FitchRatings

Insurance
Life Insurers
Bermuda

Athora Holding Ltd. and Operating Subsididaries

Key Rating Drivers

Very Strong Company Profile: Fitch Ratings regards Athora Holding Ltd.'s business profile as 'Favourable' compared with Dutch life insurers and European life consolidators. The group had total IFRS assets of EUR88 billion at end-2023, giving it a leading market position and franchise in the European life consolidator market. Its operating scale is also favourable compared with peers in life consolidation.

Very Strong Capitalisation: Fitch's assessment of Athora's capitalisation is driven by its Prism Global score of 'Extremely Strong' at end-2023. The group's capitalisation should decline modestly if Athora materially expands its business operations. However, we expect Prism score to be at least 'Very Strong' in the medium term.

Moderate Leverage: We expect Athora's financial leverage ratio (FLR) to be about 25% at end-2024, unchanged from end-2023. Athora issued EUR750 million subordinated debt in June 2024, and the proceeds were used to repay existing debt.

Good Investment Risk: Fitch regards Athora's investment risk as moderate. Most of the group's investments are investment-grade sovereign and corporate bonds. Athora also invests in private credit assets, residential and savings mortgages, and to a lesser extent in alternative and real estate investments. The private-credit investments result in an above-average portion of unrated bonds. We believe that Athora has strong oversight over the credit quality of these assets.

We now regard 50% of Athora's unrated private-credit investments as risky assets based on our new approach, down from 100%, following consistently small realised losses in the private-credit portfolio. This led to an improvement in the risky-assets ratio to 85% at end-2023, although it would have been unchanged from end-2022 based on the same approach. Most of the private-credit assets are secured and more than half of these assets had loan-to-values of 50% or less at end-2023.

Strong Financial Performance: Fitch expects its subsidiary Athora Netherlands N. V.'s (Athora NL) strategic asset allocation in higher-yielding investments to benefit Athora's profitability. We expect Athora to achieve a Fitch calculated operating return on equity (ROE) of at least 10% in 2024. This assumes fairly stable investment income and underwriting profitability. Based on Athora NL's operating result, Fitch estimates that Athora's operating ROE increased to 16.4% in 2023 from 9.6% in 2022, which supports the ratings.

Strong Liquidity: Liquid assets as a proportion of policyholder liabilities were unchanged at 66% at end-2023, which Fitch regards as strong. We regard Athora's liquidity risk as below average due to strong company oversight and its limited exposure to surrender risk. As a life consolidator, Athora's in-force business is more mature than the life insurance sector's average, and lapse rates tend to decline with the age of life insurance contracts.

Ratings

Athora Holding Ltd.	
Long-Term IDR	A-
Subsidiaries	
Insurer Financial Strength	A

Note: See additional ratings on page 8.

Outlook	
Long-Term IDR	Stable
Long-Term Debt Ratings	
Subordinated	BBB-
Senior Unsecured	BBB+
Athora Netherlands N. V.	
Subordinated	BBB-
Junior subordinated	BBB-
SRLEV N.V.	
Subordinated	BBB

Financial Data

Athora Holding Ltd.

(EURm)	End-2023	End-2022
Total assets	87,965	89,896
Shareholder equity	4,384	3,775
Net income	762	-939
Total debt	2,554	2,197
Group solvency (BMA, %)	182	183

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Athora Holding Ltd.

Applicable Criteria

Insurance Rating Criteria (March 2024)

Related Research

Dutch Insurance Dashboard: 2023 Results (April 2024)

Continental European Insurers: Very Strong Solvency Ratios Amid High Interest Rates (May 2024)

Athora's Acquisition Strategy Unaffected by Axa Germany Deal Termination (May 2024)

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Rating Sensitivities

Factors that Could, Individually or Collectively, Lead to Negative Rating Action/Downgrade

- A sustained increase in the FLR above 30% or a fall in the Prism score to 'Strong'.
- A risky-asset ratio above 160% on a sustained basis.
- ROE below 5% on a sustained basis.

Factors that Could, Individually or Collectively, Lead to Positive Rating Action/Upgrade

- Consolidation of the risky-assets ratio at current levels combined with a sustained improvement in financial performance while maintaining very strong capitalisation and leverage.

Latest Developments

In June, Athora issued EUR750 million subordinated debt with a maturity in 2034, which qualifies for Bermudian regulatory Tier 2 capital. Athora used the proceeds to pay back existing debt. This included a tender offer for up to EUR300 million Tier 2 subordinated debt issued by Athora NL with a first call date in April 2026. Athora reported that it tendered EUR284 million of the EUR300 million principal.

Key Rating Drivers – Scoring Summary

Other Drivers & Criteria Elements				
Provisional Insurer Financial Strength Rating				A
Non-Insurance Attributes	Positive	Neutral	Negative	+0
Ownership / Group Support	Positive	Neutral	Negative	+0
Transfer & Convertibility / Country Ceiling	Yes	No	NR	+0
Insurer Financial Strength Rating			Final:	A
IFS Recovery Assumption	Good			-1
Issuer Default Rating (IDR)			Final:	A -

Bar Chart Legend:	
Vertical Bars = Range of Driver	
Bar Colors = Relative Importance	
■	Higher Influence
■	Moderate Influence
■	Lower Influence
Bar Arrows = Driver Outlook	
⇧	Positive
⇩	Negative
⇳	Evolving
□	Stable

Company Profile

Very Strong Company Profile

Fitch ranks Athora's business profile as 'Favourable' compared with that of all other Dutch and European life consolidators, due to its 'Favourable' competitive positioning. Given this ranking, Fitch scores Athora's business profile at 'aa-' under its credit factor scoring guidelines. We regard corporate governance as 'Neutral' to this assessment and the company profile as having a high influence on the ratings.

Athora is a European life consolidator, although its holding company is regulated and domiciled in Bermuda. We therefore assess the group's business profile based on a comparison with other European life insurance groups, and in particular Dutch groups, given the importance of Athora NL on Athora's operating scale: Athora NL contributed EUR65 billion to Athora's EUR88 billion total assets at end-2023.

We view Athora as having a 'Favourable' business profile versus other European life insurance groups, reflecting 'Favourable' competitive positioning (including operating scale), 'Moderate' business risk profile and 'Favourable' diversification, leading to an 'aa-' business profile score.

Fitch believes that Athora has a leading position and franchise in the European life consolidator market. This is reflected in Athora having entered many large European life insurance markets. Athora reported two pension risk transfer (PRT) transactions in the Netherlands in 2023 and we believe that PRT business in the Netherlands will strongly increase following the pension reform. In September 2022, Athora completed the acquisition of the Italian life insurer Amissima Vita S.p.A. The company was rebranded Athora Italia S.p.A. in November 2022.

Overall, Athora has market access in the Netherlands, Germany, Belgium, Italy, Bermuda and Ireland. Athora writes new business in the Netherlands, Belgium and Italy. New business has become of notable size while it remains relatively small when comparing with the group's scale. In the medium term, Athora targets annual organic growth. In 2023, Athora signed a bancassurance agreement in Italy supporting the growth perspective in the Italian market.

Fitch views the Athora group as having a 'Moderate' business risk profile. This is because of the risks arising from the operational integration of acquisitions into the group and because of the group's focus on traditional life insurance products with fairly high guarantees and fairly high reinvestment risk.

Athora group's diversification is 'Favourable' compared to other European life insurance groups. We expect Athora's geographical diversification to improve within the existing jurisdictions, which offsets the relatively low business line diversification. However, due to the various markets, there is a better product diversification within the different lines of business for Athora than peers with a focus on one country.

Corporate governance and management are 'Neutral' and in line with market standards for developed markets and as such do not affect the company profile score or the ratings.

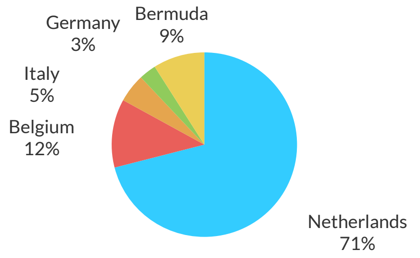
Company Profile Scoring

	Assessment	Subscore/impact
Business profile assessment	Favourable	aa-
Corporate governance assessment	Neutral	0
Company profile driver score	aa-	aa-

Source: Fitch Ratings

Geographical Profile

by assets under management and administration, end-2023



Source: Fitch Ratings, Athora

Ownership

Ownership Is Neutral for the Ratings

Athora was about 25% owned by Apollo Global Management, Inc. (Long-Term IDR: A/Stable) and about 19% owned by the Abu Dhabi Investment Authority (ADIA) at end-2023. Of Apollo's share in Athora, about 16% were indirectly held at Athene Holding Ltd. (Long-Term IDR: A-/Stable). The remaining 56% are owned by other institutional and individual investors and pension funds. Fitch views the links to Athene, which includes a business cooperation agreement and knowledge-sharing, and Apollo, which provides asset-management services, as supportive for Athora's business profile and its ability to source return seeking assets to back acquired insurance liabilities.

Capitalisation and Leverage

Very Strong Capitalisation, Moderate Leverage

Fitch views Athora's capitalisation and leverage as very strong and as having a high influence on the ratings.

Athora's Prism score increased to 'Extremely Strong' at end-2023 from 'Very Strong' at end-2022 driven by the capital recognition of the CSM under IFRS 17. We expect the Prism score to be at least 'Very Strong' at end-2024.

Athora's Bermuda group solvency capital ratio was stable at 182% at end-2023 (end-2022: 183%). We expect group solvency to remain broadly stable at end-2024, helped by strong operating capital generation as interest rates remain high and Athora implement their strategic asset allocation favouring higher-yielding assets. Athora's life insurers reported strong and very strong Solvency II ratios ranging from 155% to 211% at end-2023; Athora NL, which still dominates Athora's balance sheet, reported a stable Solvency II ratio of 206% for end-2023 (end-2022: 205%).

The group's FLR was stable at 25% at end-2023, albeit slightly increasing from 23% at end-2022. In June, Athora issued EUR750 million Tier 2 (classified under the Bermudian regulatory capital tiering system) subordinated debt. However, Athora used the proceeds to repay outstanding debt, and on a pro-forma basis, the FLR was stable at 25% at end-August 2024. We expect the FLR to be stable at end-2024.

We regard Athora's total financing and commitments (TFC) ratio of 0.5x at end-2023 as neutral to the ratings. Operating and asset leverage scored both low in the 'aaa' category at end-2023.

Financial Highlights

(x)	End-2023	End-2022
Net financial leverage (goodwill supported) (%)	25.0	23.4
TFC/equity	0.5	0.8
Group solvency ratio (BMA, %)	182	183
Operating leverage	7.9	8.5
Asset leverage	10.8	11.0

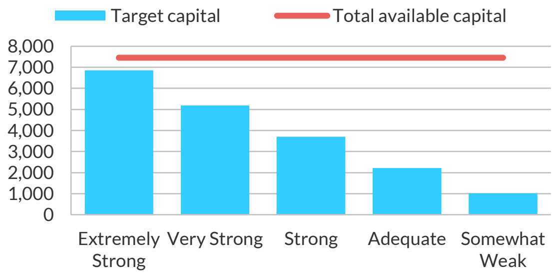
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- The FLR to be stable at end-2024.
- Capitalisation to decline if the company materially grows its business, but the Prism score to remain at least 'Very Strong' in the medium term.

Capitalisation Adequacy

Prism Global (EURm)



Source: Fitch Ratings

Financial Highlights

	2023	2022
Prism score	Extremely Strong	Very Strong
Prism total AC (EURm)	7,449	5,989
Prism AC/TC at Prism score (%)	109	120
Prism AC/TC at higher Prism score (%)	n.a.	91

AC – Available capital. TC – Target capital
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Athora Holding Ltd.

Debt Service Capabilities and Financial Flexibility

Strong Financial Flexibility and Coverage

Fitch views debt service capabilities and financial flexibility as strong and as having a low influence on the ratings.

Athora reported an improved fixed-charge coverage of 6.0x in 2023 (2022: 4.0x). The group's fixed-charge coverage is supported by strong operating income and an improving fixed-cost basis, but remains negatively affected by integration costs from acquired businesses. Our fixed charge coverage is based on operating pre-tax income for which we have used Athora NL's operating result: Athora does not disclose a group operating result under IFRS 17. We regard Athora NL's operating result as a good estimate for the group's result because it accounts for more than 70% of Athora's total IFRS assets.

Athora's strong financial flexibility is demonstrated by the group repeatedly issuing debt and raising paid-in equity and preference shares in recent years. As an example, the group issued EUR750 million subordinated debt at favourable terms in June 2024.

Financial Highlights

(x)	End-2023	End-2022
Fixed-charge coverage ratio (including gains and losses)[a]	6.0	4.0

Note: Reported on a consolidated basis.
[a] Estimate based on operating result of Athora NL.
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- Athora's fixed-charge coverage to stand at least 5x in the medium term.
- Financial flexibility to remain strong.

Financial Performance and Earnings

Strong Financial Performance and Earnings

Fitch regards Athora's profitability as strong and as having a moderate influence on the rating.

Athora reported a net profit of EUR762 million under IFRS 17 for 2023, up from a net loss of EUR939 million in 2022. The 2022 loss was driven by the sharp increase in interest rates while the 2023 result benefitted from a stabilisation in yields. The change is explained by the company accounting for investment capital gains and losses at fair value through profit and loss (FVTPL) under IFRS 17, in line with other Dutch insurers. Athora's interest rate hedging focuses on its business units' S2 ratios resulting in a basis difference in IFRS and leaving some exposure to interest rate changes.

Additionally, Athora's 2023 results were constrained by a EUR96 million negative one-off relating to a change in a group life reinsurance contract in the Netherlands and a EUR95 million reserve booking for Dutch unit-linked business. The latter was a general market issue for some Dutch unit-linked products.

Fitch considers the operating ROE and operating return on assets (ROA) to be better reflecting the financial performance of Dutch insurers than the net income ROE because the FVTPL practises are likely to lead to highly volatile net income, as proven for 2023 and 2022.

We estimate Athora's pre-tax operating ROE and ROA by Athora NL's operating result (see *Debt Service Capabilities and Financial Flexibility*). Based on this estimate, Athora's financial performance improved strongly in 2023: Athora NL's operating result grew to EUR559 million in 2023 from EUR278 million in 2022. We believe the strong increase was supported by the application of Athora's strategic asset allocation at Athora NL. We expect that Athora will continue to report strong profitability.

The group's operating capital generation was strong and increased by 53% to EUR567 million in 2023 from EUR370 million in 2022.

Financial Highlights

(%)	End-2023	End-2022
Net income return on equity	18.2	-25.3
Pre-tax operating profit return on equity[a]	16.4	9.6
Pre-tax operating ROA (including realised and unrealised gains)[a]	0.8	0.4
Pre-tax income (EURm)	1,082	-1,294
Net income (EURm)	762	-939

Note: Reported on a consolidated basis.
[a] Estimate based on operating result of Athora NL.
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- An operating ROE of at least 10% in 2024.
- Profitability to benefit from the implementation of Athora's strategic asset allocation at Athora NL favouring investments with higher expected returns.

Investment and Asset Risk

Good Investment Risk Management, in Line with the Rating Level

Fitch regards Athora's investment and asset risk as 'bbb' category and as having high influence on the rating.

The positive driver outlook reflects Fitch's expectation that losses within Athora's unrated private-credit investments will remain small, despite these investments increasing to EUR8.2 billion at end-2023 from EUR6.4 billion at end-2022.

Our revised view on investment and asset risk considers the consistently low level of realised losses within Athora's private-credit portfolio which is largely unrated. We believe the intrinsic credit quality of Athora's unrated instruments is good on average in terms of expected credit defaults. This assessment is supported by Athora's sophisticated risk-selection processes.

Formerly, Fitch included all unrated private-credit investments within risky investments. However, based on our analysis, we regard the overall credit quality of the private-credit portfolio to be similar to the low end of investment-grade bonds. For this reason, we now regard only 50% of the unrated private-credit portfolio as risky assets, which results in a significant improvement of the risky-asset ratio.

Based on our new approach on the private-credit assets, Athora's risky-asset ratio was stable at 85% at end-2023 (end-2022: 86%). The risky-asset ratio would have been 136% at end-2023 (end-2022: 129% revised for IFRS 17, 168% under IFRS 4) when including all unrated private credit as risky investments. Fitch will monitor the performance of Athora's private debt portfolio and would revert to the prior approach should it no longer be in line with the low-investment-grade bucket.

Most of Athora's investments are holdings of investment-grade corporate and government bonds. At end-2023, Athora's fixed-income investments consisted of 41% government bonds, 21% private-credit loans, 20% mortgage loans and 19% traded corporate bonds. A large portion of the unrated private-credit investments are secured. In addition, Athora has reduced its risk appetite as economies deteriorated, for example, by reducing the LTV target in certain asset classes. It has also strongly improved the creditworthiness of its traded corporate bonds portfolio, see charts below. None of the corporate and government bonds is below investment grade.

Financial Highlights

(%)	End-2023	End-2022
Risky assets/capital	85.4	86.5
Unaffiliated shares/capital	33.5	41.9
Non-investment-grade bonds/capital	51.3	43.9
Investments in affiliates/capital	0.7	0.7

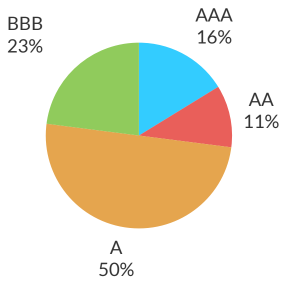
Note: Reported on a consolidated basis.
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- Athora's risky-assets ratio to remain below 100% as Athora continues to focus on credit quality of fixed-income investments.
- Athora to maintain its sophisticated credit risk-selection processes.

Traded Corporate Bonds 2023

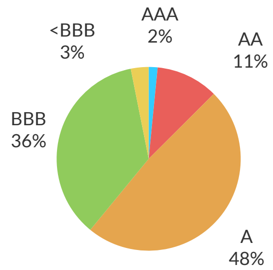
by rating, EUR7.4bn



Source: Fitch Ratings, Athora Holding Ltd.

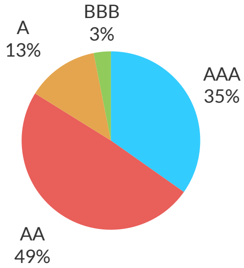
Traded Corporate Bonds 2022

by rating, EUR6.4bn



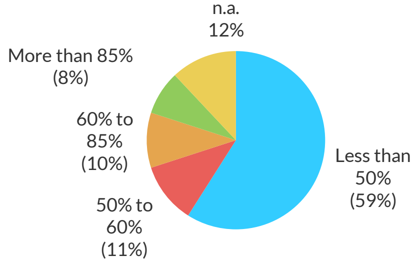
Source: Fitch Ratings, Athora Holding Ltd.

Government Bond Ratings
EUR16.1bn at end-2023



Source: Fitch Ratings, Athora Holding Ltd.

Private Credit by Loan-to-Value
EUR8.2bn at end-2023



Source: Fitch Ratings, Athora Holding Ltd.

Asset/Liability and Liquidity Management

Strong ALM and Liquidity Management

Fitch regards Athora's asset liability and liquidity management (ALM) as strong and as having a moderate influence on the ratings.

This view is based on the group's sophisticated ALM frameworks, duration-matched assets and liabilities and an investment strategy that seeks to minimise capital volatility.

Athora Life Re Ltd.'s (Athora Re) and Athora Ireland plc's (Athora Ireland) liquidity and duration matching for reinsured blocks is set in line with the group's internal risk appetite, and is managed by repositioning assets into the target strategic asset allocation following receipt from the cedent.

Liquid assets as a proportion of policyholder liabilities scored strongly at end-2023. We regard Athora's liquidity risk as below average given strong company oversight and its limited exposure to surrender risk. As a life consolidator, Athora's in force is more mature than the life insurance sector's average, and lapse rates tend to decline with the age of life insurance contracts. In addition, the vast majority of pay-out annuities cannot be lapsed further improving Athora's liquidity risk. This advantage may disappear once Athora achieves positive organic growth.

Financial Highlights

	End-2023	End-2022
Liquid assets/policyholder liabilities	65.8	68.9

Note: Reported on a consolidated basis.
Source: Fitch Ratings, Athora Holding Ltd.

Fitch's Expectations

- Athora to maintain a liquid balance sheet and the group's assets and liabilities to continue to be well duration-matched

Appendix A: Peer Analysis

Peer Comparison

Click here for a report that shows a comparative peer analysis of key rating driver scoring.

Appendix B: Industry Profile and Operating Environment

Industry Profile and Operating Environment (IPOE)

Click here for a link to a report that summarises the main factors driving the above IPOE score.

Appendix C: Other Rating Considerations

Below is a summary of additional ratings considerations that are part of Fitch's *Insurance Rating Criteria*.

Group Insurance Financial Strength (IFS) Rating Approach

Athora NL, Athora Life Re, Athora Ireland and SRLEV N.V.'s ratings are based on an analysis of Athora Holding's consolidated accounts. Fitch regards Athora NL, Athora Life Re, Athora Ireland and SRLEV N.V. as 'Core' to Athora. They share the same IFS rating and Issuer Default Rating based on the combined assessment of the Athora group.

Athora focuses on acquiring or reinsuring traditional life insurance portfolios in various European markets. Athora Life Re and Athora Ireland provide intra-group reinsurance to these acquired portfolios and external reinsurance coverage. Athora Life Re and Athora Ireland have an integral role in Athora's capital-management strategy. SRLEV is the main subsidiary of Athora NL and a leader in the corporate and individual pension business in the Netherlands. It represents around 70% of Athora's total assets.

Name	Type	Rating	Outlook
Athora Holding Ltd.	Issuer Default Rating	A-	Stable
Athora Netherlands N.V.	Issuer Default Rating	A-	Stable
SRLEV N.V.	Insurer Financial Strength	A	Stable
SRLEV N.V.	Issuer Default Rating	A-	Stable
Athora Ireland plc	Insurer Financial Strength	A	Stable
Athora Life Re Ltd.	Insurer Financial Strength	A	Stable

Source: Fitch Ratings

Notching

For notching purposes, Fitch assesses the regulatory environments of Bermuda, the group's leading regulator, as well as the main countries in which Athora operates, including Germany, Ireland and the Netherlands, as being 'Effective' and classified as following a group solvency approach.

Notching Summary

IFS Ratings
A baseline recovery assumption of 'Good' applies to the IFS rating, and standard notching was used from the IFS anchor rating to the operating company IDR.
Operating Company Debt
Not applicable.
Holding Company IDR
Standard notching was applied between the insurance operating company and holding company IDRs for a group solvency regulatory environment.
Holding Company Debt
A baseline recovery assumption of 'Below Average' was applied to Athora's senior notes. Standard notching relative to the IDR was used.
Hybrids
For Tier 2 subordinated debt issued by Athora Holding, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk. For Tier 2 subordinated debt issued by Athora Netherlands, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk. For restricted Tier 1 (RT1) subordinated debt issued by Athora Netherlands, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk. For the grandfathered RT1 subordinated debt issued by SRLEV, a baseline recovery assumption of 'Poor' and a non-performance risk assessment of 'Moderate' were used. Three notches were applied relative to the IDR, which was based on two notches for recovery and one notch for non-performance risk.

IFS – Insurer Financial Strength. IDR – Issuer Default Rating
Source: Fitch Ratings

Debt Maturities

As of end-August 2024	First Call Date	Maturity
2025	300	-
2026	96	135
2027	500	-
2028	-	600
2029	-	-
Later (including perpetual for maturity)	-	1,755
Total	**896**	**2,490**

Source: Fitch Ratings; Athora Holding Ltd.

Short-Term Ratings

Not applicable.

Hybrid – Equity/Debt Treatment

Regarding Athora's EUR600 million senior debt with hybrid features, we do not assign capital credit to the notes in Prism, despite regulatory recognition. Fitch also treats the notes as 100% debt in its FLR calculation. These treatments reflect our view that as senior debt instruments, the notes lack material loss absorption features prior to contractual maturity.

Hybrids Treatment

Hybrid	Amount (EURm)	CAR Fitch (%)	CAR reg. override (%)	FLR debt (%)
Athora Holding Ltd.				
Preference shares	800	100	n.a.	0
6.625% Tier 3 senior debt (2028)	600	0	0	100
5.875% Tier 2 subordinated debt (2034)	750	0	100	100
Athora Netherlands N. V.				
7.0% restricted Tier 1 perpetual subordinated debt (2025)	300	100	n.a.	0
5.375% Tier 2 subordinated debt (2027/2032)	500	0	100	100
2.25% Tier 2 subordinated debt (2026/2031)	300	0	100	100
SRLEV N.V.				
5.334% grandfathered restricted Tier 1 perpetual subordinated debt annually callable	CHF105 million	0	100	50
Amissima Vita S.p.A.				
7.0% Tier 2 subordinated debt (2026/2031)	80	0	100	100

CAR – Capitalisation ratio
For CAR, % shows portion of hybrid value included as available capital, both before (Fitch %) and the regulatory override. For FLR, % shows portion of hybrid value included as debt in numerator of leverage ratio.
Source: Fitch Ratings

Recovery Analysis and Recovery Ratings

Not applicable.

Transfer and Convertibility Risk (Country Ceiling)

None.

Criteria Variations

None.

Appendix D: Environmental, Social and Governance Considerations

FitchRatings **Athora Group** **Insurance Navigator** **EMEA Life**

Credit-Relevant ESG Derivation

Athora Group has 6 ESG potential rating drivers

- Athora Group has exposure to compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk but this has very low impact on the rating.
- Athora Group has exposure to social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations but this has very low impact on the rating.
- Governance is minimally relevant to the rating and is not currently a driver.

			ESG Relevance to Credit Rating
key driver	0	issues	5
driver	0	issues	4
potential driver	6	issues	3
not a rating driver	2	issues	2
	6	issues	1

Environmental (E) Relevance Scores

General Issues	E Score	Sector-Specific Issues	Reference	E Relevance
GHG Emissions & Air Quality	1	n.a.	n.a.	5
Energy Management	1	n.a.	n.a.	4
Water & Wastewater Management	1	n.a.	n.a.	3
Waste & Hazardous Materials Management; Ecological Impacts	1	n.a.	n.a.	2
Exposure to Environmental Impacts	2	Impact of extreme weather events/natural catastrophes on operations or asset quality; credit concentrations	Financial Performance & Earnings; Investment and Asset Risk	1

Social (S) Relevance Scores

General Issues	S Score	Sector-Specific Issues	Reference	S Relevance
Human Rights, Community Relations, Access & Affordability	1	n.a.	n.a.	5
Customer Welfare - Fair Messaging, Privacy & Data Security	3	Compliance risk; treating customers fairly; pricing transparency; privacy/data security; legal/regulatory fines; exposure to own cyber risk	Industry Profile & Operating Environment; Company Profile	4
Labor Relations & Practices	2	Impact of labor negotiations, including board/employee compensation and composition	Company Profile	3
Employee Wellbeing	1	n.a.	n.a.	2
Exposure to Social Impacts	3	Social responsibility and its effect on brand strength; increased vulnerability due to credit concentrations	Company Profile; Investment and Asset Risk; Financial Performance & Earnings; Reinsurance, Risk Mitigation & Catastrophe Risk	1

Governance (G) Relevance Scores

General Issues	G Score	Sector-Specific Issues	Reference	G Relevance
Management Strategy	3	Operational implementation of strategy	Company Profile	5
Governance Structure	3	Board independence and effectiveness; ownership concentration; protection of creditor/stakeholder rights; legal /compliance risks; business continuity; key person risk; related party transactions	Company Profile	4
Group Structure	3	Organizational structure; appropriateness relative to business model; opacity; intra-group dynamics; ownership	Company Profile; Ownership	3
Financial Transparency	3	Quality and timing of financial reporting and auditing processes	Company Profile	2
				1

How to Read This Page

ESG relevance scores range from 1 to 5 based on a 15-level color gradation. Red (5) is most relevant to the credit rating and green (1) is least relevant.

The Environmental (E), Social (S) and Governance (G) tables break out the ESG general issues and the sector-specific issues that are most relevant to each industry group. Relevance scores are assigned to each sector-specific issue, signaling the credit-relevance of the sector-specific issues to the issuer's overall credit rating. The Criteria Reference column highlights the factor(s) within which the corresponding ESG issues are captured in Fitch's credit analysis. The vertical color bars are visualizations of the frequency of occurrence of the highest constituent relevance scores. They do not represent an aggregate of the relevance scores or aggregate ESG credit relevance.

The Credit-Relevant ESG Derivation table's far right column is a visualization of the frequency of occurrence of the highest ESG relevance scores across the combined E, S and G categories. The three columns to the left of ESG Relevance to Credit Rating summarize rating relevance and impact to credit from ESG issues. The box on the far left identifies any ESG Relevance Sub-factor issues that are drivers or potential drivers of the issuer's credit rating (corresponding with scores of 3, 4 or 5) and provides a brief explanation for the relevance score. All scores of '4' and '5' are assumed to reflect a negative impact unless indicated with a '+' sign for positive impact.

Classification of ESG issues has been developed from Fitch's sector ratings criteria. The General Issues and Sector-Specific Issues draw on the classification standards published by the United Nations Principles for Responsible Investing (PRI), the Sustainability Accounting Standards Board (SASB), and the World Bank.

CREDIT-RELEVANT ESG SCALE

How relevant are E, S and G issues to the overall credit rating?

5	Highly relevant, a key rating driver that has a significant impact on the rating on an individual basis. Equivalent to "higher" relative importance within Navigator.
4	Relevant to rating, not a key rating driver but has an impact on the rating in combination with other factors. Equivalent to "moderate" relative importance within Navigator.
3	Minimally relevant to rating, either very low impact or actively managed in a way that results in no impact on the entity rating. Equivalent to "lower" relative importance within Navigator.
2	Irrelevant to the entity rating but relevant to the sector.
1	Irrelevant to the entity rating and irrelevant to the sector.

ESG Considerations

The highest level of ESG credit relevance is a score of '3', unless otherwise disclosed in this section. A score of '3' means ESG issues are credit-neutral or have only a minimal credit impact on the entity, either due to their nature or the way in which they are being managed by the entity. Fitch's ESG Relevance Scores are not inputs in the rating process; they are an observation on the relevance and materiality of ESG factors in the rating decision. For more information on Fitch's ESG Relevance Scores, visit https://www.fitchratings.com/topics/esg/products#esg-relevance-scores.

SOLICITATION & PARTICIPATION STATUS

For information on the solicitation status of the ratings included within this report, please refer to the solicitation status shown in the relevant entity's summary page of the Fitch Ratings website.

For information on the participation status in the rating process of an issuer listed in this report, please refer to the most recent rating action commentary for the relevant issuer, available on the Fitch Ratings website.