

**SOLVENCY FINANCIAL  
CONDITION REPORT 2023**

Athora Netherlands N.V.



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## SUMMARY

### Introduction

The Solvency Financial Condition Report Athora Netherlands provides insight in our business performance, our system of governance, risk profile and our capital management.

The structure of the Solvency and Financial Condition Report (SFCR) has been prepared in accordance with annex XX of the Delegated Acts. The subjects addressed are based on articles 51 to 56 of the Solvency II directive and articles 292 up to 298 of the Delegated Acts. Furthermore, the figures presented in this report are in line with the Annual Quantitative Reporting Templates as reported to the supervisor. In this SFCR report of Athora Netherlands N.V. we will use the name 'Athora Netherlands' for the consolidated insurance business as a whole. The SFCR of Athora Netherlands is a combined report which includes the solo insurance entities SRLEV N.V. and Proteq Levensverzekeringen N.V.

In the following chapters, the various topics are covered, as required by the Delegated Acts.

- Chapter A describes the business and performance of Athora Netherlands and of its solo entities.
- Chapter B discusses the system of governance.
- Chapter C contains the risk profile.
- Chapter D starts with a description of the method of valuation of the Solvency II balance sheet, followed by the various balance sheet items which are explained in relation to the IFRS financial statements.
- Chapter E provides a more detailed explanation of the own funds and Solvency Capital Requirements (SCR) under Solvency II.

In this report the shown figures of SRLEV N.V. (hereafter: SRLEV) and Proteq Levensverzekeringen N.V. (hereafter: Proteq) are unconsolidated figures, whereas the figures of Athora Netherlands are consolidated figures.

All amounts in this report are prepared in millions of euros being the functional currency of Athora Netherlands and all its underlying entities.

The Quantitative Reporting Templates that are to be disclosed per legal entity are added in annex II. The figures presented in this report are in line with these templates.

# 2023 at a Glance



We delivered strong financial and commercial results in 2023 against a challenging macro-economic and geo-political backdrop. We are now halfway through the Ambition 2025 strategic plan and are delivering on all our targets.

Commercially, we saw record business volumes in 2023, both organically and through acquisitions.

We kept our costs under control while we continue to invest in the transformation and expansion of our business.

We are proud that our efforts and expertise on sustainable investing have once again been recognised, as we maintained the number one position in the VBDO as the most sustainable investor in the insurance sector in the Netherlands.

After many years, the new Dutch pension law (Wtp) came into force in 2023. As the only pure pension specialist, Athora Netherlands is optimally positioned to capture the opportunities in the dynamic Dutch pension market. With our focus, capital position, workforce and commercial momentum, we have all the ingredients in place to build a leading position in the market.

Jan de Pooter, CEO

Gross Inflow  
[in mn]

€2,682

2022: €2,083

Solvency II Eligible  
Own Funds [in mn]

€3,326

2022: €3,181

Solvency II Ratio

206%

2022: 205%

## Summary

The Solvency Financial Condition Report Athora Netherlands provides insight in:

### Business and Performance

The IFRS Net Result of € 863 million (2022: € (619) million) is mainly driven by the impact of the yield decrease in the fourth quarter leading to higher market values of investments and the positive evolution of the Operating Result. In 2022, the impact of the yield environment was negative; IFRS Net Result was mainly driven by the change in market value of investments from higher interest rates and spread widening.

Gross inflows increased by € 599 million to € 2,682 million compared with the same period in 2022, driven by growth in both the retirement and pension solutions segments. The buy-out transaction with Pensioenfonds Aon and the acquisition of the Onderlinge 's- Gravenhage second pillar pension portfolio contributed € 290 million. The inclusion of the Willis Towers Watson (WTW) PPI as of the second quarter added € 172 million to the gross inflows. Individual life insurance premium income decreased by € 43 million, in line with the closed book strategy for individual life products.

The Net Contractual Service Margin (reinsurance and insurance netted) decreased by € 44 million (2023: € 1,929 million; 2022: € 1,974 million). The decrease of the Contractual Service Margin (CSM) from the periodic release was largely compensated by positive impacts from changes in group life reinsurance contracts and methodology / assumption changes.

The Operating Result before taxation increased from € 278 million to € 559 million compared with 2022. The Operating Result increased as a result of higher returns on the asset portfolio, regular Contractual Service Margin (CSM) release and a lower UFR-drag.

Further information about Business and Performance has been included in chapter A 'Business and Performance'.

### System of Governance

Athora Netherlands implemented a consistent and efficient risk management system in which specific Solvency II requirements such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. It operates an integrated approach, with risk management integral part of the decision-making process.

In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored according to the Athora Netherlands risk management procedures. Overall, the risk levels as reported in 2023 were within appetite.

For the Athora Netherlands IT organisation, 2023 has been a year of a lot of changes and challenges. Like the migration of WTW's PPI, new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid data centre outsourcing is a great opportunity to further improve flexibility and effectivity. IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

Athora Netherlands actively promotes awareness to cyber security threats also with their third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates. In 2023, no major incidents related to cybercrime occurred within Athora Netherlands, nor did any of our main suppliers report any. The Security Operations Center experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDos attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora

Netherlands itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Athora Netherlands is on track to implement the DORA.

Further information about System of Governance has been included in chapter B 'System of Governance'.

## **Risk Profile**

### **Managing Sensitivities of Regulatory Solvency**

The solvency of Athora Netherlands is sensitive to changes in the parameters used for calculating the value of insurance liabilities. These relate to mortality risk, longevity risk, expense risk (including inflation) and surrender risk, since these insurance risks proved to have most impact on the SCR.

In addition to these insurance or underwriting risks, the other key risk is market risks predominantly driven by interest rate and (credit) spread risk. Sensitivities are performed to measure the impact of alternative scenarios such as market and interest rate movements.

Quantitative information about risks and related sensitivities for both Solvency II and IFRS have been described in chapter C 'Risk profile'.

### **Valuation for Solvency purposes**

The assets and liabilities in the Solvency II balance sheet are recognised and measured at fair value in accordance with the Solvency II regulation.

The following significant differences in measurement under Solvency II and under IFRS exist:

- Technical provisions – Under Solvency II the technical provisions (including provisions for savings mortgages) are measured using Solvency II parameters, taking into account current market estimates. With respect to economic parameters used, there are differences regarding the interest rate curve and the cost of capital. The difference in the interest rate curves arising from different IFRS Illiquidity Premium versus the Solvency II Volatility Adjustment and differences in the Last Liquid Point are the main drivers for the development of the reconciliation of IFRS and Solvency II. The difference also stems from the exclusion of Operational Risk in the calculation of IFRS 17 Risk Adjustment as compared to Solvency II Risk Margin;
- Deferred Tax Assets – Due to differences in the calculation method and the resulting recoverability and in the valuation of assets and liabilities the resulting DTA position is different;
- Reinsurance Recoverable / Technical Provision – In Solvency II the reinsurance recoverable of the longevity reinsurance contracts is presented separately on the balance sheet. Under IFRS the reinsurance recoverable is presented under the technical provision. Mainly due to differences in the effects to the risk margin or risk adjustment the impact for IFRS is less positive than Solvency II Eligible Own Funds.

To determine the capital requirements at consolidated level, Athora Netherlands applies the 'Accounting consolidation based method', according to which the capital requirements are calculated based on the Solvency II consolidated balance sheet.

Further information about valuation and an explanation of various balance sheet items has been included in chapter D 'Valuation for Solvency purposes'.

## **Capital Management**

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Athora Netherlands manages its capitalisation within limits set in the Risk Appetite Statements and

sets annual targets culminating in a Capital & Funding Plan. Athora Netherlands assesses its capitalisation regularly.

Athora Netherlands aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Athora Netherlands deems a solvency ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders under adverse scenarios. The second objective of the Capital Policy is to ensure capital is used as efficiently and flexibly as possible to facilitate the implementation of Athora Netherlands' strategy. One of the possible utilisations of capital that Athora Netherlands may consider is capital distribution to the shareholder in the form of (interim) dividend, share buy-back or capital repayment from the reserves. The timing, the form and the amount of potential capital distribution are subject to various qualitative and quantitative considerations, prevailing market conditions and outlook thereof. Athora Netherlands may also consider more frequent than annual capital distribution, but would make related decisions on a case-by-case basis.

A preparatory crisis plan (as required under the Dutch insurance recovery and resolution act (Wet herstel en afwikkeling verzekeraars)) exists which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a threat to the going concern of Athora Netherlands. In its Risk Appetite, Athora Netherlands has defined triggers that determine whether a contingency situation exists.

The ORSA is an integral part of Athora Netherlands' management control cycle. It is part of the input for the operational plan and capital management and is used in determining the risk appetite. The ORSA 2023 concludes that Athora Netherlands' risk profile is well reflected in the SCR standard formula and solvency is adequate.

## Capital Position

The Solvency II ratio of Athora Netherlands increased to 206% at 31 December 2023 from 205% at 31 December 2022.

The main items driving the change in the Solvency II ratio were:

- Operating capital generation of +32 percentage point;
- Market impacts of -28 percentage point;
- One-off items of +2 percentage point;
- Capital flows of -5 percentage point;
- Other of +0 percentage point.

More information about the change in Solvency II ratio can be found in Sections [C](#) and [E](#). The estimated Solvency II ratio of SRLEV increased to 210% from 207%.

## SOLVENCY II POSITION

	SRLEV		Proteq		Athora Netherlands	
	2023	2022	2023	2022	2023	2022
<b>In € millions / %</b>						
Total eligible own funds	<b>3,350</b>	3,159	<b>45</b>	55	<b>3,326</b>	3,181
SCR	<b>1,592</b>	1,524	<b>22</b>	28	<b>1,616<sup>1</sup></b>	1,552
Solvency II Surplus	<b>1,758</b>	1,635	<b>23</b>	27	<b>1,710</b>	1,629
Solvency II ratio	<b>210 %</b>	207 %	<b>202 %</b>	197 %	<b>206 %</b>	205 %

<sup>1</sup> SCR Athora Netherlands is including capital requirements of other financial sectors of € 8 million



**Solvency II**

Under Solvency II, the supervision of the risks to which an insurer is exposed, and the management of those risks play a central role. The financial requirements reflect the risks to which insurers are exposed to. Solvency II provides a framework for a risk-based approach to assess and mitigate risks and the overarching objective is to strengthen policyholder protection.

Athora Netherlands is subject to Solvency II regulation and disclosure requirement to publish a Solvency and financial condition report. Solvency II applies to the supervised insurance entities and to the consolidated activities of Athora Netherlands.

Athora Netherlands calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) measures.

When determining the Solvency II capital ratio, the loss absorbing capacity of deferred tax assets is set off against the Solvency Capital Requirement.

The classification of the hybrid capital of Athora Netherlands N.V. and SRLEV N.V. (outstanding on 31 December 2023) into Tier 1 and Tier 2 capital is based on the transitional measures contained in the level 1 regulations, and aligned with DNB.

Further information about Capital Management has been included in chapter [E 'Capital Management'](#).

We also refer to the Annual Report 2023 of Athora Netherlands N.V., in which more information has been included.

Amsterdam, 27 March 2024

## A BUSINESS AND PERFORMANCE

### A.1 Business

#### A.1.1 About Athora Netherlands

Athora Netherlands N.V. is the holding company of two insurance companies and a Premium Pension Institution (Premie Pensioen Instelling or PPI) with strong positions in the Dutch life and pension markets. Through our main brand Zwitserleven, we provide pension and life insurance products. Under the brand Reaal, we sell and provide service for life insurance products.

#### Legal Entity

Athora Netherlands N.V. is a public limited company with a two-tier board structure consisting of an Executive Board and a Supervisory Board.

As a holding company, Athora Netherlands N.V. has no material, direct business operations, but employs all personnel and services the business with staff and IT support. The principal assets of Athora Netherlands N.V. are the equity interests it holds in its operating subsidiaries.

The figure below shows the legal structure of Athora Netherlands N.V. as per 31 December 2023:



The structure of Athora Netherlands N.V.

#### Shareholder

Athora Netherlands Holding Ltd. is the sole shareholder of Athora Netherlands N.V. Athora Netherlands Holding Ltd. is a full subsidiary of Athora Holding Ltd. (Athora Group).

Athora Group is an insurance and reinsurance group fully focused on the European market. It is a specialised operator focusing on the large and attractive traditional life and pensions market. Its ambition is to become a leading provider of guaranteed life and pensions products and solutions in Europe.

To insurers looking to improve their capital position or make strategic changes, Athora Group offers innovative solutions in the areas of reinsurance and mergers & acquisitions. Athora Group also serves the needs of individual and corporate customers that continue to demand products offering safety of returns at a time when many operators are de-emphasising these products.

The business model of Athora Group is centred on the disciplined accumulation of stable and long-term insurance liabilities; a sophisticated approach to investment, capital and risk management; and an efficient operating model.

With supportive long-term shareholders and a strategic relationship with Apollo Global Management Inc. and its subsidiaries (Apollo), Athora Group can leverage the scale of Apollo's asset management platform.

Athora Group's culture is founded on a clear set of values: Dare to be different, Seek simplicity, Care, and Do the right thing.

### A.1.2 Name and contact details

#### BUSINESS INFORMATION

Reporting reference date:	31 December 2023
Group undertaking name:	Athora Netherlands N.V.
Solo undertaking name:	SRLEV N.V. Proteq Levensverzekeringen N.V.
Address:	Basisweg 10, Amsterdam
Contact:	Robert ter Weijden +31(0) 683713889
Shareholder:	Athora Netherlands Holding Limited 2nd Floor, IFSC House Custom House Quay Dublin, D01 R2P9, Ireland
Supervisor:	De Nederlandsche Bank Spaklerweg 4, 1096 BA Amsterdam +31(0) 205249111
External auditor:	Ernst & Young Accountants LLP Cross Towers, Antonio Vivaldistraat 150, 1083 HP Amsterdam +31(0) 884071000

### A.1.3 Our brands

#### Zwitserleven

With a heritage of more than 120 years and a complete focus on pensions, Zwitserleven is one of the best known pension specialists in the Netherlands. By offering a broad suite of pension solutions for both the savings (accumulation) and the retirement (decumulation) we provide products for every phase of our customers' lives. At Zwitserleven, we believe pension is more than a financing. It is a way to live your life the way you want and with whom you want. With that in mind, preparations took place in 2023 for the launch of a rebranding campaign in spring 2024: Het Zwitserleven gevoel. Een gevoel dat we delen. (The Zwitserleven feeling. The feeling that we share).

#### Reaal

The history of Reaal goes back to 1891, with the establishment of the Noord Hollandsche Levensverzekerings Maatschappij N.V. (N.H.L.M.), which eventually resulted in the well-known brand Reaal after many acquisitions and mergers. Currently Reaal is known for a range of Life insurance products.

Only Immediate Annuity products are presently sold under the Reaal label. Reaal administrates a broad and diverse life insurance portfolio consisting of approximately 2.7 million insurance policies with a wide range of Funeral, Term Life, Endowments, Annuity and Unit linked products. Reaal strives to improve the financial resilience of customers by helping them make well-considered choices about their financial situation.

#### A.1.4 Legal structure

Athora Netherlands N.V. owns 100% of the shares of the following main companies:

- SRLEV N.V.
- Proteq Levensverzekeringen N.V.
- Zwitserleven PPI N.V.

See Annex I for a list of material related undertakings.

#### A.1.5 Developments

In order to maintain a sound and controlled organisation, the associated risks were addressed, managed and monitored according to the Athora Netherlands risk management procedures. Overall, the risk levels as reported in 2023 were within appetite.

For the Athora Netherlands IT organisation, 2023 has been a year of a lot of changes and challenges, like the migration of WTW's PPI, new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid data centre outsourcing is a great opportunity to further improve flexibility and effectivity. IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

Athora Netherlands actively promotes awareness to cyber security threats also with their third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates. In 2023, no major incidents related to cybercrime occurred within Athora Netherlands, nor did any of our main suppliers report any. The Security Operations Center experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDoS attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Athora Netherlands is on track to implement the DORA.

Athora Netherlands continuously updates the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up through validations, re-validations and solving second line findings. Ongoing model assessments on reporting, (asset) valuation and pricing models, following a risk-based approach, further increased model insight and provides guidance towards lower model risk. Overall Model risk is within risk appetite.

Athora Netherlands is exposed to potential governance risks. Addressing these risks Athora Netherlands has a dedicated Institutional Conflicts-of-Interest Policy including a concrete procedure. Furthermore, Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol. The regulator will continue to monitor and evaluate these potential governance risks as part of its ongoing supervisory activities.

Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis. In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore,

Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.

## A.2 Underwriting Performance

### A.2.1 Athora Netherlands

In the table below the statement of profit or loss account by entity is presented:

#### STATEMENT OF PROFIT OR LOSS BY ENTITY 2023

In € millions	SRLEV	Proteq	Other <sup>1</sup>	Athora Netherlands
Insurance revenue	1,801	8	9	1,818
Insurance service expenses	(1,627)	(6)	(11)	(1,644)
Net expenses from reinsurance contracts	(13)	-	-	(13)
<b>Insurance service result</b>	<b>161</b>	<b>2</b>	<b>(2)</b>	<b>161</b>
Result on investments	2,236	25	409	2,669
Result on investments for account of third	-	-	821	821
Result on derivatives	965	3	38	1,006
Result on liabilities from investments for	-	-	(821)	(821)
Share in result of associates	447	-	(443)	4
Net impairment loss on financial assets	1	-	-	1
<b>Total investment result</b>	<b>3,649</b>	<b>28</b>	<b>2</b>	<b>3,680</b>
Insurance finance income or expenses	(2,369)	(6)	8	(2,367)
Reinsurance finance income or expenses	(131)	-	-	(131)
<b>Insurance finance income and expenses</b>	<b>(2,500)</b>	<b>(6)</b>	<b>7</b>	<b>(2,498)</b>
Other income	2	-	11	14
Other operating expenses	(130)	-	(28)	(159)
Other finance result	(36)	-	(15)	(51)
<b>Total other income and expenses</b>	<b>(164)</b>	<b>-</b>	<b>(32)</b>	<b>(196)</b>
<b>Result before tax</b>	<b>1,146</b>	<b>24</b>	<b>(23)</b>	<b>1,147</b>
Tax expense / benefit	(289)	1	4	(284)
<b>Net result for the period</b>	<b>857</b>	<b>24</b>	<b>(18)</b>	<b>863</b>

<sup>1</sup> This column contains eliminations due to consolidation as well as the balances of Athora Netherlands N.V., Zwitserleven PPI N.V. and of the subsidiaries of SRLEV N.V. (e.g. N.V. Pensioen ESC). For more details we refer to Annex I.

## STATEMENT OF PROFIT OR LOSS BY ENTITY 2022

In € millions	SRLEV	Proteq	Other <sup>1</sup>	Athora Netherlands
Insurance revenue	1,855	8	11	1,874
Insurance service expenses	(1,653)	(5)	(13)	(1,671)
Net expenses from reinsurance contracts	(35)	—	—	(35)
<b>Insurance service result</b>	<b>167</b>	<b>3</b>	<b>(2)</b>	<b>168</b>
Result on investments	(5,866)	(130)	(395)	(6,391)
Result on investments for account of third	(267)	—	(324)	(591)
Result on derivatives	(5,205)	(55)	(105)	(5,365)
Result on liabilities from investments for	267	—	324	591
Share in result of associates	(507)	—	508	1
Net impairment loss on financial assets	(5)	—	—	(5)
<b>Total investment result</b>	<b>(11,583)</b>	<b>(185)</b>	<b>8</b>	<b>(11,760)</b>
Insurance finance income or expenses	10,338	152	(94)	10,396
Reinsurance finance income or expenses	347	—	—	347
<b>Insurance finance income and expenses</b>	<b>10,685</b>	<b>152</b>	<b>(94)</b>	<b>10,743</b>
Other income	11	—	(4)	7
Other operating expenses	(27)	—	(14)	(41)
Other finance result	(31)	—	(20)	(51)
<b>Total other income and expenses</b>	<b>(47)</b>	<b>—</b>	<b>(38)</b>	<b>(85)</b>
<b>Result before tax</b>	<b>(778)</b>	<b>(30)</b>	<b>(126)</b>	<b>(934)</b>
Tax expense / benefit	258	18	39	315
<b>Net result for the period</b>	<b>(520)</b>	<b>(12)</b>	<b>(87)</b>	<b>(619)</b>

<sup>1</sup> This column contains eliminations due to consolidation as well as the balances of Athora Netherlands N.V., Zwitterleven PPI N.V. and of the subsidiaries of SRLEV N.V. (e.g. N.V. Pensioen ESC). For more details we refer to Annex I.

The IFRS Net Result of € 863 million (2022: € -619 million) is mainly driven by the impact of the yield decrease in the fourth quarter leading to higher market values of investments and the positive evolution of the Operating Result. In 2022, the impact of the yield environment was negative; IFRS Net Result was mainly driven by the change in market value of investments from higher interest rates and spread widening.

Gross inflows increased by € 599 million to € 2,682 million compared with the same period in 2022, driven by growth in both the retirement and pension solutions segments. The buy-out transaction with Pensioenfond Aon and the acquisition of the Onderlinge 's- Gravenhage second pillar pension portfolio contributed € 290 million. The inclusion of the Willis Towers Watson (WTW) PPI as of the second quarter added € 172 million to the gross inflows. Individual life insurance premium income decreased by € 43 million, in line with the closed book strategy for individual life products.

In the table below the premiums, technical claims and benefits are broken down by entity as presented in the Disclosure QRT:

#### PREMIUMS AND TECHNICAL CLAIMS BY ENTITY

In € millions	SRLEV		Proteq		Other		Athora Netherlands	
	2023	2022	2023	2022	2023	2022	2023	2022
Premiums earned (gross)	2,146	1,760	4	4	(5)	(1)	2,145	1,763
Reinsurers' share	543	546	-	-	-	-	543	546
<b>Premiums earned</b>	<b>1,603</b>	<b>1,214</b>	<b>4</b>	<b>4</b>	<b>(5)</b>	<b>(1)</b>	<b>1,602</b>	<b>1,217</b>
Claims incurred (gross)	2,708	2,789	11	12	10	12	2,729	2,813
Reinsurers' share	516	527	-	-	-	-	516	527
<b>Claims incurred</b>	<b>2,192</b>	<b>2,262</b>	<b>11</b>	<b>12</b>	<b>10</b>	<b>12</b>	<b>2,213</b>	<b>2,286</b>

The following paragraphs show the results per legal entity.

**A.2.2 SRLEV**

The figures shown in the table below are unconsolidated figures.

**STATEMENT OF PROFIT AND LOSS ACCOUNT SRLEV**

<b>In € millions</b>	<b>2023</b>	<b>2022</b>
Insurance revenue	1,801	1,855
Insurance service expenses	(1,627)	(1,653)
Net expenses from reinsurance contracts	(13)	(35)
<b>Insurance service result</b>	<b>161</b>	<b>167</b>
Result on investments	2,236	(5,866)
Result on investments for account of third parties	–	(267)
Result on derivatives	965	(5,205)
Result on liabilities from investments for account of third parties	–	267
Share in result of associates	447	(507)
Net impairment loss on financial assets	1	(5)
<b>Total investment result</b>	<b>3,649</b>	<b>(11,583)</b>
Insurance finance income or expenses	(2,369)	10,338
Reinsurance finance income or expenses	(131)	347
<b>Insurance finance income and expenses</b>	<b>(2,500)</b>	<b>10,685</b>
Other income	2	11
Other operating expenses	(130)	(27)
Other finance result	(36)	(31)
<b>Total other income and expenses</b>	<b>(164)</b>	<b>(47)</b>
<b>Result before tax</b>	<b>1,146</b>	<b>(778)</b>
Tax expense / benefit	(289)	258
<b>Net result for the period</b>	<b>857</b>	<b>(520)</b>

The IFRS Net Result of € 857 million (2022: € -520 million) is mainly driven by the impact of the yield decrease in the fourth quarter leading to higher market values of investments and the positive evolution of the Operating Result. In 2022, the impact of the yield environment was negative; IFRS Net Result was mainly driven by the change in market value of investments from higher interest rates and spread widening.

Gross inflows increased by € 385 million to € 2,147 million compared with the same period in 2022, driven by growth in both the retirement and pension solutions segments, The buy-out transaction with Pensioenfond Aon and the acquisition of the Onderlinge 's- Gravenhage second pillar pension portfolio contributed € 290 million. Individual life insurance premium income decreased by € 43 million, in line with the closed book strategy for individual life products.



In the table below the premiums, technical claims and benefits are broken down to Solvency II Line of Business as presented in the Disclosure QRT:

#### PREMIUMS AND TECHNICAL CLAIMS PER LINE OF BUSINESS SRLEV

In € millions	Insurance with profit participation		Index-linked and unit-linked insurance		Other life insurance		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Premiums earned (gross)	101	101	726	714	1,319	945	<b>2,146</b>	<b>1,760</b>
Reinsurers' share	151	148	-	-	393	398	<b>543</b>	<b>546</b>
<b>Premiums written</b>	<b>(50)</b>	<b>(47)</b>	<b>726</b>	<b>714</b>	<b>927</b>	<b>547</b>	<b>1,603</b>	<b>1,214</b>
Claims incurred (gross)	725	729	935	864	1,048	1,196	<b>2,708</b>	<b>2,789</b>
Reinsurers' share	144	149	-	-	372	378	<b>516</b>	<b>527</b>
<b>Claims incurred</b>	<b>581</b>	<b>580</b>	<b>935</b>	<b>864</b>	<b>676</b>	<b>818</b>	<b>2,192</b>	<b>2,262</b>

**A.2.3 Proteq**

The figures shown in the table below are unconsolidated figures.

**Profit and loss account PROTEQ**

<b>In € millions</b>	<b>2023</b>	<b>2022</b>
Insurance revenue	8	8
Insurance service expenses	(6)	(5)
Net expenses from reinsurance contracts	—	—
<b>Insurance service result</b>	<b>2</b>	<b>3</b>
Result on investments	25	(130)
Result on investments for account of third parties	—	—
Result on derivatives	3	(55)
Result on liabilities from investments for account of third parties	—	—
Share in result of associates	—	—
Net impairment loss on financial assets	—	—
<b>Total investment result</b>	<b>28</b>	<b>(185)</b>
Insurance finance income or expenses	(6)	152
Reinsurance finance income or expenses	—	—
<b>Insurance finance income and expenses</b>	<b>(6)</b>	<b>152</b>
Other income	—	—
Other operating expenses	—	—
Other finance result	—	—
<b>Total other income and expenses</b>	<b>—</b>	<b>—</b>
<b>Result before tax</b>	<b>24</b>	<b>(30)</b>
Tax expense / benefit	1	18
<b>Net result for the period</b>	<b>24</b>	<b>(12)</b>

The IFRS Net Result amounts to a profit of € 24 million after tax (2022: loss of € 12 million) and was positive influenced in 2023 due to the investment result and change in DTA position. For the same period in 2022 the IFRS Net Result of Proteq was impacted by a negative development in the fair value of the derivatives portfolio.

In the table below the premiums, technical claims and benefits are broken down to Solvency II Line of Business as presented in the Disclosure QRT:

**PREMIUMS AND TECHNICAL CLAIMS PER LINE OF BUSINESS PROTEQ**

<b>In € millions</b>	<b>Insurance with profit participation</b>		<b>Index-linked and unit-linked insurance</b>		<b>Other life insurance</b>		<b>Total</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Premiums earned (gross)	4	4	—	—	—	—	4	4
Reinsurers' share	—	—	—	—	—	—	—	—
<b>Premiums written</b>	<b>4</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4</b>	<b>4</b>
Claims incurred (gross)	6	8	—	—	5	4	11	12
Reinsurers' share	—	—	—	—	—	—	—	—
<b>Claims incurred</b>	<b>6</b>	<b>8</b>	<b>—</b>	<b>—</b>	<b>5</b>	<b>4</b>	<b>11</b>	<b>12</b>

### A.3 Investment Performance

In the next section in the tables IFRS figures are shown, allowing for a comparison from 2023 with 2022.

#### A.3.1 Athora Netherlands

The following tables show a breakdown of the result on investments and derivatives in the statement of profit or loss of Athora Netherlands:

#### BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT AND DERIVATIVES 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Result on investments	795	25	407	1,227
Result on derivatives	965	3	38	1,006
<b>Total</b>	<b>1,760</b>	<b>28</b>	<b>445</b>	<b>2,233</b>

#### BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT AND DERIVATIVES 2022

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Result on investments	(3,394)	(130)	(395)	(3,919)
Result on derivatives	(5,205)	(55)	(105)	(5,365)
<b>Total</b>	<b>(8,599)</b>	<b>(185)</b>	<b>(500)</b>	<b>(9,284)</b>

#### Result on Investments for General Account

The following tables show a further breakdown of the result on investments for general account:

#### BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Interest income	299	8	450	757
Dividend income	77	1	36	114
Rental income	20	—	29	49
Revaluations	582	18	46	646
FX result	(151)	—	(118)	(269)
<b>Total investment income</b>	<b>827</b>	<b>27</b>	<b>443</b>	<b>1,297</b>
Direct operating expenses	51	2	36	89
Attributable to insurance service expenses	(19)	—	—	(19)
<b>Total expenses</b>	<b>32</b>	<b>2</b>	<b>36</b>	<b>70</b>
<b>Total investment result</b>	<b>795</b>	<b>25</b>	<b>407</b>	<b>1,227</b>

**BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT 2022**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Interest income	814	9	280	1,103
Dividend income	25	1	9	35
Rental income	20	-	15	35
Revaluations	(4,309)	(140)	(697)	(5,146)
FX result	56	-	37	93
<b>Total investment income</b>	<b>(3,394)</b>	<b>(130)</b>	<b>(356)</b>	<b>(3,880)</b>
Direct operating expenses	25	-	39	64
Attributable to insurance service expenses	(25)	-	-	(25)
<b>Total expenses</b>	<b>-</b>	<b>-</b>	<b>39</b>	<b>39</b>
<b>Total investment result</b>	<b>(3,394)</b>	<b>(130)</b>	<b>(395)</b>	<b>(3,919)</b>

The investment income of Athora Netherlands primarily consist of interest, dividends, rental income, FX result and revaluations.

The increase of the result on investments in the fair value through profit or loss portfolio is mainly a result of positive revaluation this year compared negative revaluation to last year. Stock markets rises which results in a positive revaluation for equities. Lower interest rates results in a positive revaluation for bonds and loans and deposits.

The continuous increase of short term interest rates over the course of 2023 have led to negative interest result on derivatives for 2023 where in 2022 there was a positive interest result on derivatives.

The increase of dividend income is mainly due to increase in exposure to equities.

**Result on Derivatives****BREAKDOWN OF RESULT ON DERIVATIVES 2023**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Market value movements of derivatives	965	3	38	1,006
<b>Total</b>	<b>965</b>	<b>3</b>	<b>38</b>	<b>1,006</b>

**BREAKDOWN OF RESULT ON DERIVATIVES 2022**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Market value movements of derivatives	(5,205)	(55)	(105)	(5,365)
<b>Total</b>	<b>(5,205)</b>	<b>(55)</b>	<b>(105)</b>	<b>(5,365)</b>

A positive revaluation of € 806 million in 2023 was mainly driven by the interest rate derivatives. These had a positive result, due to the downward movement in the long term swap rate compared to a significant upward movement in 2022. The FX result of € 200 million, driven by FX forwards, which are mainly used to hedge the USD and Yen positions, has also added to the positive result.

## A.3.2 SRLEV

## Result on Investments

## BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT SRLEV 2023

In € millions	Shares and similar investments	Bonds	Loans and deposits	Investment property	Derivatives (Interest Income)	Other	Total
Interest income	-	243	222	-	(268)	102	<b>299</b>
Dividends	77	-	-	-	-	-	<b>77</b>
Rental income	-	-	-	20	-	-	<b>20</b>
Revaluations	87	454	71	(30)	-	-	<b>582</b>
FX result	(33)	(102)	(7)	-	-	(9)	<b>(151)</b>
<b>Total investment income</b>	<b>131</b>	<b>595</b>	<b>286</b>	<b>(10)</b>	<b>(268)</b>	<b>93</b>	<b>827</b>
Direct operating expenses							<b>51</b>
Attributable to insurance service expenses							<b>(19)</b>
<b>Total expenses</b>							<b>32</b>
<b>Total investment result</b>							<b>795</b>

## BREAKDOWN OF RESULT ON INVESTMENTS FOR GENERAL ACCOUNT SRLEV 2022

In € millions	Shares and similar investments	Bonds	Loans and deposits	Investment property	Derivatives (Interest Income)	Other	Total
Interest income	-	336	220	-	247	11	<b>814</b>
Dividends	25	-	-	-	-	-	<b>25</b>
Rental income	-	-	-	20	-	-	<b>20</b>
Revaluations	(18)	(2,979)	(1,284)	(27)	-	-	<b>(4,308)</b>
FX result	(4)	78	(5)	-	-	(14)	<b>55</b>
<b>Total investment income</b>	<b>3</b>	<b>(2,565)</b>	<b>(1,069)</b>	<b>(7)</b>	<b>247</b>	<b>(3)</b>	<b>(3,394)</b>
Direct operating expenses							<b>25</b>
Attributable to insurance service expenses							<b>(25)</b>
<b>Total expenses</b>							<b>-</b>
<b>Total investment result</b>							<b>(3,394)</b>

The increase of the result on investments in the fair value through profit or loss portfolio is mainly a result of positive revaluation this year compared negative revaluation to last year. Stock markets rises which results in a positive revaluation for equities. Lower interest rates results in a positive revaluation for bonds and loans and deposits.

The continuous increase of short term interest rates have led to negative interest result 2023 where in 2022 there was a positive interest result.

The increase of dividend income is mainly due to increase in exposure to equities.

Other relates to loans and advances to banks, amounts due to banks and funding. Movement on interest income between 2023 and 2022 caused by the significantly increase of the short interest rate, respectively € 91 million in 2023 and € 8 million in 2022.

### A.3.3 Proteq

#### Result on Investments

##### BREAKDOWN OF RESULT ON INVESTMENTS PROTEQ 2023

In € millions	Shares and similar investments	Bonds	Derivatives (Interest Income)	Other	Total
Interest income	-	8	(1)	1	8
Dividend income	1	-	-	-	1
Revaluations	2	16	-	-	18
FX result	-	-	-	-	-
<b>Total investment income</b>	<b>3</b>	<b>24</b>	<b>(1)</b>	<b>1</b>	<b>27</b>
Direct operating expenses					2
Attributable to insurance service expenses					-
<b>Total expenses</b>					<b>2</b>
<b>Total investment result</b>					<b>25</b>

##### BREAKDOWN OF RESULT ON INVESTMENTS PROTEQ 2022

In € millions	Shares and similar investments	Bonds	Derivatives (Interest Income)	Other	Total
Interest income	-	8	1	-	9
Dividend income	1	-	-	-	1
Revaluations	-	(140)	-	-	(140)
FX result	-	-	-	-	-
<b>Total investment income</b>	<b>1</b>	<b>(132)</b>	<b>1</b>	<b>-</b>	<b>(130)</b>
Direct operating expenses					-
Attributable to insurance service expenses					-
<b>Total expenses</b>					<b>-</b>
<b>Total investment result</b>					<b>(130)</b>

The result on investments for 2023 was driven by large positive revaluations of € 2 million on shares and similar investments and € 16 million on bonds. The result was also positively affected by the interest income on bonds of € 8 million and the interest income on other of € 1 million. Stock markets rises which results in a positive revaluation for equities. Lower interest rates results in a positive revaluation for bonds and loans and deposits.

## A.4 Performance of Other Activities

The performance of other activities relate to Athora Netherlands N.V., Zwitterleven PPI N.V. and of the subsidiaries of SRLEV N.V. (e.g., N.V. Pension ESC). For more details we refer to Annex I.

### ZWITSERLEVEN PPI

In € thousands	2023	2022
<b>Result</b>		
Total income	15,037	8,863
Total expenses	13,274	7,068
<b>Net result continued operations for the period</b>	<b>1,308</b>	<b>1,332</b>

The total income of Zwitterleven PPI relates mainly to management and administration fees. Zwitterleven PPI has grown significantly in 2023 in number of clients and services, mainly due to the acquisition of and merger with WTW's PPI. As a result, the total income and corresponding expenses increased.

## A.5 Any Other Information

No other disclosures are applicable.

## **B SYSTEM OF GOVERNANCE**

### **B.1 General Information on the System of Governance**

#### **General Governance Arrangements**

Athora Netherlands N.V. is a public limited company with a two-tier board structure consisting of an Executive Board and a Supervisory Board.

As a holding company, Athora Netherlands N.V. has no material, direct business operations, but employs all personnel and services the business with staff and IT support. The principal assets of Athora Netherlands N.V. are the equity interests it holds in its operating subsidiaries.

#### **B.1.1 Executive Board and Executive Committee**

The Executive Board is the statutory board of the Company. The Executive Committee consists of the members of the Executive Board and other members appointed by the Supervisory Board at the proposal of the Executive Board. The installation of the Executive Committee became effective as per 1 January 2023.

Athora Netherlands N.V. has implemented an Executive Committee to align with the new functional model of the organisation and to support the achievement of the Ambition 2025 strategy by including two functions formerly in the CEO domain at the highest collective executive level. On 19 January 2023, Athora Netherlands announced its new Executive Committee and the appointments of Annemieke Visser-Brons as Chief Commercial Officer and Bart Remie as Chief Technology & Operations Officer to its Executive Committee.

In line with the large company regime, Athora Netherlands N.V. is governed by a two-tier board comprising an Executive Board and a Supervisory Board. Both boards perform their duties and powers as laid down in the relevant laws and regulations, the company's articles of association and additional regulations.

The Executive Board as a whole is charged with the management of Athora Netherlands N.V. The Executive Committee is responsible for the day-to-day management, strategy and operations of Athora Netherlands N.V. Notwithstanding the foregoing, the Executive Board remains responsible for certain matters as specified in the Regulations of the Executive Board and Executive Committee of Athora Netherlands N.V., which internal regulations provide rules on internal affairs of Athora Netherlands N.V. and more specifically of the Executive Board and Executive Committee. Also, the Executive Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the management of Athora Netherlands N.V. and reporting to the Supervisory Board and the General Meeting. The Executive Committee acts in accordance with the interests of Athora Netherlands N.V. and its associated business, taking into account and carefully weighing the interests of all stakeholders. Certain resolutions of the Executive Board or Executive Committee require the approval of the Supervisory Board and/or General Meeting.

#### **Composition, Appointment and Role**

Athora Netherlands N.V. is subject to the full large company regime under which the members of the Executive Board are appointed by the Supervisory Board. The Supervisory Board may suspend or remove a member of the Executive Board (in case of a removal, after the General Meeting has been heard).

The Executive Committee consists of the members of the Executive Board and members appointed by the Supervisory Board at the proposal of the Executive Board.



At 31 December 2023 the Executive Committee consisted of the following members:

## COMPOSITION, APPOINTMENT AND ROLE

Name	Nationality	Position	Date of appointment
J.A. (Jan) de Pooter	Dutch	Chief Executive Officer (Executive Board)	8 July 2021
A.P. (Annemarie) Mijer	Dutch	Chief Risk Officer (vice-chair) (Executive Board)	1 July 2020
E.P. (Etienne) Comon	French	Chief Capital & Investment Officer (Executive Board)	1 July 2021
J.H. (Jan-Hendrik) Erasmus	British, South African	Chief Financial Officer (Executive Board)	13 June 2022
B. (Bart) Remie	Dutch	Chief Technology & Operations Officer	12 January 2023
A.G. (Annemieke) Visser-Brons	Dutch	Chief Commercial Officer	13 January 2023

On 1 January 2023, A. (Angelo) Sacca has stepped down as Executive Board member (Chief Transformation Officer) and his responsibilities as CTO have been shared amongst the other members of the Executive Committee.

### J.A. (Jan) de Pooter

#### Chief Executive Officer

Jan de Pooter (1969) studied business administration at the Amsterdam Academy and the VU University Amsterdam. From 2015 to 2020 he served as Chief Executive Officer (CEO) at Portuguese insurer Seguradoras Unidas (Tranquilidade). From 2005 to 2015, Mr. De Pooter held various leadership positions at Millennium bcp Ageas including Chairman of the Board of Directors. He started his career as Operations Manager at Fortis Investments Nederland.

### A.P. (Annemarie) Mijer

#### Chief Risk Officer & Vice Chair

Annemarie Mijer (1970) holds a master's degree in Actuarial Mathematics and is a fellow of the Dutch Actuary Society. Mrs. Mijer joined from ABN AMRO where she served as Head of Central Risk Management. In 2015, she was appointed Chief Risk Officer and member of the Executive Board of Delta Lloyd Group. Prior to this, Mrs. Mijer held various executive leadership positions in ING Group and Nationale-Nederlanden. In April 2019, she was appointed as member of the Supervisory Board and Chair of the Audit Committee at Klaverblad Verzekeringen. Mrs. Mijer is a Certified Actuary of the Dutch Society of Actuaries and holds professional qualifications in Investment Analysis.

### E.P. (Etienne) Comon

#### Chief Capital & Investment Officer

Etienne Comon (1973) holds a Ph.D. in economics from Harvard University. Mr. Comon started his career at Goldman Sachs where he held positions in corporate liability management, global structuring, and asset management. He joined Athora Netherlands in 2021. As Chief Capital & Investment Officer (CCIO) of Athora Netherlands, his areas of responsibility are capital management and planning and investments.

### J.H. (Jan-Hendrik) Erasmus

#### Chief Financial Officer

Jan-Hendrik Erasmus (1980) holds an Executive MBA (with distinction) from London Business School (United Kingdom) and an Honours degree in Actuarial Science from the University of Pretoria (South Africa). Before joining Athora Netherlands, Mr. Erasmus was the Group Chief Risk Officer of Aviva plc, where he was responsible for the Risk, Actuarial, Compliance, Financial Crime and Regulatory Affairs functions. Prior to Aviva plc, Mr. Erasmus served as Chief Risk Officer and Member of the Management Board of NN Group. He joined NN Group from the consulting firm Oliver Wyman where he was a

partner and head of the UK insurance practice. Mr. Erasmus holds both South African and British nationality.

## **B. (Bart) Remie**

### **Chief Technology & Operations**

Bart Remie (1981) holds a MA Public Administration & Organisational Science and a BSc Cognitive Neuroscience, both from Universiteit Utrecht. Mr. Remie has held various management positions at Athora Netherlands and its predecessor companies, lastly as General Manager Operations & IT. He started as a trainee at SNS REAAL at the time when Athora Netherlands N.V. was part of the SNS REAAL Group. Within the Executive Committee, Mr. Remie is responsible for Operations & IT.

## **A.G. (Annemieke) Visser-Brons**

### **Chief Commercial Officer**

Annemieke Visser-Brons (1970) studied Dutch Law at the Vrije Universiteit Amsterdam. From 2017 to 2022, Mrs. Visser-Brons was Director Pensions at Nationale- Nederlanden. At Delta Lloyd, Annemieke held several managerial positions from 2009 until 2017, including Director of Delta Lloyd Life Insurance N.V. She started her career at Aegon Netherlands. Mrs. Visser-Brons is also a member of the Supervisory Committee of Zwitserleven PPI N.V. Within the Executive Committee she is responsible for Commerce.

## **Governing Rules**

With the introduction of the new Executive Committee in January 2023, the gender balance is 33% women and 67% men. From a diversity perspective, in terms of age, background and nationality, but also experience in different settings a good balance has been maintained.

For future appointments of Executive Board and Executive Committee members, Athora Netherlands will take into account all laws and regulations and its diversity in terms of gender, age, experience, nationality and background. The principle of having at least 30% women or 30% men is applied in succession planning for the Executive Board and Executive Committee, Supervisory Board and senior leadership.

As part of the continuing education programme of Athora Netherlands, the Executive Committee members participate in various education sessions. These sessions are sometimes attended together with the Supervisory Board members or with senior management of Athora Netherlands and are provided by internal and external speakers. The topics this year were sustainability, CSRD, Artificial Intelligence, Ethics and the new Dutch Pension Law (WTP).

### **B.1.2 Supervisory Board**

The Supervisory Board is responsible for supervising the Executive Board and Executive Committee, the policies, management and the general affairs of the Athora Netherlands group, as well as providing advice to the Executive Board and Executive Committee. Supervision includes monitoring the company's strategy and realisation of the objectives, risk policy, integrity of business operations and compliance with laws and regulations.

The Supervisory Board may on its own initiative provide the Executive Board and Executive Committee with advice and may request any information from the Executive Committee that it deems appropriate. In performing its duties, the Supervisory Board weighs the interests of all stakeholders and acts in accordance with the interests of Athora Netherlands and the business connected with it.

### **Meetings of the Supervisory Board**

The Supervisory Board meets on a regular basis in accordance with an annual schedule, which in practice implies two-day meetings every two months on average. Decisions of the Supervisory Board are taken by a majority of votes cast. The Supervisory Board has drawn up internal regulations to complement the company's articles of association. Members of the Supervisory Board have declared their acceptance of these regulations and have undertaken a declaration of adherence.

## Composition, Appointment and Role

The members of the Supervisory Board are appointed by the General Meeting upon nomination of the Supervisory Board. The General Meeting and the Works Council may recommend candidates for nomination to the Supervisory Board. The Supervisory Board is required to nominate one-third of the Supervisory Board members on the special right of recommendation ('versterkt recht van aanbeveling') of the Works Council and one-third of the Supervisory Board members on the special right of recommendation ('versterkt recht van aanbeveling') of the General Meeting, unless the Supervisory Board objects to the recommendation on certain grounds.

At 31 December 2023 the Supervisory Board consisted of the following members:

### COMPOSITION, APPOINTMENT AND ROLE

Name	Nationality	Position	Date of appointment
R.M.S.M. (Roderick) Munsters	Dutch	Chairman	8 September 2021 (chair per 1 October 2021)
J.M.A. (Hanny) Kemna	Dutch	Vice-chair	1 April 2020
M.A.E. (Michele) Bareggi	Italian	Member	1 April 2020
E. (Elisabeth) Bourqui	Swiss	Member	16 November 2021
F.G.H. (Floris) Deckers	Dutch	Member	1 April 2020
H. (Henk) Timmer	Dutch	Member	20 September 2022

#### R.M.S.M. (Roderick) Munsters

Roderick Munsters (1963) is chair of the Supervisory Board, chair of the Conflicts-of-Interest Committee, member of the Audit Committee and member of the Risk Committee. Mr. Munsters has gained extensive executive managerial experience at various financial institutions. From 2009 to 2015, he was Chief Executive Officer at Robeco Group. From 2005 to 2009, he was a member of the Executive Committee and Chief Investment Officer of ABP Pensioenfondsen & APG All Pensions Group. From 1997 to 2005, Mr. Munsters was Managing Director and Chief Investment Officer at PGGM Pensioenfondsen. In addition to his function at Athora Netherlands, Mr. Munsters is a member of the Advisory Board of the Dutch State Treasury Agency and a member of the Supervisory Board of Unibail- Rodamco-Westfield. Also, he is an independent non- executive director at BNY Mellon European Bank and Wisayah Global Investment Company. Mr. Munsters has both a Dutch and a Canadian nationality and holds a master's degree in Economics & Corporate Finance and in Financial Economics from Tilburg University.

#### J.M.A. (Hanny) Kemna

Hanny Kemna (1960) is vice-chair of the Supervisory Board, chair of the Remuneration and Nomination Committee, member of the Audit Committee and member of the Conflicts-of-Interest Committee. In addition to her function at Athora Netherlands, Mrs. Kemna is member of the Supervisory Board of Ziekenhuis Groep Twente and a non-executive director for ASA International. In addition, she is a member of the Audit and Risk Advisory Committee to the Board of Géant, an extraordinary member to the Board of the Dutch Court of Audit, member of the Electoral Council and member of the Supervisory Board of VvAA.

#### M.A.E. (Michele) Bareggi

Michele Bareggi (1973) is member of the Remuneration and Nomination Committee and member of the Risk Committee. He is chair of the Executive Board of Athora Belgium and CEO of Athora Netherlands Holding Ltd. From 2018 to September 2023, Mr. Bareggi was CEO and then President of Athora Group where he was responsible for the coordination and direction of the Athora Group subsidiaries as well as growth, sustainability, transformation and culture. Mr. Bareggi worked in the past as Managing Director at Morgan Stanley. He also held senior roles at Nomura Holdings, Lehman Brothers, JPMorgan and Credit Suisse First Boston.

**E. (Elisabeth) Bourqui**

Elisabeth Bourqui (1975) is chair of the Risk Committee, member of the Conflicts-of-Interest Committee and member of the Remuneration and Nomination Committee. Mrs. Bourqui has held various board and senior management positions in the pension, asset management and consulting sector including CalPERS, ABB Group and Mercer. Mrs. Bourqui is currently CEO and co-founder at PNYX Group SA, an investment advisory firm. She is also a member of the Board of Directors at Bank Vontobel, Chair and member of the Board of Directors at Helsana HealthInvest AG and Board member at the Banque Cantonale Neuchâteloise, the Louis Jeantet Foundation, the Greenbrix Investment Foundation, the Swiss-Japan Chamber of Commerce, RUAG MRO Holding and Compenswiss. Mrs. Bourqui holds a master's degree in mathematics, and a Ph.D. in financial mathematics, from the Swiss Federal Institute of Technology in Zurich.

**F.G.H. (Floris) Deckers**

Floris Deckers (1950) is a member of the Audit Committee and member of the Remuneration and Nomination Committee. Previously, he worked as CEO of Van Lanschot Bankiers and Senior Executive at ABN AMRO. In addition, Mr. Deckers has been chair of the Supervisory Board of Deloitte Netherlands as well as chair of the Supervisory Board of SBM Offshore. Mr. Deckers is currently a member of the Supervisory Board of Arklow Shipping Group Ireland, as well as of its Dutch subsidiary, he is Chairman at Utrecht Holdings N.V. He is a board member of the Vlerick Business School in Gent and Leuven (Belgium) and active as Board Member / Executive in a number of not-for-profit organisations.

**H. (Henk) Timmer**

Henk Timmer (1961) was appointed as member of the Supervisory Board in September 2022. He is chair of the Audit Committee and member of the Risk Committee and member of the Conflicts-of-Interest Committee. He has held various management and board positions in the Dutch insurance and pensions sector, amongst others he was Chief Risk Officer and member of the Board of Directors at Achmea. Henk has an educational background in economics, audit and risk management.

**Report of the Supervisory Board****Functioning of the Supervisory Board**

The Supervisory Board aims to have a strong representation of diversity in terms of experience, gender, age, professional and cultural background. In accordance with the regulations of the Supervisory Board, the Supervisory Board considers complementarity, collegial collaboration, independence and diversity to be conditions for a proper performance of duties by the Supervisory Board.

The gender balance in the Supervisory Board is 33% women and 67% men. There is diversity in terms of experience, age and professional and cultural background. The principle of having at least 30% women or 30% men is applied in succession planning for the Executive Board, Supervisory Board and senior leadership.

All members have confirmed the moral and ethical conduct declaration, which includes the need to make a balanced assessment of the interests of customers, shareholder, bondholders, employees and the society in which the company operates. The regulations of the Supervisory Board explicitly provide that the Supervisory Board shall take into account the interests of the company's stakeholders, such as the policy holders, the shareholder and all employees.

**Self-assessment**

The Supervisory Board assessed its functioning in 2023 under guidance of an external party in order to evaluate the functioning of the Supervisory Board as a whole, the functioning of the individual committees, the individual supervisory directors, the relationship with the Executive Committee and the effectiveness of continuous education. The desired profile, composition and competences of the Supervisory Board has also been discussed.

The report also states how the assessment of the Supervisory Board, the various committees and the individual members of the Supervisory Board was conducted. This evaluation found that the Supervisory Board has performed according to what can be expected, with sufficient expertise and

involvement from the individual members. The Supervisory Board has played a constructive role in building the foundation for future progress at Athora Netherlands.

### **Continuing Education**

Members of the Supervisory Board are encouraged to maintain and develop their expertise at the required standard and enhance it where necessary. It is ensured that a program of permanent education is available to the members of the Supervisory Board.

This year, the Supervisory Board participated in trainings on sustainability, CSRD, Operations and IT, Artificial Intelligence, Ethics and the new Dutch Pension Law (WTP).

### **Important Topics and Key Discussions**

The formal meetings of the Supervisory Board took place every two months (on average). Many additional meetings and conference calls were held. The attendance rate at meetings and committees is high, demonstrating the strength of the Supervisory Board's commitment. None of the Supervisory Board members were frequently absent at these meetings, meaning that there was always a valid quorum. During the formal meetings, the Supervisory Board was kept abreast of the strategy updates, capital and funding initiatives, risk appetite and commercial developments. Furthermore, the Supervisory Board was informed about the discussions and the resulting recommendations from committee meetings of the Supervisory Board.

In 2023 the Supervisory Board discussed and approved several items, such as topics related to the Business Plan, Employee Survey, Sustainability Strategy, Outsourcing and Governance Enhancements. The Supervisory Board had multiple discussions and reflection sessions on the internal governance.

The Supervisory Board has developed in 2022 in cooperation with the Executive Board a detailed plan with governance enhancements. In 2023 these enhancements on behaviour, culture and governance were implemented to further build a strong organisation capable of realising the Ambition 2025 strategy. As part of this plan in January 2023 the Executive Committee has been introduced to enhance the effectiveness of its governance.

The implementation of the Executive Committee model aligns Athora Netherlands' top governance to the new functional model of the organisation by including two key functions formerly in the domain of the Chief Executive Officer (Commerce and Operations & IT) in the achievement of the Ambition 2025 strategy on the highest collective executive level. The Executive Committee is currently composed of the members of the Executive Board and two additional non-statutory members for the Commerce and Operations & IT functions.

Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. In September 2023, Athora Netherlands completed the evaluation of the pilot which consisted of an evaluation by Internal Audit, a reflection and assessment of the pilot by the Executive Committee and a consultation of the Supervisory Board on the initiative of the Executive Committee to move forward. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol.

The Supervisory Board safeguarded the corporate interest and properly weighed the interest of all stakeholders involved, such as policy holders, the shareholder, employees and its bondholders. In addition, a strong focus of the Supervisory Board has been the governance framework under which Athora Netherlands operates.

The Supervisory Board and the Chairman of the Supervisory Board have been in regular contact with other stakeholders such as the Dutch Central Bank (DNB) and Dutch Authority for Financial Markets (AFM) on these topics.

### Cooperation with Committees

The Supervisory Board has four committees: the Audit Committee, the Risk Committee, the Remuneration and Nomination Committee and the Conflicts-of-Interest Committee. Each member of the Supervisory Board has sufficient knowledge and experience to assess the main aspects of Athora Netherlands' policy and to form an independent opinion of the basic risks. Decisions regarding risk matters and audit matters are prepared by the Risk Committee (RC) and the Audit Committee (AC), respectively. These committees have been carefully composed with at least two members of these committees having extensive knowledge of risk management / risk control and internal control / reporting, to enable them to properly supervise these subjects.

- The Audit Committee discussed the audit scope, key audit matters, the external auditor's reports and the management letter of the external auditor. The independence of the external auditor and fees were also reviewed by the Audit Committee. The Audit Committee maintains regular contact with the external auditor through meetings between the chair of the Audit Committee and the external auditor. The Audit Committee discussed the annual plan and quarterly reports of the internal audit function. Furthermore, the progress on the implementation CSRD has been discussed.
- The Risk Committee discussed the profile of the financial and non-financial risks related to the approved risk appetite. This included capital developments, operating capital generation and investment policy. The structure and operation of the risk control system was discussed, including compliance with relevant legislation and regulations. The Risk Committee noted and discussed Athora Netherlands' consultations with DNB. Furthermore, the Risk Committee discussed amongst others the credit positioning and balance sheet structure.
- The Remuneration and Nomination Committee (ReNomCo) is responsible for supporting the Supervisory Board in overseeing the design of the remuneration policy and remuneration practices, their implementation and operation, and the preparation of decisions on remuneration. The ReNomCo also provides the Supervisory Board with advice in respect of nomination matters.  
The ReNomCo prepared decisions on remuneration regarding the Executive Committee, Identified Staff and employees in control functions. The ReNomCo members have sufficient expertise with regard to (i) the remuneration policy and remuneration culture and the incentives created to control risk, capital and liquidity, and (ii) the nomination policy and nomination culture.
- The Conflicts-of-Interest Committee discussed decisions with regard to (possible) institutional conflicts of interest arising from the conduct of business. The meetings of the committee take place in the presence of relevant key function holders. The committee is a committee governed by the Institutional Conflicts-of-Interest Policy.

The committees met in the presence of members of the Executive Committee. The external auditors were represented by mutual agreement at meetings of the Audit Committee and Risk Committee in 2023. Both the internal auditor and external auditor reported on the quality and effectiveness of governance, internal control and risk management. Cooperation between the Supervisory Board and the committees has been positive. The meetings of the committees elaborate on various subjects, so that the decisions of the Supervisory Board can be carefully prepared. The content of the meetings of the committees is fed back to the meeting of the Supervisory Board to ensure that the Supervisory Board members are kept fully informed and are well prepared to take balanced decisions.

The Supervisory Board is pleased that on 1 March 2024 the Covenant entered into force and thereby replaces the rules of the Governance Protocol. The Covenant sets out the framework of principle-based interactions between Athora Netherlands and Athora Group. The Supervisory Board expresses its thanks to the Executive Committee for all its efforts over the last year on this important governance enhancement. The Supervisory Board is convinced that moving forward with a principle-based way of governing the interactions between Athora Netherlands and Athora Group is the right thing to do.

The Supervisory Board appreciates the efforts made by the Executive Committee and all employees in 2023 and complements them with the results achieved. We look forward to continuing our cooperation in 2024.

Amsterdam, the Netherlands, 27 March 2024

On behalf of the Supervisory Board,

Roderick Munsters, Chairman

### B.1.3 Remuneration

#### B.1.3.1 Remuneration Policy Athora Netherlands N.V.

For the 'Remuneration policy Athora Netherlands N.V.' we refer to paragraph 4.5. of the Annual Report Athora Netherlands N.V. 2023.

#### B.1.3.2 Actual Remuneration (former) Members of the Executive Committee

The following table provides a breakdown of the total remuneration of the Executive Committee, including former and existing key management. More information about the remuneration of the boards and comparative information has been included in Note 21 of the Annual report Athora Netherlands N.V. 2023.

#### BREAKDOWN OF REMUNERATION (FORMER) MEMBERS OF THE EXECUTIVE BOARD

€ thousands	2023	2022
Short-term employee benefits	5,418	7,032
Post-employment benefits	147	111
Termination benefits	236	14
<b>Total</b>	<b>5,801</b>	<b>7,157</b>

The short-term employee benefits consist of fixed remuneration, social contributions and expense allowances. The short-term employee benefits also consist of sign-on bonuses paid, respectively to be paid during the first year of their appointment.

The post-employment benefits consist of pension contributions.

The termination benefits consist of contractual agreed severance payments to former members of the Executive Committee, including the salary until the end of the notice period without the obligation to perform work. This is in line with the applicable Executive Committee remuneration policy and applicable legislation.

#### Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2023 (and 2022) and/or granted to members of the Executive Committee during 2023.

#### B.1.3.4 Actual Remuneration (former) Members of the Supervisory Board

The following table provides an overview of the total remuneration of the (former) Supervisory Board members (excluding 21% VAT on invoices).

#### BREAKDOWN OF REMUNERATION MEMBERS OF THE SUPERVISORY BOARD

€ thousands	2023	2022
Total fixed actual remuneration for Supervisory Board members	515	498
Total remuneration related to membership Supervisory Board Committees	110	59
<b>Total</b>	<b>625</b>	<b>557</b>

Per 1 July 2022, the remuneration for Supervisory Board members has changed. The fixed remuneration for the membership of the Supervisory Board has been reduced and a payment per membership of a committee has been introduced.



## Loans, Advances and Guarantees

There are no loans, advances or guarantees outstanding on 31 December 2023 (and 2022) and/or granted to members of the Supervisory Board during 2023.

### B.1.3.4 Balances and Transactions with Related Parties

#### Identity of Related Parties

Parties qualify as a related party if one of the parties has the power to exercise control or significant influence on the other in terms of deciding on financial or operational issues.

Athora Netherlands' related parties are its parent Athora, Apollo (key minority shareholder of Athora), affiliates and Athora Netherlands' key management personnel and their close family members. Unless stated otherwise, transactions with related parties are conducted at arm's length.

### INTRA-GROUP BALANCES AND TRANSACTIONS

€ millions	Athora		Affiliates		Total	
	2023	2022	2023	2022	2023	2022
<b>Positions</b>						
Equity and liabilities						
Other liabilities (Debts to group companies)	50	50	-	-	50	50
<b>Transactions</b>						
Interest payment subordinated loan	2	2	-	-	2	2
<b>Expenses</b>						
Interest expenses	(2)	(2)	-	-	(2)	(2)
Fee and commission expenses	-	-	(35)	(22)	(35)	(22)

The main intra-group balances and transactions between Athora Netherlands N.V., Athora and affiliates in 2023 were:

- Athora Netherlands paid an interest amount of € 1.6 million on the loan of € 50 million granted by Athora Group.
- For the year 2023 a total of € 35 million Management Fee has been charged by Apollo as Asset Manager for the Apollo funds.

#### Intra-group Balances and Transactions with Key Management Personnel of Athora Netherlands

In 2022, the key management personnel consisted of the members of the Executive Board and the Supervisory Board. As of January 2023, Athora Netherlands N.V. has installed an Executive Committee. This committee consists of Executive Board members and two additional non-statutory Board Members as appointed by the Supervisory Board. Therefore, the key management personnel in 2023 consists of the members of the Executive Committee and the Supervisory Board. This applies to Athora Netherlands and also to SRLEV N.V. and Proteq Levensverzekeringen N.V.

The Executive Committee comprised six members at 31 December 2023 (Executive Board, 31 December 2022: five members). One member of the board resigned in 2023. The Supervisory Board comprised six members at 31 December 2023 (31 December 2022: six members).

#### Other intra-group balances and transactions

Athora Group maintains a number of active share plans and schemes, which includes a Management Equity Plan, a Long-Term Incentive Plan and an Employee Co-invest Plan.

Some (former) members within the Executive Committee and Supervisory Board were already part of management within Athora Group and continue participating in one or more of these plans. These plans and its requirements did not have an impact on Athora Netherlands financial statements.

## **B.2 Fit and Proper Requirements**

The requirements on suitability for employees who effectively run Athora Netherlands or have other key functions have been extensively described in their specific job profiles. The job profiles reflect the required experience and expertise of the (key)functions. The job profiles are frequently reviewed. All employees (including directors and senior management) are obliged to take the oath financial sector within three months of their appointment. The oath also reflects the required suitability and integrity of the (key)functions.

As part of its legal duties, the Dutch Central Bank (DNB) assesses the suitability and integrity of prospective statutory directors. The suitability and integrity of prospective second tier senior managers are assessed within Athora Netherlands. This internal assessment is subject of approval by the DNB. Employees with intended key functions are also assessed on suitability and integrity within Athora Netherlands. Athora has a Risk Policy Fit & Proper in place which covers the pre-employment screening of employees and the suitability and reliability screening of the key functions and the second tier management.

Within Athora Netherlands are several instruments in place to assess and direct employees (including employees with key functions) on suitability and integrity during their employment. The regular screening on suitability and integrity is performed in accordance with the key functions fit and proper policy. Athora Netherlands and senior management in particular, also have the responsibility to detect and report signals of unreliable behaviour of employees. Employees whose integrity is not beyond any doubt can be imposed with a disciplinary action in accordance with the Risk Policy Disciplinary Actions Employees.

## **B.3 Risk Management System including the Own Risk and Solvency Assessment**

### **B.3.1 Risk Management System General**

#### **B.3.1.1 General**

Athora Netherlands has implemented a Risk Management System (see figure Risk Management) that is aimed at a controlled and effective achievement of the strategic objectives. It relates risks to the strategic, financial and operational objectives as well as to the objectives in the areas of sustainability and reputation. The framework consists of organisational, control and culture components. The management of Athora Netherlands recognises that transparency is a vital element in effective risk management. The Executive Committee, which is responsible for setting the Risk Management System, monitors that the desired culture and level of risk awareness are translated into identifiable aspects, such as desirable behaviour, details of the risk appetite or criteria for evaluation of employees.

The guidelines in the Risk Management System enable risk assessments to be performed properly and efficiently. These guidelines apply to the entire organisation. Athora Netherlands encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and (pro)active risk management is appreciated.

The implemented Integrated Control Framework (ICF), part of the Risk Management System, provides the basis for the internal control system consisting of key controls (process, general IT and application) and management controls measuring risk maturity and performance within Athora Netherlands.

The management of Business Lines and Functions is responsible for day-to-day operations within the Risk Management System, including scheduled testing of operating effectiveness of key controls. The

Management Controls, divided in different components, are assessed periodically by a management Self-Assessment and are monitored risk-based by second line Risk.

**B.3.1.2 Overview**

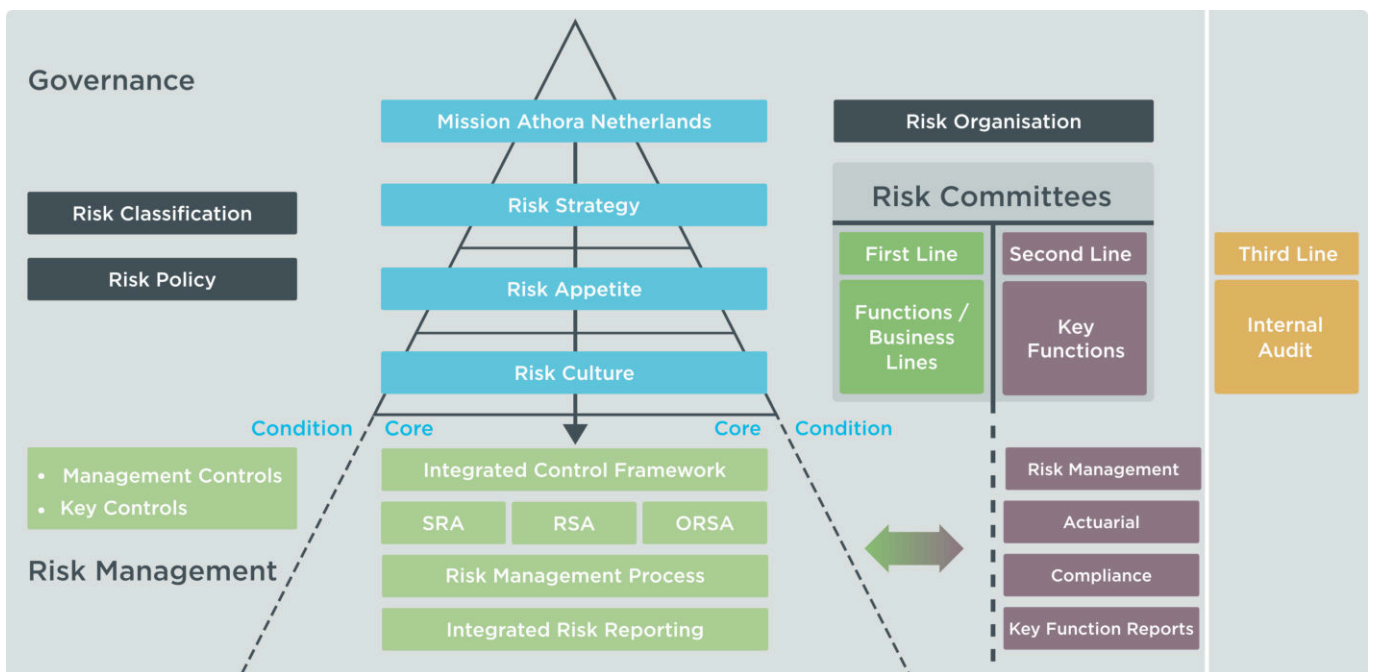
In the Risk Management System, specific Solvency II requirements such as the Key Functions and the Own Risk and Solvency Assessment (ORSA) are incorporated. The Athora Netherlands Risk Management System operates an integrated approach for risks that the organisation is or could be exposed to, with Risk Management being an integral part of the decision-making process. Major decisions of the Executive Committee have to be accompanied by a Key Function opinion.

The core of the Athora Netherlands Risk Management System consists of a Governance part and a Risk management part. In the governance part, starting from the Athora Netherlands Mission and business strategy, the Risk Strategy and Risk Appetite are derived. The components Risk Policy, Risk Taxonomy and Risk Organisation are necessary conditions to enable these strategic risk processes. To ensure an integrated approach the first line (Business Lines and Functions) and the second line key functions use the same risk taxonomy, operations are covered by the Risk Appetite and are aligned by a policy structure.

Governance including an adequate Risk Culture, is conditional for performing risk management on operational level, with as its core a control cycle of risk identification-measurement- mitigation and continuous monitoring and reporting. The Risk Management Process is supported by the ICF, built up from several components that together form the basis for sound and controlled business operations and hence for visibly being in control of Athora Netherlands and its Business Lines and Functions. The ICF measures maturity and performance of risk management and ensures steering on correct and complete risk reports.

The internal reports are a part of (the operation of) the Risk Management Process. The reports on recognised types of risks are input for the integrated risk reports, enabling Key Risk Indicator (KRI) monitoring and drawing management attention to deviations of the risk appetite.

Athora Netherlands performs Risk Self Assessments (RSA) and Strategic Risk Assessments (SRA), enabled by the Risk Management Function (RMF). An ORSA is incorporated in the Athora Netherlands Risk Management System, enabled and coordinated by the RMF, and is performed at least annually, for which the Executive Committee is accountable.



Risk Management

## **B.3.2 Risk Management Governance**

### **B.3.2.1 Mission**

Athora Netherlands aims to be a leading player in the pension and life insurance market. To achieve this aim and to fulfil the purpose “We are a sustainable partner for life, taking care of your tomorrow”, Athora Netherlands has formulated the Ambition 2025 strategy. With this focus as starting point a Risk Strategy is set out that contributes to a sustainable growth of Athora Netherlands, for the benefit of all its stakeholders.

Athora Netherlands takes its role in society seriously. Environmental, social and corporate governance (ESG) forms an integral part of the strategy and business operations. Athora Netherlands believes that responsible corporate behaviour with respect to ESG factors is key to deliver long-term value for policyholders, employees, shareholders and the wider society. ESG trends and changes in regulation may also introduce considerable financial risks (on assets) and non-financial risks (e.g., reputational) and need careful management and consideration. Athora Netherlands aims to set the example and will actively but cautiously target sustainable investments.

Athora Netherlands wishes to offer competitively priced products in efficient business processes and pursues a customer-centric strategy, with Zwitserleven positioned clearly in the pension market. The focus on Pensions allows for a more agile and lean operation bringing costs to a lower required level.

### **B.3.2.2 Risk Strategy**

Athora Netherlands has derived a Risk Strategy, a supporting set of objectives following from the Athora Netherlands’ mission to achieve the strategic goals. As main principles Athora Netherlands has defined a robust capital position, a sustainable operating capital generation and sound and controlled business operations. A robust and strong capital position contributes to the trust in the company of customers, employees, society and financial markets.

The Risk Strategy contains the key guiding principles and statements used when setting the Risk Appetite for each risk category from the risk taxonomy. The risk appetite is the extent to which Athora Netherlands is prepared to accept/take risks in pursuit of realising its strategic objectives. As an insurance company and Asset manager, Athora Netherlands deliberately takes Insurance (Underwriting) risks and Market risks aiming for returns. In doing so, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Operational and Compliance risks are inherent risks that have to be controlled and managed, as they are part of Athora Netherlands’ license to operate and support being able to successfully execute our strategy.

Athora Netherlands guarantees future payments to its customers and therefore needs adequate reserving and a robust capital position. Athora Netherlands maintains a buffer above the regulatory requirement to absorb temporary volatility and provide more certainty to its customers.

### **B.3.2.3 Risk Appetite**

The Risk Appetite Statement (RAS) of Athora Netherlands is divided into the Risk Appetites per risk type and the underlying Risk Tolerances. The Risk Appetite Statements are set at least annually by the Executive Committee and confirmed by the Risk Committee (RC) of the Supervisory Board.



### Risk Appetite Framework

The risk tolerances-part contains measures for the maximum risk that Athora Netherlands is willing to accept. These measures are defined for various sub-risks for every individual legal entity or specific Business Lines or Functions and are split into risk triggers (comparable to hard limits) and risk indicators (comparable to soft limits).

When implementing the strategy, the Executive Committee gives guidelines to the Business Lines for establishing Operational plans, taking into account the set Risk Tolerance in the Risk Appetite and corresponding limits on entity level. This helps the Business Lines and Functions optimise risk and return when developing the best possible products and services.

The evaluation of the Risk Tolerance in the Risk Appetite, consists of several steps, including risk identification, the selection of measures, risk mitigation, risk criteria, reporting and monitoring.

#### **B.3.2.4 Risk Culture**

Culture and conduct in general play a vital role in steering a company, and specifically in adequate risk management. Both are considered standard elements in performance evaluation meetings and in annual performance objectives. Athora Netherlands has awareness programmes in place that focus on how employees hold each other accountable for their conduct and how they can escalate matters if necessary.

Athora Netherlands' values are Drive for results, Seek simplicity, Care, Dare to be different and Do the right thing. These contribute to simpler, better and above responsible operations, with more care for customers and the world around us. This ensures a clear link with Culture and defined behaviours.

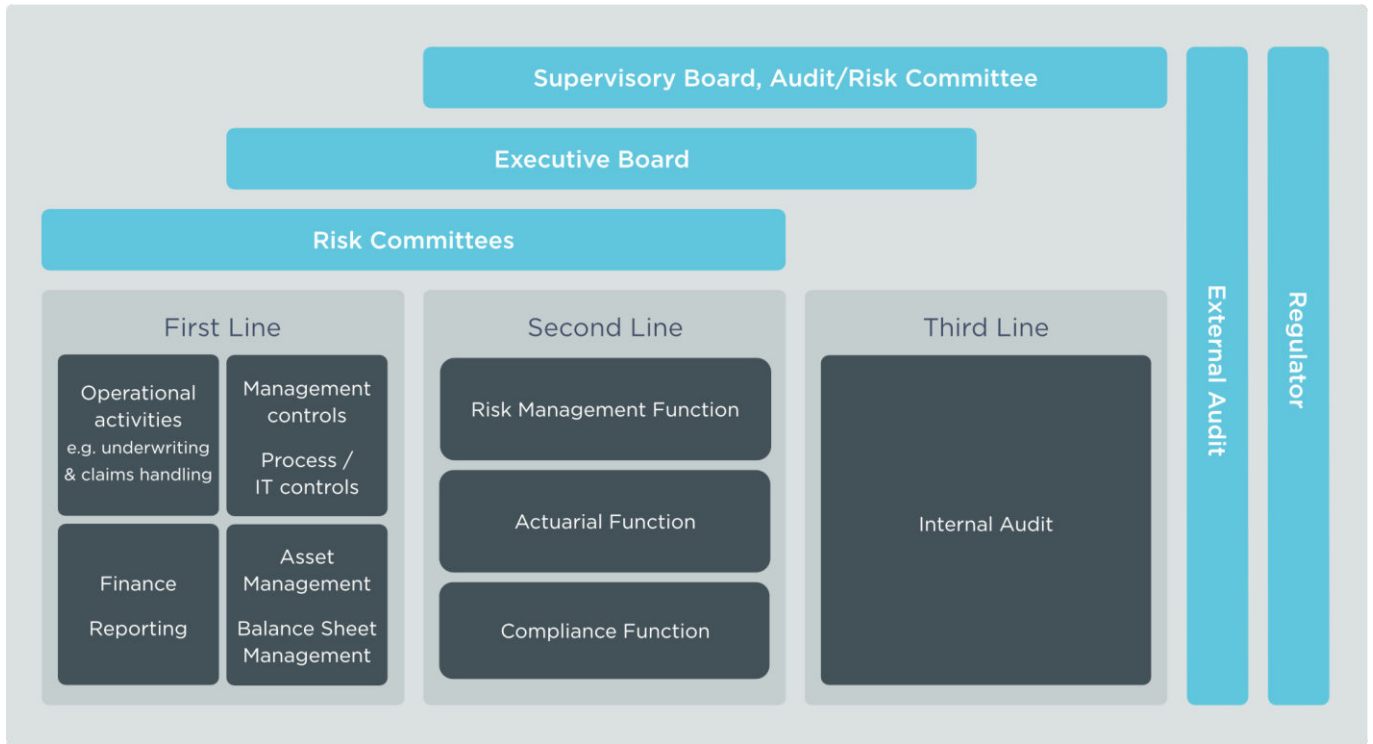
Athora Netherlands realises that the tone at the top is defining for Risk Culture, which makes communication and exemplary behaviour determinant. Athora Netherlands encourages an open corporate culture in which risks are to be discussed, employees feel responsible to share knowledge on risks and where (pro) active risk management is appreciated. Exemplary behaviour, the openness for discussion of dilemmas, practicability of policy and transparency are inseparably linked to an open corporate culture.

Risk Culture is also embedded in the organisation by risk management being an integral part of the organisational processes and decision-making of Athora Netherlands. Decision-making is clear, explicit, and in line with the Risk Policy and Risk Appetite of Athora Netherlands. The management teams of the Business Lines and Functions promote awareness of risks and are supported by the second line departments of the Risk organisation. The management teams are responsible for ensuring that risk decisions are made in accordance with the delegated authorisations, in consultation with all second line Solvency II key functions.

Furthermore, Athora Netherlands ensures that senior management and employees on key functions at all times are fit and proper to fulfil their job. Finally, the Remuneration Policy of Athora Netherlands discourages taking undesired and irresponsible risks focused on short-term profit and personal gain.

#### **B.3.2.5 Risk Organisation**

Athora Netherlands implemented the 'Three Lines' control model including the Solvency II Key Functions and a risk committee governance structure. It contributes to the strengthening of the Risk Culture, taking responsibility for managing risks and internal control, and eventually to the further optimisation and integration of the risk management.



Three Lines Control Model

### First Line: Risk Taker

Business plans are prepared in the first line. With this preparation, the first line operationalises the (risk) strategy, focusing on the primary process (i.e., underwriting, claims handling, preparing financial accounts) of the business and on investment activities.

Within the policy framework and subject to internal procedures and risk limits, it is the objective of the risk taker to achieve an optimum risk/return. Consequently, risks are managed by identifying, measuring, mitigating and monitoring them and report whether the risks remain within the risk appetite of Athora Netherlands and its underlying entities.

Risk Self Assessments are carried out and in combination with the ORSA, these assessments could lead to changes in the (risk) strategy. For all these activities the first line has an active role in various risk committees including the ability to demonstrate management and process key controls according to the standards as set by the ICF.

### Second Line: Risk Management

The second line has a monitoring role in respect of the risk management actions and activities carried out by the first line. The second line assesses actions in the first line and is responsible for monitoring the overall risk profile to be in line with the risk appetite.

The second line is also responsible for formulating the Risk Management System and setting Risk Policies. The first line is responsible for the execution of these policies. The second line assesses policy compliance on a regular basis, using risk reports, reports on management and process key controls and own observations. Furthermore, the second line sets the mandates in line with the risk appetite. It also defines basic principles and preconditions for risk models and the control framework and supports central decision-making bodies. The data used, including models, assumptions and techniques, are validated periodically.

The second line risk management organisation of Athora Netherlands is part of the Risk department, resorting under the Chief Risk Officer (CRO). The CRO is a member of the Executive Committee.

### Third Line: Internal Audit

Audit Athora Netherlands is the independently operating audit function: Audit Athora Netherlands provides assurance and consulting services, helping Athora Netherlands to accomplish its objectives by evaluating and improving the effectiveness of governance, risk management and control processes.

Audit Athora Netherlands does not take part in determining, implementing or steering of Athora Netherlands' risk appetite, risk management processes and risk responses. Audit Athora Netherlands reports to the chairman of the Executive Committee of Athora Netherlands and has direct access to the Chairman of the Audit Committee of the Supervisory Board of Athora Netherlands.

Audit Athora Netherlands performs risk-based audits on Athora Netherlands' risk management processes, including their design and how well they are working, on the management of key risks, including the effectiveness of the controls and other activities, and on the reliability and appropriateness of risks and reporting of risk and control status. This means formulating an opinion on whether the organisation's risk management methodology is understood by key groups or individuals involved, including the Executive Committee and the Audit Committee. Further, Audit assesses whether risk management processes are sufficient to protect the assets, reputation, and ongoing operations of the organisation.

### Risk Committees

In addition to the risk management organisation, Athora Netherlands has established Risk Committees to manage risks effectively, in line with regulatory expectations. Athora Netherlands has established the following Risk Committees: Finance and Risk Committee (FRC), Investment and Balance Sheet Committee (IBSC), Operational Risk and Compliance Committee (ORC Athora Netherlands) and Product & Client Committee (P&CC). Decisions of the ORC Athora Netherlands are leading for the local Business Lines and Functions MTs in the area of sound and controlled business operations. In the MTs, the issues regarding Operational Risk and Compliance are discussed. Decisions of the P&CC are leading for the local Business Lines MTs in the area of Product, Marketing, Customer/Clients and Pricing.

### Key Functions

In accordance with Solvency II Athora Netherlands recognises four Key Functions. The Functions carry out activities on behalf of all insurance entities of Athora Netherlands. All Key Functions are segregated from each other and are not structured hierarchically in relation to each other. The second line Key Functions report to the CRO. The Director Risk is the Risk Management Function Holder, the Director Actuarial Risks is the Actuarial Function Holder and the Director Legal and Compliance is the Compliance Function Holder. The Director Audit Athora Netherlands is the Audit Function Holder.

The Risk Management Function (RMF) coordinates the Enterprise Risk Management Report (ERM Report), an integrated report on the overall risk profile with Key Takeaways from the three second line Key Functions (Risk Management Function, Actuarial Function and Compliance Function). Besides the major risks within Athora Netherlands it shows strategic developments and emerging risks. The ERM Report presents issues compiled on the basis of the information obtained from monitoring reports, risk dashboards, RAS, Internal Control Statements, reports by internal and external regulators, incidents and issues reported, and own assessments & perceptions. The Risk opinion is discussed in the risk committees, in the Executive Committee and in the Risk Committee of the Supervisory Board.

The RMF annually provides the Risk Management Function Review Report, aimed at providing a sufficient level of assurance that the Solvency II-figures, and Solvency II and IFRS sensitivities, are determined adequate and reliable. This RMF report is submitted to the Executive Committee and the Audit Committee of the Supervisory Board.

The Actuarial Function (AF) opines on the adequacy of the Technical Provision used for IFRS-LAT and Solvency II purposes. It furthermore assesses the reliability and adequacy of Underwriting and Reinsurance programmes. The Actuarial Function Report (AFR) is submitted to the Executive Committee and the Audit Committee of the Supervisory Board.



Regularly the RMF and the AF submit an update based on the follow-up of findings in the AFR and RMF report, supplemented with recent findings and advice.

The main purpose of the Compliance Function is to support management in conducting its business operations in a controlled, honest and sound manner, and with regard to the risks which in this context are a threat to achieving the strategic objectives, obligations arising from laws and regulations, insights from social discussions and guidelines imposed by regulators. The Compliance Function provides regularly, as part of the ERM Report, a report on the most important Compliance Risks of Athora Netherlands to the Executive Committee and the Risk Committee of the Supervisory Board.

#### **B.3.2.6 Risk Policy**

Athora Netherlands has an integrated risk management policy structure. The entire policy structure is accessible to employees through the internal policy site. The policy structure ensures the timely identification and assessment of risks and adequate monitoring and reporting of the material risks, both on board and workplace level. The Risk Policy is structured in levels, the aim is to give insight in the cascading from (Solvency II) legislation, (second line) risk policy, corresponding processes and (first line) implementation. At least once a year the Risk Policies are assessed, adjusted if necessary and approved following regular governance.

#### **B.3.2.7 Risk Management Process**

In this section for Underwriting Risk, Market Risk and Counterparty Default Risk the Risk Management Process is elaborated. For Liquidity Risk and Model Risk this is included in sections [C.4](#) and [C.5](#).

##### **B.3.2.7.1 Underwriting Risk**

Athora Netherlands assesses new underwriting risks continuously and manages existing underwriting risks, for both new business and for the existing portfolio.

#### **Operational Plan**

Derived from the Athora Netherlands strategy, the Operational Plan (OP) sets targets with respect to volume and value of new business and the existing portfolio. The OP describes the planned development of the insurance portfolio together with the related capital requirement for the next three years taking into account an assigned risk budget or available capital. The OP sets out in broad terms whether Athora Netherlands wants to enter new markets, which forms of distribution will be used, whether new (forms of) insurance products will be developed, and which products will be adjusted or terminated. It also lays down possible measures relating to acceptance and the mitigation of claims.

### Product Development, Pricing and Acceptance

In accordance with the OP, new or adjusted products are developed following the Product Approval and Review Process (PARP). Starting from the customer's interests the target group, coverage and terms and conditions are determined. This is the basis for the best estimate risk premium, taking into account options and guarantees, capital requirements and the internal pricing curve. Furthermore, criteria related to profitability and risk control measures (acceptance criteria, clauses, any reinsurance) must be met.

The Product Committee (PC&C), in which Solvency II second line Key Functions are represented, is responsible for approval of new products, including the pricing. A selling product review is performed regularly, existing products follow a risk-based product review calendar.

### Technical Provisions

The provision is calculated monthly and any reserves that are inadequate are increased. The most recent insights as to the IFRS 17 parameters are involved. The Actuarial Function assesses the Solvency II Technical Provision and expresses an opinion on its reliability and adequacy at least once a year.

### Parameter Study

The evaluation for long-term policies (Life, Disability) of the underwriting parameters (e.g., mortality, lapses, disability, recovery) takes place by a parameter study. The aim of this study is to value the existing insurance portfolio and set the cost price of new Life insurance policies. Thereby relevant information on portfolio developments is taken into account.

### Portfolio Analysis

Portfolio analysis is aimed to optimise risks and returns within the risk policy structure. This can lead to new strategic insights in areas such as entering new markets or terminating products. The analysis is based on the impact of underwriting risks following from various measures, e.g., Solvency II own funds, long-term profitability, SCR and the VNB. Based on the risk appetite, Athora Netherlands mitigates underwriting risks primarily by means of diversification and reinsurance.

#### B.3.2.7.2 Market Risk

Our ALM policy covers the management of market risk, counterparty default risk and liquidity risk.

The starting point for the ALM policy is the current and projected balance sheet and capital outlook, which is drawn up annually. The BSA seeks to find an optimum between risk and return within the preconditions that apply with regards to solvency, laws and regulations. This BSA is used as a basis for defining a Strategic Asset Allocation (SAA), which is in turn used to translate specific investment activities into an investment plan and investment mandates for selected asset managers, taking into account the risk tolerances in the Risk Appetite Statements (RAS), solvency ratio, the tax position and the long-term risk exposure. When finalising the SAA, specific attention is paid to the availability of sufficient expertise in the segments in which investments are held. All investments are monitored by means of reports on performance and capital.

Investments are made in accordance with the prudent person principle and in the interest of the policyholders. The prudent person principle forms part of the ALM policy. Investments are made exclusively in assets and instruments for which the risks are properly identified, measured, monitored, managed, controlled and reported, but also comply with ESG principles.

The way Athora Netherlands has organised its investment governance and oversight for both Own Account and Unit Linked ensures that the investment process operates in the context of (and ensures consistency with) the nature and duration of the insurance and re-insurance liabilities, the strategic and financial plans, the Risk Strategy and ensures that the overall risk position remains within the Risk Appetite Statement and other risk limits.

Athora Netherlands monitors market risk end for mitigation, instruments are used such as interest rate swaps, inflation swaps, futures, forward contracts, interest rate swaptions and fixed income investments.

### Sensitivity Analyses and Stress Tests

Stress tests provide information on how sensitive investments and liabilities are to interest rate risk and other market risk. These risks are quantified (and monitored) on a regular basis.

For interest rate risk several parallel and non-parallel shocks are defined. For market risk a number of combined scenarios is determined with (different) simultaneous shocks to the various sub-market risks.

These market risk scenarios are monitored and reported on a regular basis, and if deemed necessary adjustments are made to existing market risk exposures (e.g., interest rate risk). The aim is to mitigate interest rate risk through hedging, to achieve appropriate resilience in Athora Netherlands capital position over time.

This approach reflects the sensitivity of the entire statement of financial position (of fixed cash flows, options, risk margin and required capital) drawn up.

#### B.3.2.7.3 Counterparty Default Risk

In addition to the calculation of SCR Counterparty Default Risk, Athora Netherlands has developed a complementary Counterparty Risk Policy for internal use. This risk is measured in terms of Stress Loss (SL) and Loss at Default (LAD) derived thereof and encompasses all instruments/exposures with credit exposures that are in scope for SCR Credit Spread, SCR Concentration Risk and SCR Counterparty Default Risk. Appropriate internal SL and LAD limits have been incorporated in the ALM policy and must be adhered to.

Athora Netherlands uses the methodology set out in the internal Counterparty Risk Policy to aggregate and monitor all counterparty exposures to various types of counterparties, such as (sub)sovereigns, financials and corporates on the individual counterparty basis. Monthly Counterparty Risk reports for Athora Netherlands and subsidiaries SRLEV and Proteq Levensverzekeringen are generated and delivered to the Investment Office and Risk and included as part the Financial Risk Dashboard to the FRC for discussion. Appropriate measures are taken when limits are breached.

Athora Netherlands manages counterparty default risk within the set frameworks. Investments may have to be sold when deemed necessary. Risk mitigating contracts or clauses are drawn up in cooperation with the Investment Office and Legal Affairs. The counterparty default risk at Athora Netherlands is measured by the exposure to individual counterparties and, as the case may be, aggregating exposures with similar characteristics.

For each type of credit risk, the roles, powers and responsibilities of officers and committees, including tiered decision-making powers, are recorded in the policy documents for the relevant type of credit risk.

#### B.3.2.7.4 Compliance Risks and Operational Risks

Compliance risks and Operational risks (see section [C.5](#)) are managed following the risk management cycle: risk identification, risk measurement, risk mitigation, risk monitoring and risk reporting.

### Risk Identification

Risks are identified to its strategic objectives and at all levels within the organisation. Several different approaches are used such as risk assessments, analysis of incidents, and leveraging the experience of its employees and its competitors, including the consideration of emerging risks. Risk identification is both considered from top-down and bottom-up bases. Athora Netherlands maintains a Risk

Taxonomy to facilitate the risk identification process The Risk Taxonomy also serves as a major organising principle for its risk control, risk oversight activities and risk reporting.

### Risk Measurement

In order to understand the magnitude of the exposure of the identified risks, risks are measured. The measurement of risks supports the risk management process through quantitative controls and limits. Risk measurement involves either or both qualitative and quantitative approaches depending on the nature of the risk and taking account of expert judgement and considering both normal and stressed scenarios. The level of risk is measured before and after considering additional mitigating measures.

### Risk Mitigation

The risk mitigation activities (avoid, transfer, mitigate and accept) are aimed at controlling risks within the boundaries set by the risk appetite.

### Risk Monitoring

In order to ensure that risks stay within the risk appetite, they are monitored. Within the monitoring activities both the first line and second line take their role. Given the outcome of the monitoring activities Athora Netherlands can determine the most appropriate course of action. The goal of risk monitoring is to ensure that Athora Netherlands carefully controls its risk-taking decisions as well as its total risk profile.

### Risk Reporting

The primary objective of risk reporting – defined as all regular and ad hoc reports by first and second line – is to create internal risk transparency and meet external disclosure requirements. Objectives are to provide stakeholders with accurate and timely information about material risk issues by means of concise and understandable messages, to design reports so that they optimally meet recipients' needs and to facilitate informed decision-making.

### General Developments

During the year risks are monitored compared to the appetite by first and second line and when necessary, mitigating measures initiated to improve the risk profile. Athora Netherlands' Integrated Control Framework (ICF) was rated satisfactory by Internal Audit and DNB confirmed mid 2023 that earlier identified findings have all been sufficiently resolved.

During the last years the organisation further improved controls (with efficiency gains) by streamlining and automating processes, which was reflected in the ICF in the increase of automated controls versus manual controls. GRC tooling was further evolved, resulting in all risk instruments now being captured herein. The Change portfolio contained a number of programs derived from the Strategic roadmap perspective and regulatory requirements. Risk Self Assessments (RSA) were consistently performed to identify inherent risks, which created the basis for actions and mitigating measures to manage the change risk. A RSA internal Fraud was conducted across Athora Netherlands with senior management and experts. Results were discussed at the ORCA and although risk is within appetite, further improvement actions were initiated to improve the risk profile.

Athora Netherlands actively promotes awareness to cyber security threats, also with its third party suppliers. DDOS and ransomware fraud attacks are increasing whereby identified vulnerabilities require immediate patch updates.

#### B.3.3 ORSA

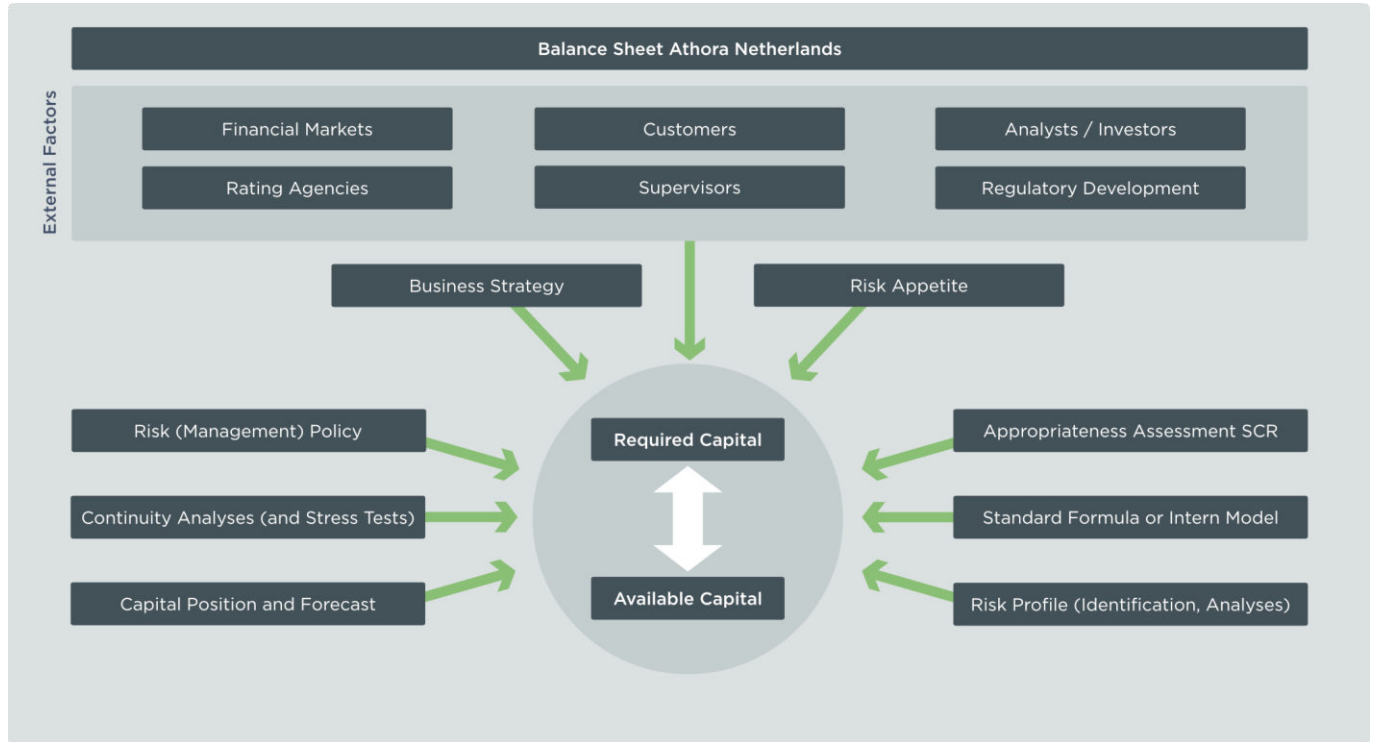
As part of its risk-management system Athora Netherlands conducts its own risk and solvency assessment (ORSA). That assessment includes:

- the overall assessment of solvency taking into account the specific risk profile, approved risk tolerance limits and the business strategy of Athora Netherlands;
- the significance in which the risk profile of Athora Netherlands deviates from the assumptions underlying the SCR calculated with the standard formula.

The ORSA is an integral part of Athora Netherlands' management control cycle and is filed with the regulator.

### ORSA Process

The ORSA considers external factors, the business strategy, future developments, the risk profile and risk appetite to assess the amount and quality of capital. An overview is shown in the figure below.



### ORSA Process

Athora Netherlands performs the ORSA annually and if any significant change in its risk profile occurs. The Executive Committee is accountable and actively involved. The appropriateness of the risk measurement is assessed and adequacy of capital is tested against a range of stressed scenarios thereby considering the possible effect of management actions.

#### B.3.3.1 Scenario Tests and Mitigation Action

An extensive risk identification process takes place. The identified risks are subject to a range of stress scenarios, which are severe but plausible, to test the financial position of Athora Netherlands. This is in contrast to the Preparatory Crisis Plan, in which the scenarios should be severe enough to create a direct threat to the going concern of Athora Netherlands.

For all scenarios in the ORSA mitigating management actions have been assessed.

#### B.3.3.2 Main Conclusions

Athora Netherlands concludes that the standard formula is an appropriate risk management for Athora Netherlands' risk profile and Athora Netherlands' solvency is adequate for protecting its policy holders. Risks that are out-of-scope of the standard formula have been identified in risk assessments, examined in stress scenarios and mitigated by managerial actions where appropriate. The quality of Athora Netherlands' capital is sufficient. Athora Netherlands complies with capital requirements and has sufficient liquidity. Athora Netherlands expects operating capital generation will improve by moving towards our strategic asset allocation, making the organisation more efficient and simultaneously growing the pension business.

## B.4 Internal Control System

### B.4.1 Integrated Internal Control System

The Integrated Control Framework (ICF) is Athora Netherlands' internal control system and is part of its Risk Management System. The objective of the ICF is to provide reasonable assurance regarding the design, effectiveness and efficiency of Athora Netherlands' management activity, operations and processes, the reliability of Athora Netherlands' financial, operational, internal and external reporting, and compliancy with regulatory requirements.

The ICF contains core components that form the basis for a sound and controlled operational environment within Athora Netherlands. For all components within the ICF, standards are defined and periodically evaluated that outline the key requirements that should be met to achieve the level of control according to the agreed risk appetite levels.

The ICF forms the basis for sound and controlled operations within Athora Netherlands, measures the maturity of risk management and monitors process Key Controls and Management Controls. The improvement and optimisation of the ICF is a continuous process. Athora Netherlands' organisation develops and changes over time and the ICF continuously adapts to new situations.

### B.4.2 Process Controls and Management Controls

#### Testing of Effectiveness

##### Process controls

Periodically the effectiveness of process key controls is tested according to a predefined schedule. Based upon a quarterly cycle the first line performs testing activities for process key controls. Results are reported within first line risk reports which are reported to the ORCs of the different organisation units and to the ORC Athora Netherlands. The review results are discussed with, reported to and followed up by responsible first line management. The second line in addition performs an independent quality review on the first line test reports and provides maturity scores on quality of the testing files. First line testing and second line quality monitoring of key controls show the right level of maturity.

##### Management Controls

Management controls (i.e., entity level controls) provide an understanding and insight in the maturity level of risk management and risk control in the different organisation units. Management controls are designed on the basis of relevant legislation (e.g., WFT, Solvency II) and internal risk management and compliance policies. The individual management controls are tested annually by the first line in a self-assessment process. The second line review results are reported to the different organisation units and, on an aggregated level, to the ORCA.

The professional standards and scoping used for testing by Athora Netherlands' first and second line are assessed by the external auditor in order to, as much as possible, make use of these testing procedures for audit purposes.

### B.4.3 Compliance function

The main purpose of the Compliance Function is to support management in conducting its business operations in a controlled, honest and sound manner, and with regard to the risks which in this context are a threat to achieving the strategic objectives, obligations arising from laws and regulations, insights from social discussions and guidelines imposed by regulators, through:

- Systematic identification and analysis of Integrity Risks;
- Drafting and communicating understandable and clear policies, frameworks, guidelines procedures and measures with regard to Compliance Risks;
- (Pro) actively promoting within Athora Netherlands, a culture of integrity and openness;

- Stimulating the Athora Netherlands organisation in adhering to relevant laws and regulations, codes of conduct, policies and (internal) standards and monitoring and design, implementation and operation of the first line responsibility. Monitoring by the Compliance Function focuses on laws and regulations related to integrity and behaviour;
- Challenging both solicited and unsolicited proposals, advises, steering information and management in relation to Integrity and Compliance Risks;
- Reporting to Executive Board and Supervisory Board on adherence to laws and regulations and with regard to identified risks, shortcomings and which remedial measure were taken or are required to be taken.

The Compliance Function is established as a pure second line function within the Risk Organisation. It carries out its activities on behalf of all entities of Athora Netherlands and performs its tasks independently and takes into account the interests of all its relevant stakeholders. The Compliance department and Legal department are both positioned under the Director Legal and Compliance. The Director Legal and Compliance acts as Compliance Function Holder (CFH). In order to ensure the independent role of the CFH, several safeguards have been implemented, amongst others that the CFH (a) is represented in the relevant risk committees (the Operational Risk and Compliance MTs, PMP, P&CC and RC-SB); (b) has periodic bilateral meetings with the CEO and an escalation line to the CEO and if deemed necessary by the CFH, to the Chairman of the Supervisory Board; and (c) the Annual Compliance Plan and budget of the Compliance Function is subject to approval by the Executive Committee and the Risk Committee of the Supervisory Board.

## B.5 Internal Audit Function

The professional standards and scoping used for testing by Athora Netherlands' first and second line are assessed by the external auditor in order to, as much as possible, make use of these testing procedures for audit purposes.

Audit Athora Netherlands does not take part in determining, implementing or steering of Athora Netherlands' risk appetite, risk management processes and risk responses. Audit Athora Netherlands reports to the chairman of the Executive Committee of Athora Netherlands and has direct access to the Chairman of the Audit Committee of the Supervisory Board of Athora Netherlands.

Audit Athora Netherlands performs risk-based audits on Athora Netherlands' risk management processes, including their design and how well they are working, on the management of key risks, including the effectiveness of the controls and other activities, and on the reliability and appropriateness of risks and reporting of risk and control status. This means formulating an opinion on whether the organisation's risk management methodology is understood by key groups or individuals involved, including the Executive Committee and the Audit Committee. Further, Audit assesses whether risk management processes are sufficient to protect the assets, reputation, and ongoing operations of the organisation.

## B.6 Actuarial Function

The Director Actuarial Risks is accountable for the Actuarial Function (AF). The main responsibilities of the AF are to coordinate the calculation of the technical provision, to express an opinion on the overall underwriting policy, to express an opinion on the adequacy of reinsurance arrangements and to contribute to the effective implementation of the risk-management system, in particular with respect to the risk modelling underlying the calculation of the capital requirements and to the own risk and solvency assessment.

In order to ensure an independent opinion of the AF, safeguards have been implemented. The AF is represented in various risk committees. That is, in particular, the RC-SB, FRC, P&CC and PMP. The representation and escalation procedure are registered in the mandates of the committees. The AF co-operates closely with the Risk Management Function. The Director Actuarial Risks reports to the CRO, however the AF holder has a direct escalation line to both Executive Committee and the Chairman of the Supervisory Board. Position, rights and authorities of the AF are defined and approved on by the Executive Committee.

## B.7 Outsourcing

Athora Netherlands has outsourced several business activities to improve its operational efficiency. The full responsibility and accountability for the results of the activities performed by the service suppliers remains with Athora Netherlands. To manage the outsourcing risk Athora Netherlands has a written Outsourcing policy in place to safeguard controlled and sound business operations. The policy contains requirements and guidelines under which activities can be performed by an external service provider. The policy is applicable for all legal entities operating within Athora Netherlands.

The performance of the outsourcing of activities is regulated by a written contract. The contract contains the conditions under which the service provider must operate. This includes quality standards, continuity guarantees and reporting requirements. The exit clauses are also taken up to guarantee a smooth hand over in case the activities have to be taken back by Athora Netherlands. Compliance by the service provider to the treaty is monitored through regularly discussions with the service provider on several levels and includes the option of conducting an audit by Athora Netherlands Internal Audit.

Athora Netherlands distinguishes between the following main outsourcing categories:

- Outsourcing of business processes to external service providers (Business Process Outsourcing). This relates to primary processes and ancillary processes.
- Outsourcing to other legal entities within Athora Netherlands. Control principles are applied in proportionality to the intra-group relation. This applies for example for key functions.
- Outsourcing of IT processes and/or assets to external service providers and/or suppliers. This concerns software development (customisation), management of IT components, housing of IT, or external hosting and management.
- Outsourcing of insurance activities to authorised agents.
- Outsourcing of asset management services. The Athora Netherlands Outsourcing policy also applies to outsourcing to Cardano by insurance entities within Athora Netherlands.

## B.8 Any Other Information

No other disclosures are applicable.



## C RISK PROFILE

### RISK TAXONOMY

Athora Netherlands provides insight into the risks for the business itself and for its stakeholders in order to manage these risks within the indicated tolerance levels. This includes both behaviour related and financial aspects of Risk Management. Clarity is crucial to ensure adequate risk management. In order to clarify the communication and management of risks, the risk taxonomy includes an extensive list of mutually exclusive risk types to which Athora Netherlands is or could be exposed.

Athora Netherlands has defined and structured different risk types, partly based on applicable laws and regulations (such as Solvency II Standard Formula), and on the international ORX Reference Taxonomy.

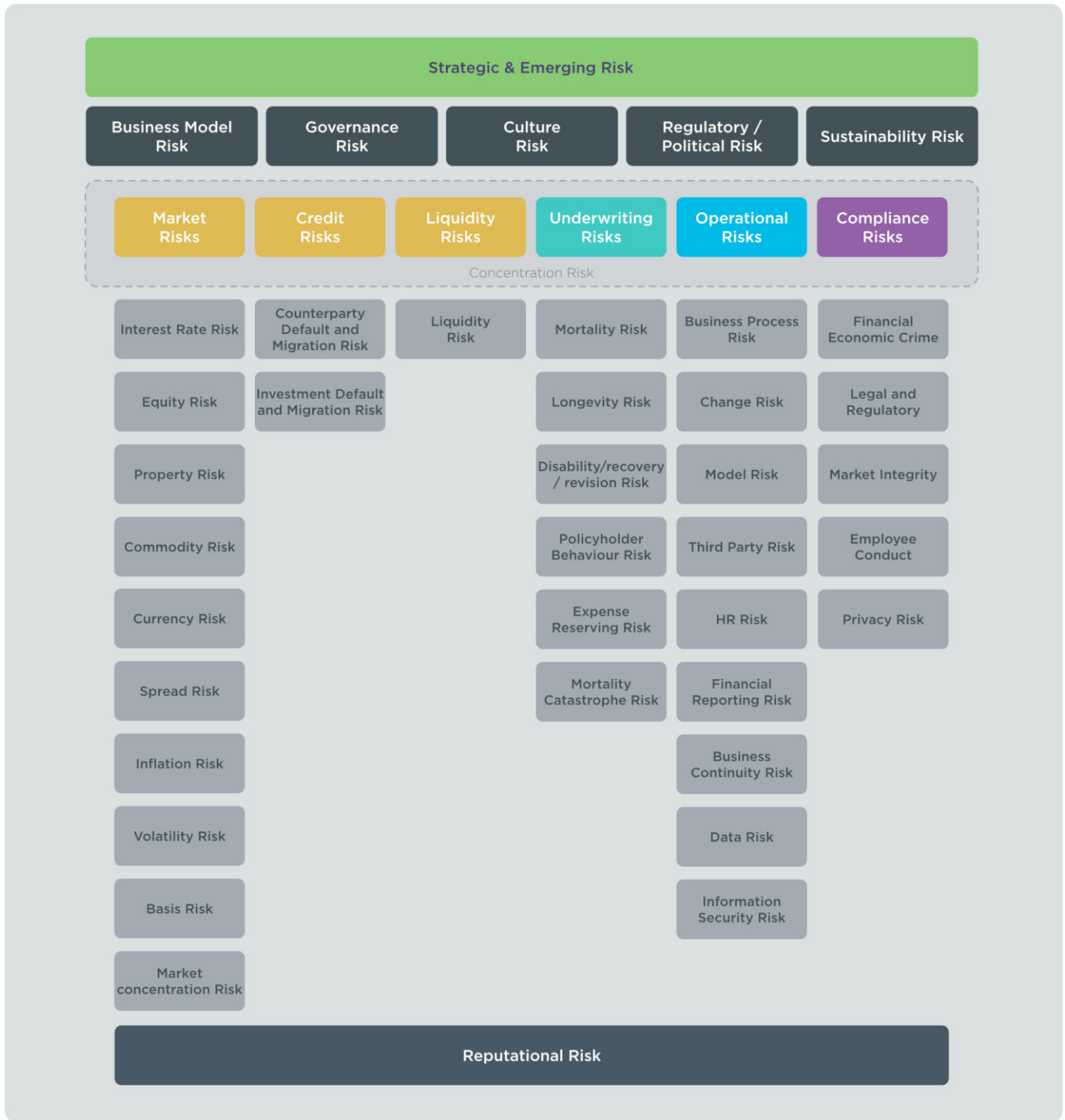
As part of its strategy, Athora Netherlands deliberately takes Underwriting risks and Market risks aiming for returns. As a consequence, taking Credit (investments) risk and Liquidity risk may contribute to those returns. Compliance risk and Operational risks are inherent risks that have to be controlled and managed.

#### **Strategic and emerging Risks**

Strategic and emerging risks relate to future business and society developments and may eventually materialise as one of the main or sub risk types. Strategic and emerging risks are monitored in the Enterprise Risk Management Report. In the risk assessment on the Operational Plans several internal and external strategic development scenarios are taken into account.

Athora Netherlands recognises several strategic risks, from which Business model risk, Governance risk and Sustainability risks are most notable. Emerging risk is a newly developing or changing risk that may evolve to one of the main or sub risk types, and which is perceived to have a potential significant impact on Athora Netherlands financial strength, competitive position or reputation. Identifying and assessing emerging risks are incorporated in the risk management system.

Risk Taxonomy



The tables below show a breakdown of the SCR of Athora Netherlands and of its solo entities:

### SOLVENCY CAPITAL REQUIREMENT AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Athora Netherlands
Life underwriting risk	1,022	21	1,040
Market risk	1,443	7	1,449
Counterparty default risk	101	7	104
Diversification	(566)	(8)	(575)
<b>Basic Solvency Capital Requirement</b>	<b>1,999</b>	<b>26</b>	<b>2,019</b>
Operational risk	147	2	147
Loss-absorbing capacity of technical provisions	-	(1)	-
Loss-absorbing capacity of deferred taxes	(554)	(6)	(557)
<b>Net Solvency Capital Requirement</b>	<b>1,592</b>	<b>22</b>	<b>1,608</b>
Capital requirements of other financial sectors			8
<b>Consolidated Group SCR</b>			<b>1,616</b>

### SOLVENCY CAPITAL REQUIREMENT AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Athora Netherlands
Life underwriting risk	954	22	974
Market risk	1,370	9	1,380
Counterparty default risk	96	2	96
Diversification	(533)	(7)	(540)
<b>Basic Solvency Capital Requirement</b>	<b>1,887</b>	<b>26</b>	<b>1,910</b>
Operational risk	140	2	141
Loss-absorbing capacity of technical provisions	-	-	-
Loss-absorbing capacity of deferred taxes	(503)	-	(502)
<b>Net Solvency Capital Requirement</b>	<b>1,524</b>	<b>28</b>	<b>1,549</b>
Capital requirements of other financial sectors			3
<b>Consolidated Group SCR</b>			<b>1,552</b>

In 2023, as part of Athora Netherlands' strategy to achieve profitable growth for our company, Athora Netherlands remained focused on improving operating capital generation. For example, by asset deployment, gradually rebalancing, achieving an increase in investment income within the appropriate risk limits. By improving the business contribution (improving the Value New Business for SRLEV) and by further optimising the risk profile (by Balance Sheet Management initiatives) taking into account the Risk Appetite.

Changes in the item "Diversification" is the result of changes in the underlying risk modules. Not all risks will materialise at the same time and at their full magnitude resulting in diversification between different risk types.

Interest rate shocks can also have an impact on the loss-absorbing capacity of technical provisions (LAC TP). Article 83 of the Delegated Regulations requires to report this impact separately from the SCR Interest rate scenario. In case of an interest-up scenario, Solvency II regulation prescribes a zero LAC TP.

When determining the Net Solvency Capital Requirement, the loss-absorbing capacity of deferred taxes may be set off against the Basic Solvency Capital Requirement. Athora Netherlands has

examined for SRLEV and Proteq whether, following a loss of the same size as the (pre-tax) SCR shock, future profits will be sufficient to be able to recover, partially or fully, the change in deferred tax assets caused by that loss.

After stress, projected future profits will be sufficient to partly recover the additional DTA caused by that stress, also helped by capital support from Athora group. Leading to a LAC DT in the SCR of € 554 million for SRLEV and € 6 million for Proteq. The LAC DT of the group entity Athora Netherlands is the consolidated sum of its legal insurance entities.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

Capital Requirements of other financials sectors refer to holdings which are subject to a different regime than Solvency II.

Capital requirements of other financial sectors includes the PPI.

The risk categories will be explained in more detail in the next paragraphs. To provide insight in the risks the company is exposed to, sensitivities are shown for different underwriting and market risks in the next sections. For underwriting risks and spread risks the sensitivities shown are the estimated impact on own funds without recalculating the SCR after shock.

For the other market risks the sensitivities shown are the estimated impact on own funds including the estimated impact on the SCR market and life underwriting risk after shock. The impact of interest rate sensitivity on SCR counterparty default risk has been taken into account.

## **C.1 Underwriting Risk**

### **C.1.1 Risks - General**

The underwriting risk is the risk that the own funds, earnings or solvency are insufficient to make payments (either now or in the future) from premium and/or result on investments owing to incorrect and/or incomplete assumptions (mortality, longevity, morbidity, policyholder' behaviour, catastrophes, interest and expenses) used in the development of the product and the determination of its premium. The interest rate risk related to insurance products is part of the market risk.

### **C.1.2 Life**

#### **C.1.2.1 Risk Categories**

The underwriting risk in the Life business includes the significant sub-risk categories of mortality risk, longevity risk, lapse risk, catastrophe risk and expense risk. It may include disability and recovery risk. Athora Netherlands is also exposed to interest rate risk in the context of guarantees.

#### **Mortality Risk and Longevity Risk**

The risk typically associated with Life insurance policies is mortality and longevity risk. These risks mainly affect the duration and timing of the payment of the insured cash flows. Mortality risk indicates the risk for the company of the policyholder dying earlier than expected. In the case of a life benefit, the longevity risk for Athora Netherlands is that the policyholder might live longer than expected.

To derive the longevity assumptions, Athora Netherlands uses the latest model published by the Netherlands Actuarial Association (AG2022). The overall assumptions are reviewed annually.

#### **Disability - morbidity Risk**

The Life insurance portfolio is exposed to the risk of policyholders being unable to work for a limited period or on a permanent basis because of disability. The financial impact is dependent on the age, the sum insured and the disability percentage of the policyholder.

**Lapse Risk**

Lapse risk reflects the impact of policyholder' behaviour, such as surrender (the policyholder terminates the policy before the maturity date) or conversion to a paid-up status (the policyholder terminates the regular premium payment before the maturity date).

**Life Expense Risk**

Athora Netherlands is exposed to expense risk as actual expenses may exceed expense loadings included in the best estimate calculation. This relates to changes in the level, trend or volatility of the costs related to the fulfilment of insurance or reinsurance contracts.

In line with expected developments Athora Netherlands uses an run-off model related to Non-Pension products and a going concern model related to Pension products to derive the expense assumptions.

**Life Catastrophe Risk**

With respect to Life insurance, in the event of a catastrophe the risks are primarily in the group insurance portfolio. Participants in a group contract often work at the same location or undertake joint activities, which may create about a concentration of risk. Concentration risk has been partly managed by reinsurance.

**Interest Rate Guarantee Risk**

In traditional insurance policies and unit-linked investment policies with an interest rate guarantee, Athora Netherlands bears the interest rate risk on the investments that are held to cover the obligations to policyholders.

For Group insurance policies with separate accounts, the policyholder bears the market risk. The policyholder is the employer that entered into the contract and insure the pension commitments for its employees with Athora Netherlands. Athora Netherlands guarantees the payment of the insured pension rights. The value of the investments has to be at least equivalent to the provision for accrued pension rights. Additional measures may also have been agreed contractually to compensate for investment losses. Athora Netherlands can reduce the market risk by changing the investment mix if the additional provisions are insufficient. If the value of the investments (including any contractually agreed additional measures) is insufficient, the remaining deficit is for Athora Netherlands.

The following table shows which risks are associated with specific products for the Life insurance portfolio of Athora Netherlands.

## PRODUCTS IN THE LIFE INSURANCE PORTFOLIO (SOLVENCY II)

Product	Product features		Risks per product					
	Guarantee	Profit-Sharing	Mortality	Longevity	Catastrophe	Lapse	Expense	Disability
Savings-based mortgage	Mortgage interest		√		√	√	√	
Life annuity	Regular payment			√			√	
Term insurance	Insured capital	1	√		√	√	√	
Traditional savings	Insured capital	√	√	√	√	√	√	
Funeral insurance	Insured capital	√	√	√	√	√	√	
Individual insurance policies in investment units	2		√	√	√	√	√	
Group insurance policies in cash	Regular payment / Insured capital	√	√	√	√	√	√	√
Group insurance policies in investment units			√	√	√	√	√	√
Group insurance policies with separate accounts	Regular payment / Insured capital <sup>3</sup>	√		√	√	√	√	√

1. Partly company profit-sharing  
2. In some insurance guaranteed minimum yield applies at maturity  
3. End of contract date contract contributory is not mandatory

## C.1.2.2 Life Insurance Portfolio

The life insurance portfolio contains individual and group life insurance policies.

Individual life policies were sold as policies with a fixed sum insured and policies with a benefit in units (unit-linked and universal life insurance). The traditional products were sold with or without profit-sharing. The unit linked policies are with or without guarantees.

The individual insurance portfolio mainly consists of unit-linked insurance policies, savings mortgage policies, endowments and other savings policies, term life policies, funeral policies and life annuity insurance policies providing regular payments for a fixed period or for the remainder of the holder's life.

The group life insurance portfolio consists of both traditional contracts where the investment risk is borne by the insurer, investment insurance (unit linked and universal life) and separate accounts,

where the investment risk is borne by the customer. The separate accounts have an interest guarantee whereby at the current low interest rates this option has value for the customer.

The portfolio is spread over policies with mortality risk and policies with longevity risk.

### Co-insurance Life

Athora Netherlands has entered into several co-insurance contracts with one or more other insurers. Risk assessments for those contracts are based on the information provided by the administrating company and on an annual basis. The originating company of the contract draws up a report that Athora Netherlands uses to monitor the development of the portfolio and determine the provisions.

#### C.1.2.3 Life Reinsurance

Athora Netherlands has an integrated reinsurance programme for the life and disability portfolios. A Catastrophe reinsurance contract for mortality and disability was concluded as an umbrella cover for the different sub portfolios together, with a cover from € 15 million up to € 90 million. Terrorism is covered via a reinsurance pool (NHT).

A large part of longevity risk for individual and group insurances is transferred through Quota Share reinsurance. There are three longevity reinsurance treaties in place. The first longevity reinsurance contract was closed in 2018, followed by the second in 2020 and the third in 2021. These longevity risks are transferred through full indemnity-based Quota Share reinsurance treaties. Remaining longevity exposure at risk of Athora Netherlands is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations. A price reset in 2023 for the existing group life longevity reinsurance contracts resulted in a positive impact of 14%-points to the Solvency II ratio.

#### C.1.2.4 SCR Life and Sensitivities

The table below shows the SCR of the underwriting risk Life.

#### SCR LIFE UNDERWRITING RISK AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Athora Netherlands
Mortality risk	177	5	183
Longevity risk	466	2	468
Disability-morbidity risk	19	-	19
Lapse risk	220	2	222
Life expense risk	553	17	571
Revision risk	-	-	-
Life catastrophe risk	179	-	179
Diversification	(592)	(6)	(601)
<b>SCR Life underwriting risk</b>	<b>1,022</b>	<b>21</b>	<b>1,040</b>

**SCR LIFE UNDERWRITING RISK AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Athora Netherlands
Mortality risk	180	6	186
Longevity risk	388	2	390
Disability-morbidity risk	23	-	23
Lapse risk	207	3	210
Life expense risk	534	17	551
Life catastrophe risk	180	-	180
Diversification	(558)	(6)	(566)
<b>SCR Life underwriting risk</b>	<b>954</b>	<b>22</b>	<b>974</b>

The SCR life is sensitive for interest rate movements. The decrease of the interest rates leads to an increase of the liabilities, and increasing the SCR life.

**Mortality risk**

The capital requirement for life mortality risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 15% in the mortality rates used for the calculation of the technical provisions. The increase in mortality rates will apply only to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

**Longevity risk**

The capital requirement for life longevity risk is equal to the loss in basic own funds resulting from an instantaneous permanent decrease of 20% in the mortality rates used for the calculation of the technical provisions. The conditions for the calculation are the same as those specified in relation to life mortality risk, although in this case it concerns an increase in the best estimate provision in the event of a falling mortality rate. The groups whom this concerns will generally be those that are not affected by the life mortality risk.

**Disability-morbidity risk**

The capital requirement for disability-morbidity risk is equal to the loss in basic own funds resulting from the following combination of instantaneous permanent changes:

- an increase of 35% in the disability rates which are used in the calculation of the technical provision in the following 12 months;
- an increase of 25% in the disability rates which are used in the calculation of the technical provision in all months thereafter;
- a decrease of 20% in the recovery rates which are used in the calculation of the technical provision for all years.

**Lapse risk**

The capital requirement for life lapse risk is equal to the largest of the following capital requirements:

- The capital requirement for the risk of a permanent increase in lapse rates. This is equal to the loss in basic own funds of insurance and reinsurance undertakings that would result from an instantaneous permanent increase of 50%.
- The capital requirement for the risk of a permanent decrease in lapse rates. This is equal to the loss in basic own funds of insurers and re-insurers that would result from an instantaneous permanent decrease of 50%.
- The capital requirement for mass lapse risk. This is equal to the loss in basic own funds that would result from a discontinuance of 40% of the policies.

Athora Netherlands, SRLEV and Proteq were sensitive for the mass lapse risk per year-end 2023.



### Life expense risk

The capital requirement for life-expense risk is equal to the loss in basic own funds that would result from the following combination of instantaneous changes:

- an increase of 10% in the amount of expenses included in the calculation of the technical provisions;
- an increase of 1% in the cost inflation rate (expressed as a percentage) used for the calculation of the technical provision.

To manage the economic risk of an increase in inflation rates, Athora Netherlands put in place an inflation hedging programme, in line with the company's Risk Appetite.

The capital charge for life expense risk is calculated without taking the impact of these inflation linked swaps into account, given the difference that may exist between future realisation of expense inflation and future realisation of Euro HICPxT inflation.

### Life catastrophe risk

The capital requirement for life catastrophe risk is equal to the loss in basic own funds resulting from an instantaneous permanent increase of 0.15% to the mortality rates in the following twelve months.

The increase in mortality rates applies to insurance policies for which the increase in mortality rates leads to an increase in technical provisions, without risk margin, being the best estimate provision.

### Sensitivities

The value of the Life insurance portfolio may be sensitive to changes in the underwriting parameters used for calculating the fair value of liabilities. In order to obtain information on these sensitivities, the effects of changes in mortality rates, surrender rates (including conversions to non-contributory policies) and expense assumptions, including inflation, are calculated separately. The material sensitivities are disclosed.

The key sensitivities of the Solvency II ratio to changes in the underwriting parameters are the sensitivities to longevity, expense and inflation risk. Due to the long-term nature of the Life insurance portfolio these sensitivities are sensitive for interest rate movements.

The longevity risks are reduced through a reinsurance treaty. The remaining longevity exposure at risk of Athora Netherlands is in line with the internal risk appetite. The impact of these transfers of longevity risk have been reflected in the SCR calculations.

To reduce the economic risk of an increase in inflation rates, Athora Netherlands has put in place an inflation hedging programme, in line with the company's Risk Appetite. The programme is providing a significant reduction in the sensitivity of best estimate liabilities and own funds to changes in inflation expectations. The impact of the inflation linked swaps have not been taken into account in the SCR expense calculation.

The following table shows the combined effect on assets and liabilities of the sensitivities to some changes in risk variables arising from insurance contracts. The Solvency II ratio sensitivities for underwriting parameters are based on the estimated impact on own funds without recalculating the SCR after shock.

**SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS ATHORA NETHERLANDS**

In %	Solvency II ratio	
	2023	2022
10% lower mortality rates for all policies (longevity risk)	(6)%	(4)%

**SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS SRLEV**

In %	Solvency II ratio	
	2023	2022
10% lower mortality rates for all policies (longevity risk)	(7)%	(5)%

**SENSITIVITY AS A RESULT OF CHANGES IN UNDERWRITING PARAMETERS PROTEQ**

In %	Solvency II ratio	
	2023	2022
10% lower mortality rates for all policies (longevity risk)	14 %	13 %

## C.2 Market Risk

### C.2.1 Risks - general

Market changes may materially impact on the value of the assets and liabilities of the insurance business. To manage the mismatch between the assets and liabilities an Asset and Liability Management (ALM) framework is in place in order to optimise between risks and returns and ensure that Athora Netherlands' operations remain within its risk appetite.

Market risk is the risk arising from changes in the level or volatility of market prices of financial instruments which impact on the value of the assets and liabilities of Athora Netherlands. The ALM-framework aims to reflect the structural mismatch between assets and liabilities, with respect to the duration thereof.

The following sub-market risks have been defined: interest rate, equity, property, spread, inflation, basis, concentration, currency and volatility risk.

Compared to Solvency II (standard model) market risk classification, Athora Netherlands recognises three additional market risks, namely inflation, volatility and basis risk.

### C.2.2 SCR Market Risk

Exposure to market risk is measured under the Solvency II regime using adverse movements in financial variables. The main driver of market risk is the Solvency Capital Requirement for spread risk and Equity risk.

The relevant types of market risk in Solvency II are displayed in the table below:

#### SCR MARKET RISK AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Athora Netherlands
Interest rate risk	99	5	114
Equity risk	651	-	651
Property risk	261	-	261
Spread risk	651	5	656
Concentration risk	76	-	74
Currency risk	97	-	97
Diversification	(392)	(1)	(404)
<b>SCR market risk</b>	<b>1,443</b>	<b>9</b>	<b>1,449</b>

**SCR MARKET RISK AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Athora Netherlands
Interest rate risk	94	2	96
Equity risk	505	2	507
Property risk	272	-	272
Spread risk	678	7	686
Concentration risk	66	-	65
Currency risk	180	-	180
Diversification	(425)	(2)	(426)
<b>SCR market risk</b>	<b>1,370</b>	<b>9</b>	<b>1,380</b>

**C.2.2.1 Interest Rate Risk**

Interest rate risk is a key component of Athora Netherlands' market risk profile. Interest rate risk arises when the interest rate sensitivities of the assets and liabilities are not equal and it is expressed as movements in the capital position if market rates change.

The capital requirement for interest rate risk in the standard formula of Solvency II is determined on the basis of two scenarios in which the risk free yield curve is exposed to shocks affecting both assets and liabilities. The first scenario is 'interest rate up' and the second 'interest rate down'. The capital requirement for interest rate risk is defined by the scenario which has the most negative impact on basic own funds. The sign of the SCR interest rate shock (up or down) has to be determined based on the net SCR interest rate risk in accordance with Solvency II legislation. However, the gross SCR interest rate risk determines the size of SCR interest rate risk.

**SCR INTEREST RATE RISK AT 31 DECEMBER 2023**

In € millions	SRLEV	Proteq	Athora Netherlands
SCR interest up shock	(99)	-	(114)
SCR interest down shock	(48)	(5)	(39)
<b>SCR interest rate risk</b>	<b>99</b>	<b>5</b>	<b>114</b>

**SCR INTEREST RATE RISK AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Athora Netherlands
SCR interest up shock	(94)	(2)	(96)
SCR interest down shock	(22)	(1)	(24)
<b>SCR interest rate risk</b>	<b>94</b>	<b>2</b>	<b>96</b>

The interest rate risk increased mainly due to interest rate hedge rebalancing.

Athora Netherlands uses a scenario based approach to control the sensitivity of solvency to market conditions, such as interest rates and spreads. The key solvency metric to express the risk is based on the regulatory solvency reported to the Dutch Central Bank (DNB). This method is chosen because Athora Netherlands has decided to use regulatory solvency as the principle factor in managing market risks.

Over the course of time, the positive valuation effect of the UFR reduces, which puts downward pressure on the trend in solvency in the future. EIOPA annually re-calculates the UFR in accordance with the methodology to derive the UFR.

For the Euro the calculated target UFR for 2023 was 3.45%. Per 1 January 2024 the applicable UFR will decrease to 3.30%, this will have a negative impact on solvency.

The tables below show the sensitivity of the Solvency II ratio to changes in interest rates as a result of a decrease or an increase by 0.50% of the interest rates (maintaining the UFR at 3.45%), decreases in the UFR of 0.15% and 0.5%, the impact of the VA on the Solvency II ratio and an inflation shock.

### SENSITIVITY ATHORA NETHERLANDS

In %	Solvency II ratio	
	2023	2022
Interest +50 bps	(3)%	(2)%
Interest -50 bps	5 %	1 %
UFR -15 bps	(4)%	(4)%
UFR -50 bps	(14)%	(14)%
Excluding VA	(49)%	(49)%
Inflation +100 bps	(3)%	- %

### SENSITIVITY SRLEV

In %	Solvency II ratio	
	2023	2022
Interest +50 bps	(4)%	(5)%
Interest -50 bps	5 %	4 %
UFR -15 bps	(4)%	(5)%
UFR -50 bps	(17)%	(17)%
Excluding VA	(54)%	(53)%
Inflation +100 bps	(2)%	4 %

### SENSITIVITY PROTEQ

In %	Solvency II ratio	
	2023	2022
Interest +50 bps	17 %	(5)%
Interest -50 bps	(1)%	4 %
UFR -15 bps	(10)%	(8)%
UFR -50 bps	(32)%	(34)%
Excluding VA	(54)%	(47)%
Inflation +100 bps	(3)%	- %

Due to the long-term nature of the Life and Pension insurance portfolio the Solvency II ratio is sensitive to interest rate movements. This sensitivity is mitigated by the use of long-term assets and, additionally, interest rate derivatives to hedge the insurance cash flows including those for guarantees and profit-sharing in the life insurance portfolio, so that the exposure is within pre-defined risk

appetite levels. Furthermore, Athora targets to match the expected cash flows from technical provisions with fixed-income instruments.

Athora Netherlands' interest rate hedging policy objective is to ensure that obligations towards policyholders are fulfilled in both the short-term and the long-term. In addition, it aims to enable its providers of capital to receive a reasonable return (in terms of market value) that is in line with Athora Netherlands' risk exposure and to stabilise the solvency ratio. Athora Netherlands manages its interest rate risk by stabilising the Solvency II ratio after an interest rate shock.

### C.2.2.2 Equity Risk

The SCR for equity risk is equal to the loss in market value of the basic own funds in the event of a sudden shock to equities including a so-called symmetric adjustment. This adjustment corrects the equity shock for the difference between the current level of global equity prices and a long-term average and can vary between a minus 10% adjustment and a plus 10% adjustment.

SCR for equity risk consists of type 1 and type 2 equities. Type 1 equities are equities listed in regulated markets which are members of the EEA or OECD. Type 2 equities are equities listed in countries other than members of the EEA and/or OECD, non-listed equities, private equities, hedge funds, commodities and other alternative investments.

The SCR for equity risk is defined as the aggregation of the capital requirement for type 1 equities and the capital requirement for type 2 equities, allowing a correlation of 0.75 between types 1 and 2.

Athora Netherlands does not apply the transitional arrangement for type 1 equities.

The table below shows the SCR for equity risk:

#### SCR EQUITY RISK AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Athora Netherlands
Type 1 equities	101	-	101
Type 2 equities	572	-	572
Diversification	(22)	-	(22)
<b>Equity risk</b>	<b>651</b>	<b>-</b>	<b>651</b>

#### SCR EQUITY RISK AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Athora Netherlands
Type 1 equities	153	-	153
Type 2 equities	380	2	382
Diversification	(28)	-	(28)
<b>Equity risk</b>	<b>505</b>	<b>2</b>	<b>507</b>

The equity risk of SRLEV and Athora Netherlands increased mainly due to asset deployments in private equity. The equity risk of Proteq decreased due to divesting.

The IFRS-based equities classification includes participations in funds that invest in other types of securities like money market funds and other (non-investment grade) fixed income funds. The ALM policy and the market sensitivities are adjusted to reflect the underlying risk under Solvency II and

IFRS for a more economic approach ('look through'), including the impact of the shock on the liabilities.

Athora Netherlands periodically examines the impact of changes in the equity markets on the result and on own funds. Scenario analysis is used for this purpose.

The tables below show the sensitivity for an equity down shock.

### SENSITIVITY ATHORA NETHERLANDS

In %	Solvency II ratio	
	2023	2022
Equities -10%	(5)%	(5)%

### SENSITIVITY SRLEV

In %	Solvency II ratio	
	2023	2022
Equities -10%	(6)%	(7)%

### C.2.2.3 Property Risk

Property risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of the market prices of real estate.

The SCR for property risk is equal to the loss in the basic own funds that would result from an instantaneous decrease of 25% in the value of property. Property consists of direct property (e.g., buildings and investments in owner-occupied properties) and indirect interests in property (through investment funds). Athora Netherlands applies the look-through approach in determining the SCR for property risk also taking the effect of any leverage on the Net Asset Value of property funds into account.

The table below shows the SCR for property risk:

### SCR PROPERTY RISK

In € millions	2023	2022
Property risk SRLEV	261	272
Property risk Athora Netherlands	261	272

The property risk of SRLEV and Athora Netherlands decreased mainly due to revaluations.

The IFRS-based equities classification includes participations in funds that invest in other types of securities. The ALM policy and the market sensitivities are adjusted to reflect the underlying risk under Solvency II and IFRS based on an economic approach ('look through'). Athora Netherlands periodically examines the potential impact of changes in the property markets on the net result and on shareholders' equity based on scenario analysis in line with the situation applying in the case of interest rate risk. The table below shows the sensitivity for a property down shock.

**SENSITIVITY ATHORA NETHERLANDS**

In %	Solvency II ratio	
	2023	2022
Property -10%	(5)%	(6)%

**SENSITIVITY SRLEV**

In %	Solvency II ratio	
	2023	2022
Property -10%	(5)%	(6)%

**C.2.2.4 Spread Risk**

Spread risk is defined as the sensitivity of the value of assets and liabilities to changes in the level or volatility of the credit spread above the risk-free interest rate term structure. The spread risk for the insurance business arises in the fixed-income investment portfolio, which includes securitisations, loans, corporate and government bonds that are sensitive to changes in credit risk surcharges. Increasing credit risk surcharges have a negative effect on the market value of underlying bonds.

The SCR for spread risk is determined by calculating the impact on the eligible own funds due to the volatility of credit spreads over the term structure of the risk-free rate. The required capital for spread risk is equal to the sum of the capital requirements for bonds, loans and structured products. The capital requirement takes into account the market value, the modified duration and the credit quality category.

**SCR SPREAD RISK AT 31 DECEMBER 2023**

In € millions	SRLEV	Proteq	Athora Netherlands
Bonds and loans	638	5	643
Securitisation positions	13	-	13
<b>Spread risk</b>	<b>651</b>	<b>5</b>	<b>656</b>

**SCR SPREAD RISK AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Athora Netherlands
Bonds and loans	672	7	681
Securitisation positions	6	-	5
<b>Spread risk</b>	<b>678</b>	<b>7</b>	<b>686</b>

Spread risk decreased mainly due to spreads increasing, decreasing the value of the credit and bond portfolio.

Athora Netherlands defines basis risk as the risk that offsetting investments in a hedging strategy will not experience price changes in entirely opposite directions from each other. This imperfect correlation between the two investments creates the potential for excess gains or losses in a hedging strategy, thus adding risk to the position.



Credit risk surcharges are also a source of basis risk in the valuation of insurance liabilities. The basis risk relates to the risk of a mismatch between the interest rate used in the valuation of the liabilities and the interest rate used for the asset portfolio. This basis risk mainly emanates from the risk that movements in the interest rate on the EU government bonds held in portfolio will not be in line with movements in the swap rate.

Under the Solvency II regime the swap curve with a prescribed Ultimate Forward Rate (UFR) is used when discounting insurance liabilities, adjusted for credit risk (CRA) and a Volatility Adjustment (VA). The VA moves along with the credit spreads, but basis risk exists because the VA is based on a reference portfolio instead of Athora Netherlands' own asset portfolio, and also a 65% scaling factor is applied to determine the VA. For managing market risks a number of combined scenarios is determined with (different) simultaneous shocks to risk categories. In this scenario based approach among others credit spreads, volatility (interest rate volatility and equity volatility) and best estimates for the VA are taken into account.

While interest rate risk regarding the Solvency II ratio is well matched, there remains volatility as the credit risk profile of Athora Netherlands differs from the profile implied by the Volatility Adjustment (VA). The basis risk is still material, in case of lower spreads for high quality bonds (e.g., German and Dutch) and higher spreads for riskier bonds, the Solvency II Ratio in general increases.

Under Solvency II an increase of credit spreads also leads to an increase of the Volatility Adjustment impacting the value of the liabilities. Athora Netherlands determined that an increase of all credit spreads of 50 bps leads to an increase of the VA of 21 bps, an increase of 50 bps on corporates to an increase of the VA of 11 bps and an increase of 50 bps on government bonds to an increase of the VA of 9 bps.

#### SENSITIVITY ATHORA NETHERLANDS

In %	Solvency II ratio	
	2023	2022
Credit spreads Government Bonds +50 bps	3 %	10 %
Credit spreads Corporates/Mortgages +50 bps	7 %	6 %
All Credit spreads +50 bps	12 %	16 %

#### SENSITIVITY SRLEV

In %	Solvency II ratio	
	2023	2022
Credit spreads Government Bonds +50 bps	5 %	13%
Credit spreads Corporates/Mortgages +50 bps	8 %	8%
All Credit spreads +50 bps	14 %	19%

#### SENSITIVITY PROTEQ

In %	Solvency II ratio	
	2023	2022
Credit spreads Government Bonds +50 bps	(43)%	(49)%
Credit spreads Corporates/Mortgages +50 bps	42 %	15 %
All Credit spreads +50 bps	(19)%	(25)%

### C.2.2.5 Concentration Risk

Concentration risk is defined as all risk exposures associated with a potential loss that is significant to endanger the solvency or financial position of insurance and reinsurance undertakings.

A concentration risk charge is prescribed under Solvency II when the issuer exposure exceeds a certain percentage threshold of the asset base depending on the credit rating of the issuer and the type of investment. The SCR for concentration risk is calculated on the basis of single name exposure. This means that undertakings which belong to the same corporate Group are treated as a single name exposure.

Athora Netherlands and its insurance entities still hold substantial investments in German and Dutch government bonds and supranational issuers which are excluded from (the Solvency II scope of) concentration risk.

The table below shows the SCR for concentration risk:

#### SCR CONCENTRATION RISK

In € millions	2023	2022
Concentration risk SRLEV	76	66
Concentration risk Athora Netherlands	74	65

The SCR concentration risk increased due to a higher exposure to central governments of non-EEA members within our own risk limits.

### C.2.2.6 Currency Risk

Currency risk is defined as the sensitivity of the value of assets, liabilities and financial instruments to changes in the level or volatility of exchange rates. The currency risk of Athora Netherlands is caused by a combination of investments and liabilities in foreign currencies that are not perfectly matched.

Athora Netherlands' policy is to permit only very limited currency risk.

The effects of changes in foreign exchange markets on the net result, own funds and solvency are measured periodically using scenario analysis. The Solvency II currency exposure is determined using the look-through principle regarding investment funds. This results in slightly higher currency exposure.

#### SCR CURRENCY RISK

In € millions	2023	2022
Currency risk SRLEV	97	180
Currency risk Athora Netherlands	97	180

The currency risk partly originates from hedging the foreign exchange risk of subordinated loans denominated in foreign currency and partly from the decrease in projected asset management fees for the unit linked portfolio in case of a currency shock.

The currency risk of SRLEV and Athora Netherlands decreased, amongst others due to model improvements and an execution of a hedge to (indirect) currency exposure to Unit Linked client funds.

### C.2.2.7 Volatility Risk

The volatility risk is the risk of losses due to changes in (implied) volatilities (interest rate and equity) and is measured separately. It is addressed in the market sub risks as described before. Athora Netherlands is sensitive to volatility on both sides of the balance sheet. The volatility risk is reduced because the volatility of the swaptions on the asset side have an offsetting effect on the embedded options on the liability side.

### C.2.2.8 Diversification

Not all risks will materialise at the same time and at their full magnitude, resulting in diversification between different risk types. Solvency II prescribes a correlation matrix for the diversification effect in the SCR Market Risk module in order to aggregate the results of the types of market risks. This leads to a lower amount of total Market Risk compared to the sum of the individual market risk types. Solvency II furthermore prescribes that a downward SCR interest rate shock will be more correlated with an equity, spread and property shock compared to an upward interest rate shock.

## C.3 Counterparty Default Risk (Credit Risk)

### C.3.1 Risks - general

Athora Netherlands defines counterparty risk as the risk of potential losses of own fund as a result of defaults of counterparties and debtors of Athora Netherlands within the next twelve months.

The SCR Counterparty Default Risk covers risk-mitigating contracts such as reinsurance arrangements, derivatives, security lending and repos, and cash at bank, retail mortgages and receivables from intermediaries, as well as any other credit exposures not covered by the SCR Spread Risk.

For each counterparty, the overall credit risk exposure of Athora Netherlands to that counterparty is measured, irrespective of the legal form of its contractual obligations. Its calculation also takes into account collateral or other security held by or for the account of Athora Netherlands and the risks associated therewith.

### Fixed-income Investment Portfolio

The counterparty risk within the fixed-income investment portfolios of Athora Netherlands is the risk that an issuer of a bond or a debtor of a private loan does no longer meet its obligations. Athora Netherlands has an internal Risk Policy Counterparty Risk that sets limits to exposure to counterparties, including fixed income investments, in terms of loss give default.

Counterparty exposure limits are one of the constraints when the strategic asset allocation is determined in the context of ALM for each Athora Investment Category. Counterparty exposure limits are also considered when setting up mandates with asset managers.

### Derivatives Exposure

The counterparty risk related to the fair value of the derivatives held by Athora Netherlands with a counterparty is managed by means of a Credit Support Annex (CSA) agreement in accordance with standard industry practice. These agreements stipulate that derivatives are mark-to-market daily, i.e., collateral (in liquid instruments) must be exchanged on a daily basis based on the underlying fair value of the derivatives to cover the counterparty default risk.

### Reinsurance

Athora Netherlands pursues an active policy with respect to the placement of reinsurance contracts, using a panel consisting of reinsurers with solid ratings. Our panel of reinsurers consists of partners who are involved for many years and are distinguished companies. Long-term relationships with the

reinsurers are important in order to maintain stability, continuity and understanding of the underlying underwriting portfolio. All reinsurers have a minimum credit rating of A.

### Mortgage Portfolio

Athora Netherlands is exposed to counterparty risk on its mortgage portfolio by possible default of mortgagors. The counterparty risk is, however, mitigated by properties held as collateral. Part of this portfolio is guaranteed by the National Mortgage Guarantee Fund (NHG). The average Loan to Value ratio has improved due to (early) payment of the outstanding mortgage balance and an increase in Dutch housing prices.

The overall mortgage portfolio decreased in value by selling part of the mortgage portfolio.

### MORTGAGES BY SECURITY TYPE

In € millions <sup>1</sup>	2023	2022
Mortgages < 75% of foreclosure value	2,999	3,660
Mortgages > 75% of foreclosure value <100%	111	34
Mortgages > 100% of foreclosure value	12	14
Mortgages with National Mortgage Guarantee	245	617
Residential property in the Netherlands	3,367	4,325
<b>Total residential property in the Netherlands</b>	<b>3,367</b>	<b>4,325</b>

<sup>1</sup> Mortgages are recognised in the statement of financial position under investments in loans and receivables.

### Saving Mortgages

Athora Netherlands holds various savings mortgages insurance policies, financed both internally and externally. The majority of the portfolio are savings mortgages with cession/retrocession arrangements, sub-participation agreements and pledged collateral.

SCR Spread risk will be applicable in case of no additional collateral and pledged collateral (50% of the charge). SCR CDR Type 1 will be applicable for the term contracts (future parts).

### C.3.2 SCR Counterparty Default Risk

The SCR counterparty default risk module reflects the potential loss as a consequence of defaults and deterioration in the credit standing of counterparties over a 12-month period. The SCR for the counterparty default risk is determined by aggregating the capital requirements of type 1 and type 2 exposures.

Type 1 exposures are exposures that have low diversification effects and for which the counterparty is likely to have an external rating. Solvency II treats the following as type 1 exposures:

- Risk-mitigation contracts, including reinsurance arrangements, special purpose vehicles (SPVs), insurance securitisations and derivatives;
- Cash at bank;
- Deposits with ceding undertakings;
- Commitments received by an insurance or reinsurance undertaking which have been called up but are unpaid;
- Legally binding commitments which the insurer has provided or arranged and which may create payment obligations depending on the credit standing of a counterparty.

Securities lending and repo programmes in which Athora Netherlands participates are also treated as a type 1 exposure. The capital requirement for counterparty default risk on type 1 exposures depends on the loss-given-default (LGD) and the probability of default (PD) of every single name exposure. The PD depends on the creditworthiness of the single name exposure.

Type 2 exposures consist of all exposures to which the capital requirement for spread risk is not applicable and which are not of type 1. In general, these are diversified exposures which do not have an external rating. Solvency II explicitly mentions the following exposures in the context of type 2:

- Receivables from intermediaries;
- Policyholder debtors;
- Mortgage loans which meet a set of requirements.

The capital requirement for counterparty default risk on type 2 exposures as defined by EIOPA is equal to the sum of 90% of the LGD of receivables from intermediaries due for more than three months and 15% of the LGD of other type 2 exposures.

The SCR for counterparty default risk is determined by aggregating the capital requirements for type 1 and type 2 exposures with a correlation of 0.75. This gives rise to diversification between type 1 and type 2 capital requirements because not all risks will materialise at the same time and at their full magnitude.

### COUNTERPARTY DEFAULT RISK AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Athora Netherlands
Type 1 exposures	82	7	85
Type 2 exposures	24	-	24
Diversification	(5)	-	(5)
<b>SCR counterparty default risk</b>	<b>101</b>	<b>7</b>	<b>104</b>

### COUNTERPARTY DEFAULT RISK AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Athora Netherlands
Type 1 exposures	86	2	86
Type 2 exposures	13	-	13
Diversification	(3)	-	(3)
<b>SCR counterparty default risk</b>	<b>96</b>	<b>2</b>	<b>96</b>

SCR counterparty default risk increased in 2023. The increase in capital requirements of type 2 exposures is due to higher LGD of mortgages. The lower indexing of mortgage collateral resulted in lower collateral value and higher LGD.

## **C.4 Liquidity Risk**

### **C.4.1 Risks - general**

Liquidity risk is defined as the risk that Athora Netherlands would have insufficient liquid assets to meet its financial obligations in the short-term, in a going concern situation or in times of a stress situation, or if obtaining the necessary liquidity would mean incurring unacceptable costs or losses.

The liquidity risk is monitored and managed both at Athora Netherlands group level and at legal entity level separately as no risk capital is charged according to the standard formula of Solvency II.

### **C.4.2 Policy**

The policy of Athora Netherlands is to have more liquidity available than it is required to hold based on internal risk management minimum levels. The objective of the internal risk management minimum levels is to ensure that Athora Netherlands is able to fulfil its obligations towards policyholders and all legal obligations.

The liquidity risk policy uses three sources of liquidity:

- The cash position;
- The liquidity buffer;
- The liquidity contingency policy.

#### **Cash Position**

The first source of liquidity concerns the cash position. This position is built up from the cash management process from investments management and cash management process from underwriting and operating activities. In the investments cash management process all cash flows from investments are managed by our investment managers.

Athora Netherlands has taken into account that all obligations to policyholders must be respected and that these obligations will be paid throughout the underwriting and other operating cash management process. If at any time these obligations exceed the premium income additional cash will be transferred from the investment cash management process. Otherwise, when premiums exceed the payments in the operational cash management process, cash will be transferred to the investments cash management process, for the purpose of the investing excess cash (temporarily).

#### **Liquidity Buffer**

The second source is the liquidity buffer. Together with the cash position, the liquidity buffer forms the overall liquidity position of the entity. The liquidity buffer is a good indicator for the overall liquidity position of Athora Netherlands and takes into account all available assets and the impact of prescribed shocks in a stress situation. Monitoring of this buffer accounts for an important part of the daily activities of Athora Netherlands.

#### **Liquidity Contingency Policy**

The last source of liquidity relates to a situation in which the normal liquidity and buffers turn out to be insufficient. In case of such a contingency, Athora Netherlands has implemented a Crisis Management Team (CMT) structure and a predefined set of potential management actions. The CMT must take timely action in rapidly deteriorating liquidity circumstances in order to avoid default or bankruptcy that could occur in the worst case and/or to settle all of the obligations under the insurance portfolio in an orderly manner.

### C.4.3 Exposure

The required liquidity is determined based on absorbing shocks in a stress situation. The shocks are applied on prescribed risk categories. These risk categories are mass lapse and interest rate movements. In total, the liquidity buffer is sufficient to cover a severe liquidity stress scenario.

### Expected Profit Included in Future Premiums

The Expected Profit Included in Future Premiums (EPIFP) is defined as the profit that is included in the future premiums. The legislation indicates that the determination of the EPIFP should be based on the assumption that future premiums are no longer received as from the reporting date, regardless of any contractual obligations of the policyholder. The EPIFP represents the difference between the best estimate provision without profitable future premiums (but including non-profitable future premiums) and the normal best estimate.

#### EXPECTED PROFIT INCLUDED IN FUTURE PREMIUMS

In € millions	2023	2022
SRLEV	693	782
Proteq	8	10
<b>Athora Netherlands</b>	<b>701</b>	<b>792</b>

## C.5 Non-financial Risk (including Operational Risk)

### C.5.1 Risks - general

The Non-Financial Risk department (NFR), as a second line Risk department, monitors and provides advice to management on compliance risk and operational risk. NFR has frequently direct contact with the Executive Board and Supervisory Board and is represented in the Risk and Audit Committee of the Supervisory Board, RC-EB, PC, ORC Athora Netherlands and in the ORC's and PMP's of the MTs (see Section B.3.2.5. [Risk Organisation](#)) of Athora Netherlands. Within the PMP MTs, NFR Compliance advises on the development, evaluation and approval of products in accordance with laws, regulations, the AFM criteria and criteria related to treating customers fairly.

### Compliance Risk

Compliance risk is the risk that an organisation is potentially able to suffer legal or regulatory sanctions, material financial loss, or loss of reputation as a result of non-compliance with applicable laws, regulations, rules, self-regulatory standards, codes and unwritten rules.

Non-compliance with integrity- and/or conduct related rules can potentially lead to regulatory action, financial loss and/or damage to the reputation of Athora Netherlands, for example fines, compensation, disciplinary action, imprisonment or exclusion proceedings.

Laws and regulations within scope pertain amongst others to those laws and regulations as supervised by the Authority for the Financial Markets (AFM), the Dutch Central bank (DNB), the Authority for Consumers and Markets (ACM) and the Data Protection Authority (AP) for aspects related to non- financial risks. This includes the Dutch Financial Supervision Act (Wft), the Dutch Financial Supervision Act (Wwft), the Dutch Sanctions Act, as well as relevant European laws such as Solvency II and guidance from the Dutch Association of Insurers and other relevant bodies.

### Operational Risk

Operational risk represents the risk of an economic loss, a negative reputational or supervisory impact resulting from inadequate or failed internal processes, people and systems, or from external events.

Operational risks include the risk of a material misstatement in Athora Netherlands' financial reporting and legal risks, but excludes strategic and business risks. Operational risk events can lead to adverse

consequences beyond a pure financial loss. The assessment of possible reputational impacts following an operational event is an explicit part of the operational risk management process.

Operational risks are inherent in all of Athora Netherlands' insurance products, activities, processes and systems and the management of operational risk is a fundamental element of Athora Netherlands' risk management framework. Operational (and compliance) risks are inherent risks that do not provide more returns when taking more risk and have to be controlled and managed. The responsibility of Athora Netherlands also extends to managing risks for outsourced activities. Athora Netherlands recognises the following types of operational risk categories :Business Process risk, Change risk, Model risk, Third Party risk, HR risk, Reporting risk, Business Continuity risk, Data risk and Information Security risk.

### **C.5.2 Exposure to Non-Financial Risks**

During 2022, as an important part of Athora Netherlands' risk management system, Athora Netherlands further improved the Integrated Control Framework where process and management controls are an important part. Continuous attention on the quality of process and control design, testing of effectiveness of controls, monitoring compliance, reporting and analysis tooling and process ownership enables the organisation to manage and monitor compliance and operational risks in an efficient and effective manner. Based on the monitoring of all risk types, in this paragraph the main developments and risk events are described. Athora Netherlands' management is of the opinion that action plans and programmes are in place to sufficiently address and mitigate these risks.

#### **Compliance Risk**

Due to the great complexity of the legislation with regard to Solvency II, IFRS, GDPR, Wwft, SFDR, IDD, PRIIPS and Supply Chain Responsibility and changes to the pension legislation (Wtp), legislation may not be unequivocally implemented on time, resulting in Athora Netherlands not being compliant and potentially suffering reputational damage. Athora Netherlands has a framework in place to track the implementation of legislative requirements in order to be in control of this risk.

Athora Netherlands is exposed to potential governance risks. Addressing these risks Athora Netherlands has a dedicated Institutional Conflicts-of-Interest Policy including a concrete procedure. Furthermore, Athora Netherlands started on 1 February 2023 with a pilot to test an amended scope of the Governance Protocol dated 2 July 2021. The Governance Protocol sets out a rule-based framework of interactions between Athora Netherlands and Athora Group. The Executive Committee extended, after consultation with the Supervisory Board, the period that the rules of the pilot Governance Protocol were effective. During the extension of the pilot, Athora Netherlands and Athora Group has continued to further work out and refine the terms of the final covenant. On 1 March 2024, the definitive principle-based framework (Covenant) entered into force and thereby replaced the rules of the (pilot) Governance Protocol. The regulator will continue to monitor and evaluate these potential governance risks as part of its ongoing supervisory activities.

For a Pension- and Life insurer, the financial economic crime risks are considered to be low. The mortgage and real estate investment activities are being perceived and assessed as medium respectively higher risks. As a financial institution, Athora Netherlands has the responsibility to ensure detection, reporting and prevention of unusual transactions. In Athora Netherlands' efforts to ensure compliance with applicable laws and regulations, instances of non-compliance can potentially occur. Athora Netherlands assesses product specific risks with regard to sanctions, money laundering and terrorist financing on a regular basis.

In June 2022, Athora Netherlands, through its subsidiary SRLEV N.V., received a letter from DNB requiring remediation with regard to regulations relating to anti-money laundering and countering the financing of terrorism. In the fourth quarter of 2023, we completed the remediation activities to address the identified shortcomings. In the course of our remediation activities some lower risk acceptance decisions have been made. The remediation activities resulted in a reduced risk profile with regard to compliance with AML/CFT legislation. For Athora Netherlands, anti-money laundering Compliance will remain a strategic priority. Therefore, Athora Netherlands will continue enhancing its anti-money laundering procedures, taking into account any potential Compliance and/or Internal Audit findings.



We have key risk indicators in place with regard to financial economic crime such as the number of high risk classified clients and/or business partners and the number of overdue actions. We are operating within the acceptable key risk indicators norms.

Risks (including reputational risk) are not fully excluded in the non-accruing investment-linked policy file, due to the combined effects of intermittent media exposure, political opinion, court judgements and inaction on the part of customers. The client base is continuously addressed through Athora Netherlands' aftercare programme.

Due to the General Data Protection Regulation's consequences on systems and processes, privacy risks are taken into account. As part of the 2023 Compliance Monitoring Plan, several reviews of GDPR requirements have been conducted. Although Athora Netherlands is in general compliant with GDPR requirements, the review concluded that Athora Netherlands needs to continue to strengthen compliancy with the GDPR. Given the importance of protecting personal data, monitoring of privacy risks is also part of the 2024 Compliance Monitoring Plan. Local Privacy Champions, in cooperation with the appointed Data Protection Officer, safeguard full attention on Athora Netherlands' compliance with the privacy regulation.

## **Operational Risk**

### **Business Process Risk**

Strategic and license-to-operate driven projects like WWFT/AML, IFRS 17 have been the primary drivers for Business Process Risk from a resourcing and knowledge perspective in the last years. An impressive number of Process risk assessments were conducted to identify risks and control measures across all programs and daily operations to ensure continuous measuring effectiveness of the ICF. The number of outstanding (high risk) action points were actively managed and reduced within risk appetite. Simplification of access and maintenance of processes will further facilitate an effective, efficient and up-to-date process landscape.

### **Change Risk**

Overall Athora Netherlands has an acceptable level of Change Risk with a significant Change portfolio to manage. Implementation of key change programs like strategic outsourcing, IFRS 17, Wtp are examples that require continuous management attention to allocate capacity and to shift priorities where needed. Progress of the strategic roadmap is actively monitored and reported upon. Risk Self Assessments (RSA) are a helpful tool to manage Change risk within the programs and is actively used.

### **Model Risk**

Athora Netherlands continuously updates the compact model risk overviews to maintain good insight in its model risk. Model risk was further reduced by follow-up through validations, re-validations and solving second line findings. Ongoing model assessments on reporting, (asset) valuation and pricing models, following a risk-based approach, further increased model insight and provides guidance towards lower model risk. Overall Model risk is within risk appetite.

### **Third Party Risk**

Monitoring and governance regarding outsourcing within Athora Netherlands remain a key area of risk attention. Next to ownership of outsourcing management within business lines, a central vendor management team further develops monitoring and reporting standards to enhance the oversight Athora Netherlands has on outsourcings partners.

The approach of Athora Netherlands is to outsource activities in those areas in the customer value chain where an external service provider can provide added value. When specific activities for outsourcing have been identified a risk analysis is part of the preparation phase. In case of cloud services an additional risk analysis is performed to manage the risks particularly related to cloud. The results of the risks analysis are reflected in the contracts with the service providers.

The DORA (Digital Operational Resilience Act) implementation also impacts the management of third parties. For example, full Insight in (security) vulnerabilities with third parties is being improved, also

as part of DORA. The DORA project progresses in line with expectation and a RSA was held in November.

### HR Risk

Effective resourcing is essential for the execution of strategy and to qualitatively maintain business as usual activities including a healthy balance on in- and external FTEs. To improve and retain a fit company culture, culture aspects are embedded within the strategy program, improving collaboration between teams and stimulating involvement in the hybrid working concept.

Sourcing of employees remains challenging, however is manageable. Also, employee Survey results show positive trend towards 2024.

### Reporting Risk

Effective and timely implementation of IFRS 17 was the main source for future reporting risk. Risk assessment have been completed and the identified material gaps identified and resolved.

On 5 January 2023, the European Union (EU) legislation Corporate Sustainability Reporting Directive (CSRD) became effective. In 2024, this directive will be incorporated in the Dutch legislation and from 1 January 2024 Athora Netherlands has to comply with the CSRD. The CSRD requires EU companies to report on the environmental and social impact of their business activities, and on the business impact of their environmental, social and governance (ESG) efforts and initiatives. The goal of the CSRD is to provide transparency that will help investors, analysts, consumers and other stakeholders better evaluate EU companies' sustainability performance as well as the related business impacts and risks. Introduced as part of the European Commission's Sustainable Finance Package, the CSRD notably expands the scope, sustainability disclosures and reporting requirements of its predecessor, the Non-Financial Reporting Directive (NFRD). Athora Netherlands will have to publish a great deal of new and very specific forward and backward information that covers the entire value chain.

Athora Netherlands, its customers and the companies in which Athora Netherlands invests may face significant climate-related risks in the future. These risks include the threat of financial loss and adverse non-financial impacts that encompass the political, economic and environmental responses to climate change. The key sources of climate risks have been identified as physical and transition risks. Physical risks arise as the result of acute weather events such as hurricanes, floods and wildfires, and longer-term shifts in climate patterns, such as sustained higher temperatures, heat waves, droughts and rising sea levels and risks. Transition risks may arise from the adjustments to a net-zero economy, e.g., changes to laws and regulations, litigation due to failure to mitigate or adapt, and shifts in supply and demand for certain commodities, products and services due to changes in consumer behaviour and investor demand. The above described ESG risks may not only impact the financial risks but also may have an impact on other non-insurance risks like persistency and renewal risks.

These risks are receiving increasing regulatory, political and societal scrutiny. While certain physical risks may be predictable, there are significant uncertainties as to the extent and timing of their manifestation. For transition risks, uncertainties remain as to the impacts of the impending regulatory and policy shifts, changes in consumer demands and supply chains.

The Corporate Sustainable Reporting Directive (CSRD) program was initiated during 2023. The scope and expectations of CSRD reporting are challenging and Sustainability related data is a key area of focus also as this closely links to the Sustainability strategy of Athora Netherlands. Athora Netherlands is making progress on embedding climate risk in its Risk framework, including the development of appropriate risk appetite metrics and the creation of a Climate Risk Committee, which is responsible for developing group-wide policies, processes and controls to incorporate climate risks in the management of principal risk categories.

### Business Continuity Risk

Business continuity risk is acceptable. Fallback tests were held and proved to be successful. The increased reliance on third parties may impact business continuity going forward.

## Data Risk

Data risk has been regarded minimal during the year. Attention for data expertise increases to manage strategy initiatives for digitalisation and automation. The data governance structure in place allows us to continuously evaluate, direct and monitor data initiatives to effectively facilitate the Athora Netherlands' strategy as being a data driven organisation. A pilot started amongst employees (early adopters) on internal Athora Netherlands Generative AI / ChatGPT usage. Results from "early adaptors" will be used for further development.

## Information Technology Risk

For the Athora Netherlands IT organisation, 2023 has been a year of a lot of changes and challenges like the migration of WTW's PPI, new Finance systems, implementation Wtp, the move to the new Amsterdam premises and in particular outsourcing of former LSB and part of IT. In 2024 the hybrid data centre outsourcing is a great opportunity to further improve flexibility and effectivity.

In 2023, IT has been continuing the work on improving the In Control Framework (ICF), for example increased automation of the IT processes. Retaining high standards of change management ensures quality and effective risk management.

## Cybercrime Risk

In 2023, no major incidents related to cybercrime occurred within Athora Netherlands, nor did any of our main suppliers report any. The Security Operations Center however experienced an increasing number of professional and aggressive hacking and fraud attempts, including DDoS attacks. Ransomware but also supply chain attacks are becoming more frequent and sophisticated. As more services are outsourced, cybercrime does not only concern Athora Netherlands itself, but may also impact the outsourced services and data. The new Digital Operational Resilience Act (DORA) requires financial institutions to increase the level of security of their outsourcing partners to mitigate these risks. Athora Netherlands is on its way to implement the DORA in time.

Athora Netherlands further conducted cybercrime awareness campaigns, such as phishing campaigns and crisis management workshops, and monitored external suppliers' security testing. To manage the increasing risk effectively in 2023 additional mitigating measures were implemented. Mitigating the cybercrime risk is a key priority (which is also reflected in the Board level attention it gets) and will remain high on the agenda of the Athora Netherlands Board and Risk Boards in the near future.

### C.5.3 SCR Operational Risk

Operational risk is the risk of losses caused by weak or failing internal procedures, weaknesses in the action taken by personnel, weaknesses in systems or because of external events. This takes into account legal risks, but risks that are a consequence of strategic decisions or reputational risks are disregarded. The technical provision for own risk is part of the calculation of the SCR operational risk.

The basic capital requirement for operational risk is calculated by taking the maximum of (a) the capital requirement for operational risks on the basis of earned premiums and (b) the capital requirement for operational risks on the basis of technical provisions and adding 25% of the expenses incurred in respect of unit linked business.

### SCR OPERATIONAL RISK

In € millions	2023	2022
SRLEV	147	140
Proteq	2	2
Athora Netherlands	147	141

Operational risk increased due to the increase of the technical provision.

## **C.6 Other Material Risks**

There are no other material risks to be disclosed.

## **C.7 Any Other Information**

No other disclosures are applicable.

## D VALUATION FOR SOLVENCY PURPOSES

## General

The IFRS balance items have been mapped in accordance with the Solvency II classifications and therefore can differ in classification from the published IFRS consolidated financial statements 2023 of Athora Netherlands.

## FROM IFRS TO SOLVENCY II ASSETS AT 31 DECEMBER 2023

In € millions	IFRS	Policy differences	Sectorial Rules and D&A	Statutory accounts valuation	Solvency II valuation	Reclassification adjustments	Delta
<b>Assets</b>							
Goodwill and intangible assets	5	-	-	5	-	-	(5)
Deferred tax assets	770	-	-	770	976	-	206
Property, plant & equipment held for own use	34	-	-	34	34	-	-
Investments	28,438	-	11	28,449	29,608	1,159	-
Assets held for index-linked and unit-linked contracts	12,592	-	(161)	12,431	12,431	-	-
Loans and mortgages	12,078	-	-	12,078	10,923	(1,158)	3
Reinsurance recoverables	13	(210)	-	(197)	(566)	-	(369)
Receivables	259	-	(1)	258	329	-	71
Cash and cash equivalents	387	-	(13)	374	374	-	-
Any other assets, not elsewhere shown	9,986	(4,997)	(2,564)	2,425	2,425	1	(1)
<b>Total assets</b>	<b>64,562</b>	<b>(5,207)</b>	<b>(2,728)</b>	<b>56,627</b>	<b>56,534</b>	<b>2</b>	<b>(95)</b>

## FROM IFRS TO SOLVENCY II ASSETS AT 31 DECEMBER 2022

In € millions	IFRS	Policy differences	Sectorial Rules and D&A	Statutory accounts valuation	Solvency II valuation	Reclassification adjustments	Delta
<b>Assets</b>							
Goodwill and intangible assets	-	-	-	-	-	-	-
Deferred tax assets	1,049	-	-	1,049	991	-	(58)
Property, plant & equipment held for own use	35	-	-	35	35	-	-
Investments	30,897	-	6	30,903	32,082	31	1,148
Assets held for index-linked and unit-linked contracts	11,689	-	(182)	11,507	11,507	-	-
Loans and mortgages	11,667	-	-	11,667	10,493	(28)	(1,146)
Reinsurance recoverables	8	(94)	-	(86)	(771)	-	(685)
Receivables	241	-	(1)	241	286	-	45
Cash and cash equivalents	363	-	(7)	357	357	-	-
Any other assets, not elsewhere shown	8,205	(2,432)	(1,676)	4,096	4,096	-	(1)
<b>Total assets</b>	<b>64,154</b>	<b>(2,526)</b>	<b>(1,860)</b>	<b>59,769</b>	<b>59,076</b>	<b>3</b>	<b>(697)</b>

## FROM IFRS TO SOLVENCY II LIABILITIES AT 31 DECEMBER 2023

In € millions	IFRS	Policy differences	Sectorial Rules and D&A	Statutory accounts valuation	Solvency II valuation	Reclassification adjustments	Delta
<b>Liabilities</b>							
- Life	27,368	(210)	-	27,158	27,785	-	627
- Index-linked and unit-linked	14,555	-	(161)	14,394	13,611	-	(783)
Provisions other than technical provisions	111	-	-	111	111	-	-
Pension benefit obligations	452	-	-	452	452	-	-
Deferred tax liabilities	-	-	-	-	47	-	47
Derivatives	7,987	-	-	7,987	7,989	2	-
Debts owed to credit institutions	1,311	-	-	1,311	1,311	-	-
Payables	291	-	(5)	286	953	-	667
Subordinated liabilities	1,273	-	-	1,273	1,225	-	(48)
Any other liabilities, not elsewhere shown	7,561	(4,997)	(2,562)	1	1	-	(1)
<b>Total liabilities</b>	<b>60,909</b>	<b>(5,207)</b>	<b>(2,728)</b>	<b>52,974</b>	<b>53,485</b>	<b>2</b>	<b>509</b>
<b>Excess of assets over liabilities</b>	<b>3,653</b>	<b>-</b>	<b>-</b>	<b>3,653</b>	<b>3,050</b>	<b>-</b>	<b>(604)</b>

## FROM IFRS TO SOLVENCY II LIABILITIES AT 31 DECEMBER 2022

In € millions	IFRS	Policy differences	Sectorial Rules and D&A	Statutory accounts valuation	Solvency II valuation	Reclassification adjustments	Delta
<b>Liabilities</b>							
- Life	27,445	(94)	-	27,350	26,258	-	(1,092)
- Index-linked and unit-linked	13,014	-	(181)	12,832	12,477	-	(355)
Technical provisions	-	-	-	-	-	-	-
Provisions other than technical provisions	23	-	-	23	23	-	-
Pension benefit obligations	469	-	-	469	469	-	-
Derivatives	13,166	-	-	13,166	13,169	3	-
Debts owed to credit institutions	1,640	-	-	1,640	1,638	-	(2)
Payables	226	-	(2)	224	896	-	672
Subordinated liabilities	1,265	-	-	1,265	1,179	-	(86)
Any other liabilities, not elsewhere shown	4,108	(3,127)	(1,665)	77	2	(3)	-
<b>Total liabilities</b>	<b>61,356</b>	<b>(3,221)</b>	<b>(1,848)</b>	<b>57,046</b>	<b>56,111</b>	<b>-</b>	<b>(935)</b>
<b>Excess of assets over liabilities</b>	<b>2,798</b>	<b>695</b>	<b>(12)</b>	<b>2,723</b>	<b>2,965</b>	<b>3</b>	<b>238</b>

In case the Solvency II measurement is equal to the IFRS measurement we refer to paragraph 6.1 of the Annual Report of Athora Netherlands N.V. 2023. Due to the implementation of IFRS 9 and 17, there were significant changes in IFRS in 2023. For information concerning the valuation and changes in IFRS policies we refer to paragraph 6.1.2 of the Annual Report of Athora Netherlands N.V. 2023.

The IFRS balance sheet total in the Annual Report 2023 of Athora Netherlands of € 64,562 million (2022: € 64,154 million) differs by € 7,935 million from the total statutory accounts value in the Solvency II balance sheet of € 56,627 million (2022: €59,769 million).

The difference of the IFRS balance sheet versus the statutory accounts value in the Solvency II balance sheet is explained by policy differences and applying sectorial rules and D&A.

### Policy Differences

The difference of € 5,207 million between the IFRS balance sheet and the Statutory accounts value stems from consolidation and presentation differences between Solvency II and IFRS.

The difference under Any other assets and Any other liabilities is caused by the investments and liabilities for account of third parties regarding the Cardano responsible index funds (€ 4,997 million). Given that Athora Netherlands is the largest investor in these funds, it has 'control' over the relevant activities of these funds. Through the application of IFRS 10, Athora Netherlands has to fully consolidate these funds, as a result of which the minority share of third parties (other investors in these funds) is also included in the balance sheet as an investment. The counterpart on the liabilities side are the liabilities towards third parties arising from these investments. Under Solvency II, where



IFRS 10 is not applied for consolidation, these investments are recognised in the balance sheet of Athora Netherlands in proportion to the participation in the funds.

The reclassification of € 210 million between Technical provisions life and Reinsurance recoverables is due to the Longevity reinsurance contract. Under Solvency II the negative reinsurance recoverable regarding the longevity contract is netted with the other reinsurance recoverables and presented on the balance sheet. Under IFRS the reinsurance recoverable regarding the longevity contract is presented under the Technical provisions life and therefore netted with the corresponding technical provision.

### **Sectorial Rules and D&A**

The differences of € 2,728 million between the IFRS balance sheet and the Statutory accounts value stems from the deconsolidation of subsidiary Zwitserleven PPI N.V. (PPI) and the treatment of N.V. Pensioen ESC (ESC) under D&A (Deduction and Aggregation).

### **Reclassification Adjustments**

Athora holds various saving mortgages, financed both internally and externally. The majority of the portfolio represents savings mortgages with cession/retrocession arrangements, sub-participation agreements and pledged collateral. In 2020, the Dutch Association for Insurers ('Verbond van Verzekeraars') including representatives of large insurance groups including Athora NL, continued the discussions with DNB regarding the valuation of savings mortgages and treatment in the SCR under Solvency II regulation. On 1 September 2021, DNB published a Q&A on the classification and determination of the SCR for saving mortgages plus a Good Practice for the valuation. On top of these documents, the Dutch Association for Insurers has written additional guidance with more detailed interpretations to create a level playing field.

Under Solvency II both valuation and classification of the private loans linked to saving mortgages are adjusted as per year end 2021. The new valuations lead to an increased value of both the asset side and liability side of the Solvency II balance sheet. The classification of the asset side of the various private loans linked to saving mortgages is adjusted depending on the contractual agreements. Under IFRS the valuation and classification remains unadjusted under the Other loans and mortgages. This results in a reclassification of € 3,324 million from Other loans and mortgages to Loans and mortgages to individuals (€ 2,166 million), Other investments (€ 1,025 million), Deposits other than cash equivalents (€ 85 million) and Derivatives (€ 49 million). The classification of the liability side remains unadjusted both under IFRS and Solvency II.

## **D.1 Assets**

In case the Solvency II measurement is equal to the IFRS measurement we refer to paragraph 6.1 of the Annual Report of Athora Netherlands N.V. 2023.

### **D.1.1 Deferred Tax Assets and Liabilities**

In the Solvency II balance sheet, all items are measured at their market value, which can be estimated either through mark-to-market or mark-to-model techniques. As in the Solvency II balance sheet unrealised gains and losses are recognised, the corresponding deferred tax liability or asset is recognised simultaneously. For calculating the amount of deferred taxes, local income tax regulations apply.

The corporate income tax rate in 2023 is 25.8%.

A deferred tax asset (DTA) is the amount of income taxes recoverable in the future arising from deductible temporary differences between the carrying amount of an asset or liability and its tax base. Athora Netherlands has recognised no deferred tax assets arising from the carry forward of unused tax losses.

A deferred tax liability (DTL) is the amount of income tax payable arising from taxable differences between the carrying amount of an asset or liability and its tax base.

Athora Netherlands is with its subsidiaries, SRLEV, Proteq and Zwitterleven PPI a so called fiscal unity (fiscale eenheid).

In 2022 the DTA reassessment has been performed with the updated economic data. Due to the increased interest rates and spread, the DTA is fully recoverable for Athora Netherlands.

For Solvency II and IFRS the recoverability of the DTA is tested using the same model and assumptions. However, the non-recoverable amount for IFRS is based on the base result of the recoverability calculation, where for Solvency II the non-recoverable amount is based on the weighted average of multiple scenarios, for spread assumptions, future new business and insurance portfolio movements. This leads to a different amount of non-recoverable DTA in Solvency II in comparison to IFRS.

The model adjustments combined with the update of the economic data (mostly relating to interest rates and spreads) resulted in DTA no longer being fully recoverable. Based on this updated net DTA recoverability reassessment, the Solvency II carrying amount of deferred tax asset decreased in 2023 with an extra € 37 million of non-recoverable DTA compared to the IFRS non-recoverable DTA amount for Athora Netherlands.

The underlying method of calculating the deferred tax assets and liabilities is the same for IFRS and for Solvency II; the tax value of assets and liabilities is compared with the amounts recognised in the balance sheet. Under IFRS the tax value of assets and liabilities is compared to the amounts recognised and measured based on IFRS. Respectively, under Solvency II, the tax values of assets and liabilities are compared to the amounts recognised and measured based on Solvency II.

#### IFRS TO SOLVENCY II TAX POSITION AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands
<b>IFRS tax position</b>	<b>764</b>	<b>24</b>	<b>(18)</b>	<b>770</b>
<b>Tax adjustments for:</b>				
Difference in the valuation of assets	-	-	-	-
Difference in the valuation of technical provisions	214	(2)	(3)	209
Difference in the valuation of other liabilities	(10)	-	(3)	(13)
Difference in DTA recoverability	(39)	-	2	(37)
<b>SII tax position</b>	<b>929</b>	<b>22</b>	<b>(22)</b>	<b>929</b>

## IFRS TO SOLVENCY II TAX POSITION AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Other	Athora Netherlands
<b>IFRS tax position</b>	<b>1,030</b>	<b>23</b>	<b>(4)</b>	<b>1,049</b>
<b>Tax adjustments for:</b>				
Difference in the valuation of assets	(12)	-	(12)	(24)
Difference in the valuation of technical provisions	(27)	(9)	(6)	(42)
Difference in the valuation of other liabilities	-	-	8	8
Difference in DTA recoverability	-	(1)	1	-
<b>SII tax position</b>	<b>991</b>	<b>13</b>	<b>(13)</b>	<b>991</b>

For a further explanation of the IFRS tax position we refer to section 6.3 Note 8 Deferred Tax in the Annual Report of Athora Netherlands N.V. 2023.

## D.1.2 Investments

The table below shows the value of the investments broken down by Solvency II and IFRS valuation. For more information on the measurement and valuation of investments see section [D.4.1.1](#).

## BREAKDOWN OF INVESTMENTS AT 31 DECEMBER 2023

In € millions	SRLEV		Proteq		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Property (other than for own use)	314	314	-	-	672	672	986	986
Holdings in related undertakings, including participations	9,235	9,235	-	-	(9,184)	(9,184)	51	51
Equities	-	-	-	-	432	432	433	433
Bonds	14,190	14,190	377	377	(583)	(583)	13,985	13,985
Collective Investments Undertakings	4,916	4,916	68	68	1,501	1,501	6,484	6,484
Derivatives	6,385	6,335	93	93	78	80	6,556	6,507
Deposits other than cash equivalents	89	4	-	-	-	-	89	4
Other investments	1,025	-	-	-	-	-	1,025	-
<b>Investments</b>	<b>36,155</b>	<b>34,994</b>	<b>538</b>	<b>538</b>	<b>(7,085)</b>	<b>(7,083)</b>	<b>29,608</b>	<b>28,449</b>

**BREAKDOWN OF INVESTMENTS AT 31 DECEMBER 2022**

In € millions	SRLEV		Proteq		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Property (other than for own use)	335	335	-	-	677	677	1,012	1,012
Holdings in related undertakings, including participations	7,677	7,559	-	-	(7,633)	(7,515)	44	44
Equities	-	-	-	-	306	306	306	306
Bonds	13,785	13,903	392	392	(476)	(594)	13,701	13,701
Collective Investments Undertakings	4,261	4,261	32	32	940	940	5,233	5,233
Derivatives	10,388	10,357	98	98	97	97	10,583	10,552
Deposits other than cash equivalents	142	55	-	-	-	-	142	55
Other investments	1,061	-	-	-	-	-	1,061	-
<b>Investments</b>	<b>37,649</b>	<b>36,470</b>	<b>522</b>	<b>522</b>	<b>(6,089)</b>	<b>(6,089)</b>	<b>32,082</b>	<b>30,903</b>

The property (other than for own use) in the category Other consists of property held by subsidiaries of SRLEV. Holdings in related undertakings, including participations in the category Other relate to the elimination of investments in subsidiaries on consolidated level. The bonds in the category Other are related to investments by subsidiaries of SRLEV and the consolidation of SRLEV. SRLEV presents funding to subsidiaries as collateralised securities, on the consolidated level the underlying mortgages are presented. The amount of collective investments undertakings in Other represents investments in liquidity funds by Athora Netherlands and subsidiaries of SRLEV.

**Valuation**

All investments are measured at market value under IFRS and Solvency II, except deposits other than cash equivalents. These are valued at amortised costs under IFRS instead of market value under the Solvency II-regime.

**VALUATION AT 31 DECEMBER 2023**

In € millions	Quoted market price	Quoted market price for similar assets	Alternative valuation method	Athora Netherlands
Property (other than for own use)	-	-	986	<b>986</b>
Holdings in related undertakings, including participations	-	-	51	<b>51</b>
Equities	-	-	433	<b>433</b>
Bonds	12,669	742	574	<b>13,985</b>
Collective Investments Undertakings	5,444	-	1,040	<b>6,484</b>
Derivatives	-	-	6,555	<b>6,555</b>
Deposits other than cash equivalents	-	-	89	<b>89</b>
Other investments	-	-	1,025	<b>1,025</b>
<b>Investments</b>	<b>18,113</b>	<b>742</b>	<b>10,753</b>	<b>29,608</b>

## VALUATION AT 31 DECEMBER 2022

In € millions	Quoted market price	Quoted market price for similar assets	Alternative valuation method	Athora Netherlands
Property (other than for own use)	-	-	1,012	<b>1,012</b>
Holdings in related undertakings, including participations	-	-	44	<b>44</b>
Equities	-	-	306	<b>306</b>
Bonds	12,591	711	399	<b>13,701</b>
Collective Investments Undertakings	4,366	-	867	<b>5,233</b>
Derivatives	-	-	10,583	<b>10,583</b>
Deposits other than cash equivalents	-	-	142	<b>142</b>
Other investments	-	-	1,061	<b>1,061</b>
<b>Investments</b>	<b>16,957</b>	<b>711</b>	<b>14,414</b>	<b>32,082</b>

**Property (other than for own use)**

Property other than for own use, comprising properties and offices, residential properties and land, is held to generate long-term rental income, capital appreciation or both. For more on the valuation of property other than for own use, see [section D.4.1.1](#).

**Holdings in Related Undertakings, including Participations**

The holdings in related undertakings of Athora Netherlands consist of the subsidiaries Zwitserleven PPI N.V. and N.V. Pensioen ESC and the associate CBRE Property Fund Central and Eastern Europe (CBRE PFCEE).

To recognise the subsidiary Zwitserleven PPI in accordance with Solvency II method 1: sectoral rules, the assets and liabilities are eliminated from the balance sheet and the participation of Athora Netherlands in this subsidiary is recognised. This differs from the IFRS consolidated balance sheet of Athora Netherlands. Please refer to column "Sectorial Rules and D&A" in section D. Valuation for Solvency purposes for the impact of the deconsolidation.

To recognise ESC accordance the Solvency II method D&A (Deduction and Aggregation) the assets and liabilities are eliminated from the balance sheet and the participation of Athora Netherlands in the subsidiary ESC is recognised. This differs from the IFRS consolidated balance sheet of Athora Netherlands.

The holdings in related undertaking, including participations are attributable to SRLEV € 9,235 million (2022: € 7,677 million) and Other € (9,184) million (2022: € (7,633) million).

For a detailed overview of the related subsidiaries of Athora Netherlands, SRLEV and Proteq see Annex I.

**Equities**

Equities mainly relate to investments in unlisted participations by Athora Netherlands and investments by subsidiaries of SRLEV. For a more detailed description of the market risk related to equities and the distinction between type 1 and type 2 equities, see section C.2.2. The equities are attributable to the category Other € 432 million (2022: € 306 million).

**Bonds**

The table below provides a breakdown of the bonds:

**BREAKDOWN OF BONDS AT 31 DECEMBER 2023**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Government Bonds	7,548	274	84	<b>7,906</b>
Corporate Bonds	5,059	103	322	<b>5,484</b>
Structured notes	14	-	-	<b>14</b>
Collateralised securities	1,569	-	(988)	<b>581</b>
<b>Bonds</b>	<b>14,190</b>	<b>377</b>	<b>(582)</b>	<b>13,985</b>

**BREAKDOWN OF BONDS AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Government Bonds	8,246	282	12	<b>8,540</b>
Corporate Bonds	4,406	110	529	<b>5,046</b>
Structured notes	14	-	-	<b>14</b>
Collateralised securities	1,119	-	(1,017)	<b>101</b>
<b>Bonds</b>	<b>13,785</b>	<b>392</b>	<b>(476)</b>	<b>13,701</b>

The category Other concerns the elimination of collateralised securities € (988) million (2022: € (1,017) million) and investments by subsidiaries of SRLEV. The collateralised securities constitute the intra-group notes issued by the Share Debt Programme 1 B.V. which are purchased by SRLEV.

The table below provides a breakdown of the bonds by sector:

**BREAKDOWN OF BONDS BY SECTOR AT 31 DECEMBER 2023**

In € millions	SRLEV	Proteq	Other	Athora Netherlands	Percentage
Sovereign	7,548	274	84	7,906	56 %
Financial sector	3,794	65	(3,720)	139	1 %
Non financial sector	1,860	38	4,041	5,940	43 %
Mortgage backed securities	988	-	(988)	-	- %
<b>Total</b>	<b>14,190</b>	<b>377</b>	<b>(583)</b>	<b>13,985</b>	<b>100 %</b>

**BREAKDOWN OF BONDS BY SECTOR AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Other	Athora Netherlands	Percentage
Sovereign	8,246	282	12	8,540	62 %
Financial sector	2,852	-	99	2,951	22 %
Non financial sector	1,670	110	430	2,210	16 %
Mortgage backed securities	1,017	-	(1,017)	-	- %
<b>Total</b>	<b>13,785</b>	<b>392</b>	<b>(476)</b>	<b>13,701</b>	<b>100 %</b>

The table below provides a breakdown of the bonds by rating

#### BREAKDOWN OF BONDS BY RATING AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands	Percentage
AAA	4,102	232	57	4,390	32 %
AA	3,587	59	26	3,672	26 %
A	4,276	65	-	4,341	31 %
BBB	1,226	21	9	1,256	9 %
< BBB	6	-	263	269	2 %
Not rated	993	-	(938)	57	- %
<b>Total</b>	<b>14,190</b>	<b>377</b>	<b>(583)</b>	<b>13,985</b>	<b>100 %</b>

#### Government Bonds

Government bonds consists mainly of bonds issued by the European governments, the Japanese government and international institutions. The category Other consist of bonds issued by 3 different countries (2022: 4 different countries). The following table shows the breakdown of government bonds by geographic area.

#### BREAKDOWN OF GOVERNMENT BONDS BY GEOGRAPHIC AREA

In € millions / %	2023		2022	
Germany	2,281	29 %	3,922	47 %
France	1,729	22 %	377	4 %
Japan	1,254	16 %	1,109	13 %
Netherlands (the)	797	10 %	1,462	18 %
Austria	579	7 %	613	7 %
Belgium	382	5 %	282	3 %
Financial institutions	233	3 %	282	3 %
Other European countries	158	2 %	110	1 %
Luxembourg	127	2 %	9	- %
Côte d'Ivoire	104	1 %	100	1 %
Jersey	95	1 %	169	2 %
Other	167	2 %	105	1 %
<b>Total</b>	<b>7,906</b>	<b>100 %</b>	<b>8,540</b>	<b>100 %</b>

#### Corporate Bonds

Corporate bonds mainly consists of bonds issued by European and American companies which are active in different sectors.

#### Collective Investments Undertakings

The collective investments undertakings amount to € 6,484 million (2022: € 5,233 million) and are largely consisting of different investment funds among others money market funds € 3,817 million (2022: € 4,311 million) and debt funds € 937 million (2022: € 764 million). The collective investments undertakings are attributable to SRLEV € 4,916 million (2022: € 4,261 million), Proteq € 68 million (2022: € 32 million) and Other € 1,500 million (2022: € 940 million).

## Derivatives

The table below provides a breakdown of derivatives:

### BREAKDOWN OF DERIVATIVES AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Call Options	46	-	-	46
Put Options	207	-	-	207
Swaps	5,805	93	-	5,898
Forwards	327	-	78	405
<b>Derivatives</b>	<b>6,385</b>	<b>93</b>	<b>78</b>	<b>6,556</b>

### BREAKDOWN OF DERIVATIVES AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Call Options	215	-	-	215
Put Options	15	-	-	15
Swaps	9,433	98	-	9,531
Forwards	725	-	97	822
<b>Derivatives</b>	<b>10,388</b>	<b>98</b>	<b>97</b>	<b>10,583</b>

Derivatives are held as part of asset and liability management and risk management. For more information on the measurement and valuation of derivatives see [section D.4.1.1](#). Private loans linked to saving mortgages are partly reclassified to derivatives (see section [D VALUATION FOR SOLVENCY PURPOSES](#)).

## Deposits other than Cash Equivalents

The deposits other than cash equivalents amounts to € 89 million (2022: € 142 million). The difference of € 85 million (2022: € 87 million) between the Solvency II value and the IFRS value is due to the reclassification of private loans linked to saving mortgages.

## Other Investments

Other investments include private loans linked to saving mortgages of 1,025 million (2022: € 1,061 million) which are recognised as other investments under Solvency II but not under IFRS. See section [D VALUATION FOR SOLVENCY PURPOSES](#).

### D.1.3 Assets Held for Index-linked and Unit-linked Contracts

The assets held for index-linked and unit-linked contracts amount to € 12,431 million (2022: € 11,507 million) and include investments under unit-linked policies and separate investment deposits for corporate pension contracts.

There is no differences between the IFRS valuation and the Solvency II valuation. For further information we refer to section [D. General](#).



#### D.1.4 Loans and Mortgages

The loans and mortgages amount to € 10,923 million (2022: € 10,493 million). The difference of € 1,155 (2022: € 1,174 million) between the Solvency II value and the IFRS value is due to a difference in classification for private loans linked to saving mortgages (see section [D VALUATION FOR SOLVENCY PURPOSES](#)).

The Mortgages Valuation Model consists of two parts: the projection of the expected future cash flows, where prepayment is also taken into account, and the determination of the spread on top of the risk-free interest rate curve (Swap mid-price) for the purpose of discounting the cash flows. This spread will be obtained based on the consumer tariffs for the available fixed interest rate terms. Then the consumer tariffs are adjusted for expected prepayment. There is a discount for the origination costs and price offer risk and an add-on for mortgages which are non-linear or non-annuity.

#### LOANS AND MORTGAGES AT 31 DECEMBER 2023

In € millions	SRLEV		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS
Mortgages to individuals	50	2,215	3,320	3,320	3,370	5,535
Private loans linked to savings mortgages	2,167	2,167	-	-	2,167	2,167
Other loans and mortgages	1,612	602	3,774	3,774	5,386	4,376
Loans on policies	-	-	-	-	-	-
<b>Total</b>	<b>3,829</b>	<b>4,984</b>	<b>7,094</b>	<b>7,094</b>	<b>10,923</b>	<b>12,078</b>

#### LOANS AND MORTGAGES AT 31 DECEMBER 2022

In € millions	SRLEV		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS
Mortgages to individuals	999	1,101	3,329	3,329	4,328	4,430
Private loans linked to savings mortgages	2,210	3,299	-	-	2,210	3,299
Other loans and mortgages	1,227	1,210	2,726	2,726	3,953	3,936
Loans on policies	2	2	-	-	2	2
<b>Total</b>	<b>4,438</b>	<b>5,612</b>	<b>6,055</b>	<b>6,055</b>	<b>10,493</b>	<b>11,667</b>

The column 'Other' € 3,774 million (2022: € 2,726 million) concerns loans held by subsidiaries of SRLEV and intercompany loans of SRLEV with subsidiaries.

#### D.1.5 Reinsurance Recoverables

The reinsurance recoverables amounts to € (566) million (2022: € (771) million). The difference in valuation of € (369) million (2022: € (685) million) is caused by different measurement methods applied under IFRS and under Solvency II. See also section D.2. for an explanation of the technical provisions.

#### D.1.6 Any Other Assets, not elsewhere shown

This item comprises the assets that are not recognised in the Solvency II balance sheet items described above. Any other assets mainly includes receivables from cash pledged as collateral and prepayments.

## D.2 Technical Provision

The effects of significant changes in respect of the IFRS measurement are disclosed in the notes to the consolidated financial statements relating to the items concerned as presented in the Annual Report of Athora Netherlands N.V. 2023. The most significant changes are presented in note 15 Insurance Contract Liabilities and Reinsurance Contracts held Assets and Liabilities in paragraph 6.3 of the Annual Report of Athora Netherlands N.V. 2023.

### BREAKDOWN OF TECHNICAL PROVISIONS AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Best estimate (Gross)	40,421	373	(393)	<b>40,401</b>
Risk Margin	1,002	22	(29)	<b>995</b>
<b>Total technical provisions (Gross)</b>	<b>41,423</b>	<b>395</b>	<b>(422)</b>	<b>41,396</b>

### BREAKDOWN OF TECHNICAL PROVISIONS AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Best estimate (Gross)	37,860	351	(373)	<b>37,838</b>
Risk Margin	901	22	(26)	<b>897</b>
<b>Total technical provisions (Gross)</b>	<b>38,761</b>	<b>373</b>	<b>(399)</b>	<b>38,735</b>

#### D.2.1 Technical provisions SRLEV

The table below provides an overview of the technical provisions of SRLEV.

### BREAKDOWN TECHNICAL PROVISIONS LIFE SRLEV (NET) AT 31 DECEMBER 2023

In € millions	Insurance with profit participation	Index-linked and unit-linked	Other life insurance	Total
Best estimate (Gross)	10,659	13,434	16,328	<b>40,421</b>
Best estimate (Recoverable from reinsurance)	230	-	336	<b>566</b>
<b>Best estimate (Net)</b>	<b>10,889</b>	<b>13,434</b>	<b>16,664</b>	<b>40,987</b>
Risk Margin	303	177	522	<b>1,002</b>
<b>Technical provisions Solvency II</b>	<b>11,192</b>	<b>13,611</b>	<b>17,186</b>	<b>41,989</b>

**BREAKDOWN TECHNICAL PROVISIONS LIFE SRLEV (NET) AT 31 DECEMBER 2022**

<b>In € millions</b>	<b>Insurance with profit participation</b>	<b>Index-linked and unit-linked</b>	<b>Other life insurance</b>	<b>Total</b>
Best estimate (Gross)	10,458	12,320	15,083	<b>37,861</b>
Best estimate (Recoverable from reinsurance)	326	-	444	<b>770</b>
<b>Best estimate (Net)</b>	<b>10,784</b>	<b>12,320</b>	<b>15,527</b>	<b>38,631</b>
Risk Margin	289	157	454	<b>900</b>
<b>Technical provisions Solvency II</b>	<b>11,073</b>	<b>12,477</b>	<b>15,981</b>	<b>39,531</b>

During 2022 part of the paid-up group insurance policies in investment units were transferred from the index and unit linked portfolio to the other life insurance portfolio.

The table below shows a breakdown of the technical provisions of SRLEV per Line of Business.

**Breakdown technical provisions Life SRLEV per Line of Business (Net) at 31 December 2023**

<b>In € millions</b>	<b>Best estimate</b>		<b>Risk Margin</b>	<b>SII</b>	<b>IFRS</b>	<b>Difference</b>
	<b>Gross</b>	<b>Net</b>	<b>Net</b>	<b>Net</b>	<b>Net<sub>1</sub></b>	<b>Net</b>
Individual traditional insurance policies	11,689	11,789	260	12,049	9,217	2,832
Individual insurance policies in investment units	3,493	3,493	30	3,523	3,442	81
Group insurance policies	15,287	15,753	564	16,317	18,005	(1,688)
Group insurance policies in investment units	9,952	9,952	147	10,099	11,113	(1,014)
<b>Total</b>	<b>40,421</b>	<b>40,987</b>	<b>1,001</b>	<b>41,988</b>	<b>41,777</b>	<b>211</b>

**Breakdown technical provisions Life SRLEV per Line of Business (Net) at 31 December 2022**

<b>In € millions</b>	<b>Best estimate</b>		<b>Risk Margin</b>	<b>SII</b>	<b>IFRS</b>	<b>Difference</b>
	<b>Gross</b>	<b>Net</b>	<b>Net</b>	<b>Net</b>	<b>Net<sub>1</sub></b>	<b>Net</b>
Individual traditional insurance policies	11,545	11,651	263	11,914	9,667	2,247
Individual insurance policies in investment units	3,483	3,483	32	3,515	3,322	193
Group insurance policies	13,996	14,661	479	15,140	17,627	(2,487)
Group insurance policies in investment units	8,837	8,837	125	8,962	9,692	(730)
<b>Total</b>	<b>37,861</b>	<b>38,632</b>	<b>899</b>	<b>39,531</b>	<b>40,308</b>	<b>(777)</b>

## Methods and assumptions

The main components of calculating the technical provisions are the used methods and assumptions. Athora Netherlands uses a general actuarial market approach taking into account the contract boundaries of the insurance contract. The material methods and assumptions that are used in the calculation of the technical provisions of Life are described in section [D.4.1](#)

## Differences valuation Solvency II and IFRS

### Level of Uncertainty

Uncertainty arises from risks SRLEV is exposed to. SRLEV has defined and structured different risk types, partly on the basis of current legislation and regulations (Solvency II Standard Formula), and partly on the basis of own assessment of risks. With regards to the valuation of technical provisions Athora Netherlands recognises model risk, covering uncertainty in the models, the parameters and in the data. The risks related to these uncertainties are mitigated by complying to Risk Policy (RP) procedures and processes for the development of models, the estimation of parameters and the use of data. According to this policy, model validations and second line reviews or assessments are performed. Next to that, at least once a year model risk is also assessed at Group and legal entity levels, during the regular Own Risk Solvency Assessment (ORSA) process, when the appropriateness test is executed.

### Impact Volatility Adjustment

SRLEV applies the Volatility Adjustment for discounting cash flows to determine the best estimate and in determining the capital requirement under the SCR. The following table shows the impact of this Volatility Adjustment on the financial position and own funds of SRLEV:

#### IMPACT OF APPLYING VOLATILITY ADJUSTMENT SRLEV AT 31 DECEMBER 2023

In € millions	VA = 20 bp	VA = 0 bp	Impact
Technical provisions (Gross)	41,422	42,073	651
Basic own funds	4,101	3,606	(495)
Eligible own funds to meet SCR	3,350	2,545	(805)
SCR	1,592	1,648	56
MCR	716	742	26
Solvency II ratio	210 %	154 %	(56)%

#### IMPACT OF APPLYING VOLATILITY ADJUSTMENT SRLEV AT 31 DECEMBER 2022

In € millions	VA = 19 bp	VA = 0 bp	Impact
Technical provisions (Gross)	38,761	39,341	580
Basic own funds	3,978	3,532	(446)
Eligible own funds to meet SCR	3,159	2,689	(470)
SCR	1,524	2,088	564
MCR	686	895	209
Solvency II ratio	207 %	129 %	(78)%

### Matching Adjustment

SRLEV does not apply a Matching Adjustment as referred to in Article 77 of Directive 2009/138/EC.

### Risk-free yield curve

SRLEV does not apply a risk-free yield curve and transition deductions as referred to in Article 308 of Directive 2009/138/EC.

**Transition deductions**

SRLEV does not apply a transition deductions as referred to in Article 308 of Directive 2009/138/EC.

**Material changes in assumptions**

There have been no material changes in the relevant assumptions underlying the calculation of technical provisions.

**Significant simplified methods**

No significant simplified methods were used to calculate the technical provisions.

**Reinsurance**

For a further explanation of Life reinsurance see section [C.1.2.3](#).

**D.2.2 Technical provisions PROTEQ**

The table below provides us an overview of the technical provisions of Proteq.

**BREAKDOWN TECHNICAL PROVISIONS LIFE PROTEQ (NET) 31 DECEMBER 2023**

In € millions	Insurance with profit participation	Other life insurance	Total
Best estimate (Gross)	261	113	374
Best estimate (Recoverable from reinsurance)	-	-	-
<b>Best estimate (Net)</b>	<b>261</b>	<b>113</b>	<b>374</b>
Risk Margin	14	8	22
<b>Technical provisions Solvency II</b>	<b>275</b>	<b>121</b>	<b>396</b>

**BREAKDOWN TECHNICAL PROVISIONS LIFE PROTEQ (NET) AT 31 DECEMBER 2022**

In € millions	Insurance with profit sharing	Other life insurance	Total
Best estimate (Gross)	244	107	351
Best estimate (Recoverable from reinsurance)	-	-	-
<b>Best estimate (Net)</b>	<b>244</b>	<b>107</b>	<b>351</b>
Risk Margin	14	8	22
<b>Technical provisions Solvency II</b>	<b>258</b>	<b>115</b>	<b>373</b>

Proteq mainly has Funeral insurance.

The table below shows a breakdown of the technical provisions of Proteq per Line of Business.

**Breakdown technical provisions Life Proteq per Line of Business (Net) at 31 December 2023**

In € millions	Best estimate		Risk Margin	SII	IFRS	Difference
	Gross	Net	Net	Net	Net <sub>1</sub>	Net
Individual traditional insurance policies	373	373	22	395	401	(6)
<b>Total</b>	<b>373</b>	<b>373</b>	<b>22</b>	<b>395</b>	<b>401</b>	<b>(6)</b>

**Breakdown technical provisions Life Proteq per Line of Business (Net) at 31 December 2022**

In € millions	Best estimate		Risk Margin	SII	IFRS	Difference
	Gross	Net	Net	Net	Net <sub>1</sub>	Net
Individual traditional insurance policies	351	351	22	373	410	(37)
<b>Total</b>	<b>351</b>	<b>351</b>	<b>22</b>	<b>373</b>	<b>410</b>	<b>(37)</b>

**Level of Uncertainty**

Uncertainty arises from risks Proteq is exposed to. Proteq has defined and structured different risk types, partly on the basis of current legislation and regulations (Solvency II Standard Formula), and partly on the basis of own assessment of risks. With regards to the valuation of technical provisions Athora Netherlands recognises model risk, covering uncertainty in the models, the parameters and in the data. The risks related to these uncertainties is mitigated by complying to Risk Policy (RP) procedures and processes for the development of models, the estimation of parameters and the use of data. According to this policy, model validations and second line reviews or assessments are performed. Next to that, at least once a year model risk is also assessed at Group and legal entity levels, during the regular Own Risk Solvency Assessment (ORSA) process, when the appropriateness test is executed.

**Differences valuation Solvency II and IFRS****Impact Volatility Adjustment**

Proteq applies the Volatility Adjustment for discounting cash flows to determine the best estimate and in determining the capital requirement under the SCR. The following table shows the impact of this Volatility Adjustment on the financial position and own funds of Proteq:

**IMPACT OF APPLYING VOLATILITY ADJUSTMENT AT 31 DECEMBER 2023**

In € millions	VA = 20 bp	VA = 0 bp	Impact
Technical provisions (Gross)	395	406	11
Basic own funds	66	58	(8)
Eligible own funds to meet SCR	45	34	(11)
SCR	22	23	1
MCR	10	11	1
Solvency II ratio	202%	147%	(54)%

**IMPACT OF APPLYING VOLATILITY ADJUSTMENT AT 31 DECEMBER 2022**

In € millions	VA = 19 bp	VA = 0 bp	Impact
Technical provisions (Gross)	373	382	9
Basic own funds	63	57	(6)
Eligible own funds to meet SCR	55	46	(9)
SCR	28	30	2
MCR	11	11	-
Solvency II ratio	197%	152%	(44)%

**Matching Adjustment**

Proteq does not apply a Matching Adjustment as referred to in Article 77 of Directive 2009/138/EC.

**Risk-free yield curve**

Proteq does not apply a risk-free yield curve and transition deductions as referred to in Article 308 of Directive 2009/138/EC.

**Transition deductions**

Proteq does not apply a transition deductions as referred to in Article 308 of Directive 2009/138/EC.

**Material changes in assumptions**

There have been no material changes in the relevant assumptions underlying the calculation of technical provisions.

**Significant simplified methods**

No significant simplified methods were used to calculate the technical provisions.

**D.3 Liabilities**

In case the Solvency II measurement is equal to the IFRS measurement we refer to the Annual Report of Athora Netherlands N.V.

**D.3.1 Contingent Liabilities**

For the definition of contingent liabilities Solvency II refers to IFRS. Under Solvency II it is required to recognise contingent liabilities on the balance sheet if they are material. On the basis of the analysis of Athora Netherlands, there are no contingent liabilities included in the Solvency II balance sheet at the end of 2023.

For further information about off-balance sheet items, see section D.5.2.

**D.3.2 Pension Benefit Obligations****BREAKDOWN OF PENSION BENEFIT OBLIGATIONS 2023**

In € millions	SRLEV	Other	Athora Netherlands
Present value of defined benefit obligations	161	340	501
Fair value of plan assets	(19)	(41)	(60)
Effect of asset ceiling	1	3	4
<b>Present value of the net liabilities</b>	<b>143</b>	<b>302</b>	<b>445</b>
Reclassification pension commitments under Technical Provisions	(136)	136	-
<b>IAS 19 surplus after reclassification</b>	<b>7</b>	<b>438</b>	<b>445</b>
Other employee benefit commitments	-	7	7
<b>Total</b>	<b>7</b>	<b>445</b>	<b>452</b>

**BREAKDOWN OF PENSION BENEFIT OBLIGATIONS 2022**

In € millions	SRLEV		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS
Present value of defined benefit obligations	167		351		518	
Fair value of plan assets	(18)		(39)		(57)	
<b>Present value of the net liabilities</b>	<b>149</b>		<b>312</b>		<b>461</b>	
Reclassification pension commitments under Technical Provisions	(129)		129		-	
<b>IAS 19 surplus after reclassification</b>	<b>20</b>		<b>441</b>		<b>461</b>	
Other employee benefit commitments	-		8		8	
<b>Total</b>	<b>20</b>		<b>449</b>		<b>469</b>	

The net present value of the defined benefit obligations € 501 million (2022: € 518 million) is calculated on basis of the prescribed IFRS discount rate. The insured rights are taken into account for the SCR calculation, using the SCR results of the pension commitments under technical provisions, based on Solvency II assumptions.

The column 'Other' € 445 million (2022: € 449 million) mainly includes the pension benefit obligations of Athora Netherlands N.V. € 302 million (2022: € 312 million) and the reclassification of the pension commitments from the technical provisions of SRLEV € 136 million (2022: € 129 million).

Pension benefit obligations other than mentioned in the financial statements do not exist. We refer to section 6.3 Note 16 Provision for Employee Benefits in the Annual Report Athora Netherlands N.V. 2023. In this section the main actuarial parameters and sensitivity of the present value of pension obligations are explained also.

**D.3.3 Debts Owed to Credit Institutions**

The table below provides an overview of the debts owed to credit institutions:

**DEBTS OWED TO CREDIT INSTITUTIONS AT 31 DECEMBER 2023**

In € millions	SRLEV		Proteq		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Borrowings	-	-	-	-	60	61	60	61
Due on demand	1,037	1,037	4	4	31	31	1,072	1,072
Repurchase agreements	178	178	-	-	-	-	178	178
<b>Total</b>	<b>1,215</b>	<b>1,215</b>	<b>4</b>	<b>4</b>	<b>91</b>	<b>92</b>	<b>1,311</b>	<b>1,311</b>

**DEBTS OWED TO CREDIT INSTITUTIONS AT 31 DECEMBER 2022**

In € millions	SRLEV		Proteq		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Borrowings	-	-	-	-	59	61	59	61
Due on demand	1,532	1,532	3	3	44	44	1,579	1,579
<b>Total</b>	<b>1,532</b>	<b>1,532</b>	<b>3</b>	<b>3</b>	<b>103</b>	<b>105</b>	<b>1,638</b>	<b>1,640</b>



**Borrowings**

On 17 May 2017 Athora Netherlands N.V. issued € 650 million of senior notes. An amount of € 584 million was redeemed in April 2020 as a result of the successful tender offer on the notes. The remaining senior notes of € 60 million have a fixed coupon at 2.375% per annum and a maturity date of 17 May 2024.

The difference of € 1 million between the IFRS figures and the Solvency II figures is due to different measurement methods (at amortised cost under IFRS and at market value under Solvency II).

**Due on Demand**

The amount of € 1,072 million (2022: € 1,579 million) due on demand relates to received cash collateral of several counterparties. The fair value of derivatives by these counterparties decreased (less positive) in 2023.

**D.3.4 Other Liabilities**

No differences between Solvency II and IFRS.

## D.4 Alternative Methods for Valuation

### D.4.1 Solvency II Reporting Framework

#### D.4.1.1 Solvency II Accounting Principles

Athora Netherlands N.V., incorporated and established in the Netherlands, is a public limited liability company incorporated under the laws of the Netherlands. Athora Netherlands N.V. is a wholly owned subsidiary of Athora Netherlands Holding Ltd. with a registered office in Dublin, Ireland, whose ultimate parent company is Athora Holding Ltd. domiciled in Bermuda.

In the consolidated Solvency II balance sheet the name 'Athora Netherlands' is used when discussing the consolidated activities of Athora Netherlands, its insurance entities and other entities.

The main accounting policies used in the preparation of the consolidated Solvency II balance sheet are set out in this section.

#### General Accounting Policies

The following policies have been applied in the course of preparing Solvency II consolidated balance sheet:

- Going concern basis: Athora Netherlands' business will be continued for the foreseeable future;
- Accrual basis: the effects of transactions and other events and circumstances on a reporting entity's economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period;
- Materiality concept: information is viewed as material if omitting it or misstating it could influence decisions that users make on the basis of Solvency II consolidated balance sheet. Materiality of an item depends on its amount, nature or combination of both.

#### Functional Currency and Reporting Currency

The Solvency II consolidated balance sheet has been prepared in millions of euros (€). The euro is the functional and reporting currency of Athora Netherlands. All financial data presented in euros is rounded to the nearest million, unless stated otherwise.

Further details on the accounting policies applied to the conversion of transactions and translation of items in the statement of financial position denominated in foreign currencies are provided in the section below entitled 'Foreign currencies'.

#### Foreign Currencies

Upon initial recognition, transactions in foreign currencies are converted into euros against the exchange rate at the transaction date. Items in the Solvency II consolidated balance sheet denominated in foreign currencies are translated into euros at the exchange rate applicable at the reporting date.

#### Accounting based on Transaction Date and Settlement Date

All purchases and sales of financial instruments that have been settled in accordance with standard market practices are recognised at the transaction date, i.e., the date on which Athora Netherlands commits itself to buying or selling the asset or liability. All other purchases or sales are recognised as forward transactions until they are settled.

#### Offsetting Financial Instruments

Financial assets and liabilities are offset and their net amounts are reported in Solvency II consolidated balance sheet, if a legally enforceable right to set off the recognised amounts exists, as well as an intention to settle the items on a net basis, or to settle the asset and the liability simultaneously. If these conditions are not met, amounts are not offset.

## Estimates and Assumptions

The preparation of Solvency II consolidated balance sheet requires Athora Netherlands to make estimates based on complex and partially subjective assumptions. These estimates have impact the reported amounts of assets and liabilities and the contingent assets and liabilities at the reporting date. In this process, management judges situations on the basis of available information and financial data that could potentially change in the future. Although estimates are made to the best of the management's knowledge, actual results may differ from these estimates and the use of other assumptions or data can lead to materially different results.

Estimates and underlying assumptions are reviewed on a regular basis. The resulting impact on accounting estimates is recognised in the period in which the estimate is revised or in the period of revision and future periods if the revision impacts both the reporting period and future periods. The main accounting policies involving the use of estimates concern the methods for determining liabilities arising from insurance contracts, the provisions for bad debts, the fair value of assets and liabilities, and impairments.

## Fair Value of Assets and Liabilities

Assets and liabilities are recognised and measured in accordance with the Solvency II regulations.

Assets are measured at the amount for which they could be exchanged between knowledgeable, willing parties in an arm's length transaction. Liabilities are measured at the amount for which they could be settled between knowledgeable, willing parties in an arm's length transaction. In determining the fair value, Solvency II applies the principles of IFRS 13 (with the exception of own credit rate adjustment for financial liabilities).

The fair value of non-financial assets is determined based on the "highest and best use" concept. This concept takes into account the economic benefits, that would be generated either by best use of the asset by Athora Netherlands or by selling the asset to another party. Furthermore, the "highest and best use" concept is based on the use of the asset that is physically, legally and financially viable. The fair value of a non-financial asset based on the "highest and best use" concept is determined regardless of the actual Athora Netherlands' intention to utilise the asset.

The fair value of financial instruments is based on a hierarchy that categorises the inputs to the valuation techniques used to measure fair value.

The fair value hierarchy gives the highest priority to quoted, unadjusted prices in active markets for identical assets or liabilities and the lowest priority to alternative valuation models:

- Quoted market price in active markets for the same assets (QMP)  
Quoted prices from exchanges, brokers or pricing institutions are observable for all financial instruments in this valuation category. In addition, these financial instruments are traded on an active market, which allows the price to accurately reflect current and regular market transactions between independent parties. The investments in this category mainly concern listed equities and bonds, including investment funds on behalf of policyholders, underlying investments of which are listed;
- Quoted market price in active markets for similar assets (QMPS)  
This category includes financial instruments for which no quoted prices are available but fair value of which is determined using models where the parameters include available market inputs. These instruments are mostly privately negotiated derivatives and private loans. This category also includes investments whose prices have been supplied by brokers but for which the markets are inactive. In these cases, available prices are largely supported and validated using market inputs, including market rates and actual risk premiums related to credit rating and sector classification;
- Alternative valuation methods (AVM)  
The financial instruments in this category have been assessed individually. The valuation is based on management's best estimate, taking into account most recently known prices. In

many cases analyses prepared by external valuation agencies are used. These analyses are based on data unobservable in the market, such as assumed default rates associated with certain ratings.

## Solvency II Presentation of Assets and Liabilities

Solvency II requires the balance sheet template to be used. Athora Netherlands presents its assets and liabilities according to these standards.

### Assets

#### Deferred Tax Assets (and Liabilities)

Deferred tax assets and liabilities are recognised for tax losses carried forward and for temporary differences between the tax bases of assets and liabilities and their amounts recognised in Solvency II balance sheet. This is based on the tax rates applicable at the reporting date and the tax rates that will apply in the period in which the deferred tax assets or tax liabilities are settled.

Deferred tax assets and liabilities are measured at the undiscounted amount expected to be received or paid. Deferred tax assets are only recognised if sufficient taxable profits are expected to be available in the near future against which these temporary differences can be settled. Deferred taxes are recognised for temporary differences between the carrying amount and the value for tax purposes.

Deferred tax assets are assessed at the reporting date; if it is no longer likely that the related taxable profit will be achieved, the asset is reduced to its recoverable value.

The deferred tax assets and deferred tax liabilities are presented on a net basis.

#### Property, Plant and Equipment held for Own use

This balance sheet item comprises owner-occupied property, IT equipment and other property and equipment.

#### Owner-occupied Property

Owner-occupied property mainly comprises offices (land and buildings) and is measured at fair value (revaluation model) based on annual valuations performed by external, independent appraisers with adequate professional expertise and experience in the specific location and categories of properties.

According to the revaluation model the asset is measured at its fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Owner-occupied property is measured at fair value on an unlet or (partially) let basis, depending on the situation. The purpose of a valuation is to determine the value for which the asset would be sold in an orderly transaction between market participants at the measurement date. The capitalisation method is used to determine this value. This method uses an expected return at inception and the market rental value to determine the fair value of an asset. Gains and losses on owner-occupied property include lease incentives, discount rates and expected vacancy, making allowance for the location, quality, age and liquidity of the property in question.

#### IT Equipment and Other Property and Equipment

IT equipment and other property and equipment is measured at fair value determined based on the highest and best use by Athora Netherlands (amount of economic benefits generated by Athora Netherlands utilising the asset).

Repair and maintenance expenses incurred after the acquisition of an asset that increase or extend the future economic benefits of assets in relation to their original use are capitalised.

Assets are depreciated on a straight-line basis over their useful lives, taking into account any residual value.

## Investments

This balance sheet item comprises the following items:

- Property (other than for own use);
- Participations;
- Equities;
- Bonds;
- Collective investments undertakings;
- Derivatives;
- Deposits other than cash equivalents.

### Property (other than for own use)

Investment property, comprising retail properties and offices, residential properties and land, is held to generate long- term rental income or capital appreciation or both. If a property qualifies as part investment property and part owner- occupied property, it is recognised within property and equipment if the owner-occupied part makes up no less than 20% of the total number of square metres. However, if the owner-occupied part makes up less than 20% of the total number of square metres, it is recognised within investment property.

Investment property qualifies as a long-term investment and is measured at fair value, i.e., its value in a (partially) let state. The fair value is based on valuations performed every year by independent external appraisers with adequate expertise and specific experience in property locations and categories.

The purpose of a valuation is to determine the value for which the asset would be sold in an orderly transaction between market participants at the measurement date. The capitalisation method is used to determine this value. This method uses an expected return since inception and the market rental value to determine the fair value of an asset. Gains and losses on investment property include lease incentives, discount rates and expected vacancy, but allowance is made for location, quality, age and liquidity of the property as well.

### Participations

This item comprises the subsidiaries and associates of Athora Netherlands, that are not consolidated in the Solvency II consolidated balance sheet. These participations are recognised and measured according to the (adjusted) equity method.

### Equities

The listed equities are measured at fair value based on quoted prices in an active market for the same assets. The unlisted equities are measured at fair value based on available market information (quoted market prices in active markets for similar assets). If these data are not available, the fair value is determined based on alternative valuation methods.

### Bonds

On the Solvency II balance sheet bonds are divided into following categories:

- Government bonds;
- Corporate bonds;
- Structured notes;
- Collateralised securities.

The fair value of government bonds and corporate bonds is based on quoted prices in an active market for the same assets. If there is no active market, the fair value is derived from quoted market prices in active markets for similar assets.

As there are generally no active markets for structured notes and collateralised securities, their fair value is determined based on from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation methods.

The fair value of the bonds includes the accrued interest.

### Collective Investment Undertakings

This item comprises investments in investment fund units, the fair value of these funds is determined based on alternative valuation methods.

### Derivatives

Derivatives are recognised at fair value upon inception. The fair value of the derivatives is based on a present value model or an option valuation model (alternative valuation methods). Athora Netherlands recognises derivatives with a positive market value as assets and derivatives with a negative market value as liabilities.

### Deposits other than Cash Equivalents

These assets concern receivables from banks with a remaining maturity of one month or more and the saving components of mortgages. The fair value of the amounts receivable with the maturity of less than 12 months is assumed to equal their nominal value. The fair value of saving components of mortgages is determined with alternative valuation models.

### Assets held for Index-linked and Unit-linked funds

This item corresponds to the investments for account of policyholders, that are measured at fair value, which is determined based on quoted prices in an active market for the same assets. If there is no active market, the fair value is derived from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation models.

### Loans and Mortgages

On the Solvency II balance sheet loans and mortgages are divided into following categories:

- Loans on policies;
- Loans & mortgages to individuals;
- Other loans & mortgages.

The fair value of the loans & mortgages includes the accrued interest.

### Loans on Policies

This item corresponds to the loans issued with life insurance policies as collateral. Since there is no active market for these loans, the fair value is either derived from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation methods.

### Loans and Mortgages to Individuals

The mortgages are measured at fair value, determination of which is based on alternative valuation models. These models rely primarily on the customer interest rates on the primary market. These interest rates are corrected for miscellaneous surcharges such as surcharges for price rate risks and origination costs. The adjustments for prepayments are taken into account in the cash flow projection and an add-on for interest-only mortgages also taken into account. This method is referred to as the top-down approach.

### Other Loans & Mortgages

Since this item comprises loans and mortgages, for which there is no active market, the fair value is either derived from quoted market prices in active markets for similar assets. If the data is not available, the fair value is determined based on alternative valuation methods.

### Reinsurance Recoverables

For the valuation of the best estimate provision reinsurance the cash flows are measured separately and are not offset against the best estimate provision of the insurance obligations. The credit default risk is based on the expected loss of reinsurance cover in case of bankruptcy of the reinsurer. When determining the risk margin, the credit default risk relating to reinsurance is also taken into account.

The insurance risks corporate life contracts are primarily mitigated on the basis of surplus reinsurance with a retention limit. The duration of the reinsurance contract is one year. The reinsurer participates in premium and claim in the same proportion as the retention to the reinsured amount. For the best estimate of this surplus reinsurance contract the future cash flows of this contract are estimated by using realised premium and claims in the last five years.

The individual life contracts are primarily reinsured on a proportional basis. For these contracts the best estimate reinsurance is determined as a percentage of the best estimate for the underlying insurance technical provision.

For the disability coverage within SRLEV there is a catastrophe excess of loss reinsurance contract. The best estimate for excess-of-loss reinsurance takes into account that Athora Netherlands does not expect to benefit from or lose to the reinsurer.

### Insurance & Intermediaries Receivables

This item comprises current receivables corresponding to insurance activities of Athora Netherlands as well as receivables from intermediaries. As these assets have a short-term character, these are measured at their nominal value, since it is assumed to be equal to their fair value.

### Reinsurance Receivables

This item comprises current past due receivables corresponding to reinsurance companies. Depending on the short- or longer term character of these assets, they are measured at their nominal value or calculated using the expected future cash flows, the interest rate curve and relevant spread. Amounts receivable or owed but not past due have been included in cash inflows that form the basis for measurement of the gross technical provisions and the share of reinsurers in technical provisions.

### Receivables (trade, not insurance)

This item comprises miscellaneous amounts receivable. Bearing in mind short-term the character of these assets, they are measured at their nominal value, since it is assumed to equal their fair value.

### Cash and Cash Equivalents

This item comprises cash and cash equivalents including bank balances and demand deposits with a remaining maturity of less than one month. Bearing in mind the short-term character of these assets, they are measured at their nominal value, since it is assumed to equal their fair value.

### Any Other Assets, not elsewhere shown

This item comprises the assets that are not recognised as the items in the Solvency II balance sheet described above. These assets comprise mainly receivables from cash pledged as collateral with a remaining term to maturity of less than three months and partly accrued interest on amounts receivable that are not recognised as investments and the investments of Zwitterleven PPI. The accrued interest is measured at its nominal value, which is assumed to equal its fair value. The fair value of the investments of Zwitterleven PPI is determined in the same way as the fair value of other investments (refer to the section "Investments" for more information).

## Liabilities

### Technical Provisions

Under Solvency II the item technical provision comprises the best estimate and the risk margin.

#### Best Estimate (BE)

Under Solvency II, the BE is determined by the present value of the expected value of all future cash flows, including options and guarantees and expenses arising from the insurance contract.

BE includes all the options and guarantees embedded in the products, including discretionary profit sharing (based on Athora Netherlands' discretion), non-discretionary profit sharing (based on objective standards that have to be met), indexation on disability insurance, unit linked guarantees and the paid-up option for separate accounts. The value of the options embedded in the insurance contracts may be split into net asset value (IVOG) and time value (TVOG).

Future cash flows are based on realistic and appropriate underwriting parameters such as mortality, disability, policyholders' behaviour, claims handling and all expenses (including investment costs) arising from the settlement of the insurance contracts, taking into account expected future developments with a material impact on existing policies.

The cash flows are discounted with the specific yield curve set by EIOPA with a Volatility Adjustment and the ultimate forward rate. Athora Netherlands only uses the curve for the euro, since there are no material insurance liabilities in foreign currencies. The risk-free interest rate under Solvency II is based on interest rate swap rates for the euro, adjusted for credit risk. For the periods for which swap rates are no longer available in liquid and transparent market, the yield curve is extrapolated using the so-called ultimate forward rate; a long-term forecast of the real interest rate, taking into account the expected inflation.

The BE concerning Life is the present value of all cash flows arising from existing contracts in the Life portfolio. The cash flow projections are made for the individual and for group contracts. The Individual Life contracts include savings mortgage insurance, annuities, saving insurance policies, term insurance policies and funeral expenses insurance policies. The Group insurance comprises primarily the collective pension contracts (including traditional, unit-linked and separate accounts).

The expected future cash flows include future expected benefits, expected premiums, recurring expenses as well as cash flows corresponding to contractual profit-sharing (where applicable). For parameters such as mortality, longevity, costs or lapse, the best estimate assumptions are made and applied to the cash flow projections.

#### Risk Margin

Under Solvency II a risk margin is an addition to the BE provision. The risk margin can be seen as a compensation for the capital required to carry non-hedgeable risks arising from an insurance contract. The risk margin is such as to ensure that the value of the Technical Provision is equivalent to the amount that another insurer would be expected to require in order to take over the insurance liabilities until their maturity.

The risk margins are determined using the Cost of Capital method (CoC). Each year the projection of the SCR takes place by applying the shocks according to the standard model. The risk margins per year are determined by multiplying the SCR with a CoC rate of 6% and discounted using the interest rate structure set by EIOPA.

#### Parameters

The value of the insurance liabilities is determined with miscellaneous parameters which can be subdivided into non-economic and economic parameters. Under the non-economic parameters there are insurance underwriting and expense parameters. The chance an insured event takes place is estimated with use of underwriting parameters. To meet the obligation towards the policyholders, costs are incurred. These are contained in expense parameters for cash flow projections. The cash flows are discounted with use of economic parameters. In addition, the economic parameters also



determine the funds returns and profit-sharing returns, such as the u-yield. Inflation, which mainly applies to the development of costs, also falls under the economic parameters. The rules for setting and changing these parameters are in accordance with Athora Netherlands parameter governance.

### Non-economic Parameters

Life underwriting parameters are population mortality, insured mortality, lapse and disability.

#### Population Mortality

Athora Netherlands uses the population mortality forecast of Het Koninklijk Actuariel Genootschap (AG). The overall assumptions are reviewed annually.

#### Insured Mortality

In addition to the generic prognosis table, the mortality assumption also consists of a component per sub-portfolio within the Life insurance business. With this component, for each age the (percentage) distance is determined between insured mortality (in the specific sub-portfolio) and population mortality. It is assumed that this distance does not change during the entire projection. A distinction is made according to the following factors:

- Internal homogeneous risk group;
- Age;
- Sex;
- Smoking / no smoking;
- Expired duration from the start date.

For most Individual Life products, the insured mortality is determined on the basis of own perception. Exception are the annuities where the insured mortality can be equated with the nationally determined insured mortality of the CVS. For Corporate Life products market figures (CVS) are available and used. It is checked annually whether the observed perception fits within the confidence interval for the market figures. If this is not the case, it is still possible to opt for the use of own observations.

### Lapse

The most important forms of lapse are:

- Surrender (including partial surrender);
- Paid-up (including premium reduction, therefore partial paid-up).

The surrender and paid-up parameters are annually derived from experience figures. The entire policy history is taken into account. The figures resulting from the established methodology are assessed in consideration of possible trend breaks or incidents. If necessary, the figures to be used are adjusted on the basis of expert judgement. For the lapse parameters a distinction is made according to the following factors:

- Internal homogeneous risk group;
- Age;
- Premium payment / no premium payment;
- Expired duration from the start date;
- Well / no profit sharing;
- Subgroup / label.

On the basis of research it is assessed whether a specific cohort has sufficient exposure to give it separate lapse parameters and which of the above-mentioned variables are significant. In the analysis of lapse influences of economic and other special circumstances on the behaviour of policyholders should be taken into account. If there is a link between the lapse rates and the elements mentioned then this mechanism must be included in the models. If there is no connection between the lapse rates and the elements mentioned, this must be demonstrated.

### Partner Frequencies

The partner frequencies were revised in 2017 after a long period of time. The partner frequencies currently applied in the projections are based on Het Centraal Bureau voor de Statistiek (CBS) figures. It is not possible to base the partner frequencies on own insurance experience because insufficient data is available.

### Disability

The disability parameters of SRLEV are based on own insurance experience data. Due to the unavailability of detailed data the recovery rates are based on market data which is corrected with an overall percentage derived from own data. The disability and recovery parameters are assessed annually.

The costs included in the Best Estimate provision are divided into operating costs and investment costs. The operating costs include all costs, including internal invoicing, that are made within the entity. The investment costs include all fees that are paid to the asset manager.

### Operating Costs

Based on an Activity Based Costing (ABC) model, the operating costs, excluding the one-off costs, are split into:

- Acquisition costs and continuous costs;
- Fixed and variable costs;
- Product groups and / or products;
- Costs for premium-paying and paid-up policies.

In the projection of these costs, inflation, synergy and costs of shrinking markets are taken into account.

### Investment Management Expenses

The Solvency II legislation prescribes that the technical provision should include all expenses that will be incurred in servicing insurance obligations. Among these costs are the investment management expenses which are incurred by asset managers for managing the assets of Athora Netherlands' legal entities. Solvency II also prescribes that these investment management expenses should be at arm's length.

Investment management expenses are taken into account in the technical provisions when they relate to assets backing the technical provision. Assets which can be assigned to own funds are excluded from the technical provision calculation. Direct investment management expenses in the form of management and administration costs are included in accordance with the contract conditions between Athora Netherlands' legal entities and ACTIAM and between Athora Netherlands' legal entities and external managers. In case of indirect investment management expenses these costs are deducted from the external funds and not taken into account since these fees are taken into account in the net asset value calculation of the fund itself.

Athora Netherlands analysed the investment management expenses per asset category and per legal entity (SRLEV and Proteq). For each individual asset class Athora Netherlands' legal entities addressed that all investment management expenses are at arm's length. Also an assignment exercise was done by assigning assets to either the technical provision or own funds.

The investment costs are measured in basis points which are projected in Athora Netherlands' legal entities technical provision calculation.

### Economic Parameters

The yield curve for valuing technical provisions is determined in accordance with the Solvency II regulations. The administration costs are adjusted for inflation.

## Uncertainty in Cash Flows

The models used by Athora Netherlands for estimating the best estimate cash flows meet the requirements of the Solvency II Level 2 directives and follow a model validation process. The uncertainty concerns in particular the parameters applied. The cash flow projection, which is used for the calculation of the Best Estimate, explicitly or implicitly takes into account all the uncertainties in the cash flows, including the following, if relevant:

- Uncertainty in the timing, frequency and severity of insured events;
- Uncertainty in the size of the eligible costs;
- Uncertainty in the expected future developments, as set out above, to the extent that this is practicable;
- Uncertainty in the policyholder behaviour;
- Dependence between two or more causes of uncertainty;
- Dependence on cash flows of the conditions prior to the date of the cash flow.

## Contingent Liabilities

Contingent liabilities are defined as:

- A possible obligation arising from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events; or
- A present obligation, payment of which is not probable.

Athora Netherlands recognises contingent liabilities on the balance sheet, if they are material. Valuation of contingent liabilities is based on the probability weighted cash-flow method using the basic risk-free interest rate term structure.

The contingent liabilities are presented on the Solvency II consolidated balance sheet if they can be measured reliably, meaning that timing, amount and probability of the outflow of economic benefits can be estimated reliably. If the liability cannot be measured reliably, it is not recognised, instead it is reported in the section D.5.2 Off-balance sheet items. Contingent liabilities are subject to continuous assessment.

## Provisions Other than Technical Provisions

### General

Provisions are recognised if there is a legally enforceable or constructive obligation arising from events in the past, the settlement of the obligation is likely to result in an outflow of economic benefits, and a reliable estimate of the obligation can be made.

Provisions are measured at the present value of the expected future cash flows.

### Restructuring Provision

The restructuring provision consists of expected severance pay and other costs that are directly related to restructuring programs. These costs are recognised as an addition to the provision in the period in which a legally enforceable or constructive obligation to make payments arises. No provision is recognised for costs or future operating losses from continuing operations.

Athora Netherlands recognises restructuring provision if it has demonstrably committed itself, either through a constructive or legally enforceable obligation, to:

- Terminating the employment contracts of current employees in accordance with a detailed formal plan without the option of the plan being withdrawn; or
- Paying termination benefits as a result of an offer to encourage voluntary redundancy. Benefits that fall due after more than twelve months after the reporting date are discounted.

### Other Provisions

Athora Netherlands recognises a provision for the estimated liability with respect to ongoing legal proceedings. The provision comprises an estimate of the legal fees and payments due in the course of the legal proceedings, to the extent that it is more likely than not that an obligation exists at the reporting date. The provision is recognised if the obligation can be reliably estimated.

On 21 March 2024, Athora Netherlands reached a settlement with the interest groups regarding the investment linked insurance policies sold by its group company SRLEV and predecessors. A provision of € 95 million regarding this settlement is recognised that reflects the best estimate of the outflow of resources.

### Pension Benefit Obligation

This item comprises the provision for employees' pension benefits as well as other long-term employee benefits.

### Pension Benefits

Athora Netherlands' main pension scheme is a defined contribution scheme administered by Stichting Pensioenfondsen SNS REAAL. New staff is included in this scheme. In addition, a number of defined benefit plans were acquired from insurance companies in the past. The members of those schemes are referred to as deferred members or retirees.

### Defined contribution scheme

According to this pension scheme, defined contributions are paid to separate entities, primarily to Stichting Pensioenfondsen SNS REAAL, an independent pension fund. Besides the defined contributions, Athora Netherlands has no obligation to make additional payments to the scheme to make up for deficits resulting from actuarial or investment risk.

### Defined contribution scheme

A number of defined benefit schemes for (former) employees still exist. The net liability related to these schemes is represented by the difference between the present value of the future liabilities to pay the participants' pensions (gross pension entitlements) and the value of the qualifying assets of these schemes. Qualifying assets are investments relating to pension funds or insurance contracts with insurance companies other than Athora Netherlands. A net asset due to a surplus is recognised only if Athora Netherlands has the ability to use the surplus to generate future economic benefits (asset ceiling). The excess amount above the asset ceiling will be deducted from the surplus.

### Other Long-term Employee Benefits

This item refers to jubilee benefits and to discounts granted for bank and insurance products to (former) employees after the date of their retirement. The amount of the obligation is based on the present value of the discounts offered after the retirement date, taking into account actuarial assumptions about mortality and interest. Furthermore, an obligation for reimbursement of medical expenses is recognised. A liability for the expected expenses of these reimbursements during the period of employment is recognised according to the methods used to determine the defined pension schemes. To qualify for these benefits, an employee's contract is required to run until his or her retirement age and it is to span a specified minimum period.

### Deposits from Reinsurers

Athora Netherlands enters reinsurance programmes to provide protection against underwriting risks arising in the miscellaneous insurance portfolios. The share of reinsurance companies in the technical provisions is accounted for as reinsurance recoverables and mirrored by deposits from reinsurers.

These deposits represent the amount payable to reinsurers arising from reinsurance contract and may become payable on demand. The fair value of these deposits is determined based on the value of reinsurance recoverables.

### Deferred Tax Liabilities

Refer to the section "Deferred tax assets (and liabilities)" under "Assets".

**Derivatives**

Refer to the section “Financial instruments - derivatives” under Assets.

**Debts owed to Credit Institutions**

This item comprises unsubordinated debts to credit institutions, including the amounts payable arising from sale and repurchase agreements and cash collaterals.

The debts owed to credit institutions are measured at their nominal value, since it is assumed to equal their fair value.

**Insurance and Intermediaries Payables**

This item comprises current payables corresponding to insurance activities of Athora Netherlands as well as payables to intermediaries. Bearing in mind short-term character of these assets, these are measured at their nominal value, since it is assumed to be equal to their fair value.

**Reinsurance Payables**

This item comprises current payables to reinsurance companies. Depending on the short- or longer term character of these payables, they are measured at their nominal value or calculated using the expected future cash flows and interest rate curve.

**Payables (trade, not insurance)**

This item comprises miscellaneous amounts payable. Short-term employee benefits including salaries, short paid leave, profit-sharing and bonus schemes are also presented as this item. Bearing in mind short-term character of these assets, these are measured at their nominal value, since it is assumed to equal their fair value.

**Subordinated Liabilities**

Subordinated debt includes the subordinated bonds and private loans issued by Athora Netherlands.

The fair value of subordinated debt is determined by discounting the cash flows at the interest rate based on the swap rate observable in the market and a risk premium. The risk premium is determined based on the difference between the coupon interest rate of the subordinated loan and the swap rate at issue date. This premium remains constant over time.

In accordance with Solvency II Athora Netherlands does not adjust the fair value of the subordinated loans with the changes in own credit risk, as subordinated debt are considered to be funding (core capital) and not an investment. The own credit risk is mainly used by investors interested in the market price of a financial instrument.

Value of the loans includes accrued interest.

**Any other Liabilities, not elsewhere shown**

This item comprises the liabilities that cannot be recognised in the items in the Solvency II balance sheet described above. These liabilities comprise mainly the accrued interest on short-term amounts payable and the liabilities to participants of Zwitterleven PPI. The accrued interest is measured at its nominal value, which is assumed to equal its fair value. The fair value of the liabilities of Zwitterleven PPI is determined as the fair value Zwitterleven PPI's investments (refer to the section “Investments” for more information).

**D.4.1.2 Subsidiaries and Scope of Consolidation**

To determine the capital requirements at consolidated level, Athora Netherlands applies the 'Accounting consolidation based method', according to which the capital requirements are calculated based on the Solvency II consolidated balance sheet.

## Group Companies

According to Solvency II the Group is defined as a parent company and its participations: subsidiaries and the entities in which the parent or its subsidiaries hold a participation, as well as undertakings linked to each other by:

- Management on a unified basis pursuant to a contract or provisions in the memorandum or articles of association;
- Participation in the administrative, management or supervisory bodies.

The Group is based on the establishment of a strong and sustainable financial and operational relationship among those undertakings. This establishment may have legal as well as constructive character. The method according to which the Group companies are accounted for in the consolidated Solvency II balance is determined by the influence exercised by the parent company as well as the activities of the Group company.

Since SRLEV and Proteq are wholly owned subsidiaries of Athora Netherlands, Athora Netherlands can indirectly exercise the influence on all participations of SRLEV. As a result, all these participations are included in the consolidation scope, as if they were direct participations of Athora Netherlands.

## Full Consolidation

Under Solvency II full consolidation has to be applied to the subsidiaries of the parent company that are:

- Insurance or reinsurance companies;
- Insurance holding companies;
- Ancillary services undertakings.

Subsidiaries are the participations, on which Athora Netherlands might directly or indirectly exercise the dominant influence:

- Participations in which Athora Netherlands directly or indirectly holds more than one half of the voting rights;
- Entities, in which Athora Netherlands does not hold majority voting rights, but that are managed by Athora Netherlands on a unified basis pursuant to a contract or provisions in the memorandum or articles of association;
- Entities, in which Athora Netherlands does not hold majority voting rights, but the administrative, management or supervisory bodies of which comprise the same people as Athora Netherlands;
- Entities on which Athora Netherlands might exercise dominant influence in a different way.

The consolidation also encompasses the proportional share of the other undertakings according to the relevant sectoral rules in relation to holdings in related undertakings which are investment fund managers or institutions for occupational retirement provisions. The consolidation is applied from the date on which Athora Netherlands gains dominant influence until the date this influence ceases. The other types of subsidiaries are not consolidated under Solvency II – they are accounted for based on equity method (refer to the section below).

## Adjusted Equity Method

Participations at the adjusted equity method are initially measured at their acquisition price (including transaction costs) and subsequently increased with Athora Netherlands' share of equity of these participations. Equity of the related participations is determined according to Solvency II principles.

The adjusted equity method is applied to the subsidiaries of Athora Netherlands that do not qualify to be fully consolidated (refer to the section above) as well as entities in which Athora Netherlands has significant influence, but in which no dominant influence can be exercised. The existence of the significant influence is assumed as:

- Representation on the board of directors or equivalent governing body of the investee;
- Participation in the policy-making process;
- Material transactions between the investor and the investee;
- Interchange of managerial personnel;
- Provision of essential technical information.

The participations are recognised in the Solvency II consolidated balance sheet from the date on which Athora Netherlands gains dominant or significant influence until the date this influence ceases. The application of the adjusted equity method depends on the activities of the entity:

- Participations in associated insurance companies and associated companies providing ancillary services are accounted for with adjusted equity method based on Solvency II principles;
- If the application of adjusted equity method is impracticable for the companies not operating in finance industry, the IFRS equity method may be used after eliminating the goodwill and the intangible assets that cannot be sold.

### Elimination of Group Transactions

The Solvency II consolidated balance sheet is prepared net of any intra-group transactions.

### Consolidation Process

The consolidation process constitutes the part of the larger control framework within Athora Netherlands' accounting and as such is a subject to detailed testing to ensure the correctness of the work performed. The intra-group transactions, due to the presence of specific national and international legislation along with exposure to certain risks, are also strictly controlled and monitored by a number of internal and external stakeholders.

With regard to Zwitserleven PPI and ESC, in order to recognise these subsidiaries with Solvency II "Method 1: sectoral rules" the assets and liabilities are eliminated from the balance sheet and the participations of Athora Netherlands in these subsidiaries are recognised.

#### D.4.1.3 Events after the Reporting Date

##### Settlement Investment-linked Insurance Policies

On 22 March 2024, SRLEV announced it has reached a settlement agreement with five interest groups. The settlement amounts to € 70 million. The settlement relates to all investment-linked insurance products sold in the Netherlands by SRLEV N.V. (Reaal) and its predecessor companies. In addition, a provision of € 25 million is taken for the estimated risk of hardship cases and customers not affiliated with one of the interest groups who have not previously received compensation. A € 95 million provision is taken in 2023.

##### Capital Distributions

On 27 March 2024, a capital distribution of € 75 million was approved by Athora Netherlands' shareholder and a capital distribution of € 75 million was approved by SRLEV's shareholder. The capital distributions have not been reflected in the year-end IFRS and Solvency II positions of Athora Netherlands of SRLEV.

##### Merger SRLEV and Proteq

On 8 March 2024, the intention to merge the entities SRLEV N.V. and Proteq Levensverzekeringen N.V. was published in a number of newspapers and in March 2024 letters have been sent to the policyholders of Proteq to inform them of our intention. The intended date of the merger is 30 June 2024. The merger will come into effect if all conditions are met, such as the approval by DNB and the statements of no oppositions by policyholders and creditors.

On the merger date, SRLEV will continue the activities of Proteq and will acquire all assets and liabilities of Proteq. Proteq will cease to exist. The financial data of Proteq will be accounted for in the

financial statements of SRLEV as per 1 January 2024. The last financial year of Proteq will therefore end on 31 December 2023.

## D.5 Any Other Information

### D.5.1 Balance Sheet

#### BALANCE SHEET AT 31 DECEMBER 2023

ASSETS	SRLEV		Proteq		Other <sup>1</sup>		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
<b>In € millions</b>								
Deferred tax assets	975	764	24	24	(23)	(17)	976	770
Property, plant & equipment held for own use	14	14	-	-	20	20	34	34
Investments	36,155	34,994	538	538	(7,085)	(7,083)	29,608	28,449
Assets held for index-linked and unit-linked contracts	12,431	12,431	-	-	-	-	12,431	12,431
Loans and mortgages	3,829	4,984	-	-	7,094	7,094	10,923	12,078
Reinsurance recoverables	(566)	(197)	-	-	-	-	(566)	(197)
Receivables	222	165	1	1	106	92	329	258
Cash and cash equivalents	186	186	2	2	186	186	374	374
Any other assets, not elsewhere shown	2,379	2,379	35	35	11	11	2,425	2,425
<b>Total assets</b>	<b>55,625</b>	<b>55,721</b>	<b>600</b>	<b>600</b>	<b>309</b>	<b>306</b>	<b>56,534</b>	<b>56,627</b>
LIABILITIES	SRLEV		Proteq		Other		Athora Netherlands	
In € millions	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
Technical provisions	41,423	41,419	395	401	(422)	(268)	41,396	41,552
Provisions other than technical provisions	117	117	-	-	(6)	(6)	111	111
Pension benefit obligations	7	143	-	-	445	309	452	452
Deferred tax liabilities	46	-	2	-	(1)	-	47	-
Derivatives	7,852	7,850	127	127	10	10	7,989	7,987
Debts owed to credit institutions	1,215	1,215	4	4	91	92	1,311	1,311
Liabilities	865	211	6	5	82	70	953	286
Subordinated liabilities <sup>2</sup>	1,082	1,130	-	-	143	143	1,225	1,273
Any other liabilities, not elsewhere shown	-	-	-	-	1	1	1	1
<b>Total liabilities</b>	<b>52,607</b>	<b>52,087</b>	<b>534</b>	<b>537</b>	<b>344</b>	<b>350</b>	<b>53,485</b>	<b>52,974</b>
Excess of assets over liabilities <sup>3</sup>	<b>3,019</b>	<b>3,634</b>	<b>66</b>	<b>63</b>	<b>(35)</b>	<b>(43)</b>	<b>3,050</b>	<b>3,653</b>

<sup>1</sup> This column contains eliminations due to consolidation as well as the balance sheets of Athora Netherlands N.V., Zwitserleven PPI N.V. and of the subsidiaries of SRLEV N.V. For more details we refer to Annex I.

<sup>2</sup> The subordinated liabilities in the Solvency II and IFRS balance sheet also include the Capital Subordinated Loans. The subordinated liabilities are further specified in section E.1.3.

The own funds are further specified in section E.1.



## BALANCE SHEET AT 31 DECEMBER 2022

ASSETS	SRLEV		Proteq		Other <sup>1</sup>		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
<b>In € millions</b>								
Deferred tax assets	991	1,049	13	23	(13)	(23)	991	1,049
Property, plant & equipment held for own use	30	30	-	-	5	5	35	35
Investments	37,649	36,470	522	522	(6,089)	(6,089)	32,082	30,903
Assets held for index-linked and unit-linked contracts	11,507	11,507	-	-	-	-	11,507	11,507
Loans and mortgages	4,438	5,612	-	-	6,055	6,055	10,493	11,667
Reinsurance recoverables	(771)	(86)	-	-	-	-	(771)	(86)
Receivables	250	220	-	-	36	33	286	253
Cash and cash equivalents	132	132	4	4	221	221	357	357
Any other assets, not elsewhere shown	4,051	4,051	40	40	5	5	4,096	4,096
<b>Total assets</b>	<b>58,277</b>	<b>58,985</b>	<b>579</b>	<b>589</b>	<b>220</b>	<b>207</b>	<b>59,076</b>	<b>59,781</b>
LIABILITIES	SRLEV		Proteq		Other		Athora Netherlands	
	SII	IFRS	SII	IFRS	SII	IFRS	SII	IFRS
<b>In € millions</b>								
Technical provisions	38,761	40,041	373	410	(399)	(87)	38,735	40,364
Provisions other than technical provisions	15	15	-	-	8	8	23	23
Pension benefit obligations	20	149	-	-	449	320	469	469
Deferred tax liabilities	-	19	-	-	-	(19)	-	-
Derivatives	13,032	13,029	135	135	2	2	13,169	13,166
Debts owed to credit institutions	1,532	1,532	3	3	103	105	1,638	1,640
Liabilities	940	280	4	3	(47)	(62)	897	221
Subordinated liabilities <sup>2</sup>	1,069	1,123	-	-	111	142	1,180	1,265
Any other liabilities, not elsewhere shown	-	-	-	-	-	-	-	-
<b>Total liabilities</b>	<b>55,369</b>	<b>56,188</b>	<b>515</b>	<b>551</b>	<b>227</b>	<b>409</b>	<b>56,111</b>	<b>57,148</b>
Excess of assets over liabilities <sup>3</sup>	<b>2,908</b>	<b>2,797</b>	<b>64</b>	<b>38</b>	<b>(7)</b>	<b>(202)</b>	<b>2,965</b>	<b>2,633</b>

<sup>1</sup> This column contains eliminations due to consolidation as well as the balance sheets of Athora Netherlands N.V., Zwitterleven PPI N.V. and of the subsidiaries of SRLEV N.V. For more details we refer to Annex I.

<sup>2</sup> The subordinated liabilities in the Solvency II and IFRS balance sheet also include the Capital Subordinated Loans. The subordinated liabilities are further specified in section E.1.3.

<sup>3</sup> The own funds are further specified in section E.1.

### D.5.2 Off-balance Sheet Items

Off balance sheet positions different from the financial statements do not exist. We refer to section 6.3 Note 20 Guarantees and Commitments in the Annual Report Athora Netherlands N.V. 2023.

### D.5.3 Any Other Disclosures

No other disclosures are applicable.

## E CAPITAL MANAGEMENT

### General

In 2023, as part of Athora Netherlands' strategy to achieve profitable growth for our company, Athora Netherlands remained focused on improving operating capital generation. For example, by asset deployment, gradually rebalancing, achieving an increase in result on investments within the appropriate risk limits. By improving the business contribution and by further optimising the risk profile (by Balance Sheet Management initiatives) taking into account the Risk Appetite.

The Solvency II ratio of Athora Netherlands increased to 206% at 31 December 2023 from 205% at 31 December 2022.

### E.1 Own Funds

Under Solvency II, available capital is called 'Eligible Own Funds' and is divided into three tiers. The own funds prior to tiering restrictions are referred to as Available Own Funds. The tiering restrictions reflect the ability to absorb capital losses, with Tier 1 being the highest capital quality (which can be further split in restricted and unrestricted Tier 1 capital) and Tier 3 the lowest. Athora Netherlands does not have 'ancillary own funds' (such as letters of credit and guarantees) which require supervisory approval.

The following table shows the breakdown of the eligible own funds, starting from shareholders' equity:

#### BREAKDOWN OF ELIGIBLE OWN FUNDS AT 31 DECEMBER 2023

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Issued share capital	-	3	(3)	-
Share premium reserve	2,739	45	1,784	4,568
Retained earnings 2023	857	24	(18)	863
Other reserves	38	(9)	(1,806)	(1,777)
Capital Subordinated Loan	418	-	(68)	350
<b>Total equity</b>	<b>4,052</b>	<b>63</b>	<b>(111)</b>	<b>4,004</b>
Reconciliation IFRS-Solvency II	(615)	3	8	(604)
Capital Subordinated Loan	(418)	-	68	(350)
Subordinated liabilities	1,082	-	143	1,225
Deductions other financial undertakings	-	-	(11)	(11)
<b>Total basic own funds after Deductions other financial undertakings</b>	<b>4,101</b>	<b>66</b>	<b>97</b>	<b>4,264</b>
Own funds of other financial sectors	-	-	10	10
Own funds aggregated when using the D&A	-	-	-	-
Tiering restriction	(751)	(21)	(176)	(948)
<b>Total eligible own funds</b>	<b>3,350</b>	<b>45</b>	<b>(69)</b>	<b>3,326</b>

## BREAKDOWN OF ELIGIBLE OWN FUNDS AT 31 DECEMBER 2022

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Issued share capital	-	3	(3)	-
Share premium reserve	2,739	45	1,784	4,568
Retained earnings 2022	(520)	(12)	(87)	(619)
Other reserves	578	2	(1,730)	(1,150)
Capital Subordinated Loan	418	-	(68)	350
<b>Total equity</b>	<b>3,215</b>	<b>38</b>	<b>(104)</b>	<b>3,149</b>
Reconciliation IFRS-Solvency II	113	25	28	166
Capital Subordinated Loan	(418)	-	67	(351)
Subordinated liabilities	1,069	-	111	1,180
Deductions other financial undertakings	-	-	(6)	(6)
<b>Total basic own funds after Deductions other financial undertakings</b>	<b>3,979</b>	<b>63</b>	<b>96</b>	<b>4,138</b>
Own funds of other financial sectors	-	-	5	5
Own funds aggregated when using the D&A	-	-	-	-
Tiering restriction	(820)	(8)	(134)	(962)
<b>Total eligible own funds</b>	<b>3,159</b>	<b>55</b>	<b>(33)</b>	<b>3,181</b>

The following table shows the Movements in the reporting period of basic own funds:

## MOVEMENTS IN THE REPORTING PERIOD

€ millions	SRLEV	Proteq	Other	Athora Netherlands
<b>Balance as at 1 January 2023</b>	<b>3,159</b>	<b>55</b>	<b>(33)</b>	<b>3,181</b>
Share premium account related to ordinary share capital	-	-	-	-
Reconciliation reserve	126	(10)	(17)	99
An amount equal to the value of net deferred tax assets	(17)	13	(10)	(14)
Capital Subordinated Loan issued	-	-	-	-
Deductions other financial undertakings	-	-	5	5
Deduction for participations included by using D&A	-	-	-	-
<b>Total basic own funds</b>	<b>109</b>	<b>3</b>	<b>(22)</b>	<b>90</b>
<b>Subordinated liabilities - movements in the reporting period</b>				
- Issued	-	-	-	-
- Redeemed	-	-	-	-
- Movements in valuation	13	-	33	46
<b>Total movements subordinated liabilities</b>	<b>13</b>	<b>-</b>	<b>33</b>	<b>46</b>
Own funds of other financial sectors	-	-	(5)	(5)
Own funds aggregated when using the D&A	-	-	-	-
Tiering restriction	69	(13)	(42)	14
<b>Balance as at 31 December 2023</b>	<b>3,350</b>	<b>45</b>	<b>(69)</b>	<b>3,326</b>

Basic Own Funds are own-fund items that are on the balance sheet of Athora Netherlands and are permanently available to absorb losses (e.g., paid-in ordinary share capital). Such items may be used to cover a part of the SCR.

In Other the difference between the group and the sum of its subsidiaries is shown.

For Athora Netherlands, the following undertaking does not need to comply with Solvency II and therefore the capital requirements should be based on sectorial regulation and need to be taken into account within the consolidated (Athora Netherlands) balance sheet under own funds of other financial sectors:

- Zwitterleven PPI N.V. holds a license as a 'payment institution' with supervision of the Dutch Central Bank (DNB). Zwitterleven PPI N.V. recognises the investments held on behalf of participants and the related liabilities in its balance sheet. Zwitterleven PPI N.V. is not the risk owner and the financial statements are based on Dutch GAAP;

### E.1.1 Ordinary Share Capital

The ordinary share capital of Athora Netherlands is € 238,500. The share capital has been fully paid-up and consists of ordinary shares with a nominal value of € 500 each. 477 ordinary shares had been issued at 31 December 2023.

#### BREAKDOWN OF ISSUED SHARES

In numbers	SRLEV	Proteq	Athora Netherlands
Authorised share capital	450	35,000	2,385
Share capital in portfolio	360	28,000	1,908
<b>Issued share capital as at 31 December 2023</b>	<b>90</b>	<b>7,000</b>	<b>477</b>

#### BREAKDOWN OF SHARE CAPITAL

In € thousands	SRLEV	Proteq	Athora Netherlands
Authorised share capital	225	15,890	1,193
Share capital in portfolio	180	12,712	954
<b>Issued share capital as at 31 December 2023</b>	<b>45</b>	<b>3,178</b>	<b>239</b>

**E.1.2 Reconciliation Reserve**

The following table shows the reconciliation reserve:

**BREAKDOWN OF RECONCILIATION RESERVE AT 31 DECEMBER 2023**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Other IFRS reserves	38	(9)	(1,806)	(1,777)
Retained earnings 2023	857	24	(18)	863
Reconciliation IFRS-Solvency II	(615)	3	7	(605)
Transfer of net deferred tax assets from tier 1 to tier 3	(975)	(24)	23	(976)
<b>Total reconciliation reserve</b>	<b>(695)</b>	<b>(6)</b>	<b>(1,794)</b>	<b>(2,495)</b>

**BREAKDOWN OF RECONCILIATION RESERVE AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Other IFRS reserves	578	38	(1,421)	(805)
Retained earnings 2022	(520)	(21)	(387)	(928)
Reconciliation IFRS-Solvency II	113	(2)	19	130
Transfer of net deferred tax assets from tier 1 to tier 3	(991)	(13)	13	(991)
<b>Total reconciliation reserve</b>	<b>(820)</b>	<b>2</b>	<b>(1,776)</b>	<b>(2,594)</b>

In Solvency II the balance between the deferred tax assets and liabilities (DTA and DTL) is classified as tier 3 capital within the own funds. The eligible amount of Tier 3 items is maximised at 15% of the SCR. This restriction applies to Athora Netherlands, SRLEV and Proteq due to its relative large net DTA positions.

**Reconciliation IFRS-Solvency II**

The reconciliation encompasses the following significant differences in measurement under Solvency II and under IFRS:

- Technical provisions – Under Solvency II the technical provisions (including provisions for savings mortgages) are measured using Solvency II parameters, taking into account current market estimates. With respect to economic parameters used, there are differences regarding the interest rate curve and the cost of capital. The difference in the interest rate curves arising from different IFRS Illiquidity Premium versus the Solvency II Volatility Adjustment and differences in the Last Liquid Point are the main drivers for the development of the reconciliation of IFRS and Solvency II. The difference also stems from the exclusion of Operational Risk in the calculation of IFRS 17 Risk Adjustment as compared to Solvency II Risk Margin;
- Deferred Tax Assets – Due to differences in the calculation method and the resulting recoverability and in the valuation of assets and liabilities the resulting DTA position is different;
- Reinsurance Recoverable / Technical Provision – In Solvency II the reinsurance recoverable of the longevity reinsurance contracts is presented separately on the balance sheet. Under IFRS the reinsurance recoverable is presented under the technical provision. Mainly due to differences in the effects to the risk margin or risk adjustment the impact for IFRS is less positive than Solvency II Eligible Own Funds.

### E.1.3 Subordinated Liabilities

Under Solvency II the available own funds include subordinated debt including accrued interest with regard to this debt. The subordinated liabilities are determined based on own credit standing (credit spread determined at pricing date).

#### BREAKDOWN OF SUBORDINATED LIABILITIES AT 31 DECEMBER 2023

In € millions	Currency	Interest	SII Value	Nominal amount	Issue date	First call date	Expiration date
<b>Athora Netherlands</b>							
<b>Tier 1</b>							
Athora Netherlands	EUR	7.000 %	291	300	2018-jun	2025-jun	perpetual
Athora Holding Ltd	EUR	4.440 %	47	50	2021-dec	2026-dec	perpetual
<b>Total</b>			<b>338</b>	<b>350</b>			
<b>Tier 2</b>							
Athora Netherlands	EUR	2.250 %	284	300	2021-apr	2026-apr	2031-jul
Athora Netherlands	EUR	5.375 %	492	500	2022-may	2027-may	2032-aug
<b>Total</b>			<b>776</b>	<b>800</b>			
<b>SRLEV</b>							
<b>Tier 1</b>							
SRLEV (Swiss Franc)	CHF	5.334 %	112	113	2011-jul	2023-dec	perpetual
Athora Netherlands	EUR	7.750 %	262	250	2017-jul	2023-mar	perpetual
Athora Netherlands	EUR	6.500 %	99	100	2020-jun	2025-jun	perpetual
Athora Netherlands	EUR	4.440 %	47	50	2021-dec	2026-dec	perpetual
			<b>520</b>	<b>513</b>			
<b>Tier 2</b>							
Athora Netherlands	EUR	7.750 %	137	140	2015-dec	2025-dec	2025-dec
Athora Netherlands	EUR	3.600 %	165	180	2018-jun	2023-jun	2028-jun
Athora Netherlands	EUR	2.250 %	260	275	2021-apr	2026-apr	2028-jun
			<b>562</b>	<b>595</b>			
<b>Total SRLEV</b>			<b>1,082</b>	<b>1,108</b>			
Other (elimination)			(971)	(995)			
<b>Total Athora Netherlands</b>			<b>1,225</b>	<b>1,263</b>			

#### Tier 1

In July 2011, SRLEV N.V. issued CHF 105 million in perpetual subordinated bonds. The CHF bond had a first optional redemption date on 19 December 2016, which was not exercised. SRLEV N.V. also decided not to exercise its redemption option to redeem the CHF bond for the period 2016 to 2022. Under the Solvency II transitional measures the CHF bond qualifies in full as Restricted Tier 1 own funds in the calculation of Solvency II own funds for ten years after 1 January 2016. At this specific time, it has been determined that it is currently in the interests of SRLEV N.V. not to exercise the redemption option to redeem the CHF Bond. The interest rate on the bond resets to 5-year CHF mid-swap plus 5.625%. As a result of this reset, on 19 December 2021 a new interest rate has been determined for the 5 years period ending on 19 December 2026. The interest rate for this next period has been fixed at 5.334%.

In June 2017 SRLEV N.V. entered into a Capital Subordinated Loan for an amount of € 250 million. The Capital Subordinated Loan is a tier 1 perpetual loan provided by Athora Netherlands N.V. with a fixed interest rate of 7.75%.

In June 2018 Athora Netherlands issued subordinated Restricted Tier 1 notes. The € 300 million subordinated notes are perpetual. The notes are first callable after 7 years and each interest payment date thereafter, subject to conditions to redemption. The coupon is fixed at 7% per annum until the first call date and payable semi-annually in arrears on 19 June and 19 December in each year.

In June 2020 SRLEV N.V. entered into a Capital Subordinated Loan for an amount of € 100 million. The Capital Subordinated Loan is a tier 1 perpetual loan provided by Athora Netherlands N.V. with a fixed interest rate of 6.50%.

In December 2021, Athora Netherlands was provided a perpetual Tier 1 Capital Subordinated loan by its ultimate parent company Athora Holding Ltd. The € 50 million subordinated loan is a perpetual loan. There is no contractual obligation for Athora Netherlands, as issuer of the loan, to repay the principal or to pay interest. The notes are first callable after five years and each interest payment date thereafter, subject to conditions to redemption. The coupon is fixed at 4.44% per annum until the first call date and payable annually in arrears on 23 December in each year, commencing on 23 December 2021.

## Tier 2

On 29 December 2015, Athora Netherlands N.V. granted a loan to SRLEV N.V. in the amount of € 140 million. The loan is a 10-years Solvency II Tier 2 capital subordinated loan with the possibility of interest deferral, early repayment and variation. The loan bears a fixed interest rate of 7.75% annually.

In June 2018, Athora Netherlands N.V. granted a loan to SRLEV N.V. in the amount of € 180 million. The loan is a 10-years Solvency II Tier 2 subordinated loan with a maturity date at 19 June 2028. The loan is first callable after 5 years with a first call date at 19 June 2023. The loan bears a fixed interest coupon of 3.6% per annum.

In April 2021, Athora Netherlands issued € 300 million subordinated notes. The notes are first callable after five years and each fifth anniversary thereafter, subject to conditions to redemption. The coupon is fixed at 2.250% per annum until the first call date. The notes qualify as Tier 2 regulatory capital under Solvency II.

In April 2021, Athora Netherlands N.V. granted a loan to SRLEV N.V. in the amount of € 275 million. The loan is a 10.25-year Solvency II Tier 2 subordinated loan, first callable after 5 years, with the possibility of interest deferral, early repayment and variation. The loan bears a fixed interest coupon of 2.25% per annum.

In May 2022, Athora Netherlands N.V. issued € 500 million subordinated notes. The notes are first callable after five years, subject to conditions to redemption. The coupon is fixed at 5.375% per annum until the first call date, thereafter based on the five years mid swap rates plus margin with yearly resets. The notes qualify as Tier 2 regulatory capital under Solvency II.

In May 2022, Athora Netherlands N.V. redeemed the outstanding \$ 506 million of originally issued \$ 575 million subordinated notes as a result of the successful tender offer on the notes. In November 2022 (first call date), Athora Netherlands N.V. redeemed the outstanding \$ 69 million at their principal amount outstanding together with accrued and unpaid interest and any arrears of interest.

In November 2022, SRLEV N.V. decided to use the option on the first call date to early redeem the loan in the amount of € 95 million.

## BREAKDOWN OF SUBORDINATED LIABILITIES AT 31 DECEMBER 2022

In € millions	Currency	Interest	SII Value	Nominal amount	Issue date	First call date	Expiration date
<b>Athora Netherlands</b>							
<b>Tier 1</b>							
Athora Netherlands	EUR	7.000 %	284	300	2018-jun	2025-jun	perpetual
Athora Holding Ltd	EUR	4.440 %	45	50	2021-dec	2026-dec	perpetual
<b>Total</b>			<b>329</b>	<b>350</b>			
<b>Tier 2</b>							
Athora Netherlands	EUR	2.250 %	271	300	2021-apr	2026-apr	2031-jul
Athora Netherlands	EUR	5.375 %	475	500	2022-may	2027-may	2032-aug
<b>Total</b>			<b>746</b>	<b>800</b>			
<b>SRLEV</b>							
<b>Tier 1</b>							
SRLEV (Swiss Franc)	CHF	5.334 %	105	107	2011-jul	2023-dec	perpetual
Athora Netherlands	EUR	7.750 %	263	250	2017-jul	2023-mar	perpetual
Athora Netherlands	EUR	6.500 %	95	100	2020-jun	2025-jun	perpetual
Athora Netherlands	EUR	4.440 %	45	50	2021-dec	2026-dec	perpetual
			<b>508</b>	<b>507</b>			
<b>Tier 2</b>							
Athora Netherlands	EUR	7.750 %	134	140	2015-dec	2025-dec	2025-dec
Athora Netherlands	EUR	3.600 %	178	180	2018-jun	2023-jun	2028-jun
Athora Netherlands	EUR	2.250 %	249	275	2021-apr	2026-apr	2028-jun
			<b>561</b>	<b>595</b>			
<b>Total SRLEV</b>			<b>1,069</b>	<b>1,102</b>			
Other (elimination)			(964)	(995)			
<b>Total Athora Netherlands</b>			<b>1,180</b>	<b>1,257</b>			

## E.2 Solvency Capital Requirement and Minimum Capital Requirement

The final amount of the Solvency Capital Requirement is still subject to the opinion of the supervisory authority.

The SCR is a risk-based measure and reflects Athora Netherlands' risk profile. The measure is based on a 1-in-200 year stress scenario over a one-year period.

Comparison of the SCR with the Eligible Own Funds shows to what extent Athora Netherlands is able to absorb the aforementioned 1-in-200 year losses. Athora Netherlands calculates the SCR with the Solvency II standard model, which is based on the following criteria:

- It is calculated on a going-concern basis;
- It aims to capture the material quantifiable risks that most undertakings are exposed to. The standard formula might however not cover all material risks a specific undertaking is exposed to. If an insurer still has material additional quantifiable risks, then these risks must be assessed in the Own risk and Solvency Assessment (ORSA);
- Both existing business and new business in the next 12 months are covered (in the case of existing activities, it covers only unexpected losses);
- It is calibrated with a 99.5% confidence level over a 12-month period;



- The effects of risk-mitigation techniques are considered, but allowance should then be made for any newly introduced risk (e.g., counterparty default risk of the derivative);
- The SCR must be consistent with the SCR on the baseline date used for calculating the risk margin.
- Where the SCR is determined using scenarios, the risk margin can be kept constant. This also applies to the value of discretionary bonuses and deferred taxes. If the scenario allows the own funds to increase, the SCR is set at zero;
- Diversification is assumed to exist between the modules and sub-modules.

The SCR is equal to the sum of the Basic SCR (BSCR), the capital requirement for operational risk (Op) and an adjustment for the loss-absorbing capacity of the technical provisions and any deferred taxes (Adj) and the Capital Requirements of other financials sectors for the group SCR.

These sections briefly describe the method used by Athora Netherlands in calculating the Solvency Capital Requirement (SCR). Athora Netherlands calculates the SCR by making use of the standard formula.

The MCR represents the minimum level of security below which the Eligible Own Funds may not fall. The MCR is calibrated on the basis of a confidence level of 85% over a one-year period. The MCR is calculated using a relatively simple linear formula, which includes both a floor and a cap (as a percentage of the SCR).

The MCR is determined using the prescribed calculation methods. Besides the percentage criterion, which is a percentage of the most recently calculated SCR including any capital add-on, the MCR should not fall below a certain minimum. This requirement is regarded as the absolute minimum capital requirement (also known as Absolute Minimum Capital Requirement, hereinafter AMCR). The AMCR is € 4,0 million per solo entity.

### E.2.1 Athora Netherlands

The table below shows a breakdown of the ratio of Athora Netherlands.

#### RATIO ATHORA NETHERLANDS

In € millions / in %	2023	2022
Total eligible own funds to meet the SCR	3,326	3,181
Total eligible own funds to meet the MCR	2,657	2,541
SCR	1,616	1,552
MCR	726	697
Ratio of Eligible own funds to Group SCR	206 %	205 %
Ratio of Eligible own funds to Group MCR	366 %	365 %

A detailed movement analysis is included in the general section of the Risk Profile.

**E.2.2 SRLEV**

The table below shows a breakdown of the ratio of SRLEV.

**RATIO SRLEV**

In € millions / in %	2023	2022
Total eligible own funds to meet the SCR	3,350	3,159
Total eligible own funds to meet the MCR	2,697	2,534
SCR	1,592	1,524
MCR	716	686
Ratio of Eligible own funds to SCR	210 %	207 %
Ratio of Eligible own funds to MCR	376 %	369 %

A detailed movement analysis is included in the general section of the Risk Profile.

**E.2.3 Proteq**

The table below shows a breakdown of the ratio of Proteq.

**RATIO PROTEQ**

In € millions / in %	2023	2022
Total eligible own funds to meet the SCR	45	55
Total eligible own funds to meet the MCR	41	51
SCR	22	28
MCR	10	11
Ratio of Eligible own funds to SCR	202 %	197 %
Ratio of Eligible own funds to MCR	414 %	483 %

A detailed movement analysis is included in the general section of the Risk Profile.

**E.3 Use of the Duration-based Equity Risk Sub-module in the Calculation of the Solvency Capital Requirement**

Athora Netherlands does not make use of the duration-based equity risk sub-module set out in Article 304 of Directive 2009/138/EC for the calculation of the Standard Formula SCR.

**E.4 Differences between Standard Formula and Internal Model Used**

Athora Netherlands solvency is governed by a standard formula, rather than a self-developed model.

**E.5 Non-compliance with the Minimum Capital Requirement and Non-compliance with the Solvency Capital Requirement**

Athora Netherlands has not faced any form of non-compliance with the Minimum Capital Requirement or significant non-compliance with the SCR during the reporting period or at the reporting date.

Therefore no further information is included here.

## **E.6 Any Other Information**

### **E.6.1 General**

#### **E.6.1.1 Definition**

Capitalisation refers to the extent to which Athora Netherlands and its underlying legal entities have capital available to cover unforeseen losses and to achieve the strategic objectives of the company. Athora Netherlands manages its capitalisation within limits set in the Risk Appetite Statements.

Annually the Capital & Funding Plan is produced, which is part of the Integrated Management Plan. Monthly and quarterly forward-looking monitoring enables Athora Netherlands taking timely action if capitalisation would deteriorate. Athora Netherlands assesses its capitalisation regularly with respect to level and quality.

#### **E.6.1.2 Capital Policy**

Athora Netherlands aims for a robust capital position, which contributes to both the confidence that clients have in the institution and access to financial markets. Athora Netherlands deems a Solvency II ratio above 175% as a normal going concern level. The objective of the Capital Policy is to ensure that there is sufficient capital to fulfil obligations towards policyholders under adverse scenarios. The available capital of Athora Netherlands has to meet internal risk appetite standards as well as external requirements of regulators, rating agencies and also includes commercial considerations.

Capitalisation generally refers to the relationship between risk-bearing activities and available regulatory capital (own funds). The second objective of the Capital Policy is to ensure that capital is used as efficiently and flexibly as possible to facilitate the implementation of Athora Netherlands' strategy. One of the possible utilisations of capital that Athora Netherlands may consider is capital distribution to the shareholder in the form of (interim) dividend, share buy-back or capital repayment from the reserves. The timing, the form and the amount of potential capital distribution are subject to various qualitative and quantitative considerations, prevailing market conditions and outlook thereof. Athora Netherlands may also consider more frequent than annual capital distribution, but would make related decisions on a case-by-case basis.

A preparatory crisis plan exists, which describes the procedure that applies in a contingency situation in which a capital deficit arises, or threatens to arise, that poses a direct threat to the going concern of Athora Netherlands. In its Risk Appetite, Athora Netherlands has defined specific triggers that determine whether a contingency situation exists. The emphasis of these triggers is on capital metrics, and these are linked to governance and management measures. Athora Netherlands' Capital Policy forms the basis for lower-level policies, process descriptions and procedures.

Management uses the Integrated Management Plan, including Capital and Funding Plan, Balance Sheet Assessments, Risk Dashboards, ORSA, Preparatory Crisis Plan and Risk Reporting for managing the capital position. The Capital and Funding Plan describes the medium-term activities relating to capital and funding, including a five-year solvency forecast.

#### **E.6.1.3 Regulatory Framework**

Solvency II is a risk-based regime consisting of three pillars. Pillar 1 regulates the capital requirements. Insurers should be capitalised adequately to mitigate their risks. Therefore, this pillar introduces two risk weighted measures: the Minimum Capital Ratio (MCR), and the Solvency Capital Ratio (SCR). Pillar 2 demands an adequate level of risk management and governance. Pillar 3 establishes standards of transparency. Currently, Solvency II is under review by EIOPA and the European Commission; the impact of envisaged changes is being investigated by Athora Netherlands.

#### **E.6.1.4 Preparatory Crisis Plan**

On 1 January 2019 the new law on Recovery and Resolution of insurers (Wet herstel en afwikkeling van verzekeraars) came into force in The Netherlands. As a result of this law, Athora Netherlands has established a Preparatory Crisis Plan. In a Preparatory Crisis Plan an insurance group identifies its core businesses and sets out the possible key recovery measures to be taken in a situation of financial distress. The Preparatory Crisis Plan includes early warning indicators for emerging crises, a crisis

management governance framework and the management actions Athora Netherlands has at its disposal in a crisis situation to maintain its core businesses viable for the future. The effectiveness of the management actions is evaluated using different stress scenarios.

### **E.6.2 Capital Position**

Athora Netherlands falls under the Solvency II regulatory framework and complies with the guidance notes on the interpretation of Solvency II as published by the supervisory authorities EIOPA and DNB.

For internal purposes, Athora Netherlands calculates the Solvency II position on a quarterly basis and updates weekly this position in the intervening weeks. Athora Netherlands calculates its solvency capital requirement under Solvency II using the standard formula, applying the Volatility Adjustment (VA) and thus making use of the possibility of applying long-term guarantee measures. Athora Netherlands does not apply the Matching Adjustment. The required and available capital (own funds) under Solvency II are determined on the basis of information at year-end. The yield curve used, including the Ultimate Forward Rate (UFR), Credit Risk Adjustment (CRA) and VA, is published by EIOPA.

For the euro the UFR was 3.45% in 2023. The calculated target UFR for 2024 decreases to 3.30%.

### **Development Solvency Ratio**

The development in 2023 of the Solvency II ratio is explained by the analysis of change as presented in the graphs below. The movement consists of the categories Operating Capital Generation, Market Impacts, One-off items, Capital flows and Other.

Operating Capital Generation is defined as the change of eligible own funds minus the SCR change. The overall principle is that this is a long-term and stable metric. Elements are the expected release of risk margin and SCR, the expected excess spread, the expected UFR drag and the (insurance) experience variance.

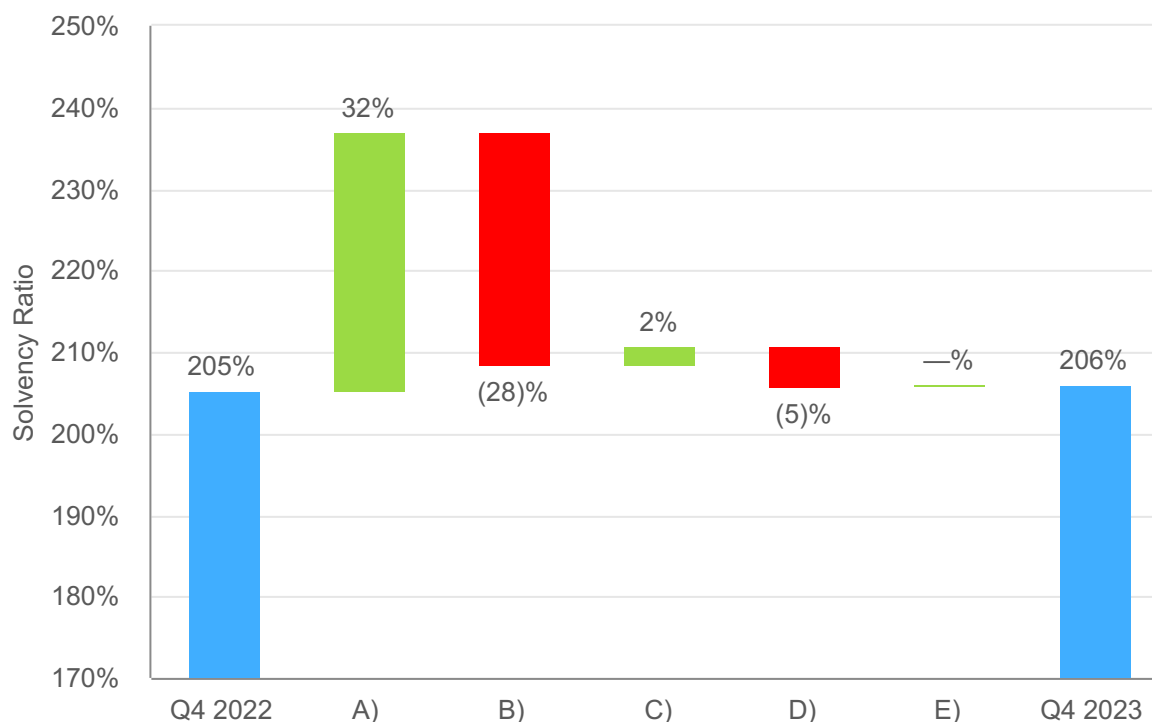
In Market Impacts Movements in assets and liabilities due to economic environment changes, other than the expected part in the operating capital generation. Next to these movements, also the change caused by the Volatility Adjustment is taken into account.

One-off items include the impact of events like changes in coverage of the longevity reinsurance contracts, the UFR decrease, Balance Sheet Management actions like investment deployments, interest rate hedge adjustments and changes in models and assumptions.

Capital flows, e.g., capital injections, issuance of (subordinated) loans, coupon payments on (subordinated) loans, dividends paid.

Other, includes the difference in actual changes in the Deferred Tax Asset and Deferred Tax Liability versus the tax included in the operating capital generation.

## AOC SOLVENCY RATIO ATHORA NETHERLANDS



The Solvency II ratio of Athora Netherlands N.V. increased from 205% to 206% in 2023. The main drivers of this movement are:

#### A) Operating Capital Generation (+/+32%)

The operating capital generation during 2023 was mainly driven by expected excess return (asset carry over liabilities), portfolio unwind (SCR plus risk margin release), new business contribution and other, partly offset by the UFR drag.

#### B) Market Impacts (-/-28%)

Market Impact includes the variance between expected excess return and actual return. Market impacts had a negative impact on the Solvency II ratio. The main drivers were the spread widening, mainly mortgage spreads and property value revaluations.

#### C) One-off items (+/+2%)

One-off items had a positive impact of 2%-point on the Solvency II ratio, mainly due to updates to the longevity reinsurance premiums, partly offset by capital optimisation initiatives and the settlement with interest groups regarding investment-linked insurance policies.

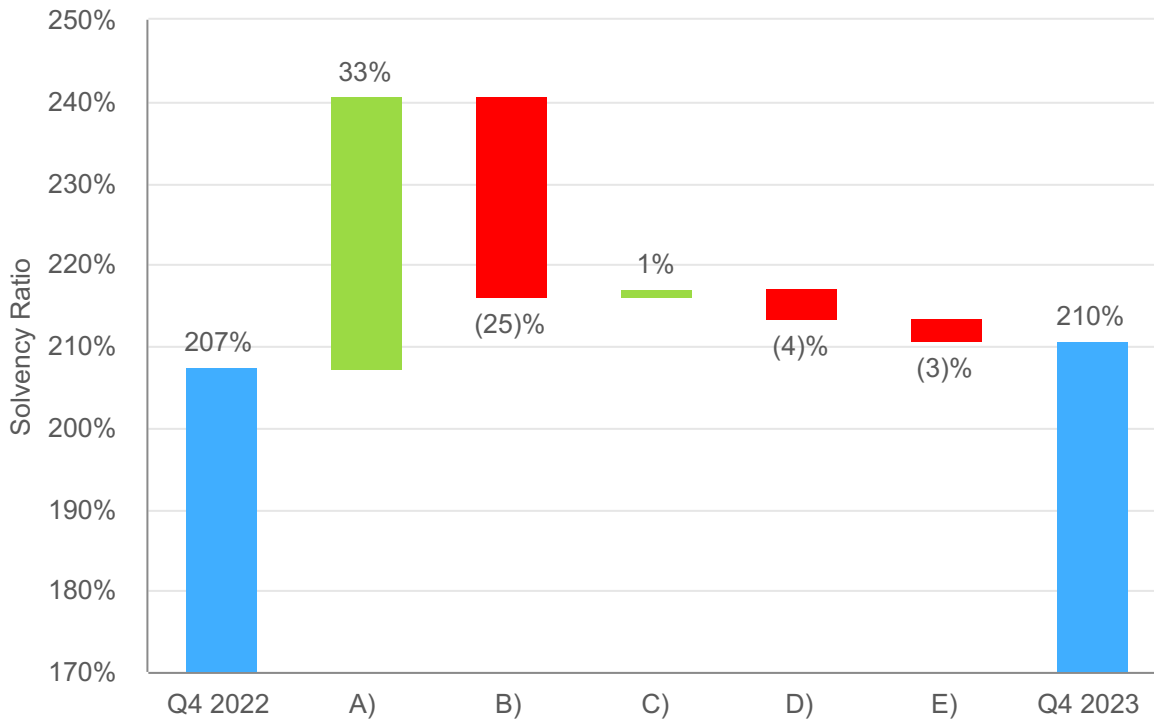
#### D) Capital Flows (-/-5%)

The decrease of the Solvency II ratio is due to coupon payments on subordinated loans.

#### E) Other (+/+0%)

Includes the increase of the percentage of loss absorbing capacity of deferred taxes (LAC DT) driven by higher interest rates and spreads, offset by other changes.

## AOC SOLVENCY RATIO ATHORA SRLEV



The Solvency II ratio of SRLEV N.V. increased from 207% to 210% in 2023. The main drivers of this movement are:

**A) Operating Capital Generation (+/+33%)**

The operating capital generation during 2023 was mainly driven by expected excess return (asset carry over liabilities), portfolio unwind (SCR plus risk margin release), new business contribution and other, partly offset by the UFR drag.

**B) Market Impacts (-/-25%)**

Market Impact includes the variance between expected excess return and actual return. Market impacts had a negative impact on the Solvency II ratio. The main drivers were the spread widening, mainly mortgage spreads and property value developments.

**C) One-off Items (+/+1%)**

One-off items had a positive impact of 1%-point on the Solvency II ratio, mainly due to updates to the longevity reinsurance premiums, partly offset by capital optimisation initiatives and the settlement with interest groups regarding investment-linked insurance policies.

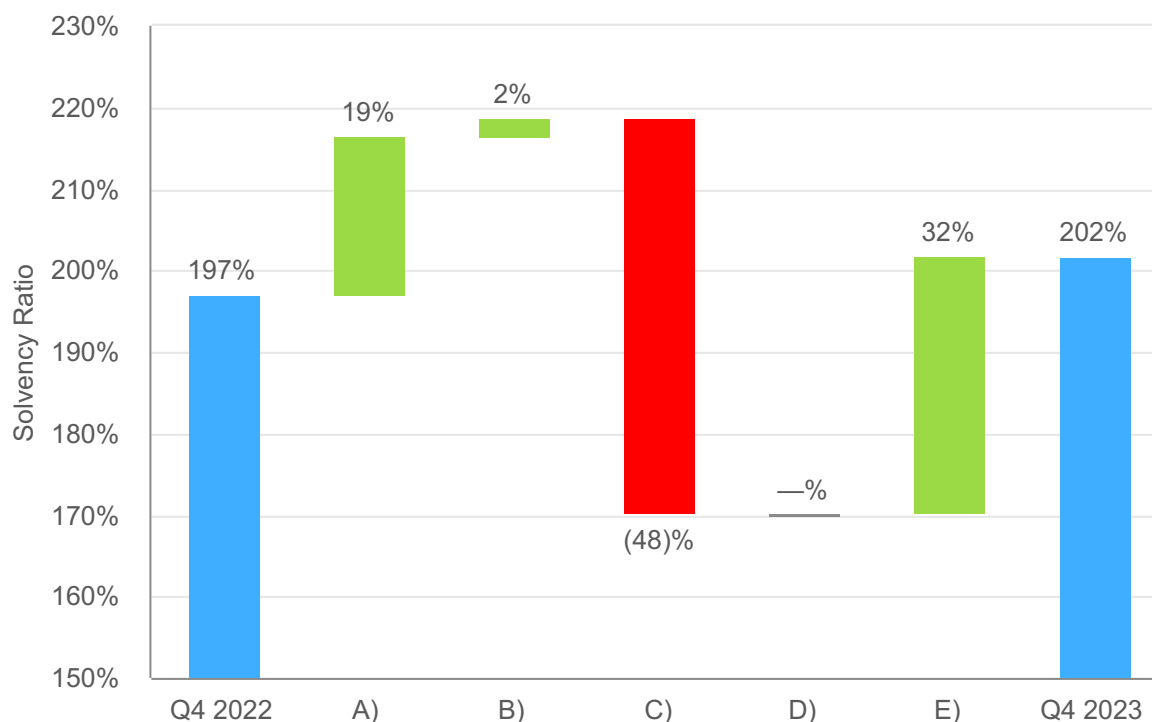
**D) Capital Flows (-/-4%)**

The decrease of the Solvency II ratio is due to coupon payments on subordinated loans.

**E) Other (-/-3%)**

Includes the increase of the percentage of loss absorbing capacity of deferred taxes (LAC DT) driven by higher interest rates and spreads, offset by other changes.

## AOC SOLVENCY RATIO ATHORA PROTEQ



The Solvency II ratio of Proteq Levensverzekeringen N.V. decreased from 197% to 202% in 2023. The main drivers of this movement are:

**A) Operating Capital Generation (+/+19%)**

The operating capital generation during 2023 was mainly driven SCR plus risk margin release, partly offset by the UFR drag.

**B) Market Impacts (+/+2%)**

Market impacts had a positive impact on the Solvency II ratio. The main drivers was the interest rate movement.

**C) One-off Items (-/-48%)**

One-off items had a negative impact of 48%-point on the Solvency II ratio, mainly due to updates to expense assumptions.

**D) Capital Flows (+/+0%)**

No capital flows in 2023.

**E) Other (+/+32%)**

Includes the increase of the percentage of loss absorbing capacity of deferred taxes (LAC DT).

### E.6.2.1 Tiering

#### Tiering

The Own Funds are classified in three tiering categories (Tier 1, Tier 2, and Tier 3 with Tier 1 being the highest quality of Own Funds). This tiering concept is based on the extent to which own-fund items are considered to hold the characteristics of permanent availability and subordination.

The tiering classification is prescribed, as not all own-fund items are considered to be able to fully absorb losses in the event of winding-up proceedings. Tier 1 own-fund items are the highest grade capital (e.g., paid-in ordinary share capital) and Tier 3 items are the lowest grade capital.

**BREAKDOWN OF TIERING**

In € millions	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3	Total
Eligible own funds to meet the Group SCR 2023	2,072	450	776	28	3,326
Eligible own funds to meet the Group SCR 2022	1,973	434	746	28	3,181

**BREAKDOWN OF TIERING ATHORA NETHERLANDS**

In € millions	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3	Total
Eligible own funds to meet the Group SCR 2023	2,072	450	776	28	3,326
Eligible own funds to meet the Group SCR 2022	1,973	434	746	28	3,181

**BREAKDOWN OF TIERING SRLEV**

In € millions	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3	Total
Eligible own funds to meet the Group SCR 2023	2,043	520	563	225	<b>3,350</b>
Eligible own funds to meet the Group SCR 2022	1,918	479	590	172	<b>3,159</b>

**BREAKDOWN OF TIERING PROTEQ**

In € millions	Tier 1 Unrestricted	Tier 1 Restricted	Tier 2	Tier 3	Total
Eligible own funds to meet the Group SCR 2023	41	-	-	4	<b>45</b>
Eligible own funds to meet the Group SCR 2022	51	-	-	4	<b>55</b>

**Tiering restriction**

The use of own funds of different tiers is subject to certain limits under Solvency II. These limits are related to the required capital or Tier 1 capital, and is applied to define the Eligible Own Funds. These limits cause a difference between the Available Own Funds and the Eligible Own Funds.

For Athora Netherlands the Tier 3 restriction remained applicable during 2023. The Tier 2 plus Tier 3 restriction consists of a maximum of 50% of the SCR while the Tier 3 restriction consists of the net DTA position restricted to maximum of 15% of the SCR. Ineligible own funds decreased from € 962 million at year-end 2022 to € 948 million at the end of 2023.

For SRLEV the Tier 1 and tier 3 restriction remained applicable during 2023. The Tier 1 restriction consists of a maximum of 20% restricted Tier 1. The Tier 2 plus Tier 3 restriction consists of a maximum of 50% of the SCR while the Tier 3 restriction consists of the net DTA position restricted to maximum of 15% of the SCR. Ineligible own funds decreased from € 819 million at year-end 2022 to € 751 million at the end of 2023.



**ELIGIBLE OWN FUNDS AT 31 DECEMBER 2023**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Available own funds to meet the Group SCR	4,101	66	97	4,264
Own funds of other financial sectors	-	-	10	10
Own funds aggregated when using the D&A	-	-	-	-
Tiering restriction SCR	(751)	(21)	(176)	(948)
<b>Eligible own funds to meet the Group SCR</b>	<b>3,350</b>	<b>45</b>	<b>(69)</b>	<b>3,326</b>
Own funds of other financial sectors	-	-	(10)	(10)
Own funds aggregated when using the D&A	-	-	-	-
Tier 3 capital	(233)	(4)	209	(28)
Tiering restriction MCR	(420)	-	(211)	(631)
<b>Total eligible own funds to meet the Group MCR</b>	<b>2,697</b>	<b>41</b>	<b>(81)</b>	<b>2,657</b>

**ELIGIBLE OWN FUNDS AT 31 DECEMBER 2022**

In € millions	SRLEV	Proteq	Other	Athora Netherlands
Available own funds to meet the Group SCR	3,978	64	96	4,138
Own funds of other financial sectors	-	-	5	5
Own funds aggregated when using the D&A	-	-	-	-
Tiering restriction SCR	(819)	(9)	(134)	(962)
<b>Eligible own funds to meet the Group SCR</b>	<b>3,159</b>	<b>55</b>	<b>(33)</b>	<b>3,181</b>
Own funds of other financial sectors	-	-	(5)	(5)
Own funds aggregated when using the D&A	-	-	-	-
Tier 3 capital	(172)	(4)	148	(28)
Tiering restriction MCR	(453)	-	(154)	(607)
<b>Total eligible own funds to meet the Group MCR</b>	<b>2,534</b>	<b>51</b>	<b>(44)</b>	<b>2,541</b>

The following limits are applicable so far as compliance with the SCR is concerned:

- The eligible amount of Tier 1 items should be at least 50% of the SCR;
- No more than 20% of those Tier 1 items may be restricted instruments (i.e., preference shares, subordinated liabilities or subordinated mutual member accounts) or items included under the transitional arrangements as discussed in section E.6.2.1;
- Where an instrument meeting the restricted Tier 1 requirements is excluded from Tier 1 as a result of the mentioned limits, it may be included within Tier 2 Basic Own Funds;
- The sum of the eligible amounts of Tier 2 and 3 items should not exceed 50% of the SCR;
- The eligible amount of Tier 3 items should be less than 15% of the SCR. This restriction applies to Athora Netherlands due to its net DTA position as Tier 3 capital.

The following limits are applicable so far as compliance with the MCR is concerned:

- Only Tier 1 and Tier 2 basic own-fund items can be used to cover the MCR. Ancillary Own Funds and Tier 3 Basic Own Funds are therefore not eligible to cover the MCR;
- At least 80% of the MCR should be met by eligible Tier 1 own funds. No more than 20% of those Tier 1 Own Funds may be restricted Tier 1 instruments (i.e., preference shares, subordinated liabilities and subordinated mutual member accounts) or items included under

the transitional arrangements. The effect of this is that Tier 2 Basic Own Funds are eligible as long as they are less than 20% of the MCR;

- Where an instrument meeting the restricted Tier 1 requirements is excluded from Tier 1 as a result of the mentioned limits, it may be included within Tier 2 Basic Own Funds.

### E.6.2.2 Other assumptions

#### Loss Absorbing Capacity of Deferred Taxes (LACDT)

Under Solvency II, the SCR may be determined taking into account the extent to which the tax losses which occur under the described shock can be settled with the tax authorities.

The LACDT has to be calculated taking into account the following:

- The adjustment for the loss-absorbing capacity of deferred taxes shall be equal to the change in the value of deferred taxes of insurance and reinsurance undertakings that would result from an instantaneous loss of an amount that is equal to the sum of the following:
  - The Basic Solvency Capital Requirement referred to in Article 103(a) of Directive 2009/138/EC;
  - The adjustment for the loss-absorbing capacity of technical provisions referred to in Article 206 of this Regulation;
  - The capital requirement for operational risk referred to in Article 103(b) of Directive 2009/138/EC.
- A decrease in the value of deferred tax liabilities or an increase in the value of deferred tax assets will result in a negative adjustment to the SCR;
- If the calculation results in a positive change in deferred tax assets, this should only be considered if it can be shown that future taxable profits will be available.

When determining the Net Solvency Capital Requirement, the loss-absorbing capacity of deferred taxes may be set off against the Basic Solvency Capital Requirement. SRLEV and Proteq have examined whether, following a loss of the same size as the (pre-tax) SCR shock, future profits will be sufficient to be able to recover, partially or fully, the change in deferred tax assets caused by that loss.

For Solvency II and IFRS the recoverability of the DTA is tested using the same model and assumptions. However, the non-recoverable amount for IFRS is based on a single scenario of the recoverability calculation, where for Solvency II the non-recoverable amount is based on the weighted average of multiple scenarios, including future new business.

Relevant regulation and current guidance (Delegated Regulation, Level 3 guidelines, Dutch Central Bank Q&A's and IAS12) is taken into account in the development of the LAC DT methodology.

The LAC DT of the group entity Athora Netherlands has been determined as the consolidated sum of its legal insurance entities.

### E.6.3 Any Other Disclosure

Regarding the SCR calculation we have used simplification methods for calculating the risk mitigating effect for reinsurance arrangements or securitisation and the calculation of the risk mitigating effect.

## ANNEX I

**Related Subsidiaries Athora Netherlands N.V.**

Athora Netherlands N.V. owns the following material related undertakings:

**RELATED SUBSIDIARIES**

Subsidiary	Country	Legal form	% capital share	Treatment of the undertaking
SRLEV N.V.	NL	NV	100 %	Full consolidation
Proteq Levensverzekeringen N.V.	NL	NV	100 %	Full consolidation
Zwitserleven PPI N.V.	NL	NV	100 %	Sectoral rules

**Related Subsidiaries SRLEV N.V.**

SRLEV N.V. owns the following material related undertakings:

**RELATED SUBSIDIARIES**

Subsidiary	Country	Legal form	% capital share	Treatment of the undertaking
REAAL Wognumsebuurt B.V.	NL	BV	100 %	Adjusted equity method
REAAL De Ruyterkade B.V.	NL	BV	100 %	Adjusted equity method
REAAL Kantoren I B.V.	NL	BV	100 %	Adjusted equity method
REAAL Winkels I B.V.	NL	BV	100 %	Adjusted equity method
REAAL Winkels II B.V.	NL	BV	100 %	Adjusted equity method
GVR500 Building B.V.	NL	BV	100 %	Adjusted equity method
RE Young Urban Housing B.V.	NL	BV	100 %	Adjusted equity method
REAAL Woningen I B.V.	NL	BV	100 %	Adjusted equity method
RE Griffioen Zeist B.V.	NL	BV	100 %	Adjusted equity method
N.V. Pensioen ESC	CW	NV	100 %	Adjusted equity method
Bellecom N.V.	BE	NV	100 %	Adjusted equity method
CBRE Property Fund Central and Eastern Europe	SK	FGR	30 %	Adjusted equity method
Share Debt Programme 1 B.V.	NL	BV	100 %	Adjusted equity method
Stichting Titleholder Rabo Dutch Mortgages Fund Yellow	NL	Stichting	100 %	Adjusted equity method
Apollo CRE direct lending fund	LU	SLP	100 %	Adjusted equity method
Apollo CRE loan administration Sarl	LU	SARL	100 %	Adjusted equity method
Apollo Middle Loan Administration Sarl	LU	SARL	100 %	Adjusted equity method
Apollo Middle Market Direct Lending Fund	LU	SLP	100 %	Adjusted equity method
Apollo Large Cap Administration Sarl	LU	SARL	100 %	Adjusted equity method
Apollo Large Cap Direct Lending Fund	LU	SLP	100 %	Adjusted equity method
Apollo Leveraged Loan Fund	LU	SLP	100 %	Adjusted equity method
Apollo Middle Market Loan Fund	LU	SLP	100 %	Adjusted equity method
Apollo CRE debt fund	LU	SLP	100 %	Adjusted equity method
Dutch Mortgage Investment Fund 2020	NL	BV	100 %	Adjusted equity method

**RELATED SUBSIDIARIES**

<b>Subsidiary</b>	<b>Country</b>	<b>Legal form</b>	<b>% capital share</b>	<b>Treatment of the undertaking</b>
Athora Lux Earth Holding 1 S.A.	LU	SA	100 %	Adjusted equity method
Apollo CRE direct lending fund	LU	SLP	100 %	Adjusted equity method
Apollo Equity Platform Inv. Fund	LU	SLP	100 %	Adjusted equity method
Apollo NAV Financing	LU	SLP	100 %	Adjusted equity method
Dumenza SP. Z.o.o.	PL	SPZOO	100 %	Adjusted equity method
PDC Industrial Center 143	PL	SPZOO	100 %	Adjusted equity method
Athora France Sky Holdings 1 SASU	FR	SLP	100 %	Adjusted equity method
RE NL Holding 1 S.à.r.l.	LU	SARL	100 %	Adjusted equity method
ALI NL Italy CRE debt sub fund	LU	SARL	100 %	Adjusted equity method

**ANNEX II**

The tables below present the QRT's which are part of the Solvency and Financial Condition Report per legal entity.

**Disclosure QRT Report Athora Netherlands N.V.****TABLE OF CONTENT DISCLOSURE QRT REPORT ATHORA NETHERLANDS NV**


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1	S.02.01 - Balance Sheet
2	S.05.01 - Premiums, claims and expenses by line of business
3	S.22.01 - Impact of long term guarantees measures and transitionals
4	S.23.01 - Own Funds
5	S.25.01 - Solvency Capital Requirement - for groups on Standard Formula
6	S.32.01 - Undertakings in the scope of the group

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The Disclosure QRT Report Athora Netherlands N.V. is published separately on <https://www.athora.nl/en/investors/annual-reports/>

**Disclosure QRT Report SRLEV N.V.****TABLE OF CONTENT DISCLOSURE QRT REPORT SRLEV NV**


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1	S.02.01 - Balance Sheet
2	S.05.01 - Premiums, claims and expenses by line of business
3	S.12.01 - Life and Health SLT Technical Provisions - Best Estimate by country
4	S.22.01 - Impact of long term guarantees measures and transitionals
5	S.23.01 - Own Funds
6	S.25.01 - Solvency Capital Requirement - for undertakings on Standard Formula
7	S.28.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

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The Disclosure QRT Report SRLEV N.V. is published separately on <https://www.athora.nl/en/investors/annual-reports/>

**Disclosure QRT Report Proteq Levensverzekeringen N.V.****TABLE OF CONTENT DISCLOSURE QRT REPORT PROTEQ LEVENSVZERKERINGEN NV**


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1	S.02.01 - Balance Sheet
2	S.05.01 - Premiums, claims and expenses by line of business
3	S.12.01 - Life and Health SLT Technical Provisions - Best Estimate by country
4	S.22.01 - Impact of long term guarantees measures and transitionals
5	S.23.01 - Own Funds
6	S.25.01 - Solvency Capital Requirement - for undertakings on Standard Formula
7	S.28.01 - Minimum Capital Requirement - Only life or only non-life insurance or reinsurance activity

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The Disclosure QRT Report Proteq Levensverzekeringen N.V. is published separately on <https://www.athora.nl/en/investors/annual-reports/>