Annual Report 2021

Lifetri Uitvaartverzekeringen N.V.

Contents

1. Composition of the Management Board and Supervisory Board

The composition of the Management Board (MB) and the Supervisory Board (SB) of Lifetri Groep B.V. is shown below:

Management Board

P.D.A. Wits, CEO

M.R.E. Harkema, CFRO

J.P.M. Rijken, CIO

R. Zomer, COO

Supervisory Board

J.H.D. van Hemsbergen, Chairman

N. Albert

H. Eggens

R. Singhal

In performing their duties, the MB and SB are supported by a company secretary, E.J. Bijzitter.

Lifetri Groep B.V.

Bisonspoor 3002, 3605 LT Maarssen

Lifetri.nl

2. Introduction

2.1. Lifetri Groep

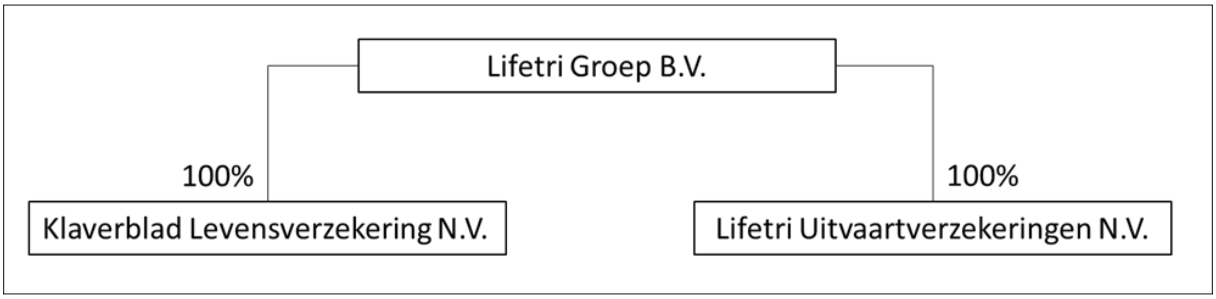
Lifetri Uitvaartverzekeringen N.V. (Lifetri Uitvaartverzekeringen) is a funeral insurer in the Netherlands, wholly owned by Lifetri Groep B.V. (Lifetri Groep). The activities of Lifetri Uitvaartverzekeringen consist of selling in-kind funeral insurance policies to private consumers in the Netherlands and servicing the existing clients.

2.2. Key figures

in thousands of euros	2021	2020
Shareholder's funds	41,592	53,132
Eligible own funds	58,381	56,097
Solvency capital required (SCR)	39,483	28,460
Solvency II ratio	148%	197%
Net premiums earned	18,559	19,202
Claims and benefits paid	6,092	5,853
Total operating expenses	4,388	8,686
Net result	-14,827	1,254

2.3. Group structure and ownership

Lifetri Groep is a fully owned subsidiary of European Life Group (ELG) Holding Ltd. which in itself is ultimately owned by the Sixth Street TAO fund.



During 2021, following a restructuring process, Klaverblad Levensverzekering and Lifetri Verzekeringen N.V. merged, with Klaverblad Levensverzekering being the surviving company and Lifetri Verzekeringen N.V. being the disappearing company.

Lifetri Groep is backed by Sixth Street, a shareholder which manages over $60 billion in assets. Sixth Street is firmly committed to the life insurance and pension markets, and alongside Lifetri also has made investments in Clara Pensions (a UK pensions consolidation platform), and Talcott Resolution (a US life and pension platform with a balance sheet of over $140 billion). Sixth street is keen to grow in the life and pension markets globally, and with its own investor base being largely pension funds, a strong partner for Lifetri's strategy.

3. Report of the Management Board

3.1. Business Developments

General

Lifetri Groep, Klaverblad and Lifetri Uitvaartverzekeringen have unity of management, meaning that these entities each have a management board and a supervisory board with the same composition of board members. The report of the management Board (MB) describes the main activities during the year for the whole Lifetri group (Lifetri Groep, Klaverblad Levensverzekering and Lifetri Uitvaartverzekeringen including Lifetri Verzekeringen which merged with Klaverblad Levensverzekering). With due respect to and compliance with the articles of association, charters and characteristics of each legal entity, Lifetri Groep is organisationally managed as a whole, sharing strategy and resources and executing the strategy.

Business Strategy

Lifetri understands that uncertainty is part of life. It is the ability to deal with certainty as well as uncertainty and making the correct choices which make people self-assured. Lifetri wants to give customers the option to choose for a guarantee when some certainty is needed.

Lifetri formulated its mission as follows:

We do not want to insure people; we want to make people self-assured.

A long term solution provider.

The Lifetri group is a relatively new name but with a long history which goes back seventy years. The name Lifetri was chosen in 2018 as a reference to our ambition to grow together with our clients and refers to our roots in society.

Lifetri has approximately six hundred thousand individual insured customers for which we manage roughly € 2.5 billion assets.

Lifetri provides guarantees to (former) employees of Klaverblad cooperation and to (former) employees of Allianz Nederland since the buy-out of the Stichting Pensioenfonds Allianz Nederland Groep (SPANG). In the prior year, Lifetri took over the liabilities of SPANG via a buy-in. In 2021, the collective transfer value of € 836.3 million was completed and ahead of initial planning. The transfer of the pension arrangements was done to the satisfaction of all stakeholders most importantly the participants.

Lifetri has formulated its service book strategy to focus on providing long-term guarantees. This means providing flexible and tailor made solutions to both pension funds and life insurers. Examples of solutions offered to pension funds include transfer of lump sum with assets in kind by way of a detailed asset transition plan, HICP cover without a cap and (re)insurance solutions to (part of) the pension fund.

The pension transition in the Netherlands is a huge change with high complexity and many stakeholders and challenges. The most important focus for Lifetri is to play a meaningful role in these challenges by offering and co-creating solutions, both pre and post pension transition.

Scalable and effective platform

Over the last years Lifetri has worked hard to build up an experienced teams of professionals as well as building a modern and scalable insurance platform.

With this we are able to deal effectively and efficiently with themes such as longevity, inflation guarantees, interest rate risks, migration of IT and administrative platforms and data quality to name but a few.

The combination of both internal and external expertise make us agile and flexible.

In our design of our solutions offering we put the needs and the freedom of choice of the customer first. This at its core ensures that customers are able to make their own financial choices confidently.

The ambition can be realised as we built a modern and modular IT platform. The front-end where we differentiate ourselves in servicing customers has been built by ourselves, the back-end is a SAAS solution and therefore scalable.

The service book strategy is focused on existing customers and pension fund members and no new build up in for example DC contracts. This focus is important to ensure that the administrative processes are limited as well as the influence of future legislative changes.

This together ensures that we have a simple and manageable landscape with low costs, high service levels, flexibility and no (future) legacy.

Lifetri's unique position and solid capital base

The vision of Lifetri is that a fundamental and clear need for guarantees is currently insufficiently addressed by the Dutch insurance sector. There is limited freedom of choice, something Lifetri is committed to provide.

Lifetri is backed by Sixth Street, a shareholder which manages over $60 billion in assets. Sixth Street is firmly committed to the life insurance and pension markets, and alongside Lifetri also has made investments in Clara Pensions (a UK pensions consolidation platform), and Talcott Resolution (a US life and pension platform with a balance sheet of over $140 billion). Sixth Street is firmly committed to the life insurance and pension markets globally, and with its own investor base being largely pension funds, is a strong partner for Lifetri's strategy.

Since the acquisition of the life assurance portfolio of Nuevema, Sixth Street has deployed significant additional capital in the space in three key geographies: United States, the Netherlands and United Kingdom. Alongside the Dutch investments through Lifetri, operations in the United States are currently performed from Talcott Resolution, with a total balance sheet on excess of $140 billion following two sizable reinsurance transactions done since the platform acquisition: $20 billion reinsurance of fixed annuities from Allianz in 2021, $25 billion reinsurance of fixed annuities and ULSG products from Principal in 2022. In the United Kingdom, Since 2018, Sixth Street has backed the development of Clara Pensions the first and only approved DB pension scheme consolidator as of April 2022. Clara is committed to offer an alternative and sustainable bridge to buy-out solution to pension scheme sponsors and Trustees, facilitating and accelerating members transition from corporate balance sheets to insurance.

Sustainable Development Goals

Lifetri is a pension, life and funeral insurer that takes care of people's well-being by making them self-assured. This counts for both customers and employees. Lifetri also takes care of the planet by investing responsibly, pursuing a sustainable society for everyone, not least our pension clients.

In 2021, Lifetri has made great progress in terms of documenting and formalizing its efforts with respect to responsible investment as well as social and governance aspects within the organization. ESG (Environmental Social and Governance) lies at the heart of Lifetri's pursuit to strengthen its social and environmental impact. ESG are a set of standards for a company's operations that responsible investors use to screen investments. However, besides investing responsibly, Lifetri also aims to be a socially and environmentally responsible organization itself.

To give substance to our ESG efforts, Lifetri selected three Sustainable Development Goals (SDGs). The 17 Sustainable Development Goals lie at the heart of the 2030 Agenda for Sustainable Development, which is adopted by all United Nations Member States in 2015 and provides a shared blueprint for peace and prosperity for people and the planet, now and in the future. The three focus areas are selected based on the principle of double-materiality: the selection is based on the impact of these SDGs on Lifetri as well as Lifetri's potential contribution to these goals. The three SDGs are Good Health and Well-being (SDG 3), Quality Education (SDG 4), Climate Action (SDG 13). Lifetri's ambitions for the selected SDGs are as follows:

- Good Health and Well-being: "Ensure healthy lives and promote well-being for all at all ages". At Lifetri, we focus our efforts on Engagement, Diversity and Inclusion. This means that

every employee, irrespective of someone's background, feels self-assured and encouraged to share ideas, ask questions, express doubts and make mistakes.
- Quality Education: "Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all". At Lifetri, this means Development and sustainable employability. Lifetri aims to encourage employees to contribute to Lifetri's vision, both individually and collaboratively, feel simultaneously autonomous and facilitated and are in control of their own career.
- Climate Action: "Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss". At Lifetri, we believe that by means of responsible investing we can contribute to a clean climate and the well-being of our stakeholders. We consider our investment impact in terms of ESG as our responsibility and aspire to continuously improve on Environmental, Social and Governance criteria.

Responsible Investing

With respect to responsible investing Lifetri made great progress in 2021. Mid 2021, we formalised our responsible investment beliefs in a Responsible Investing Policy. The policy describes our mission, beliefs and ambition, as well as guidelines on execution, monitoring, evaluation and reporting. In the following months a specific monitoring framework was designed in order to implement the new policy. This framework includes ESG screening criteria for all asset classes and thresholds for decision making. In order to obtain the required data we defined extensive ESG due diligence questionnaires for both pre- and post-investment purposes.

Financial Developments

In 2021, the financial net result of Lifetri Uitvaart declined to € -14.8 million from € -1.3 million in 2020. This result was driven by the step down of the Ultimate Forward Rate (UFR) (that was reduced from 3.75% to 3.60%), the UFR drag and increasing risk-free interest rates. Shareholder's funds reduced from € 53.1 million to € 41.6 million as of year-end 2021. Lifetri considers

the development and drag of the UFR in its capital management. On 1 January 2022, the UFR dropped further to 3.45% which had a consequential impact of reducing the solvency ratio with a further 16%.

Lifetri manages its balance sheet on an economic basis, within the limitations of the Solvency II framework. While the increase in risk-free rates impacted the Solvency II ratio adversely, the underlying economic profitability increased substantially. To evidence this, the impact of the Long-Term Guarantee measures (the volatility adjustment and the UFR) reduced from € 284.7 million in 2020 to € 209.0 million in 2021, which implies that in future periods Lifetri will require € 686.4 million less investment income to fund policy holder liabilities than it required at the end of 2020.

Gross premiums earned declined to € 18.6 million from € 19.2 million in 2020.

Total operating expenses in 2021 decreased to € -4.4 million from € -8.7 million in 2020. The decrease was driven by a change of cost allocation since the acquisition of Klaverblad by Lifetri Groep.

Corporate Focus

Towards the end of 2020 a high level corporate focus has been set for 2021 consisting of four areas of attention. Plans have been defined and executed in each of these areas.

Recalibration of the strategic asset allocation mix and acceleration of the implementation

Firstly, as the main constituent of our revenue model, the return generating strategic asset allocation mix has been recalibrated in an asset and liability management (ALM) study in the first quarter of 2021. As a result of the ALM study our strategic mix has been expanded to potentially include new asset classes private equity and infrastructure. The investment process – following the ALM study – is thorough and has taken up the rest of the year to assess these asset classes, to define preferred mandate characteristics and to select investment managers. In parallel, the implementation towards a return portfolio that meet our risk preferences has been accelerated by for instance the addition of tactical high(er) yield fixed income assets invested out of premium income and the sale of government bonds. The ramp-up during 2021 has exceeded our plan.

Ready to scale-up in pension buy outs

Secondly, pension buy-outs will increase revenues as a result of increased assets under management. The scale up in this product/market segment had two elements to it. The operational competencies have been upgraded to a volume independent set up, tuned to the services and pension scheme Lifetri offers to current and prospective pension participants. Next to the operational competencies, Lifetri has invested time in its commercial efforts, both to be invited by interested parties to commercial dealings and to share and to explain our solutions and the benefits of guarantees to the pension fund industry as a whole.

Finalize the migration of the pension participants administration and the individual life insurance policy administration

Thirdly, two major projects have taken up a lot of management attention and resources during the year with partial success. The project to migrate the pension participants administration from Stichting Pensioenfonds Allianz Nederland Groep and from pension scheme Klaverblad Levensverzekering N.V. has been successfully realised and well in advance of the expected deadline. The migration of the individual term life policy administration – part of the acquired Klaverblad individual life insurance portfolio – has been realised in the first half of 2021. The migration of the rest of the portfolio has been planned into 2022.

Development of staff and organization

Fourthly, the target operating model in terms of staff has been re-assessed and defined based on the outlook of our business plan. The organisational model used is flexible; in 2021 the organisational structure changed to accommodate the enlargement of the management board up to four members, each having more focus. The reliance on external hires has been further decreased or switched to a partnership model instead of a pure commercial model.

The second year of the COVID-19 pandemic was again challenging, having to work predominantly from home. Building on the experiences gained in the first year using efficient technology and clear communication, this was managed well.

A Works Council has been installed. All employees have been offered on-line training and assessment in IT security awareness and off-line group workshops with respect to self-assurance. Management and Managing Board have weekly joint updates and continuous attention and focus on leadership development. The measurement of employee engagement has been set up and regularly executed showing a stable 3.8 score against a maximum 5 score on a 5 point scale.

Remuneration policy

Lifetri's remuneration policy is sufficiently interesting to attract, retain and promote well-qualified employees. All this is closely linked to sound and controlled operations and is aimed at the longer term. This means, among other things, that the remuneration should not encourage employees to take excessive risks, which could compromise the careful handling of stakeholder interests. Incentives should also be built into the remuneration policy, aimed at rewarding behaviour and results that are in line with the long-term interests of Lifetri and its stakeholders.

The remuneration policy provides scope for variable remuneration for the Management Board and (to a limited extent) the senior management. The variable remuneration for this group consists of a monetary payment and honours behaviours and results in line with goals that are important to stakeholders and can therefore contribute to continuity and value creation. The criteria on which the variable remuneration is based are established on a yearly basis and comprise of at least 50% non-financial factors. As for the variable remuneration for Nominated Posts, an appropriate proportion is paid out over time. Where the variable remuneration is performance-related, the total amount of the variable remuneration is based on a combination of the assessment of the performance of the person concerned, and of their business unit, and on the total results of the company or the group to which the company belongs. The structure of the variable remuneration should not and will not encourage the taking of undesirable risks or the short-term maximisation of returns for the individual.

In accordance with Section 1:121 of the Financial Supervision Act, the maximum payable variable remuneration for the Management Board and (to a limited extent) the senior management in the year of payment never amounts to more than 20% of the fixed annual remuneration. This variable remuneration is allocated annually in arrears on the basis of the achievement of targets set in writing in advance, based on both financial and non-financial criteria. The first 60% of the variable remuneration is paid with the salary payment in the month following the adoption of the financial statements. The remaining 40% is paid out three years later. A claw-back clause is applicable. For all other staff the variable remuneration is limited to 25% of a monthly salary.

Operational Focus

Operationally the focus of 2021 has been on the improvement of running the business; in a futureproof manner as to accommodate the anticipated growth of pension participants and assets and liabilities.

Achievements

Achievements in that respect are the outsourcing of Lifetri's investment administration, the outsourcing of payroll administration, the move to the cloud of the accounting and actuarial systems, the implementation of derivatives to support interest rate management, the improvement of IT security levels, the execution of product approval and review processes for all products, the insourcing of the Privacy Officer, the approval by DNB of Lifetri's Preparatory Crisis Plan and satisfying results in fraud and privacy assessments of Stichting toetsing verzekeraars.

Tier 2 loan

Major proof of confidence in Lifetri's sustainability was given by the success of the issue of an unrated Tier 2 loan, listed in Dublin, Ireland. The ten and a half years Tier 2 loan amounts to € 80.0 million at 5.25% interest. The issuance broadens our investor base and reduces the cost of capital.

Legal governance

In 2021 Lifetri Group acquired Lifetri Verzekeringen thereafter, Lifetri Verzekeringen N.V. merged with Klaverblad Levensverzekering N.V. Klaverblad Levensverzekering will be renamed to Lifetri Verzekeringen in the course of 2022.

3.2. Asset Management

As described in its Investment Policy, Lifetri has developed a strategic asset allocation target portfolio (SAA) that has been updated early 2021. The new SAA target provides room for better asset diversification, along with better risk return characteristics for the asset portfolio to be achieved over the longer run. Please refer to paragraph 6.6 for a more detailed insight of the composition of Lifetri's assets. Our strategy of moving away from some negative yielding government bonds into a better yielding and more diversified asset mix aims to mitigate interest rate risk and inflation risk, while adding a positive spread over liability guarantees in order to contribute to a robust solvency ratio for the long run.

Over 2021, good progress has been made in shifting from government bonds into Dutch mortgages, commercial real estate debt, direct lending and emerging market debt. While at the same time safeguarding the prudent person principle. Through a thorough analysis and advanced studies and modelling we developed an ALM and subsequent SAA which optimizes the risk versus return and capital needs and at the same time ensures the long term stability required for the business model. Government bonds that remain in the portfolio are predominantly Austrian, French and Belgian bonds, especially in the longer maturities and serve to hedge long dated liabilities.

In 2021, the use of derivatives in the investment portfolio was implemented to support the management of interest rate and inflation risk. Lifetri has in the course of 2021 also adopted an improved ESG framework surrounding its investments, as laid out in its Responsible Investing Policy. The policy contains the following principles regarding Responsible Investing:

- strong corporate governance and socially responsible investing is important. Lifetri aims to invest in well governed companies in a way that minimizes negative impacts on society and the environment and, where possible, makes a positive contribution;
- certain unsustainable sectors and companies are excluded from the potential investment universe;
- Lifetri aims to integrate responsible investing in its investment process and ensures transparent reporting on investments.

For the purpose of defining its Responsible Investment strategy and policy, Lifetri has developed the following beliefs:

- Lifetri wants its customers to be able to enjoy their pensions in a sustainable world, and therefore believes it has a particular responsibility to invest responsibly and sustainably;
- Lifetri believes that to maintain our reputation and to anticipate regulatory and legal requirements it is obliged to invest responsibly according to our Responsible Investing Policy;
- Lifetri believes that in the long term, investment returns will not be harmed by responsible investing and potentially it might even improves investment returns;
- Lifetri believes that it is beneficial to the work environment for its staff if it invests responsibly and might become an attractive employer for talented professionals.

3.3. Capital Management

Capital management aims to protect policyholders' rights, comply with regulatory requirements, and being able to capture financial setbacks without endangering the continuity of the business. Therefore, Lifetri wishes to hold an extra buffer apart from the technical reserves and the regulatory solvency capital requirement (SCR). The target solvency level is set at 160%, while the norm solvency level is set at 135%. These levels have been affirmed in 2021 as a result of the annual Own Risk & Solvency Assessment. It was further confirmed from the ORSA analysis that Lifetri Groep requires further capital injections from the shareholder to support its growth strategy.

In December 2021 Lifetri Groep issued a subordinated loan of € 80.0 million to support its growth strategy and optimise its funding costs. The subordinate loan qualifies as Tier 2 capital for solvency purposes. The term of the loan is ten years and a half year and the coupon is

5.25%. The loan was downstreamed to the two operating entities, € 65.0 million to Klaverblad Levensverzekering and € 15.0 million to Lifetri Uitvaartverzekeringen. In 2021, the shareholder injected € 5.0 million equity in Lifetri Uitvaartverzekeringen.

On 31 December 2021, the solvency level of Lifetri Groep was 184% well above its target solvency. The decrease of the ratio from 307% year-end 2021, was caused by the ineligibility of a substantial part of the Deferred Tax Asset resulting from selling assets at a profit to implement the new strategic asset allocation, the decrease of the UFR from 3.75% to 3.60%,, and the increase in interest rates. As explained above, the interest increase is beneficial to Lifetri as it reduces the impact of the Long-Term Guarantee measures significantly but has an adverse impact to the shareholder's funds in Solvency II and under Dutch generally accepted accounting principles.

3.4. Risk Management

Please refer to paragraph 5.1 for a description of Lifetri's risk management processes and organisation.

In 2021, the MB updated its risk appetite in a statement that serves as a foundation for all risk monitoring activities. The annual ORSA gives further detailed input and insights for managing all significant risks. The 2021 ORSA results confirm the current solvency target levels. Risk management was further strengthened in 2021 by updating the control framework , and the formation of an in control statement.

Fraud policy

There is no legal definition of fraud. Lifetri assumes that fraud exists if the following three requirements are met: violating a rule; intentional abuse or deception; and unlawful advantage people involved.Fraud as a form of not acting with integrity damages trust in Lifetri, puts the affordability of insurance under pressure and is not acceptable from a societal point of view. The starting point of Lifetri's Fraud Policy is that the internal control of the business processes is adequately set up, aimed at preventing fraud. Where possible, preventive fraud is detected in these processes. However, not everything can be controlled directly through these types of processes. That is why Lifetri, in case of an indication of fraud, may perform analyses on data files.The Fraud Policy sets out the steps Lifetri takes when (suspected) fraud is indeed detected. A central role is reserved for the Fraud Control Coordinator. No cases of fraud have been identified during the current year.

3.5. Subsequent events

On 24 February, Russia invaded Ukraine. As a result of this act of war, many western countries imposed additional sanctions on Russia. Uitvaart's exposure to Russian bonds was limited to around € 0.5 million and around € 0.2 million to Ukrainian bonds. All these bonds are held through investments in Exchange Traded Funds (ETF). As the Russian bonds were excluded from the index since, the exposure to Russian bonds in the ETFs are reduced to nil.

No other events or transactions were identified that require recognition or disclosure in these financial statements.

Maarssen, 26 April 2022

Philippe Wits
Han Rijken
Rutger Zomer
Menno Harkema

4. Report of the Supervisory Board

4.1. General

The report of the Supervisory Board (SB) describes the main activities performed by the SB and its committees during the year for the whole Lifetri group (Lifetri Groep, Klaverblad Levensverzekering and Lifetri Uitvaartverzekeringen).

4.2. Composition of the SB

The SB consists of the following four members, as per the date of signing this report:

J.H.D. (Herman) van Hemsbergen (Chairman)

Date of birth	1958
Nationality	Dutch
Independence	Independent
Principal	None
Other Positions	Chair Supervisory Board, SRK Rechtsbijstand B.V. Chair Supervisory Board Veterfina Verzekeringsmaatschappij N.V. Chairman, Stichting Beheer LTP & Stichting Toegepaste Psychologie Member Advisory Board, Future of Finance
Term of Office	2020–2022, subsequent to the merger between Lifetri Groep and Baarn Midco on 1 October 2020 (1st term, which commenced in 2018)

N. (Nils) Albert

Date of birth	1967
Nationality	German
Independence	Non-independent
Principal	Managing Director Sixth Street
Term of Office	2020–2021, subsequent to the merger between Lifetri Groep and Baarn Midco on 1 October 2020 (1st term, which commenced in 2018)

H. (Henk) Eggens

Date of birth	1957
Nationality	Dutch
Independence	Independent
Principal	None
Other Positions	Member of the Supervisory board of AEGON Asset Management Hungary, Chairman of the Supervisory board of NV GEMS
Term of Office	2020-2024 (1st term)

R. (Rohan) Singhal

Date of birth	1987
Nationality	British
Independence	Non-independent
Principal	Managing Director Sixth Street
Other Positions	Board member, Northview Group
Term of Office	2020–2021, subsequent to the merger between Lifetri Groep and Baarn Midco on 1 October 2020 (1st term, which commenced in 2018)

4.3. Meetings of the Supervisory Board and its committees

In 2021, the SB held thirteen meetings: six regular meetings and seven ad-hoc meetings, which were used to discuss matters that required the attention of the SB in between regular meetings. The members of the MB are usually invited to attend the meetings, as well as such managers for presenting topics to the SB.

Due to COVID-19, most of the meetings were held by video conference. The overall attendance rate of SB members at SB meetings during 2021 was 100%. Furthermore, the SB holds informal monthly phone and video calls to discuss informally among members of the SB, to which the CEO may be invited to join. The chairman of the SB has regular contact with the CEO outside meetings, the same applies to the chairman of the ARC with the CFRO and the CIO.

Main topics discussed during the meetings were the governance of the company, the strategy and funding of the company, including the issuance of a Tier 2 loan, the budget and business plan, the financial performance, the main risks to which the company is exposed, the design and effectiveness of risk management and internal control systems, the investment plan, IT security risks, the development of business activities, investments and pension buy-in and buy-out opportunities, as well as the competitive environment, the relationship with the external regulators, including DNB and the AFM, the performance and functioning of the SB and of the MB, and ongoing for 2021, the COVID-19 crisis, and the IT migration of the Klaverblad portfolio.

During 2021, the SB spent several meetings together with the MB discussing extensively the company's strategy of becoming the best provider of long-term guarantees, focusing on external growth in the pension buy-in and buy-out market and the capabilities and budget needed to succeed in that area.

Furthermore, further to the changes in the composition of the SB and the MB, the SB and the MB dedicated considerable time in establishing and building a constructive and cooperative relationship. The SB also pays well attention to the relationship with the shareholder.

SB and MB members receive regular training on a variety of topics that are relevant for Lifetri Groep and the environment in which Lifetri Groep operates.

Performance of the SB and the MB

Each year, the SB evaluates the performance of the SB and of the MB, as well as the performance of its individual members. During the first quarter of 2021, the performance of the SB and the MB was assessed with the assistance of an external expert. The outcome of the assessment included actions to further strengthen where needed the effectiveness of board dynamics, corporate governance and checks & balances within Lifetri.

Audit and Risk committee and Nomination and Remuneration committee

The SB has established two committees: The Audit and Risk committee ("ARC") and the Nomination and Remuneration committee ("RemCo"). All members of the SB are members of the ARC. Two members of the SB are member of the RemCo. Henk Eggens acts as chairman of the ARC and Nils Albert acts as chairman of the RemCo. Until July 1, 2021, Herman van Hemsbergen acted as interim chairman of the ARC.

The ARC met six times. The MB, the internal auditor and the external auditor are usually invited to the meetings, as well as such managers for presenting topics to the ARC. The Risk, Compliance and Actuarial function are regularly invited to attend and present to the ARC. The second and third line also met in private sessions with the ARC during the year to discuss any topics they wish to raise.

Main topics discussed in the ARC during 2021 were the annual financial statements 2020 and the related report from the external auditor, the external auditor's plan for the year 2021, the quarterly performance reports, the Own Risk Solvency Assessment (ORSA), the Systematic Integrity Risk Analysis (SIRA), the issuance of a Tier 2 loan, reports from the second line functions (i.e.risk, compliance and actuarial risk), reports from internal audit, including audit findings and the internal audit plan, as well as the relationship with the internal and external auditor.

The RemCo met twice. Main topics discussed were the implementation of the remuneration policy for the MB and for the company for 2020 and the remuneration and performance objectives for 2021.

The SB would like to thank the MB and the organisation for the work performed during 2021.

Maarssen, 26 April 2022

Herman van Hemsbergen, Chairman
Nils Albert
Henk Eggens
Rohan Singhal

5. Risk Governance and Capital Management

5.1. Risk Management

Scope

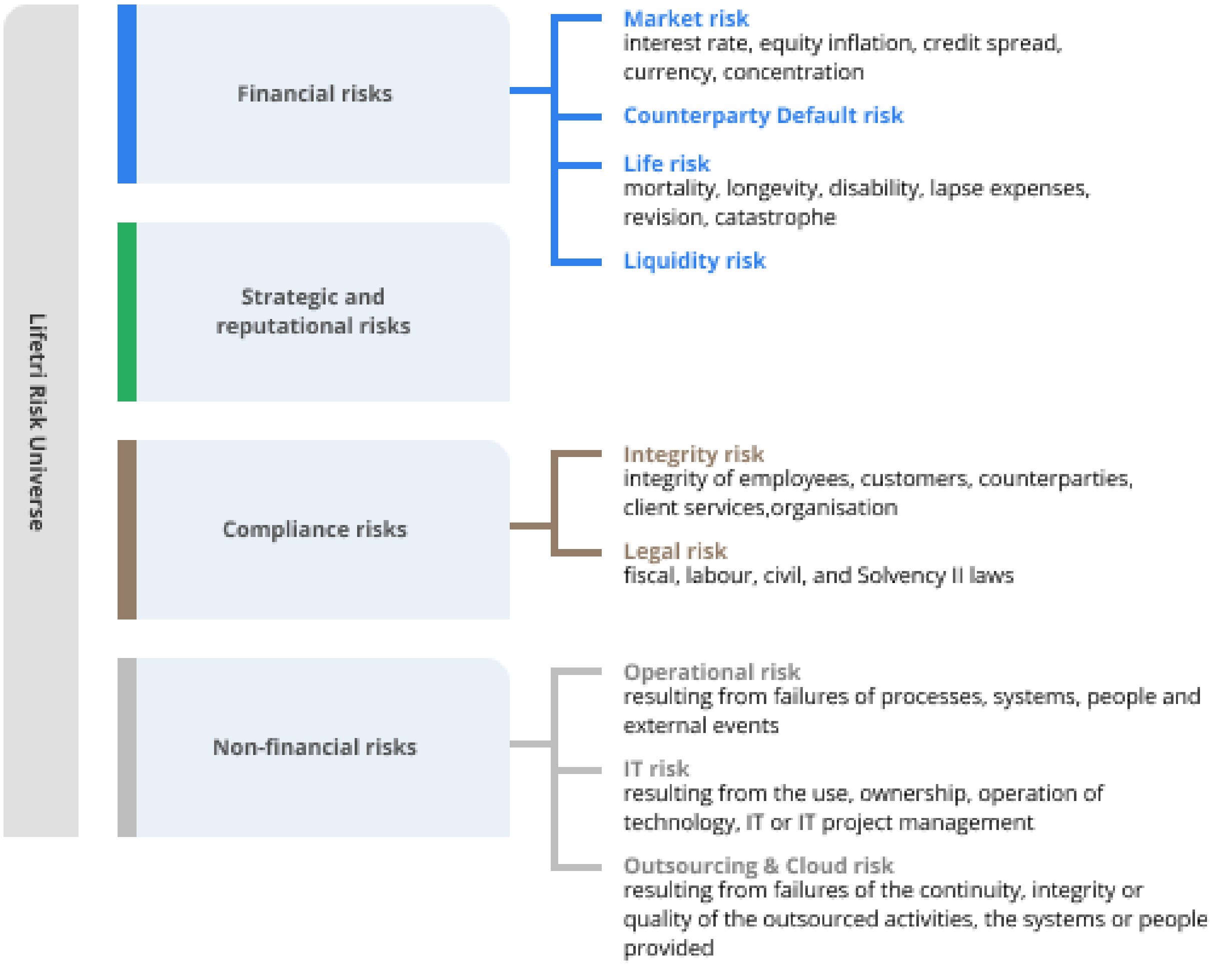
Risks are inherent in daily business. Lifetri Groep applies risk management processes to keep the risk within acceptable levels. These levels are defined in Lifetri Groep's risk appetite statements and limits (see paragraph further below).

Lifetri Groep management, with the independent opinion of 2nd line Risk Management and Compliance, determines the different risk types to which Lifetri Groep is, or could be, exposed (hereafter risk universe).

This risk universe is based, among other things, on relevant laws and regulations (e.g. Solvency II) and on Lifetri Groep's risk profile.

Lifetri Groep's risk universe is divided in four major risk categories: strategic and reputational risks, financial risks, non-financial risks and compliance risks.

The risk categories are divided in main risk types with detailed sub risks; see the figure below.



Lifetri RIsk Universe

The financial risk types which Lifetri Groep uses are in line with the Solvency II regulation, and also recognize that different types of investment instruments can result in more than one risk category. The financial risks follow the Solvency II categorisation of market risks (interest rate, credit spread, currency, concentration, property and equity), counterparty default risk and actuarial life risks (mortality, longevity, disability, lapse, expenses, revision and catastrophe). In addition, Lifetri has included liquidity risk in its risk universe.

The other risk types are generally more qualitative in nature.

The non-financial risk types include: operational risk (caused by failures of processes, systems, people or external events), IT risk (including information security, continuity, integrity and availability of information systems and processes), outsourcing and cloud computing risk. Compliance risk types include legal risk and integrity risk.

Organisation

The responsibilities for managing risks follow the governance structure of Lifetri Groep, which is based on three Lines of Defence (3LoD).

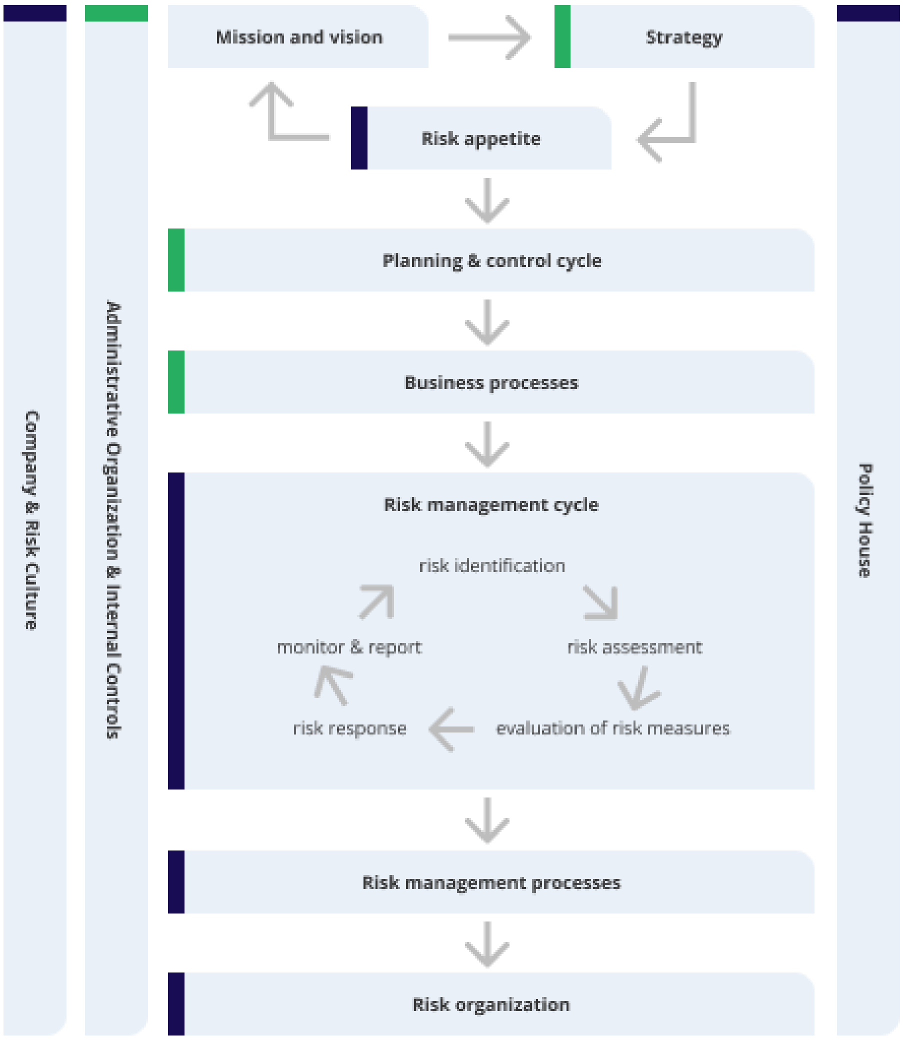
The first line of defence is the business itself, which is responsible for adherence with applicable laws and regulations, and for its own internal control of all activities and underlying processes.

The business is responsible for:

- Identifying and managing risks and handling incidents which impact the risk profile;
- Applying the risk management framework;
- Executing and monitoring an effective administrative organization & internal controls (AO/IC);
- Complying to all applicable laws and regulations.

The measures of internal control are amongst others: guidelines, committee structures, monitoring and segregation of duties, adequate AO/IC and countervailing checks and balances.

The second line risk management has as its primary responsibility supporting the business with and providing advice for the completeness and accuracy of risk identification. Second line provides countervailing power by challenging, evaluating, monitoring and reporting independently about the risks. The second line key governance functions have a special focus on whether the internal control measures are adequate to mitigate risks. The second line Actuarial Function provides an objective, independent review and opinion on the calculation of technical provisions and sensitivity, the data quality, assumptions and IT systems used by the insurer for capital calculations, the best estimates, the Solvency II position, the underwriting policy (pricing and acceptance policy) and reinsurance arrangements. Second line compliance advises the organization on the objective to meet requirements of laws and regulations and monitors if the business activities actually comply with these requirements. The risk management cycle below depicts the risk management process.



The third line of defence is the Internal Audit function, which gives reasonable assurance on the design, existence and operating effectiveness of the internal control system of the first and second lines of defence.

The Supervisory Board's duties, powers and working methods are regulated in the 'Supervisory Board charter'. The SB supervises the MB and its key functions and is informed at least annually or earlier if needed on the topics of risk management, laws and regulations and adherence thereof.

The Solvency II key functions are independent, report directly to the MB and have direct access to the ARC/SB for escalations.

Risk appetite statements and limits

The risk appetite of Lifetri Groep is described in the risk appetite statements (RAS) which include qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures related to operational and IT risks, reputation and integrity risks, as well as business ethics and conduct. The RAS has been updated in 2021.

The risk appetite articulates at a high level, for each major risk type, Lifetri groep's relative preference for that risk. Setting the risk appetite is inextricably part of strategy setting. Various factors may affect Lifetri's views of that risk, such as:

- The solvency position;
- The return that is expected to be earned;
- The importance of that risk in executing the business strategy;
- How well the risk diversifies with other risks; and
- The current operating and economic environment.

Risk appetite defined

The risk appetite is further specified by quantitative risk limits for different risk categories in the investment policy. The policy also contains the investment beliefs. Risks are being limited and monitored – amongst others - through solvency capital required (SCR) limits, cash limits, rating-based and issuer limits.

Risk appetite setting

The risk appetite statements are reviewed periodically to ensure their continuing relevance in providing guidance to the business. The risk appetite statements are established by the Management Board and approved by the Supervisory Board.

Breaching a risk tolerance level serves as a red alert for management: the risk position must be reduced. For day-to-day operational monitoring purposes, the risk tolerances are translated into risk limits. Breaching a risk limit (if defined for the risk type), however, acts like an early-warning signal. Action is required, unless there are good reasons to maintain the current risk level and the risk is accepted by the Management Board.

Reporting

Periodic reports are prepared for the various risk categories, which are discussed in the relevant governance bodies. The reporting calendar managed by Finance contains an overview of these reports and other key management information.

In general, each of the 3LoD have their own report(s) as follows:

- 1st line reporting: the managers of the departments issue various management reports which analyse and explain the performance of financial and non-financial indicators for their responsibility areas. Depending on the nature of the report the frequency is monthly or quarterly. The monthly and quarterly ALCO Report combines input from Actuarial Department/Balance Sheet Management and Asset Management;
- 2nd line reporting: reports by the 2nd lines of defence, i.e. Risk management, Compliance and the Actuarial Function, and contain an independent 2nd line review on the 1st line. Risk Management and Compliance prepare the Risk Management & Compliance report on a quarterly basis. The Actuarial Function issues an annual Actuarial Function report;
- 3rd line reporting: internal audit has its own reports which are discussed with the SB / ARC.

Depending on the nature of the report they are discussed in the Management Board, Management Board-Risk & Compliance Committee, ALCO or SB/ARC. The Financial Risk Management report is specifically discussed in the Asset Liability Committee (ALCO) and Management Board. The outcomes and possible improved risk responses resulting from these discussions are recorded in the meeting minutes and action list of the respective governance bodies.

Operational set-up and risks

The organisation from which financial and non-financial risks emanate is relatively operational in nature.

Lifetri Groep has company policies to support the effective governance and risk management of Lifetri Groep. Lifetri Groep has organized this in a Policy House that documents which company policy documents are required.

In addition, Lifetri Groep has a number of regulations (‘regelingen’) which describe in detail how certain policies are performed, such as the Incident regulation. Finally, Lifetri Groep has several elaborate documents (‘uitwerkingen’) which record the outcomes or results of applying policy processes e.g. risk appetite statements (RAS), the Systematic Integrity Risk Analysis (SIRA), the Own Risk and Solvency Assessment (ORSA) and the Code of Conduct.

The Policy House is reviewed each year for completeness or possible necessary changes and is formally endorsed in the Risk & Compliance Committee.

To continuously comply with laws and regulations is an important focus at an insurer. Where appropriate non-compliance issues are analysed and being solved.

The General Data Protection Regulation (GDPR) does not stipulate retention periods for personal data, but minimum and maximum periods follow from other legislation (e.g. on taxes). Information should not be retained longer than needed for the purpose for which it was collected or used. Lifetri Groep has a Data Protection Officer (DPO) to independently monitor the privacy of data.

5.2. Capital Management

in thousands of euros	31 December 2021		31 December 2020	
Excess of assets above liabilities		43,395		56,097
Tier 1	43,395		56,097	
Tier 2	14,986		0	
Tier 3	0		0	
Total available own funds		**58,381**		**56,097**
Eligible own funds		**58,381**		**56,097**
Solvency capital requirement				
Market risk	7,316		2,166	
Counterparty risk	1,506		1,891	
Life underwriting risk	38,405		35,841	
Diversification	-5,927		-2,917	
BSCR		41,300		36,981
Operational risk		951		963
LACDT		-2,768		-9,484
Total solvency capital requirement		**39,483**		**28,460**
Minimum capital requirement		9,871		7,113
Solvency II ratio		148%		197%
Minimum Capital required ratio		460%		788%

Analysis of the change in Own Funds

in thousands of euros	2021		2020	
Excess of assets above liabilities 1 January		56,097		57,559
Change UFR	-3,988		-3,438	
Model Change	163		-	
Unwind	3,178		1,840	
Portfolio development	2,986		-169	
Operational Assumption	-1,505		-4,157	
Economic assumptions	-18,543		4,333	
Other	5,009		129	
Excess of assets above liabilities 31 December		**43,395**		**56,097**

Solvency and Risk Appetite

The management of capital is governed by the Capital Management & Dividend Policy. The measure for adequacy of the capital position is the regulatory Solvency II ratio, defined as the ratio of eligible Own Funds (OF) over the Solvency Capital Requirement (SCR). The Capital Management & Dividend Policy is aimed at being able to capture financial setbacks without endangering the continuity of the business. Therefore, Lifetri Groep wishes its subsidiaries to hold an extra buffer apart from the technical reserves and the regulatory solvency capital.

The target solvency level is set at 160%, while the norm solvency level is set at 135%. The underpinning of the target and lower limits is provided in the Capital Management & Dividend Policy and assessed yearly in the ORSA. The target ratio could be increased if the economic valuation of the liabilities shows that a higher amount of assets is required to transfer the liabilities to a third party. Lifetri Groep applies the standard formula.

Both solvency levels are part of a more detailed capital intervention ladder in the Capital Management & Dividend Policy. Above the target solvency level, no measures are needed; below the lower limit measures will be taken, and in between these levels' actions are being considered and prepared. A short-term measure to increase available capital is a capital injection; a short-term measure to decrease the SCR is a de-risking of market risks from the investment portfolio. Other medium- and long-term measures such as retaining profits, cost reduction, pricing, outsourcing, reinsurance and strategic measures are listed in the Capital Management & Dividend Policy. In practice, management intervention actions may further prevent risks.

6. Financial Statements

The financial statements concern the period 1 January 2021 – 31 December 2021 and have been compiled in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines of the Dutch Accounting Standards Board. The notes on41form an integral part of these financial statements.

6.1. Balance Sheet

(Before appropriation of result)

Assets

in thousands of euros	notes	31-December-2021		31-December-2020	
Financial investments					
Bonds	1	144,831		237,247	
Mortgages	2	61,742		22,898[1]	
Investment funds	3	85,833		43,673	
Derivatives	4	1,229		0	
Total financial investments			293,635		303,818
Deferred tax assets			0		0
Short term receivables					
Policyholders	5	107		157	
Group companies		0		9,506[2]	
Other receivables	6	90		412	
Total short term receivables			197		10,075
Other assets					
Equipment	7	0		5	
Cash and cash equivalents	8	24,184		11,940	
Total other assets			24,184		11,945
Total assets			**318,016**		**325,838**

1 During 2021 a part of the 2 portfolio was reclassified to Investmentfunds. Comparing numbers were adjusted accordingly.

2 In 2021 Lifetri Verzekeringen and Klaverblad Leven merged. Comparing number were adjusted accordingly.

Liabilities

in thousands of euros	notes	31-December-2021		31-December-2020	
Shareholders' funds					
Share capital		45		45	
Share premium		62,852		57,852	
Revaluation reserve		2,191		8,726	
Other reserves		-8,669		-14,745[1]	
Result before appropriation		-14,827		1,254	
Total shareholders' funds	9		41,592		53,132
Subordinated debt intragroup	10		14,986		0
Net insurance liabilities					
For own risk	11	242,641		249,184	
Total net insurance liabilities			242,641		249,184
Deferred tax liability	12		2,140		11,258
Long term Liabilities	13		8,857		10,009
Short term liabilities					
Policyholders	14	1,730		1,796	
Group companies		3,635		0	
Tax and social security contributions		297		123	
Other liabilities	15	2,137		336	
Total short term liabilities			7,799		2,255
Total liabilities			**318,016**		**325,838**

1 As Lifetri Uitvaart sold its subsidiary Lifetri Verzekeringen to Lifetri Group comparing numbers were adjusted.

6.2. Income Statement

in thousands of euros	notes	2021		2020	
Insurance premiums earned					
Gross premiums		18,559		19,202	
Net premiums earned	1		18,559		19,202
Investment income					
Interest from bonds		1,592		1,778	
Interest from mortgages		920		382	
Interest on bank accounts		-160		-164	
Income investment funds		994		354	
Interest on derivatives		438		0	
Realised gains and losses on sales of investments		18,187		507	
Total investment income			21,971		2,857
Unrealized gains and losses on investments	2		-55,519		48,369
Claims and benefits paid					
Gross claims and benefits paid		-6,092		-5,853	
Reinsurers' share claims		0		0	
Net claims and benefits paid	3		-6,092		-5,853
Change in technical provisions					
Gross change in technical provisions		6,708		-51,479	
Net change in technical provision			6,708		-51,479
Interest expence			-73		13
Operating expenses					
Staff, overhead and depreciation costs		-4,388		-8,686	
Total operating expenses	4		-4,388		-8,686
Investment management expences			-1,266		-840
Investment income attributable to non-technical account			-5,418		-8,659
Result technical account life insurance			-25,519		-5,076
Investment income attributable from technical account		5,418		8,659	
Result before tax			-20,101		3,583
Income Tax	5		5,274		-2,329
Net result			**-14,827**		**1,254**

Part of the income from investments is allocated to the technical result; its realised return percentage on the investments is calculated on the average balance of the technical provision. When determining the allocated return on investments, the interest income from cash and cash equivalents are included.

6.3. Cash Flow Statement

in thousands of euros	2021		2020	
Cash flow from operational activities				
Result for the year		**-14,827**		**1,254**
Adjusted for:				
Change in technical provisions	-6,543		51,479	
Change in other provisions	0		-201	
Depreciation of assets	5		5	
Fair value changes through profit or loss	38,860		-47,857	
Changes in:				
Receivables	9,881		-1,835	
Liabilities	-3,574		1,995	
Other long term liabilities	-1,152		-1,301	
Reserves	-1,713		0	
Net cash flow from operational activities		**20,937**		**3,539**
Cash flow from investing activities				
Investments and purchases				
Bonds	-100,715		0	
Mortgages	-42,895		-38,701	
Investment funds	-52,506		-11,321	
Disposals and redemptions				
Bonds	153,448		0	
Mortgages	5,294		5,254	
Investment funds	8,696		659	
Net cash from investing activities		**-28,678**		**-44,109**
Cash flow from financing activities				
Capital contribution	5,000		0	
Subordinated debt intragroup	14,986			
Cash flow from financing activities		**19,986**		**0**
Net increase/decrease in cash		**12,245**		**-40,570**
Cash and cash equivalents beginning of period		**11,939**		**52,509**
Cash and cash equivalents end of period		**24,184**		**11,939**

6.4. Accounting Principles

Lifetri Uitvaartverzekeringen N.V. (Lifetri Uitvaartverzekeringen) with a statutory seat in Baarn, is a limited liability company under Dutch law, Chamber of Commerce registration number 69933332. 100% of the shares of Lifetri Uitvaartverzekeringen are held by Lifetri Groep B.V.

The main activities within the group consist of selling and managing life insurance policies in the Dutch market including pensions term insurance and funeral insurance. Funeral insurance policies are both sum and in-kind insurance.

General

The financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines of the Dutch Accounting Standards Board and in particular, Guideline 605.

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to Lifetri Groep and the asset has a cost price or value of which the amount can be measured reliably. Assets that are not recognised in the balance sheet are considered as off-balance sheet assets. A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of Lifetri Groep. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities. Unless stated otherwise, assets and liabilities are recognised at their fair value. Income and expenses are allocated to the relevant year. The financial statements have been drawn up on the basis of the going concern principle.

The financial statements are presented in euros, which is Lifetri Groep's functional and presentation currency. All amounts have been rounded to the nearest thousand.

Changes in presentation

The current presentation differs from last year's presentation in some aspects. Where applicable, comparative figures have been included in the new presentation format, including related disclosures, to ensure comparability. These changes in presentation have no impact on net result nor equity.

Subsequent events

Events that provide further information on the actual situation at the balance sheet date and that appear before the financial statements are being prepared, are recognized in the financial statements. Events that provide no information on the actual situation at the balance sheet date are not recognized in the financial statements. When those events are relevant for the economic decisions of users of financial statements, the nature and estimated effects of the events are disclosed in the financial statements.

Use of estimates

The preparation of the financial statements requires the Management Board and management to make estimates and assumptions that can influence the application of accounting principles and the reported value of assets and liabilities. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Fair value hierarchy

Financial assets and liabilities are categorized into the following fair value hierarchy.

Published prices in active markets (Level 1)

Fair value measured at Level 1 only uses quoted prices (unadjusted) in active markets for identical assets and liabilities. An active market is one in which transactions take place with sufficient frequency and volume so that prices are regularly available. Examples are equity securities, bonds and investment funds listed on active markets.

Measurement method based on significant observable market inputs (Level 2)

Fair value measured at Level 2 uses inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If an asset or liability has a given contractual term, a Level 2 input variable must be observable for practically the full term of that asset or liability. Level 2 involves the following input variables:

- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from, or confirmed by, observable market data by correlation or other means (market-confirmed inputs).

Examples of assets or liabilities at Level 2 are financial instruments measured using discounted cash flow models. These are based on observable market swap yields, on investment property measured using observable market data and quoted debt instruments or equity securities in a non-active market.

Measurement method not based on significant observable market inputs (Level 3)

Fair value measured at Level 3 uses inputs for the asset or liability that are not based on significant observable market data. Unobservable inputs can be used if observable inputs are not available, so fair value can still be measured at the reporting date in situations where there is no or almost no active market for the asset or liability.

Equipment

Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, considering any estimated residual value of the individual assets. Depreciation is recognised in the profit and loss account on a straight-line basis over the estimated useful lives of each item of the tangible fixed assets, considering any estimated residual value of the individual assets.

Bonds

Bonds are measured at fair value. The fair value of bonds is measured using the fair value hierarchy as described above. Listed bonds in active markets are measured at fair value level 1, non-listed bonds as well as bond strips are measured at fair value level 2. Changes in the fair value of investments are recorded in the income statement. In addition, for level 2 bonds a revaluation reserve is recognised within the shareholder's funds. The revaluation reserve is recognised at an amount of the accumulated fair value changes less any provision for deferred tax.

Mortgages

Mortgages are measured at fair value. The fair value of mortgages is measured using the fair value hierarchy as described above and conform article 75 of the Solvency II Directive (2009/138/EC), applying to the valuation of mortgage loans. This article provides that mortgage loans of insurance undertakings are valued at the amount for which they could be exchanged between knowledgeable and willing independent parties in an arm's length transaction. If no observable prices for the mortgage loans are available, it is required to make as much use as possible of relevant information from the market when determining the fair value of the mortgage loans. It stipulates that if the fair value cannot be determined on the basis of quoted prices in an active market (Level 1), it should be determined on the basis of observable market data of comparable market instruments (Level 2).

The Level 3 valuation method should only be applied when insufficient observable and relevant market data are available to perform a full valuation based on observable inputs. In that case the value of each loan part is calculated using the following steps:

1. Determining the contractual cash flows per mortgage loan part based on the mortgage loan (part) characteristics, adjusted for expected prepayments by applying a constant prepayment rate (CPR);
2. Determining the discount factor using mortgage loan rates in the primary market as of the valuation date for mortgage loans with similar characteristics as the mortgage loan (part) to be valued;
3. Discounting the cash flows with the relevant discount rate;
4. Determining mortgage loan part value.

For loans in arrears and default, an adjustment is made to the cash flows to reflect the higher probability of default and loss-given-default. There is currently no indication that a (constant) default rate must be applied for mortgages that are current.

Changes in the fair value of mortgages are recorded in the income statement. For mortgages without frequent market quotations, a revaluation reserve is recognised within the shareholder's funds. The revaluation reserve is recognised at an amount of the accumulated fair value changes, less any provision for deferred tax.

Other loans
Loans are measured at fair value whereas discounted cash flows are calculated against the interest rate associated with the duration of that cash flow. Changes in the fair value of investments are recorded in the income statement. For loans without frequent market quotations, a revaluation reserve is recognised within the shareholder's funds. The revaluation reserve is recognised at an amount of the accumulated fair value changes, less any provision for deferred tax.

Investment funds
Participations in investment funds without significant influence are measured at fair value. The fair value of these participations is measured using the fair value hierarchy as described above. Listed investment funds in active markets are measured at fair value level 1, non-listed investment funds are measured at fair value level 2.

Changes in the fair value of investments are recorded in the income statement. In addition, for level 2 investment funds a revaluation reserve is recognised within the shareholder's funds. The revaluation reserve is recognised at an amount of the accumulated fair value changes less any provision for deferred tax.

Receivables and other financial instruments
Receivables and other financial instruments are initially recognised at fair value and subsequently measured at amortised costs, using the effective interest rate method, less impairment. A provision is created in case debtors have financial difficulties, on an individual basis. Receivables related to reinsurance contracts are short-term receivables from reinsurance companies. The carrying values of the receivables approximate their respective fair values, given the short maturities of the positions and the fact that allowances for doubtful debts have been recognised, if necessary.

Cash
Cash is directly available funds held in bank accounts. Cash and cash equivalents are measured at nominal value. If cash and cash equivalents are not readily available, this fact is considered in the measurement.

Shareholder’s equity
Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholder’s equity. Payments to holders of these instruments are deducted from the shareholder’s equity as part of profit distribution.

Financial instruments that are designated as financial liability by virtue of economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

The purchase of own shares is deducted from the other reserves.

Share premium
Amounts contributed by the shareholder of Lifetri Uitvaartverzekeringen in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions by existing shareholders without the issue of shares or issue of rights to acquire shares of Lifetri Uitvaartverzekeringen.

Revaluation reserve
Fair value changes of financial assets are recognised in the income statement. For financial assets without frequent market quotations a revaluation reserve is recognised for the cumulative unrealised fair value changes reported in the income statement, after deduction of deferred tax. The revaluation reserve is established for such assets with a corresponding charge against other reserves.

The revaluation reserve is established per individual asset. If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves.

Provisions
A provision is recognised if the following applies: Lifetri Uitvaartverzekeringen has a legal or constructive obligation, arising from a past event; and the amount can be estimated reliable; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

If the time value of money is material and the period over which the cash outflows are discounted is more than one year, provisions are measured at the present value of the best estimate of the cash outflows that are expected to be required to settle the liabilities and losses. The provisions are measured at nominal value if the time value of money is not material or If the period over which the cash outflows are discounted is no longer than one year.

Insurance liabilities
The initial recognition of the provision for insurance liabilities is calculated on basis of the fair value equal to the discounted value of the best estimate cash flows on basis of a market consistent discount rate excluding the ultimate forward rate (UFR).

The Solvency II provision for insurance liabilities is calculated based on the interest rate structure published by the regulatory authority, including volatility adjustment.

The Solvency II provision is the sum of:

- the expected value equal to the present value of the future annual payments plus the future costs of the insurances minus the gross premiums on the basis of best estimate assumptions;
- the required risk margin, given the calculated solvency capital requirement on the basis of the risks quantified for Lifetri Groep.

The provision for insurance liabilities is calculated on the basis of the Solvency II principles, plus the not amortized part of the difference between the fair value provision at acquisition date and SII provision. This difference will be amortized in the coming years in line with the main driver of aforementioned difference, being the impact on the provision with regard to the development of the UFR.

Insurance risk

Insurance risk of Lifetri Groep includes all the Solvency II sub risks for mortality, longevity, lapse, expenses, and catastrophe. Lifetri uses the following definitions for these risks:

- Mortality. Risk of loss resulting from higher-than-expected mortality rates, which results in earlier death claims;
- Longevity. The risk of loss as a result of lower-than-expected mortality rates. Longevity risk exists due to the increasing life expectancy trends and can result in payout levels that are higher than what the insurer originally accounts for;
- Lapse. The risk of a loss as a result from unanticipated (higher or lower) rate of policy lapses, terminations, changes to paid-up status (cessation of premium payment), surrenders or mass lapse event;
- Expenses: The risk of a loss as a result of higher than expected expenses or inflation.
- Catastrophe: The risk of loss resulting from extreme or irregular events resulting in higher mortality rates which results in earlier death claims.

Lapse risk and expense risk are the highest risks within the life risks. The longevity risk is reduced due to the longevity reinsurance with Hannover Re.

Pensions and funeral deposits

Pension obligation is calculated as the discounted value of the expected yearly indexation budget for the former employees of Nuvema. The yearly indexation budget is equal to 3,2% of the salaries of the former employees of Nuvema. The calculation of the budget does take salary development and lapse rates into account. The discounted value is calculated with the risk-free rate (swap-curve).

Funeral deposits are reported at nominal value. No further increase of the deposits is considered.

Provisions for deferred taxes
Deferred tax assets and liabilities are measured at nominal value. Provisions for deferred taxes concern the tax claim that rests on all qualifying differences between commercial valuations and valuations for tax purposes of assets and liabilities, as well as the amount for which the reserves permitted for tax purposes have been created. A deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference can be utilised. The provisions are created in relation to a lower valuation for tax purposes of equities, bonds, loans and immovable property.

The provision is calculated on the difference between the tax and commercial value of the asset or liabilities, multiplied by the current company tax rate of 25.8%.

Deferred tax assets and deferred tax liabilities are offset in the balance sheet if Lifetri Groep has a legally enforceable right to offset current tax assets against current tax liabilities, insofar as they relate to the same financial year and deferred tax assets relate to income taxes levied by the same tax authority on the same taxable Company, or the same fiscal unity.

Long-term liabilities
Long-term liabilities include liabilities with a remaining term longer than one year. The long-term liabilities are initially valued at fair value and are subsequently valued at amortised cost, on the basis of the effective interest rate method.

Short-term liabilities
The short-term liabilities have an expected term of a maximum of one year. The carrying values of the current liabilities approximate their respective fair values, given the short maturities of the positions.

Premiums earned for own account
Premiums earned for our own account consist of regular gross premiums and single premiums minus outgoing reinsurance premiums.

Yields from investments
This includes the proceeds realised on investments such as bonds.

Unrealised gain or loss on investments
All changes in the fair value of financial investments are recognised directly in the income statement. For gains on investments without frequent market quotations, the shareholder's funds recognise a revaluation reserve.

Claims and benefits paid
The benefit payments own account consists of the total liabilities arising from the payment of life insurance policies minus the amounts to be received from the reinsurers.

Change in technical provisions for life insurance
The change in technical provisions is equal to the difference between the opening balance and the final balance of the technical provision. This item therefore includes all the effects of financial transactions, adjustments to economic actuarial principles and deviations between actual and the previously applied assumptions.

Operating expenses
Operating expenses are determined on a historical basis and are allocated to the financial year to which they relate.

Income tax
Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is calculated on the result in accordance with the profit and loss account at a tax rate of 25.0%, with due consideration to the tax facilities.

Cash flow statement accounting principles
The statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash and cash equivalents of Lifetri Uitvaartverzekeringen during the financial year from cash flows arising from operating activities, investing activities and financing activities. Cash and cash equivalents include cash and investments that are readily convertible to a known amount of cash without significant risk of changes in value. The cash flows from investing activities primarily comprise changes in investment securities. Financing activities include all cash flows from transactions involving the issuing of own shares and paid share premium. Cash flows from operating activities include all other activities, which belong to the principal revenue-generating activities.

Related parties
All legal entities, natural persons and other related companies that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities, natural persons and other related companies that can control Lifetri Uitvaartverzekeringen are considered to be a related party. In addition, statutory directors, other key management of

Lifetri Uitvaartverzekeringen or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes as far as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is necessary in order to provide a true and fair view. Related party transactions not on an arm's length basis have not occurred.

Impairments of fixed assets

Tangible and intangible fixed assets are assessed at each reporting date whether there is any indication of an impairment. If any such indication exists, the recoverable amount of the asset is estimated. The recoverable amount is the higher of value in use and net realisable value. If it is not possible to assess the recoverable amount for an individual asset, the recoverable amount is assessed for the cash-generating unit to which the asset belongs.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, an impairment loss is recognised for the difference between the carrying amount and the recoverable amount. If there is an impairment loss for a cash-generating unit, the loss is first allocated to goodwill allocated to the cash-generating unit. Any residual loss is allocated to the other assets of the unit pro rata to their book values.

Subsequently, at each reporting date, the entity assesses whether there is any indication that an impairment loss that was recorded in previous years has been decreased. If any such indication exists, then the recoverable amount of the asset or cash-generating unit is estimated.

Reversal of a previously recognised impairment loss only takes place when there is a change in the assessment used to determine the recoverable amount since the recognition of the last impairment loss. In such case, the carrying amount of the asset (or cash- generating unit) is increased to its recoverable amount, but not higher than the carrying amount that would have applied (net of depreciation) if no impairment loss had been recognised in previous years for the asset (or cash-generating unit).

An impairment loss of goodwill is not reversed in a subsequent period.

Contrary to what is stated before, at each reporting date the recoverable amount is assessed for the following assets (irrespective of whether there is any indicator of an impairment):

- intangible assets that have not been put into use yet;
- intangible assets that are amortised over a useful life of more than twenty years (counting from the moment of initial operation/use).

6.5. Profit appropriation

The Management Board proposes to charge the result of € -14.8 million to the other reserves within the shareholder's funds. The Supervisory Board approved this proposal.

6.6. Notes to the Balance Sheet

Investments

Specification fair value hierarchy

in thousands of euros	Level 1	Level 2	Level 3	Total
Bonds	185,489	51,758	-	237,247
Mortgage loans	-	22,898	-	22,898
Investment funds	43,673	-	-	43,673
At 31 December 2020	**229,162**	**74,656**	**-**	**303,818**

in thousands of euros	Level 1	Level 2	Level 3	Total
Bonds	144,831	-	-	144,831
Mortgage loans	-	61,742	-	61,742
Investment funds	65,826	20,007	-	85,833
Derivatives	-	1,229	-	1,229
At 31 December 2021	**210,657**	**82,979**	**-**	**293,635**

1. Bonds

Bonds

in thousands of euros	2021		2020	
At 1 January		**237,247**		**195,002**
Purchases	100,715		-	
Disposals	-153,448		-3,248	
Redemption	0		-2,006	
Accrued interest	-216			
Fair value changes through profit or loss	-39,467		47,499	
At 31 December		**144,831**		**237,247**

Cost of Bonds amounts to € 119.9 million (2020: € 153.3 million).

in thousands of euros	31 December 2021	31 December 2020
Austria	41,946	81,650
Belgium	40,641	76,820
Germany	-	4,250
France	54,894	74,527
Italy	7,350	-
At 31 December	**144,831**	**237,247**

Bonds by credit rating

in thousands of euros	31 December 2021	31 December 2020
AAA	-	4,250
AA	137,481	232,997
A	-	-
BBB	7,350	-
At 31 December	**144,831**	**237,247**

2. Mortgages

in thousands of euros	2021		2020	
At 1 January		**22,898**		**821**
Purchases	42,895		23,391	
Disposals	-		-65	
Redemption	-5,294		-508	
Fair value changes through profit or loss	1,243		-740	
At 31 December		**61,742**		**22,898**

During 2021 some mortgages were reclassed Investment funds. Comparing numbers were adjusted with € 31.8 million accordingly. Cost of Mortgages amounts to € 61.0 million.

3. Investment funds

in thousands of euros	2021		2020	
At 1 January		**43,673**		**16,030**
Purchases	52,506		26,631	
Disposals	-8,696		-	
Fair value changes through profit or loss	-1,650		1,012	
At 31 December		**85,833**		**43,673**

in thousands of euros	31 December 2021	31 December 2020
Direct Lending	20,586	-
ETF	31,426	11,913
Money Market Fund	-	-
Mortgages	32,406	31,760
Real Estate Debt	1,414	-
Total Investment funds	**85,833**	**43,673**

During 2021 some mortgages were reclassed to Investment funds. Comparing numbers were adjusted with € 31.8 million accordingly. Cost of investment funds amounts to € 83.8 million (2020: € 42.6 million).

4. Derivatives

in thousands of euros	2021	2020
At 1 January	**-**	**-**
Accrued interest	215	
Fair value changes through profit or loss	1,014	-
At 31 December	**1,229**	**-**

5. Policyholders

The short-term receivables on policyholders relate to insurance premiums due.

6. Other receivables

in thousands of euros	31 December 2021	31 December 2020
Non-insurance receivables	-	377
Prepaid operating expenses	-	32
Other	90	2
Total Short term receivables	**90**	**412**

7. Equipment

in thousands of euros	Hardware	Office equipment	Car	Total 2021	2020
At 1 January	**5**	**1**		**5**	**10**
Purchases	-	-	-	-	-
Depreciation	-5	-	-	-5	-5
At 31 December	**-**	**-**	**-**	**-**	**5**

A 20% depreciation rate on the purchase value is applied for the calculation of the annual depreciation expenses.

8. Cash and cash equivalents

For an amount of € 15.4 million (2020: € 4.5 million) cash and cash equivalents are not freely available. This amount is used as collateral for derivatives and open mortgage proposals in our investments portfolio.

9. Shareholder's funds

in thousands of euros	Share capital	Share premium	Revaluation reserve	Other reserve	Result before appropriation	Total
At 1 January 2020	**45**	**56,700**	**6,073**	**-6,379**	**-4,561**	**51,878**
Result current year	-	-	-	-	1,254	1,254
Result previous year	-	-	-	-4,561	4,561	-
Capital contribution	-	1,152		-1,152	-	-
Change reserves required by law	-	-	2,653	-2,653	-	-
At 31 December 2020	**45**	**57,852**	**8,726**	**-14,745**	**1,254**	**53,132**

in thousands of euros	Share capital	Share premium	Revaluation reserve	Other reserve	Result before appropriation	Total
At 1 January 2021	**45**	**57,852**	**8,726**	**-14,745**	**1,254**	**53,132**
Movement due to merger				-1,713		-1,713
Result current year	-	-	-	-	-14,827	-14,827
Result previous year	-	-	-	1,254	-1,254	-
Capital contribution		5,000	-			5,000
Change reserves required by law	-	-	-6,535	6,535	-	-
At 31 December 2021	**45**	**62,852**	**2,191**	**-8,669**	**-14,827**	**41,592**

Shareholder's funds

The authorized capital of Company amounts to € 225,000 (2020: € 225,000), divided into shares of € 1. The total number of issued and paid up shares is € 45,001 (2020: € 45,001).

The share premium contribution at acquisition is the received loan from the shareholder converted into share premium at acquisition date. The share premium contribution was received by bank from Lifetri Groep B.V.

The share premium concerns the income from the issuing of shares in so far as this exceeds the nominal value of the shares (above par value). The share premium is freely distributable.

The revaluation reserve relates to financial investments without frequent market quotations from active markets. For unrealised results reported in the income statement, the revaluation reserve is recognised with a corresponding charge against other reserves.

10. Subordinated liability

On 1 December Uitvaart agreed on a ten year subordinated loan with Lifetri Groep B.V. of € 15.0 million. First callable after 5 years at a fixed rate of 5.25% paid annually in arrear on 31 May in each year. After the reset date at 31 May 2027 the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 5.304 per cent. The loan is considered Tier 2 for regulatory purposes.

11. Insurance liabilities

in thousands of euros	31 December 2021	31 December 2020
Best estimate	213,811	220,092
Risk margin	28,830	29,092
At 31 December	**242,641**	**249,184**

The insurance contracts include profitsharing for some mortality contracts and inflation guarantees for pension liabilities. No other options are included than the options stemming from the in-kind policies. The technical provision primarily has a long duration.

12. Deferred tax

in thousands of euros	01 January 2021	Movement through P&L	31 December 2021
Deferred acquisition costs	3,601	-913	2,688
Subordinated liability	-	78	78
Valuation differences technical provision	6,213	-4,119	2,094
Deferred tax assets	**9,814**	**-4,954**	**4,860**
Equalisation reserve	-	-	-
Valuation differences investments	21,072	-14,072	7,000
Deferred tax liability	**21,072**	**-14,072**	**7,000**
Net deferred tax	**-11,258**	**9,118**	**-2,140**

in thousands of euros	01 January 2020	Movement through P&L	31 December 2020
Deferred acquisition costs	3,652	-51	3,601
Valuation differences technical provision	-3,138	9,351	6,213
Deferred tax assets	**514**	**9,300**	**9,814**
Equalisation reserve	-	-	-
Valuation differences investments	8,382	12,690	21,072
Deferred tax liability	**8,382**	**12,690**	**21,072**
Net deferred tax	**-7,868**	**-3,390**	**-11,258**

13. Long term liabilities

in thousands of euros	31 December 2021		31 December 2020	
At 1 January		10,009		**11,310**
Deposits received	-		50	
Interest increase through P%L	-91		-107	
Deposit payments	-1,061		-1,244	
At 31 December		**8,857**		**10,009**

Funeral deposits are increased with 0.1% (2020 0.5%).

Short-term liabilities

14. Policyholders

Premiums are collected several working days in advance of the period they are earned.

15. Other Liabilities

in thousands of euros	31 December 2021		31 December 2020	
Creditors	59		11	
Accruals for operational expenses	26		286	
Liabilities due to investments	2,052		39	
At 31 December		**2,137**		**336**

6.7. Notes to the Income statement

The Income statement reflects the premiums, claims, operating expenses and net result of the Lifetri Uitvaartverzekeringen business starting on 1 January 2021 and ending on 31 December 2021.

1. Net premiums

in thousands of euros	2021		2020	
Periodic premiums	18,528		18,619	
Single premiums	31		583	
Total net premiums earned		**18,559**		**19,202**

2. Unrealised gains and losses on investments

in thousands of euros	2021		2020	
Bonds	-57,655		47,132	
Mortgages	1,261		645	
Investment funds	163		592	
Derivatives	1,014		-	
Unrealised gains and losses from liabilities	-302		-	
Total unrealised gains and losses on investments		**-55,519**		**48,369**

3. Claims and Benefits paid

in thousands of euros	2021		2020	
Mortality claims	-6,068		-5,833	
Surrenders	-24		-20	
Total claims and benefits paid		**-6,092**		**-5,853**

4. Operating expenses

in thousands of euros	2021		2020	
Staff expenses	2,815		4,854	
External hires, advice and procurement of services	284		1,501	
General and administrative expenses	570		681	
Office expenses	88		1,084	
ICT	456		254	
Housing expenses	88		227	
Marketing expenses	88		43	
Depreciation	-		42	
Staff-, overhead- and depreciation costs		**4,388**		**8,686**
Acquisition costs		-		-
Total operating expenses		**4,388**		**8,686**

The auditor’s expenses and average number of employees have been accounted for in Lifetri Groep B.V.’s annual report.

5. Income tax

in thousands of euros	2021		2020	
Deferred tax	9,118		-3,390	
Current tax	3,844		1,061	
Total income tax		**5,274**		**-2,329**

The effective income tax rate is 26.2%. The table below shows a reconciliation of the expected income tax expense with the actual income tax expense.

in thousands of euros	2021		2020	
Result before tax	-20,101		3,583	
Current tax rate	25%		25%	
Expected income tax expense		**5,025**		**-896**
Effects of:				
Change in tax rate for deferred tax		66		-1,196
Other		182		-237
Total income tax		**5,274**		**-2,329**

During 2021 the income tax for current tax was 25.0%. For the upcoming years the tax rate of 25.8% is expected and used to calculate the deferred tax.

6.8. Contingent liabilities and commitments

Fiscal unity

For income tax purposes Lifetri Uitvaartverzekeringen is part of the fiscal unity which also includes Lifetri Groep, Klaverblad Levensverzekeringen and Lifetri Verzekeringen. Because Lifetri Groep is at the head of the fiscal unity, Lifetri Uitvaartverzekeringen has a current account relationship with Lifetri Groep. Amounts for income tax recognised at balance sheet date have been settled in this current account.

Cash pool

The Rabobank accounts of Lifetri Uitvaartverzekeringen are included in the Lifetri Groep cash pool provided by Rabobank. The Lifetri Groep cash pool consists of the Rabobank accounts of Lifetri Groep, Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen.

Capital commitments

At 31 December 2021 Lifetri Uitvaartverzekeringen is committed to provide funding for the private debt portfolio. The commitment for a capital contribution amounts up to € 54.1 million (2020: € 10.0 million).

For the mortgage loans portfolio, the capital contribution amounts up to € 9.2 million (2020: nil)

Maarssen, 26 April 2022

Management Board	Supervisory Board
P.D.A. Wits, CEO	J.H.D. van Hemsbergen, Chairman
M.R.E. Harkema, CFRO	N. Albert
J.P.M. Rijken, CIO	H. Eggens
R. Zomer, COO	R. Singhal

signed version is available at the head office

7. Other Information

7.1. Appropriation result according to the Articles of Association

According to Lifetri Uitvaartverzekeringen's articles of association, the results are at the disposal of the Shareholder's General Meeting.

8.2 Independent auditor's report

We refer for the independent auditor's report to the next page.

Independent auditor's report

To: The General Meeting of Shareholders and the Supervisory Board of Board of
Lifetri Uitvaartverzekeringen N.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

In our opinion the accompanying financial statements give a true and fair view of the financial position of Lifetri Uitvaartverzekeringen N.V. ("the company") as at 31 December 2021 and of its result and its cash flows for the year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the 2021 financial statements of Lifetri Uitvaartverzekeringen N.V., based in Amsterdam.

The financial statements comprise:

1 the balance sheet as at 31 December 2021;

2 the following statements for 2021: the income statement and the cash flows statement; and

3 the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of the Company in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

Our audit procedures were determined in the context of our audit of the financial statements as a whole. Our observations in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters should be viewed in that context and not as separate opinions or conclusions.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Accountants N.V., a Dutch limited liability company registered with the trade register in the Netherlands under number 33263683, is a member firm of the global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Audit approach

Summary

Materiality
— Materiality of EUR 1.2 million, a decrease from the prior year
— Based on shareholders equity (2.75%)

Going concern
— Going concern: no significant going concern risks identified

Fraud/Noclar
— Fraud & non-compliance with laws and regulations (Noclar): we identified management override of controls as presumed fraud risk

Key audit matter
— Valuation of insurance contract liabilities
— Hard to Value Financial Assets

Opinion
Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 1.2 million (2020: EUR 1.7 million). The materiality is determined with reference to Shareholders Equity and amounts to 2.75% (2020: 2.75%). We continue to consider shareholders equity as the most appropriate benchmark based on our assessment of the general information needs of the users of the financial statements of the financial institutions predominantly active in the life insurance business.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 60,000 (2020: EUR 70,000) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Audit response to going concern – no significant going concern risks identified

The Management Board has performed its going concern assessment and has not identified any significant going concern risks. Our main procedures to assess the Management Board’s assessment were:

— we considered whether the Management Board’s assessment of the going concern risks included all relevant information of which we are aware as a result of our audit;

— we assessed whether the scenarios included in the Own Risk Solvency Assessment (ORSA) and Preparatory Crisis Plan that were submitted to De Nederlandsche Bank N.V. (the Dutch Central Bank, DNB) and other regulatory correspondence indicate a significant going concern risk; and

— we considered whether the outcome of our audit procedures on the Solvency II capital position and disclosures indicate a significant going concern risk.

The outcome of our risk assessment procedures, including our consideration of findings from our audit procedures on other areas, did not give reason to perform additional audit procedures.

Audit response to the risk of fraud and non-compliance with laws and regulations

In section 3.4 and section 5 of the annual report, the Management Board describes its response and procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the company and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the code of conduct, whistleblowing procedures, incidents register and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with management, Supervisory Board and other relevant functions, such as Internal Audit, Legal Counsel, Compliance and the Actuarial Function Holder. As part of our audit procedures, we:

- assessed the fraud risk assessments performed by operational risk management coordinated by the Group Operational Risk Management and evaluated these fraud risk assessments;
- assessed other positions held by the Management Board members and paid special attention to procedures and governance and compliance in view of possible conflicts of interest;
- evaluated internal compliance reports on indications of possible fraud and non-compliance;
- inspected correspondence with De Nederlandsche Bank (DNB), Autoriteit Financiële Markten (AFM) and other regulators and supervisory authorities; and
- evaluated legal confirmation letters.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the company.

The Company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognised or disclosures in the financial statements, or both, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an indirect effect:

- Wet op het financieel toezicht (Wft) (including the European Solvency II directives);
- Financial and economic crime (FEC) related regulation; and

We evaluated with support of our forensics specialists, the fraud and non-compliance risk factors to consider whether those factors indicate a risk of material misstatement in the financial statements.

Based on the above and on the auditing standards, we identified the following fraud risk that is relevant to our audit, including the relevant presumed risks laid down in the auditing standards, and responded as follows:

— **Management override of controls (a presumed risk)**

Risk:

- Management is in a unique position to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively such as: estimates related to valuation and reserve adequacy of insurance liabilities and Solvency II disclosures.

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the company, including retrospective reviews of prior year's estimates.
- Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit including extensive substantive procedures over investments and investment gains and losses.
- Considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.
- Obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements.
- Considered the effect of actual, suspected or identified risk of non-compliance as part of our procedures on the related items in the financial statements.

We refer to the key audit matter that provides information of our approach related to areas of higher risk due to accounting estimates where management makes significant judgements.

We assessed the presumed fraud risk on revenue recognition as irrelevant, as we consider the likelihood remote that a material error results from fraud other than originating from management override of controls, which is covered by the risk described above.

We communicated our risk assessment, audit responses and results to the Management Board and the Supervisory Board. Our audit procedures did not reveal indications and/or reasonable suspicion of fraud and non-compliance that are considered material for our audit.

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Management Board and the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The COVID-19 pandemic has had both operational and financial impact on the company, we refer to section 4 of the annual report.

1. Valuation of insurance contract liabilities

Description

Lifetri Uitvaartverzekeringen N.V. has insurance contract liabilities of EUR 243 million representing 76% of its total liabilities. The valuation of the insurance contract liabilities involves judgement over uncertain future outcomes in the insurance contract liabilities as reported in the balance sheet and requires the application of significant management judgement in setting the assumptions related to expense overrun, risk margin and counterparty default adjustment.

Given the financial significance and the level of judgement required, we considered this a key audit matter.

Our response

Our audit approach included testing both the effectiveness of internal controls around determining insurance contract liabilities as well as substantive audit procedures.

Our procedures over internal controls focused on controls around the adequacy of policyholder data, the governance and controls around assumption setting and the review procedures performed on the Best Estimate Liability (BEL) and Risk Margin by the Actuarial Function Holder. In our audit we also considered the process around the internal validation and implementation of the models used to determine the valuation of the insurance contract liabilities.

With the assistance of our actuarial specialists we performed the following substantive audit procedures:

- assessed the appropriateness of the data and verifying the accuracy and completeness of claim data used in the valuation and assumption setting;
- assessed the appropriateness of assumptions used in the valuation of insurance contract by reference to company and industry data and expectations of investment returns and expense developments;
- analysed the developments in actuarial results and movements in reserve adequacy during the year and corroborative inquiries with management and the Actuarial Function Holder in that regard; and
- evaluated the robustness of management's substantiation that the insurance contract liabilities are adequate as at 31 December 2021.

Our observation

Overall, we found that management estimated the valuation of the insurance contract liabilities neutral. We also found the related disclosure to be adequate and refer to Note 11 of the financial statements.

2. Hard to value Financial assets

Description

For non-listed investments quoted prices are not available and fair values are based on valuation techniques which often involve the exercise of judgement by management and the use of assumptions, estimates and valuation models. Where significant pricing inputs are unobservable, management has no reliable, relevant market data available in determining the fair value. For these investments estimation uncertainty can be high, especially since the outbreak of COVID-19 with increased market volatilities. This is mainly applicable to mortgages and unlisted investment funds.
Given the financial significance and estimation uncertainties we considered the valuation of non-listed investments a key audit matter.

Our response

We assessed management’s approach to the valuation for non-listed investments and performed the following procedures:

- evaluated the processes and controls governing the valuation of investments;
- inspected the supporting valuation documents prepared by management’s external valuation experts;
- KPMG valuation specialists assisted us in challenging the appropriateness of the models and methodologies used by management in calculating fair values of mortgages. We tested the source data used and assessed the appropriateness of critical valuation parameters. Our valuation specialists independently calculated whether the fair value for the mortgage portfolio as a whole as determined by management is within the acceptable fair value range; and
- assessed the disclosures in the financial statements

Our observation

The results of our testing were satisfactory and we considered the fair value of hard to value investments to be appropriate.

Report on the other information included in the annual report

In addition to the financial statements and our auditor’s report thereon, the Annual Report contains other information.

Based on the following procedures performed, we conclude that the other information:

- is consistent with the financial statements and does not contain material misstatements; and

- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code report and other information.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

The Management Board is responsible for the preparation of the other information, including the information as required by Part 9 of Book 2 of the Dutch Civil Code.

Description of responsibilities regarding the financial statements

Responsibilities of the Management Board and the Supervisory Board for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Management Board is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error. In that respect the Management Board under supervision of the Supervisory Board is responsible for the prevention and detection of fraud and non-compliance with laws and regulations, including determining measures to resolve the consequences of it and to prevent recurrence.

As part of the preparation of the financial statements, the Management Board is responsible for assessing the company’s ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the Management Board should prepare the financial statements using the going concern basis of accounting unless the Management Board either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The Management Board should disclose events and circumstances that may cast significant doubt on the Group’s ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the company’s financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken based on these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at http://www.nba.nl/ENG_algemeen_01. This description forms part of our auditor's report.

Utrecht, 26 April 2022

KPMG Accountants N.V.

A.J.H. Reijns RA

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