



DE  
HOOP

# Annual report 2022

the hundred and seventeenth financial year



# GENERAL INFORMATION

---

## **Supervisory Board**

Drs. A.A. (Lex) Geerdes, president  
Drs. S.A. (Sibylla) Bantema EMFC RC, vice president  
Prof. dr. M.M. (Marcel) Levi MD  
Drs. E. (Erik) Muetstege

## **Audit Committee**

Drs. A.A. (Lex) Geerdes  
Drs. S.A. (Sibylla) Bantema EMFC  
RC Prof. dr. M.M. (Marcel) Levi MD  
PhD Drs. E. (Erik) Muetstege

## **Management board**

Drs. G.Th. (Gilbert) Pluym AAG, managing director  
Drs. S.N. (Seada) van den Herik, director

## **Management**

Drs. H.J.M. (Henk-Jan) Osse RA, manager

## **Medical advisors**

Drs. ir. H.C. (Hans) Ablj, internist  
Drs. A. (André) Gaasbeek, internist  
Drs. G. (Gijs) Willemsen, internist

## **Auditor**

KPMG Accountants N.V.

**Disclaimer: this English version of the annual report of NV Levensverzekering-Maatschappij 'De Hoop' has NOT been audited. It is a translation of the audited annual report in Dutch, which is available on our website [www.dehoopleven.nl](http://www.dehoopleven.nl)**

# *a unique reinsurer*

*De Hoop is a reinsurer specialized in the (re)insurance of medically increased risks. De Hoop 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 over 117 years.*

*To this end, De Hoop works together with regular insurers in the Netherlands and abroad. Our reinsurance capabilities allow insurers to accept almost all of their customers.*

*De Hoop 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.*

*De Hoop focuses on the individual life insurance market, in particular on the term life insurance segment. We do this in the Netherlands, Belgium, France, England 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 De Hoop for the 2022 financial year. We would like to thank customers, employees, shareholders and suppliers for the trust you have placed in us; this strengthens our aim to continue to make the insurability of vulnerable groups possible and affordable in the future!*





# CONTENTS

<b>Particulars</b>	<b>2</b>
<b>Theme</b>	<b>3</b>
<b>Contents</b>	<b>5</b>
<b>Key figures</b>	<b>6</b>
<b>Report of the Supervisory Board</b>	<b>8</b>
<b>Report of the Management Board</b>	<b>10</b>
Introduction	10
Developments in 2022	10
Results 2022	11
Key data	12
Result and Taxes	14
Solvency position	14
Main risks and uncertainties	14
Continuity of the company	15
Liquidity	15
Sensitivity analyses	15
Sustainable Investment Code	15
Corporate Governance	16
Risk management	16
Forecasts 2023	16
<b>Annual report</b>	<b>18</b>
Balance	18
Profit and Loss Account	20
Cash flow statement	21
Accounting policies for valuation, determination of results and presentation	22
Explanatory notes to the Profit and Loss Account	32
Events after the balance sheet date	35
Risk section	36
<b>Sources of profit</b>	<b>41</b>
<b>Other data</b>	<b>41</b>
Destination of Profit	41

# KEY FIGURES


(amounts x € 1,000)

	2022	2021	2020	2019	2018
Gross regular premiums	6,135	5,970	5,267	5,231	5,550
Gross lump sum premiums	23	31	65	33	24
Total gross premiums	6,158	6,001	5,332	5,264	5,574
Gross capital production	190,834	242,558	175,212	110,111	39,859
Net capital production	105,431	154,019	99,266	40,750	-21,435
Gross insured amount	1,115,567	1,010,136	856,177	756,911	716,161
Technical provision e.r.	23,788	24,711	32,226	28,287	28,036
Investment balance sheet value at year-end	82,142	90,896	86,897	90,479	81,469
Solvency II required solvency <sup>1)</sup>	21,157	31,002	24,033	24,838	18,031
Available Solvency II solvency	62,213	66,658	53,590	59,986	54,542
Solvency II solvency in % <sup>2)</sup>	294%	215%	223%	242%	302%
Balance sheet total	90,516	101,247	97,435	101,156	94,487
Premium turnover	6,158	6,001	5,332	5,264	5,574
Income from investments	6,791	5,282	4,252	3,904	9,887
Total turnover	12,949	11,283	9,584	9,168	15,461
Acquisition costs	478	462	408	428	408
Management and personnel costs	2,159	1,791	1,953	1,983	1,603
Reinsurance commission	-189	-148	-23	-26	-26
Operating costs total	2,448	2,105	2,338	2,385	1,985
Gross payments	4,291	11,083	4,983	3,960	4,869
Technical account result	861	6,895	-4,622	-239	381
Net result	3,049	9,163	-2,889	2,695	7,620
Dividend	2,400	2,400	-	2,400	2,400
Payment in respect of Other reserves	-	-	2,400	-	-

<sup>1)</sup> The value of the Solvency II required solvency is subject, among other things, to the volatility of share prices. In 2021, this has led to a relatively high Solvency II solvency requirement.

<sup>2)</sup> Based on EIOPA curve excluding volatility adjustment, without application of transitional measures.

The stated available solvency is after distribution of dividend/distribution of the financial year in the amount of the remaining reserves.



*'Together with a friend I founded a company in the field of sustainable fashion. In this context, we have taken out term life insurance for each other. I am glad that De Hoop made this insurance possible - due to my medical circumstances, it was not at all obvious that I could be insured.'* \_\_\_\_\_

# LETTER FROM THE SUPERVISORY BOARD

## GENERAL

In 2022, De Hoop worked on developing the new strategic course developed in 2021. Progress on this is promising and will continue to be built upon in 2023. We expect to see the first concrete results of these efforts this year.

### Annual accounts

The annual accounts have been prepared by the Management Board, submitted to the Supervisory Board for approval and audited and provided with an unqualified statement by KPMG Accountants N.V.

We discussed the annual accounts with the Management Board in the presence of the auditor and propose that the General Meeting of Shareholders adopt them. We agree with the proposal of the Board of Directors to distribute € 2,400,000 as dividend and to add the remaining amount of € 649,000 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 has the task of supervising and advising on the policy pursued by the Management Board, as well as supervising De Hoop's strategy and the general course of affairs.

De Hoop has four supervisory directors, each with a specific expertise and background. New Supervisory Board members 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 2015 Financial Sector Oath or Affirmation Statutory Regulation. Written statements have been drawn up for this.

There have been no changes in the composition of the Supervisory Board in 2022. Erik Muetstege's third and final term will expire in 2023. During his entire term as a member of the Supervisory Board, he has devoted himself enormously to the company and its mission and thus made a major contribution to the success of De Hoop.

His extensive knowledge of the sector, his analytical view and his open way of communicating were very valuable in the collaboration.

De Hoop is indebted to Erik for his many years of dedication. The filling of the vacancy on the Board is in its final phase.

### Meetings

The Supervisory Board held three formal meetings during the year under review, one of which was attended by both the external auditor and the actuary, who performs the actuarial function. During the year under review, the general, commercial and financial state of affairs, investments, results and the 2021 annual accounts, market developments, De Hoop's social function and the remuneration policy and its implementation were discussed in the presence of the Management Board.

The reports of the actuarial function, risk management, internal audit and compliance were also discussed in the presence of the relevant key officials.

The Own Risk and Solvency Assessment 2022 (ORSA) has been discussed.

In 2021, De Hoop's management, partly at the request of the Supervisory Board, reassessed De Hoop's long-term strategy. The Supervisory Board has been involved in this and has approved the proposed new long-term strategy. The shareholders have been informed about this new long-term strategy, always with a representative from the Supervisory Board.

In 2022, the implementation of the long-term strategy, approved by the Supervisory Board in 2021, started. There have also been periodic evaluations of a number of policy documents. The parts of the revised policy documents have been approved by the Supervisory Board where necessary.

The 2022 audit assignment confirmation, the audit plan and the report from the external auditor, as well as the report from the actuarial function, were discussed in their presence.

The Supervisory Board also met several times without the presence of the Management Board. The Supervisory Board also spoke with the external auditor without the presence of the Management Board.

A delegation from the Supervisory Board also held consultations with the key officials in the absence of the Management Board.

In 2022, the Supervisory Board again evaluated its own performance, this year with an external supervisor. The management of De Hoop also provided input in this process.

The results of this self-evaluation have been discussed within the Board and conclusions and recommendations have been formulated.



## **Acknowledgements**

The Supervisory Board would like to express its gratitude to the employees and the management of De Hoop for their efforts and for the results achieved in the year under review, which was intensive in many respects.

*The Hague, 29 March 2023*

## **Commissioners**

Lex Geerdes, president

Sibylla Bantema, vice president

Marcel Levi

Erik Muetstege

# REPORT OF THE MANAGEMENT BOARD

*In a world with many uncertainties, in 2022, together with the ceding insurers and medical advisors, we were again able to offer certainty to many people with an increased medical risk of death. We are motivated to reach even more people in the countries where we already work and to be able to help people in more countries. I am pleased with the positive responses we are receiving and proud of everyone who contributes to fulfilling our mission.*

Gilbert Pluym

## INTRODUCTION

In 2022, Covid-19 faded a little more into the background, but we got a multitude of crises in return: energy, climate, nitrogen, refugees. This was partly fuelled by the terrible war in Ukraine. These crises led to a great deal of social uncertainty, and economically to inflation, rising interest rates and falling share prices. In these circumstances, it was nice to be able to work partly together at the office as colleagues at De Hoop and to have many live meetings with partners again.

The organization has 8 (6.3 FTE) employees as at 31 December 2022 (2021: 9; 6.8 FTE). In addition to this small core organization, there are three specialized medical advisers with whom we can offer tailor-made term life insurance policies. In addition, about 20 people work for De Hoop through outsourcing, mainly from Onderlinge 's-Gravenhage, with whom we jointly carry out our mission.

It is laid down in the articles of association that the shares of the company are 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. and Onderlinge Levensverzekering-Maatschappij 's-Gravenhage U.A.

In this report, unless stated otherwise, all amounts are in units of thousand euros.

## Mission

Ever since its foundation in 1905, De Hoop has emphasized the social responsibility of insurers and is committed to vulnerable target groups in society. The mission to minimize the number of life insurance applications rejected on medical grounds remains undiminished. De Hoop specializes in medical risks that are difficult to insure and offers insurers the option of reinsuring.

This enables every insurer to pursue a fair and socially responsible acceptance policy and people with a medical condition can also take out a good life insurance policy.

## Core activity

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

## DEVELOPMENTS IN 2022

In 2022, De Hoop, like many other organizations, found a suitable combination of working at home and at the office. From a commercial point of view, as expected due to economic developments, there were fewer new applications and policies in 2022 than in 2021. The insured amount of the new policies was higher in total than in 2021.

In the United Kingdom, De Hoop has been working with specialist insurance broker Pulse Insurance since mid-2020. However, the insurer acting for Pulse has decided not to apply for a permanent license for the UK and has scaled back its efforts in that market. As a result, production decreased in 2022. Together with Pulse, we are looking for an alternative party so that this fruitful collaboration can be continued and expanded again.

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 that a comparable offer is often lacking abroad. Based on this analysis, we started two strategic projects in 2022.

In the Netherlands, we have started a project, with the support of the Dutch Association of Insurers and all term life insurers operating in the Netherlands, to give more people with an increased medical risk of death access to the options that De Hoop can offer by directing applications rejected (on medical grounds) from other insurers to De Hoop's wider acceptance options via one central point. We base this on the TAF Customized term insurance Route ('Maatwerkroute ORV'), which TAF, Quantum Leben and De Hoop have successfully developed together and which in January 2023 also won the Adfiz Performance Survey 2023 in the chain efficiency category in January 2023.

Abroad, we have chosen to first investigate possibilities in Germany to come up with an offer for people with an increased risk of death, together with interested market parties.

We expect to see the first results of both projects in 2023. De Hoop is at the centre of society. We are in constant dialogue with various parties to draw attention to our mission and thereby further affect insurability in the Netherlands.

A few years ago, we set up the De Hoop Leven Fonds to finance research that benefits our target group and increases insurability. In this way, too, we make a concrete contribution to access to essential insurance policies. In October 2022, a.s.r. announced the acquisition of Aegon Nederland, subject to shareholder and regulatory approval. Aegon was one of the founders of De Hoop and has fully supported De Hoop's mission all these years. We look back on this with appreciation and look forward with confidence to the new relationship with a.s.r. Finally, Joke Verbaan retired in 2022. She served as operational manager of De Hoop for many years. We thank her for her tireless efforts. With Henk-Jan Osse, who has been working within our organization for several years, we have a worthy successor and continuity is ensured.

## Results 2022

The number of new insurance policies in 2022 was 969 (2021: 1,186), a decrease of 18%. Capital production decreased by 21% from € 242,588 to €190,834. The number of applications decreased by 11% in 2022.

Written premiums (before reinsurance) increased by 3%. The increase is higher than would be expected based on production.

The reason for this is that the lapse rate of policies with a relatively high premium fell by 4%. The size of the portfolio (amount insured) increased in the financial year by €105,371 to €1,115,567 (2021: €1,010,136).

In 2022, De Hoop realized a profit after tax of € 3,049 (2021: € 9,163 profit). Profit in 2021 was higher than normal due to a one-off release of the other technical provisions due to the reduction of the liability adequacy test deficit to zero.

Compared to 2021, both the result on the technical account and the income from investments allocated to the non-technical account have fallen sharply due to declining market values of investments. The result was positively influenced in 2021 by the aforementioned release from the other technical provisions.

Operating expenses increased by € 342 in 2022. Management and personnel costs increased by € 367 (21%). The increase was caused by the project-based efforts in the Netherlands and Germany. At € 788, the result on a technical basis was higher than in 2021 (€ 237), due to a higher result on insurance transactions (€ 748) and fewer deaths (€ 456). The result on interest was negative in 2022 (- € 60; 2021: € 250).

The required capital under Solvency II (SCR) is € 21,157 (2021: € 31,002). It is proposed to pay a dividend of € 2,400 to shareholders. Shareholders' equity will be determined after payment of the proposed dividend of € 2,400. Equity under Solvency II amounts to € 62,213 (2021: € 66,658); the solvency ratio is 294% (2021: 215%).

## KEY DATA

The key data below provide an overview of the results achieved over the past period and the financial position (amounts x € 1,000).

### Premium before reinsurance deduction

Premium income before deduction of reinsurance increased by 2.6% (2021: 12.6%) to € 6,159 (2021: € 6,001).

Premium income before reinsurance deduction		
	2022	2021
Regular premiums	6,135	5,970
Purchase price	23	31
<b>Total</b>	<b>6,158</b>	<b>6,001</b>

The premium level increased by 2.6% (2021: 6.3%) to € 6,192 (2021: € 6,036).

### Insured amount

The insurance portfolio increased less than in 2021 (10.4% compared to 18.0%). New production decreased compared to 2021 (-21.3% compared to 38.4%). The decrease in production is mainly caused by the decrease in mortgage-related policies in a shrinking mortgage market. The lapse decreased by 3.8% relative to 22.8% in 2021. Over a five-year period, the insurance portfolio grew organically from €738 to €1,116.

That is an increase of 51.1% in five years (an average of 10.2% per year).

Balance of the insurance portfolio		
	2022	2021
Balance of insured amount on 1 January	1,010,136	856,106
Production	190,834	242,558
Lapse	-86,943	-90,450
Currency difference	1,540	1,911
<b>Balance of insured amount on 31 December</b>	<b>1,115,567</b>	<b>1,010,136</b>

### Investments

Investments (excluding cash equivalents) amounted to € 85,678 (2021: € 94,613).

The balance sheet value of the shares as at 31-12-2022 decreased to € 42,045 (2021: € 54,100). De Hoop'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 decreased slightly as at 31-12-2022 to € 10,223 (2021: € 12,913).

In 2021, a commitment of € 5,000 has been made for SME Loan Program S.à r.l. Compartment A1 (hereinafter referred to as SME fund), in which € 1,552 was actually purchased at the end of 2022.

The balance sheet value of the liquid assets as at 31-12-2022 was € 3,536 (2021: € 3,717).

Investments		
	2022	2021
Balance sheet value on 31 Dec. of the investments and liquid assets	85,678	94,613
The proceeds from these assets amount to	3,018	2,873
Direct return on shares	3.45%	2.70%
Direct return on fixed income securities	3.64%	4.54%
Direct return on liquid assets	-0.46%	-0.35%

### Payments


Pay-outs before deduction of reinsurance decreased by 61.3% and are detailed below.

Pay-outs before reinsurance deductions		
	2022	2021
Payments upon death	2,575	3,321
Payments upon expiration	725	975
Interest payments	226	502
Buy off	764	6,286
<b>Total</b>	<b>4,291</b>	<b>11,083</b>

In 2021, portfolios were partially transferred to and bought off with two former ceding insurers.

Result of the technical account		
	2022	2021
Result on interest	-60	250
Result on costs	-1,387	-1,044
Result on mortality and supplementary insurance	1,872	1,416
Result on changes	363	-385
<b>Subtotal technical result</b>	<b>788</b>	<b>237</b>
Change in other technical provisions	-	6,485
Other technical income and expenses	73	172
<b>Total</b>	<b>861</b>	<b>6,895</b>

The technical account result has decreased by € 6,034 compared to 2021. The negative result on costs increased due to the increase in operating costs.



**Peace of mind**

*'I always thought that term life insurance is only important if you have a house and a mortgage. However, my financial advisor has explained to me that as tenants together we are also vulnerable. Despite my chronic condition, we were offered an affordable policy – what a relief!'*

---

## Result and Taxation

Result and taxation		
	2022	2021
Result before taxes	3,957	12,207
Taxation related to the result	-908	-3,044
<b>Result after taxes</b>	<b>3,049</b>	<b>9,163</b>

The effective tax rate in 2022 was 22.9% (2021: 24.93%). The applicable tax rate is 25.8%.

The result after tax fell by 6,114 in 2022 compared to 2021.

It is proposed to the General Meeting of Shareholders to distribute a dividend of € 2,400 from the profit for the financial year and to add the remaining positive result to the Other reserve.

	2022	2021
Result after taxes	3,049	9,163
Dividend	-2,400	-2,400
<b>Deposit in the other reserve</b>	<b>649</b>	<b>6,763</b>

## Solvency position

De Hoop uses the standard formula from the Solvency II Directive to determine the required solvency.

De Hoop has set a solvency ratio of 200% as an internal standard. This standard is in line with a high credit rating as laid down in Article 199 of the EU Delegated Regulation 2015/35. This specifies which solvency ratio matches the creditworthiness of the company. At credit quality level 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%.

De Hoop wishes to aim for the corresponding solvency ratio (rounded off at 200%). This internal standard will be achieved at the end of 2022.

Based on the standard formula, the required solvency is € 21,157 (2021: € 31,002). The solvency ratio was 294% (after dividend) at year-end 2022 (2021: 215%). The solvency ratio has increased compared to year-end 2021, with decreasing equity (- € 4,445) and decreasing required capital (- € 9,845).

The solvency ratio is only final after assessment by De Nederlandsche Bank of the Solvency II report to be submitted to it. No use was made of a volatility adjustment on the interest rate curve in the calculation of the solvency figures. Furthermore, the transitional measures for the required capital for shares have not been applied and it has been decided not to take into account the loss-absorbing capacity of the deferred tax asset, the so-called LAC DT.

The following overview shows the reconciliation between the shareholders' equity according to the annual accounts (Title 9 Book 2 of the Dutch Civil Code and the Guidelines for annual reporting) and the shareholders' equity under Solvency II.

The required capital and solvency ratio are also listed.

	2022	2021
<b>Equity annual accounts</b>	<b>61,455</b>	<b>68,280</b>
Valuation differences of assets	-443	2,816
Valuation differences between technical balance sheet provisions and best estimate provisions	5,461	-1,124
Valuation differences of other liabilities	-761	-633
Valuation differences related to deferred taxes	-1,098	-281
<b>Equity Solvency II</b>	<b>64,613</b>	<b>69,058</b>
Proposed dividend	2,400	2,400
<b>Equity Solvency II</b>	<b>62,213</b>	<b>66,658</b>
<b>Required solvency</b>	<b>21,157</b>	<b>31,002</b>
<b>Solvency ratio</b>	<b>294%</b>	<b>215%</b>

### Explanation of the above overview

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

There is the following difference 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 on a fixed actuarial interest rate; the other technical provision arises by testing the balance sheet provision for adequacy. There has been no shortage in 2022. If there is a shortage, an other technical provision is formed. The best estimate provision is determined based on best estimates (for mortality, costs and unnatural lapse), plus a risk margin.

The published yield curve without volatility adjustment from EIOPA as at 31 December 2022 is used to discount the cash flows. The difference in deferred taxation 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 there in 2022, but society has adapted to it. It is still too early to estimate the long-term effects on mortality, especially for De Hoop's target group. The effects seem limited so far. It is to be expected that pandemics of a similar magnitude will occur more frequently. We will have to take this into account in our medical acceptance and in our risk scenarios.

Partly fuelled by the terrible war in Ukraine, there was a lot of social and economic uncertainty and high energy prices.

In 2022 it already became clear that this will lead to lower production volumes, which will probably also be the case in 2023. Rising inflation and interest rates will likely aggravate this. In addition, prolonged high inflation has an increasing effect on De Hoop's costs, which cannot or can hardly be passed on.

Climate risks will certainly play a role in the longer term. It is important to closely monitor developments and measures taken by governments to limit climate risks.

#### **Global geopolitical uncertainty**

Geopolitical uncertainty will remain high in 2022 due to the war in Ukraine. In addition to the human drama that is unfolding there due to the Russian invasion, the economic sanctions imposed against Russia have an impact on economic conditions. In addition, there is an increase in strategic competition for economic and political influence between China, the US and the EU. Finally, there is division in many areas within the EU about measures to be taken, which hinders the EU's decisiveness.

#### **Continuity of the company**

Market changes can influence our business model. As a provider of medically increased death risks, De Hoop qualifies as a monoliner in a market segment that has been under pressure for several years. In addition, the business model is vulnerable due to the market approach based on the facultative reinsurance position, which means that the company is dependent on the strategic choices of the primary insurer. The continuity of the company may be jeopardized by resigning ceding insurers. The aforementioned strategic initiatives are also intended to make De Hoop less vulnerable to this.

Other factors also play a role. Deteriorating economic conditions may result in lower incomes.

In addition, diseases or pandemics, for example, can put pressure on the insurance results. De Hoop conducts an annual Own Risk and Solvency Assessment, hereinafter referred to as ORSA, in which a number of stress scenarios relating to the aforementioned threats are calculated. In 2020, one of those scenarios became reality with the global outbreak of the COVID-19 pandemic.

A climate scenario has also been added in 2022, in which the possible effects of the climate risk are calculated and assessed.

The ORSA of 2022 has shown that sufficient measures are possible in a number of extreme stress scenarios to counter a deterioration in the solvency ratio. The continuity of the company is not endangered.

#### **Liquidity**

At the end of 2022, the balance of liquidities amounted to € 3,536 (2021: € 3,717) and is at completely free disposal.

#### **Sensitivity analyses**

Solvency is sensitive both to volatility in the financial markets and to strong changes in the insurance portfolio that can arise as a result of a significant deviation from the assumptions. Scenarios have been drawn up for a quantitative risk assessment, which can influence solvency both positively and negatively. In the

ORSA, various stress scenarios are calculated that show that the solvency ratio remains well above the required solvency ratio, even under extreme circumstances, such as a strongly increased death scenario and a very sharp fall in the financial markets.

The risk section shows an increase/decrease in the interest curve of 100 basis points and an increase/decrease in the value of the shares of 25%. The impact of these scenarios on solvency and the solvency ratio is shown in the risk section. In general, De Hoop is sensitive to market risk, due to its relatively high equity position, in particular for equity risk. The effects of exchange rate changes can influence the available solvency both positively and negatively. 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. The ORSA includes a stress scenario for climate risk. Given the nature of the company, De Hoop does not see the climate risk as a threat to the existing strategy and the expected operating result for the time being. We endorse the Sustainable Investment Code and the International Corporate Social Responsibility (ICSR) covenant of the Dutch Association of Insurers.

Sustainable investment is a permanent item on the agenda of the Investment Committee. The UN Principles for Responsible Investment and the United Nations Global Compact provide guidelines for 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

De Hoop is not listed on the stock exchange and is therefore not obliged to comply with the Dutch Corporate Governance Code. As a 'public interest organisation', attention is of course given to the principles of sound corporate governance and the relevance of best practice recommendations of the Corporate Governance Code.

Where relevant, elements thereof are applied integrally or in modified form.

## Code of Conduct for Insurers

De Hoop endorses the core values laid down in the Code of Conduct for Insurers and complies with the provisions and rules of conduct of this code. The Supervisory Board, Management Board and senior management have taken the financial sector oath or affirmation.

## Remuneration Policy

De Hoop's remuneration policy has been approved by the Supervisory Board (RvC) 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 adopts this remuneration policy.

The remuneration policy applies to the entire organization and in particular to those individuals who can influence De Hoop's risk profile. These are the Board of Directors, senior management, Human Resources and the control functions (Compliance, Risk Management and Internal Audit). Because the Human Resource function and control functions have been outsourced, they are not covered by the remuneration policy.

De Hoop's remuneration system is based on the collective labour agreement for the insurance industry. No variable remuneration is awarded to the Management Board.

The remuneration system provides for the possibility of a bonus for the entire staff, with the exception of the management, in the months of May and October. These bonuses per employee do not exceed a month's salary and amount to less than € 10,000 on an annual basis. In exceptional cases, it is possible to pay a modest bonus for a special performance afterwards. No other bonuses, welcome packages, exit packages or retention bonuses have been awarded. There are no employees within De Hoop who have received a total annual remuneration of 1 million euros or more.

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

## Risk management

De Hoop operates in a market with a specific underwriting risk profile. In addition to underwriting risk, market risk, credit risk, liquidity risk, commercial risk, operational risk and integrity risk also play a role. De Hoop's business operations are aimed at recognizing, quantifying and managing these risks. As part of internal risk management, the Management Board also pays attention to (preventing) internal and external fraud and compliance with laws and regulations.

During 2022, nothing has come to the attention of the management that indicates suspicions of, or actual, fraud and/or violations of laws and regulations.

De Hoop tests its risk management policy annually, taking into account the relevant applicable laws and regulations and the regulations based on Solvency II.

In the current time, IT risk is increasing, with cyber risk in particular becoming an increasing threat. De Hoop has outsourced IT to Onderlinge 's-Gravenhage, where the security officer also works. The infrastructure of De Hoop is outsourced to cloud services (Amazon Work Spaces), and the office automation is outsourced to Microsoft. By working in the cloud, a physical backup location is no longer necessary, but employees can work elsewhere in the event of a calamity. Both Onderlinge 's-Gravenhage and De Hoop have a security policy, in which control measures are laid down with regard to cybercrime, privacy and data security.

A risk management function has been set up to shape the implementation of 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 is filled by Pro Compliance (sole proprietorship).

One of the tasks of these functions is to monitor the formulated risk categories. Risk management is a continuous process, in which changes in and around the organization can give rise to changing 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 account.

## Forecasts for 2023

De Hoop's term insurance production is strongly related to the mortgage market. We expect that, partly due to the economic uncertainty, the recent further rise in interest rates and the friction in the housing market, the price increase in the market will level off, with a related movement for the term insurance market.

In 2021, De Hoop has reassessed its strategy. For the Dutch market, De Hoop will profile itself more emphatically as the party for people who cannot take out insurance elsewhere by setting up the De Hoop Customized term insurance Route. In Germany, we are investigating to what extent we can use our unique knowledge and proposition with regard to increased medical risks. In order to operate more adequately abroad, we use the trade name DH Reinsurance there and we also have a German and English website. We expect the impact of these strategic efforts on our production from 2023 onwards.

In the context of socially responsible investing, we have so far mainly focused on the investments that we do not want. In 2023, we also want to focus on which investments we would like to have in this context. We will investigate with which investments, in line with our mission, we can have a positive impact.



**General**

We are grateful for the long-standing trust of our ceding insurers and other partners. With our new initiatives, we are also seeing interest and motivation from new parties to jointly increase insurability. This is partly based on the great effort and involvement of our employees and medical advisers. Together with all parties involved, we will continue to carry out our mission in 2023.

*The Hague, 29 March 2023*

**Management Board**

Gilbert Pluym

Seada van den Herik

# ANNUAL ACCOUNT

## Balance before profit appropriation

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

ASSETS	2022	2021
<b>1 Investments</b>		
1.1 Other financial investments		
1.1.1 Shares	42,045	54,100
AeAM Dutch Mortgage Fund 2	10,223	12,913
SME fund	1,495	417
	<u>53,763</u>	<u>67,430</u>
1.1.2 Bonds and other fixed income securities	28,379	23,466
	<u>82,142</u>	<u>90,896</u>
<b>2 Deposits with ceding insurers</b>	2,504	2,453
<b>3 Receivables</b>		
3.1 Other receivables	465	397
3.2 Receivables from reinsurance	1,128	3,040
	<u>1,592</u>	<u>3,438</u>
<b>4 Other assets</b>		
4.1 Liquid assets	3,536	3,717
<b>5 Accruals</b>	742	742
	<u>90,516</u>	<u>101,247</u>

**LIABILITIES**

	2022	2021
<b>6 Equity</b>		
6.1 Issued and paid-up capital	405	405
6.2 Revaluation reserve	11,738	19,212
6.3 Other reserve	46,263	39,500
6.4 Undistributed profits	3,049	9,164
	<u>61,455</u>	<u>68,280</u>
<b>7 Technical provisions for life reinsurance</b>		
Gross	24,348	25,159
Reinsurance	-559	-448
Other technical provision	-	-
	<u>23,788</u>	<u>24,711</u>
<b>8 Provisions</b>		
8.1 Taxes	4,312	6,593
8.2 Other provisions	29	12
	<u>4,341</u>	<u>6,605</u>
<b>9 Debts</b>		
Reinsurance liabilities	272	570
Other debts	565	914
	<u>837</u>	<u>1,483</u>
<b>10 Accrued liabilities</b>	96	166
	<u>90,516</u>	<u>101,247</u>

# PROFIT AND LOSS ACCOUNT

## For profit distribution

(amounts x € 1,000)

### TECHNICAL ACCOUNT

	2022	2021
<b>11 Earned premiums of own account</b>		
Gross premium	6,158	6,001
Outgoing reinsurance premium	-528	-762
	5,630	5,239
<b>12 Income from investments</b>		
Other investment	3,103	2,950
Realised gains on investments	3,687	2,332
	6,791	5,282
<b>13 Unrealized gains on investments</b>	113	1,351
<b>14 Other technical income of own account</b>	356	382
<b>15 Payments from own account</b>		
Gross	-4,291	-11,083
Share reinsurers	154	5,882
	-4,136	-5,201
<b>16 Change in technical provisions of own account for life insurance</b>		
Gross	811	6,114
Share reinsurers	111	-5,085
	922	1,029
Other technical provision	-	6,485
	922	7,514
<b>17 Operating costs</b>		
17.1 Acquisition costs	-478	-462
17.2 Management and personnel costs	-2,159	-1,792
17.3 Receiving commission and profit sharing from reinsurers	189	148
	-2,448	-2,105
<b>18 Investment costs</b>		
18.1 Management costs and interest charges	-86	-78
18.2 Realized loss on investments	-	-
	-86	-78
<b>19 Unrealized loss on investments</b>	-2,986	-78
<b>20 Other technical expenses of own account</b>	-200	-97
<b>21 Investment income allocated to non-technical account</b>	-3,096	-5,312
<b>Result of technical account life insurance</b>	861	6,895

**NON-TECHNICAL ACCOUNT****2022****2021**

<b>Result technical account life insurance</b>	861	6,895
Allocated investment return transferred from technical account	3,096	5,312
	<hr/>	<hr/>
<b>Result before taxes</b>	<b>3,957</b>	<b>12,207</b>
Taxes	-908	-3,044
	<hr/>	<hr/>
<b>Result after taxes</b>	<b>3,049</b>	<b>9,163</b>
	<hr/> <hr/>	<hr/> <hr/>

**CASH FLOW STATEMENT**

(amounts x € 1,000)

**2022****2021**

<b>Cashflow from operational activities</b>		
Result after taxes	3,049	9,163
Changes in own account provisions	-922	-8,829
Change in provisions	16	1
Change in current liabilities	-648	321
Change in receivables	1,845	970
Changes in the value of investments	-427	-3,573
Other changes	-71	1,715
	<hr/>	<hr/>
<b>Total cash flow from operating activities</b>	<b>2,842</b>	<b>-231</b>
<b>Cash flow from investing and investment activities</b>		
Investments and share purchases	-6,582	-6,291
Divestments, redemptions and sales of shares	6,008	12,700
	<hr/>	<hr/>
<b>Total cash flow from investing and investment activities</b>	<b>-574</b>	<b>6,410</b>
<b>Cash flow from financing activities</b>		
Changes in deposits of reinsurers	-	-3,325
Changes in deposits at ceding insurers	-50	-165
Dividends paid	-2,400	-2,400
	<hr/>	<hr/>
<b>Total cash flow from financing activities</b>	<b>-2,451</b>	<b>-5,891</b>
	<hr/>	<hr/>
<b>Change in liquid assets</b>	<b>-182</b>	<b>288</b>
	<hr/>	<hr/>
Liquid assets as at 01/01	3,717	3,429
Change	-182	288
	<hr/>	<hr/>
<b>Liquid assets as at 31/12</b>	<b>3,536</b>	<b>3,717</b>
	<hr/> <hr/>	<hr/> <hr/>

# PRINCIPLES FOR VALUATION, DETERMINATION OF INCOME AND PRESENTATION

## GENERAL

N.V. Levensverzekering-Maatschappij "De Hoop", established in The Hague, Anna van Saksenlaan 10, is a public limited company (Chamber of Commerce number: 27000041). De Hoop's main activity is the reinsurance of increased mortality risks with the underlying aim of providing vulnerable groups with access to the life insurance market. The annual accounts were adopted on 29 March 2023 and cover the financial year from 1 January 2022 to 31 December 2022.

### 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, De Hoop 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 management's 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 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 De Hoop's functional and presentation currency. Amounts in foreign currencies are converted to the exchange rate at the end of the financial year.

Profits and losses arise from differences with the exchange rate at the end of the previous financial year or with the exchange rate at which the 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)

	2022	2021
British pound	0.8855	0.8382
Japanese yen	140.74	130.38
Netherlands Antillean guilder		
Aruban florin	1.8977	2.0164
US dollar	1.0667	1.1334
Swedish krona	11.1335	10.2474
Swiss franc	0.9832	1.0334

### Shares

The basis for the valuation of shares is the current value. The current value is determined for the following categories as follows:

- Listed investments based on the stock price
- Mutual Life Insurance Guarantee Fund 's-Gravenhage U.A. based on the most recent available valuation
- The mortgage fund AeAm Dutch Mortgage Fund 2 based on the balance sheet value
- SME fund based on the balance sheet value

The valuation differences resulting from revaluation have been incorporated in the revaluation reserve, taking into account the provision for deferred taxation. 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. Premiums/discounts are included in the investments item. The effective return is determined on the basis of the amortization of the premium/discount.

### 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 accrued 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 annuities that have already started, 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. In the case of interest rate insurance, the formulas take into account the method of payment in instalments and the conditions regarding the start or end of the 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 insurance policies in the event of death, 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 accurate in days, with the month set to 30 days.

#### **Annuities in payment**

The technical provision for unpaid annuities is calculated based on the basis tables of the rates, including the medical surcharge. At the start of annuities, 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 risk of death for all ages;
- for women, a reduction in the mortality probability 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 cost 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 due.

The majority of the provision (56%) has an interest basis of 3%, the remainder has a basis of 2%, 2.5%, 3.5% and 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 occupational disability in payment 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 considered 95% as 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 reinsurance in payment as for the main insurance policies.

### **Best estimate provision in the context of the liability adequacy test**

When performing the liability adequacy test, it is examined 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 benefits + future expected costs for the insurance policies
  - /- future 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 De Hoop).

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 formed on the basis of the nominal value of the temporary differences between the commercial and fiscal valuation of assets and liabilities. Deferred taxes are calculated from 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% (2021: 25.8%) has been taken into account.

### **Other provisions**

#### *Provision for deferred employee benefits*

The provision concerns the provision for long-service awards pursuant to Guideline 271 of the Council for Annual Reporting.

### **Allocation of interest to technical account**

The interest income is allocated to the technical account on the basis of the ratio between the balance at year-end of the balance sheet value of the technical provisions (with the exception of the "Other technical provision") and deposits on which interest must be paid, and the balance sheet value of 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 account is allocated to the non-technical account.

### **Allocation of costs to acquisition and investments**

Closing 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 processed 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 to the judgment of users of the annual accounts, their nature and estimated financial consequences are disclosed in the annual accounts.

## **SOLVENCY II PRINCIPLES**

De Hoop 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, De Hoop values its assets and liabilities on the basis of the assumption that De Hoop 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, De Hoop has to make estimates and assumptions that influence the reported percentage. These estimates are made to the best of the management'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 will be 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.

### **Shares**

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 Guarantee Fund Onderlinge Levensverzekering-Maatschappij 's-Gravenhage U.A. has been valued on the basis of the most recent available valuation.

### **Investment fund**

The mortgage fund AeAm Dutch Mortgage Fund 2, which is classified as a share, 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 of the AeAm Dutch Mortgage Fund 2 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 SME fund classified as a share 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 loans from the SME fund is 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. In the Solvency II balance sheet, 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. Cash is made 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 adequacy test in the statutory annual accounts uses different valuation principles than those used in the Solvency II report.

The main reasons for the difference are:

- The valuation differences of the investments and the reinsurance obligations are settled 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 test provision in the statutory annual accounts is lower than the technical provision in the Solvency II report.
- De Hoop has eliminated discretionary profit sharing from 01-01-2021, as a result of which no provision is maintained on the Solvency II balance sheet.

### **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 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 provisions".

### **Costs**

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

# NOTES TO THE BALANCE SHEET

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

	2022	2021
<b>1.1 Other financial investments</b>		
1.1.1 Shares		
Balance sheet value	42,045	54,100
Purchase value	29,123	31,299
AeAM Dutch Mortgage Fund 2		
Balance sheet value	10,223	12,913
Purchase value	12,000	12,000
SME fund		
Balance sheet value	1,495	417
Purchase value	1,522	414
Total shares balance sheet value	53,763	67,430
Total shares purchase value	42,675	43,713
1.1.2 Bonds		
Balance sheet value	28,379	23,466
Market value	27,682	26,282

Shares invested in	Balance sheet value	
	2022	2021
Listed shares mature markets OESO	41,107	53,162
Listed shares in real estate	830	830
Investment fund in mortgages	10,223	12,913
Investment fund in SME loans	1,495	417
Guarantee fund Onderlinge 's-Gravenhage	109	109
<b>Total</b>	<b>53,763</b>	<b>67,430</b>

The investment fund in mortgages 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-end character, on the understanding that the extent to which participants can withdraw depends on the available liquid assets. The SME fund is an investment fund in SME loans.

Shares distributed by region	Balance sheet value	
	2022	2021
Germany	3,886	4,983
France	5,522	7,678
Netherlands	17,219	24,200
Austria	741	1,022
Spain	1,896	1,748
Italy	899	827
<b>Total Euro area</b>	<b>30,163</b>	<b>40,459</b>
Great Britain	4,778	4,495
S. Korea	1,010	1,419
Sweden	1,652	1,950
Switzerland	4,140	4,919
<b>Outside of Euro area</b>	<b>23,601</b>	<b>26,971</b>
<b>Total</b>	<b>53,763</b>	<b>67,430</b>

Valuation of investments <sup>1)</sup>	Balance sheet value							
	2022				2021			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Listed shares	41,937	-	-	41,937	53,992	-	-	53,992
Mortgage investment fund	-	-	10,223	10,223	-	-	12,913	12,913
Investment fund in SME loans	-	-	1,495	1,495	-	-	417	417
Guarantee fund Onderlinge 's-Gravenhage	-	-	109	109	-	-	109	109
<b>Subtotal shares and funds</b>	<b>41,937</b>	<b>-</b>	<b>11,827</b>	<b>53,763</b>	<b>53,992</b>	<b>-</b>	<b>13,438</b>	<b>67,430</b>
Bonds	28,379	-	-	28,379	23,466	-	-	23,466
<b>Total investments</b>	<b>70,316</b>	<b>-</b>	<b>11,827</b>	<b>82,142</b>	<b>77,458</b>	<b>-</b>	<b>13,438</b>	<b>90,896</b>

<sup>1)</sup> 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 based on valuation models using observable market data.  
Level 3: The value is determined using valuation models that do not use observable market data.

Category	Balance sheet value per 01/01	Purchases and loans	Sales and redemptions	Amortization	Revaluations through equity	Revaluations through profit and loss	Balance sheet value as at 31/012
Shares	54,100	144	-6,008	-	-8,840	2,649	42,045
AeAM Dutch Mortgage Fund 2	12,913	-	-	-	-913	-1,777	10,223
SME fund	417	1,138	-	-	-3	-57	1,495
Bonds	23,466	5,300	-	-388	-	-	28,379
<b>Total for financial year</b>	<b>90,896</b>	<b>6,582</b>	<b>-6,008</b>	<b>-388</b>	<b>-9,755</b>	<b>815</b>	<b>82,142</b>
Total last financial year	86,897	6,291	-12,700	-32	6,836	3,605	90,896

Bonds divided by rating		Balance sheet value	
		2022	2021
	<i>Rating</i>		
State/government	AAA	19,641	14,620
	AA	5,273	5,363
	A	3,466	3,484
<b>Subtotal State/government</b>		<b>28,379</b>	<b>23,466</b>
Covered/Business	AAA	-	-
	AA	-	-
	A	-	-
<b>Subtotal other loans</b>		<b>-</b>	<b>-</b>
<b>Total fixed income securities</b>		<b>28,379</b>	<b>23,466</b>

Bonds divided by Region		Balance sheet value	
		2022	2021
Netherlands		19,641	14,620
France		5,273	5,363
Spain		3,466	3,484
<b>Total Euro area</b>		<b>28,379</b>	<b>23,466</b>
Outside Euro area		-	-
<b>Total</b>		<b>28,379</b>	<b>23,466</b>

## 2. Deposits with ceding insurers

Transferors		
	2022	2021
Ennia Caribe, Curaçao	1,354	1,342
KBC, Belgium	895	859
Other	255	252
<b>Total</b>	<b>2,504</b>	<b>2,453</b>

## 3. Receivables

### 3.1 Other receivables

Other receivables		
	2022	2021
<i>Receivables &lt; 1 year</i>		
Prepaid expenses	105	48
Corporate income tax	-	-
<b>Subtotal</b>	<b>105</b>	<b>48</b>
<i>Receivables &gt; 1 year</i>		
Deferred tax assets as at 1/1	350	1,985
Movement in the year under review without change in tax rate	10	-1,627
Effect of change in tax rate	-	-8
<b>Deferred tax asset as at 31/12 after tax rate change</b>	<b>360</b>	<b>350</b>
<b>Total</b>	<b>465</b>	<b>397</b>

The deferred tax asset is calculated based on 25.8% (previously 25.8%), as indicated in the 2023 Tax Plan for fiscal year 2023.

### 3.2. Receivables from reinsurance

The decrease (- € 1,912) in receivables from reinsurance compared to 2021 is mainly due to the settlement of the old reinsurance contracts in 2021.

#### 4. Other assets

##### 4.1. Liquid assets

The liquid assets are completely freely available.

#### 5. Accruals

Accruals, duration < 1 year		
	2022	2021
Accrued interest	742	742
<b>Total</b>	<b>742</b>	<b>742</b>

#### 6. Equity

Statement of changes in equity		
	2022	2021
<b>6.1 Issued and paid-up share capital as at 1/1</b>	405	405
Change	-	-
<b>Issued and paid-up share capital as at 31/12</b>	<b>405</b>	<b>405</b>
<b>6.2 Revaluation reserve as at 1/1</b>	19,212	14,267
Change due to revaluation	-9,755	6,836
Change in provision for deferred taxes	2,281	-1,891
Addition from other reserve	-	-
<b>Revaluation reserve as at 31/12</b>	<b>11,738</b>	<b>19,212</b>
<b>6.3 Other reserve as at 1/1</b>	39,500	44,788
Dividend last financial year	-2,400	-2,400
Undistributed profit from previous financial year	9,163	-2,889
Allocation to revaluation reserve	-	-
<b>Other reserves as at 31/12</b>	<b>46,263</b>	<b>39,500</b>
<b>6.4 Undistributed profit as at 1/1</b>	9,163	-2,889
Addition other reserve	-9,163	2,889
Result for the financial year	3,049	9,163
<b>Undistributed profit as at 31/12</b>	<b>3,049</b>	<b>9,163</b>
<b>Total</b>	<b>61,455</b>	<b>68,280</b>

The required capital (SCR) is € 21,157. The Eligible Own Funds amount to € 62,213 and the solvency ratio is 294%. De Hoop has set a solvency ratio of 200% as an internal minimum standard. For more information, reference is made to the report of the Board of Directors and the Risk section of the annual accounts.

Proposal to appropriate the result:

Net profit	3,049
Dividend	-2,400
	<hr/>
<b>Addition to Other reserve</b>	<b>649</b>

#### Share capital

	Share capital	Number issued	Number of shares owned	Issued amount	Deposited Amount
	x € 1,000			x € 1,000	
<b>Shares of de Hoop</b>	450	900	100	405	405

#### Sum of the revaluations

	Sum of the revaluations	Tax deferral	Total revaluation
Shares	15,819	-4,081	11,738
<b>Total</b>	<b>15,819</b>	<b>-4,081</b>	<b>11,738</b>

The mortgage fund and SME fund are valued for tax purposes in the same way as under Title 9 of the Dutch Civil Code 2. As a result, it is not necessary to form a deferred tax provision for the mortgage fund and SME fund.

#### 7. Technical provisions for life reinsurance

##### 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 provisions 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. 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 for the mismatch between the allocated assets at balance sheet and current value. The value thus calculated is €18,293 (2021: €23,369). An important reason for this decrease is an adjustment in expected mortality assumptions and a more favourable yield curve.

The balance sheet provision before reinsurance amounts to € 24,348 (2021: € 25,159). The results of the test show that the technical provision is adequate (+ € 6,055).

#### Development of the Provision for insurance liabilities for own account

Insurances in cash		
	2022	2021
<b>Balance provision insurance</b>		
<b>liabilities (vvp) end of last financial year</b>	<b>24,711</b>	<b>32,226</b>
Own account premiums	5,630	5,239
Release costs from premiums own account	-1,026	-993
	796	914
Unrealized exchange rate differences	90	105
Other technical income own account	-	-
Payments and surrender own account	-4,136	-5,201
Costs settled with the vvp own account		
Released for costs from the vvp	-35	-68
Additional movement due to negative equity Adequacy test	-	-6,485
Other technical expenses own account	-7	6
Increase in zeroed negative vvp shares	-	-
Transfers from/to other parts of vvp	-	-
<b>Changes as a result of changes in</b>		
Interest (term structure)	-	-
Death	-	-
Costs	-	-
Invalidity	-	-
Other	-	11
<b>Total</b>	<b>-</b>	<b>11</b>
<b>Result on bases</b>		
Result on death	-1,870	-1,424
Result on disability	-2	8
Result on accidents	-	-
Result on development of life reinsurance portfolio	-363	373
<b>Total</b>	<b>-2,235</b>	<b>-1,043</b>
<b>Balance sheet provision for insurance liabilities – end of year</b>	<b>23.788</b>	<b>24.711</b>

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

#### 8. Provisions

Category	Balance sheet value as of 1/1	Allocation	Withdrawal financial year	Balance sheet value as of 31/12
8.1 Taxes	6,593	-	2,281	4,312
8.2 Other provisions	12	17	-	29
<b>Total</b>	<b>6,605</b>	<b>17</b>	<b>2,281</b>	<b>4,341</b>

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

#### Supplementary provision for pensions in the context of RJ 271

As of 1 January 2021, De Hoop has a defined contribution scheme. As a result, no pension obligations based on RJ 271 have to be maintained on the balance sheet date.

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

	2022	2021
Balance as at 1 Jan	12	12
Change	17	-
<b>Balance as at 31 Dec</b>	<b>29</b>	<b>12</b>

#### 9. Debts

Debts by remaining term		
	2022	2021
<i>Duration &lt; 1 year</i>		
Current account balances	272	570
Costs to be paid	478	300
Corporate tax	64	588
Payable net salary/wage tax	23	26
<b>Total</b>	<b>837</b>	<b>1,484</b>

## 10. Accrued liabilities

Accrued liabilities		
	2022	2021
<i>Duration &lt; 1 year</i>		
Holiday pay to be paid	69	73
<i>Duration &lt; 5 years</i>		
Holiday days	26	93
<b>Total</b>	<b>96</b>	<b>166</b>

Due to personnel changes and an explicit focus on catching up holiday days, the value of the accrued liability holiday days has fallen sharply.

### Liabilities not shown on the balance sheet

At the end of 2018, the De Hoop Leven fund was started by De Hoop with the aim of supporting research in the field of difficult (re)insurable medical death risks. In particular:

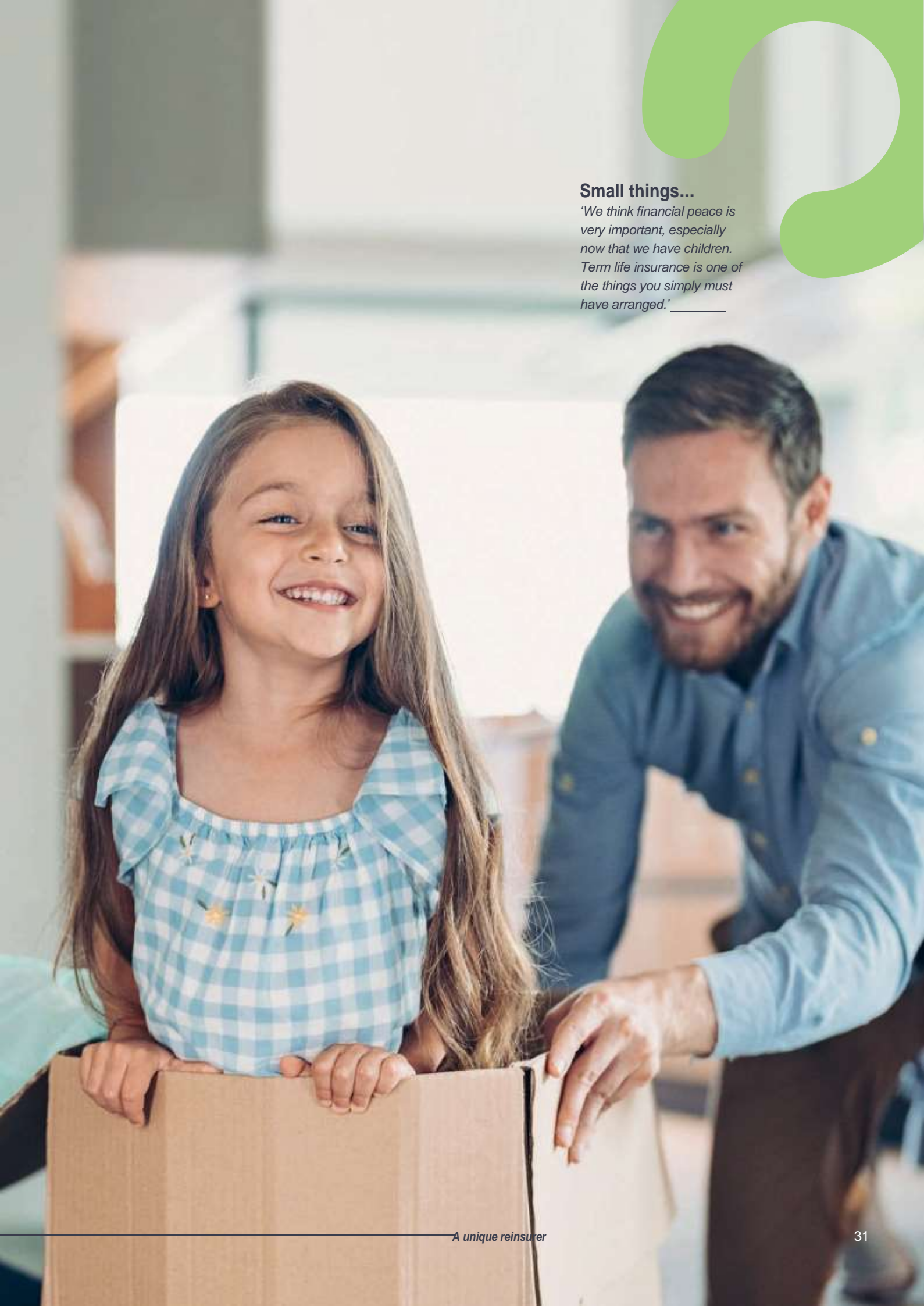
- research related to chronic diseases relevant to the target group of De Hoop; and
- research into the insurability of people with chronic conditions and into the way in which medically aggravated risks can be dealt with.

In principle, the fund will exist for ten years. After an initial input of € 100 in December 2018, De Hoop annually deposits an amount of € 100 into the fund's assets. In the 11th year, any surpluses will be donated by the De Hoop Leven fund to a third party to be determined. De Hoop is entitled to withhold payments into the fund's assets if, in the opinion of the founder, one or more special circumstances arise in the meantime.

In 2019, a 10-year lease was entered into for housing and service costs for € 79 per year.

The rent for accommodation is indexed annually according to the change in the consumer price index.

In April 2021, De Hoop subscribed to an illiquid investment for € 5,000. At the end of the 2022 financial year, € 1,552 has been deposited. The fund manager has indicated that he expects the full payment to be made by the end of 2023. This expectation can be nullified by disturbances in the world.



**Small things...**

*'We think financial peace is very important, especially now that we have children. Term life insurance is one of the things you simply must have arranged.'* \_\_\_\_\_

# EXPLANATORY NOTES TO THE PROFIT AND LOSS ACCOUNT

(amount x € 1,000)

## 11. Earned premiums own account

Booked premiums						
	2022			2021		
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
<b>Premiums</b>						
- Regular premiums	6,136	538	5,598	5,970	432	5,538
- One-time premiums	23	-10	32	31	330	-298
<b>Total</b>	<b>6,158</b>	<b>528</b>	<b>5,630</b>	<b>6,001</b>	<b>762</b>	<b>5,239</b>

Geographical segmentation of gross premiums		
	2022	2021
The Netherlands	3,681	4,021
Other EU countries	620	589
Other countries	1,858	1,391
<b>Total</b>	<b>6,158</b>	<b>6,001</b>

## 12. Revenues from investments

Category						
	2022			2021		
	Revenue	Realized profit	Total	Revenue	Realized profit	Total
Shares	2,090	3,687	5,778	1,683	2,041	3,724
Bonds and other fixed income securities	944	-	944	1,202	288	1,491
Deposits with insurers	85	-	85	77	-	77
Liquid assets	-17	-	-17	-13	-	-13
<b>Total</b>	<b>3,103</b>	<b>3,687</b>	<b>6,791</b>	<b>2,951</b>	<b>2,331</b>	<b>5,282</b>

## 13. Unrealized gains on investments

Per investment category		
	2022	2021
Shares	113	1,351
<b>Total</b>	<b>113</b>	<b>1,351</b>



#### 14. Other technical income own account

Category		
	2022	2021
Other interest received	8	10
Unrealized currency difference	348	371
<b>Total</b>	<b>356</b>	<b>382</b>

#### 15. Own account payments

Payment type	2022			2021		
	Gross	Reinsurance	Own account	Gross	Reinsurance	Own account
	Expirations	725	-	725	975	-
Annuities	226	1	225	502	10	492
Death benefits	2,575	144	2,432	3,321	473	2,847
Buy-offs	764	10	755	6,286	5,399	887
<b>Total</b>	<b>4,291</b>	<b>154</b>	<b>4,136</b>	<b>11,083</b>	<b>5,882</b>	<b>5,201</b>

#### 16. Change in technical provisions own account for life insurance

See explanation in section 7.

## 17. Operating costs

	2022	2021
<b>17.1 Acquisition costs</b>		
Accrued acquisition costs	226	241
Gross closing commission	86	34
Fees for medical advisors	165	186
Inspection costs	1	-
<b>Subtotaal</b>	<b>478</b>	<b>462</b>
<b>17.2 Management and personnel costs</b>		
Salaries	702	774
Social security payments	76	82
Pension costs	219	154
Other personnel costs	25	38
<b>Subtotal Personnel costs</b>	<b>1,022</b>	<b>1,048</b>
Accountant	130	127
Actuary	130	146
Other services for third parties	398	66
Donation	100	100
Collection commission	88	94
Office rental	104	78
Licence fees	125	87
Other costs	120	110
Costs allocated to investments, included in investment expenses	-59	-
<b>Subtotal Management costs</b>	<b>1,137</b>	<b>744</b>
<b>Subtotal Management and personnel costs</b>	<b>2,159</b>	<b>1,792</b>
<b>17.3 Commission received from</b>		
<b>Reinsurers</b>		
Closing commission	-10	-
Collection commission	-179	-148
<b>Subtotal</b>	<b>-189</b>	<b>-148</b>
<b>Total</b>	<b>2,448</b>	<b>2,105</b>

The costs "Other services by third parties" increased by € 332 in 2022 due to the activities in the context of the strategy.

## Pension costs

	2022	2021
Pension premiums	219	154
<b>Total</b>	<b>219</b>	<b>154</b>

## Directors' remuneration

In the 2022 financial year, remuneration, including the pension costs, for (former) management board members and supervisory board members was paid in the following amounts: € 202 (2021: € 152) respectively € 65 (2021: € 65).

## Employees

All employees work in the Netherlands.

	2022		2021	
	FTE	number	FTE	number
Number of employees employed as at 31 December	6.3	8.0	6.8	9.0
Average number of employees employed	6.5	8.5	6.3	8.5

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

## Costs of external auditor

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

	2022			2021		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Examination of the Annual Accounts	107	-	107	104	-	104
Other audit assignments	23	-	23	23	-	23
Tax advisory services	-	-	-	-	-	-
Other non-audit services	-	-	-	-	-	-
<b>Total</b>	<b>130</b>	<b>-</b>	<b>130</b>	<b>127</b>	<b>-</b>	<b>127</b>

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

## 18. Investment costs

	2022	2021
<b>18.1 Management costs and interest charges</b>		
Investment management costs	27	15
Allocated personnel costs	59	63
<b>18.2 Realized loss on investments</b>	-	-
<b>Total</b>	<b>86</b>	<b>78</b>

## 19. Unrealized loss on investments

	2022	2021
Shares	1,152	78
AeAM Dutch Mortgage Fund 2	1,777	-
SME fund	57	-
<b>Total</b>	<b>2,986</b>	<b>78</b>

## 20. Other technical expenses own account

	2022	2021
Interest technical account ceding insurers	8	-
Unrealized currency difference	192	97
<b>Total</b>	<b>200</b>	<b>97</b>

## Related parties

Related party transactions may occur when a relationship exists between the company, its shareholders and their directors and officers. There have been no transactions with related parties on a non-arm's length basis.

## Taxes

	2022	2021
Result before taxes	3,957	12,207
Taxes	-908	-3,044
<b>Result after taxes</b>	<b>3,049</b>	<b>9,163</b>

The effective corporate income tax rate in 2022 was 22.9% (2021: 24.93%). The applicable rate is 25.8%.

Transactions with shareholders include dividend payments, transactions in the capacity of ceding insurer or reinsurer, transactions in connection with the administration of the pension plan and transactions in connection with a Service Contract and the rental agreement. The remuneration of the Management Board and Supervisory Board members is included under Executive remuneration item 20.

The board member, Seada van den Herik, is personally also a board member of one of the shareholders. The directors of De Hoop are appointed in a personal capacity.

## Events after the balance date

### Indexation of accrued pension entitlements

Lawsuits are pending at a number of insurers regarding the question of whether the amendment to the indexation provision in the pension scheme in 2013, pursuant to the amendment to the collective labour agreement for the insurance industry, was legally valid. Before 2013 there was one unconditional allowance, which according to the claimants cannot be changed in accordance with Article 20 of the PW. De Hoop adheres to the aforementioned collective labour agreement and has implemented the arrangements made at that time. On 24 January 2023, the management decided to apply the unconditional supplement with retroactive effect. The costs for the catch-up indexation up to and including 2022 are estimated at €54. The pension entitlements as of 1 January 2023 will be increased by 2.75%.

## RISK SECTION

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

### Covid-19

The Covid-19 virus has been in the Netherlands since March 2020. In 2020 and 2021, its social impact was significant. A large-scale vaccination program has been implemented by the government and the restrictive measures will eventually be completely lifted in 2022. In the form of Long Covid, the virus appears to be able to have long-term effects. However, insufficient information is yet available to estimate the influence of the long-term effects on population mortality and excess mortality.

Deaths are monitored in the insurance portfolio. Given De Hoop's portfolio, there is a chance that these insured persons have a higher risk of death if they become infected with the virus. At the end of the year, it turned out that the number of deaths was considerably lower than in 2021. It is possible that the caution that our vulnerable policyholders have observed in recent years, given the presence of the Covid-19 virus, may have had an effect on this.

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

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

	2022	2021
Eligible Own Funds	62,213	66,658
Solvency Capital Requirement (SCR)	21,157	31,002
Ratio of available equity to SCR	294%	215%

Compared to year-end 2021, the solvency ratio has risen sharply. Shareholders' equity decreased due to the fall in the value of the shares. The required capital decreased from € 31,002 to € 21,157. The market risk decreased by € 9,706, largely due to less capital invested in shares. The technical insurance risk also decreased by € 1,111; this is mainly caused by production of insurance products with a mortality risk that have a low provision

*The SCR consists of the following:*

Breakdown of the Solvency Capital Requirement (SCR)		
	2022	2021
Market risk	17,207	26,913
Counterparty risk	2,835	2,956
Underwriting risk	6,561	7,672
Diversification effect	-5,692	-6,780
Basic Solvency Capital Requirement (BSCR)	20,911	30,761
Operational risk	246	240
Tax effect	-	-
<b>SCR</b>	<b>21,157</b>	<b>31,002</b>

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. De Hoop has decided not to apply the LAC DT. The decision not to apply the LAC DT is reviewed periodically.

Breakdown of market risk		
	2022	2021
Interest	723	-
Shares	15,128	24,817
Property	-	-
Spread	171	33
Currency	4,869	5,858
Concentration	275	342
Diversification effect	-3,959	-4,137
	<b>17,207</b>	<b>26,913</b>

Underwriting risk breakdown		
	2022	2021
Mortality risk	3,121	3,477
Longevity risk	258	517
Surrender risk	2,574	2,920
Cost risk	2,634	3,429
Catastrophe risk	1,501	1,483
Diversification effect	-3,527	-4,154
	<b>6,561</b>	<b>7,672</b>

The SCR is 32% (€ 9,845) lower than last year. The market risk decreased due to a decrease in the value of the equity position and the decrease in the equity adjustment (2022: -3.02%; 2021: 6.88%). The equity adjustment affects the shock to the value of the shares, which is performed to calculate the SCR of the shares. The equity adjustment is an adjustment to the base shock of a maximum of plus or minus 10 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 short life risk that have a low provision. Shareholders' equity decreased by € 2,045, mainly due to the decrease in the value of the shares.

*The following overview shows the reconciliation between Shareholders' equity according to the annual accounts (BW2 and RJ) and Solvency II. The required capital and the solvency ratio are also stated.*

	2022	2021
<b>Equity annual accounts</b>	<b>61,455</b>	<b>68,280</b>
Valuation differences of assets	-443	2,816
Valuation differences between technical balance sheet provisions and best estimate provisions	5,461	-1,124
Valuation differences other liabilities	-761	-633
Valuation differences related to deferred taxes	-1,098	-281
<b>Eligible Own Funds Solvency II</b>	<b>64,613</b>	<b>69,058</b>
Proposed Dividend	2,400	2,400
<b>Eligible Own Funds Solvency II</b>	<b>62,213</b>	<b>66,658</b>
<b>Required solvency</b>	<b>21,157</b>	<b>31,002</b>
<b>Solvency ratio</b>	<b>294%</b>	<b>215%</b>

*Explanation of the above overview:*

In the financial statements, shares are valued at current value and bonds at amortized cost. In the Solvency II balance sheet, all investments are valued at current value.

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

The difference in deferred taxation between the annual accounts and the Solvency II balance sheet is explained by different valuation principles. The Other liabilities mainly relate to De Hoop Leven fund.

The table below shows the impact on shareholders' equity and solvency, according to Solvency II, for the most important risk factors if the risk factors undergo significant changes.

#### Sensitivity for shocks, as per December 31

	2022			2021		
	Change in equity <sup>1)</sup> x € 1,000	Change required solvency SII x € 1,000	Change in SII solvency ratio in % points	Change in equity <sup>1)</sup> x € 1,000	Change required solvency SII x € 1,000	Change SII solvency ratio in % points
Interest rate curve shocked with +100 bps	295	-225	5%	578	-305	4%
Interest rate curve shocked with -100 bps	-587	293	-7%	-1,066	410	-6%
No UFR	-257	48	-2%	-717	139	-3%
Shares shocked with +25%	7,799	3,760	-13%	10,036	5,893	-7%
Shares shocked with - 25%	-7,799	-3,025	6%	-10,036	-5,735	9%

<sup>1)</sup> The change in the deferred tax provision is included in the change in equity.

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. De Hoop 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 De Hoop. The Dutch insurance market is mainly characterized by consolidations, efficiency improvements and enormous price competition. De Hoop focuses mainly on term life insurance, a product that is mainly taken out in combination with mortgages. In addition, a retreat is visible from renowned market parties that are withdrawing from this low-cost environment.

Due to this movement, the number of term insurance providers on the Dutch market is becoming increasingly smaller. Because De Hoop operates from the reinsurance position, it is becoming increasingly difficult for the end customer to find the route to an insurance solution. De Hoop carried out a strategic reorientation in 2021 and determined a long-term strategy. The implementation of this strategy will start in 2022.

#### Market risk

Part of the market risk is the interest rate and matching risk that may arise when hedging the liabilities. The interest rate risk arises from market valuations of the underlying portfolios, such as liabilities and fixed-income securities. The liabilities are hedged by fixed-income securities, mainly high-quality government bonds, whose maturities are not fully aligned with the liabilities. In addition, part is also invested in a mortgage fund. Due to the diversification in the term of the investments and the relatively short duration of the liabilities, interest rate changes hardly affect De Hoop's solvency position.

In addition, De Hoop has little trouble with the so-called UFR drag due to the somewhat shorter obligations.

Modified duration	2022	2021
Investments	4.2	5.7
Technical provision	9.2	10.7

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 approximately 1.6 times greater than the technical provision.

The greatest market risk is in the equity portfolio. Decreasing prices will have a negative impact on the available solvency. However, the required capital also decreases, which increases the solvency ratio.

To limit the equity risk, investments are mainly made in more defensive Dutch, European and American shares ("global players"), which also pay a decent dividend. The exchange rate risk is not hedged by derivative instruments. Given the defensive character 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 where necessary.

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

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

Shares invested in foreign currency (amounts in euros)		
Currencies	2022	2021
American dollar	12,164	14,776
British pound	653	955
Japanese yen	866	831
Swedish krona	1,652	1,950
Swiss franc	4,140	4,919
<b>Total</b>	<b>19,476</b>	<b>23,431</b>
In % of the equity portfolio	36%	35%

### Credit risk

The credit risk is divided into the following components:

#### *Fixed income securities*

The fixed-income securities consist largely of government bonds (mainly of the Dutch government) and a small part of French and Spanish bonds. This means there is a limited credit risk.

#### *Debtor risk*

De Hoop does not have a debtor relationship with consumers. The debtor risk in this context lies with the primary insurance companies. De Hoop has a current account relationship with the ceding insurers. The current account is drawn up and checked every month. As a rule, the settlement of the current account takes place monthly. The foreign ceding insurers are settled annually. The debtor risk is negligible.

#### *Counterparty default risk*

Based on the reinsurance contracts valid until the end of the year, De Hoop ran hardly any counterparty risk.

No deposit has been made for the reinsurer QBE. QBE is included in the calculation of the counterparty risk.

De Hoop maintains a deposit equal to the provision for insurance obligations with a number of foreign ceding insurers. This deposit serves as security for the ceding company. The risk of this deposit is limited. The liquidities at banks are subject to counterparty risk.

De Hoop mitigates this risk by spreading its liquidity position at 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) issued after 1 January 2013, whereby redemption is the norm and

over-crediting is maximized (loan to value capped at 106%). The majority of the debtor risk of the mortgage fund is hereby transferred to the Dutch state. The mortgage fund is an investment with a low risk profile. The counterparty credit risk is considered 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 De Hoop, the obligations for which liquid assets are required mainly consist of payments to be made to the transfers. If mortality results are worse than expected, higher-than-expected payments in the portfolio may have to be taken into account. De Hoop pays the claims to ceding insurers at the time of claim by the assignor. Claims are settled quarterly with the reinsurer. Settlements with foreign ceding insurers are drawn up and processed at the end of the financial year. De Hoop always maintains a reasonable buffer of liquid assets and invests mainly in government bonds and shares that are relatively easy to liquidate. De Hoop does not invest in derivatives and therefore does not run the risk of having to provide collateral.

### Operational and outsourcing risk

De Hoop strives for reliable and verifiable administrative processing with its administrative organization, internal controls, reporting lines and processes. These measures are laid down in an Administrative organization / internal control handbook.

The size of De Hoop makes the company particularly vulnerable to operational risks, especially in the area of business continuity. Vital processes are guaranteed by spreading the knowledge of the activities among several people. In addition, a number of functions and services (ICT, HRM, Internal Audit and Compliance) have been outsourced to Onderlinge 's-Gravenhage.

Because this concerns an insurer under the supervision of the DNB, this party is well aware of the applicable laws and regulations and the requirements that an insurer imposes on these parties. That is why De Hoop expects that there will be less risk here than when these matters are outsourced to other external parties.

The Financial Risk Management and Actuarial functions have been outsourced to EY Actuarissen B.V.

De Hoop's infrastructure is outsourced to cloud services. Office automation and the management and custody of investments have also been outsourced.

As control measures regarding the outsourcing risk, the available ISAE 3402 or similar reports are reviewed and periodic evaluation interviews are held with the Onderlinge 's-Gravenhage about the outsourced functions and services.

### Technical insurance risk

Given the increase in costs, the cost risk has become the main risk. This is the risk that the cost coverage in the insurance rates and portfolio is insufficient to finance operational costs. This risk can be mitigated by a strict cost policy.

An important part of the technical insurance risk is formed by acceptance based on incorrect conditions. An incorrect assessment of the risk can lead to a loss on mortality, an impairment of the existing solvency and a loss of confidence with 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 De Hoop wants to reinsure. The procedure is primarily aimed at medical acceptance. In addition to this, a separate financial acceptance procedure applies to higher insured capitals, in addition to the procedures that the ceding insurer itself uses internally.

An annual study is conducted into mortality per condition or group of conditions. De Hoop also conducts an annual adequacy test based on RJ guidelines. The maintained balance sheet provision is tested for adequacy. The results of this test show that the balance sheet provision is adequate (+€ 6,055).

### Continuity of the company

De Hoop's mission is to offer insurance to people with an increased risk of death due to medical causes. De Hoop is thus a supplier in a market segment that has been under pressure for a number of years. In addition, the chosen business model is vulnerable because it depends on the strategic choices of the primary insurer. The continuity of the company may be jeopardized by resigning ceding insurers.

In recent years, action has been taken to actively do business with more ceding insurers in the Netherlands in order to continue to guarantee access to the market. There is also talk of expansion to various other countries through a strategic reassessment. This would sufficiently reduce the company's vulnerability due to a limited number of ceding insurers.

In addition, the insurance results may come under pressure due to, for example, pandemics. For example, there has been a worldwide outbreak of COVID-19 in recent years. This pandemic resulted in both economic and demographic effects. The increased mortality associated with this mainly occurred in older people and people with medical conditions. The latter fall under De Hoop's target group. It should be noted that this current pandemic has not yet led to a significantly increased benefit pattern, although it remains to be seen how long this will continue and what the impact will ultimately be (directly or indirectly). To mitigate these risks, De Hoop uses a prudent pricing system, in which medical advisers

play a major role. Capital in excess of one's own retention is also reinsured with another party.

De Hoop conducts an annual Own Risk and Solvency Assessment (ORSA) in which a number of stress scenarios related to these threats are calculated. The most recent ORSA has shown that it is unreasonable to assume that elevated mortality rates in the medium term pose a threat to the continuity of the company. De Hoop's solvency is more than sufficient to withstand temporary setbacks in every area. Potential negative economic developments may even have a positive impact on solvency.



# PROFIT SOURCES

Profit source specification		
	2022	2021
Investment income allocated to insurance	736	1,164
Less: Interest addition vvp	-796	-914
<b>Result on interest</b>	<b>-60</b>	<b>250</b>
Release costs from premiums	1,026	993
Release costs from vvp	35	68
Costs settled with vvp	-	-
Less: Operating costs	-2,448	-2,105
Less: Change due to change in costs	-	-
<b>Result on costs</b>	<b>-1,387</b>	<b>-1,044</b>
Result on probability systems	2,235	1,042
Change due to change in probability systems	-	-11
<b>Result technical analysis</b>	<b>2,235</b>	<b>1,031</b>
<b>Subtotal technical result</b>	<b>788</b>	<b>237</b>
<b>Result on bases</b>	<b>788</b>	<b>237</b>
Change other technical provisions own account	-	6,485
Balance of other technical income and expenses	156	285
Closing post	-83	-113
<b>Result technical account</b>	<b>861</b>	<b>6,895</b>

## OTHER INFORMATION

### Destination of the profit

The profit regulation is included in Article 26 of the Articles of Association.

*Article 26 of the Articles of Association reads as follows:*

1. A percentage of the company profit as shown in the adopted profit and loss account will be reserved annually, after further deduction of the unpaid loss balances of the previous years.
2. With due observance of the relevant provisions of Section 105 of Book 2 of the Dutch Civil Code, the profit thus remaining is at the disposal of the General Meeting of Shareholders.

*The Hague, 29 March 2023*

### Management board

Gilbert Pluym  
Seada van den Herik

### Supervisory Board

Lex Geerdes, president  
Sibylla Bantema, vice president  
Marcel Levi  
Erik Muetstege





N.V. Levensverzekering-Maatschappij 'De Hoop'  
Anna van Saksenlaan 10  
2593 HT The Hague

070 - 342 1313  
info@dehoopleven.nl  
www.dehoopleven.nl

