

lifetri

LIFETRI GROEP BV

annual
report
2023

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1. About Lifetri

1.1 AT A GLANCE

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

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

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

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

1.2 MESSAGE FROM THE CEO

2023 was a turbulent year for Lifetri from different perspectives.

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

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

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

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

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

Philippe Wits,
Chief Executive Officer

1.3 COMPOSITION OF THE SUPERVISORY BOARD AND THE MANAGEMENT BOARD

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

Supervisory Board



P.J.C. Borgdorff, Chairman



A.S. Birrell



H. Eggens

Management Board



P.D.A. Wits, CEO



J.P.M. Rijken, CIO



R. Zomer, CFRO

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

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2. Strategy

2.1 MARKET ENVIRONMENT

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

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

Pension reform

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

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

2.2 BUSINESS STRATEGY

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

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

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

1. Patient shareholder

Focus and solid reputation

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

2. Proven and modern life and pension administration

No legacy and complete focus on guarantees

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

3. Flexible and bespoke solutions with clear conditions

Bespoke solutions together with our partners

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

4. Knowledgeable and experienced employees

People first and central to everything we do

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

2.3 PROGRESS ON STRATEGY

Strong progress on most important strategic objectives

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

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

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

1. Continued implementation of the strategic asset allocation mix

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

2. Partnering and innovation to accommodate needs of pension funds

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

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

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

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

"No legacy, everything in the cloud - We can fully focus on optimal customer service"

"In 2023 we have achieved important goals. We have completed the migration of our old systems to the new platform, made significant progress on a secure IT environment and we have fully moved to cloud technology.

This means that we no longer use outdated legacy systems and can adapt to new technologies very flexibly. At Lifetri, we now have the ICT to quickly respond to market conditions, but above all to serve our customers optimally.

We drew up a vision and strategy in 2020 and it was realized in 2023 - entirely according to plan. It is the first time in my career that I work in an organization without legacy systems, and I have been working in IT since I was 15.

Free from legacy, completely in the cloud and a secure IT environment, I am proud that we can say that.

With the same focus we will now further improve our customer service"

4. Development of staff and organization

Engagement

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

Current workforce

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

Education and training

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

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

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

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

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

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

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



2.4 SUSTAINABILITY

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

ESG Ambitions

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



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

1. Good employer

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

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

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

2. Client centricity

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

3. Sustainable future for current and future generations

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

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

Progress

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

1. Further integration of ESG in investment process

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

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

2. Identify current ESG screening ratio on assets

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

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

3. Identify current SFDR Classifications in investment portfolio

Additionally, as stated in the Responsible Investing policy, Lifetri prefers investing in SFDR Article 8 (or 9) strategies. By the end of 2023, 47% of the externally managed assets of Lifetri Verzekeringen met the criteria for SFDR 8 (or 9) classification and 49% for Lifetri Uitvaartverzekeringen. Given that Lifetri allocates a significant portion of its assets to private



markets, it acknowledges the challenge faced by asset managers in fully complying with SFDR requirements in these markets.

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

4. Reduce carbon footprint of Own Operations and investment portfolio

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

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

Preparing for CSRD Implementation and reporting

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

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



3. Business developments

3.1 KEY FIGURES

	2023	2022
Shareholder's funds	244,370	180,199
Eligible own funds	230,494	174,799
Solvency capital required (SCR)	124,437	120,057
Solvency II ratio	185%	146%
Net premiums earned	57,704	69,036
Net claims and benefits paid	33,518	33,161
Total operating expenses	26,456	28,022
Net result	-20,830	-79,567
Employees (FTE)	78	89

3.2 FINANCIAL DEVELOPMENTS

In 2023, the net result of Lifetri Groep improved to € -20.8 million, compared to € -79.6 million in 2022. The Solvency II ratio increased from 146% end of 2022 to 185% on 31 December 2023.

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

rate developments on the financial markets. The strong interest rate increases in 2023 therefore were again a determining factor in Lifetri's results.

The net loss in 2023 was mainly driven by the impact of rising interest rates on both assets and technical provisions. The sharp interest rate increases in the past 2 years, in combination with the gradually decreased UFR in the Solvency II discount curve and Lifetri's accomplishments in building up its strategic asset allocation, has led to a situation where the discrepancy between the Solvency II lens and the "economic" lens has become smaller. In the second half year of 2023 Lifetri has taken first steps to bring the interest rate hedge closer to the Solvency II Liabilities by shortening the duration of the assets. As a consequence the Solvency II ratio sensitivity will further reduce. Lifetri will continue its endeavours to reduce the Solvency II sensitivity. The ambition is to maximize the Solvency II interest rate sensitivity to 15% on a 50bps shock of the curve.

The volatility of the Solvency II ratio is translated in Lifetri's capital management policy and consequently in the capital steering levels. These steering levels include significant buffers on top of the Solvency II threshold of 100%, safeguarding that Lifetri always delivers on the promises towards policyholders and always has capacity to absorb rare and unlikely stress scenarios as required by Solvency II. Should the ratio however drop to levels below Lifetri's minimum zone of 135%, the norm solvency, Lifetri is pleased with the long-term commitment of its shareholder to support the Solvency II ratio. In 2023 the shareholder injected € 85 million in Lifetri because of the pressure on the Solvency II ratio following the sharp increases in interest rates.

Total operating expenses in 2023 have decreased from € 28.0 million in 2022 to € 26.5 million in 2023, especially due to lower project cost following completion in 2022 of multi-year projects. In 2022 both the migration of the Klaverblad portfolio to the Lifetri administration system and the implementation of a new back-end system for the pension business were finalized. In 2023 Lifetri finalized the migration programs with the transfer of the Nuvema policies to the target infrastructure, resulting in a modern, no legacy, IT landscape for all funeral and pension clients. Investment expenses are € 4.0 million higher than 2022 due to the further build up towards the strategic asset allocation, and increased use of derivatives.

Shareholder's funds increased from € 180.2 million to € 244.4 million as of year-end 2023, including capital injections amounting to € 85.0 million in 2023.

Lifetri's Solvency II ratio increased from 146% at the end of 2022 to 185% by the end of 2023. The negative impact following the spiked interest rates in 2023 was largely compensated by capital injections from the shareholder and capital generation. The regular annual update of non-economic assumptions had a relatively small negative impact on the ratio, especially due to a change in the assumption with respect to the loss-absorbing capacity of the deferred tax position.

3.3 ASSET MANAGEMENT

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

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

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

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

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

Please refer to paragraph 6.4 for a more detailed insight of the composition of Lifetri's investments.

3.4 CAPITAL MANAGEMENT

Lifetri's capital management aims to protect policyholders' rights, comply with regulatory requirements, and ensure that financial setbacks can be absorbed without endangering the continuity of the business and strategy. Therefore, Lifetri holds an additional buffer, apart from the technical reserves and the regulatory solvency capital requirement (SCR). The target solvency level is set at 160%, while the norm solvency level, our internal minimum level, is set at 135%. These levels have been affirmed in 2023.

Lifetri has very long dated liabilities and operates in an environment that is regulated by Solvency II. The Solvency II framework demands the use of certain parameters that deviate from the financial markets, most notably with respect to the interest rate curve that is used

to discount liabilities. As there are no observable interest rates for (very) long-term liabilities, the regulatory authorities prescribe the use of the so-called ultimate forward rate (UFR) in the interest rate curve. This means that discount rates beyond a certain point (the last liquid point) converge to this UFR. The last liquid point for Euro is set at 20 years. As a result, in the current situation that the UFR is higher than the market rate, the value of liabilities due in 20 years and beyond is lower than the value based on market rates. The UFR is part of the EIOPA Long-Term Guarantee measures that were aimed at reducing the effect of artificial volatility for long-term insurance products.

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

In its interest risk hedging policy, Lifetri chooses to:

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

In 2022 and 2023 interest rates unprecedentedly increased, putting pressure on Lifetri's Solvency II ratio. During the year the internal norm level was breached, requiring management to take actions. With capital injections of € 85 million, one of the first measures of the capital management policy, the capital position was strengthened to a ratio of 185% by the end of 2023. To reduce the dependency of future capital injections by our shareholder, management has decided to reduce the SII interest rate sensitivities to shifting assets closing to the SII own funds.

Lifetri does not have an appetite for inflation risk. The inflation guarantees in the pension liabilities are hedged on a cash flow basis with the derivatives. Based on Solvency II the liabilities are slightly overhedged. The inflation risk in the expense provisions is hedged with inflation linked bonds, where Lifetri considers the central banks to manage the inflation rates to a long-term objective of 2% over time.

Lifetri reinsures its longevity risk up to 85%.

3.5 OUTLOOK

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

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

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

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

Maarssen, 25 April 2024

Philippe Wits

Han Rijken

Rutger Zomer



4. Governance and risk

4.1 FOREWORD OF THE CHAIRMAN OF THE SUPERVISORY BOARD

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

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

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

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

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

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



Peter Borgdorff,

Chairman of the Supervisory Board

4.2 REPORT OF THE SUPERVISORY BOARD

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

Composition of the Supervisory Board

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

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

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

A.S. (Andrew) Birrell

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

H. (Henk) Eggens

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

Meetings of the Supervisory Board and its committees

In 2023, the SB held eleven meetings: five regular meetings and six ad-hoc meetings, which was used to discuss matters that required the attention of the SB in between regular meetings. The members of the MB are usually invited to attend the meetings, as well as such managers of the company for presenting topics to the SB.

The overall attendance rate of SB members at SB meetings during 2023 was more than 90%. The chairman of the SB has regular contact with the CEO outside meetings. The same applies to the chairman of the ARC with the CFRO.

Main topics discussed during the meetings were the governance of the company, the strategy and funding of the company, the budget and business plan, the financial performance including capital and interest rate management specifically in relation to the volatility of the solvency ratio, the main risks to which the company is exposed, the design and effectiveness of risk management and internal control systems, the investment plan, IT security risks, the development of business activities, including ESG progress, investments and pension buy-in / buy-out opportunities, as well as the competitive environment, the relationship with the external regulators, including the Dutch Central Bank (DNB) and the Dutch Authority for Financial Markets (AFM) and the performance and functioning of the SB and of the MB.

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

Performance of the SB and the MB

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

Audit and Risk committee and Nomination and Remuneration committee

The SB has established two committees: The Audit and Risk committee (ARC) and the Nomination and Remuneration committee (RemCo).

The following SB members are members of the Committees:

ARC:

Henk Eggens, Chairman

Andrew Birrell

RemCo:

Andrew Birrell, Chairman

Peter Borgdorff

The ARC met five times. The other SB members have a standing invitation to attend the ARC meetings. The CEO, the CFRO, the internal auditor and the external auditor are usually invited to the meetings, as well as such managers for presenting topics to the ARC. The Risk, Compliance and Actuarial function are regularly invited to attend and present to the ARC. The second and third line also met in private sessions with the ARC during the year to discuss any topics they wish to raise.

Main topics discussed in the ARC during 2023 were the annual financial statements 2023 and the related report from the external auditor, the external auditor’s plan for the year 2022, the quarterly performance reports, the Own Risk Solvency Assessment (ORSA), the Systematic Integrity Risk Analysis (SIRA), reports from the second line functions (i.e. risk, compliance and actuarial risk), reports from internal audit, including audit findings and the internal audit plan, as well as the relationship with the internal and external auditor and their independence.

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

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

Maarsse, 25 April 2024

Peter Borgdorff, Chairman

Andrew Birrell

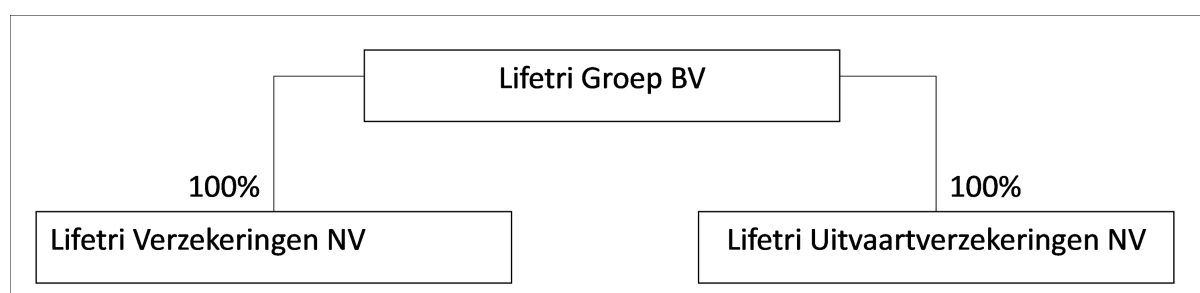
Henk Eggens

4.3 GOVERNANCE (INCLUDING REMUNERATION)

Group structure

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

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



Remuneration policy

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

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

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

4.4 RISK MANAGEMENT

Risks are inherent in daily business. Lifetri Groep applies risk management processes to keep the risk within acceptable levels. These levels are defined in Lifetri Groep’s risk appetite statements and limits.

Organisation

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



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

The business is responsible for:

- Identifying and managing risks and handling incidents which impact the risk profile.
- Applying the risk management framework.

- Executing and monitoring an effective administrative organization & internal controls (AO/IC).
- Complying to all applicable laws and regulations.

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

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

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

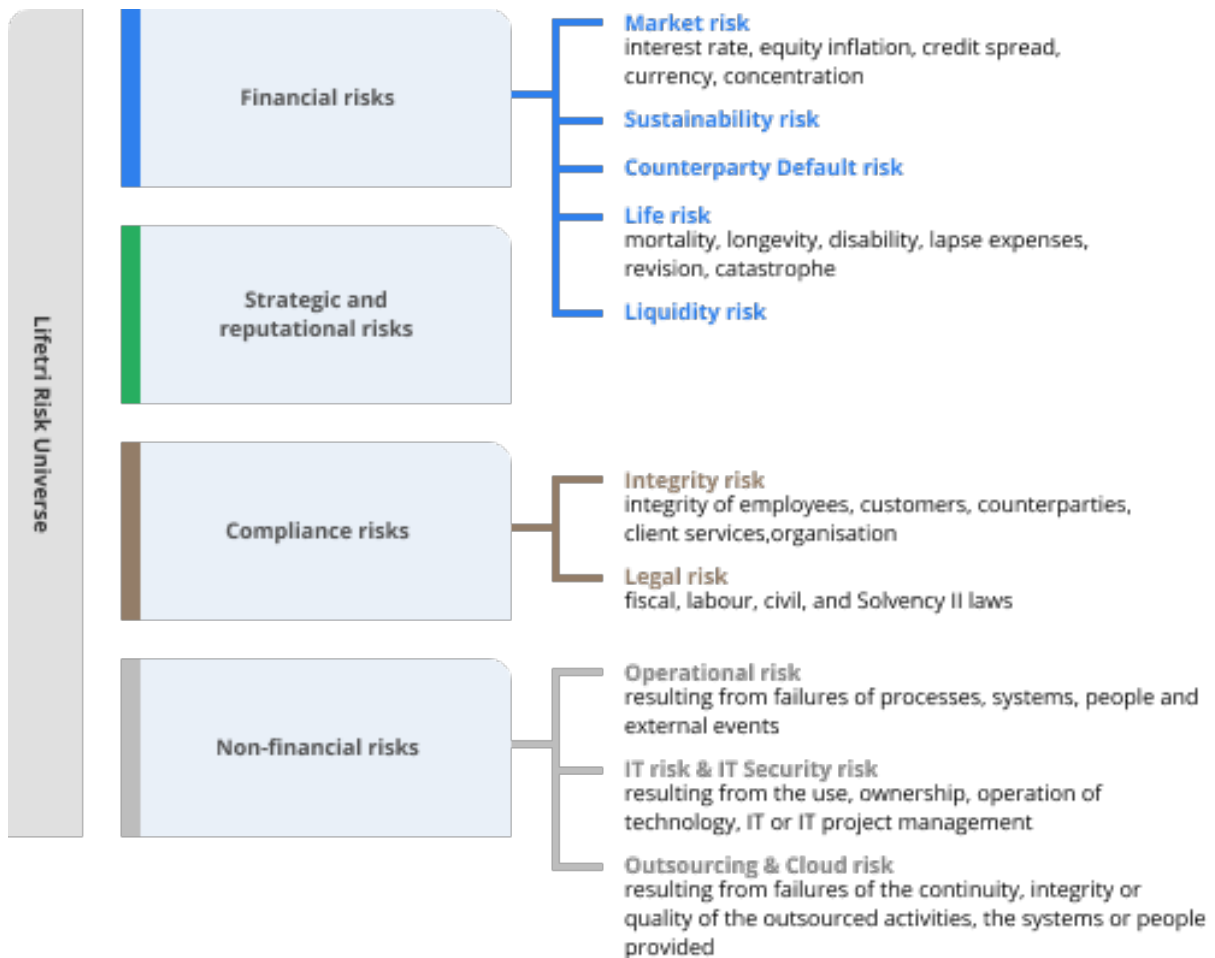
The Supervisory Board's duties, powers and working methods are regulated in the 'Supervisory Board charter'. The SB supervises the MB and its key functions and is informed at least annually or earlier if needed on the topics of risk management, laws and regulations and adherence thereof.

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

Lifetri risk universe

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

This risk universe is based, among other things, on relevant laws and regulations (e.g. Solvency II) and on Lifetri Groep's risk profile. Lifetri Groep's risk universe is divided in four major risk categories: strategic and reputational risks, financial risks, non-financial risks and compliance risks. The risk categories are divided in main risk types with detailed sub risks; see the figure below.



The financial risk types which Lifetri Groep uses are in line with the Solvency II regulation, and recognize that different types of investment instruments can result in more than one risk category. The financial risks follow the Solvency II categorisation of market risks (interest rate, credit spread, currency, concentration, property, liquidity and equity), counterparty default risk and actuarial life risks (mortality, longevity, disability, lapse, expenses, revision and catastrophe). In 2023, Lifetri extended the financial risks with sustainability risk.

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

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

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

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

Risk appetite statements and limits

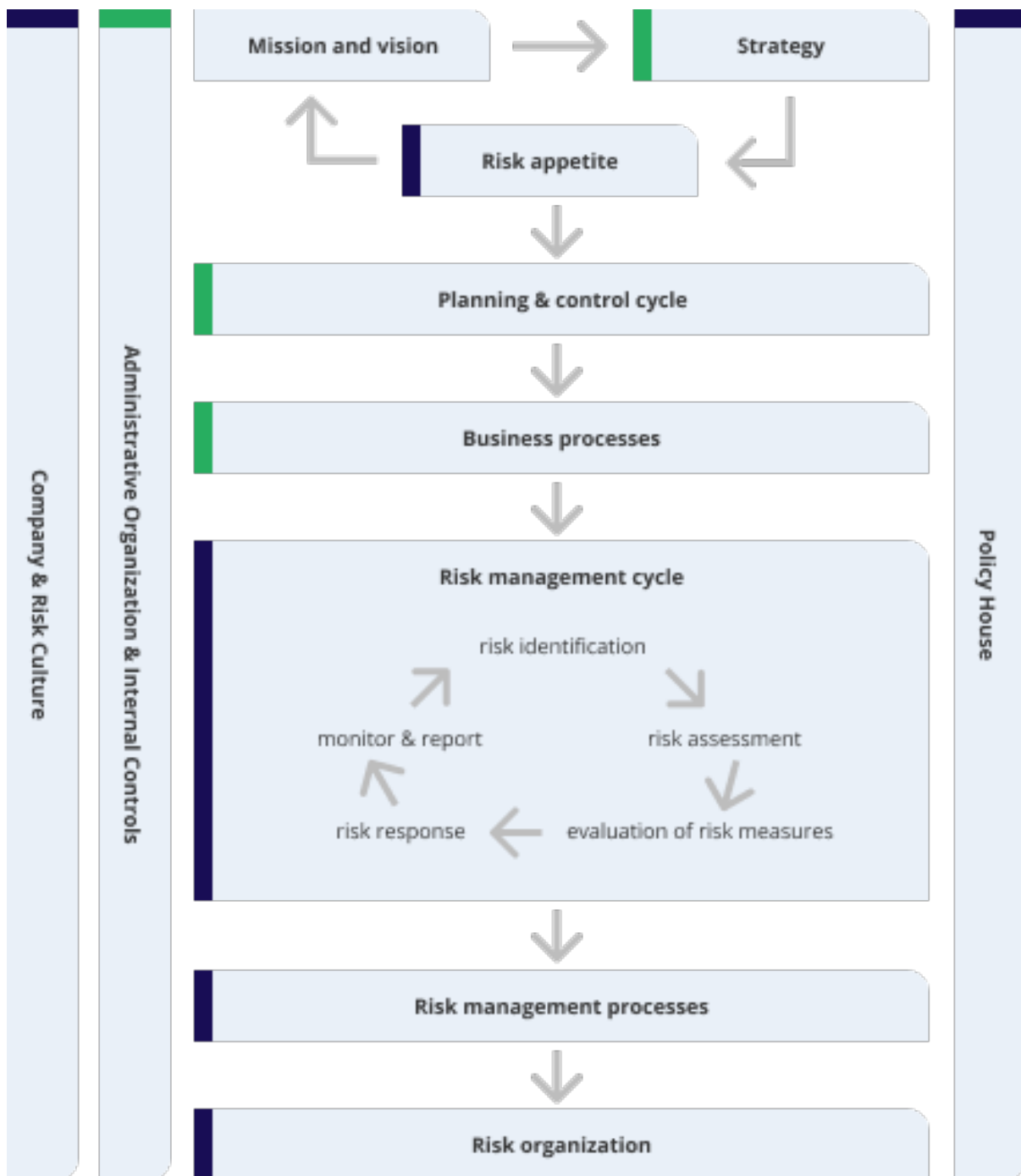
The risk appetite of Lifetri Groep is described in the risk appetite statements (RAS) which include qualitative statements as well as quantitative measures with respect to earnings, capital, risk measures, liquidity and relevant measures related to operational and IT risks. The risk appetite statements are reviewed annually to ensure their continuing relevance in providing guidance to the business. The risk appetite statements are established by the Management Board and approved by the Supervisory Board.

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

Risk Management Cycle

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

The risk management cycle below depicts the risk management process.



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

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

Annually, the MB updates the Strategic Risk Assessment, to analyse Lifetri's objectives, the risks that jeopardize these objectives and on actions to mitigate the residual risks (strategic or tactical). Risk management facilitates the SRA for the management board alongside the business

and financial planning process. It was assessed that the volatility of the solvency ratio due to the high market sensitivities was a concern. The MB has addressed this risk by significantly reducing the sensitivities to interest rates in 2023.

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

Reporting

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

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

First line reporting

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

Second line reporting

Reports by the 2nd lines of defence, i.e. Risk management, Compliance and the Actuarial Function, contain an independent 2nd line review on the 1st line. Risk Management and Compliance prepare the Risk Management & Compliance report on a quarterly basis. The Actuarial Function issues an annual Actuarial Function report.

Third line reporting

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

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

Operational set-up and risks

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

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

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

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

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

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

Solvency and Risk Appetite

The management of capital is governed by the Capital Management & Dividend Policy. The measure for adequacy of the capital position is the regulatory Solvency II ratio, defined as the ratio of eligible Own Funds (OF) divided by the Solvency Capital Requirement (SCR). The Capital Management & Dividend Policy is aimed at being able to capture financial setbacks without endangering the continuity of the business. Therefore, Lifetri Groep wishes its subsidiaries to hold an extra buffer in addition to the technical reserves and the regulatory solvency capital. The group's target solvency level is set at 160%, while the norm solvency level is set at 135%. The underpinning of the target and lower limits is provided in the Capital Management & Dividend Policy and re-assessed annually. Lifetri Groep applies the standard formula to calculate the regulatory capital requirements.

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

5. Consolidated financial statements

These consolidated financial statements comprise the financial statements of Lifetri Groep B.V. and its subsidiaries. The financial statements concern the period 1 January 2023 – 31 December 2023 and have been compiled in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines of the Dutch Accounting Standards Board. The notes starting on page 58 form an integral part of these financial statements. All amounts quoted in these financial statements are in euros and rounded to the nearest thousand, unless otherwise indicated. Calculations are made using unrounded figures. As a result rounding differences can occur.

5.1 CONSOLIDATED BALANCE SHEET

(Before appropriation of result)

Assets

	notes	31 December 2023	31 December 2022
Financial investments			
Bonds	1	534,544	467,359
Mortgages	2	429,121	530,458
Investment funds	3	560,625 ¹	476,669
Derivatives	4	27,153	-100,878
Total financial investments		1,551,443	1,373,610
Deferred tax	5	77,726	70,166
Short term receivables			
Policyholders and intermediaries	6	1,285	671
Tax and social security contributions		12,134	18,623
Other receivables	7	16,004	86,564
Total short term receivables		29,422	105,858
Other assets			
Equipment	8	169	281
Cash	9	275,082 ²	187,236
Total other assets		275,251	187,517
Total assets		1,933,842	1,737,150

1 Correction of error Money market funds reclassification from financial investments to Cash.

2 Correction of error reclassification collateral from Cash to Other receivables.

Overview of adjustments for comparison purposes, refer to paragraph 5.5 "Correction of error".

Liabilities

	notes	31 December 2023	31 December 2022
Group equity	10	244,370	180,199
Subordinated debt	11	78,637	78,475
Net insurance liabilities			
For own risk		1,494,723	1,407,797
Reinsurers' share		49,606	45,326
Total net insurance liabilities	12	1,544,329	1,453,123
Provisions			
Pension obligations	13	212	249
Total provisions		212	249
Long term liabilities	14	7,115	7,784
Short term liabilities			
Policyholders		1,884	2,881
Tax and social security contributions		308	12
Other liabilities		56,987	14,426
Total short term liabilities	15	59,180	17,320
Total liabilities		1,933,842	1,737,150

5.2 CONSOLIDATED INCOME STATEMENT

	notes	2023	2022
Technical account life insurance			
Insurance premiums earned			
Gross premiums		73,596	83,447
Outgoing reinsurance premiums		-15,892	-14,411
Net premiums earned	16	57,704	69,036
Investment income			
Other investment income	17	52,030	35,295
Realised gains on investments	21	735	62,497
Total investment income		52,765	97,792
Unrealised gains on investments	18	317,293	1,688
Claims and benefits paid			
Gross claims and benefits paid		-48,531	-46,737
Reinsurers' share claims		15,013	13,576
Net claims and benefits paid	19	-33,518	-33,161
Change in insurance liabilities			
Gross change in insurance liabilities		-87,037	607,904
Reinsurers share		-4,280	17,708
Net change in insurance liabilities		-91,317	625,612
Operating expenses			
Staff, overhead and depreciation costs		-25,583	-27,216
Commission costs intermediaries		-873	-801
Total operating expenses	20	-26,456	-28,017
Investment expense			
Interest expense	17	-9,411	-4,559
Investment management expenses		-13,387	-9,354
Realised losses on investments	21	-275,598	-117,972
Total investment expense		-298,395	-131,885
Unrealised losses on investments	18	-760	-712,749
Investment income attributable to non-technical account		8,797	-92,444
Result technical account life insurance		-13,887	-204,128
Non-technical account life insurance			
Result technical account life insurance		-13,887	-204,128
Investment income attributable from technical account		-8,797	92,444
Result before tax		-22,684	-111,685
Income tax	22	1,854	32,117
Net result		-20,830	-79,567

5.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2023	2022
Net result	-20,830	-79,567
Total amount recognised directly in equity	-	-
Total net result	-20,830	-79,567

No amounts are recognised directly through equity.

5.4 CONSOLIDATED CASH FLOW STATEMENT

	notes	2023	2022
Result for the year		-20,830	-79,567
Adjusted for:			
Change in insurance liabilities	12	86,926	-607,904
Change in reinsurance liability		4,280	-17,708
Depreciation assets	8	112	112
Fair value changes through profit or loss	18	-145,710	670,938
Changes in:			
Receivables	7	76,618	-55,769
Liabilities	15	46,003	-55,449
Long term liabilities	14	-670	-1,073
Deffered tax	5	-7,560	-14,020
Paid current tax		0	-42,751
Paid interest		-4,200	-2,094
Net cash flow from operational activities		34,970	-205,285
Cash flow from investing activities			
Investments and purchases			
Bonds	1	-133,320	-109,361
Mortgages	2	-22,238	-124,135
Investment funds	3	-265,912	-276,888
Derivatives	4	-39,438	-459,240
Disposals and redemptions			
Bonds	1	88,600	494,037
Mortgages	2	130,711	22,998
Investment funds	3	208,316	188,029
Derivatives	4	1,157	459,240
Net cash from investing activities		-32,123	194,680
Cash flow from financing activities			
Capital contribution	10	85,000	0
Subordinated debt		0	-1,450
Cash flow from financing activities		85,000	-1,450
Net increase/decrease in cash		87,847	-12,055
Cash beginning of period		187,236	199,290
Cash end of period	9	275,083	187,236

Comparative numbers for net Cash flow from operational activities, Net cash flow from investing activities and Cash opening and closing have been adjusted. Overview of adjustments for comparison purposes, see paragraph 5.5 Correction of error.

5.5 ACCOUNTING PRINCIPLES

Lifetri Groep B.V. (Lifetri Groep) with a statutory seat in Amsterdam, is a private limited liability company under Dutch law, Chamber of Commerce registration number 70148821. 100% of the shares of Lifetri Groep are held by ELG Holding Ltd (Cayman Islands).

Lifetri Groep is a holding company and the owner of its subsidiaries Lifetri Uitvaartverzekeringen NV and Lifetri Verzekeringen NV. The activities of Lifetri Groep consist of holding the shares and providing its subsidiaries with enough capital to be able to operate as envisaged. Lifetri Groep also functions as employer to staff for its underlying entities.

The main activities within the group consist of servicing life insurance policies in the Dutch market including pensions, term life and funeral.

General

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

An asset is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to Lifetri Groep and the asset has a cost price or value of which the amount can be measured reliably.

A liability is recognised in the balance sheet when it is expected that the settlement of an existing obligation will result in an outflow of resources embodying economic benefits and the amount necessary to settle this obligation can be measured reliably. Provisions are included in the liabilities of Lifetri Groep. Liabilities that are not recognised in the balance sheet are considered as off-balance sheet liabilities.

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

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

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

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

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

Functional currency

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

Going concern principle

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

Consolidation scope

The consolidated financial statements include the financial information of Lifetri Groep, its subsidiaries in the group, other group companies and other companies over which Lifetri Groep can exercise control or of which it conducts the central management. Subsidiaries are participating interests in which Lifetri Groep, or one or more of its subsidiaries, can exercise more than half of the voting rights in the general meeting, or can appoint or dismiss more than half of the managing directors or supervisory directors.

Group companies are participating interests in which Lifetri Groep has a majority interest, or in which it can exercise decisive influence (control) by other means. In assessing whether Lifetri Groep has control, potential voting rights are considered that can be exercised in such a way that they will provide Lifetri Groep with more or less influence.

Newly acquired participating interests are consolidated as from the date that decisive influence (control) can be exercised. Participating interests disposed of remain included in the consolidation until the date of loss of this influence.

Consolidation method

The consolidated financial statements are prepared by using uniform accounting policies for measurement and determination of result of the group.

In the consolidated financial statements, intragroup shareholdings, liabilities, receivables and transactions are eliminated. Also, the results on transactions between group companies are

eliminated to the extent that the results are not realised through transactions with third parties outside the group and no impairment loss is applicable. Subsidiaries are consolidated in full.

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 Lifetri Groep 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 Lifetri Groep's accounting policies.

If Lifetri Groep 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 Lifetri Groep 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 Lifetri Groep'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.

Lifetri Groep 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.

Correction of errors

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

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

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

Overview of balance sheet adjustments comparative figures for comparison purposes

	31 December 2022 as previously reported	Adjustment	31 December 2022 as restated
Financial investments	1,413,367	-39,757 ¹	1,373,610
Deferred tax	70,166	-	70,166
Short term receivables	24,854	81,004 ²	105,858
Other assets	228,763	-41,246	187,517
Total assets	1,737,150	0	1,737,150
Share premium	173,897	-	173,897
Revaluation reserve	114,602	-97,206 ³	17,396
Other reserves	-28,733	97,206	68,473
Result before appropriation	-79,567	-	-79,567
Group equity	180,199	-	180,199
Subordinated debt	78,475	-	78,475
Net insurance liabilities	1,453,123	-	1,453,123
Provisions	249	-	249
Long term Liabilities	7,784	-	7,784
Short term liabilities	17,320	-	17,320
Total liabilities	1,737,150	0	1,737,150

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

2 Correction of error reclassification collateral from Cash to Other receivables.

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

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

Leases

If Lifetri Groep acts as lessee in an operational lease, the leased property is not capitalised. Benefits received as an incentive to enter into an agreement are recognised as a reduction of rental expense over the lease term. Lease payments and benefits regarding operating leases are recognised to the profit and loss account on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the benefits from the use of the leased asset.

Pension obligations

Pension obligations are calculated as the discounted value of the expected yearly indexation budget for the former employees of Nuvema. The yearly indexation budget is equal to 3.2% of the salaries of the former employees of Nuvema. The calculation of the budget does take salary

development and lapse rates into account. The discounted value is calculated with the risk-free rate (swap-curve).

Longterm liabilities

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

Financial reporting period

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

Subsequent events

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

Use of estimates

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

Fair value hierarchy

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

Published prices in active markets (Level 1)

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

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

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

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

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

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

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

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

Equipment

Depreciation is recognised in the profit and loss account on a straight-line basis at 20% annually over the estimated useful lives of each item of the tangible fixed assets, considering any estimated residual value of the individual assets.

Offsetting financial investments

An financial investment is recognised in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the company and the instruments has a cost price or value of which the amount can be measured reliably. Financial investments that are not recognised in the balance sheet are considered as off-balance sheet items.

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

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

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

Bonds

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

revaluation reserve is recognised at an amount of the positive accumulated fair value changes less any provision for deferred tax.

Mortgages

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

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

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

For loans in arrears and default, an adjustment is made to the cash flows to reflect the higher probability of default and loss-given-default.

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

Investment funds

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

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

Changes in the fair value of investments are recorded in the income statement. In addition, for non-liquid investment funds a revaluation reserve is recognised within the shareholders'

funds. The revaluation reserve is recognised at an amount of the positive accumulated fair value changes less any provision for deferred tax.

Derivatives

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

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

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

Receivables and other financial instruments

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

Cash

Cash are directly available funds held in bank accounts, cash collateral and other short-term highly liquid investments. Cash are measured at nominal value. If cash are not readily available, this fact is considered in the measurement.

Shareholder's equity

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

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

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

Share premium

Amounts contributed by the shareholder of Lifetri Groep in excess of the nominal share capital, are accounted for as share premium. This also includes additional capital contributions

by existing shareholders without the issue of shares or issue of rights to acquire shares of Lifetri Groep.

Revaluation reserve

Fair value changes of financial assets are recognised in the income statement. For financial assets without frequent market quotations a revaluation reserve is recognised for the cumulative unrealised fair value changes reported in the income statement, after deduction of deferred tax.

The revaluation reserve is established for such assets with a corresponding charge against other reserves. The revaluation reserve is established per individual positive asset. If an asset is sold, any revaluation reserve pertaining to that asset is released and credited to other reserves.

Subordinated debt

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

Provisions

A provision is recognised if the following applies:

- Lifetri Groep has a legal or constructive obligation, arising from a past event;
- the amount can be estimated reliably; and
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

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

Lifetri Groep uses the following assumptions:

Best Estimate assumptions

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

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

Economic assumptions

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

- Reduction by 10bps (10bps) to account for credit risk adjustment;
- Extrapolation from year 20 (last liquid point) to the ultimate forward rate of 3.45% (3.45%) with convergence in year 60 using the Smith-Wilson extrapolation method; and
- Including the Volatility Adjustment of 20bps (19bps) as provided by EIOPA to the spot rates for the first 20 years.
- The applied long-term inflation rates are obtained from the Harmonised Index of Consumer Prices excluding Tobacco (HICPxT).

Operating assumptions

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

Mortality and longevity

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

Lapses and paid-ups

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

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

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

Expenses

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

The budgeted expenses are therefore split into a part necessary to manage the existing portfolio and a part necessary for acquisition expenses and processing of new business. Only the part

necessary for managing the existing portfolio is included in the expense provision. The expenses that Lifetri incurs can be split into five categories:

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

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

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

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

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

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

Inflation and indexation

Two types of inflation are distinguished in the models:

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

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

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

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

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

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

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

Profit sharing

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

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

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

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

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

Insurance liabilities

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

The Solvency II provision is the sum of:

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

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

aforementioned difference, being the impact on the provision with regard to the development of the UFR.

Reinsurance liabilities

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

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

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

Deferred taxes

Deferred tax assets and liabilities are measured at nominal value. Deferred taxes concern the tax claim that rests on all qualifying differences between commercial valuations and valuations for tax purposes of assets and liabilities multiplied by the current company tax rate of 25.8%, as well as the amount for which the reserves permitted for tax purposes have been created. A deferred tax asset is only recognised in so far as it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available to offset the temporary difference can be utilised. The provisions are created in relation to a lower valuation for tax purposes of equities, bonds, loans and immovable property.

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

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

Short-term liabilities

The short-term liabilities have an expected term of a maximum of one year. The carrying values of the current liabilities approximate their respective fair values, given the short maturities of the positions. The liability recognised for cash collateral received on repurchase agreements is presented under short-term liabilities. As per 31 December 2023 the repurchase facility hasn't been used.

Contingent liabilities and legal proceedings

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

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

Insurance premiums earned for own account

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

Investment income

This includes the proceeds realised on investments such as bonds.

Unrealised gain or loss on investments

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

Claims and benefits paid

The benefit payments own account consists of the total liabilities arising from the payment of pensions and funeral policies minus the amounts to be received from the re-insurers.

Change in insurance liabilities

The change in insurance liabilities is equal to the difference between the opening balance and the final balance of the insurance liabilities including re-insurers' share. This item therefore includes all the effects of financial transactions, adjustments to economic actuarial principles and deviations between actual and the previously applied assumptions.

Operating expenses

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

Cost allocation

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

Result technical account life insurance

Part of the income from investments is allocated to the technical result; its realised return percentage on the investments is calculated on the average balance of the technical provision.

When determining the allocated return on investments, the interest income from cash are included.

Income tax

Corporate income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Corporate income tax is calculated on the result in accordance with the profit and loss account at a tax rate of 25.8%, with due consideration to the tax facilities. Lifetri Groep is at the head of a fiscal unity which also includes Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen.

Credit facility

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

Cashflow statement

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

Related parties

All legal entities, natural persons and other related companies that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities, natural persons and other related companies that can control Lifetri Groep are considered to be a related party. In addition, statutory directors, other key management of Lifetri Groep or the ultimate parent company and close relatives are regarded as related parties.

Transactions with related parties are disclosed in the notes as far as they are not transacted under normal market conditions. The nature, extent and other information are disclosed if this is necessary in order to provide a true and fair view.

5.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Financial investments

During the normal course of business, Lifetri Groep uses various financial instruments that expose it to market, currency, interest, cash flow, credit and liquidity risks. To control these

risks, Lifetri Groep has instituted a policy including a code of conduct and procedures that are intended to limit the risks of unpredictable adverse developments in the financial markets and thus for the financial performance of Lifetri Groep.

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

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

Financial investments are categorised according to the following fair value hierarchy.

Specification fair value hierarchy

	Level 1	Level 2	Level 3	Total
Bonds	479,783	54,762	-	534,544
Mortgage loans	-	429,121	-	429,121
Investment funds	-	299,308	261,317	560,625
Derivatives	-	27,153	-	27,153
At 31 December 2023	479,783	810,343	261,317	1,551,443

	Level 1	Level 2	Level 3	Total
Bonds	427,423	39,937	-	467,359
Mortgage loans	-	530,459	-	530,459
Investment funds	79,235	271,692	125,743	476,669
Derivatives	-	-100,878	-	-100,878
At 31 December 2022	506,658	741,209	125,743	1,373,610

1. Bonds

	2023	2022
At 1 January	467,358	1,250,481
Purchases	133,320	109,361
Disposals	-88,600	-491,920
Movement of accrued interest	1,815	-2,117
Fair value changes through profit or loss	20,651	-398,447
At 31 December	534,544	467,358

Costprice of bonds at 31 December 2023 amounts € 724.0 million (2022: € 546.7 million).

Bonds by region

	31 December 2023	31 December 2022
Austria	36,402	89,888
Belgium	258,219	122,632
Germany	36,074	47,174
France	132,136	143,256
Italy	71,714	64,409
Total bonds	534,544	467,359

Bonds by credit rating

	31 December 2023	31 December 2022
AAA	-	-
AA	462,831	402,950
A	-	-
BBB	71,714	64,409
None	-	-
Total bonds	534,544	467,359

2. Mortgages

	2023	2022
At 1 January	530,459	566,357
Purchases	22,238	124,135
Redemption and sales	-130,711	-22,998
Fair value changes through profit or loss	7,135	-137,036
At 31 December	429,121	530,459

Costprice of mortgages at 31 December 2023 amounts to € 515.0 million (2022: € 652.6 million). There is currently no indication that a (constant) default rate must be applied for mortgages that are current.

3. Investment funds

	2023	2022
At 1 January	476,670	413,286
Purchases	265,912	276,888
Disposals	-208,316	-188,029
Fair value changes through profit or loss	26,359	-25,475
At 31 December	560,625	476,670

Investment funds by sub-asset class

	31 December 2023	31 December 2022
Corporate debt developed markets	306,890	216,977
Government & corporate debt emerging markets	-	79,235
Trade finance debt	98,767	90,542
Commercial real estate debt	95,717	68,220
Private equity	59,250	21,694
Total investment funds	560,625	476,669

Costprice of investment funds at 31 December 2023 amounts to € 527.7 million (2022: € 479.5 million). Lifetri does not consolidate these funds based on minority interest, contractual agreements, or funds that can be classified as held for sale investments. The exemption is applicable on investments in which Lifetri has a majority interest. Lifetri has no policy making influence on these investments.

4. Derivatives

	2023	2022
At 1 January	-100,877	9,504
Purchases	39,438	459,240
Disposals	-1,157	-459,240
Movement of accrued interest	-735	-45
Fair value changes through profit or loss	90,484	-110,336
At 31 December	27,153	-100,877

Costprice of derivatives at 31 December 2023 amounts € 37.8 million (2022: € 0 million). Based on the conditions of the interest linked swaps, the inflation linked swaps and the foreign exchange contracts the company is required to deposit collateral or receive collateral on the basis of fair value. Deposit collateral is disclosed in Note 7 Other receivables and received collateral is disclosed in Note 15 Short term liabilities.

Derivatives split in assets and liabilities

	31 December 2023	31 December 2022
Derivatives assets	73,940	130,342
Derivatives liabilities	-46,788	-231,220
Total derivatives	27,153	-100,877

Derivatives by type

	31 December 2023	31 December 2022
Interest linked swaps	-13,568	-111,525
Inflation linked swaps	-6,896	10,628
Swaptions	36,868	-
Warrants	9,505	-
Foreign exchange contracts	1,244	19
Total derivatives	27,153	-100,877

Derivatives by type in nominal

	31 December 2023	31 December 2022
Interest linked swaps	1,204,000	785,000
Inflation linked swaps	-450,470	-459,240
Swaptions	4,675,000	-
Warrants	500	-
Foreign exchange contracts	153,042	21,831
Total derivatives	5,582,072	347,591

Remaining term of the derivatives

	31 December 2023	31 December 2022
0-10 year	51,891	118,484
10-20 year	7,049	-50,945
20-30 year	-7,738	-25,987
30-40 year	-4,097	-81,029
40-50 year	-19,953	-61,400
Total derivatives	27,153	-100,878

5. Deferred tax

	2023	2022
At 1 January	70,166	56,145
Movement	7,560	14,020
At 31 December	77,726	70,166

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

6. Policyholders and intermediaries

The short-term receivables on policyholders and intermediaries of € 1.3 million (2022 € 0.6 million) relate to insurance premiums due. All receivables have an estimated maturity shorter than one year.

7. Other receivables

	31 December 2023	31 December 2022
Non-insurance receivables	1,558	598
Insurance receivables	20	3,551
Prepaid operating expense	390	570
Mortgage deposit	1,923	309
Tax reclaims	309	501
Collateral	11,739	81,004
Other	64	31
Total Short term receivables	16,004	86,563

All receivables have an estimated maturity shorter than one year. The non-insurance receivables relate to the custodian of mortgages. For an overview of adjustments for comparison purposes, see paragraph 5.5 "Correction of error".

8. Equipment

	2023	2022
At 1 January	281	393
Purchases	-	-
Depreciation	-112	-112
At 31 December	169	281

A 20% depreciation rate on the purchase value is applied for the calculation of the annual depreciation expenses. Equipment is related to the improvement of the rented office. The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

9. Cash

	31 December 2023	31 December 2022
Money market fund	173,754	39,757
Due from banks	98,601	145,356
Cash at mortgage manager	2,728	2,123
Due from banks within 3 months	-	-
At 31 December	275,082	187,236

For an amount of € 78.3 million (2022: € 135.7 million) cash and are not freely available. This amount is used as collateral for derivatives and open mortgage proposals in our investments portfolio. For overview of adjustments for comparison purposes, see paragraph 5.5 "Correction of error".

10. Group equity

	Share capital ¹	Share premium	Revaluation reserve	Other reserve	Result before appropriation	Total
At 1 January 2022	-	173,897	104,074	85,012	-103,216	259,767
Adjustment on revaluation reserve ²	-	-	-10,284	10,284	-	-
Adjusted value per 1 January 2022	-	173,897	93,790	95,296	-103,216	259,767
Result current year	-	-	-	-	-79,567	-79,567
Result prior year	-	-	-	-103,216	103,216	-
Share premium contribution	-	-	-	-	-	-
Transfer between equity classes	-	-	-76,395	76,395	-	-
At 31 December 2022	-	173,897	17,395	68,475	-79,567	180,199
At 1 January 2023	-	173,897	17,395	68,475	-79,567	180,199
Result current year	-	-	-	-	-20,830	-20,830
Result prior year	-	-	-	-79,567	79,567	-
Share premium contribution	-	85,000	-	-	-	85,000
Transfer between equity classes	-	-	15,264	-15,264	-	-
At 31 December 2023	-	258,897	32,659	-26,358	-20,830	244,370

1 Lifetri Groep B.V. issued one share with a nominal value € 0.01.

2 The adjustment on revaluation reserve relates to a release of restricted equity.

For an overview of adjustments for comparison purposes, see paragraph 5.5 "Correction of error".

11. Subordinated debt

The subordinated debt is valued at amortised cost. The nominal value of the subordinated debt is € 80.0 million similar as at 31 December 2022 and is listed on the Dublin Euronext stock exchange, Ireland. No covenant is applicable.

The bond is first callable after 5 years with a maturity date 1st of June 2032 at a fixed rate of 5.25% paid annually on 1 June. After the reset date at 1 June 2027 the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 5.304 per cent. The bond is considered Tier 2 capital for regulatory purposes.

12. Insurance liabilities

	2023	2022
Best estimate	1,399,043	1,311,485
Risk margin	95,680	96,312
Reinsurers' share	49,606	45,326
At 31 December	1,544,329	1,453,123

	2023	2022
At 1 January	1,453,123	2,078,735
Reinsurance	4,280	-17,708
UFR step down	-	33,182
Model change	-3,282	15,879
Unwind	72,101	14,247
New business	216	13,710
Existing business	-27,316	-11,327
Economic assumptions	42,784	-676,119
Non economic assumptions	2,826	-
other	-403	2,524
At 31 December	1,544,329	1,453,123

In the insurance contracts no other profit sharing, guarantees or other options are included other than the options stemming from the in-kind policies. The technical provision primarily has a long duration.

13. Pension obligations

The pension obligation is calculated as the discounted value of the expected yearly indexation budget for the former employees of Nuvema. The yearly indexation budget is equal to 3.2% of the salaries of the former employees of Nuvema.

	2023	2022
At 1 January	249	405
Indexation	8	13
Withdrawals	-45	-169
At 31 December	212	249

14. Long-term liabilities

	2023	2022
At 1 January	7,784	8,857
Interest increase through P&L	268	-9
Deposit payments	-937	-1,064
At 31 December	7,115	7,784

Funeral deposits are annually increased with interest and have primarily a long duration.

15. Short term liabilities

	2023	2022
Policyholders	1,884	2,881
Tax and social contributions	307	12
Other liabilities		
Creditors	584	2,549
Accruals for operational expenses	2,614	3,936
Accruals for investments	50,120	5,486
Short term employee benefits	1,220	-
Interest accrual	2,450	2,456
Total Other liabilities	56,988	14,427
At 31 December	59,179	17,320

All short term liabilities have a duration of less than one year. For an amount of € 47.9 million the accruals of investments is related to collateral for derivatives, which is largely monthly settled.

16. Insurance premiums

	2023	2022
Periodic premiums	73,596	75,774
Single premiums	-	7,673
Reinsurers' share	-15,892	-14,411
Total net premiums earned	57,704	69,036

17. Other investment income and interest expense

Other investment income	52,030	35,295
Interest expense	-9,411	-4,559
Total other investment income and interest expense	42,620	30,735

	2023	2022
Interest from bonds	11,378	12,143
Interest from mortgages	12,362	11,521
Interest from cash	5,170	-352
Income investment funds	23,120	9,937
Interest on derivatives	-4,845	1,693
Interest on repos	-103	0
Interest on long term liabilities	-268	-8
Interest on subordinated debt	-4,194	-4,200
Total other investment income and interest expense	42,620	30,735

18. Unrealised gains and losses on investments

	2023	2022
Unrealised gains on investments	317,293	1,688
Unrealised losses on investments	-760	-712,749
Total unrealised gains and losses on investments	316,533	-711,061

	2023	2022
Bonds	151,698	-454,822
Mortgages	35,455	-139,586
Investment funds	37,995	-7,809
Derivatives	91,010	-110,532
Cash	375	76
Liabilities	-	1,612
Total unrealised gains and losses on investments	316,533	-711,061

19. Claims and benefits paid

	2023	2022
Gross claims and benefits paid	27,388	24,936
Pensions	21,143	21,801
Reinsurers share	-15,013	-13,576
Total claims and benefits paid	33,518	33,161

20. Operating expenses

	2023	2022
Salaries	8,645	7,727
Social expense	755	682
Pension expenses	1,316	1,002
Other	895	439
Total staff expenses	11,611	9,850
External hires, advice and procurement of services	7,031	9,075
Audit expenses	753	615
General and administrative expenses	857	2,606
Office expenses	335	344
ICT	4,310	4,212
Housing expenses	303	235
Marketing expenses	272	166
Depreciation	112	112
Staff-, overhead- and depreciation costs	13,972	17,365
Commission costs intermediaries	873	801
Total operating expenses	26,456	28,017

Audit fees

	KPMG Accountants N.V.	Total
2023		
Audit of the financial statements	678	678
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total 2023	678	678
2022		
Audit of the financial statements	417	417
Other audit engagements	-	-
Tax advisory services	-	-
Other non-audit services	-	-
Total 2022	417	417

The fees for the audit of the financial statements 2023 relate to the total fees for the audit of the financial statements 2023, irrespective of whether the activities have been performed during the financial year 2023. The amounts in the table above are exclusive of VAT.

21. Realised gains and losses on investments

	2023	2022
Realised gains on investments	735	62,497
Realised losses on investments	-275,598	-117,972
Total realised gains and losses on investments	-274,863	-55,475

	2023	2022
Bonds	-131,047	57,080
Investment funds	-11,636	-17,667
Mortgages	-28,320	-
Cash	-173	177
Derivatives	-103,687	-95,066
Total realised gains and losses on investments	-274,863	-55,475

22. Income tax

	2023	2022
Deferred tax	7,560	14,020
Current tax	-5,706	18,097
Total income tax	1,854	32,117

The effective income tax rate is 8.2%. The table below shows a reconciliation of the expected income tax expense with the actual income tax expense. The income tax charge on the result for the year comprises current and deferred tax.

	2023	2022
Result before tax	-22,684	-111,685
Current tax rate	25.8%	25.8%
Expected income tax expense	5,852	28,815
Effects of:		
Prior-year adjustments	-3,270 ¹	3,303
Other	-728	-
Total income tax	1,854	32,117

¹ The prior year adjustment of € -3.3 million is mainly the reversal of the prior-year adjustment in 2022.

Current tax is calculated taking into account items that are non-taxable or disallowed, using rates that have been enacted or substantively enacted by the reporting date and any adjustments to tax payable relating to previous years.

23. Contingent liabilities and legal proceedings

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

Contingent liabilities did not occur.

24. Off-balance sheet items

Capital commitments

At 31 December 2023 the subsidiaries of Lifetri Groep are committed to provide funding for investments: For the private debt portfolio, the commitment for a capital contribution is € 286.4 million (2022: € 339.1 million). For the mortgage loans portfolio, the capital contribution amounts up to € 21.9 million (2022: € 27.9 million).

Credit facility

At 31 December 2023 the amount of the credit facility amount to € 111.7 million. As per 31 December 2023 the credit facility was undrawn and fully available.

Lease commitments

	2023	2022
No later than 1 year	38	38
Later than one year and no later than 5 years	151	204
At 31 December	189	242

Office rental

	2023	2022
No later than 1 year	212	212
Later than one year and no later than 5 years	35	248
At 31 December	247	460

25. Related parties

Transactions with related parties have occurred at arm's length basis. Further information is available in the remuneration paragraph in chapter 6.4 note 7.

26. Subsequent events

The lowering of Ultimate Forward Rate (UFR) from 3.45% to 3.30% in 2024 would result in an estimated impact of 20%-points decrease of the Solvency II ratio. The Solvency II ratio of Lifetri does not include any contingent liability potentially arising from products sold, issued, or advised on by Lifetri in the past as the potential liability cannot be reliably quantified at this point.

Due to interest developments a capital contribution of € 20 million was made by the shareholder in February 2024.

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

27. Employee information

Average number of employees (FTE) during the year	2023	2022
Permanent staff	66	64
Temporary staff	12	25
Total	78	89

No staff was employed outside of the Netherlands.

5.7 RISK MANAGEMENT

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

Underwriting risk

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

- Mortality: Risk of loss resulting from higher-than-expected mortality rates, which results in earlier death claims.

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

The Solvency II required capital for the life underwriting risk is the highest of all risks. Lapse risk and expense risk are the highest risks with the life risks. The longevity risk is reduced due to the longevity reinsurance with Hannover Re. The expected future buy-outs will increase the longevity and expense risk. The additional longevity risk will be re-insured up to 85%. At the end of 2023, the SCR for life underwriting risk was € 104.3 million.

Market risk

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

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

Due to the investments in different asset classes as well as the changes in interest rates 2023 SCR market risk decreased from € 72.4 million to € 61.4 million.

Credit risk

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

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

The Solvency II required capital of counterparty default risk increased in 2023 from € 8.4 million to € 8.8 million.

Liquidity risk

Liquidity risk is comprised of:

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

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

Operational risk

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

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

At the end of 2023, the SCR operational risk was € 6.3 million (2022 € 5.9 million). Operational risks are managed from multiple perspectives, including culture, economic, regulatory and accounting.

Other material risks

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

Strategic risks

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

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

Sustainability risks

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

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

Compliance risks

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

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

- Integrity risk: The Integrity risk relates to the integrity of employees, customers, counter parties (including intermediaries), the financial services provided by Lifetri, and of the Lifetri organization.
 - Integrity of employees: The integrity of employees including temporary staff (contractors) deals with the question whether employees are fit and proper; and it focuses

on competences, remuneration, conflicts of interest, integrity sensitive jobs, fraud prevention and other integrity related issues.

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

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

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

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

Solvency II

On 31 December 2023, the Solvency II level of Lifetri was 185% (2022: 146%), which is above the internal target Solvency II level of 160%. The increase of the Solvency II ratio compared to 2022 was predominantly caused by four capital injections of € 85.0 million in total.

Given the specific composition of the balance sheet, Lifetri remains sensitive to interest movements albeit this has reduced from previous year. As of December 2023, a fall of interest rates by 0.5% would have a positive impact on the Lifetri Groep's Solvency II Ratio of 34% (2022: 48%), whereas an increase in rates by 0.5% would have a negative impact of 34% (2022: 37%).

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

Own funds and Solvency II requirement

	2023	2022
Shareholder's funds	244,370	180,199
Subordinated liability valuation difference	1,211	3,516
Excess asset over liabilities	245,581	183,715
Subordinated liabilities	77,005	73,738
Total own funds	322,586	257,453
Eligible own funds	230,494	174,799
- of which Tier 1 unrestricted	168,275	108,069
- of which Tier 1 restricted	-	-
- of which Tier 2	62,219	66,730
- of which Tier 3	-	-
Solvency capital requirements	124,437	120,057
Solvency II ratio	185%	146%

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

	2023		2022	
	AOF	EOF	AOF	EOF
Tier 1	168,275	168,275	108,069	108,069
Tier 2+3	154,310	62,219	149,384	66,730
Tier 2	77,005	62,219	73,738	66,730
Tier 3	77,305	-	75,646	-
Total own funds	322,586	230,494	257,453	174,799

Available own funds

	31 December 2023	31 December 2022
Share capital	258,897	173,897
Reconciliation reserve	-90,622	-65,828
Subordinated liabilities	77,005	73,738
Net deferred tax assets ¹	77,305	75,646
Available own funds	322,586	257,453

¹ The net deferred tax assets for calculating available own funds relates to SII valuation.

Solvency capital requirement

	31 December 2023	31 December 2022
Market risk	61,373	72,410
Counterparty risk	8,813	8,394
Life underwriting risk	104,295	104,007
Diversification	-37,908	-41,155
BSCR	136,573	143,656
Operational risk	6,294	5,902
LACDT	-18,430	-29,501
Total solvency capital requirement	124,437	120,057
Eligible own funds	230,494	174,799
Solvency II ratio	185%	146%
Minimum capital required ratio	416%	307%

For each entity EOF, scr and Solvency II ratio

	<i>Lifetri</i> <i>Verzekeringen</i>	<i>Lifetri</i> <i>Uitvaart-</i> <i>verzekeringen</i>	<i>Lifetri Groep</i>
Eligible own funds	166,127	56,515	230,494
Solvency capital requirement	94,407	34,957	124,437
Solvency II ratio	176%	162%	185%

Sensitivity on Solvency II ratio

2023

Shock	
Interest rate - parallel +50 bps	-34%
Interest rate - parallel -50 bps	+34%
Equity shock -10% relative shock	-3%
Government bonds +30 bps increase in spreads ¹	-30%
Mortgages +70 bps increase in spreads ¹	-19%
VA -1 bp	-3%

¹ Standalone shock, no offset in VA.

6. Company financial statements

6.1 BALANCE SHEET

(before appropriation of result)

1. Assets

	notes	31 December 2023	31 December 2022
Financial investments			
Investments in subsidiaries	1	247,382	183,212
Total financial investments		247,382	183,212
Loans Intragroup	2	78,300	78,300
Short term receivables			
Tax and social security contributions		12,134	18,623
Other receivables	3	454	570
Total short term receivables		12,588	19,193
Other assets			
Equipment		169	281
Cash		160	626
Total other assets		329	907
Total assets		338,599	281,612

2. Liabilities

	notes	31 December 2023	31 December 2022
Shareholder's funds			
Share capital		0	0
Share premium		258,897	173,897
Legal reserve for participating interest		32,660	17,395
Other reserve		-26,359	68,474
Result before appropriation		-20,830	-79,567
Total shareholder's funds	4	244,370	180,199
Subordinated liabilities	5	78,300	78,300
Provisions			
Pension obligation		212	249
Total provisions		212	249
Short term liabilities			
Group companies		8,612	16,296
Other liabilities		7,105	6,568
Total short term liabilities	6	15,717	22,864
Total liabilities		338,599	281,612

Overview of adjustments for comparison purposes, refer to paragraph 6.3 "Correction of error".

6.2 INCOME STATEMENT

	2023	2022
Result from subsidiaries	-20,829	-79,567
Interest income		
Interest income intra group	4,206	4,200
Interest expense subordinated	-4,206	-4,200
Total Interest income	0	0
Result before tax	-20,829	-79,567
Income tax	0	0
Net result	-20,829	-79,567

6.3 ACCOUNTING PRINCIPLES

General

The company financial statements are part of the 2023 statutory financial statements of Lifetri Groep. The financial information of Lifetri Groep is included in Lifetri Groep's consolidated financial statements. In so far as no further explanation is provided of items in the company balance sheet and the company profit and loss account, please refer to the notes to the consolidated balance sheet and profit and loss account.

Accounting principles

The principles for the valuation of assets and liabilities and the determination of the result are the same as those applied to the consolidated profit and loss account, with the exception of the following principles:

Correction of error

After the adoption of the 2022 financial statements. Material errors were identified with respect to the recognition of legal reserves for derivatives with available frequent market quotations. The impact on shareholders' equity and the net result is nil as per 31 December 2022. A complete overview of the impact on the financial position in the balance sheet can be specified as follows:

Overview of balance sheet adjustments comparative figures for comparison purposes

	31 December 2022 as previously reported	Adjustment	31 December 2022 as restated
Investments in subsidiaries	183,212	-	183,212
Loans Intragroup	78,300	-	78,300
Tax and social security contributions	18,623	-	18,623
Other receivables	570	-	570
Equipment	281	-	281
Cash	626	-	626
Total assets	281,612	-	281,612
Share capital	0	-	0
Share premium	173,897	-	173,897
Legal reserve for participating interest	114,602	-97,206 ¹	17,395
Other reserve	-28,732	97,206	68,475
Result before appropriation	-79,567	-	-79,567
Total shareholder's funds	180,200	-	180,200
Subordinated liabilities	78,300	-	78,300
Pension obligation	249	-	249
Tax and social security contributions	0	-	0
Group companies	16,296	-	16,296
Other liabilities	6,568	-	6,568
Total liabilities	281,612	-	281,612

1 Correction of error release from revaluation reserve to other reserves.

Investments in subsidiaries

Investments in subsidiaries are accounted for in the company financial statements according to the equity accounting method on the basis of net asset value. For details we refer to the accounting policy for financial fixed assets in the consolidated financial statements.

Intra group loan

This item concerns intragroup loans. The results on those loans involving the transfer of assets and liabilities between the group companies are eliminated to the extent that they can be considered as not realised. These loans are valued at nominal value less costs.

Share of result from subsidiaries

This item concerns Lifetri Groep's share of the profit or loss of these subsidiaries. Results on transactions involving the transfer of assets and liabilities between Lifetri Groep and its subsidiaries and mutually between subsidiaries themselves, are eliminated to the extent that they can be considered as not realised.

Corporate income tax

Lifetri Groep recognises the portion of corporate income tax that it would owe as an independent taxpayer.

Pension obligations

Pension obligations are calculated as the discounted value of the expected yearly indexation budget for the former employees of Nuvema. The yearly indexation budget is equal to 3.2% of the salaries of the former employees of Nuvema. The calculation of the budget does take salary development and lapse rates into account. The discounted value is calculated with the risk-free rate (swap-curve).

6.4 NOTES TO THE COMPANY FINANCIAL STATEMENTS

1. Investments in subsidiaries

	2023	2022
At 1 January	183,213	262,780
Capital contribution	85,000	-
Result from subsidiaries	-20,829	-79,567
At 31 December	247,383	183,213

Lifetri Groep is at the head of the group and has the following consolidated participating interests:

Lifetri Uitvaartverzekeringen N.V.	Maarssen	100%
Lifetri Verzekeringen N.V.	Maarssen	100%

2. Loans intragroup

The subordinated loan was downstreamed to the two insurance entities in 2021 with maturity date 1-6-2032 and an interest rate of 5,25%. € 62.6 million market value (€ 65.0 million nominal) to Lifetri Verzekeringen and € 14.4 million market value (€ 15.0 million nominal) to Lifetri Uitvaartverzekeringen.

3. Other receivables

	2023	2022
Deposit	64	63
Prepaid operating expenses	390	507
Total Short term receivables	454	570

4. Shareholder's funds

	Share capital	Share premium	Legal reserve for participating interest	Other reserves	Result before appropriation	Total
At 1 January 2022	-	173,897	104,074	85,011	-103,216	259,766
Adjustment on revaluation reserve ¹	-	-	-10,284	10,284	-	-
Adjusted value per 1 January 2022	-	173,897	93,790	95,295	-103,216	259,766
Result current year	-	-	-	-	-79,567	-79,567
Result last year	-	-	-	-103,216	103,216	-
Share premium contribution	-	-	-	-	-	-
Change reserves required by law	-	-	-76,395	76,395	-	-
At 31 December 2022	-	173,897	17,395	68,474	-79,567	180,199
At 1 January 2023	-	173,897	17,395	68,474	-79,567	180,200
Result current year	-	-	-	-	-20,829	-20,829
Result last year	-	-	-	-79,567	79,567	-
Share premium contribution	-	85,000 ²	-	-	-	85,000
Change reserves required by law	-	-	15,265	-15,265	-	-
At 31 December 2023	-	258,897	32,660	-26,358	-20,829	244,371

1 The adjustment on revaluation reserve relates to a release of restricted equity.

2 Due to current and expected interest developments the shareholder contributed with a capital injection of € 85.0 million.

Share capital

Lifetri Groep B.V. issued one share with a nominal value € 0.01.

Share premium

The share premium reserve, relates to capital contributions which have occurred since incorporation without issuing new shares.

Legal reserve for participating interest

The revaluation reserve pertains to consolidated participating interests that are measured at net asset value. The reserve is equal to the share in the results and direct changes in equity (both calculated on the basis of Lifetri Groep's accounting policies) of the participating interests since the first measurement at net asset value, less the distributions that Lifetri Groep has been entitled to since the first measurement at net asset value, and less distributions that Lifetri Groep may affect without restrictions. As to the latter share, this considers any profits that may not be distributable by participating interests that are Dutch limited companies based on the distribution tests to be performed by the management of those companies. The legal reserve is determined on an individual basis.

Other reserves

Appropriation of the result

The management board proposes to charge € -20.8 million to the other reserves within the shareholder's funds. The supervisory board has approved this proposal. The Shareholder's General Meeting has to decide on this proposal.

5. Subordinated debt

The subordinated debt is valued at nominal value less cost. The nominal value of the subordinated debt is € 80.0 million similar as at 31 December 2022 and is listed on the Dublin Euronext stock exchange, Ireland. No covenant is applicable.

The bond is first callable after 5 years with a maturity date 1st of June 2032 at a fixed rate of 5.25% paid annually on 1 June. After the reset date at 1 June 2027 the interest is calculated based on the 5 Year Mid Swap Rate plus a margin of 5.304 per cent. The bond is considered Tier 2 capital for regulatory purposes.

6. Short-term liabilities

	2023	2022
Group companies	8,612	16,296
Short term employee benefit	1,220	276
Tax and social contributions	309	127
Interest payable	2,450	2,456
Creditors	513	1,257
Accrued operational expenses	2,614	2,453
At 31 December	15,717	22,865

7. Remuneration

The MB remuneration for actual and former members of Management Board amount to € 2.0 million (2022: € 1.5 million). The MB remuneration consists of short-term employee benefits, post-employment benefits and termination benefits.

The SB remuneration is € 0.1 million (2022: € 0.1 million).

More information about the remuneration is available in chapter 4.3.

8. Fiscal unity

For income tax purposes Lifetri Groep is at the head of a fiscal unity which also includes Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen. As a result, Lifetri Groep is liable for the tax of the fiscal unity. Lifetri Groep has a current account relationship with entities part of the fiscal unity. Amounts for income tax recognised at balance sheet date have been settled in this current account and are included in Lifetri Groep's balance sheet.

9. Related parties

Transactions with related parties have occurred at arm's length basis. Further information is available in the remuneration paragraph. in chapter 4.3 Governance. Operational and

investment costs are allocated from Lifetri Group to Lifetri Uitvaartverzekeringen and Lifetri Verzekeringen.

10. Subsequent events

The lowering of Ultimate Forward Rate (UFR) from 3.45% to 3.30% in 2024 would result in an estimated impact of 28%-points decrease of the Solvency II ratio. The Solvency II ratio of Lifetri does not include any contingent liability potentially arising from products sold, issued, or advised on by Lifetri in the past as the potential liability cannot be reliably quantified at this point.

Due to interest developments and possible effect on Solvency II ratio a capital contribution of € 20 million was made by the shareholder in February 2024.

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

11. Employee information

Average number of employees (FTE) during the year	2023	2022
Permanent staff	66	64
Temporary staff	12	25
Total	78	89

No staff was employed outside of the Netherlands.

Maarsse, 25 April 2024

Management Board

P.D.A. Wits, CEO

J.P.M. Rijken, CIO

R. Zomer, CFRO

Supervisory Board

P.J.C. Borgdorff, Chairman

A.S. Birrell

H. Eggens

signed version is available at the head office

7. Other information

7.1 APPROPRIATION RESULT ACCORDING TO THE ARTICLES OF ASSOCIATION

According to Lifetri Groep'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 Lifetri Groep B.V.

Report on the audit of the financial statements 2023 included in the annual report

Our opinion

In our opinion the accompanying consolidated and parent financial statements give a true and fair view of the financial position of Lifetri Groep B.V. ("the company") as at 31 December 2023 and of its result and its cash flows for the year then ended, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

What we have audited

We have audited the 2023 financial statements of Lifetri Groep B.V. based in Amsterdam.

The financial statements comprise:

- 1 the consolidated and company balance sheet as at 31 December 2023;
- 2 the consolidated and company income statement, the consolidated statement of comprehensive income and the consolidated cash flow statement; and
- 3 the notes comprising material accounting policy information and other explanatory information.

Basis for our opinion

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

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

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

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

Audit approach

Summary

Materiality

- Materiality of EUR 4.8 million.
- Based on 2% of group equity.

Group audit

- Audit coverage of 100% of equity, total assets, revenues and profit before tax.

Risk of material misstatements related to Fraud & NOCLAR and Going concern

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

Key audit matters

- Valuation of insurance contract liabilities.
- Valuation of hard to value financial assets.
- Assessment of recoverability of deferred tax asset.

Materiality

Based on our professional judgement we determined the materiality for the financial statements as a whole at EUR 4.8 million (2022: EUR 4.9 million). The materiality is determined with reference to total equity and amounts to 2%. We changed from our consideration of total assets (2022) to group equity (2023) as the most appropriate benchmark based on usage and to align with materiality used for financial statements of financial institutions predominantly active in the life insurance business.

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

We agreed with the Supervisory Board that misstatements identified during our audit in excess of EUR 240,000 (2022: EUR 245,000) would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the group audit

Lifetri Groep B.V. is at the head of a group of components. The financial information of this group is included in the consolidated financial statements of Lifetri Groep B.V. The Group is structured with two subsidiaries: Lifetri Uitvaartverzekeringen N.V. and Lifetri Verzekeringen N.V. Because we are ultimately responsible for the audit opinion, we are responsible for directing, supervising and performing the group audit. In this respect, we have determined the nature and extent of the audit procedures to be carried out for the components.

Our group audit mainly focused on both components because they are individually financially significant due to their relative size within the Group and because we assigned a significant risk of material misstatement to one or more account balances of the components.

This resulted in a full scope audit for both components, in total covering 100% of core equity, 100% of total assets and 100% of revenues and 100% of profit before tax.

By performing the procedures mentioned above, together with additional procedures at Group level, we have been able to obtain sufficient and appropriate audit evidence about the company's financial information to provide an opinion about the financial statements.

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

In section 5.7 of the annual report, the Management Board describes its response and procedures in respect of the risk of fraud and non-compliance with laws and regulations.

As part of our audit, we have gained insights into the company and its business environment, and assessed the design and implementation and, where considered appropriate, tested the operating effectiveness of the company's risk management in relation to fraud and non-compliance. Our procedures included, among other things, assessing the company's code of conduct, whistleblowing procedures, anti-fraud policy and its procedures to investigate indications of possible fraud and non-compliance. Furthermore, we performed relevant inquiries with the Management Board, the Supervisory Board and other relevant functions, such as Internal Audit, Legal Counsel, Compliance and the Actuarial Function Holder and included correspondence with relevant supervisory authorities and regulators in our evaluation. We have also incorporated elements of unpredictability in our audit, such as: check of negative news search on Lifetri entities.

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

- Wet op het financieel toezicht (Wft) (including the European Solvency II directives);
- Data privacy regulation (GDPR).

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

— Management override of controls

Risk:

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

Responses:

- We evaluated the design and the implementation of internal controls that mitigate fraud and non-compliance risks, such as processes related to journal entries and estimates.
- We performed data analysis of high-risk journal entries and evaluated key estimates and judgements for bias by the company, including retrospective reviews of prior year's estimates.

- Where we identified instances of unexpected journal entries or other risks through our data analytics, we performed additional audit procedures to address each identified risk. These procedures also included testing of transactions back to source information.
- We incorporated elements of unpredictability in our audit, such as: check of negative news search on Lifetri entities.
- Considered the outcome of our other audit procedures and evaluated whether any findings or misstatements were indicative of fraud or non-compliance. If so, we re-evaluated our assessment of relevant risks and its resulting impact on our audit procedures.

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

— Revenue recognition

Risk:

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

Responses:

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

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

Audit response to going concern

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

- we considered whether the of Management Board's assessment of the going concern risks, including the scenarios in the Own Risk Solvency Assessment (ORSA) that was submitted to De Nederlandsche Bank N.V. (the Dutch Central Bank, DNB), includes all relevant information of which we are aware as a result of our audit, including the impact of other regulatory correspondence indicate a significant going concern risk; and
- we analysed the company's financial position and Solvency II ratio and compared it to the internal minimum capital requirement as set by the Management Board of current and the previous financial year in terms of indicators that could identify going concern risks;
- we considered whether the outcome of our audit procedures on the Solvency II capital position and disclosures, including the impact of the capital contributions of EUR 85.0 million provided by Sixth Street (being the principal shareholder of Lifetri), indicate a significant going concern risk;
- we evaluated whether the Management Board's assessment of going concern, including the Solvency II ratio, is adequately disclosed in the annual report.

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

Our key audit matters

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

Compared to last year the key audit matter with respect to the assessment of recoverability of deferred tax asset is now included.

1. Valuation of insurance contract liabilities

Description

Insurance and investment contract liabilities (in short: insurance liabilities) amount to EUR 1.544 million as at 31 December 2023 representing 80% of total liabilities. The valuation of the insurance liabilities involves limited management judgement as the valuation is based on contractual terms and conditions and locked-in assumptions. Management judgement is involved especially in setting the assumptions related to expenses, risk margin and counterparty default adjustment. Given the financial significance and the level of judgement required, we considered this a key audit matter.

Our response

Our audit approach included testing both the effectiveness of internal controls around determining insurance contract liabilities as well as substantive audit procedures. Our procedures over internal controls focused on controls around the adequacy of policyholder data, the governance and controls around assumption setting and the review procedures performed on the Best Estimate Liability (BEL) split in for own risk and reinsurers' share and the Risk Margin by the Actuarial Function Holder. In our audit we also considered the process around the internal validation and implementation of the models used to determine the valuation of the insurance contract liabilities.

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

- assessing the appropriateness of the data and verifying the accuracy and completeness of claim and policy data used in the valuation and assumption setting;
- assessing the appropriateness of assumptions used in the valuation of insurance contracts by reference to company and industry data and expectations of expense developments;
- analysis of developments in actuarial results and movements in reserve adequacy during the year and corroborative inquiries with management and the Actuarial Function Holder in that regard;
- evaluation of the robustness of management's substantiation that the insurance contract liabilities are adequate as at 31 December 2023;
- evaluation of the appropriateness of the disclosures in Note 12 of the consolidated financial statements, against the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Our observation

We consider the valuation of the insurance contract liabilities to be appropriate. We also found the related disclosure to be adequate and refer to Note 12 of the consolidated financial statements.

2. Valuation of hard to value financial assets

Description

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

Our response

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

- evaluated the processes and controls governing the valuation of investments;
- inspected the supporting valuation documents prepared by management's external valuation experts;
- KPMG valuation specialists assisted us in challenging the appropriateness of the models and methodologies used by management in calculating fair values of mortgages. We tested the source data used and assessed the appropriateness of critical valuation parameters. Our valuation specialists independently calculated whether the fair value for the mortgage portfolio as a whole as determined by management is within the acceptable fair value range; and
- evaluation of the appropriateness of the disclosures in Notes 1 to 4 of the consolidated financial statements, against the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Our observation

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

3. Assessment of recoverability of deferred tax assets

Description

As disclosed in Note 5 of the consolidated financial statements, as at 31 December 2023 the company recorded deferred tax assets of EUR 77.7 million relating to tax losses incurred and temporary differences. The assessment of the recoverability of these deferred tax assets is dependent on the generation of future taxable income. Significant judgment and estimation is required to assess the sufficiency of future taxable income to utilize the recognized deferred tax assets. The company uses projections of future taxable income in order to assess the probability that the deferred tax assets will be realized. Predicting future taxable income is dependent on assumptions and judgments regarding future market conditions, realisable investment spreads and expected costs. The company determined that the realization of these deferred tax assets is probable.

Given the high degree of judgment required in assessing the significant assumptions and judgments that are reflected in the projections of future taxable income, we considered this a key audit matter.

Our response

We assessed management's approach to the recoverability of deferred tax assets and performed the following procedures:

- obtained an understanding of the company's tax position per 31 December 2023 through inspecting the position paper prepared by the company and the correspondence with the tax authorities and recalculate and reconcile the actual tax position;
- review, with assistance of our actuarial specialists, the report and work performed by the Actuarial Function Holder to conclude on the accuracy of the fiscal values of the insurance contract liabilities on the balance sheet;
- review, with assistance of our actuarial specialists, the report and work performed by the Actuarial Function Holder to conclude on the accuracy and substantiation of the Loss Absorbing Capacity of Deferred Tax (LACDT) as part of the Solvency II calculations made;
- KPMG tax specialists assisted us and together we discussed the tax position with company's representative in charge of tax; and
- evaluation of the appropriateness of the disclosures in Note 5 of the consolidated financial statements, against the requirements of Part 9 of Book 2 of the Dutch Civil Code.

Our observation

The results of our testing were satisfactory and we considered recoverability of deferred tax assets to be appropriate. We also found the related disclosure to be adequate and refer to Note 5 of the financial statements.

Report on the other information included in the annual report

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

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

- is consistent with the financial statements and does not contain material misstatements; and
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code report and other information.

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

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

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

Report on other legal and regulatory requirements

Engagement

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

No prohibited non-audit services

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

Description of responsibilities regarding the financial statements

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

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

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

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

Our responsibilities for the audit of the financial statements

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

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

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

A further description of our responsibilities for the audit of the financial statements is located at the website of de 'Koninklijke Nederlandse Beroepsorganisatie van Accountants' (NBA, Royal Netherlands Institute of Chartered Accountants) at www.nba.nl/eng_oob_01. This description forms part of our auditor's report.

Utrecht, 25 April 2024

KPMG Accountants N.V.

A.R.B. de Bruin RA