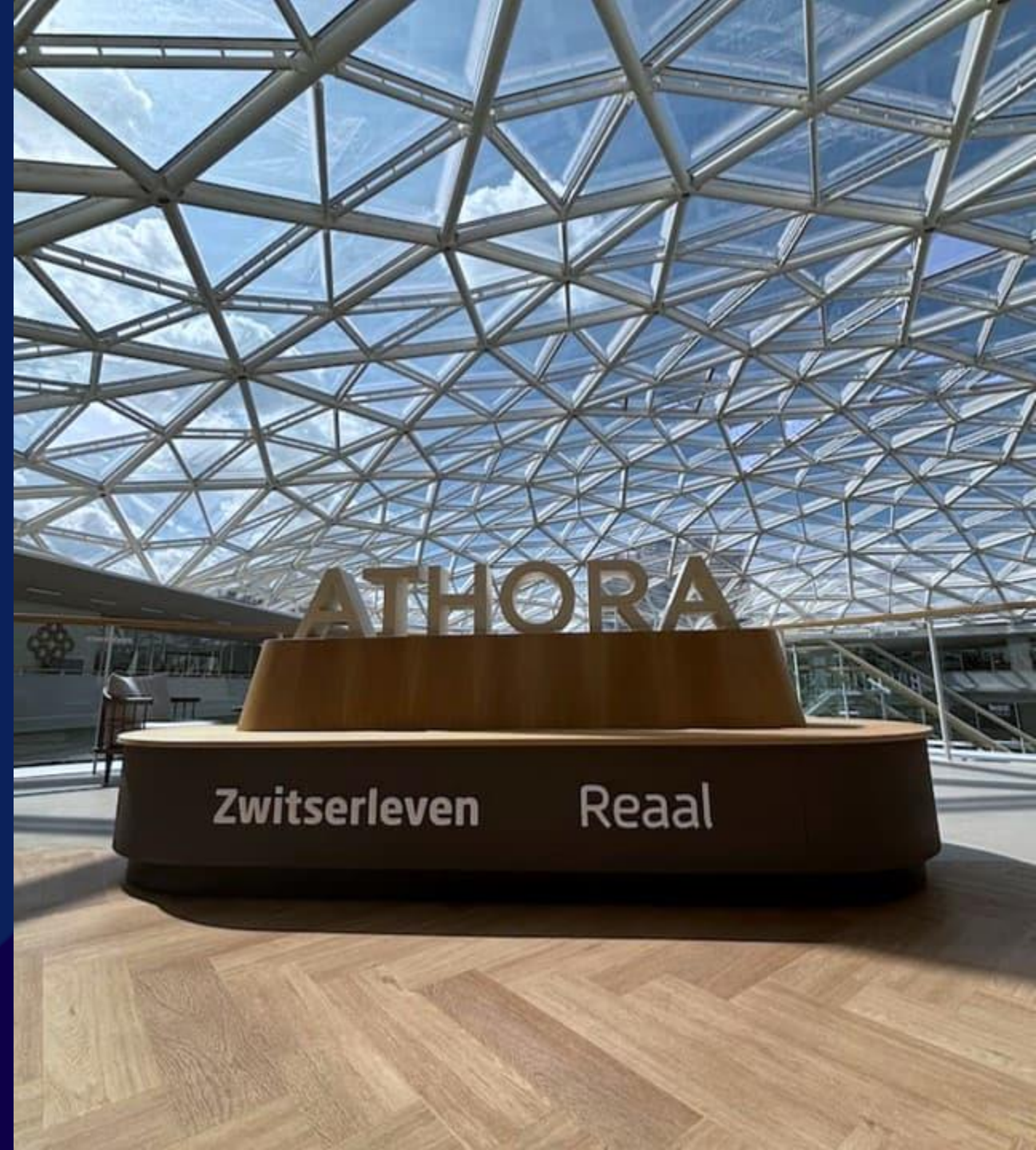




Illiquid investments within an insurance context

30 September, 2025

- 01** Introduction
- 02** Market developments
- 03** Investment philosophy
- 04** Regulatory framework
- 05** Concluding remarks



1. Introduction



Director Risk

Athora Netherlands

- Risk management function holder
 - Departments: investment, operational and enterprise risk



Earlier experience

- Non-executive board member ABN AMRO Pension fund (still in this role)
- ABN AMRO Bank - Central risk
- WTW - Insurance consulting
- Background: Qualified Actuary (AAG) & CFA® Charterholder

Introduction | Athora Netherlands (YE2024)

Athora is a leading Pension & Life insurer in the Dutch market



Assets

€68bn



Solvency II Own Funds

€3.6bn



Solvency II Ratio

201%



Operating Capital Generation

€522m



Gross inflows

€3.6bn



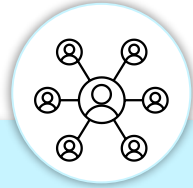
Brands

Zwitserleven (>120 yrs.)
Reaal (>130 yrs.)



Customer Base

2 million



Employees

<1000



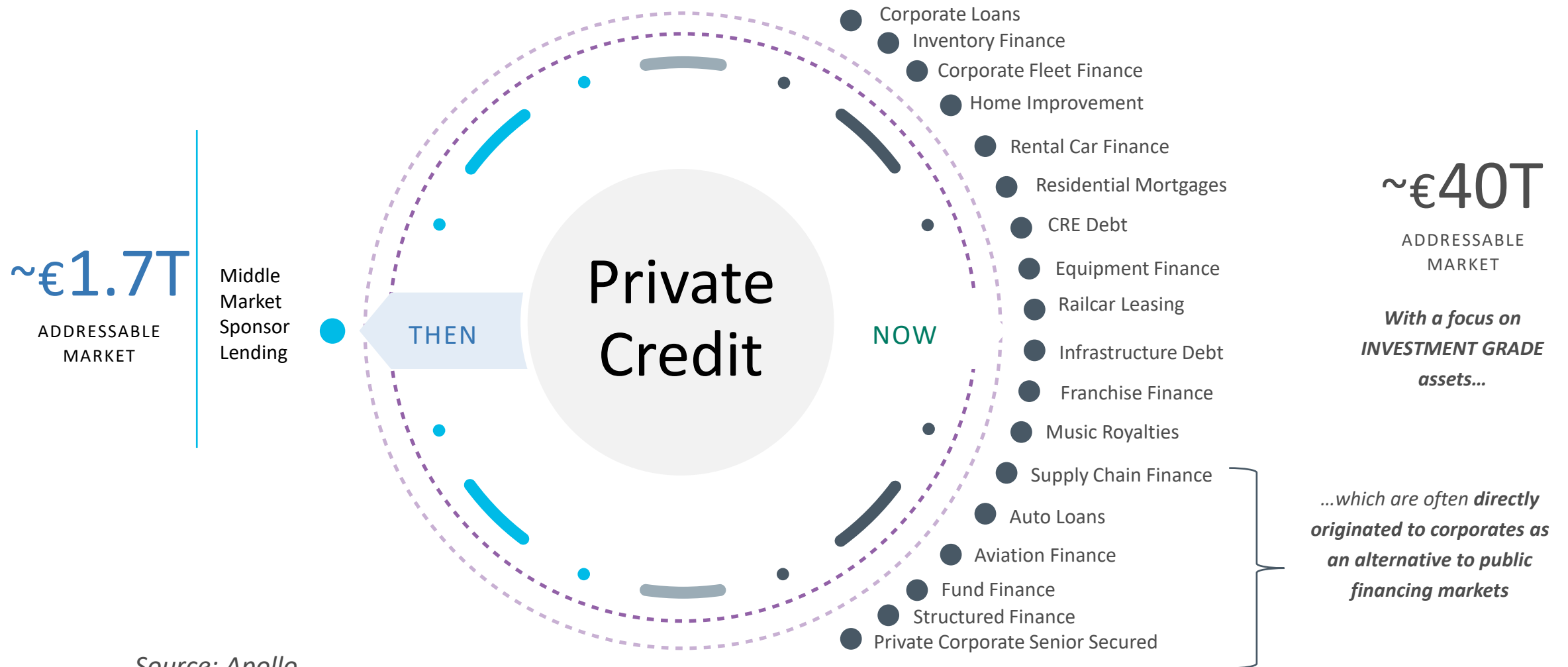
Credit Rating (Fitch)

A-(stable)

2. Market developments



Investment Grade Assets are among the fastest growing private credit categories



Source: Apollo

Attention from global regulators

US SEC

- **Transparency & systemic risk**

ECB

- **Shadow bank exposures**
- **Concentration**

IMF/BIS

- **Financial shocks**

Insurance regulatory focus

- **IAIS - International Association of Insurance Supervisors**

- Consultation paper issued March 2025
- Three key words: "valuation uncertainty", "illiquidity" and "complexity"

1. Alternative assets:

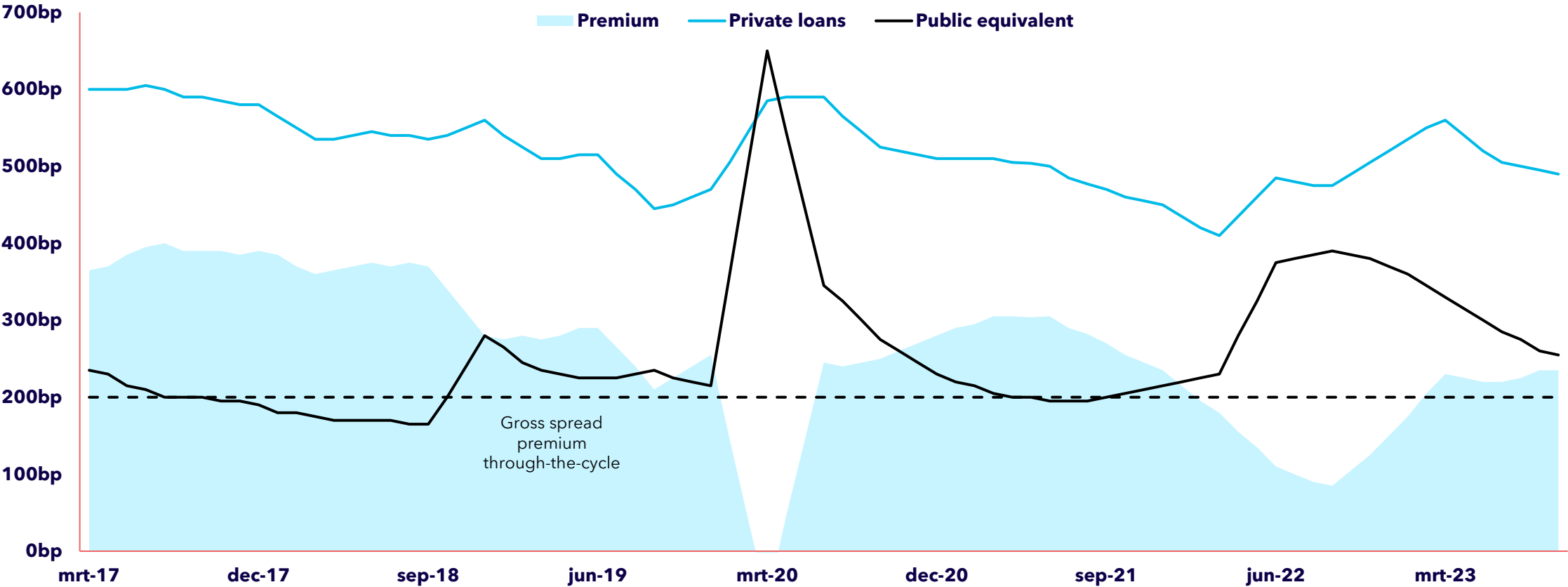
- Establish a clear definition of alternative assets using principles and criteria to classify these investments.
- Obtain a better understanding of current trends in alternative assets and the drivers behind this trend.
- Evaluate issues such as hidden leverage, liquidity risks, credit risk and credit ratings as well as regulatory capital-related issues associated with alternative assets.

3. Investment philosophy



Private credit | Spread premium

Through-the-cycle private originated debt generally earns a premium over its public debt equivalent



Investment philosophy

Athora's Strategic Asset Allocation is driven by a desire to deliver attractive risk-adjusted returns, by leveraging key strategic partners, while limiting exposures to unwanted risks and protecting against adverse shocks

Capital preservation and defensive balance sheet positioning



Immunise balance sheet against systemic, macroeconomic risks (e.g. interest rates, currency)



Counter-cyclical and liquid positioning to withstand shock scenarios and enable asset deployment at attractive times



Ensure capital adequacy and strict compliance with Prudent Person Principles

Superior risk-adjusted returns through differentiated private asset capabilities



Harvesting illiquidity and origination premium without assuming additional credit risk



Limit credit risk exposure and avoidance of binary pay-off structures to ensure stability and predictability of returns



Dynamic allocation across asset classes to capitalise on relative value across market cycles

Strategic Asset Allocation ("SAA")

Asset-Liability Management Manage mark-to-market liabilities

Typical assets:

- AAA/AA European Sovereigns
- Euro Swaps (liquidity pool for derivative margins)
- High Quality & Short-Dated Investment Grade Credit
- Low Loan-to-Value Residential mortgage Loans



Return Seeking

Generate attractive through-the-cycle returns

Typical assets:

- Private Investment Grade
- Private Debt (MML, Large Cap Lending etc.)
- Alternative Assets (Funds, Platforms etc.)

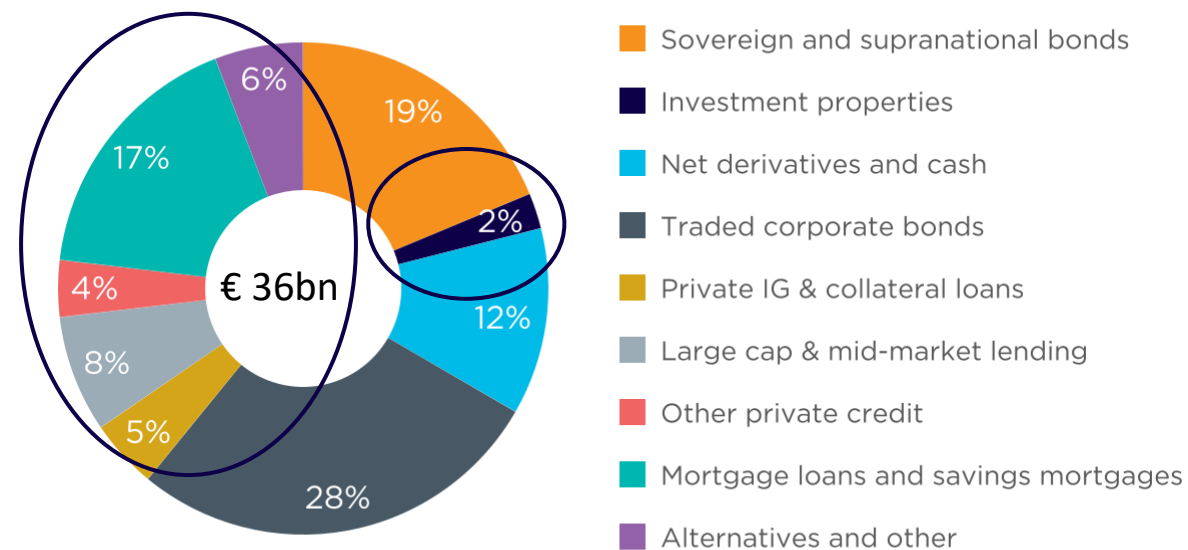
Continued asset repositioning, supporting capital generation and profitability

AuMA breakdown on an IFRS Basis

In € millions	30 June 2025	31 December 2024
Investments in associates	43	40
Investment property ¹	842	961
Investments for general account	37,791	37,600
Cash and cash equivalents	3,529	3,021
Derivatives (liabilities)	-6,044	-5,371
Total AuM: General account assets	36,161	36,251
Total AuA: Investments attributable to policyholders and third parties (includes unit-linked assets)	18,887	18,843
Total AuMA	55,048	55,094

1. Investment property includes Investment property and Assets held for sale

General account assets



Note: All figures at 30 June 2025 unless noted otherwise

4. Regulatory framework



Solvency II

Article 132 of SII Directive: Prudent person principle (PPP)

- Identify
- Measure
- Monitor
- Manage
- Control
- Report

Wft: Sound and controlled business operations
General: Effective risk management

Underlying

- Delegated regulation
- Guidelines (ORSA, valuation of assets, System of Governance, look-through, SF, IM)

What areas should we consider?

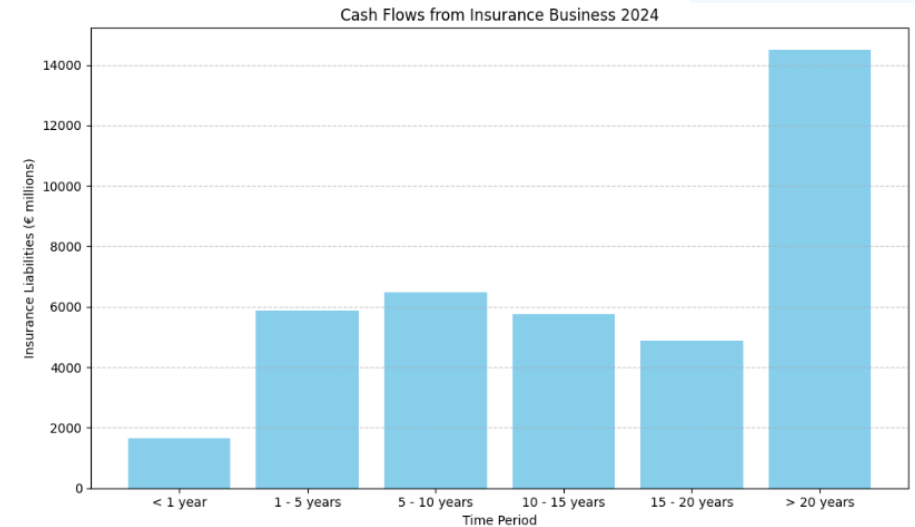
- **PPP fit**
- **Risk identification & credit risk**
- **Risk models**
- **Valuations**

Solvency II: PPP Fit

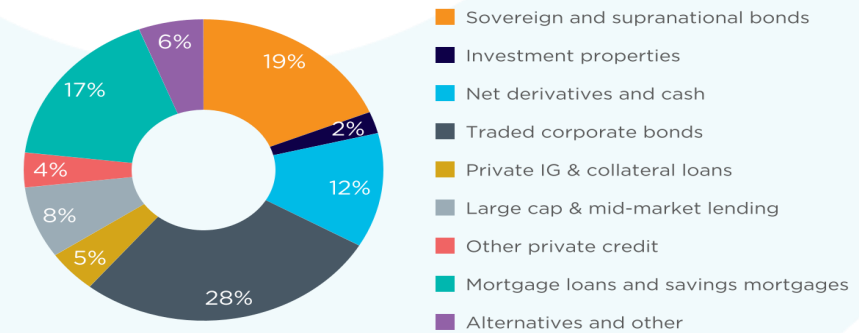
Key elements PPP notes

- Investment appropriate to nature and duration of liabilities
- Shall be invested in the best interest of all policy holders and beneficiaries
- Investment and assets which are not admitted to trading on a regulated financial market shall be kept to prudent levels

- Sticky and long duration nature of our liabilities



- Prudent level of private assets



Solvency II: Risk identification & credit risk

Delegated regulation

- **Art 4 & 5: Credit risk assessments**

EIOPA guideline System of Governance

- **Assessment non-routine investments**
- **Conflict of interest**
- **Own KRI investment**
- **Review and monitor portfolio**

- **Fundamental assessment of credit risk**
 - Financial track record
 - Payment capacity
 - Capital
 - Collateral
 - Conditions & covenants
- **Full assessment of the investment** – on the right
- **Large & complex:**
 - In case investment is either large or complex own estimate of rating required

Topic

SAA

Risk Appetite

Investment guideline

Capital

Credit & market risk

Sustainability risk

Conflict

Risk/Return

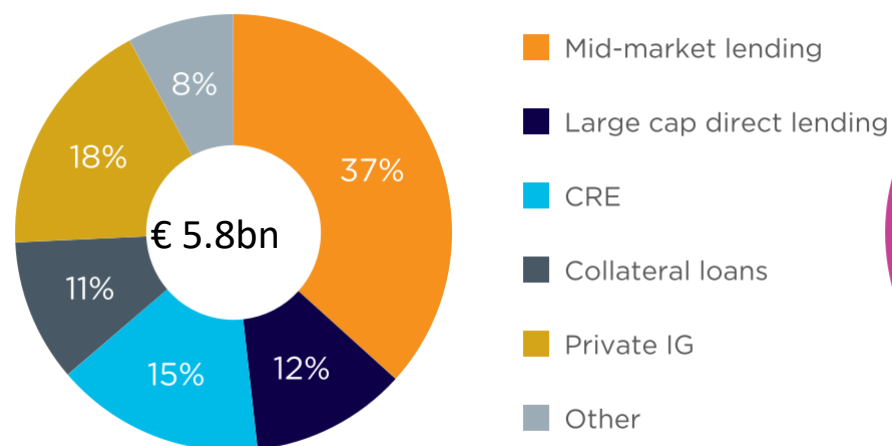
Valuation

Operations

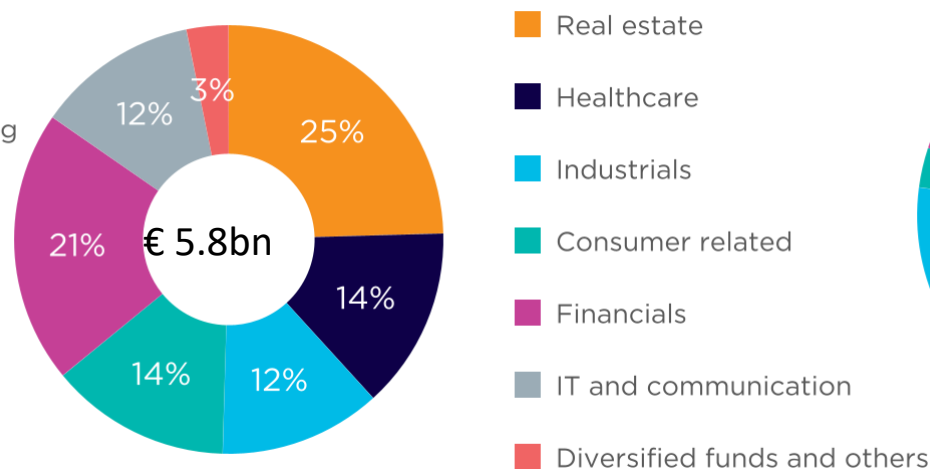
Fees

Portfolio view of private credits

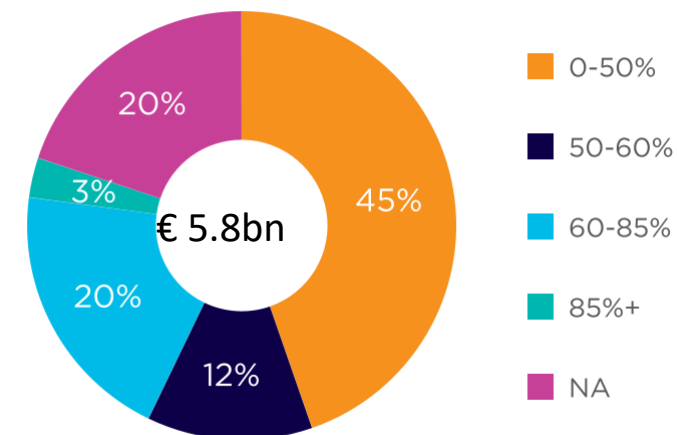
Private credit portfolio by type



Private credit portfolio by industry



Private credit portfolio by LTV

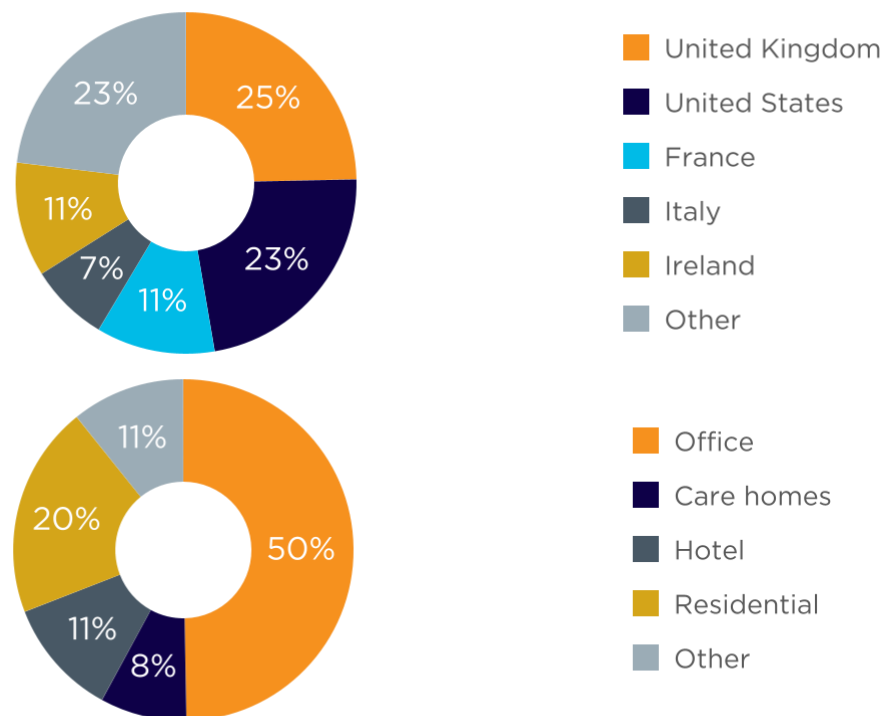


- Well-diversified portfolio with exposures to cyclical sectors kept to a minimum.

Note: All figures at 30 June 2025 unless noted otherwise

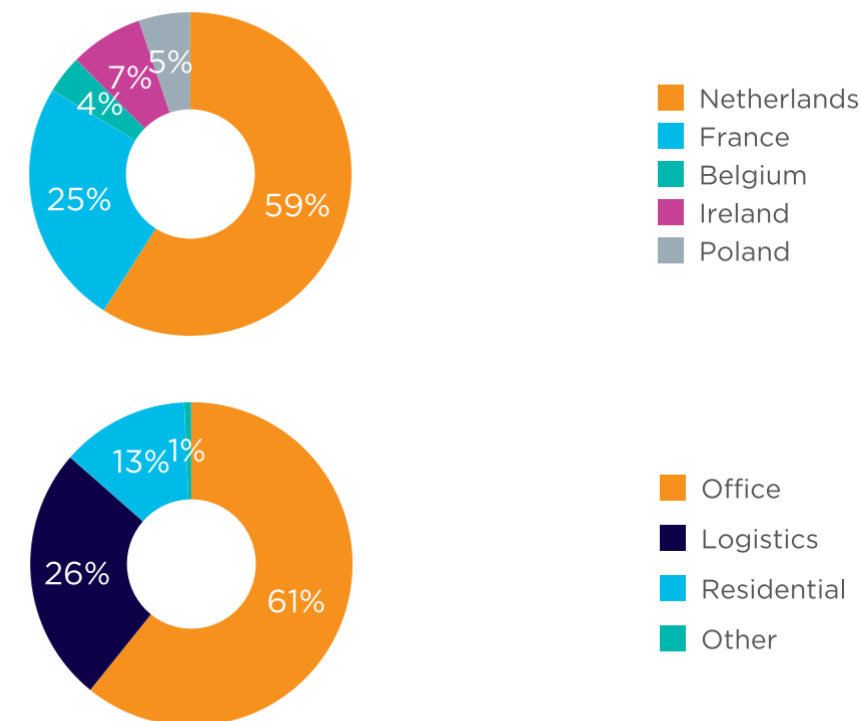
Limited and defensively positioned exposure to CRE Debt and Investment Properties

CRE debt: € 0.9bn



- Diversified credit portfolio across sectors and geographies.
- Office assets with strong ESG credentials in prime sub-market locations with continued demand from tenants.

Investment properties: € 0.8bn



- Investment properties consists of direct real estate investments.
- High quality Western European portfolio.
- Majority of rental income is indexed to inflation.

Note: All figures at 30 June 2025 unless noted otherwise

Solvency II: Risk models

Delegated regulation

- Art 4: Own internal credit risk assessments

Delegated regulation

- Requirements Standard Formula or Internal Model

EIOPA guidelines

- Look-through approaches
- Treatment market and counterparty risk Standard Formula

- Credit risk models

- Own internal rating models key portfolios Non-rated

Breakdown of Debt Instruments Profile (Rating)

In € millions	2024	
AAA	4,958	17%
AA	4,160	14%
A	5,908	20%
BBB	3,296	11%
< BBB	216	1%
Not rated	10,839	37%
Total	29,377	100%

- Standard formula (SF)

- Adequate modelling of assets
- SF, market risks, scenarios, sensitivities

SCR Market Risk

In € millions	2024
Interest rate risk	139
Equity risk	891
Property risk	245
Spread risk	701
Concentration risk	0
Currency risk	64
Diversification	-346
SCR market risk	1,693

SCR Equity Risk

In € millions	2024
Type 1 equities	122
Type 2 equities	796
Diversification	-27
Equity risk	891

Solvency II: Risk models (continued)

Directive & delegated regulations

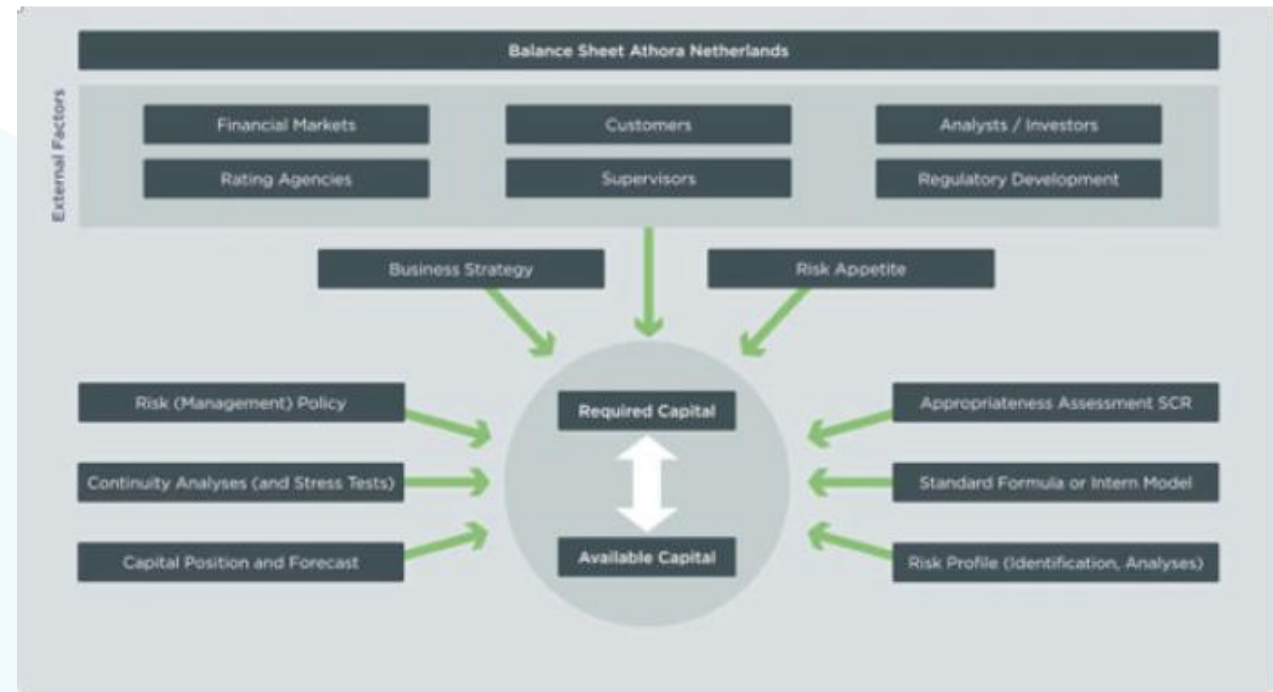
- **Assessment of deviation**
- **Comparison own solvency needs and regulatory (SCR)**
- **Materiality starts as of 10%**

EIOPA guideline ORSA

- **Forward looking**
- **Overall Solvency needs**
- **Deviations from assumptions underlying SCR**

- ORSA

- Own assessment of Risk
- In case of Internal Model Insurer -> Internal Model
- In case of Standard Formula Insurer -> SF Appropriateness Assessment



ORSA Process

Solvency II: Valuations

Directive

- **Art 75: Arm's length (Fair Value)**

Delegated regulation

- **Art 7 and on**
- **Reference to IFRS (based on Fair Value) and L1/2/3**
- **Method proportionate**
- **Individual assets separately**
- **Use market input under alternative methods (Level 3)**

General requirements

- **Sound & controlled business**
- **Effective risk management**

- Valuation

- Third party engagement
- Own models (e.g. mortgages)
- In case of third party valuation: own review
 - Private credits
 - Private equity (direct / funds)
 - Real estate
- Governance

Fair Value Hierarchy 2024

	Carrying amount	Fair value			
In € millions		Level 1	Level 2	Level 3	Total
Property measured at fair value:					
Investment property		-	-	830	830
Total		-	-	830	830
Investments measured at fair value:					
- Shares and similar investments		63	-	1,759	1,822
- Debt instruments		14,721	942	13,714	29,377
- Investments for account of policyholders		13,314	1	233	13,548
- Investments for account of third parties		11,746	-	-	11,746
- Derivatives		-	3,680	113	3,793
- Loans and advances due from banks		2,559	45	4	2,608
Total		42,404	4,668	15,822	62,895
Financial assets not measured at fair value:					
Other assets	352	-	-	-	352
Cash and cash equivalents	3,021	-	-	-	3,021
Total	3,373	-	-	-	3,373
Financial liabilities measured at fair value:					
Derivatives		-	5,290	81	5,371
Total		-	5,290	81	5,371
Financial liabilities not measured at fair value:					
Subordinated debt	523	524	-	-	524
Amounts due to banks	797	-	-	-	797
Other liabilities	392	-	-	-	392
Total	1,712	524	-	-	1,713

¹ The carrying amount of the financial assets and financial liabilities is shown including accrued interest.

5. Concluding remarks



Concluding remarks

Private assets fit well within Solvency II

- General requirements to investments apply
- Specific Solvency II regulatory requirements apply in different ways to private assets
 - PPP
 - Credit Risk
 - Standard Formula / Internal Model
 - Valuation
 - Sound & controlled business operations
 - General risk management framework

Investing in private assets requires structural embedding within business & operating model

- Strategy & risk appetite
- Risk management framework & policies
- Governance
- Knowledge & expertise
- Risk assessments (in particular credit risk)
- Risk modelling and use of models
- Valuations
- Operational implementation
- Strong collaboration asset manager