

Annual Report

2020

Klaverblad Levensverzekering N.V.



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1. Composition of the Management Board and Supervisory Board

The composition of the Management Board (MB) and the Supervisory Board (SB) of Lifetri Groep B.V. in 2020 is shown below:

Management Board

P.D.A. Wits, CEO

I.A.T. van den Bosch, CFRO (till 1 Dec 2020)

M.R.E. Harkema, CFRO (since 1 Dec 2020)

J.P.M. Rijken, CIO (since 10 Dec 2020)

Supervisory Board

J.H.D. van Hemsbergen, Chairman

P.K. Medendorp (till 31 Jul 2020)

N. Albert

H. Eggens (since 21 Dec 2020)

R. Singhal

Mr R. Zomer joined the MB as COO at 10 May 2021. In performing their duties, the MB and SB are supported by a company secretary, Eke Bijzitter.

Lifetri Groep B.V.

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Lifetrigroep.com

2. Introduction

2.1 Klaverblad Levensverzekering

Klaverblad Levensverzekering N.V. (hereafter: Klaverblad) prepares its financial statements based on Dutch generally accepted accounting principles. Klaverblad was an insurance entity out of the group of Coöperatie Klaverblad Verzekeringen U.A., which has a portfolio of term-life, funeral and collective pension insurance contracts. As per 1 May 2019, Lifetri Groep B.V. signed a 'Share Purchase Agreement' regarding the acquisition of Klaverblad. After approval of the Dutch Central Bank at the beginning of March 2020, the acquisition was closed on 31 March 2020.

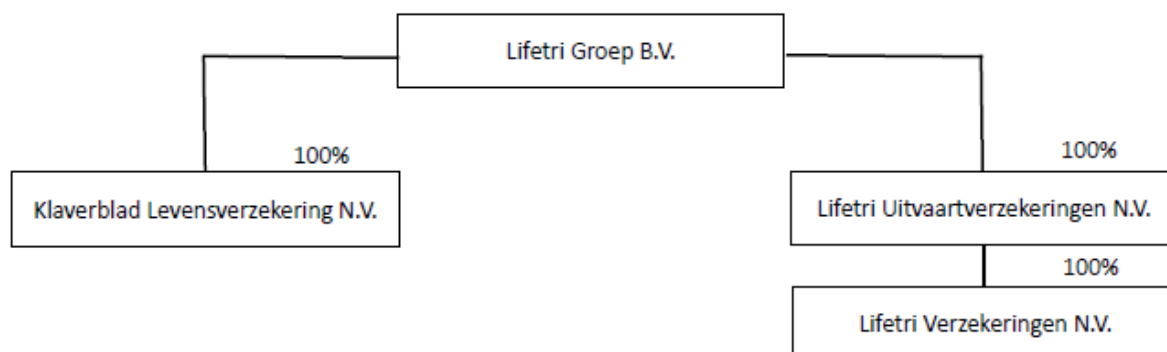
2.2 Key figures

<i>in thousands of euros</i>	2020	2019
Shareholder's funds	304.899	312.436
Eligible own funds	304.899	312.436
Solvency capital required (SCR)	99.013	81.877
Solvency II ratio	308%	382%
Net premiums earned	892.804	64.208
Claims and benefits paid	21.283	18.075
Total operating expenses	13.922	5.271
Net result	-7.538	59.373

2.3 Group structure and ownership

Klaverblad Levensverzekering is a fully owned subsidiary of Lifetri Groep B.V. which is fully owned by European Life Group (ELG) Holding Ltd.

The legal structure of control is as follows:



The ownership structure of the group changed in 2020 due to two events, being the acquisition of Klaverblad (dated 31 March 2020) and the upwards merger (dated 1 October 2020) of Lifetri Groep B.V. into Baarn Midco B.V., its 100% shareholder. After the merger, Baarn Midco has been renamed into Lifetri Groep B.V. instantly.

The ultimate shareholder, Sixth Street Partners (Sixth Street) managed investment funds, financed by institutional investors with a long-term investment outlook. Sixth Street is focused primarily on the fundamental, long-term returns of its investments. Sixth Street does not guarantee a minimum return to its investors, rather Sixth Street considers many possible scenarios in assessing the business case of an investment, including the possibility of outperformance and underperformance relative to the base case. As a long-term investment manager, Sixth Street is mainly concerned with the sensible management of its investments and long-term capital creation and performance.

3. Report of the Supervisory Board

3.1 General

The report of the Supervisory Board of Lifetri Groep (SB) describes the main activities performed by the SB and its committees during the year.

3.2 Composition of the SB

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

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

Date of birth	1958
Nationality	Dutch
Independence	Independent
Principal	None
Other Positions	Chair Supervisory Board, SRK Rechtsbijstand B.V. Chair Supervisory Board Veterfina Verzekeringsmaatschappij N.V. Board member, Stichting Beheer LTP & Stichting Toegepaste Psychologie Member Advisory Board, Future of Finance
Term of Office	2020–2022, subsequent to the acquisition of Klaverblad Levensverzekering by Lifetri Groep on 1 April 2020 (1st term)

N. (Nils) Albert

Date of birth	1967
Nationality	German
Independence	Non-independent
Principal	Managing Director Sixth Street
Other Positions	Board member, Northview Group Non-executive director, Kensington Holdco Ltd
Term of Office	2020–2021, subsequent to the acquisition of Klaverblad Levensverzekering by Lifetri Groep on 1 April 2020 (1st term)

H. (Henk) Eggens

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

R. (Rohan) Singhal

Date of birth	1987
Nationality	British
Independence	Non-independent
Principal	Managing Director Sixth Street
Other Positions	Board member, Northview Group
Term of Office	2020–2021, subsequent to the acquisition of Klaverblad Levensverzekering by Lifetri Groep on 1 April 2020 (1st term)

Appointments and resignations in the SB in 2020

- H. Eggens was appointed as member of the SB until 2024
- P.K. Medendorp resigned as member of the SB
- J.H.D. van Hemsbergen was appointed interim chair of the Audit and Risk committee
- H. Eggens was appointed as member of the Audit and Risk committee, and of the Nomination and Remuneration committee

3.3 Meetings of the Supervisory Board and its committees

In 2020, the SB of Lifetri Groep and its entities, held thirteen meetings: four regular meetings and nine ad-hoc meetings, which were used to discuss matters that required the attention of the SB in between regular meetings. The members of the MB are usually invited to attend the meetings, as well as such managers for presenting topics to the SB.

Due to COVID-19, most of the meetings were held by video conference. The overall attendance rate of SB members at SB meetings during 2020 was almost 100%. Furthermore, the SB holds informal monthly phone and video calls to discuss informally among members of the SB, to which the CEO may be invited to join. The Chairman of the SB has regular contact with the CEO outside meetings, the same applies to the Chairman of the ARC with the CFRO and the CIO.

Main topics discussed during the meetings were the governance of the company, the strategy and funding of the company, the budget and business plan, the financial performance, the main risks to which the company is exposed, the design and effectiveness of risk management and internal control systems, the development of business activities, investments and M&A opportunities, as well as the competitive environment, the relationship with the external regulators, including DNB and the AFM, the performance and functioning of the SB and of the MB, and specifically for 2020, the COVID-19 crisis, the changes in the composition of the MB and the SB, and the IT migration of the Klaverblad portfolio.

During 2020, the SB spent several meetings together with the MB discussing extensively the company's strategy of becoming the best provider of long-term guarantees, focusing on external growth by acquiring life insurance liabilities and the additional focus to tap into the pension buy-in and buy-out market and the capabilities needed to succeed in that area.

Furthermore, the SB spent considerable time discussing proposed changes in the composition of the SB and the MB and the developments and considerations leading to those changes. After a diligent recruitment process and careful consideration, the new member of the SB, and the two new members of the MB, being the CFRO and CIO, upon binding nomination of the SB, were appointed by the shareholder before year-end, following approval from the Dutch Central Bank (DNB) on their respective appointments. Furthermore, a process was started to recruit a fourth member of the MB, in the position of COO, who was appointed in May 2021, following approval from DNB on his appointment.

SB and MB members receive regular training on a variety of topics that are relevant for Lifetri Groep and the environment in which Lifetri Groep operates. Due to COVID-19, some training was postponed to 2021.

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. In 2020, the SB engaged the services of an external expert for the assessment of the SB and the MB to be performed in the first quarter of 2021, to strengthen where needed the effectiveness of board dynamics, corporate governance and checks & balances within Lifetri.

Audit and Risk committee and Nomination and Remuneration committee

The SB has established two committees: The Audit and Risk committee (ARC) and the Nomination and Remuneration committee (RemCo). All members of the SB are also members of the ARC and of the RemCo. J.H.D. van Hemsbergen acts as interim chairman of the ARC and N. Albert acts as chairman of the RemCo.

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

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

The RemCo met once. Main topics discussed were the implementation of the remuneration policy for the MB and for the company for 2019 and the remuneration and performance objectives for 2020. The changes in the composition of the MB and the SB were discussed in the SB.

Paul Medendorp resigned as member of the SB and Ilse van den Bosch resigned as member of the MB and CFRO.

The SB would like to thank Paul Medendorp for his significant contribution as member of the SB and Chairman of the ARC to the company's performance during the first years of its existence and during the preparation period in setting up Lifetri. These were times of intensive work and cooperation within the SB and with the MB.

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We would also like to thank Ilse van den Bosch for her big and appreciated efforts as CFRO in the MB in developing the finance & risk function of Lifetri from scratch.

Maarsse, 19 May 2021

Herman van Hemsbergen, Chairman

Nils Albert

Henk Eggens

Rohan Singhal

4. Report of the Management Board

4.1 Business Developments

General

Lifetri Groep, Klaverblad and Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen have unity of management, meaning that these entities each have a MB and a SB with the same composition of board members. With due respect to and compliance with the articles of association, charters and characteristics of each legal entity, Lifetri Groep is organisationally managed as a whole, sharing strategy and resources, executing the strategy. After the acquisition of Klaverblad, Lifetri Group is subject to group supervision by the Dutch Central Bank (DNB).

Financial Developments

In 2020 the financial net result of Klaverblad Levensverzekering N.V. was € -7,5 million (2019: € 59,4 million). Gross premiums earned was € 898,9 million (2019: € 64,4 million). Total operating expenses up to 31 December 2020 amounted to € 13,9 million (2019: € 5,3 million). The shareholder's funds were € 304,9 million on 31 December 2020 (2019: € 312,4 million).

Single premium transaction

In July 2020 Klaverblad completed a single premium transaction, covering future pension benefits for a collective of participants. The premium involved amounts up to € 836,3 million. Upon the policy's entry date, related insurance liabilities are recognised at a discounted value of € 784,0 million. For the insured pension benefits Klaverblad entered into a reinsurance contract, which covers 85% of longevity risk. The reinsurance premium for July until December 2020 is € 6,0 million.

Business strategy

Lifetri Groep's ambition is to become the best provider of long-term guarantees in the Netherlands. Through a combination of long-term and stable capital base with solid investment returns and a focus on giving excellent and relevant service to existing customers. We intend to grow this business further by acquiring portfolios of life insurance liabilities and matching portfolios of assets through M&A activities and pension buy-ins and buy-outs.

The pension buy-out business is a promising market where a combination of a low interest environment, legacy IT-systems, increasing demands from regulators and a lack of scale force, pension funds to rethink their future. The buy-out market always had some volume. Lifetri expects that with the new pension agreement this will accelerate with funds having to choose an option for their participants.

Lifetri believes it can provide those participants with various innovative options, providing a tailor-made solution to the funds. One of that options is to provide a long-term guarantee with a possible option of indexation.

Lifetri believes that customer needs are not currently met by the industry, through lack of sufficient capital and stable investment returns on the one hand and the lack of putting customers' needs at the

centre of the propositions. Lifetri's specific offering is not just to insure people but rather find the fit to their needs. This means not creating fear but rather focusing on what is important to them.

Lifetri formulated its mission as follows:

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

Lifetri does this by providing knowledge and having sincere interest in the customer. We make insurance products transparent and easy to understand and show that not all worries and fears are realistic.

During 2020 the main focus for Lifetri Groep was fourfold:

1. Stabilizing and professionalizing the organisation, at the same time providing the best service possible to our clients;
2. Closing the Klaverblad acquisition and start servicing the acquired insurance policies and customers, after having received the declaration of no-objection of the DNB;
3. Entering the market of pension insurance, bidding for pension buy out business and closing single premium pension insurance deals;
4. Step-by-step realising of a new futureproof IT foundation with a layer consisting of modular and loosely coupled back office and front office functionalities and processes to ultimately deliver valued digital client centric services.

However, having said that, 2020 will be remembered as the year in which it has been all people's challenge to sanely and healthy weather the storm of all direct, indirect, explicit and implicit effects of COVID-19. Lifetri has accelerated its digital way of working by enabling all employees for working from home. This was made possible through our earlier efforts to enable all through the cloud. As well as digitising all the physical mail and printing.

Most importantly we wanted people to stay connected amongst each other and with Lifetri Groep. Constant communication was and is still key, regular check-ins, informal talks and making an effort to dismiss the work-related content and work and talking about what matters most.

One of the initiatives to achieve people stay connected with the mission of Lifetri Groep was the personal letters, boxes with content under the brand "Lifetri Thuis".

Executing the strategy

Lifetri positions itself both in the business-to-business as well as in the business-to-consumer life insurance markets.

Closing of the announced acquisition of Klaverblad Levensverzekering N.V.

After having received the declaration of no-objection from DNB, the acquisition of Klaverblad, announced in May 2019, closed on 31 March 2020, involving 421.272 term life, pension and funeral insurance policies representing € 819,7 million liabilities. Klaverblad policy administration staff transferred to Lifetri Groep.

Entry in the pension buy out market

Late 2019, having identified a window of opportunity for the acquisition of pension fund liabilities, Lifetri prepared for the entry into this business-to-business market. The window of opportunity has emerged due to three parallel developments:

- Insurers in general have a risk averse attitude towards the asset classes they want to invest in due to capital restraints;
- The returns on a low risk asset portfolio are insufficient to cover liabilities and generate an excess return;
- Anticipating the 'new pension contract' pension fund boards have to decide how to safeguard the pension liabilities. A choice needs to be made what to do with the new build up and what to do with the existing pension build up.

Lifetri is well positioned to help these funds to make that choice and provide them with the solutions they seek for. One of these is to provide a guarantee to those participants. By providing multiple options such as a buy in first and a possibility of an opt out for those who chose DC later on or a more straightforward buy out.

Since we have a flexible and no legacy IT platform we can provide an excellent service to customers without having to worry about (future) legacy and rising costs.

Our expert financial teams will look at different innovative solutions such as inflation hedges, flexible pricing formula during different phases of the bid and a step to offer to take over assets in kind. As well we are proud to have partnered with Hannover Re, who provided us with cover for longevity risk.

Lifetri Groep, supported by its shareholder, has access to capital required to invest in a well-balanced asset portfolio of primarily debt instruments driven by the illiquidity of its liabilities. This in turn ensures the guarantees we can provide to participants for the longer term.

Whatever the solution provided, this all is a result of Lifetri putting the participants needs at the core of the solutions.

Evidence of these opportunities and our credibility as a solid partner is the successful acquisition of the pension liabilities and assets of the Stichting Pensioenfonds Allianz Nederland Groep (SPANG) as per 1 July 2020.

Scale up

Due to above mentioned commercial successes Lifetri experienced 900% growth in liabilities from approximately € 272 million to € 2,5 billion and a growth in the number of insurance policies.

This huge growth has been accommodated by the highly motivated Lifetri team, consisting of own staff, associates, network partners, staff from the transferring companies; indirectly and directly involved in the abovementioned transactions.

In the meantime, the MB developed the design and implementation of future-proof organisational, IT and process basics, as a fundament to build upon capabilities to absorb additional volume.

Preparing our organisational basics to be able to absorb additional volume of liabilities, assets, life insurance policies, different asset classes, external partners, B-t-B deals

The Managing Board has been expanded from two board positions to four positions: next to a Chief Executive Officer and a Chief Financial and Risk Officer a new position of Chief Investment Officer and a new position of Chief Operating Officer.

Anticipating the acquisition of Klaverblad, as of 1 January 2020 all staff transferred from Lifetri Uitvaartverzekeringen to Lifetri Groep and were seconded to its operating subsidiaries. As of 1 October 2020, Lifetri Groep merged with Baarn Midco B.V. – its parent company –, reducing the complexity in its legal chain of control.

Lifetri moved offices and has a new and modern office at its disposal in Maarsse, supporting our vision to have people be able to work when and where they want.

In the operational department continuous improvement has been implemented, creating better capacity management, more accurate forecasts improving customer service, higher productivity, increased time for staff to implement improvement ideas, higher autonomy and increased engagement.

In 2020 permanent staff replaced temporary staff in risk management and asset management, the in-house desks for client services and intermediaries have been staffed. The recruitment for a limited number of digital marketing vacancies was successful – limited as we approach the build-up of our digital capabilities in an agile manner.

A very experienced pension buy-out team was attracted from the market, enabling us in the first quarter of 2020 to negotiate the SPANG transaction and to prepare for future transactions. Efforts have been put into the relationships with pension fund board advisors and future prospects.

An impactful multi-year transformation program has been started to fuse the on-going activities and change activities, directing all focus towards shared and common goals. In addition, the governance and resourcing of the program, to design and implement a new individual life insurance platform and to transition the acquired Klaverblad policies to a new policy administration system, has been strengthened.

Preparing our IT basics to be able to absorb additional volume

The ambition to become a client centric digital insurer has been the driver to gradually upgrade our core ITs infrastructure. We adhere to four IT-principles to ensure a scalable, future proof IT-architecture that will enable world class performance:

- Modular IT-landscape
- Connected IT-landscape
- Core and supporting (non-core) systems
- Strict data management

A secure Citrix environment for all our applications has been installed. A cloud-based infrastructure has been readied for all our current and future applications. The technical architecture of the interaction between our new policy administration system and other parts of our infrastructure is based on the IT principles (APIs, integration layer, service bus, etcetera). Preparations have been finalised to move to the cloud with our financial software package and to a SAAS based solution for our salary

administration. In short this ensures us that we can have fast and rapid deployment in the front-end without having to change the back-end. As well enable us to swap out (IT) components with much greater ease and less effort.

Upgrading our process basics to be able to absorb additional volume

Together with our advisors and investors the governance and deal making processes and procedures have been designed and implemented to be able to professionally deal with requests for quotes, information, proposals.

Missing policies (for instance policies with respect to outsourcing, economic reality) have been identified and designed, discussed in appropriate committee and approved by the Management Board.

Due to rationalization of the Klaverblad portfolio of over 240 products were converted to four products, greatly reducing the complexity and possible future legacy.

4.2 Risk Management

Please refer to paragraph 5.2 for a description of Lifetri's risk management processes and organisation.

In 2020, the MB updated its risk appetite in a statement that serves as a foundation for all risk monitoring activities. The annual ORSA gives further detailed input and insights for managing all significant risks. The 2020 ORSA results confirm the current solvency target levels. Risk management was further strengthened in 2020 by improving the control framework (including IT security controls), adopting several risk policies including an improved outsourcing policy and reinsurance policy.

Finally, second line risk management became fully operational in 2020 by the hiring of a manager of the department who focuses on financial risks, and a non-financial risk manager.

4.3 Capital Management

Capital management aims to protect policyholder's rights and being able to capture financial setbacks without endangering the continuity of the business. Therefore, Lifetri wishes to hold an extra buffer apart from the technical reserves and the regulatory solvency capital required (SCR). The target solvency level is set at 160%, while the norm solvency level is set at 135%. On 31 December 2020, the solvency level was 307%, reflecting that Lifetri Groep is a well-capitalised company.

4.4 Subsequent events

On 31 March 2021, Lifetri Group acquired Lifetri Verzekeringen from Lifetri Uitvaartverzekeringen and merged Klaverblad Levensverzekering with Lifetri Verzekeringen on 1 April 2021.

As of 10 May 2021, Rutger Zomer has been appointed as Chief Operating Officer and MB member of Lifetri Groep B.V. and its operating companies.

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Maarssen, 19 May 2021

Philippe Wits

Han Rijken

Rutger Zomer

Menno Harkema

5. Risk Governance and Capital Management

5.1 Risk Management

Scope

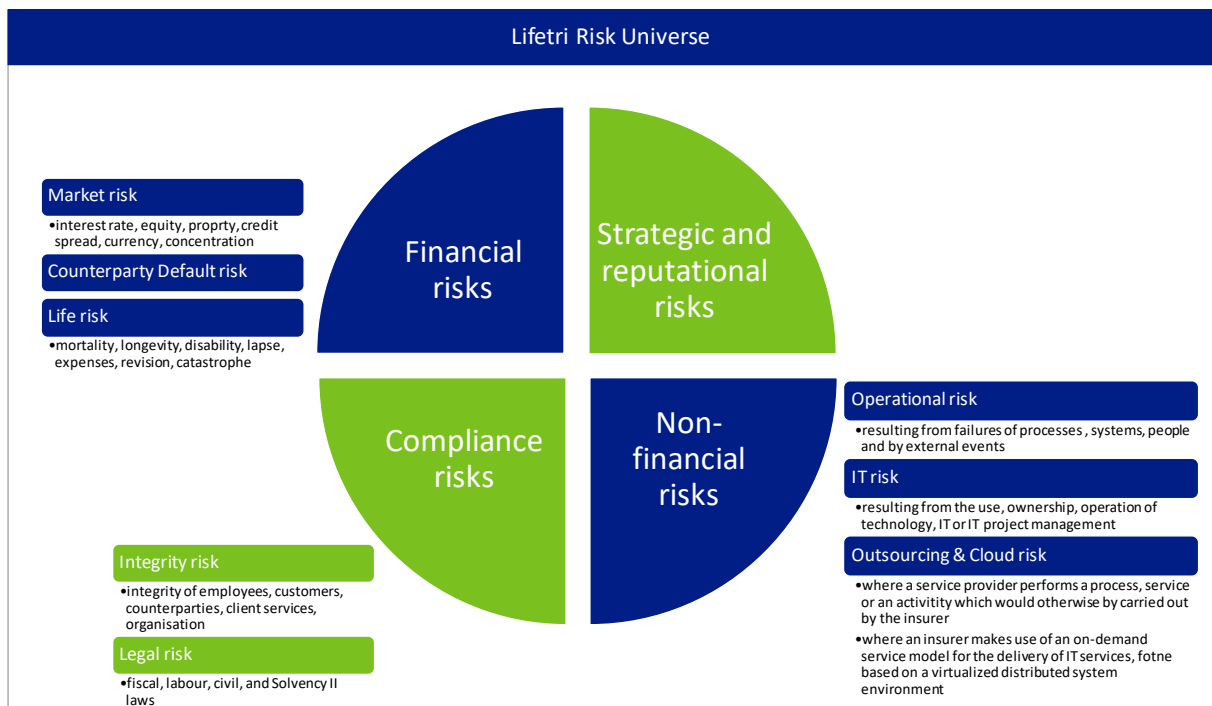
Risks are inherent in daily business. Lifetri group applies risk management processes to keep the risk within acceptable levels. These levels are defined in Lifetri group’s risk appetite statements and limits (see paragraph further below).

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

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

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

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



Lifetri Risk Universe

The financial risk types which Lifetri group uses are in line with the Solvency II regulation, and also recognize that different types of investment instruments can result in more than one risk category. The financial risks follow the Solvency II categorisation of market risks (interest rate, credit spread, currency,

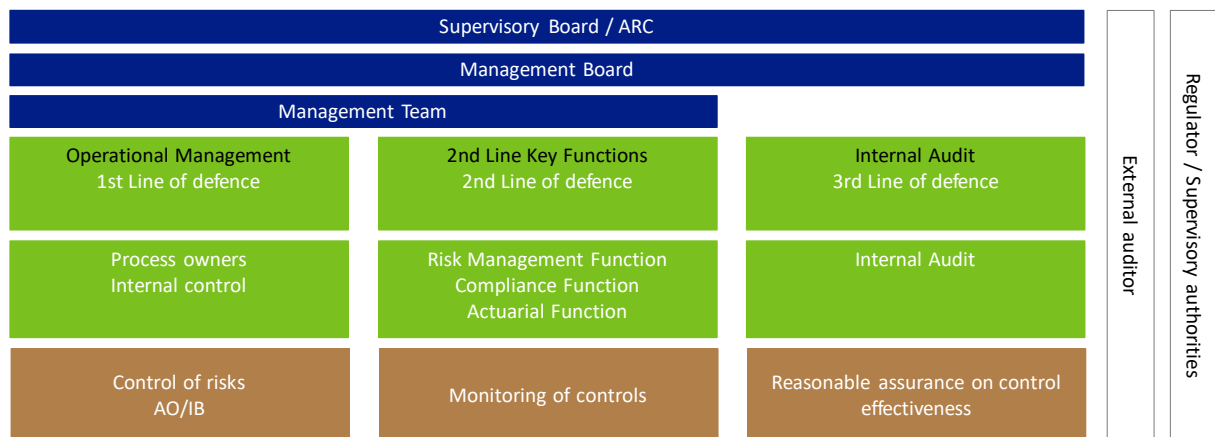
concentration, property, liquidity and equity), counterparty default risk and actuarial life risks (mortality, longevity, disability, lapse, expenses, revision and catastrophe).

The other risk types are generally more qualitative in nature.

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.

Organisation

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



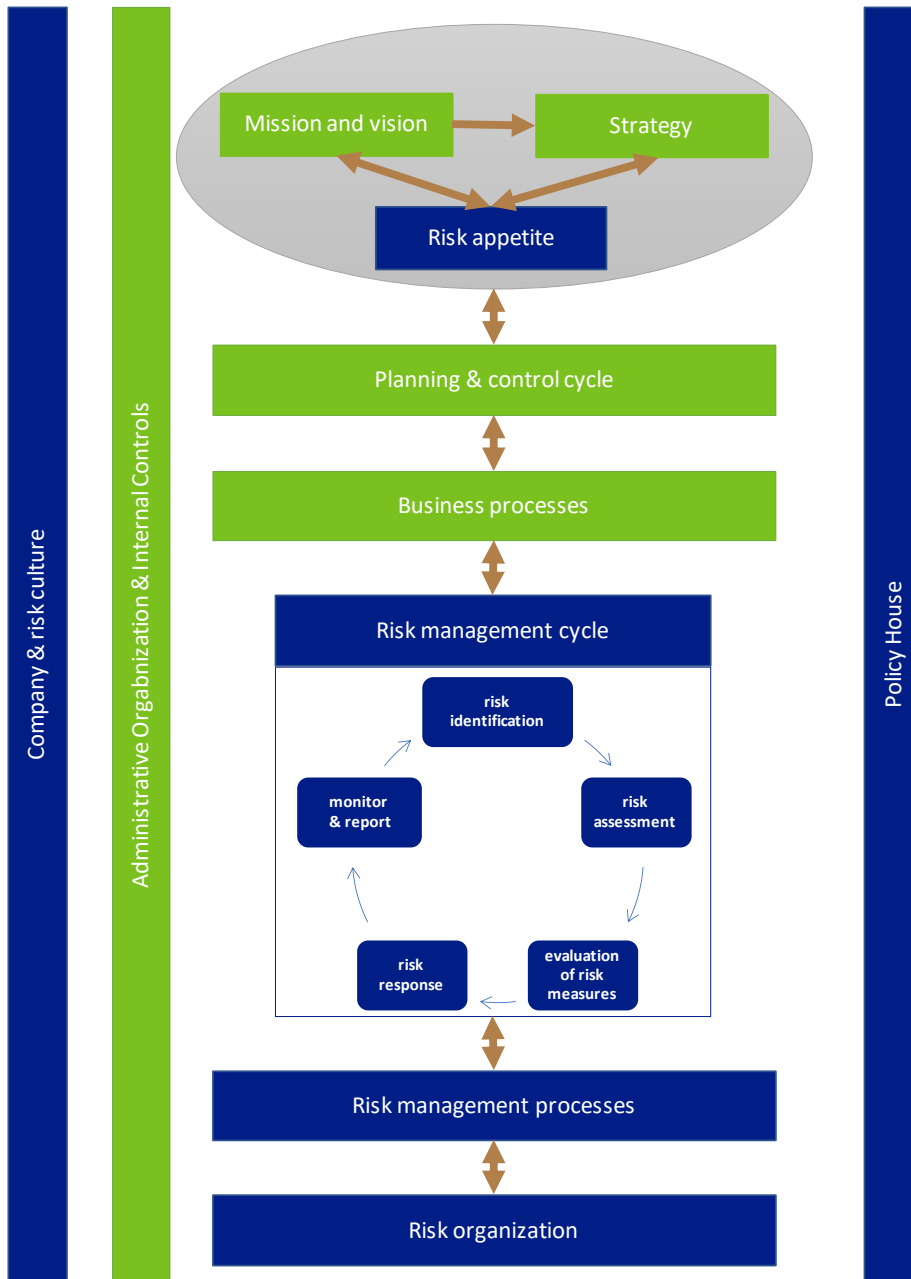
The first line of defence is the business itself, which is responsible for adherence with applicable laws and regulations, and for its own internal control of all activities and underlying processes.

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 at whether the internal control measures are adequate to mitigate risks. Second line compliance advises the organization with the objective to meet requirements of laws and regulations and monitors if the business activities actually comply with these requirements. The risk management cycle below depicts the risk management process.



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

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

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

Risk appetite statements and limits

The risk appetite of Lifetri Groep is described in the risk appetite statements (RAS) which include qualitative statements as well as quantitative measures expressed relative to earnings, capital, risk measures, liquidity and other relevant measures related to operational and IT risks, reputation and integrity risks, as well as business ethics and conduct. The RAS has been updated in 2020

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

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

Risk appetite defined

The risk appetite is further specified by quantitative risk limits for different risk categories in the investment policy. The policy also contains the investment beliefs. The main risk being interest rate risk is managed by limiting the economic hedge ratio and the Solvency II hedge ratio (including the ultimate forward rate – UFR) within separate, pre-set boundaries. The interest rate risk is also limited by a maximum tolerated impact on solvency of changes in interest rates. A higher impact is tolerated at higher solvency levels. Others risk are being limited and monitored – amongst others - through solvency capital required (SCR) limits, cash limits, rating-based and issuer limits.

Risk appetite setting

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

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

Reporting

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

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

- 1st line reporting: the managers of the departments issue various management reports which analyse and explain the performance of financial and non-financial indicators for responsibility

area. Depending on the nature of the report the frequency is monthly or quarterly. The monthly and quarterly ALCCO Report combines input from Actuarial Department/Balance Sheet Management and Asset Management;

- 2nd line reporting: reports by the 2nd lines of defence, i.e. Risk management, Compliance and the Actuarial Function, and contain an independent 2nd line review on the 1st line. Risk Management and Compliance prepare the Risk Management & Compliance report on a quarterly basis. The Actuarial Function issues an annual Actuarial Function report;
- 3rd line reporting: internal audit has its own reports which are discussed with the SB / ARC.

Depending on the nature of the report they are discussed in the Management Board, Management Board-Risk & Compliance Committee, ALCCO or SB/ARC. The Financial Risk Management report is specifically discussed in the Asset Liability Capital Committee (ALCCO) 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.

Strategic asset allocation

As described in the investment policy and investment plan, Lifetri Groep has developed a strategic asset allocation (SAA) target portfolio that is regularly updated. The SAA target consists of liquid government bonds, private debt and mortgages. The main considerations are a robust solvency ratio, reduction of interest rate risk and a positive spread. The spread is mainly driven by illiquidity premiums to meet outstanding guarantees in the liabilities extending over seventy years.

The government bonds are noted in euro, predominantly Austrian, French and Belgian bonds, partly for the available longer maturities, partly for earning a spread over German government bonds. In 2020, Lifetri Groep continued the process of gradually building the residential mortgages portfolio, consisting of an owner-occupied mortgages fund, and a bespoke structure for buy-to-let mortgages and prepared for expanding in private debt.

Solvency position (31 December 2020)

Lifetri Groep wishes to hold an extra buffer apart from the technical reserves and the regulatory solvency capital required (SCR). The target solvency level is set at 160%, while the norm solvency level is set at 135%. At 31 December 2020 the solvency level was 307%, making Lifetri Groep a well-capitalised and solvent company.

Own Risk and Solvency Assessment (ORSA)

In 2020, Lifetri for the first time produced the ORSA at the group level. The ORSA 2020 has as its starting point 30 September 2020 and is looking forward five years.

The main goal of the ORSA is to show the continuous compliance with the prescribed capital requirements. In particular, it should show the validity of the target solvency level of 160%. The outcomes of the Best Estimate scenario show the target solvency level is adequate and Lifetri group is able to transfer its obligations at a relevant market rate. A wide set of scenarios has been tested. Relevant scenarios are a permanent low interest rate scenario and a scenario of a severe credit crisis. The former scenario underlines the importance of the compensating effect of the investment income for the future loss on the UFR in the valuation of the liabilities. The latter scenario is important for the

SAA, also comprising residential mortgages and real estate. An additional analysis has been performed on the total level of the expenses.

Operational set-up and risks

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

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

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

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

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

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

5.2 Capital Management

<i>in thousands of euros</i>	2020	2019
Own funds	304.899	312.436
Tier 1	304.899	312.436
Tier 2	0	0
Tier 3	0	0
Total available own funds	304.899	312.436
Eligible own funds	304.899	312.436
Solvency capital requirement		
Market risk	25.588	42.839
Counterparty risk	17.689	204
Life underwriting risk	86.519	75.030
Diversification	-27.074	-22.764
BSCR	102.722	95.309
Operational risk	7.293	2.818
LACDT	-11.002	-16.250
Total solvency capital requirement	99.013	81.877
Minimum capital requirement	44.555	26.124
Solvency II ratio	308%	382%
Minimum Capital required ratio	684%	1196%

Solvency and Risk Appetite

The management of capital is governed by the Capital Management & Dividend Policy. The measure for adequacy of the capital position is the regulatory Solvency II ratio, defined as the ratio of eligible Own Funds (OF) over the Solvency Capital Requirement (SCR). The Capital Management & Dividend Policy is aimed at being able to capture financial setbacks without endangering the continuity of the business. Therefore, Lifetri Groep wishes its subsidiaries to hold an extra buffer apart from the technical reserves and the regulatory solvency capital. The target solvency level is set at 160%, while the norm solvency level is set at 135%. The underpinning of the target and lower limits is provided in the Capital Management & Dividend Policy and assessed yearly in the ORSA. The target ratio could be increased if the economic valuation of the liabilities shows that a higher amount of assets is required to transfer the liabilities to a third party. Lifetri group applies the standard formula.

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

Eligible Own funds

Solvency II distinguishes between three Tiers of Own funds (Tier 1, 2 and 3) and restricts the use (eligibility) of Tier 2 and Tier 3 capital in the determination of the solvency level. The positive difference between assets and liabilities, when valued on a Solvency II basis, constitutes core capital. For Lifetri Groep this capital is Tier 1 capital, implicating no difference between available and eligible own funds in the determination of the solvency level. Lifetri Groep and its subsidiaries have not issued any subordinated loans which would constitute any Tier 2 capital. The available Deferred Tax Liability does not influence the eligible own funds. The difference between shareholder funds and Eligible Own Funds is the difference between the fair value provision and Solvency II provision after tax.

6. Financial Statements

The financial statements concern the period 1 January 2020 – 31 December 2020 and 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. The notes on page 32 to 37 form an integral part of these financial statements.

6.1 Balance Sheet

(Before appropriation of result)

Assets

<i>in thousands of euros</i>		31 December 2020	31 December 2019
Investments			
Cash and cash equivalents	1.	237.228	4.197
Financial investments			
Bonds	2.	1.709.570	1.030.966
Mortgages	3.	120.162	-
Investment funds	4.	60.602	-
Derivatives	5.	-	-
Total financial investments		1.890.334	1.030.966
Total investments		2.127.562	1.035.163
Short term receivables			
Reinsurers		-	135
Policyholders		391	612
Other receivables	6.	18.853	1
Total short term receivables		19.244	748
Total assets		2.146.806	1.035.911

Liabilities

<i>in thousands of euros</i>		31 December 2020	31 December 2019
Shareholder's funds			
Share capital		9.080	9.080
Share premium		107.962	107.962
Revaluation reserve		64.678	28.632
Other reserves		130.716	107.389
Result before appropriation		-7.538	59.373
Total shareholders' funds	7.	304.899	312.436
Insurance liabilities			
For own risk		1.750.487	705.303
Reinsurers' share		70.411	-
Net insurance liabilities	8.	1.820.898	705.303
Deferred tax	9.	10.439	11.855
10.439			11.855
Short term liabilities			
Policyholders	10.	5.092	3.695
Shareholder		3.678	-
Tax and social security		24	-
Other short term liabilities	11.	1.776	2.622
Total short term liabilities		10.570	6.317
Total liabilities		2.146.806	1.035.911

6.2 Income Statement

<i>in thousands of euros</i>		2020		2019	
Insurance premiums					
		898.920		64.389	
		-6.115		-181	
			892.804		64.208
Net premiums 1.					
Investment income					
		9.765		14.093	
		482		-	
		-343		-	
		174		-	
		16.288		14.301	
			26.365		28.394
Total investment income					
	2.	227.774	227.774	157.456	157.456
Unrealised gains and losses on investments					
Claims and benefits paid 3.					
		-27.236		-18.361	
		5.953		286	
			-21.283		-18.075
Net claims and benefits paid					
Change in technical provisions					
		-1.045.174		-149.578	
		-70.411		-	
			-1.115.584		-149.578
Net change in technical provisions					
Operating expenses 4.					
		-12.946		-2.808	
		-977		-2.463	
			-13.922		-5.271
Total operating expenses					
		-3.685	-3.685	-738	-738
Investment management expenses					
		-53.910	-53.910	-35.014	-35.014
Investment income attributable to non-technical account					
			-61.442		41.382
Result technical account life insurance					
		53.910	53.910	35.014	35.014
Investment income attributable from technical account					
			-7.532		76.396
Result before tax					
	5.	-5	-5	-17.023	-17.023
Income tax					
			-7.538		59.373
Net result					

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

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6.3 Cash Flow Statement

<i>in thousands of euros</i>	2020	2019
Cash flow from operational activities		
Result for the year	-7.538	59.373
Adjusted for:		
Change in technical provisions	261.200	108.838
Change in technical provisions / acquired business	783.985	40.740
Change in other provisions	70.411	-
Fair value changes through profit or loss	-228.892	-157.914
Amortisation or growth of bonds	1.007	-6.467
Changes in:		
Receivables	-18.494	928
Liabilities	2.837	10.985
Net cash flow from operational activities	864.515	56.483
Cash flow from investing activities		
Investments and purchases		
Bonds	-1.201.299	-121.379
Mortgages	-129.074	-
Investment funds	-58.388	-
Derivatives	-67.108	-
Disposals and redemptions		
Bonds	746.518	66.698
Mortgages	11.746	-
Derivatives	66.122	-
Net cash from investing activities	-631.483	-54.681
Cash flow from financing activities	-	-
Net increase/decrease in cash	233.032	1.802
Cash and cash equivalents beginning of period	4.197	2.395
Cash and cash equivalents end of period	237.229	4.197

Included in Net cash flow from operating activities

<i>in thousands of euros</i>	2020	2019
Interest received	10.247	14.093
Interest paid	-343	-
Dividend received	174	-

6.4 Accounting Principles

Klaverblad Levensverzekering N.V. (Klaverblad) with a statutory seat in Zoetermeer, is a limited liability company under Dutch law, Chamber of Commerce registration number 27117921. 100% of the shares of Klaverblad are held by Lifetri Groep B.V. The statutory seat of Klaverblad changed to Amsterdam 1 April 2021. The main activities of Klaverblad Levensverzekering N.V., with its registered office in Maarssen, consist of selling and managing life insurance policies in the Dutch market including pensions term insurance and funeral insurance. Funeral insurance policies are sums insurance.

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

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

Changes in accounting principles

Fair value changes of financial assets

Fair value changes of financial assets are recognised directly in the income statement. For financial assets without quoted prices in an active market (unadjusted, market observable prices), a revaluation reserve is recognised for the cumulative unrealised fair value changes reported in the income statement, after deduction of deferred tax.

Until 2019 strips of quoted bonds have been recognised as financial assets with quoted market prices in active markets (level 1). Upon change in ownership of Klaverblad during 2020, this approach has been reviewed. Bond strips were evaluated as being less liquid and are therefore reclassified to level 2 financial instruments. The impact of this change is to recognise a revaluation reserve within the shareholder's equity.

In this annual report the entity has recognised a revaluation reserve for the cumulative unrealised fair value changes of bond strips reported in the income statement, after deduction of deferred tax. The revaluation reserve is established with a corresponding charge against other reserves.

Impact of changes in accounting principles

The 2019 comparative figures mentioned in this annual report have been adjusted accordingly. The impact on Klaverblad's equity at 31 December 2019 is mentioned in the next schedule:

<i>in thousands of euros</i>	31 December 2019 before adjustment	Fair value changes through income	31 December 2019 adjusted
Shareholder's funds			
Share capital	9.080		9.080
Share premium	107.962		107.962
Revaluation reserve		28.632	28.632
Other reserves	136.021	-28.632	107.389
Result before appropriation	59.373		59.373
Total shareholders' funds	312.436		312.436

Changes in accounting principles have no impact on net result for the year 2019.

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

Use of estimates

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

Fair value hierarchy

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

Published prices in active markets (Level 1)

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

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

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

- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;

- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from, or confirmed by, observable market data by correlation or other means (market-confirmed inputs).

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

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

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

Equipment

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

Bonds

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

Mortgages

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

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

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

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

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

Investment funds

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

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

Receivables and other financial assets

Receivables and other financial assets 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.

Cash

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

Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' 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 Klaverblad 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 Klaverblad.

Revaluation reserve

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

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

Provisions

Provisions are created for concrete or specific risks and obligations existing on the balance sheet date, where the magnitude is uncertain, but which can be reasonably estimated.

Insurance liabilities

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

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

The Solvency II provision is the sum of:

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

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

The Solvency II provision is the sum of:

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

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

Insurance risk

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

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

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

Provisions for deferred taxes

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

The provision is calculated on the difference between the tax and commercial value of the asset or liabilities, multiplied by the current company tax rate of 25,0%.

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.

Premiums earned for own account

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

Yields from investments

This includes the proceeds realised on investments such as bonds.

Unrealised gain or loss on investments

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

Claims and benefits paid

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

Change in technical provisions for life insurance

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

Operating expenses

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

Income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is calculated on the result in accordance with the profit and loss account at a tax rate of 25%, with due consideration to the tax facilities.

Cash flow statement accounting principles

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

Related parties

All legal entities, natural persons and other related companies that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities, natural persons and other related companies that can control Lifetri 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. Related party transactions not on an arm's length basis have not occurred.

Investments in subsidiaries

Participating interests where significant influence can be exercised over the business and financial policies are valued according to the equity method on the basis of net asset value. If measurement at net asset value is not possible because the information required for this cannot be obtained, the participating interest is measured according to the visible equity. In assessing whether Klaverblad has significant influence over the business and financial policies of a participating interest, all facts and circumstances and contractual relationships, including potential voting rights, are considered.

The net asset value is calculated on the basis of Klaverblad's accounting policies.

If Klaverblad transfers an asset or a liability to a participating interest that is measured according to the equity method, the gain or loss resulting from this transfer is recognised to the extent of the relative interests of third parties in the participating interest (proportionate determination of result). Any loss that results from the transfer of current assets or an impairment of fixed assets is fully recognised.

Results on transactions involving transfer of assets and liabilities between Klaverblad and its participating interests and mutually between participating interests are eliminated to the extent that these cannot be regarded as having been realised.

Unrealised profits on transactions with participating interests that are accounted for at net asset value are eliminated to the extent of Klaverblad's share in the participating interest. This elimination is allocated to the share of result from participating interests and the net asset value of the participating interest.

Klaverblad realises the eliminated result as a result of a sale to third parties, depreciation or impairment of the transferred assets recognised by the participating interest.

Participating interests with a negative net asset value are valued at nil. This measurement also covers any receivables provided to the participating interests that are, in substance, an extension of the net investment. In particular, this relates to loans for which settlement is neither planned nor likely to occur in the foreseeable future. A share in the profits of the participating interest in subsequent years will only be recognised if and to the extent that the cumulative unrecognised share of loss has been absorbed.

Impairments of fixed assets

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

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

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

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

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

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

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

6.5 Profit appropriation

The Management Board proposes to pay-out a dividend to its shareholder Lifetri Groep of € 5,4 million and to add the remaining result of € 13,9 million to the other reserves within the shareholder's funds. The SB has approved this proposal.

6.6 Notes to the Balance Sheet

Specification fair value hierarchy

<i>in thousands of euros</i>	Level 1	Level 2	Level 3	Total
Bonds	1.125.669	583.901	-	1.709.570
Mortgage loans	-	120.162	-	120.162
Investment funds	60.602	-	-	60.602
At 31 December 2020	1.186.271	704.063	-	1.890.334

Investments:

Cash and cash equivalents (1.)

For an amount of € 155,8 million (2019: nil) cash and cash equivalents are not freely available. This amount is used as collateral for open mortgage proposals in our investment portfolio.

Bonds (2.)

<i>in thousands of euros</i>	2020	2019
At 1 January	1.030.966	811.904
Purchases	1.201.299	121.379
Disposals	-728.390	-66.698
Redemption	-18.128	-
Amortisation or growth of bonds	-1.007	6.467
Fair value changes through profit or loss	224.830	157.914
At 31 December	1.709.570	1.030.966

Cost of Bonds ultimo 2020 amounts to € 1.531,0 million (2019: € 847,6 million).

Bonds by credit rating

<i>in thousands of euros</i>	2020
AAA	282.390
AA	1.250.155
A	30.074
BBB	27.310
None	119.640
At 31 December	1.709.570

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Mortgages (3.)

<i>in thousands of euros</i>	2020	2019
At 1 January	-	-
Purchases	129.074	-
Redemption	-11.746	-
Fair value changes through profit or loss	2.834	-
At 31 December	120.162	-

Cost of Mortgages amounts to € 126,4 (2019: nil).

Investment funds (4.)

Investment funds

<i>in thousands of euros</i>	2020	2019
At 1 January	-	-
Purchases	58.388	-
Disposals	-	-
Redemption	-	-
Fair value changes through profit or loss	2.214	-
At 31 December	60.602	-

Cost of investment funds ultimo 2020 amounts to € 58,4 million (2019: nil). The investment relates to a quoted corporate bonds fund. The fund's bond portfolio exists of euro corporate bonds at investment-grade with a wide sector-spread.

Derivatives (5.)

Derivatives

<i>in thousands of euros</i>	2020	2019
At 1 January	-	-
Purchases	67.108	-
Disposals	-66.122	-
Fair value changes through profit or loss	-986	-
At 31 December	-	-

Acquired derivatives were included in the received payment to insure pension benefits for participants in a single premium transaction. These derivatives have been unwound as soon as the financial markets offered liquidity.

Short-term receivables:

Other receivables (6.)

Other receivables

<i>in thousands of euros</i>	2020	2019
Non-insurance receivables	18.853	-
Other	-	1
Total Short term receivables	18.853	1

Shareholder's funds (7.)

<i>in thousands of euros</i>	Share capital	Share premium	Revaluation reserve	Other reserve	Result before appropriation	Total
At 1 januari 2019	9.080	107.962	-	118.462	17.558	253.062
Result current year	-	-	-	-	59.373	59.373
Result last year	-	-	-	17.558	-17.558	-
Contribution	-	-	-	1	-	1
Change reserves required by law	-	-	28.632	-28.632	-	-
At 31 December 2019	9.080	107.962	28.632	107.389	59.373	312.436

<i>in thousands of euros</i>	Share capital	Share premium	Revaluation reserve	Other reserve	Result before appropriation	Total
At 1 January 2020	9.080	107.962	28.632	107.389	59.373	312.436
Result current year	-	-	-	-	-7.538	-7.538
Result last year	-	-	-	59.373	-59.373	-
Change reserves required by law	-	-	36.046	-36.046	-	-
At 31 December 2020	9.080	107.962	64.678	130.716	-7.538	304.899

The authorized capital of Company amounts to € 11.350.000 (2019: € 11.350.000), divided into shares of € 454. The total number of issued and paid up shares is € 9.080.000 (2019: € 9.080.000).

Net insurance liabilities (8.)

<i>in thousands of euros</i>	2020	2019
Insurance liability (for own risk)	1.750.487	705.303
Reinsurers' share	70.411	-
At 31 December	1.820.898	705.303

The reinsurance contract is a longevity reinsurance. The negative value of the reinsurance contract reflects the difference between the future reinsurance premiums and the reinsurance claims and includes the accrual for the fees Klaverblad has to pay.

<i>in thousands of euros</i>	2020	2019
At 1 January	705.303	555.725
Acquired business	783.985	40.740
Change in technical provisions	261.200	133.656
At 31 December	1.750.487	705.303

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Deferred tax (9.)

<i>in thousands of euros</i>	2020	2019
At 1 January	11.855	1.705
Revaluation of investments	64.408	10.150
Revaluation of technical provision at fair value	-65.825	
At 31 December	10.438	11.855

<i>in thousands of euros</i>	2020	2019
Deferred tax assets	88.168	27.182
Deferred tax liability	98.606	39.037
Total deferred tax	10.438	11.855

Short-term liabilities

Policyholders (10.)

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

Other Liabilities (11.)

<i>in thousands of euros</i>	2020	2019
Due to customers	1.116	1.766
Creditors	5	672
Accruals for operational expenses	257	159
Tax and social security contributions	-	25
Interest bank accrual	32	-
At 31 December	1.410	2.622

All short-term liabilities have a duration less than one year.

6.8 Notes to the Income statement

The Income statement reflects the premiums, claims, operating expenses and net result of the Klaverblad Levensverzekering N.V. starting on 1 January 2020 and ending on 31 December 2020.

Net premiums earned (1.)

Net premiumsearned

<i>in thousands of euros</i>	2020	2019
Periodic premiums	62.633	64.389
Single premiums	836.286	-
Reinsurers' share	-6.115	-181
Total net premiumsearned	892.804	64.208

In July 2020 a single premium of € 836,3 million was received to insure pension benefits for a collective of participants. The pension benefits provided are based on the available premium at the policy's entry date. For the insured pension benefits Klaverblad entered into a reinsurance contract, which covers 85% of longevity risk. The reinsurance premium for July until December 2020 is € 6,0 million.

Unrealised gains and losses on investments (2.)

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Unrealised gains and losses on investments

<i>in thousands of euros</i>	2020	2019
Unrealised result on bonds	227.774	157.456
Total unrealised gains and losses on investments	227.774	157.456

Claims and Benefits paid (3.)

Claims and benefits paid

<i>in thousands of euros</i>	2020	2019
Mortality claims	-19.709	-17.392
Pension claims	-7.298	-969
Reinsurers' share	5.953	286
Total claims and benefits paid	-21.055	-18.075

Pension claims included in the above amount up to € 7,3 million. The reinsurance share relates to 85% coverage of these pension claims.

Operating expenses (4.)

Operating expenses

<i>in thousands of euros</i>	2020	2019
External hires	8.616	-
Other staff expenses	-	-73
Recharges to group companies	1.898	-
Staff expenses	10.514	-73
Office expenses	833	2.883
Housing expenses	66	-
Marketing expenses	12	-
General and administrative expenses	888	-2
Recharges to group companies	-	-
Overhead expenses	1.798	2.881
Depreciation	19	-
Staff, overhead- and depreciation costs	12.332	2.808
Acquisition costs	1.591	2.463
Total expenses	13.922	5.271

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

Income tax (5.)

<i>in thousands of euros</i>	2020	2019
Deferred tax	3.220	10.150
Change in tax rate for deferred tax	-1.803	-
Current tax	-1.422	6.873
Total income tax	-5	17.023

During 2020 the income tax for current tax changed from 21.7% to 25%. Also, for the upcoming years the tax rate of 25% is expected and used to calculate the deferred tax.

Analysis of the result, including sources of income

<i>in thousands of euros</i>	2020
Own funds 1 Januari	312.436
Change UFR	-
Model Change	25.703
Unwind	955
Portfolio development	4.993
Operational Assumption	-473
Economic assumptions	5.440
Other	-44.155
Own funds 31 December	304.899

6.8 Contingent liabilities and commitments

Fiscal unity

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

Cash pool

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

Capital commitments

At 31 December 2020 Klaverblad is committed to provide funding for investments:

- For the private debt portfolio, the commitment for a capital contribution is € 60,0 million;
- For the mortgage loans portfolio, the capital contribution amounts up to € 5,0 million.

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Maarsse, 19 May 2021

Sgd.

Management Board

P.D.A. Wits, CEO

M.R.E. Harkema, CFRO

J.P.M. Rijken, CIO

R. Zomer, COO

Supervisory Board

J.H.D. van Hemsbergen, Chairman

N. Albert

H. Eggens

R. Singhal

signed version is available at the head office

7. Other Information

7.1 Appropriation result according to the Articles of Association

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

7.2 Independent auditor's report

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



Independent auditor's report

To: the General Meeting of Shareholders and the Supervisory Board of Klaverblad Levensverzekering N.V.

Report on the audit of the financial statements 2020 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 Klaverblad Levensverzekering N.V. as at 31 December 2020 and of its result 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 financial statements 2020 of Klaverblad Levensverzekering N.V. (the Company) based in Amsterdam.

The financial statements comprise:

- 1 the balance sheet as at 31 December 2020;
- 2 the following statements for 2020: the profit and loss account, the statement of comprehensive income and statement of cash flows; and
- 3 the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

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

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



Audit approach

Summary

Materiality

- Materiality of EUR 5.5 million
- 2% of shareholders' equity

Key audit matter

- Valuation of insurance contract liabilities
- Acquisition of SPANG

Opinion

Unqualified

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 5.5 million. The materiality is determined with reference to shareholders' equity (2%). We consider shareholders' equity as the most appropriate benchmark based on our assessment of the general needs of users of the financial statements of a life insurance company. We believe that shareholders' equity is a relevant metric for assessment of the financial performance of Klaverblad Levensverzekering N.V. 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 in excess of EUR 260,000 which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Our focus on the risk of fraud and non-compliance with laws and regulations

Our objectives

The objectives of our audit with respect to fraud and non-compliance with laws and regulations are:

With respect to fraud:

- to identify and assess the risks of material misstatement of the financial statement due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate audit responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.



With respect to non-compliance with laws and regulations:

- to identify and assess the risk of material misstatement of the financial statements due to non-compliance with laws and regulations; and
- to obtain a high (but not absolute) level of assurance that the financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error when considering the applicable legal and regulatory framework.

The primary responsibility for the prevention and detection of fraud and non-compliance with laws and regulations lies with the Management Board, with oversight by the Supervisory Board.

Our risk assessment

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated the fraud risk factors to consider whether those factors indicated a risk of material misstatement due to fraud.

In addition, we performed procedures to obtain an understanding of the legal and regulatory frameworks that are applicable to the Company and we inquired Management Board and the Supervisory Board as to whether the entity is in compliance with such laws and regulations and inspected correspondence, if any, with relevant licensing and regulatory authorities.

The potential effect of the identified laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements, including taxation and financial reporting and Solvency II. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statements items and therefore no additional audit response is necessary.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have an indirect material effect on amounts recognized or disclosures provided in the financial statements, or both, for instance through the imposition of fines or litigation.

We identified the following areas as those most likely to have such an indirect effect:

- Wet financieel toezicht (wft);
- Financial and economic crime (FEC) related regulation;

In accordance with the auditing standards we evaluated the fraud risk of management override of controls that is relevant to our audit.

We communicated the identified risks of fraud throughout our team and remained alert to any indications of fraud throughout the audit.

In all of our audit procedures, we addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that may represent a risk of material misstatement due to fraud.

We communicated our risk assessment and audit response to management and the Supervisory Board. Our audit procedures differ from a specific forensic fraud investigation, which investigation often has a more in-depth character.



Our response

We performed the following audit procedures (not limited) to respond to the assessed risks:

- evaluated the design and the implementation and, where considered appropriate, tested the operating effectiveness of internal controls that mitigate fraud risks. In case of internal control deficiencies, where we considered there would be opportunity for fraud, we performed supplemental detailed risk-based testing;
- 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;
- considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures;
- obtained audit evidence regarding compliance with the provisions of those laws and regulations generally recognised to have a direct effect on the determination of material amounts and disclosures in the financial statements;
- incorporated elements of unpredictability in our audit;
- performed detailed testing on other emoluments in relation to the Management Board.

We do note that our audit is based on the procedures described in line with applicable auditing standards. Our procedures to address identified risks of fraud and related to non-compliance with laws and regulations did not result in a key audit matter.

We do note that our audit is not primarily designed to detect fraud and non-compliance with laws and regulations and that management 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 errors or fraud, including compliance with laws and regulations.

The more distant non-compliance with indirect laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Our key audit matters

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

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

Valuation of insurance contract liabilities

Description

Klaverblad Levensverzekering N.V. has insurance contract liabilities of EUR 1,820 million representing 98% of its total liabilities. The valuation of the insurance contract liabilities involves judgement over uncertain future outcomes in the insurance contract liabilities as reported in the balance sheet and requires the application of significant management judgement in setting the assumptions related to expense overrun, risk margin and counterparty default adjustment.

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

Our response

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

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

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

- assessing the appropriateness of the data and verifying the accuracy and completeness of claim data used in the valuation and assumption setting;
- assessing the appropriateness of assumptions used in the valuation of insurance contract by reference to company and industry data and expectations of investment returns and expense developments;
- 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 2020.

Our observation

Overall, we found that management estimated the valuation of the insurance contract liabilities neutral. We also found the related disclosure to be adequate and refer to Note 8 of the financial statements.

Acquisition of SPANG

Description

On 1 July 2020 Klaverblad Life (“KBL”) acquired the closed book of Stichting Pensioenfonds Allianz Nederland Groep (“SPANG”).

We identified a risk of error related to valuation of the technical provision for SPANG, with particular reference to the inflation Index in the liability. The valuation involves judgement over uncertain future outcomes in the insurance contract liabilities as reported in the balance sheet and requires the application of significant management judgement in setting the assumptions. 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 design and implementation of internal controls around determining insurance contract liabilities as well as substantive audit procedures. Our focus was on the details of the transactions entered into between Klaverblad and SPANG with regards to both the insurance and subsequent buyout of the closed pension portfolio. 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 data used in the valuation and assumption setting;
- Our audit approach included testing both the design and implementation of internal controls around determining insurance contract liabilities as well as substantive audit procedures.
- Our focus was on the details of the transactions entered into between Klaverblad and SPANG with regards to both the insurance and subsequent buyout of the closed pension portfolio.
- 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 data used in the valuation and assumption setting;

Our observation

Overall we conclude that the method and assumptions used resulted in a balanced manner of valuation of the SPANG insurance contract liabilities. The disclosures of the insurance contract liabilities are in accordance with the requirements of Part 9 of Book 2 of the Dutch Civil Code.

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.

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.

Management of the Company 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 Board of Directors of Lifetri Groep B.V. as auditor of the Company, as of the audit for the year 2020 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 Management of the Company and the Supervisory Board for the financial statements

Management of the Company 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 of the Company 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.

As part of the preparation of the financial statements, the Management of the Company is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, Management of the Company should prepare the financial statements using the going concern basis of accounting unless Management of the Company either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Management of the Company 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 on the basis of 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 included in appendix I of this auditor's report. This description forms part of our auditor's report.

Utrecht, 19 May 2021

KPMG Accountants N.V.

A.J.H. Reijns RA

Appendix:

Description of our responsibilities for the audit of the financial statements



Appendix

Description of our responsibilities for the audit of the financial statements

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management of the Company;
- concluding on the appropriateness of Management of the Company's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.