lifetri

LIFETRI UITVAARTVERZEKERINGEN NV

annual
report
2023

Lifetri Uitvaart-verzekeringen

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.

The text in the Management Report refers to Lifetri Groep as a whole.

1. About Lifetri

1.1 AT A GLANCE

As the only Dutch insurer solely dedicated to providing guarantees to our customers, we stand out in simplicity and focus. By specializing in offering (paid up) guarantees we streamline operations, reduce complexity and ensure our customer's long-term needs are met.

Lifetri services approximately 550,000 term life and funeral insurance customers and provides pension guarantees to (former) employees of Allianz Nederland and Klaverblad cooperation with a total of € 1.9 billion in AuM. In total Lifetri's pension liabilities amount to more than € 1 billion.

We employ about 80 insurance and pension professionals, of which many have a wealth of relevant experience in the insurance and pension fund industry. We are well established in the Dutch society, with Dutch management under Dutch supervision.

Lifetri is well capitalized with c. € 250 million of own funds and a Solvency II ratio of 185% at the end of 2023.

1.2 MESSAGE FROM THE CEO

2023 was a turbulent year for Lifetri from different perspectives.
In 2023 the new pension law was approved by the Senate. An important moment for Lifetri. After a long period of uncertainty, the approval of the new law is the starting point of an unprecedented change in the pension schemes of pension funds in the Netherlands. In the past years, Lifetri has invested in its product development, processes, partnerships and in its operating core, to establish the required set up to play an important role in the market for Pension Risk Transfers. It is encouraging to see that in the course of 2023 this market finally started to develop and that Lifetri is recognized and appreciated in the processes that pension fund boards have started to explore their future. At the same time I am disappointed that until now Lifetri has not been able to acquire further portfolios and grow its balance sheet.

The continued increase in interest rates in 2023 was an important area of attention. Lifetri's very long dated liabilities lead to a discrepancy between economic and regulatory lenses given the Last Liquid Point in the Solvency II framework at 20 years. Lifetri's (funeral) liabilities have durations far above the 20 years. Until 2023 our interest rate hedge was predominately focused on the economic lens, resulting in high interest rate volatility of the Solvency II ratio. As a consequence, the unprecedented interest rate increases in 2022 and 2023 have put pressure on Lifetri's Solvency II ratio. I am very happy that despite these turbulent market circumstances, the solvency ratio increased from 146% to 185%, following additional capital injections of the shareholder of € 85 million and strong capital generation. In 2023, initiatives to reduce the Solvency II interest rate sensitivity, to bring our hedge closer to the regulatory lens and to strengthen the capital position, were started and will further continue in 2024.

Our continuation to invest steadily in our strategic asset mix led to higher investment returns and helped improving our capital generation and underlying financial performance.

Another important milestone in 2023 for me was the full decommissioning of the last legacy part in our IT infrastructure. In the past 4 years Lifetri, invested in a modern and secure IT landscape which basically was built from scratch. In three migration blocks in 2021 and 2022, the majority of the Individual Life portfolio was transferred from legacy systems to the new IT landscape. In parallel, Lifetri successfully implemented a brand new, scalable and modern IT system for its pension activities. In 2023 this multi-year project was completed with the migration of around 200.000 former Nuvema funeral policies to the target infrastructure, resulting in a modern IT landscape supporting all of Lifetri's activities.

I look forward to 2024. A year in which Lifetri aims to leverage on the investments done in the past years. Together with the numerous partners we cooperate with in areas like reinsurance, hedging, implementation, pension solutions and administration. Together with our shareholder who is showing ongoing commitment to invest in the growth of our platform. And together with my colleagues, whose ongoing dedication is pivotal for the success of Lifetri.

Philippe Wits,

Chief Executive Officer

1.3 COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

The composition of the Supervisory Board (SB) and the Management Board (MB) of Lifetri Groep BV as per 25 April 2024 is shown hereafter.

Supervisory Board

P.J.C. Borgdorff, Chairman

A.S. Birrell

H. Eggens

Management Board

P.D.A. Wits, CEO

J.P.M. Rijken, CIO

R. Zomer, CFRO

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

Lifetri Groep BV,

Bisonspoor 3002

3605 LT Maarssen

www.lifetri.nl

2. Strategy

2.1 MARKET ENVIRONMENT

In the year 2023, the world was confronted with various challenges: the continuation of the Russian invasion of Ukraine, the intensified Israeli-Palestinian conflict, causing continued high inflation, rising interest rates and volatile financial markets. These developments impacted Lifetri in its investments and capital management.

Even in this challenging macro environment, the life market offered plenty of growth opportunities as demand for guarantees remains strong. Strong capital backing and solid risk management allows Lifetri to play an important role in fulfilling in the long term. Our promise is to offer Dutch customers the financial means to live the retired life they deserve and to protect our customers and their heirs for the often high funeral expenses.

Pension reform

The upcoming pension reform in the Netherlands will be the main driver of growth for Lifetri. After a long period of preparations, end of 2022 the Dutch House of Representatives approved on a new pension law. In the 1st half year of 2023 the law also passed the Senate, which means it came into force per 1 July 2023. This will result in an unprecedented change in the Dutch pension schemes in the next 5 years.

Anticipating the new pension law, (the boards of) pension funds have started exploring alternatives and will take final decisions on the transition of the current accrued entitlements to the new system. This is a complex task where many scenarios need to be assessed and complex calculations need to be done. All to ensure that the pension fund makes sure that the allocation of the available resources is fair. Lifetri strongly believes, that guaranteed solutions will be part of the considerations and often can be in the interest of (specific groups of) the funds participants. Our unique proposition positions us well to grow our business on the back of this reform.

2.2 BUSINESS STRATEGY

Lifetri's sole focus is to offer long term guarantees and uses the 'service book concept' as a business model. Lifetri is focused on providing optimal service to existing clients. The growth should come from adding additional "closed books" to the platform. Lifetri pursues a long term, growth-oriented strategy with a focus on the Dutch pension value transfer market for defined benefit (DB) pensions. Lifetri does not source new individual customers and as a result of that does not have to allocate resources to marketing. Complexity and new legacy are prevented by focusing on "paid up" entitlements and consequently do not distract from the core business of the company.

Although in 2023 transaction volumes in general in the Netherlands were still low, Lifetri expects a large increase of demand for guarantee-books, especially in the pension area, in the years to come.

To make sure that Lifetri is well prepared to absorb the expected growth in demand and to safeguard that the wishes of the pension fund and its participants can be properly fulfilled, over the last years Lifetri has diligently built a solid organization based on four principles.

1. Patient shareholder

Focus and solid reputation

- Sixth Street has over $130 to 135 billion in insured assets under management (AuM).
- Aligned vision on Lifetri's growth strategy, 360* supportive shareholder, providing capital both for growth and to increase policyholders' security in periods of volatility.

2. Proven and modern life and pension administration

No legacy and complete focus on guarantees

- Fully dedicated in helping pension funds in their transition of their customers to a new future.
- Seamless transition, with continuity of participants in mind.
- Proven migration skills.
- Future proof, modern administration platform.

3. Flexible and bespoke solutions with clear conditions

Bespoke solutions together with our partners

- Best conditions and leading in HICP inflation coverage.
- Strong partnerships with reinsurers, general pension fund, pension administrator, and migration specialist to make sure that maximum flexibility can be offered.

4. Knowledgeable and experienced employees

People first and central to everything we do

- Experienced staff with proven track records in Insurance and pensions.

2.3 PROGRESS ON STRATEGY

Strong progress on most important strategic objectives

In 2023, Lifetri again made significant progress in achieving its long-term strategic goals and also achieved satisfactory results on the shorter-term deliverables of the business plan.

Plans have been defined and executed in each of the following areas:

1. continued implementation of the strategic asset allocation;
2. partnering and innovation to accommodate needs of pension funds of all individual life insurances;
3. realisation of the full migration of all individual life insurances; and
4. development of staff and organization.

1. Continued implementation of the strategic asset allocation mix

As the main constituent of Lifetri's revenue model, the execution on the strategic asset allocation and consequently the gradual improvement of the risk-adjusted return profile is imperative. By selecting and adding new managers to the platform and by tight oversight of their performance, the 2023 goals on asset returns have been realised. On top of that, policies that support the implementation have been enhanced with features of new instruments, and adjusted following the impact of the significantly changed interest rate environment on the composition of the balance sheet. Furthermore, rebalancing assets, managing liquidity constraints due to the use of derivatives, enhancing insights of tax impacts, and improving the management of our network of investment managers, clearing brokers and custodians were focus areas.

2. Partnering and innovation to accommodate needs of pension funds

Lifetri's approach to provide pension funds with tailor-made solutions has been further extended with the addition of innovative combined offerings with selected partners. Blended solutions of conditional entitlements on the one hand and guarantees for specific participants on the other have been developed. Furthermore, longevity risk solutions to efficiently leverage and adapt our balance sheet to the potential needs of pension funds have been fully embedded.

3. Realisation of the full migration of all individual life insurances

In 2023, Lifetri finalised the migration of the former Nuvema policies to the target IT infrastructure. With the decommissioning of the legacy IT infrastructure and applications afterwards, Lifetri has now achieved its goal of a fully cloud based, no legacy, IT infrastructure.

The 2023 of... Jeroen de Ruiter, ICT Manager at Lifetri

> *"No legacy, everything in the cloud - We can fully focus on optimal customer service"*
>
> "In 2023 we have achieved important goals. We have completed the migration of our old systems to the new platform, made significant progress on a secure IT environment and we have fully moved to cloud technology.
>
> This means that we no longer use outdated legacy systems and can adapt to new technologies very flexibly. At Lifetri, we now have the ICT to quickly respond to market conditions, but above all to serve our customers optimally.
>
> We drew up a vision and strategy in 2020 and it was realized in 2023 - entirely according to plan. It is the first time in my career that I work in an organization without legacy systems, and I have been working in IT since I was 15.
>
> Free from legacy, completely in the cloud and a secure IT environment, I am proud that we can say that.
>
> With the same focus we will now further improve our customer service"

4. Development of staff and organization

Engagement

- Engagement is the most important KPI by which work at Lifetri is measured and assessed. The measurement consists of 28 questions and can be completed by all employees.
- High commitment is important because this is a strategic pillar of success. Involved employees largely determine the organization's success. High commitment fuels company pride and ensures that employees are retained in the organization and that Lifetri is seen as an interesting employer on the labour market.
- The objective is to achieve a score of 4 out of 5. This ambition is within sight at 3.95 In 2023, the upward trend that started in 2022 has continued.

Current workforce

Current workforce consists of 78 employees (FTE). In 2023, 16 vacancies are filled, of which 2 filled through internal promotion. 9 employees have left Lifetri. The objective related to absenteeism is having an absenteeism percentage that is below the CBS average for the financial sector which was the case in 2023 4.3% (2002: 5.9%).

Education and training

Of all employees employed in 2023, 82% have completed education or training. This consists of professional training, sustainable employability such as career development and team development.

The 2023 of... Arno Onsman, Human Resources Manager at Lifetri

"The best version of yourself: our recipe for job satisfaction and success"

"We find ourselves in a challenging labour market, but we often quickly succeed in attracting employees who are enthusiastic about working for us. Our organization is seen as attractive, partly due to the fact that we put people and customers first and that they have the ability to make a more meaningful impact then in larger companies. This success is due to our fresh and enterprising culture which increases involvement and fuels entrepreneurship, something which is also recognized outside of our organisation.

Our goal is to create an environment where people can be the best versions of themselves, which contributes to our attractiveness as an employer. Personal attention and appreciation for the individual are central to our approach, without the need for formal programs. This is reflected in how we organize events, such as the Christmas party, and strive to make an impact through innovation. This has a positive effect on our reputation and our ability to fill vacancies, even in a difficult labour market.

We constantly evaluate whether we are achieving our goals and whether we are satisfied with our current position. Both in loyalty and satisfaction among staff which in turn results in a strong reputation and contributes to the business continuity.

We are on track with our plans and look forward to the challenges of the coming year, especially when it comes to preserving our unique culture."

2.4 SUSTAINABILITY

The well-being of customers, employees, and all other stakeholders is an important cornerstone in everything that Lifetri does. Lifetri also takes care of the planet by investing responsibly, pursuing a sustainable society for current and next generations.

ESG Ambitions

While Lifetri shaped the contours of its sustainability ambition in 2022 using the ESG themes as can be found below, first steps were taken in 2023 to create a basis to be used for formulating concrete objectives. Inspired by the self-assured mission and with the aim of making the sustainability policy concrete, three sustainability themes have been identified.

Building on its self-assured mission, the UN Sustainable Development Goals (SDG) 3, 4 and 13 and its Responsible Investing policy, Lifetri set the first ESG (Environment Social Governance) ambitions and themes.

1. Good employer

This theme fits well within the values of Lifetri. Self-assured also implies that employees feel welcomed and respected. That inclusivity is not a target, but a given. An inspirational environment, where creativity and learning are important competences. Such an environment is essential for Lifetri to attract a divers and highly skilled workforce. This is essential to be and remain successful. Lifetri's ambition is to empower people by:

- having meaningful dialogue;
- facilitating lifelong learning; and
- being aware of the Lifetri DNA.

Lifetri aims to be a diverse and inclusive organization, because we believe that these are the organizations of the future. We strive to create an environment where all our employees are given equal and fair opportunities and where everyone feels valued and secure. We aim for diversity not only in terms of back ground (gender, nationality, age, educational background, religion, sexual orientation etc), but also across personal experiences, characteristics and the different skills that people bring. In terms of gender diversity, Lifetri formulated the following objective for the coming years: the ambition by 2027 is to have at least 33% female in the SB, the MB and the leadership team. Currently, the leadership team consists for 25% of female members and 75% of male members.

2. Client centricity

Lifetri is focused on supporting customers to make conscious decisions. Comprehensible information and communication is imperative to safeguard that customers – consciously – make choices that are in line with their objectives and desires.

3. Sustainable future for current and future generations

Within the theme Sustainable future for current and future generations Lifetri focuses on the impact of climate change. Key focus areas of Lifetri are the reduction of greenhouse gases and preservation of biodiversity, as both are essential for a liveable world. To make a meaningful contribution Lifetri has set the following ambitions:

- by 2050, Lifetri is a net zero carbon issuer; and
- Lifetri supports biodiversity preservation, by participating in engagement programs organized by branch organizations like Verbond van Verzekeraars and the IMVO .

Progress

Throughout 2023, Lifetri concentrated on four specific areas to make substantial progress in defining realistic and ambitious targets aligned with our objectives:

1. Further integration of ESG in investment process

Our Responsible Investing policy underscores the importance of integrating Environmental, Social, and Governance (ESG) factors as a vital component of our investment process. In the selection process of external asset managers, Lifetri emphasizes ESG integration alongside various criteria, such as the presence of a responsible investing policy and a clear ESG ambition.

Moreover, a consistent screening process for all investments on all three criteria (E, S and G) should be in place. The ESG screening done by the external asset managers in combination with accompanying actions to move to these ambitions should be well documented and reported. These responsible investments aspects are assessed by Lifetri at the moment of selecting the asset managers and in the periodic evaluation process of external managers thereafter.

2. Identify current ESG screening ratio on assets

As of 31 December 2023, 93% of Lifetri's assets underwent annual ESG screening. This percentage is divided into internally managed assets and externally managed assets.

% ESG Screening	**(internally managed assets)**	**(externally managed assets)**	**(all assets)**
Lifetri Verzekeringen	100%	89%	93%
Lifetri Uitvaartverzekeringen	100%	88%	92%

3. Identify current SFDR Classifications in investment portfolio

Additionally, as stated in the Responsible Investing policy, Lifetri prefers investing in SFDR Article 8 (or 9) strategies. By the end of 2023, 47% of the externally managed assets of Lifetri Verzekeringen met the criteria for SFDR 8 (or 9) classification and 49% for Lifetri Uitvaartverzekeringen. Given that Lifetri allocates a significant portion of its assets to private markets, it acknowledges the challenge faced by asset managers in fully complying with SFDR requirements in these markets.

Lifetri maintains ongoing dialogue with its external asset managers to align their ambitions with the goal of constructing sustainable portfolios.

4. Reduce carbon footprint of Own Operations and investment portfolio

To assess its own carbon footprint, Lifetri has appointed an external company and is currently in the process of calibrating the 2022 data. Lifetri anticipates being able to report its operational carbon emissions in its 2024 annual report, including the emission-decreasing potential. Subsequently, Lifetri will plan and implement measures, as well as set mid-term and long-term targets to achieve its ambition of becoming net-zero by 2050.

Aligned with its aspiration to become a net-zero carbon issuer by 2050, Lifetri is committed to reducing the carbon footprint of its investment portfolio and internal operations. In order to identify the investment portfolio's carbon footprint, Lifetri relies heavily on data provided by its external managers. While these managers are aligned, obtaining sufficient data will require time. Lifetri continues to engage with the asset managers on the delivery of such data and the priority on their roadmap.

Preparing for CSRD Implementation and reporting

With the Corporate Sustainability Reporting Directive (CSRD) now in effect, Lifetri is gearing up for sustainability reporting in accordance with the CSRD standard starting from 2025. To facilitate this, an external consultant has been enlisted to assist Lifetri with the preparation on the CSRD implementation, starting from January 2024 onwards. This process consists of the following steps:

1. Performing a double materiality assessment to identify material sustainability matters, including validation with both internal and external stakeholders
2. Identify the reporting requirements, both quantitative and qualitative
3. Create an implementation roadmap to realize all necessary and desired elements to prepare Lifetri on the CSRD.

3. Business developments

3.1 KEY FIGURES

	2023	2022
Shareholder's funds	41,849	30,099
Eligible own funds	56,515	44,583
Solvency capital required (SCR)	34,957	31,240
Solvency II ratio	162%	143%
Net premiums earned	17,810	18,375
Claims and benefits paid	7,342	5,856
Total operating expenses	3,529	3,561
Net result	9,251	-13,296

3.2 FINANCIAL DEVELOPMENTS

Introduction

Due to rising interest rates and the effect on the volatility of its Solvency ratio, Lifetri moved from managing its balance sheet on mainly an economic basis to managing it on a hybrid basis, mixing economic and solvency rationale. Given some material and less economic elements in the Solvency II framework, such as the Ultimate Forward Rate (UFR), the last liquid point which is the basis of the interest rate projection and the extrapolation method of the interest rate curve, insurers' Solvency II balance sheets and ratios react to the impact of these elements, generating volatility. This volatility is amplified by the specific characteristics of Lifetri's balance sheet with very long dated pension and funeral liabilities.

The volatility of the Solvency II ratio is translated in Lifetri's capital management policy and consequently in the capital steering levels. These steering levels include significant buffers on top of the Solvency II threshold of 100%, safeguarding that Lifetri always delivers on the promises towards policyholders and always has capacity to absorb rare and unlikely stress scenarios as required by Solvency II. Should the ratio however drop to levels below Lifetri's target zone of 135%, the norm solvency, Lifetri is pleased with the long-term commitment of its shareholder to support the Solvency II ratio.

Results

In 2023, the net result of Lifetri Uitvaartverzekeringen was € 9.3 million, compared to € -13.3 million in 2022. The Solvency II ratio increased from 143% end of 2022 to 162% on 31st December 2023.

The accounting principles of Lifetri and its operating entities are, apart from some smaller exceptions, in line with the Solvency II valuation principles. This means that fair value movements of both assets and liabilities are recognized in the profit and loss account. Given the long term nature of its liabilities, the duration of Lifetri's assets is (far) beyond the Last Liquid Point of 20 years that is applied in the Solvency II discounting curve for the liabilities. The assets of Lifetri are therefore more sensitive to interest rate movements than the Solvency II (and Dutch GAAP) liabilities. As a consequence and despite the fact that Lifetri in general has no appetite for interest rate risk, both Lifetri's net result as well as the development of the Solvency II ratio is dependent on the rate developments on the financial markets.

The net loss in 2023 was mainly driven by the impact of rising interest rates on both assets and technical provisions. The sharp interest rate increases in the past 2 years, in combination with the gradually decreased UFR in the Solvency II discount curve and Lifetri's accomplishments in building up its strategic asset allocation, has led to a situation where the discrepancy between the Solvency II lens and the "economic" lens has become smaller. In the second half year of 2023 Lifetri has taken first steps to bring the interest rate hedge closer to the Solvency II Liabilities by shortening the duration of the assets. As a consequence the Solvency II ratio sensitivity will further reduce. Lifetri will continue its endeavours to reduce the Solvency II sensitivity. The ambition to maximize the Solvency II interest rate sensitivity to 15% on a 50bps shock of the curve will probably be achieved no later than mid 2024.

The volatility of the Solvency II ratio is translated in Lifetri's capital management policy and consequently in the capital steering levels. These steering levels include significant buffers on top of the Solvency II threshold of 100%, safeguarding that Lifetri always delivers on the promises towards policyholders and always has capacity to absorb rare and unlikely stress scenarios as required by Solvency II. Should the ratio however drop to levels below Lifetri's target zone of 135%, the norm solvency, Lifetri is pleased with the long-term commitment of its shareholder to support the Solvency II ratio. In 2023, an amount of € 2.5 million was injected in Lifetri Uitvaartverzekeringen, because of the pressure on the S2 ratio following the sharp increases in interest rates.

Should this stay in LTU, or perhaps just mention that the net result was driven by "strong interest rate increase in 2023", and perhaps refer to Annual report of Lifetri Groep for an explanation of drivers of result of Lifetri groep and its operating entities?

Total operating expenses were € 3.5 million in 2023, compared to € 3.6 million in 2022. Investment expenses were € 0.5 million higher than in 2022 due to the further build up towards the strategic asset allocation, and increased use of derivatives.

Shareholder's funds increased from € 30.1 million to € 41.8 million as of year-end 2023, including capital injections amounting to € 2.5 million in 2023.

The Solvency II ratio increased from 143% at the end of 2022 to 162% by the end of 2023. The negative impact following the spiked interest rates in 2023 was largely compensated by capital injections from the shareholder and healthy capital generation. The regular annual update of non-economic assumptions had a relatively small negative impact on the ratio, especially due to a change in the assumption with respect to the loss-absorbing capacity of technical provisions.

3.3 ASSET MANAGEMENT

In 2023, the third year of Lifetri's Investment Plan initiated in 2021, the company took another significant step towards the Strategic Asset Allocation portfolio "SAA". The SAA represents the target portfolio supporting Lifetri's existing clients and growth strategy.

The progress of the Investment Plan was primarily achieved through increased allocations in asset classes such as commercial real estate loans, direct lending, and private equity. In all three cases, the investments were primarily committed investments to existing fund structures. Within the direct lending asset class, two additional asset managers were selected to enhance diversification across vintages and market segments, with initial investments made in 2023.

The rise in policy rates by central banks, aimed at combating higher-than-targeted inflation, had a significant impact on capital markets and the economy. Sectors directly affected by rate changes were notably impacted. Consequently, Lifetri paused the selection process for additional managers in asset classes directly influenced by higher rates, such as real estate debt and infrastructure equity. Simultaneously, the allocation to emerging market debt was decreased.

The increase of policy rates, coupled with central bankers' statements indicating prolonged higher rates, led to a steep rise in interest rate curves overall. This substantially affected Lifetri's portfolio composition, given the varying sensitivity of each asset class to interest rate movements. Notably, the allocation to residential mortgages reached its upper limit, prompting Lifetri to reduce this allocation by selling a portion of the portfolio.

Since central banks began their rate hike cycle in 2022, Lifetri has heightened its focus on liquidity and collateral management. In 2023, improvements in liquidity and collateral management were further implemented through expanded liquidity facilities and the ability to generate liquidity via a repo arrangement. Additionally, the liquidity stress test was enhanced by increasing the number of scenarios Lifetri must withstand in the event of a severe interest rate increase. Throughout the year, Lifetri maintained a satisfactory liquidity position.

Please refer to paragraph for a more detailed insight of the composition of Lifetri's investments.

3.4 CAPITAL MANAGEMENT

Lifetri's capital management aims to protect policyholders' rights, comply with regulatory requirements, and ensure that financial setbacks can be absorbed without endangering the continuity of the business and strategy. Therefore, Lifetri holds an additional 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, our desired minimum level, is set at 135%. These levels have been affirmed in 2023.

Lifetri operates in an environment that is regulated by Solvency II. The Solvency II framework demands the use of certain parameters that deviate from the financial markets, most notably with respect to the interest rate curve that is used to discount liabilities. As there are no observable interest rates for (very) long-term liabilities, the regulatory authorities prescribe theuse of the so-called ultimate forward rate (UFR) in the interest rate curve. This means that discount rates beyond a certain point (the last liquid point) converge to this UFR. The last liquid point is set at 20 years. As a result, in the current situation that the UFR is higher than the market rate, the value of liabilities due in 20 years and beyond is lower than the value based on market rates. The UFR is part of the EIOPA Long-Term Guarantee measures that were aimed at reducing the effect of artificial volatility for long-term insurance products.

Lifetri has very long dated liabilities. Both the pension and the funeral liabilities last beyond the last liquid point of twenty years up to one hundred years.

The observable interest rates in the financial markets deviate significantly from the EIOPA interest rate structure. As per end 2023, the thirty-year swap was 2.33% while the EIOPA rate was 2.70%, and the fifty-year swap was 2.06% while the EIOPA rate was 2.95%.

In its interest risk hedging policy, Lifetri chooses to:

- minimise the volatility of the Interest Rate Risk due to interest fluctuations;
- mitigate curve-risk sensitivity due to deviation between the Solvency II curve beyond the LLP and the economic curve;
- mitigate convexity risk; and
- aim at a target SCR ratio sensitivity in a 50bps parallel shock.

3.4 OUTLOOK

In 2024, Lifetri will address the service needs of its existing individual life insurance clients, while managing the closed portfolio.

In parallel, Lifetri will continue the work to increase the balance sheet over the medium term. This requires a sustained focus to evaluate market demands for guarantees, and to offer flexible solutions to meet these needs. In this market context, Lifetri will continue to leverage its knowledge network and partnerships, as well as its customer-centric pension platform.

In the ESG domain, priority will be given to the assessment and gradual reduction of the Lifetri carbon footprint, and the upcoming CSRD implementation and reporting.

In 2024 Lifetri will continue its endeavours to further reduce the interest sensitivity of the Solvency II ratio.

Maarssen, 25 April 2024

Philippe Wits

Han Rijken

Rutger Zomer

4. Governance and risk

4.1 FOREWORD OF THE CHAIRMAN OF THE SUPERVISORY BOARD

Every year brings its own challenges, and 2023 was no exception. Alongside the ongoing tension between Russia and Ukraine, we witnessed the conflict in Gaza further complicating global affairs.

Closer to home at Lifetri, we encountered the Senate's approval of the 'Wet Toekomst Pensioenen' (WTP). Over the next few years, each pension fund will need to carefully deliberate whether to adopt the new pension system and how best to implement it. This decision is both challenging and crucial for all participants and retirees. I appreciate the attention of pension fund managers in navigating this complex landscape.

Additionally, 2023 saw unprecedented movements in interest rates, clearly impacting Lifetri's balance sheet given its specific liability structure. The Supervisory Board acknowledges Lifetri's efforts to stabilize the balance sheet and the capital position. An effort that was carried out in full cooperation and support by the Supervisory Board. Reduction of volatility will remain a focus in the current year.

We also appreciate the valuable support of Lifetri's shareholder, Sixth Street, whose capital injections played an important role in stabilizing Lifetri's capital position.

To further enhance our platform, Lifetri has made significant steps in improving IT infrastructure and phasing out another legacy system. All together an important endeavour in building an efficient platform for the future.

The Supervisory Board is grateful to the Management Board and all Lifetri staff for their dedication in steering us through turbulent times and yet achieving a successful year.

Peter Borgdorff,

Chairman of the Supervisory Board

4.2 REPORT OF THE SUPERVISORY BOARD

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, Lifetri Verzekeringen and Lifetri Uitvaartverzekeringen).

Composition of the Supervisory Board
The SB consists of the following three members, as per 25 April 2024.

P.J.C. (Peter) Borgdorff (Chairman)

Date of birth	1953
Nationality	Dutch
Independence	Independent
Principal	None
Other Positions	Voorzitter Raad van Toezicht Bartiméus
	Lid Raad van Toezicht ANBO-PCOB
	Lid Raad van Toezicht Nibud
	Lid Raad van Advies Pensioenlab
Term of Office	2022-2026 (1st term)

A.S. (Andrew) Birrell

Date of birth	1969
Nationality	British
Independence	Non Independent
Principal	Senior Advisor Sixth Street
Other Positions	Non-Executive Director, ELG Holding & Subsidiaries
	Lead Independent Non-Executive Director, Sanlam Developing Markets
	Independent Non-Executive Director, Esure Group Plc, Esure Insurance Limited, Esure Services Limited
	Independent Non-Executive Director, SANLAM Limited and SANLAM Life Limited
	Independent Non-Executive Director Sanlam Allianz Africa Limited
	Non-Executive Director, ARGO Investment Managers Limited
	Non-Executive Director, Friedshelf 1491 (Proprietary) Limited
	Non-Executive Director, Mabushka Lodge (Proprietary) Limited
Term of Office	2022-2026 (1st term)

H. (Henk) Eggens

Date of birth	1957
Nationality	Dutch
Independence	Independent
Principal	None
Other Positions	Chairman of the Supervisory Board of NV GEMS
	Member of the investment committee of CFK
Term of Office	2020-2024 (1st term)

Meetings of the Supervisory Board and its committees

In 2023, the SB held eleven meetings: five regular meetings and six ad-hoc meetings, which was 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 of the company for presenting topics to the SB.

The overall attendance rate of SB members at SB meetings during 2023 was more than 90%. 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.

Main topics discussed during the meetings were the governance of the company, the strategy and funding of the company, the budget and business plan, the financial performance including capital and interest rate managment specifically in relation to the volatility of the solvency ratio, 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, including ESG progress, investments and pension buy-in / buy-out opportunities, as well as the competitive environment, the relationship with the external regulators, including the Dutch Central Bank (DNB) and the Dutch Authority for Financial Markets (AFM) and the performance and functioning of the SB and of the MB.

The SB spent considerable time discussing proposed changes in the composition of the MB. After a diligent process and careful consideration, Rutger Zomer, replacing Menno Harkema, was appointed as CFRO by the shareholder, following approval from the Dutch Central Bank (DNB). Furthermore, in Q1 2024, the SB dedicated time to discuss its own composition. The SB considered it prudent that one of the non-independent SB members, Rohan Singhal, stepped down on February 16, 2024.

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. The outcome of the assessment included actions to further strengthen where needed the effectiveness of board dynamics, corporate governance and checks & balances. The SB continuously dedicates time in maintaining a constructive and cooperative relationship both among SB members as well as with the MB members. The SB also pays well attention to the relationship with the shareholder.

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).

The following SB members are members of the Committees:

ARC:	*RemCo:*
Henk Eggens, Chairman	Andrew Birrell, Chairman
Andrew Birrell	Peter Borgdorff

The ARC met five times. The other SB members have a standing invitation to attend the ARC meetings. The CEO, the CFRO, 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 2023 were the annual financial statements 2023 and the related report from the external auditor, the external auditor's plan for the year 2022, the quarterly performance reports, the Own Risk Solvency Assessment (ORSA), the Systematic Integrity Risk Analysis (SIRA), 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 and their independence.

The RemCo met twice during 2023. Main topics discussed were the implementation of the remuneration policy for the MB and for the organization, the performance review for 2022, and the remuneration and performance objectives for 2023.

The SB would like to thank the MB and the organization for the work performed during 2023.

Maarssen, 25 April 2024

Peter Borgdorff, Chairman

Andrew Birrell

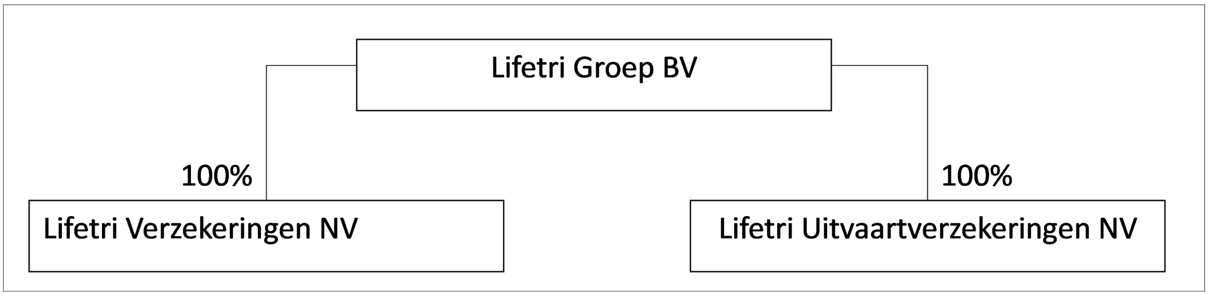
Henk Eggens

4.3 GOVERNANCE (INCLUDING REMUNERATION)

Group structure

Lifetri Groep BV (Lifetri Groep) has two operating companies: Lifetri Verzekeringen N.V. (Lifetri Verzekeringen) and Lifetri Uitvaartverzekeringen N.V. (Lifetri Uitvaartverzekeringen). These two entities acquire and service individual life insurance policies and pensions.

Lifetri Groep, Lifetri Verzekeringen and Lifetri Uitvaartverzekeringen have unity of management. The following report describes the main activities during the year for the group (Lifetri Groep, Lifetri Verzekeringen and Lifetri Uitvaartverzekeringen). With due respect to and in compliance with the articles of association, charters and characteristics of each legal entity, Lifetri Groep is organisationally managed as a whole.



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 maximization 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 based on 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.

4.4 RISK MANAGEMENT

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.

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 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.

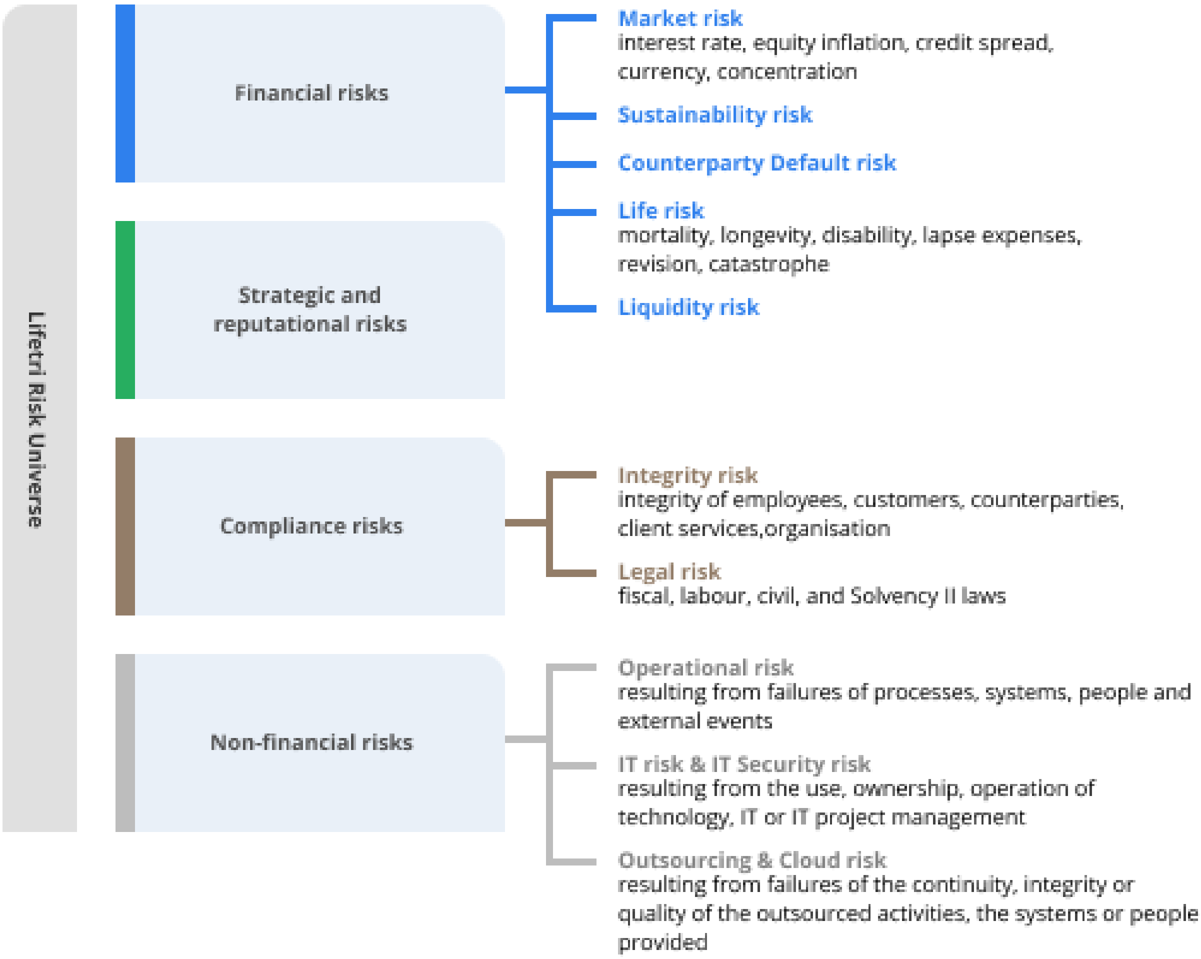
The Supervisory Board's duties, powers and working methods are regulated in the 'Supervisory Board charter'. The SB supervises the MB and its key functions and is informed at least annually or earlier if needed on the topics of risk management, laws and regulations and adherence thereof.

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

Lifetri risk universe

Lifetri Groep management, with the independent opinion of second 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.



The financial risk types which Lifetri Groep uses are in line with the Solvency II regulation, and 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, liquidity and equity), counterparty default risk and actuarial life risks (mortality, longevity, disability, lapse, expenses, revision and catastrophe). In 2023, Lifetri extended the financial risks with sustainability risk.

During the normal course of business, Lifetri Groep uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, Lifetri Groep has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of Lifetri Groep.

Lifetri Groep applies derivatives, including interest rate swaps, inflation swaps, forward exchange contracts, purchased swaptions to control its risks. Lifetri Groep does not trade in financial derivatives.

Risk management contains information on the relevant risks of Lifetri Groep and is described in detail in the risk management paragraph, including the above mentioned exposures to the financial instruments risks and the derivatives applied to mitigate these risks.

The non-financial risk categories 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 categories include legal risk and integrity risk.

Risk appetite statements and limits

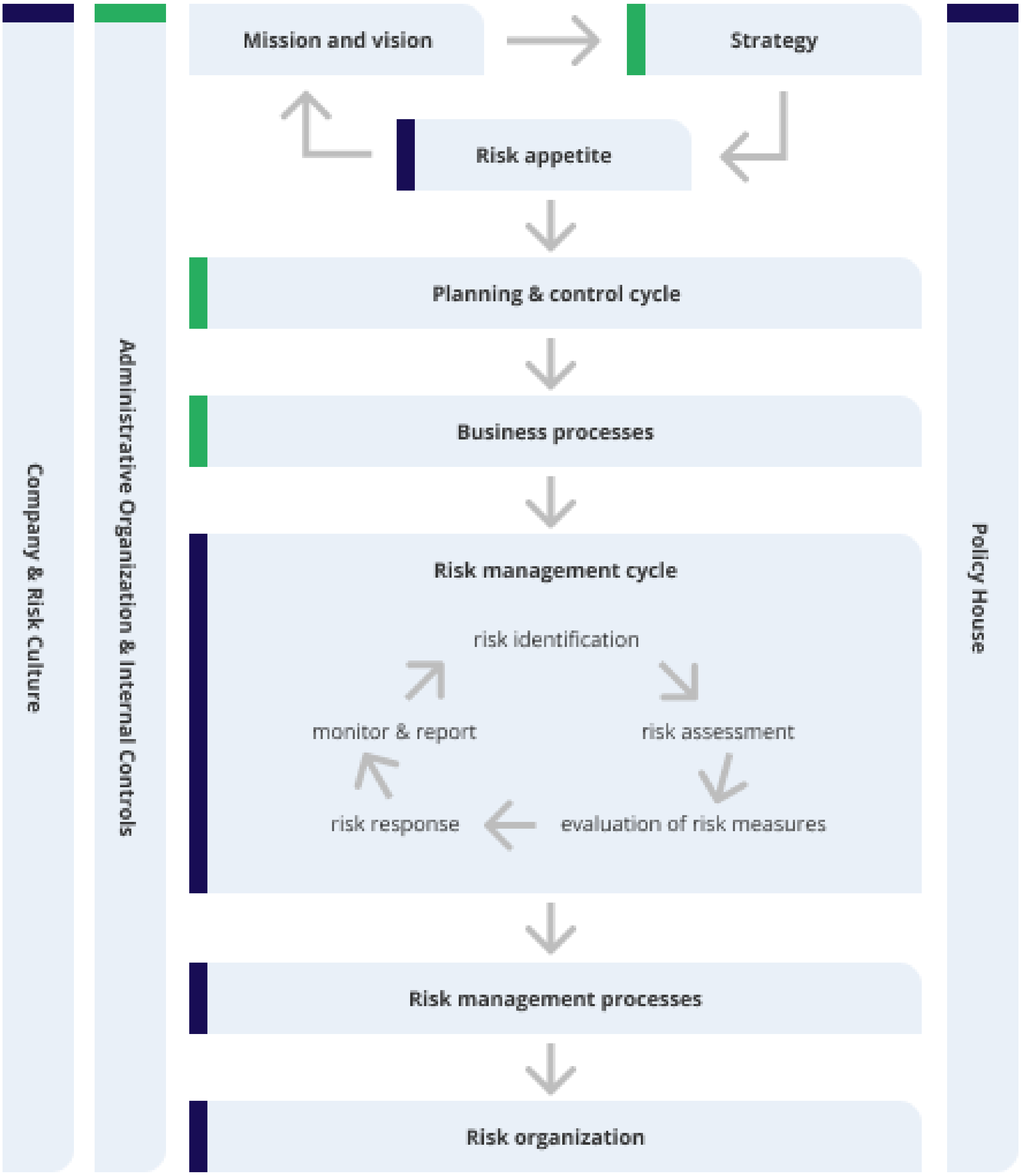
The risk appetite of Lifetri Groep is described in the risk appetite statements (RAS) which include qualitative statements as well as quantitative measures with respect to earnings, capital, risk measures, liquidity and relevant measures related to operational and IT risks. The risk appetite statements are reviewed annually 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.

In 2023, the MB updated the RAS and significantly limited its risk tolerance for interest rate risk. The tolerance now specifies a specific aspired limit of interest rate sensitivity to the SII-ratio.

Risk Management Cycle

The Risk management cycle is aimed at identifying and mitigating the inherent risks of the insurer which are material, and as such increases the likelihood that Lifetri's strategy and objectives are achieved. The risk management cycle is a continuous process.

The risk management cycle below depicts the risk management process.



The Management Board, line management and process owners identify the inherent risks which could occur and subsequently determine the risk measures and/or controls to mitigate these risks. Risks can be identified or updated as a result from:

Specifically, for financial risks, the inherent risks can result from scenario analysis and/or stress testing. Identified risks are documented in Lifetri's risk & control framework.

Annually, the MB updates the Strategic Risk Assessment, to analyse Lifetri's objectives, the risks that jeopardize these objectives and on actions to mitigate the residual risks (strategic or tactical). Risk management facilitates the SRA for the management board alongside the business and financial planning process. It was assessed that the volatility of the solvency ratio due to the high market sensitivities was a concern. The MB has addressed this risk by significantly reducing the sensitivities to interest rates in 2023.

The Strategic Risk Assessment is an important source of the risk scenarios in the annual Own Risk & Solvency Assessment (ORSA). It was confirmed from the ORSA analysis that Lifetri Groep requires further capital injections from the shareholder to support its growth strategy. On the other hand, in case no buy-outs were to take place, the projections showed that no additional capital injections are to be expected. The climate risk analysis showed that Lifetri is not exposed to material climate-related risks.

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:

First line reporting

The managers of the departments issue various management reports which analyse and explain the performance of financial and non-financial indicators for the responsibility area. Depending on the nature of the report the frequency is monthly or quarterly. The monthly and quarterly ALCO Report combines input from Finance, Balance Sheet Management and Asset Management.

Second line reporting

Reports by the 2nd lines of defence, i.e. Risk management, Compliance and the Actuarial Function, 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.

Third line reporting

Internal audit has its own reports which are discussed with the SB / ARC.

Depending on the nature of the report these are discussed in the Management Board, Management Board-RCC, ALCO and / or SB / ARC. The ALCO 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

Lifetri Groep has company policies to support the effective governance and risk management of Lifetri Groep. Lifetri Groep has organised 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) and the Own Risk and Solvency Assessment (ORSA).

The Policy House is reviewed each year for completeness or possible necessary changes and is formally endorsed in the Risk & Compliance Committee. All policies, such as the Code of conduct, are mandatory for all employees.

Continuous compliance 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.

Lifetri Groep depends on third party providers for administration and IT services and other back-office functions. Any interruption in these services could imply a risk to Lifetri Groep's performance and reputation. Outsourcing risk is controlled intensively and critical outsourcing services are reported to DNB.

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) divided by 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 in addition to the technical reserves and the regulatory solvency capital. The group's 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 re-assessed annually. Lifetri Groep applies the standard formula to calculate the regulatory capital requirements.

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.

5. Financial statements

The financial statements concern the period 1 January 2023 – 31 December 2023 and have been compiled in accordance with the statutory provisions of Tile 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines of the Dutch Accounting Standards Board. The notes from page 56 onwards form an integral part of these financial statements.

5.1 BALANCE SHEET

(Before appropriation of result)

Assets

	notes	31-December-2023		31-December-2022	
Financial investments					
Bonds	1	71,324		66,707	
Mortgages	2	50,495		57,319	
Investment funds	3	66,626[1]		64,276	
Derivatives	4	1,646		-24,425	
Total financial investments			**190,091**		**163,877**
Short term receivables					
Policyholders	5	96		102	
Group companies		1,071		2,855	
Other receivables	6	1,558		22,709	
Total short term receivables			2,726		25,666
Other assets					
Cash	7	43,301[2]		19,865	
Total other assets			**43,301**		**19,865**
Total assets			**236,118**		**209,409**

1 Correction of error Money market funds reclassification from Financial investments to Cash.
2 Correction of error reclassification colleteral from Cash to Receivables.

Overview of adjustments for comparison purposes, refer to paragraph 5.4 "Correction of error".

Liabilities

	notes	31-December-2023		31-December-2022	
Shareholders' funds					
Share capital		45		45	
Share premium		73,400		70,900	
Revaluation reserve		2,564		1,253	
Other reserves		-43,411[1]		-28,803	
Result before appropriation		9,251		-13,296	
Total shareholders' funds	8		41,849		30,099
Subordinated debt intragroup	9		14,744		14,714
Net insurance liabilities					
For own risk	10	157,019		148,199	
Total net insurance liabilities			**157,019**		**148,199**
Deferred tax	11		10,209		6,474
Long term liabilities	12		7,115		7,784
Short term liabilities					
Policyholders	13	365		1,705	
Tax and social security contributions		0		7	
Other liabilities	14	4,817		428	
Total short term liabilities			5,181		2,140
Total liabilities			**236,118**		**209,409**

1 Correction of error release from Revaluation reserve to Other reserves.

5.2 INCOME STATEMENT

	notes	2023	2023	2022	2022
Technical account life insurance					
Insurance premiums earned					
Net premiums earned	15		17,810		18,375
Investment income					
Other investment income	16	6,376		5,025	
Realized gains on investments	20	118		2	
Total investment income			6,493		5,027
Unrealised gains on investments	17		37,278		308
Claims and benefits paid					
Gross claims and benefits paid		-7,342		-5,856	
Net claims and benefits paid	18		-7,342		-5,856
Change in technical provisions					
Gross change in technical provisions		-7,494		92,013	
Net change in technical provision			**-7,494**		**92,013**
Operating expenses					
Staff, overhead and depreciation costs		-3,529		-3,561	
Total operating expenses	19		-3,529		-3,561
Investment expense					
Interest expense	16	-2,085		-853	
Investment management expenses		-1,576		-1,147	
Realised losses on investments	20	-26,116		-19,000	
Total investment expense			-29,777		-21,001
Unrealised losses on investments	17		0		-97,003
Investment income attributable to non-technical account			2,670		-17,618
Result technical account life insurance			**16,108**		**-29,315**
Non-technical account life insurance					
Result technical account life insurance			**16,108**		**-29,315**
Investment income attributable from technical account		-2,670		17,618	
Result before tax			13,439		-11,697
Income tax	21		-4,188		-1,599
Net result			**9,251**		**-13,296**

5.3 CASH FLOW STATEMENT

	notes	2023	2022
Cash flow from operational activities			
Result for the year		**9,251**	**-13,296**
Adjusted for:			
Change in insurance liabilities	10	7,494	-92,012
Fair value changes through profit or loss	17	-34,069	104,147
Changes in:			
Receivables	6	22,941	-25,470
Transaction of insurance liabilities	10	1,326	0
Liabilities	14	3,860	-5,266
Long term liabilities	12	-670	-1,073
Deffered tax	11	3,736	3,706
Paid current tax		0	0
Paid interest		-788	-393
Net cash flow from operational activities		**13,080**	**-29,658**
Cash flow from investing activities			
Investments and purchases			
Mortgages	2	-1,512	-11,563
Investment funds	3	-29,106	-32,312
Disposals and redemptions			
Bonds	1	0	18,635
Mortgages	2	8,930	2,981
Investment funds	3	29,544	45,875
Net cash from investing activities		**7,856**	**23,616**
Cash flow from financing activities			
Capital contribution	8	2,500	0
Subordinated debt intragroup		0	-272
Cash flow from financing activities		**2,500**	**-272**
Net increase/decrease in cash		**23,436**	**-6,313**
Cash beginning of period		**19,865**	**26,177**
Cash end of period	7	**43,301**	**19,865**

Comparative numbers for net Cash flow from operational activities, Net cash flow from investing activities and Cash opening and closing have been adjusted. Overview of adjustments for comparison purposes, see paragraph 5.4 Correction of error.

5.4 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.

General

The consolidated 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.

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.

An asset or liability that is recognised in the balance sheet, remains recognised on the balance sheet if a transaction (with respect to the asset or liability) does not lead to a major change in the economic reality with respect to the asset or liability. Such transactions will not result in the recognition of results. When assessing whether there is a significant change in the economic circumstances, the economic benefits and risks that are likely to occur in practice are taken into account. The benefits and risks that are not reasonably expected to occur, are not taken in to account in this assessment.

An asset or liability is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party. However, in circumstances where the transaction does not significantly change the economic reality of an asset or liability, this asset or liability remains recognised on the balance sheet. In such cases, the results of the transaction are directly recognised in the profit and loss account, taking into account any provisions related to the transaction.

If assets are recognised of which Lifetri Groep does not have the legal ownership, this fact will be disclosed.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Revenues and expenses are allocated to the respective period to which they relate. Revenues are recognised when Lifetri Groep has transferred the significant risks and rewards of ownership of the goods to the buyer.

Functional currency

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.

Correction of errors

After the adoption of the 2022 financial statements. Material errors were identified with respect to: (1) the presentation of Money market funds as Investments whereas this should have been presented as Cash, provided that the Money market funds are short-term highly liquid assets and are available on demand, (2) the presentation of collateral accounts as Cash whereas this should have been presented as an Other receivable, provided that the collateral accounts are not available on demand, and (3) The recognition of legal reserves for derivates with available frequent market quotations.

The impact on shareholders' equity and the net result is nil as per 31 December 2022.

A complete overview of the impact on the financial position in the balance sheet can be specified as follows:

Overview of balance sheet adjustments comparative figures for comparison purposes

	31 December 2022 as previously reported	Adjustment	31 December 2022 as restated
Financial investments	166,198	-2,321[1]	163,877
Deferred tax	0	-	0
Short term receivables	3,422	22,244[2]	25,666
Other assets	39,789	-19,924	19,865
Total assets	**209,409**	**0**	**209,409**
Share capital	45	-	45
Share premium	70,900	-	70,900
Revaluation reserve	10,579	-9,326[3]	1,253
Other reserves	-38,129	9,326	-28,803
Result before appropriation	-13,296	-	-13,296
Group equity	**30,099**	**-**	**30,099**
Subordinated debt	14,714	-	14,714
Net insurance liabilities	148,199	-	148,199
Deferred tax	6,474		6,474
Long term liabilities	7,784	-	7,784
Short term liabilities	2,140	-	2,140
Total liabilities	**209,409**	**0**	**209,409**

1 Correction of error reclassification Money market funds from Financial investments to Cash.
2 Correction of error reclassification Collateral from Cash to Other receivables.
3 Correction of error release from Revaluation reserve to Other reserves.

As a result of the aforementioned correction of error, the consolidated cash flow statement has been adjusted as well. Money market funds were presented in the cash flow from investing activities but should have been included in Cash and cash equivalents, and collaterals were included in Cash and cash equivalents but should have been presented as an operating cash flow instead.

Going concern principle

The financial statements of Lifetri Uitvaartverzekeringen have been set up assuming a going concern basis. This is based on the reasonable assumption that Lifetri Uitvaartverzekeringen is, and will be, able to continue its normal course of business in the foreseeable future. Relevant facts and circumstances relating to the financial position on December 31, 2023, were assessed to reach the going concern assumption. The main areas assessed are the financial position, liquidity and solvency. Considering all these areas management concluded that the going concern assumption for Lifetri Uitvaartverzekeringen is appropriate for preparing the financial statements.

Longterm liabilities

Longterm liabilities consist of funeral deposits. Funeral deposits are reported at nominal value. No further increase of the deposits is considered.

Financial reporting period

The financial statements cover the period from 1 January 2023 and ended at the balance sheet date of 31 December 2023.

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 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 based on the inputs used in the valuation techniques used. All financial assets and liabilities not measured in the fair value hierarchy tabel are classified as level 2, with exception of cash which are measured as level 1.

Published prices in active markets (Level 1)

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)

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)
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 at 20% annualy over the estimated useful lives of each item of the tangible fixed assets, considering any estimated residual value of the individual assets.

Offsetting financial investments
An financial investment 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 the company and the instruments has a cost price or value of which the amount can be measured reliably. Financial investments that are not recognised in the balance sheet are considered as off-balance sheet items.

An financial investment is no longer recognised in the balance sheet, and thus derecognised, when a transaction results in all or substantially all rights to economic benefits and all or substantially all of the risks related to the asset or liability are transferred to a third party.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability arises of which the size can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability arises of which the size can be measured with sufficient reliability.

Investment income and expenses are allocated to the respective period to which they relate.

Bonds
Bonds are measured at fair value. Listed bonds in active markets are categorized at fair value level 1, non-listed bonds as well as bond strips are categorized at fair value level 2 or level 3. Changes in the fair value of investments are recorded in the income statement. In addition, for non-liquid bonds a revaluation reserve is recognised within the shareholder's funds. The revaluation reserve is recognised at an amount of the positive accumulated fair value changes less any provision for deferred tax.

Mortgages
Mortgages are measured at fair value. The fair value of mortgages is measured 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.

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 positive accumulated fair value changes, less any provision for deferred tax.

Investment funds

Participations in investment funds without significant influence are measured at fair value. Listed investment funds in active markets are categorized at fair value level 1, non-listed investment funds are at fair value level 2 or level 3.

In the case of illiquid investment funds, where the market valuation is based on the previous period, the net asset value is corrected with the capital calls and withdraws that occurred and are applicable ie where the due date is after the market valuation date.

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

Derivatives

Derivatives are measured at fair value. The fair value of derivatives is measured using the fair value hierarchy as described above. Listed derivatives in active markets are measured at fair value level 1, non-listed derivatives are measured at fair value level 2 or 3.

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

Derivatives are primarily used for hedging interest rate, inflation risk and exchange risks for hedging the exposure to market risks. Derivatives are mandatorily measured at fair value through profit or loss. Lifetri does not apply hedge accounting.

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 are directly available funds held in bank accounts, cash collateral and other short-term highly liquid investments. Cash are measured at nominal value. If cash 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 Groep 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 Groep.

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 positive asset. If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves.

Subordinated debt

The subordinated debt is measured at fair value plus transaction costs on initial recognition. They are subsequently measured at amortised cost based on the effective interest rate method.

Provisions

A provision is recognised if the following applies:

- Lifetri Groep has a legal or constructive obligation, arising from a past event;
- the amount can be estimated reliably; and
- 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.

Lifetri Groep uses the following assumptions:

Best Estimate assumptions

The technical provisions are calculated on valuation date 31 December 2023 which is the end date of the reporting period and consequently the starting point for projecting the future cashflows that are used to calculate the technical provisions. The assumptions underlying the future cashflows are set based on the presumption that Lifetri will pursue its business on a going concern basis reflecting its most realistic expectations.

The Best Estimate assumptions represent the (weighted) average of possible outcomes of an uncertain event. The assumptions are split into economic and operating assumptions

Economic assumptions

The assumed risk free curve is the risk free structure as provided by EIOPA. The EIOPA risk free interest structure is based on the swap rate at valuation date and with the following adjustments, between brackets the corresponding figures per 31 December 2022:

• Reduction by 10bps (10bps) to account for credit risk adjustment;

• Extrapolation from year 20 (last liquid point) to the ultimate forward rate of 3.45% (3.45%) with convergence in year 60 using the Smith-Wilson extrapolation method; and

• Including the Volatility Adjustment of 20bps (19bps) as provided by EIOPA to the spot rates for the first 20 years.

• The applied long-term inflation rates are obtained from the Harmonised Index of Consumer Prices excluding Tobacco (HICPxT).

Operating assumptions

Operating or non-economic assumptions capture the uncertainties related to decrements as a result of underwriting. These assumptions were set using statistical analyses on recent experience factoring in expected future trends. The operating assumptions are updated once per year and are set by Lifetri's Finance & Control department.

Mortality and longevity

Lifetri sets its assumption based on the expected mortality rates of the general Dutch population as published by the Dutch Actuarial Society, Het Koninklijk Actuarieel Genootschap. As from 2022 onwards this is the Prognosetafel AG 2022. The mortality rates are multiplied by product specific experience factors to obtain Lifetri product specific best estimate mortality expectations. The experience factors are specific by age, gender and product group and measured on insured amounts or number of policies.

Lapses and paid-ups

A policy becomes paid-up at the moment when a policyholder decides to terminate the contractual payments before the end of the policy term. A policy lapses when a policyholder decides to terminate the contractual payments before the end of the policy term and agrees to receive the applicable contractually agreed surrender value.

For individual and funeral policies the lapse and paid-up assumptions are based on the elapsed duration of the policy and historical observations for each product.

Although we have observed outgoing value transfers (lapses on an individual level) for the pensions portfolio, the lapse rates for the pensions portfolio are assumed to be zero as the amount transferred is not significant to the size of the portfolio.

Expenses

The expense assumption must give a true and fair view of the costs that are necessary to be able to settle the portfolio. As the assumptions are based on a going concern this means that in addition to the maintenance and settlement of the existing portfolio also new business is being written. The future new business will - in addition to the current existing portfolio - provide coverage for the fixed expenses within the total of the continuous costs.

The budgeted expenses are therefore split into a part necessary to manage the existing portfolio and a part necessary for acquisition expenses and processing of new business. Only the part necessary for managing the existing portfolio is included in the expense provision. The expenses that Lifetri incurs can be split into five categories:

- norm-expenses for a third party in a closed book situation;
- investment expenses for a third party in a closed book situation;
- expense overrun in a closed book situation;
- one-off expenses; and

- acquisition expenses for external growth.

The norm-expenses are the benchmark expenses that a third party in a closed book situation would incur when managing Lifetri's existing portfolio.

The investment expenses cover the expenses for managing the asset portfolio to obtain the risk free yield to service the portfolio. The investment expenses are 7.5bps of the technical provisions. The investment expenses exceeding the cost to run a risk-free portfolio are funded with additional spread gained.

The expense overrun is determined by comparing the norm-expenses with the actual expenses from the budget.

The one-off expenses are zero as there are no non-structural expenses foreseen in the budget.

Acquisition expenses relate solely to expected future pension buy-outs.

Inflation and indexation

Two types of inflation are distinguished in the models:

- The expense inflation curve; and
- The indexation of the pension benefits of the (former) members of the SPANG pension fund and Klaverblad Pensions which is based on the projected HICPxT index. The HICPxT index is projected using the expense inflation curve.

Both types are based on the HICPxt index. The indexation of the pension benefits of SPANG at 1 January of each year is contractually agreed and equals 59% of the increase of the HICPxT index at 31 October of the previous year. This contractual indexation is fully hedged on an economic basis.

The indexation of the pension benefits of Klaverblad at 1 January of each year is contractually agreed and equals 37.91% of the increase of the HICPxT index at 31 October of the previous year. This contractual indexation is fully hedged on an economic basis.

In 2022 and 2023 inflation rates have shown a rapid increase resulting in high inflation (10%+) rates across the European Union. The forward inflation rates are above the target level of 2.00% of the central banks. This may reflect the over-reaction of the financial markets and demand exceeding supply.

Currently, Lifetri hedges already a large proportion of the expense inflation risk. Even though the inflation risk was hedged within the risk appetite of Lifetri, the impact of the increase in inflation was more severe than anticipated given the unprecedented increase, the second order impact to the SCR and the third order impact to the risk margin.

In order to mitigate the inflation risk on the short term an ultimate forward inflation rate (UFI) is introduced. The UFI ensures stable expense inflation on the long term and mitigates the overreaction of the market currently observed. The UFI is set equal to the ECB target at 2% and is also in line with the inflation level that is used in the construction of the UFR used in the Solvency II risk-free rate.

The use of an ultimate forward inflation rate is considered a common approach by market participants to mitigate artificial volatility from short term market movements on the balance sheet. When the markets converge to the target inflation of the central banks, Lifetri will hedge the inflation risk fully and decrease the impact of the UFI as the need for the inflation UFI ceases to exist.

Profit sharing

The funeral policies of Lifetri have two types of profit sharing:

1. Profit sharing on base of the REH-return (Rente Eerste Hypotheek)
2. Profit sharing on basis of the U-rate

For both types of profit sharing the expected profit sharing return is determined. The time value of the profit sharing option is calculated with a stochastic model.

The REH is the mortgage interest with a term of 5 years. Therefore, the REH is set equal to the 5-year forward plus the REH spread. The REH spread is modelled as the outcome of an AR (1) model. The parameters for this model are based on the historical spreads, taking into account the break in the trend as of 2008 and 2016.

The u-spread is determined as the difference between the “deel u”-yield at the valuation date and the weighted average forward rates. The difference between the risk-free rate and the u returns are in line with each other. More than the difference between the REH and the risk-free rate. Therefore the u-spread is assumed to be the same during projection.

Insurance liabilities
The provision for insurance liabilities is calculated on basis of SII principles. The Solvency II provision for insurance liabilities is calculated based on the interest rate structure published by the regulatory authority, including volatility adjustment including volatility adjustment and ultimate forward rate.

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.

Reinsurance liabilities
Reserves, plus any other liabilities (such as amounts due reinsurers), less any other assets arising from reinsurance transactions for the reinsured part of business.

Reinsurance premiums, commissions and benefits, as well as the technical provisions for reinsurance contracts are used up accounted for in the same way as the direct insurance policies for which the reinsurance has been taken out. The share of reinsurers in the technical provisions and benefits to which Lifetri is entitled to under its reinsurance contract deducted from the gross technical provisions and gross claims. The short-term claims on reinsurers are included under receivables. These claims are dependent of the expected claims and benefits arising from the relevant reinsurance contracts.

The valuation of amounts paid by and to reinsurers are due, is done in accordance with the terms of the reinsurance contracts. Obligations from reinsurance mainly concerns premiums payable for reinsurance contracts. These premiums are recognized as an expense over the period in which they are due.

Deferred taxes

Deferred tax assets and liabilities are measured at nominal value. Deferred taxes concern the tax claim that rests on all qualifying differences between commercial valuations and valuations for tax purposes of assets and liabilities multiplied by the current company tax rate of 25.8%, 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.

Deferred tax assets are recognized for temporary differences, carry forward of unused tax losses and carry forward of unused tax credits when, in the opinion of management, it is probable that they can be utilized.

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.

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. The liability recognised for cash collateral received on repurchase agreements is presented under short-term liabilities. As per 31 December 2023 the repurchase facility hasn't been used.

Contingent liabilities and legal proceedings

In het normal course of business Lifetri is involved in regulatory inspections, claims and proceedings from policyholders and from (former) employees.

Only if this will lead to an outflow of cash, which is reliable to estimate, a provision is taken into account for these cases.

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

Investment income
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 pensions and funeral policies minus the amounts to be received from the re-insurers.

Change in insurance liabilities
The change in insurance liabilities is equal to the difference between the opening balance and the final balance of the insurance liabilities including re-insurers' share. 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.

Cost allocation
Lifetri Groep allocates expenses to its business portfolios, namely the pension portfolio, and the individual life insurance book, using allocation keys such as based on FTEs, AUM, or a general allocation key, depending on the part of the organization where expenses are incurred. Subsequently, the expenses for the individual life insurance book are allocated to the operating entities, Lifetri Verzekeringen and Lifetri Uitvaartverzekeringen, mainly based on the size of the portfolio serviced by each of the entities.

Result technical account life insurance
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 are included.

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 25.8%, with due consideration

to the tax facilities. Lifetri Groep is at the head of a fiscal unity which also includes Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen.

Credit facility
Lifetri has a credit facility that can be used for multiple purposes including investment purposes, balance sheet management and short-term cash flow management. Payments regarding the credit facility are recognised to the profit and loss account.

Cashflow statement
The statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash of Lifetri Groep during the financial year from cash flows arising from operating activities, investing activities and financing activities. Cash 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. The cash flows in foreign currencies have been converted at the exchange rate on the transaction date.

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 Groep are considered to be a related party. In addition, statutory directors, other key management of Lifetri Groep 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.

5.5 PROFIT APPROPRIATION

The Management Board proposes to charge the result of € 9.3 million to the other reserves within the shareholder’s funds. The Supervisory Board approved this proposal.

5.6 NOTES TO THE FINANCIAL STATEMENTS

Financial investments

During the normal course of business, Lifetri Uitvaartverzekeringen uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these risks, Lifetri Uitvaartverzekeringen has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of Lifetri Uitvaartverzekeringen.

Lifetri Uitvaartverzekeringen applies derivatives, including interest rate swaps, inflation swaps, forward exchange contracts to control its risks. Lifetri Uitvaartverzekeringen does not trade in financial derivatives.

Risk management contains information on the relevant risks of Lifetri Uitvaartverzekeringen and is described in detail in the risk management paragraph, including the above mentioned exposures to the financial instruments risks and the derivatives applied to mitigate these risks.

Specification fair value hierarchy

	Level 1	Level 2	Level 3	Total
Bonds	50,445	20,879	-	71,324
Mortgage loans	-	50,495	-	50,495
Investment funds	-	44,526	22,100	66,626
Derivatives	**-**	**1,646**	**-**	**1,646**
At 31 December 2023	**50,445**	**117,546**	**22,100**	**190,091**

	Level 1	Level 2	Level 3	Total
Bonds	66,707	-	-	66,707
Mortgage loans	-	57,319	-	57,319
Investment funds	16,672	36,664	10,940	64,276
Derivatives	**-**	**-24,425**	**-**	**-24,425**
At 31 December 2022	**83,379**	**69,558**	**10,940**	**163,877**

1. Bonds

	2023	2022
At 1 January	**66,707**	**144,831**
Purchases	0	-
Disposals	0	-18,635
Movement of accrued interest	-1	457
Fair value changes through profit or loss	4,618	-59,946
At 31 December	**71,324**	**66,707**

Costprice of bonds per 31 December 2023 amounts € 96.0 million (2022: € 96.0 million).

	31 December 2023	31 December 2022
Austria	20,879	19,157
Belgium	23,325	22,508
France	21,827	20,417
Italy	5,293	4,625
Total bonds	**71,324**	**66,707**

Bonds by credit rating

	31 December 2023	31 December 2022
AAA	-	-
AA	66,031	62,082
A	-	-
BBB	5,293	4,625
Total bonds	**71,324**	**66,707**

2. Mortgages

	2023	2022
At 1 January	**57,319**	**61,742**
Purchases	1,512	11,650
Redemption and sales	-8,930	-3,068
Fair value changes through profit or loss	594	-13,005
At 31 December	**50,495**	**57,319**

Costprice of mortgages at 31 December 2023 amounts € 60.0 million (2022: € 68.9 million)

3. Investment funds

	2023	2022
At 1 January	**64,276**	**83,840**
Purchases	29,106	32,312
Disposals	-29,544	-45,875
Fair value changes through profit or loss	2,787	-6,001
At 31 December	**66,626**	**64,276**

Investment funds by asset class

	31 December 2023	31 December 2022
Corporate debt developed markets	36,983	28,689
Government & corporate debt emerging markets	-	16,672
Trade finance debt	17,181	12,111
Commercial real estate debt	5,055	4,092
Private equity	7,406	2,712
Total investment funds	**66,626**	**64,276**

Costprice of investment funds at 31 December 2023 amounts € 62.7 million (2022: € 66.2 million)

4. Derivatives

	2023	2022
At 1 January	**-24,425**	**1,229**
Movement of accrued interest	1,309	204
Fair value changes through profit or loss	24,761	-25,858
At 31 December	**1,646**	**-24,425**

Based on the conditions of the interest linked swaps and the foreign exchange contracts the company is required to deposit collateral or receive collateral on the basis of fair value. Deposit collateral is disclosed in note 6 other receivables and received collateral is disclosed in note 14 short term liabilities.

Derivatives split in assets and liabilities

	31 December 2023	31 December 2022
Derivatives assets	16,871	12,402
Derivatives liabilities	-15,225	-36,827
Total derivatives	**1,646**	**-24,425**

Derivatives by type

	31 December 2023	31 December 2022
Interest linked swaps	1,452	-24,427
Foreign exchange contracts	194	2
Total derivatives	**1,646**	**-24,425**

Derivatives by type in nominal

	31 December 2023	31 December 2022
Interest linked swaps	164,000	64,000
Foreign exchange contracts	23,971	2,729
Total derivatives	**187,971**	**66,729**

Remaining term of the derivatives

	31 December 2023	
0-10 year	7,725	12,402
10-20 year	9,145	-
20-30 year	-5,610	-6,673
30-40 year	-4,585	-4,753
40-50 year	-5,030	-25,401
Total derivatives	**1,646**	**-24,425**

5. Policyholders

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

6. Other receivables

	31 December 2023	31 December 2022
Non-insurance receivables	1,558	434
Collateral at bank	-	22,244
Other	-	31
Total Short term receivables	**1,558**	**22,709**

All receivables have an estimated maturity shorter than one year. The non-insurance receivables relate to the custodian of mortgages. For an overview of adjustments for comparison purposes, see paragraph 5.4 "Correction of error".

7. Cash

	31 December 2023	31 December 2022
Money market fund EUR	33,009	2,320
Due from banks	9,867	17,342
Cash at mortgage manager	425	202
Due from banks within 3 months	-	-
At 31 December	**43,301**	**19,865**

For an amount of € 9.4 million (2022: € 12.4 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. For an overview of adjustments for comparison purposes, see paragraph 5.4 "Correction of error".

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.

8. Shareholder’s funds

	Share capital	Share premium	Revaluation reserve	Other reserve	Result before appropriation	Total
At 1 January 2022	**45**	**70,900**	**2,191**	**-12,038**	**-17,703**	**43,396**
Adjustment on revaluation reserve	-	-	-1,654	1,654	-	-
Adjusted value per 1 January 2022	**45**	**70,900**	**537**	**-10,384**	**-17,703**	**43,396**
Result current year	-	-	-	-	-13,296	-13,296
Result prior year	-	-	-	-17,703	17,703	-
Share premium contribution		-	-	-		-
Transfer between equity classes	-	-	716	-716	-	-
At 31 December 2022	**45**	**70,900**	**1,253**	**-28,803.0**	**-13,296**	**30,099**
At 1 January 2023	**45**	**70,900**	**1,253**	**-28,803**	**-13,296**	**30,099**
Result current year	-	-	-	-	9,251	9,251
Result prior year	-	-	-	-13,296	13,296	-
Share premium contribution		2,500	-	-		2,500
Transfer between equity classes	-	-	1,312	-1,312	-	-
At 31 December 2023	**45**	**73,400**	**2,565**	**-43,412**	**9,251**	**41,848**

The authorized capital of Company amounts to € 225,000 (2022: € 225,000), divided into shares of € 1. The total number of issued and paid up shares is € 45,001 (2022: € 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.

For an overview of adjustments for comparison purposes, see paragraph 5.4 "Correction of error".

9. Subordinated liability

On 1 December 2021 Lifetri Uitvaartverzekeringen 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 arrears 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.

10. Insurance liabilities

	31 December 2023	31 December 2022
Best estimate	138,875	129,663
Risk margin	18,144	18,536
At 31 December	**157,019**	**148,199**

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.

	2023	2022
At 1 January	**148,199**	**240,211**
UFR step down	-	5,216
Model change	-281	-
Unwind	14,743	8,856
New business	1,571	-
Existing business	-10,735	-1,511
Economic assumptions	5,741	-105,415
other	-2,219	842
At 31 December	**157,019**	**148,199**

New business mainly relates to the intercompany transaction of the HUVA portfolio at bookvalue from Lifetri Verzekeringen which took place at arms length.

11. Deferred tax

	2023	2022
At 1 January	-6,474	-2,767
Movement	-3,736	-3,706
At 31 December	**-10,209**	-6,474

The deferred tax assets relate to the recognised unused tax loss carry-forwards and deductible temporary differences. The deferred tax will be realized within realisable future. All tax loss carry-forewards are included in this amount.

12. Long term liabilities

	31 December 2023	31 December 2022
At 1 January	7,784	**8,857**
Interest increase through P&L	268	-9
Deposit payments	-938	-1,064
At 31 December	**7,114**	**7,784**

Funeral deposits increased with 3.86 % (2022 0.1%).

13. Policyholders

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

14. Short term liabilities

	31 December 2023	31 December 2022
Creditors	67	27
Accruals for investments	4,750	401
At 31 December	**4,817**	**428**

For an amount of € 4.6 million the accruals of investments is related to collateral for derivatives, which is largely monthly settled.

15. Net premiums earned

	2023	2022
Periodic premiums	17,810	18,365
Single premiums	-	10
Total net premiums earned	**17,810**	**18,375**

16. Other investment income and interest expense

	2023	2022
Other investment income	6,376	5,025
Interest expense	-2,085	-853
Total other investment income and interest expense	**4,291**	**4,172**

	2023	2022
Interest from bonds	1,181	1,298
Interest from mortgages	1,496	1,378
Interest from cash	768	-58
Income investment funds	2,930	1,748
Interest on derivatives	-1,026	601
Interest on repos	-5	-
Interest on long term liabilities	-268	-8
Interest on subordinated debt	-786	-788
Total other investment income and interest expense	**4,291**	**4,172**

17. Unrealised gains and losses on investments

	2023	2022
Unrealised gains on investments	37,278	308
Unrealised losses on investments	-	-97,003
Total unrealised gains and losses on investments	**37,278**	**-96,695**

	2023	2022
Bonds	4,618	-54,001
Mortgages	2,010	-13,237
Investment funds	5,786	-3,895
Derivatives	24,773	-25,870
Cash	90	6
Liabilities	-	302
Total unrealised gains and losses on investments	**37,278**	**-96,695**

18. Claims and benefits paid

	2023	2022
Mortality claims	7,301	5,810
Surrenders	41	46
Total claims and benefits paid	**7,342**	**5,856**

19. Operating expenses

	2023	2022
Staff expenses	2,119	2,077
External hires, advice and procurement of services	477	596
Audit fees	79	96
General and administrative expenses	299	134
Office expenses	111	115
ICT	383	486
Housing expenses	42	39
Marketing expenses	-	-
Depreciation	20	18
Staff-, overhead- and depreciation costs	**3,529**	**3,561**
Acquisition costs	-	-
Total operating expenses	**3,529**	**3,561**

The auditor's fees and average number of employees have been accounted for in Lifetri Groep B.V.'s annual report. No personnel is employed by Lifetri Uitvaartverzekeringen. Cost were allocated from Lifetri Group for € 3.8 million. This cost allocation include also investment expences.

20. Realised gains and losses on investments

	2023	2022
Realised gains on investments	118	2
Realised losses on investments	-26,116	-19,000
Total realised gains and losses on investments	**-25,998**	**-18,999**

	2023	2022
Bonds	-	-5,240
Investment funds	-2,999	-2,106
Mortgages	-1,416	-
Cash	118	2
Derivatives	-21,701	-11,655
Total realised gains and losses on investments	**-25,998**	**-18,999**

21. Income tax

	2023	2022
Deferred tax	-3,736	-3,706
Current tax	-452	2,107
Total income tax	**-4,188**	**-1,599**

The effective income tax rate is 31.2%. The table below shows a reconciliation of the expected income tax expense with the actual income tax expense.

	2023	2022
Result before tax	13,439	-11,697
Current tax rate	25.8%	25.8%
Expected income tax expense	-3,467	**3,018**
Effects of:		
Prior-year adjustments	-1,069	-4,617
Other	348	
Total income tax	**-4,188**	**-1,599**

During 2023 the income tax for current tax was 25.8%. For the upcoming years the tax rate of 25.8% is also expected and used to calculate the deferred tax.

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.

22. Off-balance sheet items

Capital commitments

At 31 December 2023 Lifetri Uitvaartverzekeringen is committed to provide funding for the private debt portfolio. The commitment for a capital contribution amounts up to € 32.9 million (2022: € 40.1 million).

For the mortgage loans portfolio, the capital contribution amounts up to € 3.7 million (2022: € 4.8 million).

Credit facility

At 31 December 2023 the amount of the credit facility amount to € 15.8 million. As per 31 December 2023 the credit facility was undrawn and fully available.

23. Contingent liabilities and legal proceedings

In the normal course of business Lifetri is involved in regulatory inspections, claims and proceedings from policyholders and from (former) employees. Only if this will lead to an outflow of cash, which is reliable to estimate, a provision is taken into account for these cases.

24. Subsequent events

The lowering of Ultimate Forward Rate (UFR) from 3.45% to 3.30% in 2024 would result in an estimated impact of 8%-points decrease of the Solvency II ratio. The Solvency II ratio of Lifetri does not include any contingent liability potentially arising from products sold, issued, or advised on by Lifetri in the past as the potential liability cannot be reliably quantified at this point.

The board have evaluated all events and transactions subsequent to 31 December 2023 through the date these financial statements were issued.

25. Related parties

Transactions with related parties have occurred at arm's length basis. This includes the transfer of the HUVA portfolio at book value (given fiscal unity no fiscal implications), allocation of costs, intragroup debt and intercompany positions.

5.7 RISK MANAGEMENT

This paragraph contains information on the relevant risks of Lifetri Uitvaartverzekeringen.

Underwriting risk

Underwriting risk represents the uncertainty in Lifetri's Solvency II position due to unexpected fluctuations in timing, frequency or severity of insured events or timing and amount of claim settlements and expenses.

- 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 and or inflation.
- Catastrophe: The risk of loss resulting from extreme or irregular events resulting in higher mortality rates which results in earlier death claims.

The Solvency II required capital for the life underwriting risk is the highest of all risks. Lapse risk and expense risk are the highest risks with the life risks. At the end of 2023, the SCR for life underwriting risk was € 33.4 million.

Market risk

Market risk includes all the risks as a result of losses on financial investments caused by adverse price movements. The relevant market risks for Lifetri Uitvaartverzekeringen are the following:

- Interest risk: The risk that is introduced by the influence of interest rate changes on both the valuation and future cash flow from investments in relation to the valuation of the Lifetri liabilities.
- Credit spread risk: Risk of loss arising from the widening of market spreads due to actual, or perceived, increase in risk.
- Concentration risk: Risk of Solvency II position deterioration from default of a single counterparty to which Lifetri has a significant exposure.
- Currency risk: Risk due to movements in relative value of currencies.

Due to the investments in different asset classes as well as the changes in interest rates 2023 SCR market risk increased from € 11.3 million to € 13.5 million.

Credit risk

Counter party default risks for government bonds are limited by rating based limits per sovereign (BBB- or better rated), default risk for other instruments by relatively small issuer limits. Credit risk on the credit portfolio is managed by limiting the Solvency Capital Requirement (SCR) for spread risk as a percentage of the credit investments.

Credit risk in the form of counterparty default risk is the risk of loss arising from default of a borrower or a transaction counterparty (note that credit spread risk is a market risk, see above). Counterparty default risk may result from the likelihood or probability that one of those involved in a transaction might default on its contractual obligation. Counterparty risk can exist in credit, investment, trading transactions including retail mortgages and reinsurance contracts.

The Solvency II required capital of counterparty default risk decreased in 2023 from € 1.6 million to € 1.3 million.

Liquidity risk

Liquidity risk is comprised of:

- Cash flow Liquidity: Risk of being unable to meet obligations to policyholders or other creditors arising from a lack of available liquidity. Most of Lifetri's payments to policyholders have a long-term time horizon and are predictable; therefore this liquidity risk is limited.
- Asset Liquidity: Risk of being unable to sell a given asset at short-notice to fulfil collateral requirements and or shocks in the liability cash flows.
- Expected Profit in Future Premiums: The expected profit which is part of the own funds but will only be realized as the future premiums are paid.

Liquidity risk is managed first by a minimum cash requirement for all predictable outgoing cash flows for a short-term period of one month. Given the net inflow of premiums this is trivial in practice. Secondly a liquidity stress test is defined to make sure a significant part of the investment portfolio can be liquidated in a matter of days.

Operational risk

Within operational risk, Lifetri has identified IT Risk and Outsourcing and Cloud risk as separate risks because of the extensive use of, and dependence on IT. The following sub risks fall in this category:

- Operational risk: The risk of losses as a result of shortcomings in or failures of internal processes, systems and people, or from external events.
- IT risk: The risk that the continuity, integrity or availability (CIA) of the business processes and the information services is inadequately supported by IT systems, services and personnel. The IT risk relates to the following topics:
  - IT and technology strategy
  - Information security
  - Continuity, integrity and availability of information systems and processes
- Outsourcing and Cloud risk: Outsourcing may result in the risk that the continuity, integrity or quality is impaired of the activities outsourced to third parties, or of the systems or people provided by these third parties. Cloud technology is seen by supervisory authorities as a form of outsourcing. Cloud risks may result when an insurer makes use of an on-demand service model (e.g. SaaS-based) for the delivery of IT services (e.g. data storage, applications, e-mail, IT infrastructure), which are often based on virtualisation and/or distributed computer environments.

At the end of 2023, the SCR operational risk was € 0.7 million (2022 € 0.7 million). Operational risks are managed from multiple perspectives, including culture, economic, regulatory and accounting.

Other material risks

Lifetri has identified two additional categories of risk, i.e. strategic & reputation risks and compliance risks. Solvency II does not require insurance companies to hold capital for strategic & reputation risks.

Strategic risks
Strategic risk and reputation risk: In general, strategic and reputation risks are risks that jeopardize the achievement of the strategic objectives of a company and/or have a negative impact on the reputation of the company. For the (life) insurance industry, key drivers for strategic risk can be the rapid pace through which business models change and may become obsolete. The category focuses on the long-term risks which may result from strategic choices, dependencies of stakeholders, changes in competition, markets, politics, the economy or the external environment in general.

Strategic risks are identified in collaboration between the Management Board and the Risk Management & Compliance department. All of these risks are monitored periodically. The underlying action plans are challenged on their rigor and depth in order to address the risks at hand and reduce the residual risks to an acceptable level.

Sustanaibility risks

To comply with the Corporate Sustainability Reporting Directive (CSRD) which now in effect, Lifetri is gearing up for sustainability reporting in accordance with the CSRD standard starting from 2025. To facilitate this, an external consultant has been enlisted to assist Lifetri with the preparation on the CSRD implementation, starting from January 2024 onwards. This process consists of the following steps:

1. Performing a double materiality assessment to identify material sustainability matters, including validation with both internal and external stakeholders
2. Identify the reporting requirements, both quantitative and qualitative
3. Create an implementation roadmap to realize all necessary and desired elements to prepare Lifetri on the CSRD.

Compliance risks
Compliance risk is the risk of legal or supervisory sanctions, material, financial or reputation loss which an organization may incur as a result from a failure to adhere to laws and regulations. Laws and regulations include internal policies, charters and codes of conduct.

Compliance risks consist of two categories: Integrity risk and Legal risk. The Compliance Universe shows for each law or regulation if it applies to integrity or not. Integrity related laws and regulations have a direct impact on the Integrity risk. Other laws and regulations fall under the Legal risk category.

- Integrity risk: The Integrity risk relates to the integrity of employees, customers, counter parties (including intermediaries), the financial services provided by Lifetri, and of the Lifetri organization.
  - Integrity of employees: The integrity of employees including temporary staff (contractors) deals with the question whether employees are fit and proper; and it focuses on competences, remuneration, conflicts of interest, integrity sensitive jobs, fraud prevention and other integrity related issues.
  - Integrity of clients: This topic deals with client acceptance, client due diligence, monitoring of unusual transactions and checks against sanction lists.

  - Integrity of third parties: This focuses on the integrity of third parties when entering into and exiting a business relationship, fraud prevention and other integrity related issues. Third parties consist of all parties with which Lifetri cooperates but excluding clients. Insurance intermediaries and re-insurers are included in this definition of third parties.
  - Integrity of financial services: This focuses on providing careful and diligent products or services to clients (duty of care towards and providing information to clients), complaints, Product Approval and Review Proces (PARP) and Marketing.
  - Integrity of the organization: This deals with the internal governance of the organization, asset management, dealing with sensitive information of the company and financial markets, operating the proper license, reporting to supervisors, adherence with anti-trust laws, financial laws & regulations, privacy, information security and prevention of cybercrime.

Risks are managed by the system of internal control, including the risk assessment process and management's process for responding to the risks of fraud and monitoring the system of internal control as well as the outcomes.

- Legal risk: The Legal risk relates to (non-compliance with) laws and regulations which does not involve integrity. It relates to fiscal, labour, civil and Solvency II laws and regulations.
  - Fiscal laws: This consists of all fiscal regulations applicable to the insurance undertaking (Value Added Tax, wage tax, corporate tax) for which non-compliance can directly result in a fine.
  - Labour laws: This consists of the risk of non-compliance with labour laws (employment contract, CAO (collective employees' agreement), working conditions) which may result in liabilities and claims for the employer.
  - Civil law: Civil law is related to legal entities, annual financial statements, agreements and contracts, insurance, liability, tenancy law and copyright which may result in liabilities towards third parties or clients.
  - Solvency II: Solvency II is a European directive which focuses on the organization and business operations of insurance undertakings in general. The Solvency II (SII) framework consists of three pillars. Pillar 1 focuses on quantifiable risks and capital requirements. Pillar 2 relates to, among other things, the required key Solvency II functions i.e. RMF, compliance and internal control, AF, Internal Audit Function. Pillar 3 consists of requirements for publishing information and reports to the supervisory authorities.
- Fraud risk: The Fraud risk relates to integrity in accordance with (legal) written and unwritten agreements. Lifetri considers violation of this as unacceptable. Fraud as a form of unethical conduct damages confidence in Lifetri, puts pressure on the affordability of insurance and is not acceptable from a social point of view. The aim of fraud control is to prevent fraud as much as possible. Lifetri achieves this by managing internal and external fraud risks as an integral part of business operations by preventing fraud an timely identifying, handling anfd reducing fraud.

Lifetri's risks are identified in collaboration between the Management Board and the Risk Management & Compliance department. All of these risks are monitored periodically. The underlying action plans are challenged on their rigor and depth in order to address the risks at hand and reduce the residual risks to an acceptable level.

Solvency II

On 31 December 2023, the Solvency II level of Lifetri Uitvaartverzekeringen was 162% (2022: 141%), which is above the internal target Solvency II level of 160%. The increase of the Solvency II ratio compared to 2022 was predominantly caused by four capital injections of € 2.5 million in total.

Given the specific composition of the balance sheet, Lifetri remains sensitive to interest movements albeit this has reduced from previous year. As of December 2023, a fall of interest rates by 0.5% would have a positive impact on the Lifetri Uitvaartverzekeringen Solvency II Ratio of 7% (2022: 16%), whereas an increase in rates by 0.5% would have a negative impact of 4% (2022: 10%).

In practice, management intervention actions may further prevent risks. Especially under the current volatile market circumstances this may result in Solvency II ratios that are at the lower end of the desired target range. The aim of Lifetri's capital management policy is to always have sufficient buffers in the system to secure the rights of our customers. In this policy the long-term commitment of the shareholder and its willingness to support the Solvency II coverage ratio once the norm Solvency II would be breached, is an important cornerstone. This enables Lifetri to take economic decisions to stabilise the ratio.

Own funds and Solvency II requirement

		2023		2022
Shareholder's funds		**41,849**		**30,099**
Subordinated liability valuation difference	227		659	
Excess asset over liabilities		**42,076**		**30,757**
Subordinated liabilities	14,438		13,826	
Total own funds		**56,515**		**44,583**
Eligible own funds		**56,515**		**44,583**
- of which Tier 1 unrestricted	42,076		30,757	
- of which Tier 1 restricted	-		-	
- of which Tier 2	14,438		13,826	
- of which Tier 3	-		-	
Solvency capital requirements		**34,957**		**31,240**
Solvency II ratio		**162%**		**143%**

Available own funds (AOF) and Eligible own funds (EOF)

	2023		2022	
	AOF	**EOF**	**AOF**	**EOF**
Tier 1	42,076	42,076	30,757	30,757
Tier 2+3	14,438	14,438	13,826	13,826
Tier 2	14,438	14,438	13,826	13,826
Tier 3	-	-	-	-
Total own funds	**56,515**	**56,515**	**44,583**	**44,583**

Available own funds

	31 December 2023		31 December 2022	
Share capital		73,445		70,945
Reconciliation reserve	-31,369		-40,188	
Subordinated liabilities	14,438		13,826	
Net deferred tax assets	0		0	
Available own funds		**56,515**		**44,583**

Solvency capital requirement

	31 December 2023		31 December 2022	
Market risk	13,486		11,290	
Counterparty risk	1,272		1,612	
Life underwriting risk	33,399		33,041	
Diversification	-8,736		-7,943	
BSCR		**39,422**		**38,000**
Operational risk		712		735
LACDT		-5,177		-7,495
Total solvency capital requirement		**34,957**		**31,240**
Eligible own funds		56,515		44,583
Minimum capital requirement		8,739		7,810
Solvency II ratio		162%		143%
Minimum Capital required ratio		501%		414%

Sensitivity on Solvency II ratio

Shock	2023
Interest rate - parallel +50 bps	-4%
Interest rate - parallel -50 bps	+7%
Equity shock -10% relative shock	-1%
Government bonds +30 bps increase in spreads[1]	-15%
Mortgages +70 bps increase in spreads[1]	-5%
VA -1 bp	-1%

1 Standalone shock, no offset in VA.

Maarssen, 25 April 2024

Management Board	Supervisory Board
P.D.A. Wits, CEO	P.J.C. Borgdorff, Chairman
J.P.M. Rijken, CIO	A.S. Birrell
R. Zomer, CFRO	H. Eggens

signed version is available at the head office

6. Other Information

6.1 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.

6.2 INDEPENDENT AUDITOR'S REPORT

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

KPMG

Independent auditor's report

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

Report on the audit of the financial statements 2023 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 2023 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 2023 financial statements of Lifetri Uitvaartverzekeringen N.V. based in Amsterdam.

The financial statements comprise:

1 the balance sheet as at 31 December 2023;

2 the following statements for 2023: the income statement and the cash flow statement; and

3 the notes comprising material accounting policy information 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 Lifetri Uitvaartverzekeringen N.V. 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).

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The information in respect of going concern, fraud and non-compliance with laws and regulations and the key audit matters was addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

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

KPMG

Audit approach

Summary

Materiality
— Materiality of EUR 0.8 million.
— Based on 2% of equity.

Risk of material misstatements related to Fraud & NOCLAR and Going concern
— Fraud risks: risk of management override of controls and revenue recognition.
— Non-compliance with laws and regulations (NOCLAR) risks: no reportable risk of material misstatements related to NOCLAR risks identified.
— Going concern: no significant going concern risks identified.

Key audit matters
— Valuation of insurance contract liabilities.
— Valuation of hard to value financial assets.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 0.8 million (2022: EUR 1.2 million). The materiality is determined with reference to total equity and amounts to 2%. We changed from our consideration of total assets (2022) to equity (2023) as the most appropriate benchmark based on usance and to align with materiality used for financial statements of 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 40,000 (2022: EUR 60,000) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

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

In section 5.7 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 company's code of conduct, whistleblowing procedures, anti-fraud policy and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Management Board, the Supervisory Board, and other relevant functions, such as Internal Audit, Legal Counsel, Compliance, and the Actuarial Function Holder and included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as: check of negative news search on Lifetri group entities.

As a result from our risk assessment, we identified the following laws and regulations as those most likely to have a material effect on the financial statements in case of non-compliance:

— Wet op het financieel toezicht (Wft) (including the European Solvency II directives);

— Data privacy regulation (GDPR).

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

— **Management override of controls**

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, such as: check of negative news search on Lifetri group entities.
- 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.

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

— **Revenue recognition**

Risk:

- Lifetri Uitvaartverzekeringen N.V. manages closed-book insurance portfolios, in which policies are phased out over time and no new business is written in these portfolios. Regarding revenue recognition, we have identified the risk that policies are renewed based on an underlying contract which is no longer active.

Responses:

- On a sample basis we checked for premiums invoiced and recognized if the underlying policy was still active and the premium was paid.

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.

Audit response to going concern

The Management Board has performed its going concern assessment and has not identified any going concern risks. To assess the Management Board's assessment, we have performed, inter alia, the following procedures:

— we considered whether the of Management Board's assessment of the going concern risks, including the scenarios in the Own Risk Solvency Assessment (ORSA) that was submitted to De Nederlandsche Bank N.V. (the Dutch Central Bank, DNB), includes all relevant information of which we are aware as a result of our audit, including the impact of other regulatory correspondence indicate a significant going concern risk;

— we analysed the company's financial position and Solvency II ratio and compared it to the internal minimum capital requirement as set by the Management Board of current and the previous financial year in terms of indicators that could identify going concern risks;

— we considered whether the outcome of our audit procedures on the Solvency II capital position and disclosures, including the impact of the capital contribution of EUR 2.5 million provided by Lifetri Groep B.V. (being the principal shareholder of the company), indicate a significant going concern risk; and

— we evaluated whether the Management Board's assessment of going concern, including the Solvency II ratio, is adequately disclosed in the annual report.

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.

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.

1. Valuation of insurance contract liabilities

Description

Insurance and investment contract liabilities (in short: insurance liabilities) amount to EUR 157 million as at 31 December 2023 representing 67% of total liabilities. The valuation of the insurance liabilities involves limited management judgement as the valuation is based on contractual terms and conditions and locked-in assumptions. Management judgement is involved especially in setting the assumptions related to expenses, 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) split in for own risk and reinsurers' share and the 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:

- assessing the appropriateness of the data and verifying the accuracy and completeness of claim and policy data used in the valuation and assumption setting;
- assessing the appropriateness of assumptions used in the valuation of insurance contracts by reference to company and industry data and expectations of expense developments;
- analysis of 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;
- evaluation of the robustness of management's substantiation that the insurance contract liabilities are adequate as at 31 December 2023;
- evaluation of the appropriateness of the disclosures in Note 10 of the financial statements, against the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Our observation

We consider the valuation of the insurance contract liabilities to be appropriate. We also found the related disclosure to be adequate and refer to Note 10 of the financial statements.

2. Valuation of 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, 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

— evaluation of the appropriateness of the disclosures in Notes 1 to 4 of the financial statements, against the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Our observation

The results of our testing were satisfactory and we considered the fair value of hard to value investments to be appropriate. We also found the related disclosure to be adequate and refer to Notes 1 to 4 of the financial statements.

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.

Report on other legal and regulatory requirements

Engagement

We were engaged by the General Meeting of Shareholders of Lifetri Uitvaartverzekeringen N.V. as auditor of the company, as of the audit for the year 2018 and have operated as statutory auditor since the financial year 2018.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audits of public-interest entities.

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 company'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 www.nba.nl/eng_algemeen_01. This description forms part of our auditor's report.

Utrecht, 25 April 2024

KPMG Accountants N.V.

A.R.B. de Bruin RA

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Utrecht, 25 April 2024

KPMG Accountants N.V.

A.R.B. de Bruin RA