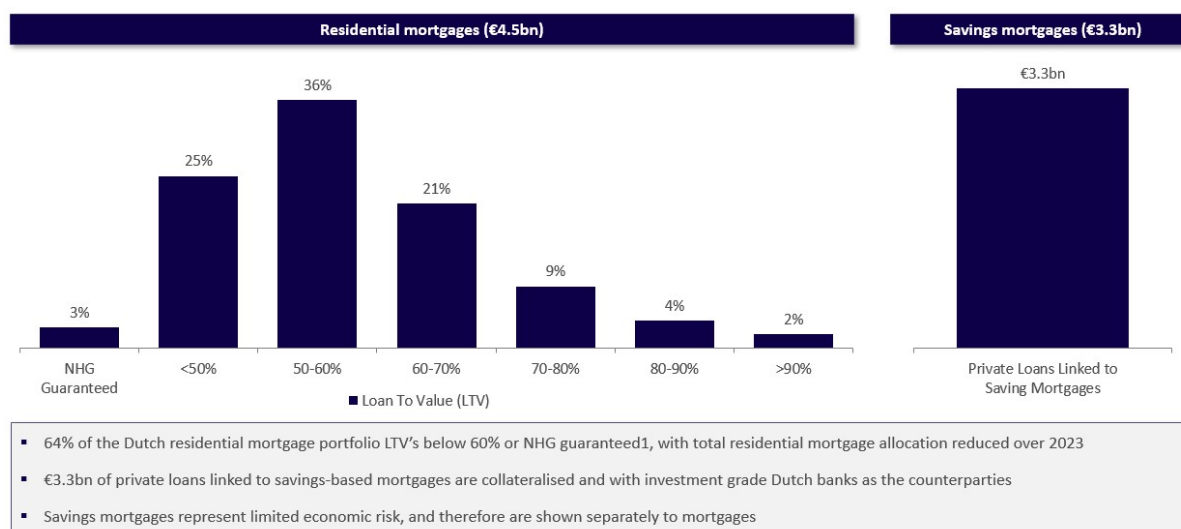


Traded corporate bonds represent 14 per cent. of the asset allocation, with the portfolio being well diversified across sectors and the majority invested in high-quality financial institutions. At 31 December 2023, 100 per cent. of traded corporate debt securities are rated as investment grade ('BBB+' rating or better).

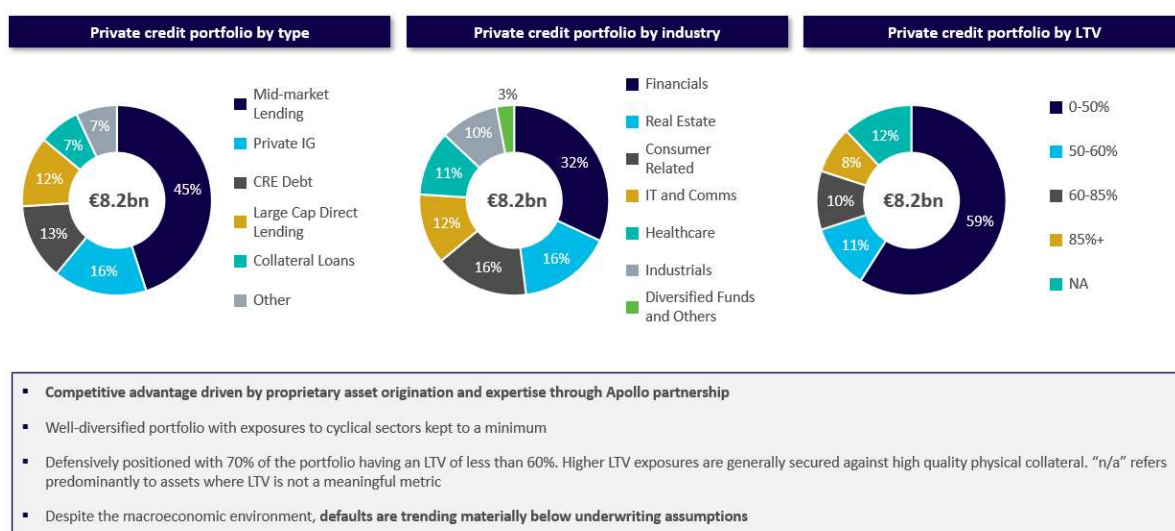


The residential mortgage loans portfolio totalled EUR 4.5 billion and is predominantly located in the Netherlands. The portfolio decreased significantly during the year as a result of a strategic disposal. The chart below shows that 64 per cent. (2022: 65 per cent.) of the Dutch residential mortgage portfolio LTVs are below 60 per cent. or government guaranteed (NHG2). A further EUR 3.3 billion private loans linked to savings-based mortgages are collateralised and with investment grade Dutch banks as counterparties.

<sup>2</sup> Mortgages guaranteed under the National Mortgage Guarantee Fund

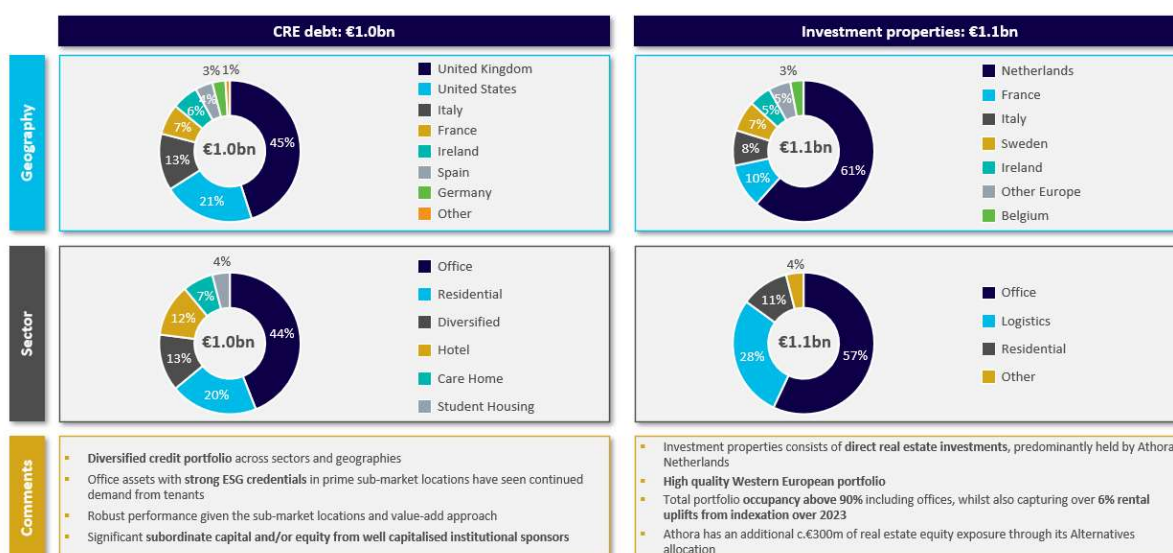


Private credit constitutes the main return seeking asset class, providing stable income and better risk adjusted returns than comparable traded assets. The Athora Group has a well-diversified and defensively positioned portfolio, with exposures to cyclical sectors kept to a minimum. As illustrated below, the overall portfolio totalled EUR 8.2 billion. At 31 December 2023, 70 per cent. of the portfolio has an LTV of less than 60 per cent.

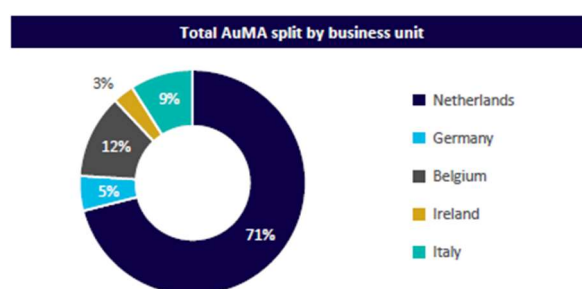


### Athora's Real Estate Exposure

As at 31 December 2023, Athora also held EUR 1.1 billion (2022: EUR 2.2 billion; 2021: EUR 0.8 billion) of investment properties through direct real estate exposures and EUR 1 billion of commercial real estate debt assets (as part of its private credit portfolio, see above). Investment properties of EUR 1.1 billion were derecognised on 1 April 2023 following the deconsolidation of the Athora Group's former subsidiary Hemingway Real Estate (Lux) SCSp.



The total AuMA split by business unit is set out in the chart below. The predominant location of the residential mortgage loans portfolio in the Netherlands is reflected in this chart.



## Borrowings

Athora had EUR 2,266 million of borrowings as at 31 December 2023, including both senior and subordinated debt. Please see below a breakdown of each of these categories:

€m	2023	2022 Restated
Subordinated debt	992	985
Senior debt	1,274	907
	2,266	1,892

Borrowings increased in the year ended 31 December 2023 primarily due to Athora's EUR 600 million Tier 3 senior bond issuance partially offset by repayment of Athora's EUR 250 million Tier 3 senior bank loan. In February 2023, Athora's EUR 450 million senior bank loan and the Athora Europe Holding (Bermuda) Ltd. EUR 150 million senior bank loan were refinanced by a EUR 600 million senior bank loan at Athora Holding Ltd. at a more favourable interest rate and to continue centralising financing at the holding company.

The Athora Group did not have any defaults of principal or interest or other breaches with respect to its borrowings during the years ended 31 December 2023 and 2022.

### Subordinated debt



As at 31 December 2023, the Athora Group had the following subordinated debt in issue:

€m	Issuer	Maturity	Note	2023
Euro subordinated bonds	Athora Netherlands N.V.	2031	1	299
Euro subordinated bonds	Athora Netherlands N.V.	2032	2	498
Swiss franc perpetual bonds	SRLEV N.V.	Perpetual	3	113
Euro subordinated bonds	Athora Italia S.p.A	2031	4	82
				992

1. **Euro subordinated bonds:** EUR 300 million subordinated bonds, with a first call date in 2026 and a maturity date in 2031 (the EUR NC2026 Notes). The bonds are classified as Tier 2 Capital. The coupon is fixed at 2.250 per cent. until its first call date.
2. **Euro subordinated bonds:** EUR 500 million subordinated bonds, with a first call date in 2027 and a maturity date in 2032 (the EUR NC2027 Notes). The bonds are classified as Tier 2 Capital. The coupon is fixed at 5.375 per cent. until its first call date.
3. **Swiss franc perpetual bonds:** CHF 105 million subordinated perpetual bonds which are callable annually. The coupon is fixed until 2026 at 5.334 per cent. The bonds qualify as Tier 2 Capital for Group Solvency and qualifies as Restricted Tier 1 Capital for Athora Netherlands.
4. **Euro subordinated bonds:** EUR 80 million subordinated bonds, with a first call date in 2026 and a maturity date in 2031. The coupon is fixed until 2026 at 7.000 per cent. The bonds qualify as Tier 2 Capital.

Athora Netherlands announced on 3 June 2024 a tender offer for any and all of the EUR NC2026 Notes and, depending on the success of the tender offer for the EUR NC2026 Notes, a portion of the EUR NC2027 Notes (with such portion not expected to exceed the difference between EUR 250,000,000 and the aggregate principal amount of EUR NC2026 Notes tendered and accepted for purchase). See “Use of Proceeds”.

#### Senior debt

As at 31 December 2023, the Athora Group had the following senior debt in issue:

Issuer	Maturity	Note	2023	2022 (Restated)
Athora Holding Ltd.	16-6-2028	1	616	—
Athora Holding Ltd.	20-2-2026	2	597	—
Athora Holding Ltd.	-	3	—	253
Athora Holding Ltd.	-	4	—	445
Athora Europe Holding (Bermuda) Ltd.	-	5	—	148
Athora Netherlands N.V.	17-5-2024	6	61	61
			1,274	907

1. **EUR 600 million Tier 3 notes:** In June 2023, Athora accessed the public capital markets for the first time and successfully issued a EUR 600 million senior unsecured fixed rate note. The note qualifies as Tier 3 ancillary capital under the BMA rules and carries a fixed coupon rate of

6.625 per cent. with a 5-year maturity. The proceeds were used in part to refinance the existing EUR 250 million senior Tier 3 bank loan (as described below).

2. **EUR 600 million senior loan:** A 3-year EUR 600 million term loan (the “**Term Loan**”) was drawn in February 2023 to refinance Athora’s EUR 450 million term loan and the EUR 150 million term loan of Athora Europe Holding (Bermuda) Ltd. (“**Athora Bermuda**”). The transaction materially reduced interest cost and furthers the Athora Group’s aim to consolidate financing at Athora, whilst having no impact on financial leverage. In February 2024, an amount of EUR 250 million of the Term Loan was repaid.
3. **EUR 250 million senior loan:** In April 2022, Athora borrowed EUR 250 million from a group of credit institutions. The loan was classified as Tier 3 Capital. In June 2023 the loan was repaid in full as described above in Note 1.
4. **EUR 500 million senior loan:** In 2020, Athora issued EUR 500 million 5-year floating rate senior debt to a group of credit institutions as part of the acquisition of Athora Netherlands. EUR 50 million of this debt was repaid in 2022. In February 2023, the remaining balance was repaid in full.
5. **Athora Bermuda EUR 150 million senior loan:** In 2019 Athora Bermuda borrowed EUR 175 million from a group of credit institutions as part of the financing for the Athora Group’s acquisition of Athora Belgium. In 2021, an amount of EUR 25 million was repaid. In February 2023 the remaining balance was repaid in full.
6. **Athora Netherlands EUR 61 million senior notes:** In 2020, the Athora Group acquired Athora Netherlands and consolidated EUR 650 million of senior notes issued by Athora Netherlands. As a result of a successful tender offer on the notes in April 2020, EUR 584 million was redeemed and the remaining outstanding amount is EUR 61 million with a fixed coupon at 2.375 per cent. per annum and maturing during 2024. At maturity on 17 May 2024, Athora Netherlands redeemed the senior notes.

#### *Revolving credit facilities*

In February 2023, Athora entered into a new EUR 500 million senior unsecured revolving credit facility (the “**RCF**”) with a group of credit institutions, which provided material additional liquidity resources to the Athora Group. No amounts were drawn on this facility during the year. In February 2024, this RCF was refinanced at materially better terms and increased to EUR 1 billion. In February 2024, the Athora Group drew down EUR 250 million of the new facility to prepay part of the EUR 600 million term loan due in February 2026. EUR 750 million of the RCF remains undrawn. The transaction materially increases the Athora Group’s undrawn resources and reduces interest cost whilst having no impact on financial leverage.

#### *Preferred Shares*

On 27 March 2020, Athora issued 3,750,000 “Series A” preferred shares at a discount with a stated value of EUR 100 per share. Dividends are fully discretionary and noncumulative. Athora can elect to pay dividends declared in cash or in kind via issuance of additional shares. The Series A preferred shares have a dividend rate of 8 per cent. per annum.

On 28 March 2022 and 27 September 2022, Athora issued in aggregate 344,195 Series A preferred shares with a stated value of EUR 100 per share, which represented dividends paid in kind on existing Series A preferred shares. The Series A preferred shares are recognised as Tier 1 eligible capital within the Athora Group's regulatory solvency ratio. The dividend rate is 8 per cent.

Dividends of EUR 18 million and EUR 19 million were declared by the Board on 14 March 2023 and 7 September 2023 on the Series A preferred shares. Both were paid in kind by the pro rata issuance of 182,491 and 189,789 Series A preferred shares, respectively, based on their stated value on the date of declaration.

Athora issued 2,000,000 and 1,500,000 "Series B" preferred shares in 2021 and 2022 respectively. The preferred shares have a stated value of EUR 100 per share. The Series B preferred shares are recognised as Tier 1 eligible capital within the Athora Group's regulatory solvency ratio. The dividend rate is 4.8 per cent. Dividends are fully discretionary with dividends not declared being non-cumulative. Athora can elect to pay dividends declared in cash or in kind via issuance of additional shares.

Dividends of EUR 9.5 million and EUR 1.7 million were declared by the Board on 29 March 2023 and 7 December 2023, respectively, on the Series B preferred shares and were paid in cash on 3 May 2023 and 27 December 2023 respectively.

#### *Uncalled equity commitments*

On 31 December 2023, the Athora Group had EUR 1.7 billion of uncalled equity from the 2022 capital raise, providing growth capacity, and a further EUR 500 million of backstop equity commitment letters, signed in 2020.

#### **Contingent Liabilities**

There are no material contingent liabilities to disclose for the period 1 January 2023 to 31 December 2023.

#### **Capital**

At the year end, the Athora Group's Available Statutory Capital, on an EBS basis was EUR 5,382 million (2022: EUR 5,204 million) and a group enhanced capital requirement ("ECR") of EUR 2,958 million (2022: EUR 2,848 million).

At the 31 December 2023, the Athora Group's estimated Group BSCR surplus was EUR 2,424 million (2022: EUR 2,356 million) and the Group BSCR ratio remained robust at 182 per cent. (2022: 183 per cent.; 2021: 187 per cent.); the main driver for the slight decrease being an increase in capital requirements to support the ongoing asset repositioning in the Netherlands. The BMA published consultation papers during 2023, which covered proposed changes to the calculation of the technical provisions and capital requirements, which will apply to Bermuda-based commercial (re)insurers. The BMA has since published amended prudential rules implementing these changes, which came into operation on 31 March 2024. The Athora Group is working closely with the BMA to finalise the impacts. The Athora Group currently has a risk appetite level of 175 per cent. for the Group BSCR ratio. Below the risk appetite level, the Athora Group will actively consider taking management action to increase the ratio to above this risk appetite level. At 31 December 2023, the Group BSCR ratio is above the Athora Group's risk appetite level and the Athora Group's current expectation is that it will stay above the risk appetite level post implementation of the amended Prudential Rules.



The regulatory solvency positions of the Athora Group's European Business Units are measured on a Solvency II basis and remained resilient during 2023.

	2023	2022
Capital	€m	€m
Available Statutory Capital	5,382	5,204
ECR	2,958	2,848
Surplus	2,424	2,356
Solvency ratio	182%	183%

Own Funds refer to a 'buffer' or excess margin that insurers are required to hold to cover the risk of their assets not being sufficient to cover their liabilities. 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 capital and Tier 2 capital are admissible to cover the minimum margin of solvency, whereas all tiers of capital are admissible to cover the ECR, subject to certain admissibility limits defined in the Insurance (Group Supervision) Rules 2011 of Bermuda, as amended.

Tier 1 capital is of the highest quality, which can be either basic own funds, mainly consisting of common share capital and share premium, statutory economic surplus, preferred shares or Tier 1 ancillary own funds, which includes restricted tier 1 notes. Tier 2 capital generally refers to debt, which is subordinated to any senior debt. Tier 3 capital is generally qualifying senior instruments.

At 31 December 2023, Athora's available statutory capital, on an EBS basis, was EUR 5,382 million (2022: EUR 5,204 million). Within this, EUR 3,780 million (2022: EUR 4,043 million) was categorised as Tier 1 capital, the highest quality capital, mainly consisting of common share capital and share premium, statutory economic surplus, preferred shares and restricted Tier 1 notes. Tier 2 capital of EUR 965 million (2022: EUR 911 million) related to four subordinated debt instruments. Tier 3 capital of EUR 637 million (2022: EUR 250 million) relates to a senior unsecured fixed rate note issued in June 2023. As per the EBS rules, Athora had approximately EUR 918 million and approximately EUR 200 million of Tier 2 and Tier 3 capital and Tier 3 capital tiering headroom respectively.

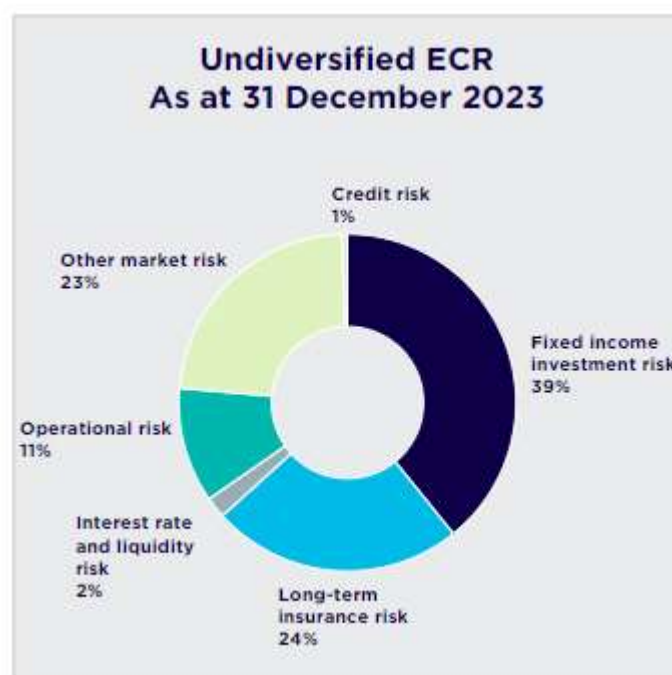
In addition to the examination of the best estimate scenario, Athora performs a thorough analysis of the resilience of the Athora Group's solvency ratio in alternative scenarios. Several of these scenarios are shown below.

	BSCR ratio	Change vs. 2022
2023	182%	N/A
Interest rate + 50bps	180%	(2)%
Interest rate – 50bps	185%	3%
Credit spread + 50bps	163%	(19)%

<b>Credit spread – 50bps</b>	203%	21%
<b>Property – 10%</b>	180%	(2)%
<b>Lapse up 1-in-10 (equivalent to 25% increase)</b>	181%	(1)%
<b>Longevity up 1-in-10 (equivalent to 12.5% increase)</b>	174%	(8)%

The BSCR model calculates a risk-based capital measure by applying capital factors to capital and solvency return elements, including investments and other assets, operational risk, and long-term insurance risks, in order to establish an overall measure of capital and surplus for statutory solvency purposes. The Target Capital Level set by the BMA is equal to 120 per cent. of the ECR.

The capital factor established for each risk element, when applied to that element, produces a required capital and surplus amount. The individual capital amounts generated for each risk element are then summed. Covariance adjustments are made to arrive at the BSCR. The Athora Group uses the BSCR model to calculate its ECR. The chart below shows the various elements which make up the undiversified ECR:



The table below shows the reconciliation of IFRS equity to available statutory capital used for the calculation of the Athora Group solvency capital position.

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.

€m	2023	2022
IFRS total equity	4,629	4,020
Elimination of prudential filters	(128)	(130)
Net deferred tax on elimination of prudential filters	25	24
<b>Adjustment to EBS</b>		
Insurance assets and liabilities valuation difference	(700)	338
Financial asset and liabilities valuation differences	(2)	68
Reclassification of borrowings eligible as regulatory capital	1,602	1,161
Net deferred tax on valuation differences	(44)	(277)
<b>Available statutory economic capital and surplus</b>	<b>5,382</b>	<b>5,204</b>

Whilst the Athora Group calculates its solvency ratio according to the BSCR, the Athora Group's subsidiaries also calculate their solvency ratios according to their own local regulations and requirements. The solvency ratios of the Athora Group's key subsidiaries as at 31 December 2023 and 2022 are shown below:

Subsidiary	Solvency calculation basis	Solvency ratio 2023
Athora Netherlands	Solvency II	206 per cent. (vs. FY22: 205 per cent.) <sup>3</sup>
Athora Belgium	Solvency II	155 per cent. (vs. FY22: 150 per cent.) <sup>4</sup>
Athora Germany	Solvency II	163 per cent. (vs. FY22: 117 per cent.) <sup>5</sup>
Athora Ireland	Solvency II	161 per cent. (vs. FY22: 164 per cent.)
Athora Italy	Solvency II	211 per cent. (vs. FY22: 197 per cent.)
Athora Life Re	BSCR	186 per cent. (vs. FY22: 210 per cent.)

<sup>3</sup> Solvency II Ratio based on year end 2023 submissions to the regulators.

<sup>4</sup> Solvency II Ratio based on quarter four submissions to the regulators.

<sup>5</sup> Solvency II Ratio calculated excluding Transitional Measures.

## IFRS 17

The Athora Group implemented IFRS 17, the accounting standard for insurance contracts and IFRS 9, the accounting standards for financial instruments from 1 January 2023.

### *IFRS 17 Insurance Contracts*

IFRS 17 replaces IFRS 4, Insurance Contracts, for annual periods beginning on or after 1 January 2023 (effective date). The nature of the changes in accounting policies can be summarised, as follows:

The adoption of IFRS 17 did not change the classification of the Athora Group's insurance contracts, except for insurance contracts with investment elements, which are no longer bifurcated. The Athora Group was previously permitted under IFRS 4 to continue accounting using its previous accounting policies. However, IFRS 17 establishes specific principles for the recognition and measurement of insurance contracts issued and reinsurance contracts held by the Athora Group.

The key principles of IFRS 17 are that the Athora Group:

- Identifies insurance contracts as those under which the Athora Group accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct goods or services other than insurance contract services from insurance contracts and accounts for them in accordance with other standards.
- Divides the insurance and reinsurance contracts into groups it will recognise and measure.
- Recognises and measures groups of insurance contracts at a risk-adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all available information about the fulfilment cash flows in a way that is consistent with observable market information, plus an amount representing the unearned profit in the Athora Group of contracts.
- Recognises profit from a group of insurance contracts over each period the Athora Group provides insurance contract services, as the Athora Group is released from risk. If a group of contracts is expected to be onerous (i.e., loss-making) over the remaining coverage period, the Athora Group recognises the loss immediately.
- Recognises an asset for insurance acquisition cash flows in respect of acquisition cash flows paid, or incurred, before the related group of insurance contracts is recognised. Such an asset is derecognised when the insurance acquisition cash flows are included in the measurement of the related group of insurance contracts.

### *IFRS 9 Financial Instruments*

IFRS 9 replaced IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018. However, the Athora Group elected, under the amendments to IFRS 4, to apply the temporary exemption from IFRS 9, deferring the initial application date of IFRS 9 to align with the initial application of IFRS 17, for annual periods beginning on or after 1 January 2023

(effective date). As the Athora Group has opted for a retrospective application, the transition date is 1 January 2022.

To determine their classification and measurement category, IFRS 9 requires all financial assets to be assessed based on a combination of the entity's business model for managing the assets and the instruments' contractual cash flow characteristics. The IAS 39 measurement categories for financial assets (fair value through profit or loss ("FVTPL")), available for sale, held-to-maturity and loans and receivables at amortised cost have been replaced under IFRS 9, by:

- financial assets at fair value through profit or loss including equity instruments and derivatives;
- debt instruments at amortised cost;
- debt instruments at fair value through other comprehensive income, with gains or losses recycled to profit or loss on derecognition; and
- equity instruments at fair value through other comprehensive income, with no recycling of gains or losses to profit or loss on derecognition (not used by the Athora Group).

On transition, all financial assets are mandatorily measured at FVTPL (other than cash and cash equivalents and other receivables) because these are managed, and their performance evaluated, using a fair value business model. The financial liabilities (other than derivatives) will continue to be stated at amortised cost. The Athora Group has resolved not to apply hedge accounting under IFRS 9.

It should be noted that the cash flows and underlying capital generation of the Athora Group's businesses are unaffected by IFRS 17 and IFRS 9, and the standards have little or no impact on the Athora Group's solvency performance metrics under the BSCR model.

### **Recent Developments since publication of Athora's last Annual Report**

On 13 March 2024, Athora declared a dividend of EUR 20 million (2022: EUR 18 million) on its Series A preferred shares, which was paid-in-kind by the pro rata issuance of 197,383 (2022: 182,491) Series A preferred shares, based on their stated value on the date of declaration. Since 31 December 2023, Athora has issued 215,307 Class A common shares under its equity-settled share-based payment scheme.

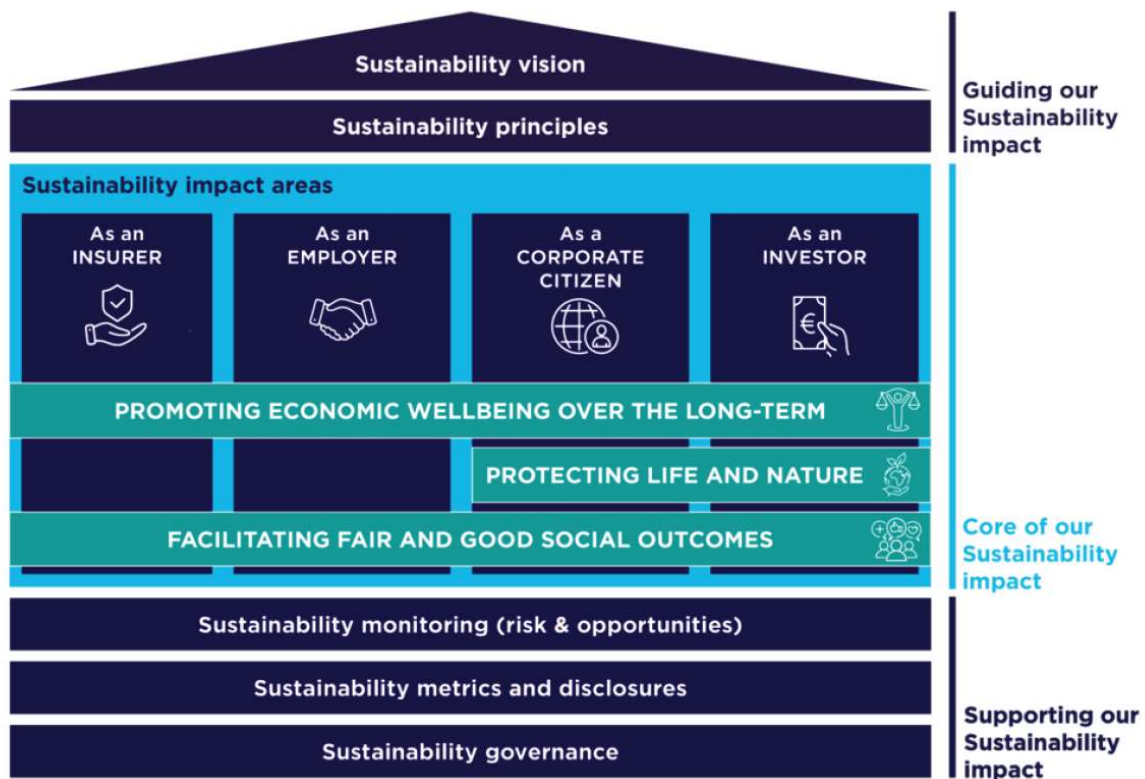
On 26 March 2024, Athora declared a dividend of EUR 9.5 million (2022: EUR 9.5 million) on its Series B preferred shares, which has been paid in cash on 3 May 2024.

On 2 May 2024, Athora announced that Athora Germany and AXA Germany mutually agreed to terminate the transaction for the purchase of the former DBV-Winterthur Life closed life book portfolio, agreed in July 2022. The termination agreement is consistent with the contractual terms of the sale agreement between the parties and follows significant changes in financial market conditions since signing. Notwithstanding the Termination of the DWL Acquisition, Athora remains committed to further growth in the German savings and retirement services market.

### **The Athora Group's Sustainability Strategy**

In 2023, the Athora Group continued to implement its sustainability strategy. The core of Athora's sustainability strategy focuses on key impact areas at the intersection of the business activities and the defined sustainability themes. These impact areas are guided by Athora's sustainability vision and principles, and supported by appropriate monitoring, metrics, disclosures and governance.

In 2023, the Athora Group continued to evolve its sustainability disclosures in its Sustainability Report, where the Athora Group reported in reference to international frameworks such as the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-Related Financial Disclosures (TCFD). The Athora Group is committed to advancing its Sustainability activities and disclosing its progress through its annual sustainability report and other channels.



### Sustainability themes for Athora

- Sustainability is a key theme for Athora as a long-term insurance business with obligations to customers many years into the future
- Published our first Sustainability Report in 2022 and will continue to expand the contents going forward

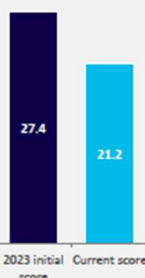
### Sustainability approach

- An insurer (e.g. sustainable products, customer satisfaction)
- An employer (e.g. inclusion, diversity and equality)
- A corporate citizen (e.g. community engagement, supply chain, transparent tax approach)
- An investor (e.g. sustainable investments)

### Focus on the Group

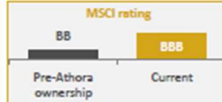
- On a journey to aggregate policies & data
  - Work started on aligning with GRI, SASB and TCFD<sup>1</sup>
- Sustainable Investment Policy published in 2022 - exclusions for:
  - Controversial weapons
  - Violations in companies or countries that violate Principles of UNGC<sup>2</sup>
- Improved Sustainability score materially, which is on the threshold for becoming a "low risk" rating
  - Scale 0 - 100; 0 is negligible risk & 100 is severe
- Further engagement planned in 2024

Sustainalytics Risk Rating

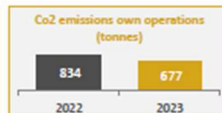


### Focus on Athora Netherlands as our largest subsidiary

- Upgrade in MSCI rating since acquisition by Athora Group
- Planned engagement in the short to medium-term on the back of publication of EU Taxonomy data



- Improvement in several key sustainability metrics
- As an example, Co2 emissions of own operations decreased by 19% in 2023



- Awarded "Most Sustainable Insurer" in 2021 and 2022 by Dutch Association of Investors for Sustainable Development (VBDO)
- Top Employers award for the last 3 years
- Moved to a new more sustainable head-office and received Leesman+ certification



## CORPORATE GOVERNANCE

### Governance structure

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

Athora is led, at the direction of the Board, by the Group Chief Executive Officer ("**Group CEO**"), the President & Deputy Chief Executive Officer ("**President & Deputy CEO**") and the management committee ("**MC**"). The MC is chaired by the Group CEO, or in the absence of the Group CEO, by the President & Deputy CEO.

The purpose of the MC is to evidence the discharge of responsibility by the chairperson for the management of the assets, business and operations of the Athora Group in accordance with applicable law and regulation, the strategy of the Athora Group, integrated management plan, risk appetite and Code of Conduct approved by the Board.

### The Board

#### *General*

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

1. **Audit Committee:** Oversees and monitors the integrity of the consolidated financial statements and financial and accounting processes; monitors compliance with audit, internal audit and internal controls requirements; monitors the independent auditor's qualifications, independence and performance; and monitors legal and regulatory compliance and ethical standards.
2. **Compensation Committee:** Oversees of the Athora Group's executive compensation programme.
3. **Conflicts Committee:** Reviews and evaluates certain related party transactions.
4. **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 the Athora Group policies. Oversees environmental, social and governance strategy, inclusion, diversity and equality framework and the annual performance evaluation of the Board.
5. **Risk Committee:** Oversees of systems and processes to identify, manage and mitigate risks. Assists the Board and its committees in fulfilling their oversight responsibilities for risk management.
6. **Transactions Committee:** Reviews and assesses material transactions (e.g., acquisitions, dispositions and certain reinsurance transactions) for recommendation to the Board.



## Board members

The Board consists of eleven directors, including five independent non-executive directors (“INEDs”). One INED serves as chairperson of both the Board and the Risk Committee and three other INEDs serve as chairpersons of the Conflicts Committee, Audit Committee, and Nominating and Corporate Governance Committee.

The Board has diverse management, operations, governance and oversight experience across many industries. Biographies of the Board members are below.

The Board, as at the date of this Offering Memorandum, is set out in the diagram below, also showing the composition of the Board committees:



<sup>1</sup> Appointed Chair of the Audit Committee effective 1 January 2023.

<sup>2</sup> Appointed Chair of the Nominating and Corporate Governance Committee effective 25 January 2023.

<sup>3</sup> Appointed as member of the Compensation Committee effective 17 January 2024.

<sup>4</sup> Appointed Chair of the Compensation Committee effective 17 January 2024.

<sup>5</sup> Resigned as Chair of the Compensation Committee effective 17 January 2024.

<sup>6</sup> Mr. Rowan resigned from the Board effective 26 March 2024. Mr. Vishal Sheth, Partner and Co-Head of Apollo's Global FIG, was appointed to fill the vacancy on the Board created by Mr. Rowan's resignation and was also appointed to the Transactions Committee, each effective 27 March 2024.

Conflicts of interest (actual or potential) may arise from time to time between the duties of the members of the Board towards Athora and the private interests and/or other duties of the members of the Board, including as a result of non-independent members of the Board holding other positions at certain of Athora's shareholders. Each member of the Board owes a fiduciary duty to act in good faith (including a duty to avoid conflicts of interest) in dealing with or on behalf of Athora, and a statutory duty to act honestly and in good faith with a view to the best interests of Athora. Such duties are owed to Athora as a whole, which includes all of its shareholders. As such, members of the Board cannot put the interests of the shareholder who appointed or elected them in priority to the interest of Athora. Directors are required to declare any conflicts of interest with relevant conflicts being considered by the Board Conflicts Committee. The Board Conflicts Committee evaluates any proposed arrangement or

transaction with a Related Party to confirm it is conducted on an arm's length basis and that any conflict of interest has or will be appropriately managed.

Athora's registered address, First Floor, Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda serves as the business address for all members of the Board.

#### *Board member biographies*

##### Bruce Hemphill, Chairperson, Independent Director

Tenure: less than 1 year

Mr. Hemphill serves as chairperson of the Board, chairs the Risk Committee and is a member of the Compensation, Conflicts and Transactions Committees. He 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.

Mr. Hemphill most recently served as non-executive chair of Catalina Holdings (Bermuda) Ltd. Previously, he served as group chief executive officer of Old Mutual plc, and as chief executive officer at Liberty Holdings.

Mr. Hemphill is currently a director at Menai Financial Group.

##### Debra Broek, Independent Director

Tenure: 5 years

Ms. Broek serves as a member of the Risk, Nominating and Corporate Governance and Conflicts Committees and chairs the Audit Committee. She has over 25 years of insurance experience, primarily in finance and risk.

She was previously chief financial officer 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.

Ms. Broek serves as non-executive director and audit and risk committee member of the Zurich American Insurance Company and Zurich American Life Insurance Company, and chairs the audit and risk committee of Zurich American Life Insurance Company. Ms. Broek also serves as a non-executive director and chairs the audit and risk committee of Zurich Holding Company of America, Inc.

##### Volkert Doeksen, Independent Director

Tenure: 6 years

Mr. Doeksen serves as a member of the Conflicts Committee. He has over 25 years of investment experience, including as co-founder and chairperson/chief executive officer of AlpiInvest Partners. Prior to his current role, Mr. Doeksen held various senior roles at Dresdner Kleinwort Benson, Dillon Read and Morgan Stanley.

Mr. Doeksen is a member of the supervisory board of Koninklijke Doeksen. He is a board member of Nouryon B.V., Nobian B.V. and European Biotech Acquisition Corporation – LSPvc., as well as a partner at GP House B.V.

Anna Maria D'Hulster, Independent Director

Tenure: 5 years

Ms. D'Hulster serves as a member of the Audit, Risk and Conflicts Committees and chairs the Nominating and Corporate Governance Committee. Ms. D'Hulster was 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 chief executive officer of Baloise Life and Principal with Boston Consulting Group, covering insurance and banking projects in Germany and the US. Her previous board positions have included Deutscher Ring and Mercator Verzekeringen. She was also a member of executive committee of Insurance Europe.

Ms. D'Hulster is currently a member of the supervisory board of UNIQA Insurance Group. She is also a non-executive director to the boards and chair of the risk committees of both CNA Europe and Hardy (Underwriting Agencies) Limited, London.

Fred Kleisner, Independent Director

Tenure: 6 years

Mr. Kleisner serves as chair of Athora's Conflicts Committee and is also a member of the Audit, Compensation and Nominating and Corporate Governance Committees.

Mr. Kleisner, has extensive experience in business management and governance with over four decades of experience as a hotelier and held the positions of corporate group chief executive officer and chief operating officer of multi-national, listed companies. He has also led successful management teams in the hospitality and gaming sectors, throughout the world.

He is currently an independent director and member of the audit, compensation and corporate governance and nominating committees of Ashford Hospitality Trust (NYSE: AHT), as well as an independent director and co-chair of the finance committee of NR International (a public reporting, non-traded REIT). He is currently a director/trustee, executive committee member and treasurer of the board at the Island Wood School, Bainbridge Island, WA.

Jérôme Mourgue d'Algue

Tenure: 6 years

Mr. Mourgue d'Algue is a member of the Board's Compensation, Conflicts, Risk, Transactions and Nominating and Corporate Governance Committees.

Mr. Mourgue d'Algue has over two decades of investment experience and is co-global head of Private Equity at ADIA. He was previously a partner at Bregal Capital LLP, vice president at Morgan Stanley Capital Partners and commenced his career at McKinsey & Company.

He also serves as a director of Athene and as a member of its risk committee, as well as a board director at Pension Insurance Corporation.

Martin P. Klein

Tenure: 1 year

Mr. Klein is a member of Athora's Audit and Transactions Committees. He is currently executive vice president and chief financial officer of Athene. He also serves as a director of several of Athene's insurance subsidiaries. Prior to joining Athene in 2015, Martin served at Genworth Financial, most recently as executive vice president and chief financial officer, and, prior to that, as Genworth's acting president and chief executive officer. Previously, he was managing director at Barclays and, before that, at Lehman Brothers and Zurich Insurance Group.

He is a Dean's Advisory Council member of the University of Iowa College of Liberal Arts & Sciences and currently serves on the board of Caritas.

Alexander Humphreys

Tenure: 5 years

Mr. Humphreys is a member of the Board's Audit and Nominating and Corporate Governance Committee and chair of the Compensation Committee. Mr. Humphreys is a partner at Apollo which he joined in 2008. Prior to joining Apollo, Mr. Humphreys was at Goldman Sachs where he led the financial institutions mergers and acquisitions team. Mr. Humphreys serves on the boards of directors of Aspen Insurance Holdings ("**Aspen**"), Catalina Holdings and Miller Homes.

Gernot Löhr

Tenure: 6 years

Mr. Löhr serves as chairperson of the Transactions Committee and is a member of the Risk and Nominating and Corporate Governance Committees. Mr. Löhr is partner and co-chair of Global Financial Institutions Group at Apollo Global Management, Inc. He is a member of Apollo's business development committee, and oversees Apollo's investments in the financial services sector. Prior to Apollo, he was a founding partner at Infinity Point LLC, Apollo's joint venture partner for the financial services industry. He has also held senior roles in financial services investment banking at Goldman Sachs, McKinsey & Company and B. Metzler Corporate Finance.

Currently, Mr. Löhr serves on the board of directors of Aspen, Athene and Catalina Holdings. He is also an advisory board member of MIT Sloan School of Management.

Scott Kleinman

Tenure: 3 years

Mr. Kleinman is a member of the Board's Transactions and Compensation Committees. Mr. Kleinman is co-president of Apollo Global Management, Inc. He joined Apollo in 1996 and was named lead partner for private equity in 2009 and co-president in 2018. He serves on management and executive

committees. Previously, he was in the investment banking division at Smith Barney Inc. He founded the Kleinman Center for Energy Policy at the University of Pennsylvania in 2014.

Mr. Kleinman currently serves as a board director of Apollo Global Management Inc., Athene and certain other affiliated public vehicles. He is a member of the board of advisors at the University of Pennsylvania Stuart Weitzman School of Design and a board director at White Plains Hospital.

#### Vishal Sheth

Tenure: less than one year

Mr. Sheth is a member of the Board's Transactions Committee. He 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.

Mr. Sheth currently serves as a board director of Athene and affiliated companies.

#### Marc Rowan

Mr. Rowan resigned as a director effective 26 March 2024.

### **The MC**

#### *MC Members*

<b>Member</b>	<b>Title</b>
<b>Mike Wells</b>	<b>Group CEO</b>
<b>Anders Malmström</b>	<b>Group CFO</b>
<b>Todd Solash</b>	<b>President &amp; Deputy CEO</b>
<b>Ward Bobitz</b>	<b>Group General Counsel</b>
<b>Michael Koller</b>	<b>Group Chief Risk Officer</b>

Athora's registered address, First Floor, Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda serves as the business address for all members of the MC.

#### *MC member biographies*

#### Mike Wells, Group CEO

Mr. Wells joined Athora in July 2022 as Group CEO. He leads the MC and is the main management representative towards the Board, the Athora Group's shareholders and other stakeholders. Mr. Wells also oversees the Communications, People & Culture and Group Strategy & Planning functions directly. The Group Head of Internal Audit also reports to the Group CEO.

Todd Solash, President & Deputy CEO

Mr. Solash joined Athora in October 2023 as President and Deputy CEO. He is responsible, with the Group CEO, for managing Athora and for oversight of its subsidiaries. He coordinates the delivery of business performance across the Athora Group, including internal operations & technology, change initiatives, M&A and business opportunities, in accordance with Athora's strategy, risk appetite and business plans.

Anders Malmström, Group CFO

Mr. Malmstrom joined Athora in May 2021 as Group CFO. He is responsible for the Athora Group's financial operations and organisation, including accounting, tax, capital, and investment activities. In addition, he oversees the Athora Group's actuarial function and ensures appropriate reporting to the Board, the Athora Group's shareholders and other stakeholders.

Ward Bobitz, Group General Counsel

Mr. Bobitz joined Athora in July 2022. He is responsible for the Athora Group's legal, compliance and governance matters. This includes direct ownership for these areas as well as strong coordination with Business Units in developing the appropriate governance with regard to the Athora Group's Group regulator (BMA) and local regulators and ensuring the right legal and compliance agenda across all entities.

Michael Koller, Group Chief Risk Officer

Mr. Koller joined Athora in June 2023 and reports jointly to the Group CEO and Risk Committee Chair to ensure independence in the operations of the Group risk function. He manages Athora's overall risk agenda and his team supports the wider risk community across Athora in collectively identifying and managing risks related to the Athora businesses.

## TAXATION

**This description does not constitute legal or tax advice. Each investor is recommended to seek own tax advice from its broker, bank manager, solicitor, accountant or other financial adviser or from another appropriately authorised independent financial adviser and such other professional advice from its own professional advisers as it deems necessary.**

### *Bermuda Tax Considerations*

The following is a discussion on certain Bermuda income tax consequences of an investment in the Notes. The discussion is a general summary of present law, which is subject to prospective and retroactive change. It is not intended as tax advice, does not consider any investor's particular circumstances, and does not consider tax consequences other than those arising under Bermuda law.

### *Corporate income tax on certain Bermuda-based entities - Bermuda Corporate Income Tax Act 2023*

The Bermudan Corporate Income Tax Act 2023 ("**CITA**") will impose corporate income tax on certain Bermuda-based entities, including the Bermudan constituent entities within the Athora Group, for fiscal years beginning on or after 1 January 2025 (subject to a number of transitional adjustments).

CITA will apply to any entity incorporated or formed in Bermuda, or that has a permanent place of business in Bermuda, if that entity is a member of an "In Scope MNE Group" (i.e. a group of entities related through ownership and control that has an annual revenue of EUR 750 million or more in a fiscal year, pursuant to the consolidated financial statements of the ultimate parent entity, in at least two of the four fiscal years immediately preceding the fiscal year beginning on or after January 1, 2025, and such group includes at least one entity located in a jurisdiction that is not the parent entity's jurisdiction).

At the present time, other than tax pursuant to CITA, there is no income profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable in Bermuda by Athora or by the Noteholders in respect of the Notes.

Prior to the enactment of CITA, Athora obtained an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966, as amended, that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income, or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, such tax shall not, until 31 March 2035, be applicable to it or to any of its respective operations or to the Notes, its shares, debentures or other obligations (including guarantees) except insofar as such tax applies to persons ordinarily resident in Bermuda or is payable in respect of real property owned or leased in Bermuda by Athora.

Notwithstanding the Exempted Undertakings Tax Protection Act 1966 or the assurance to Athora issued thereunder, beginning 1 January 2025, with respect to Bermuda entities in scope of CITA (including the relevant constituent entities within the Athora Group), liability for tax pursuant to CITA shall apply. Any assurance issued prior to 1 January 2024, will be subject to the application of CITA and the imposition of any tax pursuant thereto. Any assurance issued after 1 January 2024 shall not apply to the imposition of any tax pursuant to CITA.

*Information Reporting and Withholding Regimes*

The Athora Group is subject to a variety of tax reporting regimes, including FATCA, the Common Reporting Standard and “DAC 6” (which provides for mandatory disclosure of relevant cross-border transactions and arrangements which satisfy certain hallmarks). The Athora Group intends to comply with the obligations imposed under such tax reporting regimes as necessary to avoid being subject to any withholding taxes, fines or other penalties thereunder. However, such regimes are complex and may require that the Athora Group obtain and report identifying and other information regarding its shareholders, policyholders, counterparties, other persons or transactions that the Athora Group may not be able to timely obtain (if at all). Further, the Athora Group may acquire entities that have not historically complied with all the requirements of such regimes, and the Athora Group may not be able to identify or reconcile any such noncompliance without significant costs, if at all. The Athora Group may become subject to material withholding taxes, fines or other penalties if the Athora Group is not able to fully comply with all applicable tax reporting regimes. The Athora Group may also incur costs in complying with such regimes. In addition, on 22 December 2021, the EU published the ATAD III designed to impose new minimum substance rules to prevent the misuse of shell entities for improper tax purposes. ATAD III proposes to introduce reporting requirements for certain EU tax resident companies with mobile and/or passive income (such as interest, dividends and royalty income) that have inadequate economic substance (as prescribed under ATAD III). If an entity fails to meet these substance requirements, it will be denied benefits under double tax treaties and various EU directives. ATAD III is currently in draft form and is subject to public consultation. The details of these rules are therefore subject to change and to the specifics of further domestic implementation by individual EU Member States.



## **SUBSCRIPTION AND SALE**

Each of ABN AMRO Bank N.V., Barclays Bank PLC, BNP Paribas, Goldman Sachs International, HSBC Bank plc, Merrill Lynch International and Morgan Stanley & Co. International plc (the “**Joint Lead Managers**”) have, pursuant to a subscription agreement entered into on 6 June 2024 (the “**Subscription Agreement**”), agreed to subscribe for the Notes at the issue price of 99.408 per cent. of the principal amount of the Notes, less certain agreed commissions. Athora will also reimburse the Joint Lead Managers in respect of certain of their expenses incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the subscription moneys to Athora. In such event, no Notes will be delivered to the Joint Lead Managers.

### **United States**

The Notes have not been, and will not be, registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each of the Joint Lead Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer or sell the Notes (a) as part of its distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are being offered and sold outside of the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **Prohibition of Sales to EEA Retail Investors**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any Notes to any retail investor in the EEA. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
- (ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

### **United Kingdom**

#### ***Prohibitions of Sales to UK Retail Investors***

Each Joint Lead Manager has represented and agreed that it has not offered, sold or otherwise made available to and will not offer, sell or otherwise make available any Notes to any retail investor in the UK. For the purposes of this provision, the expression “retail investor” means a person who is one (or more) of the following:

- (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or
- (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

### ***Other regulatory restrictions***

The Joint Lead Managers have represented and agreed that:

- (i) they have complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK; and
- (ii) they have only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to Athora.

### **Hong Kong**

Each Joint Lead Manager has represented and agreed that,

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

### **Singapore**

Each Joint Lead Manager has acknowledged that this Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Joint Lead Manager has

represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4(A) of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

**Notification under Section 309B(1)(c) of the SFA** - In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all persons (including all relevant persons as defined in Section 309A(1) of the SFA), that the Notes are ‘prescribed capital markets products’ (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

### **Republic of Italy**

The offering of the Notes has not been registered with the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of this Offering Memorandum or of any other document relating to the Notes be distributed in the Republic of Italy, except in accordance with any Italian securities, tax and other applicable laws and regulations.

Any offer, sale or delivery of the Notes or distribution of copies of this Offering Memorandum or any other document relating to the Notes in the Republic of Italy under the preceding paragraph must be:

- (i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the “Banking Act”); and
- (ii) in compliance with any other applicable laws and regulations including any limitation or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

### **Canada**

Each Joint Lead Manager has represented and agreed that it has not offered, sold or distributed and will not offer, sell or distribute any Notes, directly or indirectly, in Canada or to or for the benefit of any resident of Canada, other than in compliance with applicable securities laws and, without limiting the generality of the foregoing:

- (i) any offer or sale of the Notes in Canada will be made only to only to purchasers that resident in or subject to the securities laws of the province of Ontario or the province of British Columbia that are “accredited investors” (as such term is defined in section 1.1 of NI 45-106 or, in Ontario, as such term is defined in section 73.3(1) of the Securities Act (Ontario)), that are also

"permitted clients" (as such term is defined in section 1.1 of NI 31-103), that are purchasing as principal, or are deemed to be purchasing as principal in accordance with applicable Canadian securities laws, and that are not a person created or used solely to purchase or hold the Notes as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106;

- (ii) it is either (a) appropriately registered under applicable Canadian securities laws in each relevant province or territory to sell and deliver the Notes, (b) such sale and delivery will be made through an affiliate of it that is so registered if the affiliate is registered in a category that permits such sale and has agreed to make such sale and delivery in compliance with the representations, warranties and agreements set out herein, or (c) it is relying on an exemption from the dealer registration requirements under applicable Canadian securities laws and has complied with the requirements of that exemption; and
- (iii) it has not and will not distribute or deliver any offering memorandum, or any other offering material in connection with any offering of the Notes, in or to a resident of Canada, except in compliance with applicable Canadian securities laws.

### **General**

No action has been taken in any jurisdiction by the Joint Lead Managers or Athora that would permit a public offering of the Notes, or possession or distribution of this Offering Memorandum in any country or jurisdiction where action for that purpose is required.

Each Joint Lead Manager has agreed that it will (to the best of its knowledge and belief) comply in all material respects with all applicable securities laws and regulations in force in any jurisdiction in which it acquires, offers, sells or delivers the Notes or has in its possession or distributes this Offering Memorandum.

## **GENERAL INFORMATION**

### **Authorisation**

The issue and offering of the Notes were duly authorised by a resolution of the Board passed on 21 May 2024.

### **Issue Date**

The issue date of the Notes is expected to be on or about 10 June 2024.

### **Listing and Trading**

This Offering Memorandum has been approved by Euronext Dublin as listing particulars. Application has been made to Euronext Dublin for the Notes to be admitted to the Official List and trading on the GEM which is the exchange regulated market of Euronext Dublin. The GEM is not a regulated market for the purposes of Directive 2014/65/EU.

### **Clearing Systems**

The Notes have been accepted for clearing and settlement through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records) with a Common Code of 283175847. The ISIN for the Notes is XS2831758474.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

### **Listing Agent and Fiscal Agent, Paying Agent, Transfer Agent and Registrar**

Citibank, N.A., London Branch has been engaged by Athora as Fiscal Agent, Paying Agent, Transfer Agent and Registrar for the Notes, upon the terms and subject to the conditions set out in the Agency Agreement, for the purpose of paying sums due on the Notes and of performing all other obligations and duties imposed on it by the Terms and Conditions and the Agency Agreement. Arthur Cox Listing Services Limited has been engaged by Athora as Listing Agent for the Notes and is not itself seeking admission to trading of the Notes on the Global Exchange Market of the Euronext Dublin.

Citibank, N.A., London Branch, in its capacity of Fiscal Agent, Transfer Agent and Registrar and Arthur Cox Listing Services Limited, in its capacity as Listing Agent, are acting for Athora only and will not regard any other person as its client in relation to the offering of the Notes. Neither Citibank, N.A., London Branch, Arthur Cox Listing Services Limited nor any of their directors, officers, agents or employees makes any representation or warranty, express or implied, or accepts any responsibility, as to the accuracy, completeness or fairness of the information or opinions described or incorporated by reference in this Offering Memorandum, in any investor report or for any other statements made or purported to be made either by itself or on its behalf in connection with Athora or the offering of the Notes. Accordingly, Citibank, N.A., London Branch and Arthur Cox Listing Services Limited disclaim all and any liability, whether arising in tort or contract or otherwise, in respect of this Offering Memorandum and or any such other statements.

### **Yield**

The effective yield of the Notes to (but excluding) the Maturity Date is 5.958 per cent. per annum. The yield is calculated at the Issue Date.

## **LEI**

The Issuer's legal entity identifier (LEI) is 98450059DQ10TFC4B020.

## **Significant or Material Change**

There has been no significant change in the financial or trading position of the Athora Group or Athora since 31 December 2023, being the end date of the last financial period for which financial information has been published.

There has been no material adverse change in the prospects of the Athora Group or Athora since 31 December 2023, being the end date of the last financial period for which audited financial information has been published.

## **Litigation**

Save as disclosed in "*Risk Factors - Litigation, regulatory measures and other proceedings or actions*" and "*Risk Factors – The Athora Group is exposed to litigation risks related to the offering of investment insurance policies and investment pension policies*", Athora is not or has not been involved in and is not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Athora is aware) in the 12 months preceding the date of this Offering Memorandum, which may have, or have had in the recent past, significant effects on Athora's and/or the Athora Group's financial position or profitability as per the date of this Offering Memorandum.

## **Material Contracts**

There are no material contracts entered into other than in the ordinary course of Athora's or the Athora Group's business, which could result in Athora being under an obligation or entitlement that is material to Athora's ability to meet its obligations to Noteholders in respect of the Notes.

## **Documents Available for Inspection**

As long as the Notes are listed on the Official List of Euronext Dublin and admitted to trading on the Global Exchange Market, physical copies of the following documents will be available free of charge at the registered offices of Athora (First Floor, Swan Building, 26 Victoria Street, Hamilton HM12, Bermuda) and at the specified office of the Fiscal Agent:

- (a) the documents incorporated by reference in this Offering Memorandum;
- (b) the Seventh Amended and Restated Bye-Laws of Athora adopted on 13 July 2023;
- (c) the Deed of Covenant; and
- (d) the Agency Agreement.

## **Joint Lead Managers transacting with the Issuer**

The Joint Lead Managers and their respective affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and/or its affiliates in the ordinary course of business. They have received, or may in the future receive, customary fees and commissions for these transactions. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates (which may include the Notes). The Joint Lead Managers and/or their affiliates may receive allocations of Notes (subject to customary closing conditions), which could affect future trading of the Notes. The Joint Lead Managers and their respective affiliates have or may in the future have a lending relationship with the Issuer or its affiliates and routinely hedge their credit exposure to the Issuer and/or its affiliates consistent with their customary risk management policies. Typically, each Joint Lead Manager or its affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

### **Website**

Information on Athora's website or any other website referred to in this Offering Memorandum is not incorporated by reference in this Offering Memorandum and does not form part of this Offering Memorandum and may not be relied upon in connection with any decision to invest in the Notes.

### **Auditors**

Ernst & Young ("EY") independent auditors, have audited, and rendered unqualified auditor's reports on Athora's consolidated financial statements for the financial years ended 31 December 2022 and 31 December 2023.

EY has given, and has not withdrawn, its written consent to the inclusion of its reports and the references to itself herein in the form and context in which it is included. EY has no interest in Athora or the Athora Group.

The auditors who sign on behalf of EY are members of the Institute of Chartered Accountants in Ireland. The business address of EY is Harcourt Centre, Harcourt Street, Dublin 2, Ireland.

### **Ratings**

At the date of this Offering Memorandum, Athora has an A- issuer default rating from Fitch. The Notes are expected to be assigned, on issue, a rating of 'BBB-' by Fitch. A credit rating is not a recommendation to buy, sell or hold securities and is subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**REGISTERED OFFICES OF**

**ISSUER**

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Bermuda

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