DH REINSURANCE

Disclaimer:
This report is not audited. It is a translation of the audited annual report in Dutch, which is available on our website www.dehoopleven.nl

Annual report 2023

Custom-made term life insurance in case of pre-existing medical conditions

GENERAL INFORMATION

Supervisory Board
A.A. (Lex) Geerdes MA, president
S.A. (Sibylla) Bantema EMFC CA, vice president
Prof. Dr. M.M. (Marcel) Levi MD
M.R. (Martijn) Hoogeweegen MA PhD

Audit Committee
A.A. (Lex) Geerdes MA
S.A. (Sibylla) Bantema EMFC CA president
Prof. Dr. M.M. (Marcel) Levi MD
M.R. (Martijn) Hoogeweegen MA PhD

Management
G.Th. (Gilbert) Pluym AAG, managing director
S.N. (Seada) van den Herik MSc, director
H.J.M. (Henk-Jan) Osse MA CA, manager

Medical advisors
H.C. (Hans) Ablij, MA MD
A. (André) Gaasbeek MD
G. (Gijs) Willemsen MD

Auditor
KPMG Accountants N.V.

a unique reinsurer

DH Reinsurance is a reinsurer specialized in the (re)insurance of medically increased life risks. DH Reinsurance does this on the basis of its mission to give vulnerable people access to life insurance and thereby help them realize their dreams. We have been doing this for almost 120 years.
To this end, DH Reinsurance works together with regular insurers in the Netherlands and abroad. Our reinsurance capabilities allow insurers to accept almost all of their customers.

DH Reinsurance is a specialist – we specialize in estimating medically increased life risks and their insurability. We treat each customer individually in order to provide a personal and fair insurance offer. We strive to be able to make a suitable offer to everyone, taking into account current medical developments and adjusting our rates accordingly. Our customers can count on us for that.

DH Reinsurance focuses on the individual life insurance market, in particular on the term life insurance segment. We do this in the Netherlands, Belgium, Germany, United Kingdom and Ireland and on the islands of Curaçao, Aruba and Sint Maarten. We are actively working on further expanding our services in other European countries.

In this annual report we present the financial position and results of DH Reinsurance for the 2023 financial year. We thank customers, employees, shareholders and suppliers for the trust you place in us; this strengthens our efforts to continue to make insurability of vulnerable groups possible and affordable in the future!

DH
REINSURANCE

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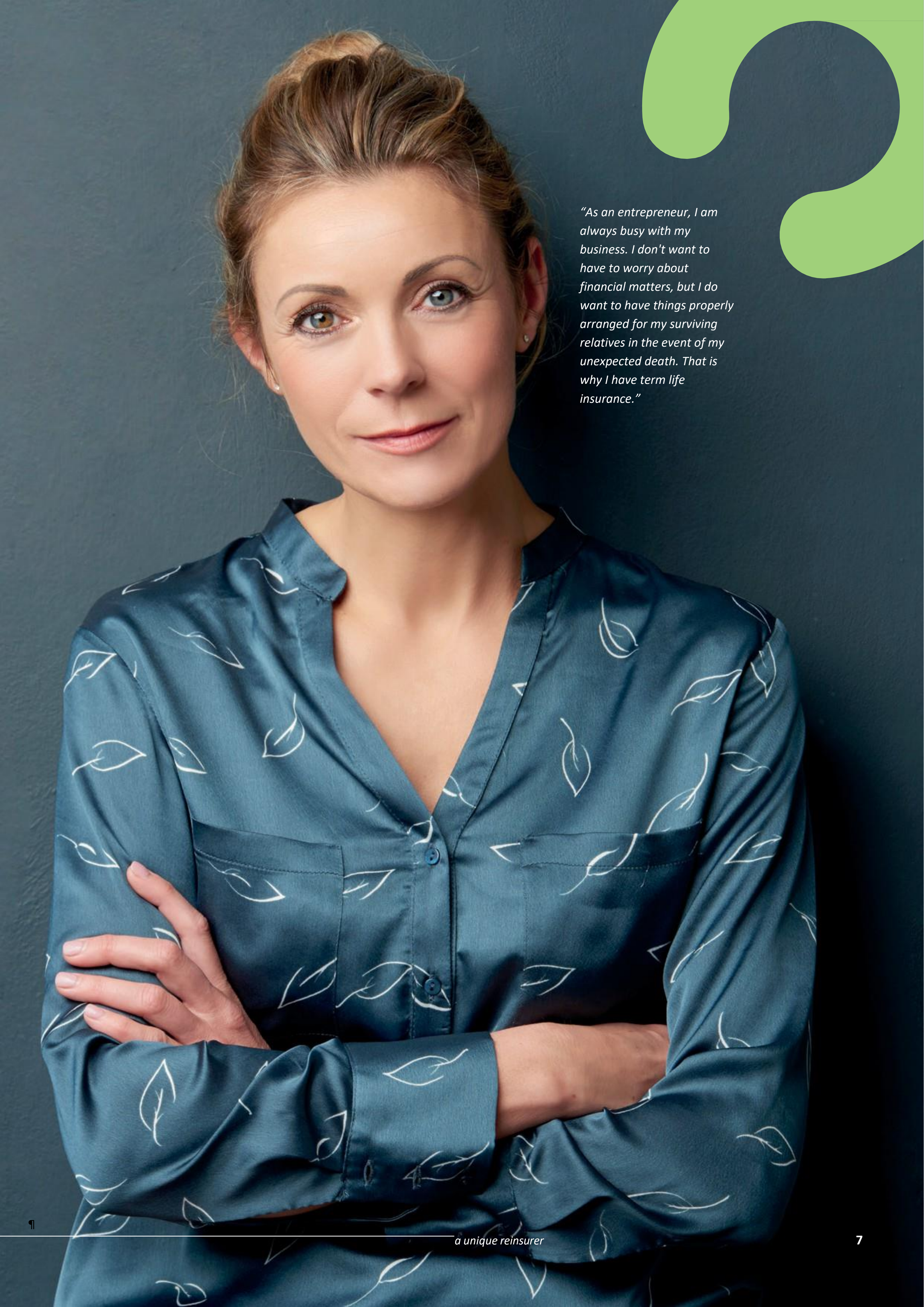
KEY FIGURES
(amounts x € 1,000)

	2023	2022	2021	2020	2019
Gross regular premiums	6,204	6,135	5,970	5,267	5,231
Gross lump sum premiums	14	23	31	65	33
Total gross premiums	6,218	6,158	6,001	5,332	5,264
Gross capital production	139,623	190,834	242,558	175,212	110,111
Net capital production	54,185	105,431	154,019	99,266	40,750
Gross insured amount	1,169,752	1,115,567	1,010,136	856,177	756,911
Technical provision e.r.	22,680	23,788	24,711	32,226	28,287
Investment balance sheet value at year-end	86,651	82,142	90,896	86,897	90,479
Solvency capital requirement (SCR)	24,794	21,157	31,002	24,033	24,838
Eligible Own Funds (EOF)	64,154	62,213	66,658	53,590	59,986
Solvency II ratio	259%	294%	215%	223%	242%
Balance sheet total	93,210	90,516	101,247	97,435	101,156
Premium turnover	6,218	6,158	6,001	5,332	5,264
Income from investments	2,905	6,791	5,282	4,252	3,904
Total turnover	9,123	12,949	11,283	9,584	9,168
Acquisition costs	560	478	462	408	428
Management and personnel costs	2,422	2,159	1,791	1,953	1,983
Reinsurance commission	-225	-189	-148	-23	-26
Operating costs total	2,757	2,448	2,105	2,338	2,385
Gross payments	4,202	4,291	11,083	4,983	3,960
Technical result	570	861	6,895	-4,622	-239
Net result	2,554	3,049	9,163	-2,889	2,695
Dividend	2,400	2,400	2,400	-	2,400
Payment out of Other reserves	-	-	-	2,400	-

All amounts in this report are multiples of € 1,000, unless explicitly stated otherwise.



“As an entrepreneur, I am always busy with my business. I don't want to have to worry about financial matters, but I do want to have things properly arranged for my surviving relatives in the event of my unexpected death. That is why I have term life insurance.”

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REPORT FROM THE SUPERVISORY BOARD

General
In 2023, the implementation of the long-term growth strategy was the main focus. Important steps have been taken in this regard with the announcement of DH Reinsurance customized term insurance track in the Netherlands and the new ceding insurers in Germany and the United Kingdom.

Annual accounts
The annual accounts have been drawn up by the Board of Directors, submitted to the Supervisory Board (SB) for approval and audited and provided with an unqualified opinion by KPMG Accountants N.V.

We discussed the annual accounts with the Management in the presence of the accountant and proposed that the General Meeting of Shareholders adopt them. We agree with the Management's proposal to pay out € 2.4 million as dividend and to add the remaining amount of € 154,000 to the Other Reserve.

We also propose that the General Meeting of Shareholders discharge the Management Board with regard to its management and to discharge the Supervisory Board with regard to its supervision.

Composition
The Supervisory Board's task is to supervise and provide advice on the policy pursued by the Management Board and also to supervise DH Reinsurance's strategy and the general course of affairs.

As a public interest organization (PIE), DH Reinsurance is obliged to have an audit committee according to the Dutch Decree establishing an audit committee (BIAC). DH Reinsurance has chosen to appoint the entire Supervisory Board as the audit committee and to carry out the tasks of the audit committee in the Supervisory Board.

DH Reinsurance has four supervisory directors, each with specific expertise and background. New supervisory directors are selected and nominated for appointment on the basis of a profile approved by the Supervisory Board.

All supervisory directors have taken the oath or affirmation for the financial sector as prescribed in the legal Regulation Financial Sector Oath or Affirmation 2015. Written statements have been drawn up to this effect.

As stated in the 2022 annual report, Supervisory Board member Erik Muetstege was not eligible for reappointment in 2023. At the General Meeting of 30 March 2023, Martijn Hoogeweegen was appointed as his successor. Mr Hoogeweegen has followed an extensive introduction program at DH Reinsurance.

Meetings
The Supervisory Board formally met four times during the year under review. The supervisory directors were present at all meetings. The external accountant was present twice, once in combination with the Actuarial Function Holder.

In the presence of the Management Board, discussions were held during the year under review, about the general, commercial and financial affairs, the implementation of the long-term growth strategy, the investments, the results and the 2022 annual report, market developments, the social function of DH Reinsurance and the remuneration policy and its implementation.
The reports from the actuarial function, risk management, internal audit and compliance were also discussed in the presence of the relevant key function holders.
The Own Risk and Solvency Assessment 2023 (ORSA) was discussed.
A periodic evaluation of a number of policy documents has also taken place. Where necessary, the revised policy documents have received the approval of the Supervisory Board.

The 2023 audit engagement confirmation, the audit plan and the report of the external accountant, as well as the report of the Actuarial Function Holder, were discussed in their presence.

In 2023, the Supervisory Board also paid attention to two special topics: the selection of a new external auditor and the transfer of the pension policies administered by Onderlinge 's-Gravenhage to Zwitserleven.

Due to reaching the maximum term, 2023 is the last year that the annual accounts audit has been carried out by KPMG Accountants N.V. After an extensive selection process, the Supervisory Board proposed to the General Meeting of Shareholders in 2023 to appoint Deloitte Accountants B.V. to be appointed for the annual accounts audit from 2024 to 2026.

Onderlinge 's-Gravenhage transferred its entire second pillar pension portfolio, including the pension policies of (former) employees of DH Reinsurance, to Zwitserleven in 2023. The Supervisory Board and Management of DH Reinsurance have followed this process and assessed its impact on Management and employees.

The Supervisory Board also had several consultations without the Management Board being present. Furthermore, the Supervisory Board spoke with the external auditor without the presence of the Management Board.
A delegation from the Supervisory Board also held consultations with key officials without the presence of the Management Board.
In 2023, the Supervisory Board once again evaluated its own performance. The Management of DH Reinsurance has also provided input in this process. The results of this self-evaluation have been discussed within the Council and conclusions and recommendations have been formulated.
In 2023/2024, all commissioners will follow the permanent education program provided by Nyenrode University in collaboration with the Dutch Association of Insurers.

Acknowledgements
The Supervisory Board expresses its gratitude to the employees and the Management of DH Reinsurance for their efforts and for the results achieved in the past year.

The Hague, April 4, 2024

Commissioners
Lex Geerdes, president
Marcel Levi, vice president
Sibylla Bantema
Martijn Hoogeweegen

REPORT OF THE MANAGEMENT BOARD

In 2023, we took the first steps to offer certainty to more people with pre-existing medical conditions. In the Netherlands we launched De Hoop customized term insurance track (‘Maatwerkroute’). Insurers can draw the attention of people they reject for medical reasons to this new route. Achmea, Allianz, a.s.r., De Goudse Verzekeringen, Nationale Nederlanden and Scildon have already joined this initiative. We have found new distribution partners and insurers in Germany and the United Kingdom to be able to carry out our mission in those countries.
It is heart-warming to notice that various market parties want to support and help shape our initiatives to reach even more people.

Gilbert Pluym

INTRODUCTION

In 2023, the political and economic environment remained turbulent – worldwide, in Europe, but also closer to home in the Netherlands. Social dissatisfaction about this continued. Economically, inflation and interest rate increases continued for a long time. Share prices did rise based on optimism on the stock exchange about future economic developments. In these circumstances, it was nice for all colleagues at DH Reinsurance to be able to fulfil our mission together with existing and new partners.

The organization employs 9 employees (6.6 FTE) as of 31 December 2023 (2022: 8; 6.3 FTE). In addition to this small core organization, there are three specialized medical advisors with whom we can offer custom-made life insurance policies. In addition, approximately twenty people work for DH Reinsurance through all kinds of services, mainly from Onderlinge ’s-Gravenhage, with which we jointly carry out our mission. Our articles of association state that the company's shares should be held by Dutch life insurers. The shares are not freely tradable. There are three shareholders, namely Nationale-Nederlanden Levensverzekering Maatschappij N.V., AEGON Levensverzekering N.V. (part of ASR Nederland N.V. since mid-2023) and Onderlinge Levensverzekering-Maatschappij „’s-Gravenhage” U.A.

Mission

DH Reinsurance's mission is to provide financial security to people with pre-existing medical conditions. Since its founding in 1905, DH Reinsurance has emphasized the social responsibility of insurers and is committed to vulnerable target groups in society. DH Reinsurance aims to offer term life insurance to almost everyone. DH Reinsurance specializes in medically increased mortality risks that are difficult to insure and offers insurers the opportunity to reinsure these. This means that every insurer can pursue a socially responsible acceptance policy and people with a medical condition can also take out a good life insurance policy.

Core activity

DH Reinsurance focuses on the individual life insurance market and especially on the term life insurance segment with an increased medical risk in the Netherlands, Belgium, Germany, United Kingdom and Ireland, and on the islands of Curaçao, Aruba and Sint Maarten.

Developments in 2023

In commercial terms, as expected, there were fewer new applications and policies in 2023 than in 2022 due to economic developments. The new collaborations in Germany and the United Kingdom only started in the fourth quarter of 2023 and therefore only contributed to a limited extent to new production in the past year.

After a thorough analysis in 2021 about how we could better fulfil our mission, the conclusion was that a different design is desirable in the Netherlands and a comparable offer is often lacking abroad. Based on this analysis, we started two strategic projects in 2022.

In The Netherlands we were able to announce the launch of De Hoop Maatwerkroute at the end of 2023. With this we want to give people with an medically increased mortality risk earlier and better access to the options that DH Reinsurance can offer. Insurers can refer people with a (complex) medical condition that they dont ‘make an offer, to the De Hoop customized term insurance track in the course of 2024 and thus make a positive contribution to the insurability of this vulnerable target group. Achmea, Allianz, a.s.r., Nationale Nederlanden, De Goudse Verzekeringen and Scildon have already joined this initiative.

In terms of possible expansions abroad, we have chosen to first investigate options with interested market parties in Germany to come up with an offer for people with an increased mortality risk. From the fourth quarter of 2023, distributor Check24 and insurer Squarelife offer this option. Customers in Germany have responded enthusiastically to this.

In the United Kingdom, DH Reinsurance has been working with the specialized insurance broker Pulse Insurance since mid-2020. However, the European insurer acting for Pulse had decided not to apply for a permanent license for the United Kingdom after the Brexit and has not taken on new policies since the end of 2022. Together with Pulse Insurance, in 2023 we found a new insurer, 1Edge Insurance in Guernsey, to continue our partnership.

We use the trade name DH Reinsurance instead of our legal name De Hoop for our activities outside The Netherlands. Our website is also available under this name in German and English (www.dhreinsurance.com).

DH Reinsurance is at the centre of society. We are in continuous discussions with various parties to draw attention to our mission and thus further shape insurability in the Netherlands and abroad.
A few years ago, we founded the De Hoop Leven Fund to finance research that benefits our target group and increases insurability. With this we also make a concrete contribution to access to essential insurance.

There were two more special topics in 2023, the selection of a new external auditor and the transfer of the pension policies administered by Onderlinge ‘s-Gravenhage to Zwitserleven.

Due to reaching the maximum term, 2023 is the last year that the annual accounts audit will be carried out by KPMG Accountants N.V. After an extensive selection process, the Supervisory Board proposed to the General Meeting of Shareholders in 2023 to appoint Deloitte Accountants B.V. to be appointed for the annual accounts audit from 2024 to 2026.

Onderlinge ‘s-Gravenhage transferred its entire second pillar pension portfolio, including the pension policies of (former) employees of De Hoop, to Zwitserleven in 2023. The Supervisory Board and Management of DH Reinsurance have followed this process and assessed its effect on employees.

Result in 2023

The aforementioned economic developments led to a lower number of new insurance policies in 2023 (742 compared to 969), a decrease of 23%. Capital production fell by 27% from 190,834 to 139,623. The number of applications decreased by 13% in 2023.

DH Reinsurance realised a profit after tax of 2,554 in 2023 (2022: 3,049 profit). The decrease was mainly caused by lower (direct) investment returns and higher costs related to the implementation of the growth strategy. It is proposed to pay a dividend to shareholders of 2,400.

The available equity under Solvency II (EOF) amounts to 64,154 (2022: 62,213). The increase of 1,941 is mainly caused by the increase in the value of the equity portfolio. The required capital under Solvency II (SCR) also increases, from 21,157 to 24,794. This increase is mainly caused by the increase in market risk by 22%, also as a result of the increase in the value of the equity portfolio.
The solvency ratio at year-end 2023 was 259% (2022: 294%), which is well above the internal standard of 200%.

KEY DATA

The key data below provide an overview of the results and the financial position in 2023.

Premium before reinsurance deduction

Premium income before reinsurance deduction increased by 1.0% (2022: 2.6%) to 6,218 (2022: 6,158).

Premium income before reinsurance deduction	2023	2022
Regular premiums	6,204	6,135
Purchase price	14	23
Total	**6,218**	**6,158**

The annual premium level increased by 0.3% to 6,408 (2022: 6,391).

Insured amount

The insurance portfolio, measured in insured amount, has increased less strongly than in 2022 (4.9% compared to 10.4%). New production decreased by 26.8% compared to 2022. Lapse also decreased, compared to 2022 by 2.8%. Over a period of five years, the insurance portfolio has grown organically from 716,161 to 1,169,752. That is an increase of 63% in five years.

Insurance portfolio	2023	2022
Insured amount on 1st January	1,115,567	1,010,136
New policies	139,623	190,834
Lapse	-84,506	-86,943
Currency difference	-932	1,540
Insured amount on 31st December	**1,169,752**	**1,115,567**

Investments

The investments (excluding deposit, including liquid assets) amounted to 88,510 (2022: 85,678).

The balance sheet value of the equity portfolio increased to 46,321 in 2023 (2022: 42,045) due to changed economic expectations and business results. DH Reinsurance's investment strategy focuses on value stocks with an expected high dividend and a high ESG score. The balance sheet value of the AeAM Dutch Mortgage Fund 2 has increased slightly to 10,256 as of 12/31/2023 (2022: 10,223).

In 2021, a commitment of 5,000 was made to the Aegon SME Fund, with 3,010 actually purchased at the end of 2023.

The balance sheet value of the liquid assets as of 31 December 2023 was 1,859 (2022: 3,536).

Investments	2023	2022
Balance sheet value on 31 Dec. of the investments and liquid assets	88,510	85,678
The returns on these assets amount to	2,751	3,018
Direct return on equity	3.48%	3.45%
Direct return on fixed income securities	2.80%	3.64%
Direct return on liquid assets	0.16%	-0.46%

Payments

Payments before reinsurance deduction decreased by 2.1% and are detailed below.

Payments before reinsurance deductions	2023	2022
Payments upon death	2,415	2,575
Payment upon expiration	680	725
Annuity payments	176	226
Surrenders	931	764
Total	**4,202**	**4,291**

Technical result

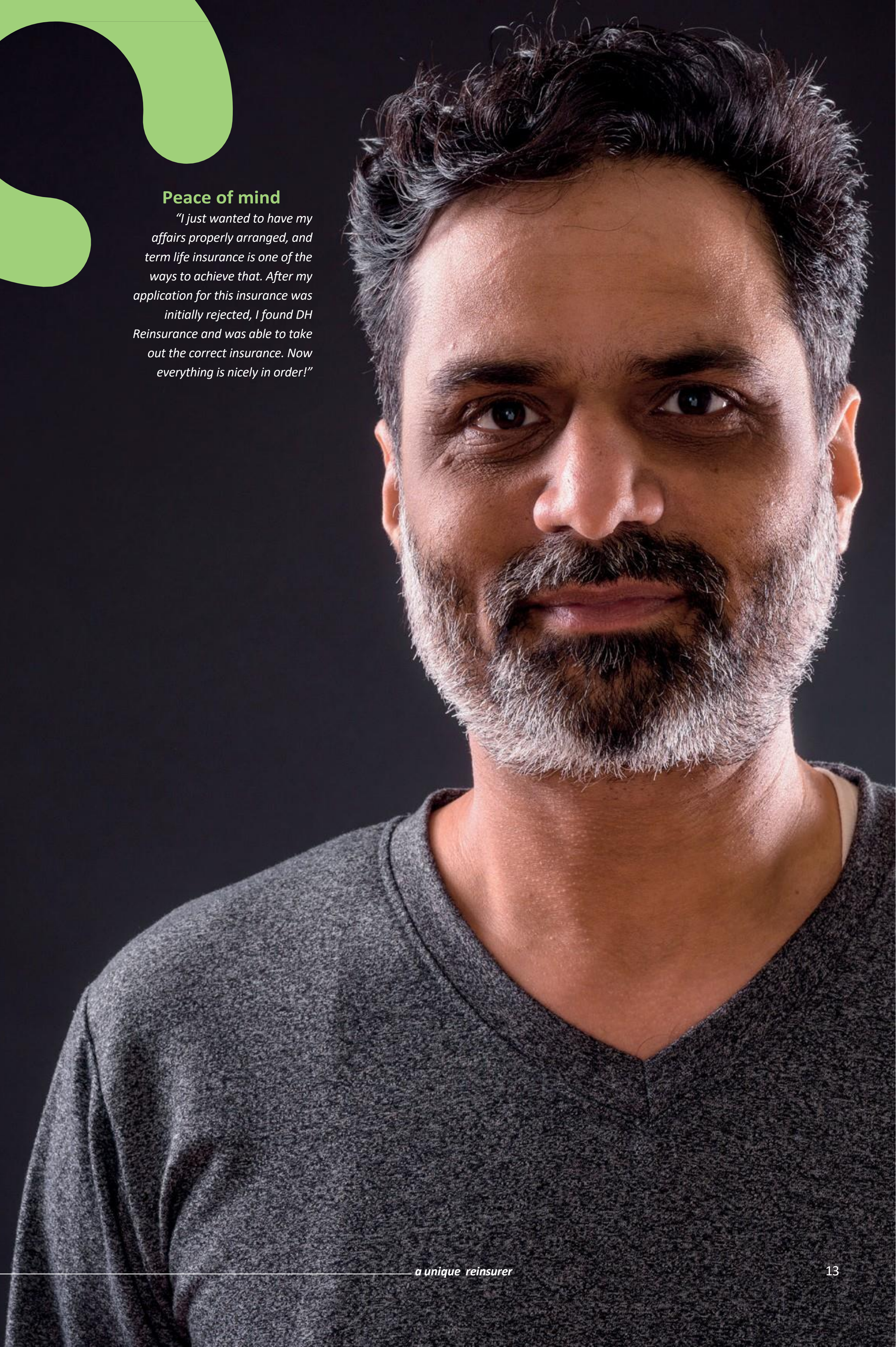
The technical result decreased by 291 compared to 2022.

The negative result on costs increased due to the increase in operating costs.

Technical result	2023	2022
Result on interest	-103	-60
Result on costs	-1,728	-1,387
Result on mortality and supplementary insurance	2,068	1,872
Result on changes	309	363
Subtotal technical result	**546**	**788**
Change in other technical provisions	-	-
Other technical income and expenses	24	73
Total	**570**	**861**

Peace of mind

"I just wanted to have my affairs properly arranged, and term life insurance is one of the ways to achieve that. After my application for this insurance was initially rejected, I found DH Reinsurance and was able to take out the correct insurance. Now everything is nicely in order!"



Result and Taxation

Result and Taxation		
	2023	2022
Result before taxes	3,461	3,957
Taxation related to the result	-907	-908
Result after taxes	**2,554**	**3,049**

The effective tax rate in 2023 was 26.2% (2022: 22.9%) and was therefore higher than the applicable tax rate of 25.8%. The higher effective tax rate is mainly caused by the change in deferred taxes on the equity portfolio.
The result after tax in 2023 decreased by 495 compared to 2022.
It is proposed to the General Meeting of Shareholders to make a dividend payment of 2,400 from the profit for the financial year and to add the remaining positive result to the Other reserve.

	2023	2022
Result after taxes	2,554	3,049
Dividend	-2,400	-2,400
Addition to the Other reserve	**154**	**649**

Solvency position

To determine the required solvency, DH Reinsurance uses the standard formula from the Solvency II directive.
DH Reinsurance has set a solvency ratio of 200% as an internal standard. This standard is in line with a high creditworthiness as laid down in Article 199 of the Delegated Regulation EU 2015/35. This sets out which solvency ratio matches the creditworthiness of the company. In credit quality category 1, the rated company has a very strong ability to meet its financial obligations. The probability of default at 0.01% is related to a solvency ratio of 196%.
DH Reinsurance wishes to aim for the corresponding solvency ratio (rounded to 200%). This internal standard is met at the end of 2023.
Based on the standard formula, the required solvency is 24,794 (2022: 21,157). The solvency ratio at year-end 2023 was 259% (2022: 294%). The solvency ratio has decreased compared to year-end 2022 with increasing own funds (+ 1,941) and increasing required capital (+ 3,637).
The solvency ratio is only final after assessment of the Solvency II reports by the supervisory authority De Nederlandsche Bank.
No use was made of a volatility adjustment on the yield curve when calculating the solvency position. Furthermore, the loss-absorbing capacity of the deferred taxes, the so-called LAC DT, is not taken into account.

The following overview shows the reconciliation between the own funds according to the annual accounts (Title 9, Book 2 of the Dutch Civil Code and the Guidelines for Annual Reporting) and the own funds under Solvency II.
The required capital and solvency ratio are also stated.

	2023	2022
Own funds annual accounts	**64,301**	**61,455**
Valuation differences of assets	-210	-443
Valuation differences between technical balance sheet reserves and best-estimate reserves	3,888	5,461
Valuation differences of other liabilities	-640	-761
Valuation differences related to deferred taxes	-784	-1,098
Own funds before dividend distribution	**66,554**	**64,613**
Proposed dividend	-2,400	-2,400
Eligible own funds (EOF) Solvency II	**64,154**	**62,213**
Solvency Capital Requirement (SCR)	**24,794**	**21,157**
Solvency ratio	**259%**	**294%**

Explanation of the above overview
In the annual accounts, equity is valued at current value and bonds at amortized cost. In the Solvency II balance sheet, all investments are valued at current value.
The following differences exist between the balance sheet provision plus the other technical provision and the best estimate provision.
The balance sheet provision is based on net (tariff) principles discounted at a fixed actuarial interest rate; the other technical provision is created if the liability adequacy test (LAT) shows the provision should be increased. The best-estimate provision is determined on the basis of best estimates (for mortality, costs and lapses), plus a risk margin.
The published interest rate curve without volatility adjustment from EIOPA at the end of 2023 is used for discounting the cash flows. The difference in deferred tax between the annual accounts and the Solvency II balance sheet is explained by different valuation principles.

Main risks and uncertainties
The covid-19 virus is still around in 2023, but society has adjusted to this. It is still too early to estimate the long-term effects on mortality, especially for DH Reinsurance's target group. To date, we have not observed any additional mortality among our policyholders.
It is expected that pandemics of a similar scale will occur more often. We will have to take this into account in our risk scenarios.
There is political unrest and social dissatisfaction worldwide, in Europe, but also closer to home in the Netherlands. Higher inflation and interest rates than in the past reinforce economic uncertainty.
This has led to lower production volumes in 2023.

In addition, long-term high inflation has an increasing effect on DH Reinsurance's costs, which can hardly be passed on, if at all.
Climate risks will probably play a greater role in society in the longer term. It is important to carefully monitor developments and government measures to limit climate risks. For the time being, we estimate that the impact on DH Reinsurance will be limited.

Global geopolitical uncertainty
Geopolitical uncertainty remains high in 2023, partly due to the war in Ukraine and the battle between Hamas and Israel. In addition to the human dramas that take place there, this has an impact on economic conditions. Moreover, there is an increase in strategic competition for economic and political influence between China, the US and the EU. Finally, there are different views on many topics within the EU, which hinders the EU's effectiveness. DH Reinsurance only experiences indirect effects from this, due to changing economic circumstances in the countries in which we operate.

Consequences for DH Reinsurance
As a provider of medically increased mortality cover, DH Reinsurance qualifies as a monoliner in a market segment that has already been under pressure for a number of years. In addition, the business model is vulnerable due to the market approach based on the facultative reinsurance position, which makes the company dependent on the strategic choices of the primary insurer. The continuity of the company can be jeopardized by cedants who stop doing business with us. The aforementioned strategic initiatives are intended to make DH Reinsurance less vulnerable to this.
Other factors also play a role. Economically deteriorating conditions may result in lower revenues. Furthermore, insurance technical results may come under pressure due to for example diseases or pandemics. DH Reinsurance annually carries out an Own Risk and Solvency Assessment, hereinafter ORSA, in which a number of stress scenarios relating to the aforementioned threats are calculated. A climate scenario was added in 2022, in which the possible effects of the climate risk are calculated and assessed.
The 2023 ORSA has shown that sufficient measures are available to overcome a deterioration in the solvency ratio in a number of extreme stress scenarios. The continuity of the company is not jeopardized.

Sensitivity analyses
Solvency is sensitive to volatility on the financial markets as well as to significant changes in the insurance portfolio that may arise as a result of a significant deviation from the assumptions used. Scenarios have been drawn up for a quantitative risk assessment, which can have a positive or negative impact on our solvency ratio. Various stress scenarios are calculated in the ORSA, which show that the solvency ratio remains well above the required solvency even under extreme circumstances, such as a strongly increased mortality scenario and a very strong decline in the financial markets.

The Risk section shows an increase/decrease in the interest curve by 100 basis points and an increase/decrease in the value of the shares by 25%. The impact of these scenarios on the solvency ratio is shown. In general, DH Reinsurance is sensitive to market risk, due to its relatively high equity position, in particular to equity risk. The effects of exchange rate changes can have both a positive and negative impact on the existing solvency ratio. In all cases, the solvency ratio remains above the set internal standard.

Sustainable Investment Code
In the context of socially responsible investing, our investment policy takes into account ESG criteria (environmental aspects, social aspects and good corporate governance) of the entities in which we invest. We endorse the Dutch Sustainable Investment Code (Çode Duurzaam Beleggen') of the Dutch Association of Insurers.
Sustainable investment is a regular agenda item of the Investment Committee. The UN Principles for Responsible Investment and the United Nations Global Compact provide guidelines for our investment policy. For example, we prefer companies that score well on ESG criteria within their sector and we exclude companies that seriously violate the UN Principles for Responsible Investment. In addition, we do not invest in companies involved in the trade in or production of controversial weapons. Companies in the tobacco industry are also excluded.

CORPORATE GOVERNANCE

Corporate Governance Code

DH Reinsurance is not listed on the stock exchange and is therefore not obliged to comply with the Dutch Corporate Governance Code. As a 'public interest organization', attention is of course paid to the principles of sound corporate governance and the relevance of the principles and best practice provisions of the Dutch Corporate Governance Code. Where relevant, elements thereof are applied integrally or in adapted form.

Code of Conduct for Insurers

DH Reinsurance endorses the core values laid down in the Insurers Code of Conduct and complies with the provisions and rules of conduct of this code. The Supervisory Board and Management Board have taken the oath or affirmation of the financial sector.

Remuneration policy

DH Reinsurance's remuneration policy has been approved by the Supervisory Board (SB) and is in line with applicable laws and regulations. In addition to the remuneration policy, a remuneration policy has been drawn up for the directors. The General Meeting of Shareholders determines this remuneration policy.

The remuneration system is in accordance with the applicable laws and regulations and the collective labour agreement for the insurance business. The remuneration policy applies to the entire organization, with the exception of the directors, with a number of specific provisions for colleagues who can influence DH Reinsurance's risk profile. The people who can influence the risk profile are the Management Board and the key functions.

No variable remuneration is awarded to the directors. According to the remuneration policy, other employees receive a limited variable remuneration, namely a surplus and an annual payment in accordance with the collective labour agreement in the month of May. These variable rewards are not dependent on specific performance. In addition, a profit share of 20% of a monthly salary is awarded, at the discretion of the directors. In exceptional cases it is possible to pay a modest variable reward afterwards for a special individual or group performance. Within DH Reinsurance, there are no employees who have received a total annual remuneration of € 1 million or more. A report has been drawn up for the Supervisory Board on the implementation of the remuneration policy. The key function holders for Compliance and Risk Management report on this separately to the Supervisory Board.

In the context of this report, information that can be traced back to a specific person is not reported.

Risk management

DH Reinsurance operates in a market with a specific insurance risk profile. In addition to underwriting risk, market risk, credit risk, liquidity risk, commercial risk, operational risk and integrity risk also play a role.

DH Reinsurance's business operations are aimed at recognizing, quantifying and managing these risks. As part of its internal risk management, the Management Board also pays attention to (the prevention of) internal and external fraud and compliance with legislation and regulations.

During 2023, nothing has come to the attention of the Management Board that indicates suspected or actual fraud and/or violations of laws and regulations.

DH Reinsurance annually reviews its risk management policy, taking into account the relevant applicable laws and regulations and the regulations under Solvency II.

Nowadays, IT risk is increasing, with cyber risk in particular becoming an increasing threat. DH Reinsurance has outsourced IT to Onderlinge ‘s-Gravenhage, where the security officer also works. DH Reinsurance's infrastructure has been outsourced to cloud services (Amazon Work Spaces) and the office automation has been outsourced to Microsoft. By working in the cloud, a physical fallback location is no longer necessary, but employees can work elsewhere in the event of an emergency. Both Onderlinge 's-Gravenhage and DH Reinsurance have a security policy in which management measures are laid down with regard to cybercrime, privacy and data security.

A Risk Management function has been set up to implement the policy. The financial risk management function has been outsourced to EY Actuarissen B.V. The actuarial function has also been outsourced to EY Actuarissen B.V. The operational risk management function has been outsourced to Afier IT-Auditors B.V.

These functions are, among other things, responsible for monitoring the formulated risk categories. Risk management is a continuous process in which changes in and around the organization can give rise to changes to the formulated risks or control measures. In addition to the risk management function, risk owners have been appointed within the organization who report annually to the Management Board.

A qualitative and quantitative explanation is provided in the Risk section of the annual accounts.

FORECAST FOR 2024

DH Reinsurance's term insurance production is strongly related to the mortgage market. We expect that, despite the economic uncertainty, the mortgage market will grow slightly because house prices are rising again and interest rates will probably not rise further. With a related movement for the term insurance market.
We expect further growth in production through the launch of 'De Hoop Maatwerkroute' in the Netherlands and through new collaborations in Germany and the United Kingdom.
In the context of corporate social responsibility, we have so far focused mainly on the investments we do or do not want to have. In 2024 we also want to focus on the broader ESG scope.

FINAL REMARKS

We are grateful for the long-term trust of our ceding insurers and other partners. We are pleased with the collaborations with new parties to jointly increase insurability. This is also based on the great efforts and involvement of our employees and medical advisors. Together with all parties involved, we look forward to serving our vulnerable target group even better in 2024 as part of our mission.

The Hague, April 4, 2024

Board of Directors
Gilbert Pluym
Seada van den Herik

ANNUAL ACCOUNTS
BALANCE SHEET

(amounts as per December 31 of the relevant year x € 1,000)

ASSETS

		2023		2022	
1	**Investments**				
1.1	Other financial investments				
1.1.1	Equity	46,321		42,045	
	AeAM Dutch Mortgage Fund 2	10,256		10,223	
	SME fund	3,124		1,495	
	Polestar fund	-		-	
			59,702		53,763
1.1.2	Bonds and other fixed income securities		26,949		28,379
			86,651		82,142
2	**Deposits with ceding insurers**		2,404		2,504
3	**Receivables**				
3.1	Other receivables	685		465	
3.2	Receivables from reinsurance	1,203		1,128	
			1,887		1,592
4	**Other assets**				
4.1	Liquid assets		1,859		3,536
5	**Accruals**		409		742
			93,210		**90,516**

LIABILITIES		2023		2022	
6	**Own funds**				
6.1	Issued and paid-up capital	405		405	
6.2	Revaluation reserve	14,430		11,738	
6.3	Other reserve	46,912		46,263	
6.4	Undistributed profit	2,554		3,049	
			64,301		61,455
7	**Technical provisions for life reinsurance**				
	Gross	23,157		24,348	
	Reinsurance	-477		-559	
			22,680		23,788
8	**Provisions**				
8.1	Taxes	5,228		4,312	
8.2	Other provisions	24		29	
			5,252		4,341
9	**Debts**				
	Reinsurance liabilities	292		272	
	Other debts	615		565	
			907		837
10	**Accrued liabilities**		70		96
			93,210		**90,516**

PROFIT AND LOSS ACCOUNT

Before profit distribution

(amounts x € 1,000)

TECHNICAL ACCOUNT		2023		2022	
11	**Earned premiums on own account**				
	Gross premium	6,218		6,158	
	Outgoing reinsurance premium	-634		-528	
			5,584		5,630
12	**Income from investments**				
	Other investment	2,833		3,103	
	Realised gains on investments	72		3,687	
			2,905		6,791
13	**Unrealized gains on investments**		1,027		113
14	**Other technical income of own account**		183		356
15	**Payments from own account**				
	Gross	-4,202		-4,291	
	Share reinsurers	229		154	
			-3,973		-4,136
16	**Change in technical provisions of own account for life insurance**				
	Gross	1,191		811	
	Share reinsurers	-83		111	
			1,108		922
17	**Operating costs**				
17.1	Acquisition costs	-560		-478	
17.2	Administration and personnel costs	-2,422		-2,159	
17.3	Receiving commission and profit sharing from reinsurers	225		189	
			-2,757		-2,448
18	**Investment costs**				
18.1	Administration costs and interest charges	-106		-86	
18.2	Realized loss on investments	-		-	
			-106		-86
19	**Unrealized loss on investments**		-301		-2,986
20	**Other technical expenses of own account**		-208		-200
21	**Investment income allocated to non-technical account**		-2,891		-3,096
22	**Technical result life insurance**		570		861

NON-TECHNICAL ACCOUNT		2023	2022
	Technical result life insurance	570	861
	Allocated investment return transferred from technical result	2,891	3,096
	Result before taxes	**3,461**	**3,957**
	Taxes	-907	-908
23	**Result after taxes**	**2,554**	**3,049**

CASH FLOW STATEMENT

(amounts x € 1,000)	2023	2022
Cashflow from operational activities		
Result after taxes	2,554	3,049
Change in own account provisions	-1,108	-922
Change in provisions	-890	16
Change in short-term liabilities	71	-648
Movement in receivables and accrued assets	39	1,845
Changes in the value of investments	-618	-427
Other changes	890	-71
Total cash flow from operational activities	**937**	**2,842**
Total cash flow from investment activities		
Investments and share purchases	-9,736	-6,582
Divestments, redemptions and sales of shares	9,422	6,008
Total cash flow from investment activities	**-314**	**-574**
Cash flow from financing activities		
Change in deposits at ceding insurers	100	-50
Dividend paid	-2,400	-2,400
Total cash flow from financing activities	**-2,300**	**-2,451**
Change in liquid assets	**-1,677**	**-182**
Liquid assets as of 01/01	3,536	3,717
Change	-1,677	-182
Liquid assets as of 31/12	**1,859**	**3,536**

PRINCIPLES FOR VALUATION, DETERMINATION OF INCOME AND PRESENTATION

GENERAL

N.V. Levensverzekering-Maatschappij "De Hoop", tradename DH Reinsurance, established in The Hague, Anna van Saksenlaan 10, is a unlisted public limited company (Chamber of Commerce number: 27000041). DH Reinsurance's main activity is the reinsurance of increased mortality risks with the underlying aim of providing vulnerable groups access to the life insurance market.
The annual accounts were adopted on the 4th April 2024 and cover the financial year from 1 January 2023 to 31 December 2023.

External reporting

Title 9, Book 2 of the Dutch Civil Code and the Dutch Accounting Standards Board Guidelines for annual reporting are applied as a basis for external reporting. Insofar as no valuation rule is mentioned, the assets and liabilities are included for the nominal amounts. The annual accounts have been prepared on the basis of the going concern assumption.

Use of estimates

In preparing the annual accounts, DH Reinsurance must make estimates and assumptions that affect the reported items in the balance sheet and profit and loss account. These estimates are made to the best of the Management Boards knowledge, but the actual results may ultimately differ from those estimates.
The estimates and underlying assumptions are assessed periodically, but at least once a year, based on empirical data. These will be adjusted if necessary. Revisions to estimates are recognized in the period in which the estimate is revised and in future periods affected by the revision.
The most important estimates and assumptions relate to:
- the technical provision for insurance liabilities;
- the liability adequacy test and any related other technical provisions;
- Solvency II (see also Solvency II principles).

Company classification

There is only one branch in the Netherlands, in which reinsurance originating from the individual or collective business is treated on an individual basis. In the annual accounts, therefore, no distinction is made between countries of residence or between individual and group insurance policies.

Foreign currency

The annual accounts have been prepared in euros, which is DH Reinsurance's functional and presentation currency. Amounts in foreign currencies are converted to the exchange rate at the end of the financial year.
Results arise due to differences with the rate at the end of the previous financial year or with the rate at which settlement was made. Gains and losses arising from underwriting valuation differences are included under "Other technical income and expenses". Results on exchange rate differences on investments are included under "Unrealized gains or losses on investments".

Overview of the exchange rates used at the end of the calendar year (value euros expressed in currency)

	2023	2022
British pound	0.8692	0.8855
Japanese yen	156.64	140.74
Netherlands Antillean guilder/ Aruban florin	1.9662	1.8977
American dollar	1.1052	1.0667
Swedish krona	11.1003	11.1335
Swiss franc	0.9273	0.9832

Equity

The basis for the valuation of equity is the current value. The current value is determined for the following categories as follows:
- Listed investments (shares and bonds) based on the stock price;
- Guarantee Fund Onderlinge Levensverzekering-Maatschappij „'s- Gravenhage" U.A. based on the purchase value;
- The mortgage fund and the loan fund based on the market value stated by the funds.

The valuation differences resulting from revaluation have been incorporated in the revaluation reserve, taking into account the deferred tax positions. Changes in value upon sale and decreases in value below the most recently determined purchase price are recognized in the Profit and Loss Account.

Bonds

The bonds are valued on the basis of amortized cost. Agio and disagio are included in the line item Investments. The effective return is determined on the basis of the amortization of the agio or disagio.

Revaluation reserve

The positive valuation differences of investments valued at market value, less the related deferred tax liabilities, have been entered in the revaluation reserve.

Other reserve

The undistributed profit of the previous financial year and the dividend paid out for the previous financial year are recognized in the Other reserve.

Receivables

Receivables are valued at fair value upon initial inclusion. After initial inclusion, receivables are valued at amortized cost (equal to the nominal value if there are no transaction costs), less any impairment losses if there is question of irrecoverability.

Debts and other liabilities

Other debts and accrued liabilities are valued at fair value upon initial inclusion. After initial inclusion, debts are valued at amortized cost (equal to the nominal value if there are no transaction costs).

TECHNICAL PROVISION

Calculation

The calculation of the technical provision is based on actuarial assumptions. In determining the technical provision, assumptions have been made regarding mortality, medical risk, disability and the like. These assumptions are made at the time the insurance is taken out and, except for vested annuities, are valid for the entire duration thereof.

Method

The following methods have been used to calculate the technical provision:

Net method

The provision is calculated using the net method. For pensions that have not yet started, a 1% payment cost is taken into account.
For annuities, the formulas take into account the payment frequency and the conditions regarding the start or end of payment after death. As a rule, it is assumed that death benefit payments are made in the middle of the insurance year. For a number of older insurance policies, the exception applies that payment is calculated at the end of the insurance year. In the case of lifelong mortality insurance policies, the provision is increased by 2% (excluding the unearned premium).

Unearned premium and interest due

The unearned premium is a proportionate part of the gross premium calculated over the period between the balance sheet date and the next premium due date in the new financial year. The interest due is calculated over the period between the last due date in the financial year and the balance sheet date. The calculation of unearned premium and interest due is done in days, with the month set to thirty days.

Annuities in payment

The technical provision for not yet vested annuities is calculated based on the basis of the rate at inception, including the medical surcharge. When an annuity is vested, conversion takes place to GBM 1985-90 and GBV 1985-90, to which the following corrections have been applied without age shift:

- for men, a 10% reduction in the mortality rate for all ages;
- for women, a reduction in the mortality rate that increases linearly from 10% in 1990 to 30% in 2010. This reduction is achieved by applying a separate corrected mortality table per group of 10 years of birth.

Risk-based insurance

The provision is zero for risk insurance policies with a one-year premium. However, an unearned premium is retained in the amount of the pro rata gross premium.

Administrative costs reserve

The provision is intended for future costs for non-contributory insurance policies and future costs after premium payment has ended for insurance policies for which the term of the premium payment is shorter than the term of the insurance. The provision is equal to 2% of the total technical provision for life insurance own account before adding unearned premiums and interest due.

Interest rate discount

Interest rate discounts on single premiums (and subsequently on surrender values) are calculated using an actuarial method. The reduction in the life insurance technical provision due to interest rate discount is calculated in accordance with the actuarial method as the present value of the future excess interest.

Interest principles

The interest is related to the provision excluding administration costs reserve, unearned premium and interest owed. Most of the provision has a fixed interest rate of 3%; the remainder has a rate of 0%, 2%, 2.5%, 3.5% or 4%.

Occupational disability

If the premium for occupational disability has no actuarial basis, the provision is calculated by multiplying the net premium for this risk by a factor. In the case of an exemption from premium payment in the event of occupational disability, the factor is equal to 5.
For occupational disability pensions, the factor is equal to the elapsed duration in years, with a linear reduction to zero in the last five years of the premium payment. The provision for vested occupational disability is equal to the present value of the exempted net premiums or of the occupational disability annuity to be paid.

Accidental death benefit

The provision for this risk is zero.

Benefit premiums

For the main insurance, the net method is used to determine the technical provision for life insurance. For supplementary insurance policies without an actuarial basis, the premium is set as 95% of the net premium for the relevant risk.

Negative outcomes

Due to the use of the net method, negative outcomes for the technical provision for life insurance hardly occur. A negative result is not set to zero.

Reinsurance
The same method is used for outgoing reinsurance as for the main insurance policies.

Best-estimate provision in the context of the liability adequacy test
The liability adequacy test tests whether the balance sheet value of the technical provisions (after deduction of capitalized interest rate discount and before reinsurance) is at least equal to the best-estimate provision, corrected for any accounting mismatch. The best-estimate provision consists of the discounted value of the expected cash flows and is the sum of:

- the present value of the future annual expected payments and the expected costs for the insurance less the expected gross premiums, based on best-estimate assumptions. The cash flows are discounted on the interest rate curve published by EIOPA without volatility adjustment as at the balance sheet date;
- an adequate risk margin;
- the value of any embedded options and guarantees (not applicable at DH Reinsurance).

The best-estimate provision is then adjusted for any accounting mismatches with the corresponding assets. This means that any difference between the balance sheet value and market value of investments allocated to the liabilities must be taken into account. If the market value of the investments is higher than the balance sheet value, this will lead to a reduction in the test provision, and vice versa.
The test provision determined in this way is compared to the balance sheet provision before reinsurance, whereby the balance sheet provision must be at least equal to the test provision.

Deferred taxes
Deferred taxes are based on the nominal value of the temporary differences between the commercial and fiscal valuation of assets and liabilities. Deferred taxes are based on the tax consequences of the settlement of the assets and liabilities included in the balance sheet. Due to the long-term nature of these deferred taxes, the future nominal tax rate of 25.8% has been taken into account.

Other provisions
Provision for deferred employee benefits
The provision concerns the provision for jubilee awards pursuant to Guideline 271 of the Council for Annual Reporting (‘Raad voor de Jaarverslaglegging’).

Allocation of interest to the technical result
The interest income is allocated to the technical result on the basis of the ratio between year-end balance sheet values of the technical provisions (with the exception of the “Other technical provision”), the deposits on which interest must be paid, and the fixed-income securities. The outcome of this is reduced by the pro rata part of the investment costs.

The total investment income less the interest allocated to the technical result is allocated to the non-technical result.

Allocation of costs to acquisition and investments
Acquisition commission, inspection costs and fees for medical advisers are acquisition costs.
Bank charges in connection with investments are investment costs.
Part of the personnel costs are allocated to acquisition costs and investment costs on the basis of an estimate of the time spent.

Cash flow statement
The cash flow statement has been prepared using the indirect method.

Events after the balance date
Events that provide further information about the actual situation on the balance sheet date and that are apparent up to the date of preparation of the annual accounts are taken into account in the annual accounts. Events that do not provide further information about the actual situation on the balance sheet date are not recognized in the annual accounts. If such events are important for the opinions of users of the annual accounts, their nature and estimated financial consequences are disclosed in the annual accounts.

SOLVENCY II PRINCIPLES

DH Reinsurance uses the standard formula to determine the Solvency II ratio. As with the BW2 valuation and in accordance with Article 7 of the Delegated Regulation, DH Reinsurance values its assets and liabilities based on the assumption that DH Reinsurance will continue to operate its business ('going concern principle').

Market value valuation
The principles for the valuation of assets and liabilities are laid down in Article 75 of the Solvency II Directive and are further elaborated in Chapter 2 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 (Articles 7 to 16).

Use of estimates
In determining the solvency ratio, DH Reinsurance has to make estimates and assumptions that influence the reported percentage. These estimates are made to the best of the Management Board's knowledge, but the actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed periodically, but at least once a year. These are adjusted if necessary. The main estimate and assumptions relate to the technical provision.

Deferred taxes
The balance sheet item deferred taxes is formed on the basis of temporary differences between the statutory and fiscal valuation of assets and liabilities and the differences between the statutory balance sheet and the Solvency II balance sheet, taking into account the tax percentages used for the BW2 valuations.

Equity
Listed investments are valued at the market value at the end of the financial year, both in the annual accounts and in the Solvency II balance sheet.

The value of the Guarantee Fund Onderlinge Levensverzekering-Maatschappij „'s- Gravenhage" U.A. is based on the purchase value.

Investment funds
The mortgage fund is classified as equity and is valued on the basis of the balance sheet value as stated in the investment report of the fund manager. The balance sheet value of the mortgages is determined by the fund manager by discounting the future contractual cash flows, taking into account early repayments by the mortgagor. Furthermore, the limitation in the possibility to sell mortgages in the market is taken into account.

The loan funds are classified as equity and are valued based on the balance sheet value as stated in the investment reports of the fund managers. The balance sheet values of the loans are determined by the fund manager by discounting the future contractual cash flows.

Bonds
Bonds are valued at market value. This is determined on the basis of the stock market prices on the balance sheet date.

Receivables
Receivables are valued at fair value upon initial recognition. Because the receivables are of a short-term nature, this approach is also considered adequate for application to the Solvency II balance sheet. The receivables from reinsurance are valued at market value.

Technical provision
The technical provision is determined in accordance with EIOPA guidelines. In accordance with Article 77 of the Solvency II Directive, the value of the technical provision is equal to the sum of the expected value and the risk margin. The expected value is the present value of future cash flows based on best-estimate assumptions plus the valuation of the provision for future discretionary benefits.

Discounting is done using the risk-free interest rate term structure set by EIOPA (including UFR and excluding VA). With regard to the valuation of the future payment obligations, the liability adequacy test in the statutory annual accounts uses different valuation principles than those used in the Solvency II report.

The valuation differences of the investments and the reinsurance obligations are offset against each other in the statutory annual accounts. This does not happen in the Solvency II report, because the investments are already valued at market value. As a result, the life adequacy test provision in the statutory annual accounts is lower than the technical provision in the Solvency II report.

Other provisions
The other provisions consist of a provision for the rental contract and a provision for additions to the De Hoop Leven fund.

PROFIT AND LOSS ACCOUNT

General
Income and expenses are allocated as much as possible to the year to which they relate.

Premium
Premium income is recognized in the year to which it relates. The unearned premium is part of the "Technical provision".

Costs
The costs are determined with due observance of the valuation principles stated above and are allocated to the year to which they relate.

EXPLANATORY NOTES TO THE BALANCE SHEET

(amounts as per 31 December of the relevant year and x € 1,000)

1. Investments

The mortgage investment fund is the AeAM Dutch Mortgage Fund 2. These are indirect investments in mortgages. This fund has the structure of a mutual fund with an open-ended nature, where the extent to which participants can withdraw depends on the available liquid assets. The SME Loan Program – Compartment A1 and the Polestar Circular Debt Fund are investment funds in corporate loans to SMEs.

	2023	2022
1.1 Other financial investments		
1.1.1 *Equity*		
Balance sheet value	46,321	42,045
Purchase value	29,159	29,123
AeAM Dutch Mortgage Fund 2		
Balance sheet value	10,256	10,223
Purchase value	12,000	12,000
SME fund		
Balance sheet value	3,124	1,495
Purchase value	3,010	1,552
Polestar fund		
Balance sheet value	-	-
Purchase value	142	-
Total equitybalance sheet value	59,702	53,763
Total equity purchase value	44,169	42,675
1.1.2 *Bonds*		
Balance sheet value	26,949	28,379
Market value	26,524	27,682

Equity invested in	Balance sheet value	
	2023	2022
Listed equity in mature markets OESO	45,241	41,107
Listed indirect equity in real estate	971	830
Investment funds in mortgages	10,256	10,233
Investment funds in SME loans	3,124	1,495
Investment fund in loans to small and medium-sized enterprises	-	-
Guarantee fund Onderlinge 's-Gravenhage	109	109
Total	**59,702**	**53,763**

Equity distributed by region	Balance sheet value	
	2023	2022
Germany	4,694	3,886
France	6,410	5,522
Netherlands	18,759	17,219
Austria	908	741
Spain	2,462	1,896
Italy	1,038	899
Total Euro area	**34,271**	**30,163**
Great Britain	5,204	4,778
Japan	925	866
United States	10,856	11,154
South Korea	1,322	1,010
Sweden	1,762	1,652
Switzerland	5,362	4,140
Outside Euro area	**25,430**	**23,601**
Total	**59,702**	**53,763**

Value of investments [1)]	Balance sheet value							
	2023				2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Listed equity	46,212	-	-	46,212	41,937	-	-	41,937
Investment fund in mortgages	-	-	10,256	10,256	-	-	10,223	10,223
Investment fund in SME loans	-	-	3,124	3,124	-	-	1,495	1,495
Guarantee Fund Onderlinge 's-Gravenhage	-	-	109	109	-	-	109	109
Subtotal shares and funds	**46,212**	**-**	**13,489**	**59,702**	**41,937**	**-**	**11,827**	**53,763**
Bonds	26,949	-	-	26,949	28,379	-	-	28,379
Total investments	**73,161**	**-**	**13,489**	**86,651**	**70,316**	**-**	**11,827**	**82,142**

Category	Balance sheet value as of 01/01	Purchases and loans	Sales and redemptions	Amortization	Revaluations through equity	Revaluations from the result	Balance sheet value as of 31/12
Equity	42,045	36	-72	-	3,429	882	46,321
AeAM Dutch Mortgage Fund 2	10,223	-	-	-	33	-	10,256
Polestar fund	-	142	-	-	-	-142	-
SME fund	1,495	1,458	-	-	114	57	3,124
Bonds	28,379	8,100	-9,350	-180	-	-	26,949
Total for financial year	**82,142**	**9,736**	**-9,422**	**-180**	**3,577**	**798**	**86,651**
Total last financial year	90,896	6,582	-6,008	-388	-9,755	815	82,142

Bonds divided by rating		Balance sheet value	
		2023	2022
	Rating		
State /government	AAA	18,323	19,641
	AA	5,179	5,273
	A	3,447	3,466
Totaal vastrentende waarden		**26,949**	**28,379**

Bonds by Region	Balance sheet value	
	2023	2022
Netherlands	10,330	19,641
France	5,179	5,273
Spain	3,447	3,466
European Union*	7,992	-
Total	**26,949**	**28,379**

*European Union concerns bonds issued independently by the EU.

2. Deposits with ceding insurers

Ceding insurers		
	2023	2022
Curaçao	1,217	1,354
Belgium	897	895
Other	290	255
Total	**2,404**	**2,504**

3. Receivables

3.1 Other receivables

Other receivables		
	2023	2022
Receivables < 1 year		
Prepaid expenses	89	105
Corporate income tax	234	-
Subtotal	**323**	**105**
Receivables > 1 year		
Deferred tax assets as of 1/1	360	350
Change in reporting year	2	10
Deferred tax asset at year end	**362**	**360**
Total	**685**	**465**

The deferred tax asset is calculated on the basis of 25.8%, as indicated in the 2023 Tax Plan for the 2024 fiscal year.

3.2. Receivables from reinsurance

The balance of receivables from reinsurance concerns the balance of the current accounts based on operational activities.

[1] Level 1: The value of the investment is based on directly observable market quotations of identical investments in an active market.
Level 2: Current value is determined using valuation models that use observable market data.
Level 3: The value is determined with valuation models that do not use observable market data.

4. Other assets

4.1. Liquid assets
Up to an amount of GBP 1,000 of the cash balance has been blocked in connection with a letter of credit issued by our bank to a ceding insurer at our request.

5. Accrued assets

Accrued assets, duration < 1 year	2023	2022
Accrued interest	409	742
Total	**409**	**742**

6. Own funds

Statement of changes in own funds	2023	2022
6.1 Issued and paid-up share capital as 1/1	405	405
Change	-	-
Issued and paid-up share capital as of 31/12	**405**	**405**
6.2 Revaluation reserve as of 1/1	11,738	19,212
Change due to revaluation	3,577	-9,755
Change in provision for deferred taxes	-885	2,281
Revaluation reserve as of 31/12	**14,430**	**11,738**
6.3 Other reserve as of 1/1	46,263	39,500
Dividend previous financial year	-2,400	-2,400
Undistributed profit last financial year	3,049	9,163
Other reserve as of 31/12	**46,912**	**46,263**
6.4 Undistributed profit as of 1/1	3,049	9,163
Addition Other reserve	-3,049	-9,163
Result for the financial year	2,554	3,049
Undistributed profit as of 31/12	**2,554**	**3,049**
Total	**64,301**	**61,455**

Proposal for allocation of the result:

Net profit	2,554
Dividend	-2,400
Addition to Other reserve	**154**

Share capital

	Share capital	Number issued	Number of shares owned	Issued amount	Deposited amount
	x € 1,000			x € 1,000	
Shares of DH Reinsurance	450	900	100	405	405

Sum of the revaluations

	Sum of revaluation	Tax deferral	Total revaluation
Equity	19,396	-4,966	14,430
Total	**19,396**	**-4,966**	**14,430**

The mortgage fund and the loan funds are valued for tax purposes in the same way as under Title 9 of the Dutch Civil Code 2. This means that it is not necessary to form a deferred tax provision for these funds.

7. Technical provisions for life reinsurance

Liability Adequacy Test
The liability adequacy test is performed on the basis of the Guideline for the Annual Reporting 605, articles 534 to 537. The liability adequacy test compares the balance sheet value of the provision for insurance liabilities (less the related capitalized acquisition costs, intangible assets and receivables from deferred profit sharing) with the best estimate provision , the current estimates of all (discounted) contractual cash flows and related cash flows such as claims handling costs, cash flows from embedded options and guarantees taking into account uncertainty margins. If the investments that serve to cover the technical provision are not valued at current value, the difference between the current value and the balance sheet value of these investments is included in the liability adequacy test. Contant Discounting takes place using the interest rate term structure published by EIOPA on the balance sheet date without volatility adjustment.

The balance sheet provision must be at least equal to the best-estimate provision corrected by the mismatch between the allocated assets at book value and the current value. The value thus calculated is 18,674 (2022: 18,293).

The balance sheet provision before reinsurance amounts to 23,157 (2022: 24,348). The results of the test show that the technical provision is adequate (+ 4,484).

Development of the Provision for insurance liabilities for own account

Insurance in cash	2023	2022
Provision for insurance liabilities end of last financial year	**23,788**	**24,711**
Own account premiums	5,584	5,630
Release costs from premiums own account	-995	-1,026
Required interest addition own account	737	796
Unrealised exchange rate diferences	-51	90
Other technical income own account	-	-
Payments and surrenders own account	-3,973	-4,136
Released for costs from the provision	-34	-35
Other technical expenses own account	-	-7
Result on principles		
Result on mortality	-2,066	-1,870
Result on disability	-2	-2
Result on accidents	-	-
Result on development of Life reinsurance portfolio	-309	-363
Total	**-2,376**	**-2,235**
Provision for insurance liabilities at end of financial year	**22,680**	**23,788**

The technical provisions can generally be regarded as long-term.

8. Provisions

Category	Balance sheet value as of 1/1	Endow-ment	Withdrawal financial year	Balance sheet value as of 31/12
8.1 Taxes	4,312	916	-	5,228
8.2 Other provisions	29	-5	-	24
Total	**4,341**	**911**	**-**	**5,252**

Due to personnel changes, the Other provisions have increased slightly. The provisions are of a long-term nature.

Supplementary provision for pensions in the context of RJ 271
As of 1 January 2021, DH Reinsurance has a defined contribution scheme. As a result, no pension obligations based on RJ 271 have to be accounted for on the balance sheet date.

Provision for deferred employee benefits in the context of RJ 271 (addition to pre-pension and jubilee awards)

	2023	2022
Balance as of 1 January	29	12
Mutatie	-5	17
Balance as of 31 December	**24**	**29**

9. Debts

Debts by remaining term	2023	2022
Duration < 1 year		
Current account	292	272
Payable costs	583	478
Corporate income tax	-	64
Net salaries payable	34	23
Total	**907**	**837**

10. Accrued liabilities

Accrued liabilities	2023	2022
Duration < 1 year		
Holiday pay to be paid	31	69
Duration < 5 years		
Holiday days	39	26
Total	**70**	**96**

The holiday pay to be paid reflects the reservation that has been built up in 2023. This will be paid out in May 2024.

Obligations not included in the balance sheet

The De Hoop Leven fund was started by DH Reinsurance at the end of 2018 with the aim of supporting research in the field of medical death risks that are difficult to (re)insure. In particular:

- research related to chronic diseases relevant to the target group of DH Reinsurance; and
- research into the insurability of people with chronic conditions and the way in which medically aggravated risks can be dealt with.

In principle, the fund will exist for ten years. After an initial contribution of 100 in December 2018, DH Reinsurance will annually deposit an amount of 100 into the fund's assets. In the eleventh year, any surpluses will be donated by the De Hoop Leven fund to a yet to be determined third party. DH Reinsurance is entitled to suspend payments into the fund's assets if, in the opinion of the founder, one or more special circumstances arise.

In 2019, a ten-year rental contract was entered into for housing and service costs, which expires on 1 July 2029. The rental price for housing was 87 in 2023. This rental price is indexed annually according to the change in the consumer price index.

In April 2021, DH Reinsurance subscribed to an illiquid investment for 5,000. 3,010 was paid into this at the end of the 2023 financial year. The investment period runs until 31 December 2024. In March 2023, DH Reinsurance subscribed to the Polestar Circular Debt Fund for a maximum investment of 5,000. 142 was paid into this at the end of the 2023 financial year. The investment period runs until 1 February 2029.

Small things...

“When you have children you start to think about the financial situation of your family. What happens when one of us is no longer here? What about the mortgage and the children's studies? Term life insurance was no longer a given after I had to undergo a medical procedure. I am happy that my advisor knew the route to DH Reinsurance and that I was still able to be accepted – what a relief!”

EXPLANATORY NOTES TO THE PROFIT AND LOSS ACCOUNT

(amounts x € 1,000)

11. Earned premiums own account

Booked premiums	2023			2022		
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
Premiums						
- Regular premiums	6,204	629	5,575	6,136	538	5,598
- One-time premiums	14	6	8	23	-10	32
Total	**6,218**	**634**	**5,584**	**6,158**	**528**	**5,630**

Geographical segmentation of gross premiums	2023	2022
Netherlands	3,422	3,681
Other EU-countries	584	620
Other countries	2,212	1,858
Total	**6,218**	**6,158**

12. Revenues from investments

Category	2023			2022		
	Return	Realised profit	Total	Return	Realised profit	Total
Equity	1,972	72	2,044	2,090	3,687	5,778
Bonds and other fixed income securities	775	-	775	944	-	944
Deposits with insurers	81	-	81	85	-	85
Liquid assets	4	-	4	-17	-	-17
Total	**2,833**	**72**	**2,905**	**3,103**	**3,687**	**6,791**

13. Unrealised gains on investments

Per investment category	2023	2022
Equity	970	113
Loan funds	57	-
Total	**1,027**	**113**

14. Other technical income own account

Category	2023	2022
Other interest received	27	8
Unrealised currency difference	156	348
Total	**183**	**356**

15. Own account payments

Payment type	2023			2022		
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
Expirations	680	-	680	725	-	725
Annuities	176	-	176	226	1	225
Death benefits	2,414	39	2,375	2,575	144	2,432
Surrenders	931	190	741	764	10	755
Total	**4,202**	**229**	**3,973**	**4,291**	**154**	**4,136**

16. Change in technical provisions own account for life insurance

See explanation in section 7.

17. Operating costs

	2023	2022
17.1 Acquisition costs		
Allocated acquisition costs	293	226
Gross acquisition commission	107	86
Fees for medical advisors	157	165
Inspection costs	3	1
Subtotal	**560**	**478**
17.2 Administration and personnel costs		
Salaries	781	702
Social security payments	81	76
Pension costs	342	219
Other personnel costs	28	25
Subtotal Personnel costs	**1,232**	**1,022**
Accountant	141	130
Actuary	128	130
Other services of third parties	479	398
Donation	100	100
Commission	78	88
Office rental	68	104
License fees	93	125
Other costs	180	120
Costs allocated to investments, included in investment expenses	-76	-59
Subtotal administration costs	**1,190**	**1,137**
Subtotal administration and Personnel costs	**2,422**	**2,159**
17.3 Commission received from reinsurers		
Aquisition commission	-10	-10
Recurrent commission	-214	-179
Subtotal	**-225**	**-189**
Total	**2,757**	**2,448**

Operating costs have generally increased due to inflation. In addition, extra staff was temporarily hired and costs were incurred for the implementation of the growth strategy and for an IT project.

Pension costs

	2023	2022
Pension premium	342	219
Total	**342**	**219**

Pension costs increased by 123 in 2023, mainly as a result of additional allowances granted.

Directors' remuneration

In the 2023 financial year, the following amounts were paid as remuneration, including pension costs, to (former) directors and supervisory board members: 279 (2022: 202) and respectively 39 (2022: 65).

The remuneration of the directors increased mainly because one director increased hie working hours per week. The remuneration of the supervisory board members decreased because the two members nominated by shareholders waived their remuneration.

Employees

All employees work in The Netherlands.

	2023		2022	
	FTE	number	FTE	number
Number of employees employed as of 31 December	6.6	9.0	6.3	8.0
Average number of employees employed	6.4	8.5	6.5	8.5

Part of the support activities for the business operations is carried out in collaboration with Onderlinge Levensverzekering-Maatschappij „'s-Gravenhage" U.A. The medical advisers are not employees but perform advisory work. They receive reimbursements on the basis of an expense claim agreement.

Accounting firm costs

The costs of the accounting firm KPMG Accountants N.V. are shown below. The costs are allocated to the year to which they relate. The amounts below include VAT.

	2023			2022		
	KPMG Accountants N.V.	Other KPMG-network	Total KPMG	KPMG Accountants N.V.	Other KPMG-network	Total KPMG
Examination of the annual accounts	118	-	118	107	-	107
Other audit assignments	23	-	23	23	-	23
Total	**141**	-	**141**	**130**	-	**130**

In addition to the statutory audit of the annual accounts, KPMG Accountants N.V. also performed the statutory audit of the Solvency II QRTs.

18. Investment costs

	2023	2022
18.1 Administrative costs & interest charges		
Investment administrative costs	29	27
Allocated personnel costs	76	59
18.2 Realised loss on investments	-	-
Total	**106**	**86**

19. Unrealised loss on investments

	2023	2022
Equity	159	1,152
AeAM Dutch Mortgage Fund 2	-	1,777
Polestar fund	142	-
SME fund	-	57
Total	**301**	**2,986**

20. Other technical charges own account

	2023	2022
Interest technical account ceding insurers	-	8
Unrealised currency difference	208	192
Total	**208**	**200**

21. Investment income allocated to non-technical account

In 2023 the allocation to the non-technical account is 205 lower than in 2022. The main causes are the lower dividend and interest income.

22. Result by profit sources

Technical result	2023	2022
Result on interest	-103	-60
Result on costs	-1,728	-1,387
Result on mortality and additional insurance	2,068	1,872
Result on changes	309	363
Subtotal result on principles	**546**	**788**
Change in other technical provision	-	-
Other technical benefits and costs	24	73
Discretionary profit sharing	-	-
Total	**570**	**861**

The technical account result decreased by 291 compared to 2022.
The negative result on costs increased due to the increase in operating costs.

23. Result after taxes

	2023	2022
Result before taxes	3,461	3,957
Taxes	-907	-908
Result after taxes	**2,554**	**3,049**

The effective corporate tax rate in 2023 was 26.2% (2022: 22.9%). The applicable rate is 25.8%.

EVENTS AFTER THE BALANCE SHEET DATE

There are no events after the balance sheet date of material significance.

Related parties

Related party transactions may occur when a relationship exists between the company, its shareholders and their directors and executive officers. There have been no transactions with related parties which are not on a arm's length basis. Transactions with the shareholders concern dividend payments, transactions pursuant to the capacity as ceding insurer or reinsurer, transactions pursuant to the administration of the pension scheme and transactions pursuant to a Service contract and the rental agreement.

The remuneration of the Directors and the Supervisory Board members is included under Directors' remuneration item 17. Board member Seada van den Herik is also a board member of one of the shareholders. The directors of DH Reinsurance are appointed in a personal capacity.

RISK SECTION

(amounts as per December 31 of the relevant year and x € 1,000)

DH Reinsurance operates in a market with a specific insurance risk profile. In addition to the underwriting risk, market risk, credit risk, liquidity risk, commercial risk, operational risk and integrity risk also play a role. DH Reinsurance's business operations are aimed at recognizing, quantifying and managing these risks. The policy regarding risk management is set out in the Management Board's report.

The results of the calculation of the capital requirements under the current solvency regime are as follows:

	2023	2022
Eligible Own Funds (EOF)	64,154	62,213
Solvency Capital Requirement (SCR)	24,794	21,157
Ratio of EOF to SCR	259%	294%

Compared to the end of 2022, the solvency ratio has decreased. The Eligible Own funds increased by 1,941, mainly due to an increase in the value of equity. The Solvency Capital Requirement also increased, from 21,157 to 24,794. This increase is mainly caused by the increase in market risk by 22%, also as a result of the increase in the value of equity. This results in a lower ratio.

The SCR is structured as follows:

Breakdown of Solvency Capital Requirement (SCR)	2023	2022
Market risk	20,920	17,207
Counterparty default risk	2,757	2,835
Underwriting risk	6,864	6,561
Diversification effect	-5,996	-5,692
Basic Solvency Capital Requirement (BSCR)	24,545	20,911
Operational risk	249	246
Tax effect	-	-
SCR	**24,794**	**21,157**

The SCR consists of the Basic Solvency Capital Requirement (BSCR) plus the required capital for operational risk. Under certain strict conditions, the loss-absorbing capacity of deferred taxes (LAC DT) may be deducted from this. DH Reinsurance has decided not to apply the LAC DT. This decision is periodically assessed.

Breakdown of market risk	2023	2022
Interest	812	723
Equity	18,738	15,128
Property	-	-
Spread	301	171
Currency	5,048	4,869
Concentration	1,332	275
Diversification effect	-5,311	-3,959
	20,920	**17,207**

Breakdown of underwriting risk	2023	2022
Mortality risk	3,102	3,121
Longevity risk	275	258
Lapse risk	2,659	2,574
Expense risk	2,950	2,634
Catastrophe risk	1,514	1,501
Diversification effect	-3,636	-3,527
	6,864	**6,561**

The SCR is 3,637 (17%) higher than last year. The market risk increased due to an increase in the value of the equity position and an increased equity adjustment (2023: +1.46%; 2022: -3.02%). The equity adjustment affects the shock on the value of equity, which is used to calculate the SCR of the equity. The equity adjustment is an adjustment to the basic shock of a maximum of plus or minus ten percentage points, depending on the development of the stock market over the past three years. The underwriting risk decreased due to the production of insurance policies with a mortality risk that have a low provision.

The following overview shows the reconciliation between own funds according to the annual accounts (BW2 and RJ) and SII: The required capital and the solvency ratio are also stated.

	2023	2022
Own funds annual accounts	**64,301**	**61,455**
Valuation differences of assets	-210	-443
Valuation differences between technical balance sheet provisions and best-estimate-provision	3,888	5,461
Valuation differences other liabilities	-640	-761
Valuation differences related to deferred taxes	-784	-1,098
Own funds before dividend distribution	**66,554**	**64,613**
Proposed dividend	-2,400	-2,400
Eligible Own funds (EOF)	**64,154**	**62,213**
Solvency Capital Requirement (SCR)	**24,794**	**21,157**
Solvency ratio	**259%**	**294%**

Explanation of the above overview:

In the annual accounts, equity is valued at current value and bonds at amortized cost. On the Solvency II balance sheet, all investments are valued at current market value.

The difference between the technical provision and the best-estimate provision is that the technical provision is based on net (rate) principles discounted at a fixed discount rate and that the best-estimate provision is determined on the basis of best estimates (for mortality, costs and lapse). The interest rate curve published by EIOPA without volatility adjustment is used for discounting the cash flows. This provision is increased by a risk margin.

The difference in deferred tax between the annual accounts and the Solvency II balance sheet is explained by different valuation principles.

The Other obligations mainly relate to the De Hoop Leven fund.

The table below shows the impact on own funds and solvency (according to Solvency II) for the most important risk factors if the risk factors undergo significant changes.

Sensitivity to shocks as of 31 December

	2023			2022		
	Change in equity [1] x € 1,000	Change in required solvency SII x € 1,000	Change in SII-solvency ratio in % points	Change in equity [1] x € 1,000	Change in required solvency SII x € 1,000	Change in SII-solvency ratio in % points
Interest rate curve shocked by + 100 bp	117	-241	3%	295	-225	5%
Interest rate curve shocked by - 100 bp	-419	316	-5%	-587	293	-7%
No UFR	-212	42	-1%	-257	48	-2%
Equity shocked with + 25%	8,593	4,365	-9%	7,799	3,760	-13%
Equity shocked with - 25%	-8,593	-4,214	11%	-7,799	-3,025	6%

[1] The change in own funds includes the change in the deferred tax provision.

A qualitative and, where necessary, a quantitative explanation is given below for each risk factor.

Commercial risk

Commercial risk is the risk that the company's objectives will not be achieved due to insufficient response to changes in environmental factors. DH Reinsurance operates from a reinsurance position and is therefore dependent on individual life insurers. Market movements but also strategic reconsiderations by these parties have a direct influence on production at DH Reinsurance. The Dutch insurance market is mainly characterized by consolidations, efficiency gains and significant price competition. DH Reinsurance focuses mainly on term life insurance, a product that is mainly taken out in combination with mortgages. Due to these developments, the number of providers on the Dutch market is becoming increasingly smaller. Because DH Reinsurance operates from a reinsurance position, it is becoming increasingly difficult for the end customer to find the route to an insurance solution.

DH Reinsurance carried out a strategic reorientation in 2021 and determined a long-term growth strategy. The implementation of this growth strategy started in 2022. This has now ensured that a new customized track for new policyholders is being set up in the Netherlands with various insurers. In addition, new reinsurance relationships have been entered into with partners in Germany and the United Kingdom.

Market risk

Part of the market risk is the interest rate and matching risk that may arise when hedging the obligations. The interest rate risk arises from market valuations of the underlying portfolios, such as liabilities and fixed-income securities. The liabilities are fully covered by fixed-income securities, mainly high-quality government bonds, of which the durations are not fully aligned with the obligations. In addition, part is also invested in mortgage and loan funds. Due to the diversification in the duration of the investments and the relatively short duration of the liabilities, interest rate changes have little influence on DH Reinsurance's solvency position. In addition, DH Reinsurance is little affected by the so-called UFR drag due to the shorter obligations.

Modified duration

	2023	2022
Investments	4.6	4.2
Technical provisions	9.1	9.2

Although the duration of the investments is shorter than that of the technical provision, the interest rate risk is relatively low, as the value of the investments is almost double that of the technical provision.

The greatest market risk lies within the equity portfolio. Price falls will quickly have a negative impact on the existing own funds. However, in such a case, the required capital also decreases, causing the solvency ratio to increase.
To limit the equity risk, investments are mainly made in more defensive Dutch, European and American stocks ("global players"), which historically also pay a decent dividend. The price risk is not hedged by derivative instruments. Given the defensive nature and the solid solvency position, this is an acceptable risk. Stress tests are carried out periodically with the aim of monitoring the solvency position and taking measures if necessary.

There is a currency risk within the equity portfolio. In recent years, the equity portfolio in foreign currencies has been expanded and the currency risk is increased due to value developments.

Research has shown that currency hedging on equity portfolios does not significantly reduce currency risk. It has therefore been decided not to hedge this risk.

Equity invested in foreign currency (amounts in euros)		
Currencies	**2023**	**2022**
American dollar	12,178	12,164
British pound	641	653
Japanese yen	925	866
Swedish krona	1,762	1,652
Swiss franc	4,687	4,140
Total	**20,192**	**19,476**
In % of the equity portfolio	34%	36%

Credit risk

The credit risk is divided into the following components:

Fixed income securities

The fixed-income securities consist of government bonds of the Dutch, Spanish and French governments as well as supranational bonds of the European Union. This involves a very limited credit risk.

Debtor risk

DH Reinsurance has no debtor relationship with consumers.

The debtor risk in this context lies with the primary insurance companies. DH Reinsurance has a current account relationship with its ceding insurers. The current account is drawn up and checked every month. As a rule, this is settled monthly. Some foreign ceding insurers are settled annually. The debtor risk is negligible.

Counterparty default risk

No deposit has been made for the reinsurer QBE. The reinsured provision is included in the calculation of the counterparty risk under Solvency II.

DH Reinsurance makes a deposit with a number of foreign ceding insurers equal to the provision for insurance liabilities. This deposit serves as security for the ceding insurer. The risk of this deposit is limited.

The cash balances at banks are subject to counterparty default risk. DH Reinsurance mitigates this risk by spreading the liquidity position among banks with at least an A rating.

The mortgage fund also falls under this risk. The mortgage fund is mainly related to guaranteed mortgages (Dutch Mortgage Guarantee) granted after 1 January 2013, where repayment is the norm and overcrediting is capped (loan to value capped at 106%).

This shifts the majority of the mortgage fund's debt risk to the Dutch state. The mortgage fund is an investment with a low risk profile. The counterparty default risk is assessed as low.

Liquidity risk

Liquidity is the ability to make the investments on the balance sheet liquid, for example when distributions have to be made or collateral has to be deposited. At DH Reinsurance, the obligations that require liquid assets mainly consist of payments that must be made to the ceding insurers. If mortality increases, higher payments in the portfolio may have to be taken into account than expected. DH Reinsurance pays out the obligations to ceding insurers at the time of claim by the ceding insurer. Claims are settled with the reinsurer on a quarterly basis. The settlements with the foreign ceding insurers are drawn up and processed at the end of the financial year.

DH Reinsurance always maintains a reasonable buffer of liquid assets and invests mainly in government bonds and shares that are relatively easy to liquidate. DH Reinsurance does not invest in derivatives and therefore runs no risk of having to provide collateral. Part of the liquid assets (GBP 1,000) is in a blocked account at a bank, because the bank in question has issued a letter of credit to a ceding insurer.

Operational and outsourcing risk

DH Reinsurance strives for reliable and auditable administrative processing with its administrative organization, internal controls, reporting lines and processes. These measures are recorded in an AO/IB manual.

The size of DH Reinsurance makes the company extra vulnerable to operational risks, especially in the area of continuity of activities. Vital processes are guaranteed by spreading the knowledge of the work among several people. In addition, a number of activities (ICT, HRM, Internal Audit and Compliance) are carried out by Onderlinge ’s-Gravenhage. Because this is an insurer under the supervision of DNB, this party is well aware of the applicable laws and regulations and the requirements that an insurer imposes on these parties. DH Reinsurance therefore expects that there will be less risk here than if these matters were carried out by other external parties. The management and custody of investments is carried out by CACEIS. DH Reinsurance uses a number of cloud service providers for the IT infrastructure and office automation.

The Financial Risk Management Function and the Actuarial Function have been outsourced to EY Actuarissen B.V. The Operational Risk management function has been outsourced to AFIER IT-Auditors B.V.

As control measures regarding services provided by third parties, the available ISAE 3402 or similar reports are reviewed and periodic evaluation discussions about the services are held with Onderlinge 's-Gravenhage.

Life underwriting risk
Given the increase in costs, expense risk has become the main risk. This concerns the risk that cost coverage in the insurance rates and portfolio is insufficient to finance operational costs.

An important part of the insurance risk is formed by acceptance on incorrect conditions. Incorrect assessment of the risk can lead to loss on mortality, damage to existing solvency and loss of confidence among both the ceding insurer and ultimately the consumer. To manage these risks, an acceptance procedure is used that does justice to the special risks that DH Reinsurance wants to reinsure. This procedure is primarily aimed at medical acceptance. In addition, for higher insured capitals, in addition to the procedures that the ceding insurer itself uses internally, our own financial acceptance procedure applies.
Capital in excess of our own retention is also reinsured with another party.

An annual study is conducted into mortality per condition or group of conditions. DH Reinsurance also carries out an annual life adequacy test based on RJ guidelines. The balance sheet provision is tested for adequacy. The results of this test show that the balance sheet provision is adequate (+ 4,484).

Own risk assessment
DH Reinsurance annually carries out an Own Risk and Solvency Assessment (ORSA) in which a number of stress scenarios relating to these threats are calculated. The most recent ORSA report has shown that it is unreasonable to assume that increased mortality risks pose a threat to the continuity of the company in the medium term. DH Reinsurance's solvency is more than sufficient to counter (temporary or structural) setbacks in any area. The continuity of the company is not jeopardized. Negative economic developments can even have a positive impact on solvency.

The Hague, April 4, 2024

Directors
Gilbert Pluym
Seada van den Herik

Supervisory Board
Lex Geerdes, president
Marcel Levi, vice president
Sibylla Bantema
Martijn Hoogeweegen

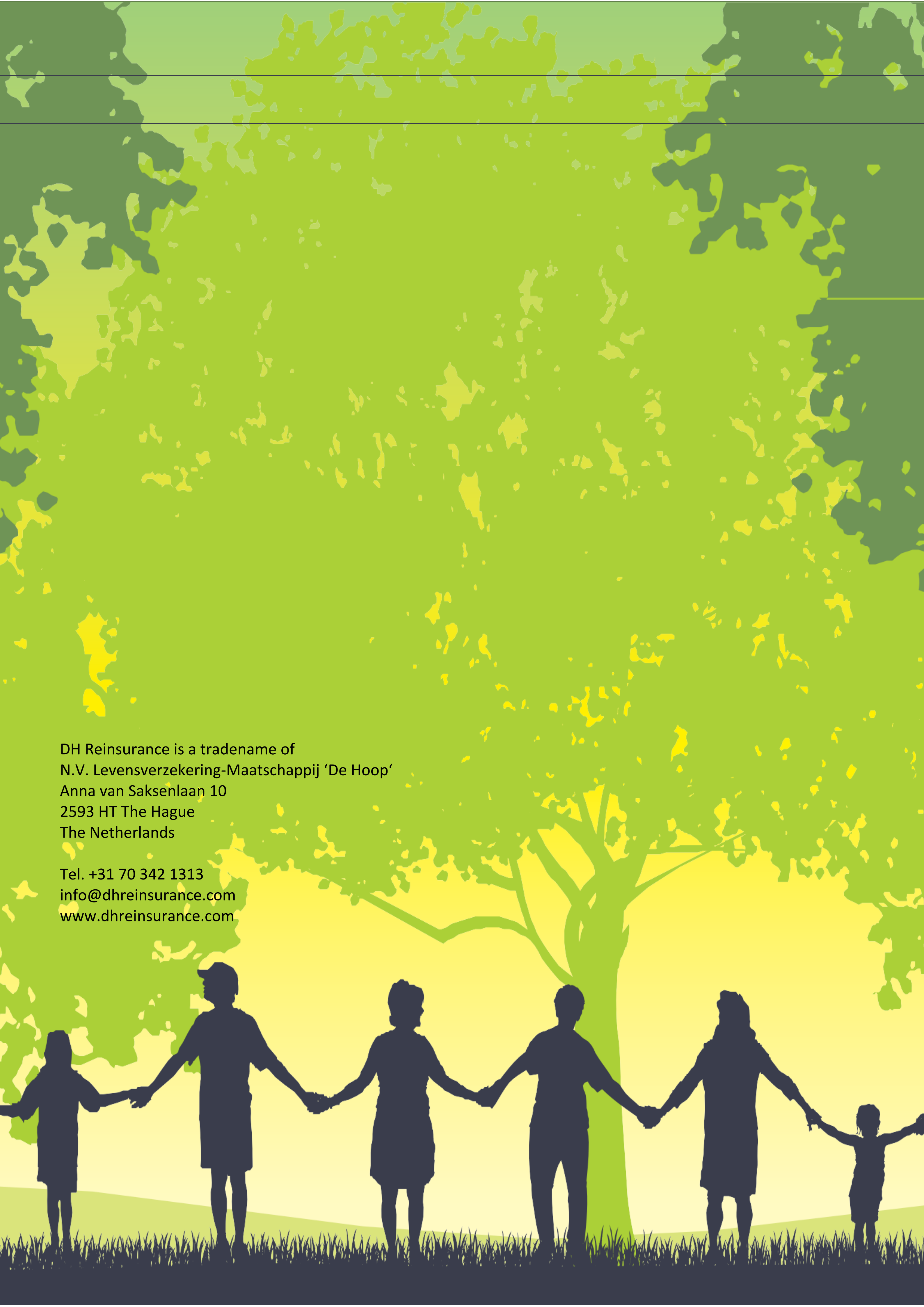
OTHER INFORMATION

STATUTORY REGULATIONS REGARDING THE ALLOCATION OF PROFITS

The rules on the allocation of profits are included in Article 26 of the Articles of Association.
Article 26 of the articles of association reads as follows:

1. A percentage of the corporate profit as shown in the profit and loss account will be reserved annually, after deducting the unrecovered loss balances from the previous years.
2. The resulting profit is at the disposal of the General Meeting of Shareholders, with due observance of the relevant provisions of Article 105 of Book 2 of the Civil Code.

a unique reinsurer



DH Reinsurance is a tradename of
N.V. Levensverzekering-Maatschappij ‘De Hoop‘
Anna van Saksenlaan 10
2593 HT The Hague
The Netherlands

Tel. +31 70 342 1313
info@dhreinsurance.com
www.dhreinsurance.com