

# Investor Presentation

Credit Update

June 24<sup>th</sup>, 2024



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# Today's Presenters



**Rutger Zomer**  
CFRO

- CFRO at Lifetri since June 2023, previously COO since February 2021
- Spent 13 years at Aegon Netherlands, latest position being CFO from 2015 to 2020
- Started his career at KPMG in Rotterdam in Audit for 10 years
- Graduated at NivRA / Nyenrode



**Han Rijken**  
CIO

- CIO at Lifetri since November 2020
- 28 years of experience at NN Group, most recently as Head of Specialised Fixed Income
- Graduated from Tilburg University

# 2023 Results: Solid Progress on Financial Objectives

## Solvency II Position

- Solvency II ratio of 185%, well above Lifetri's norm Solvency ratio of 135% and target ratio of 160%
- Committed shareholder support, having injected €85MM in 2023
- The Solvency ratio is in line with expectations but remains sensitive to market circumstances; further measures taken to reduce interest sensitivity in 2024 YTD

## 2023 Capital Generation

- Capital generation following higher investment returns due to continued shift to strategic asset allocation and disciplined sourcing activities
- Dividend and interest income increased €17MM to €52MM
- Future capital generation increased following lower impact of Solvency II long-term guarantee measures on the liabilities

## 2023 Profitability

- Net result improved from a loss of €80MM in 2022 to a loss of €21MM in 2023
- Loss is mainly driven by the impact of rising interest rates on both assets and technical provisions

## Cost of Capital

- Stable cost of capital following the successful issue of a listed €80MM subordinated loan
- Supporting Lifetri's positioning as a flexible and specialised player in the Dutch life and pensions space, able to capitalise on growth opportunities in the market

## Selected Key Performance Indicators as of 2023



No. of Policyholders:  
~550k



€74MM  
in GWP



€1.5Bn in S-II  
Best Estimate  
Liabilities



€1.9Bn in  
Assets under  
Management



S-II Ratio of 185%;  
Target S-II Ratio of  
160%



€230MM in Eligible  
Own Funds

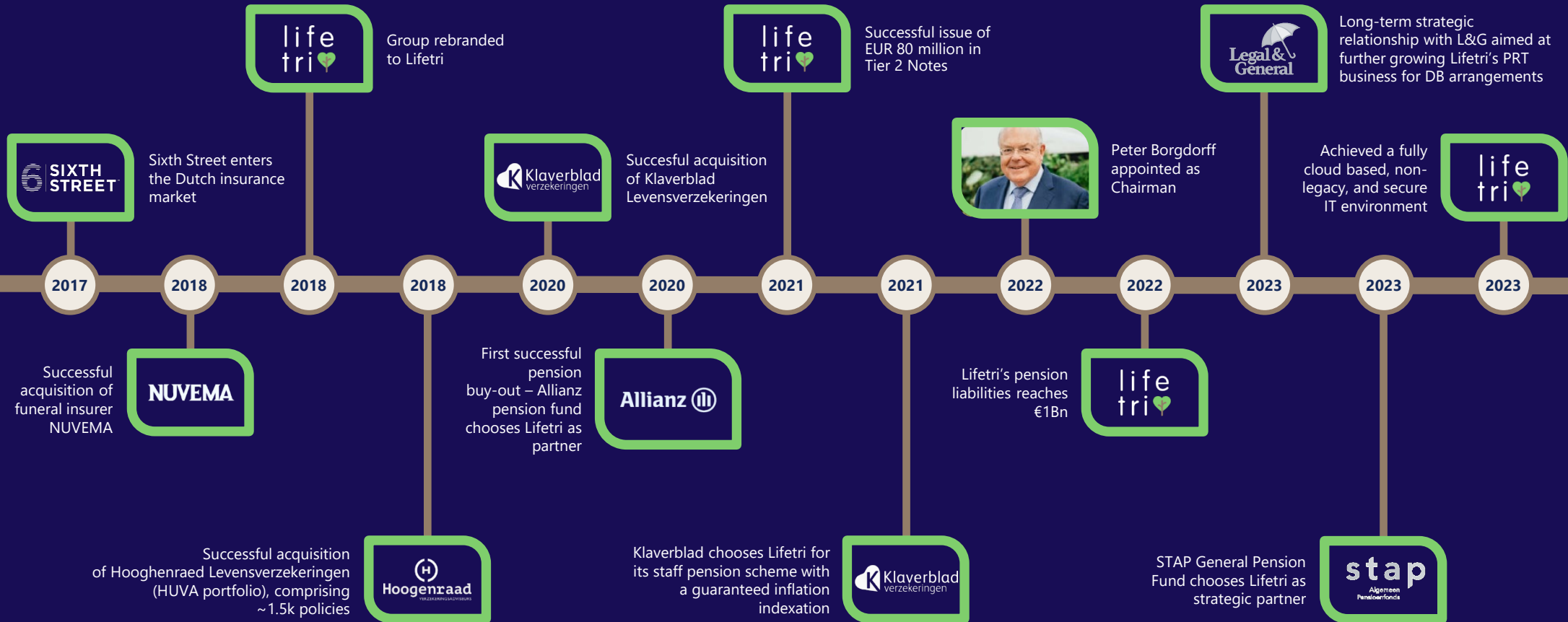


Net Result of  
(€21MM)



78 FTEs

# Lifetri's Transformation Journey Towards a Flexible and Specialised Player in the Dutch Life and Pensions Market



# Ensuring that Lifetri is Ready to Capture the Right Opportunities in the Dutch Pensions Space

## Repositioning for a Changed Market Environment

### • Transaction Volumes

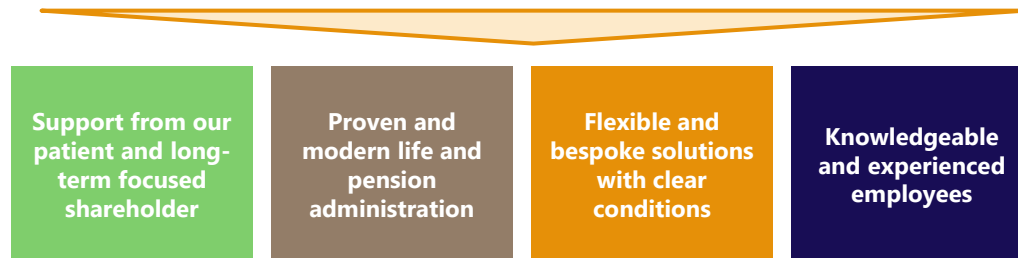
- Slowdown in growth since 2020
- 2023 transaction volumes were low: Only €30MM in aggregate deal volume

### • Dutch Pension Reform

- Dutch Pension Reform came into force per 1 July 2023
- Anticipating there will be a large increase of demand for guarantee-books, especially in the pension area, in the years to come

### • Lifetri Positioning

- Continued commitment to the long-term potential of the Dutch PRT market
- Lifetri will reconsider its approach to the PRT market and refocus on internal activities
- Aim to be ready to capture opportunities when they do materialize
- A reassessment of the approach and positioning is necessary to ensure success

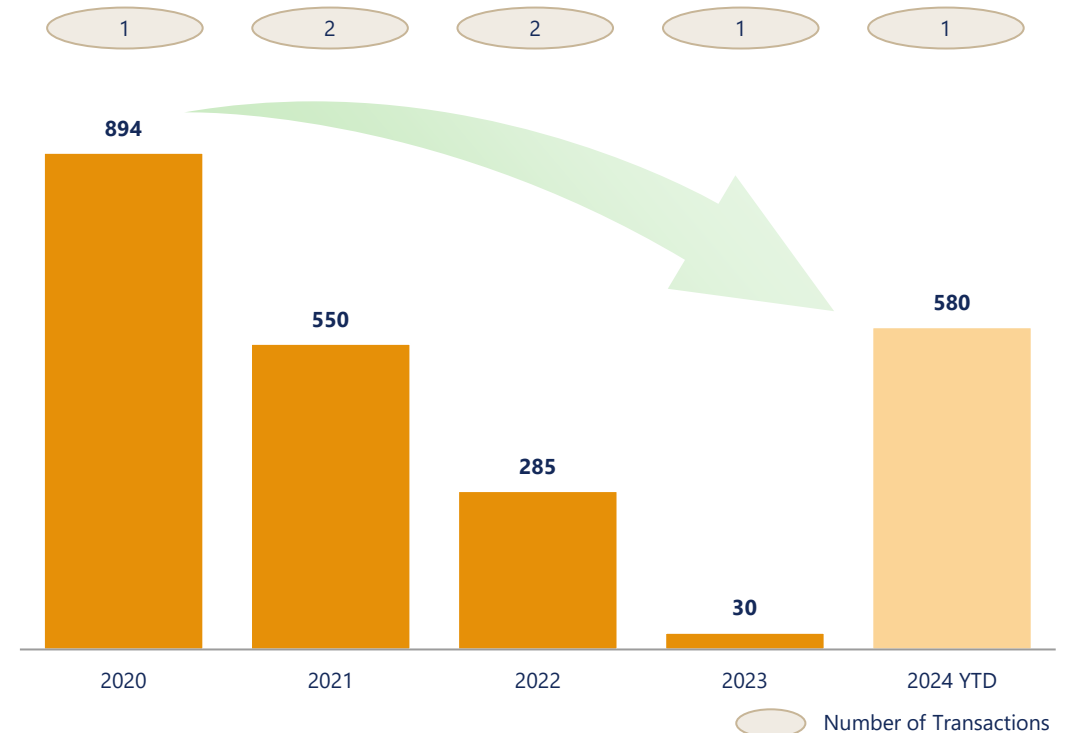


Source: Company information



## PRT Transactions Have Slowed Down Over the Last Couple of Years

2020-2024YTD, in €MM

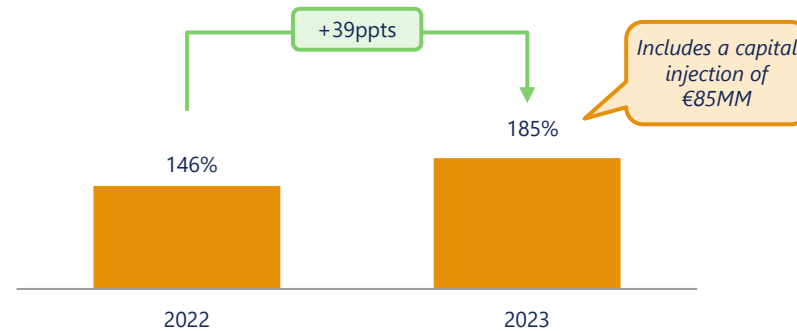


# Continued Strong Capital Base; S-II Ratio of 185% Well Above Minimum and Targeted Capital Management Levels

- Lifetri's capital management aims to **protect policyholders' rights, comply with regulatory requirements, and ensure that financial setbacks can be absorbed without endangering the continuity of the business and strategy**
- Lifetri holds an additional buffer, apart from the technical reserves and SCR:
  - Target solvency level is set at 160%, while the norm solvency level, our internal minimum level, is set at 135%
  - These levels have been affirmed in 2023
- Lifetri's Solvency II ratio increased from 146% at the end of 2022 to 185% by the end of 2023
  - The **negative impact following the spiked interest rates** in 2023 was largely **compensated by capital injections from the shareholder and capital generation**
- Lifetri's interest rate exposure is hedged dynamically and monitored carefully within a robust and well-developed risk appetite framework, approved by the Management and Supervisory Board
- Lifetri does not have an appetite for inflation risk. **Inflation guarantees in the pension liabilities are hedged on a cash flow basis with derivatives.**
- Lifetri reinsures its longevity risk up to **85%**

## S-II Ratio

In %



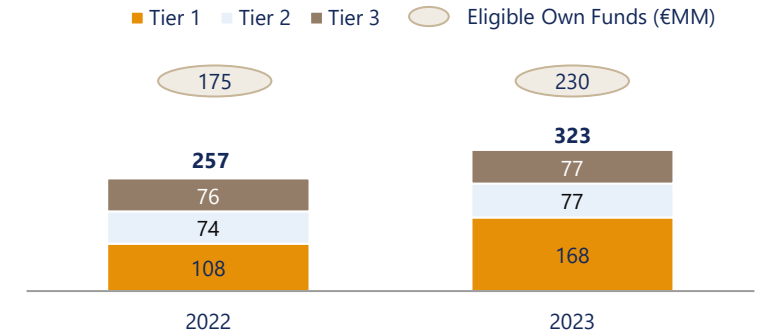
## SCR Breakdown

In €MM	2022	2023
Market Risk	72.4	61.4
Counterparty Risk	8.4	8.7
Life Underwriting Risk	104.0	104.3
Diversification	(41.2)	(37.9)
<b>BSCR</b>	<b>143.7</b>	<b>136.6</b>
Operational Risk	5.9	6.3
LACDT	(29.5)	(18.1)
<b>Total SCR</b>	<b>120.1</b>	<b>124.4</b>

Source: Company Information

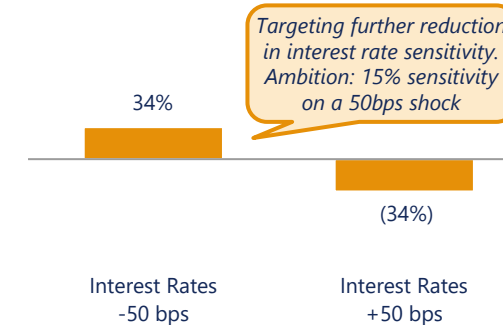
## Available Own Funds

In €MM



## S-II Ratio Sensitivities

Impact on 2023 Solvency II Ratio



## S-II Technical Provisions

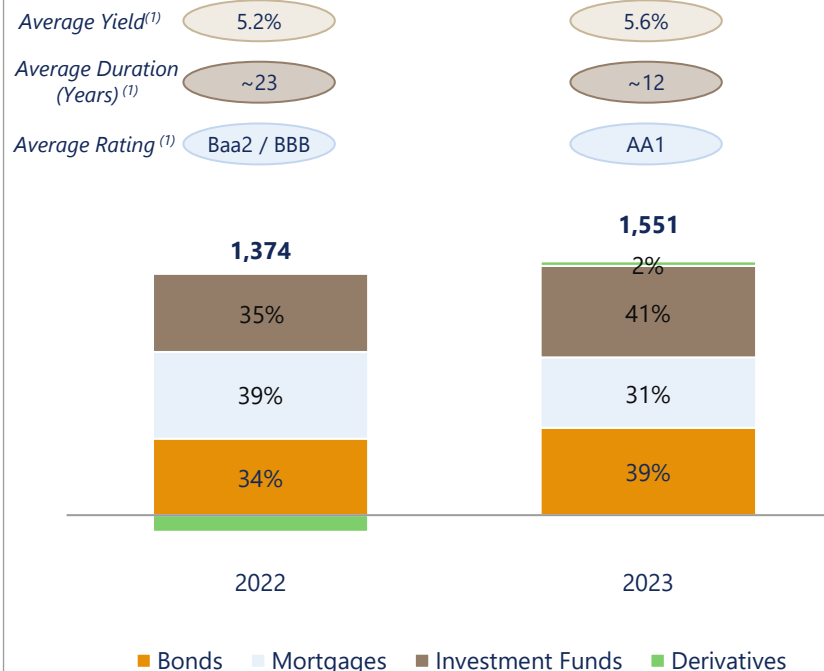
In €MM	2022	2023
S-II TPs	1,408	1,495
S-II TPs, excl. VA	1,461	1,555
S-II TPs, excl. UFR	2,060	2,019
<b>Impact LTG measures</b>	<b>652</b>	<b>525</b>

# Risk-Controlled Investment Portfolio with Proactive Management of Strategic Asset Allocation Generating Attractive Risk-Adjusted Returns

- Lifetri's current investment mix is spread between bonds, mortgages, and investment funds
- Lifetri regularly reviews its **Strategic Asset Allocation** ("SAA") based on **3 key considerations**:
  - A robust solvency ratio
  - A reduction of interest rate risk
  - A positive spread/return
- With its long-dated, sticky and predictable liabilities, Lifetri aims to further optimise its SAA by **increasing its exposure to less liquid asset classes generating attractive risk-adjusted returns**
- 2023 marked the third year of Lifetri's Investment Plan initiated in 2021, with further progress in moving towards its SAA
  - Increased allocations in asset classes such as commercial real estate loans, direct lending, and private equity. On Direct Lending we reach the maximum allocation
- To mitigate idiosyncratic risk, Lifetri selects **best-in-class managers** after a thorough asset class assessment
  - In 2023, within the direct lending asset class, 2 additional asset managers were selected to enhance diversification across vintages and market segments
  - Currently Lifetri works with 13 different external managers
- Predictable liability profile also allows for **adequate liquidity management**, with approx. 1/3<sup>rd</sup> of the assets invested in liquid assets
- Investment process incorporates **responsible investing principles**, e.g. specific sector and controversial behaviour exclusions

## Current Investment Mix

Totals in €MM, Dutch GAAP Balance Sheet



Source: Company Information

### Notes:

1. Calculated on investments only, excluding cash and deposits

## Target Strategic Asset Allocation

Asset Class	Strategy	Asset Class	Strategy
<b>Government Bonds</b>	➔	<b>Emerging Market Debt</b>	➔
<ul style="list-style-type: none"> <li>Long term duration hedging and provides collateral</li> <li>Current government bond and cash allocation at target level</li> </ul>		<ul style="list-style-type: none"> <li>Continue to monitor a fast-evolving asset class, potential for attractive entry points</li> <li>Lifetri has an under allocation. As long as EMD markets stay rich no risk will be added</li> </ul>	
<b>IG / HY Corporate Bonds</b>	➔	<b>Private Credit</b>	➔
<ul style="list-style-type: none"> <li>European public credit markets are very rich due to ECB QE programs</li> <li>Lifetri has no position in it SAA</li> </ul>		<ul style="list-style-type: none"> <li>Offers attractive risk premia to investors who can hold illiquid investments</li> <li>Favourable capital treatment under S-II</li> <li>On the balance still an underweight vs the SAA, mainly in CRE debt</li> </ul>	
<b>Mortgages &amp; Buy-to-Let</b>	➔	<b>Private Equity</b>	➔
<ul style="list-style-type: none"> <li>Favourable capital treatment under S-II</li> <li>Lifetri wants to reduce its overweight further, supported by tight market spreads</li> </ul>		<ul style="list-style-type: none"> <li>Strong growth potential in a growing market</li> <li>Attractive capital treatment under Solvency II</li> <li>Focus on secondaries</li> </ul>	



# APPENDIX

## Additional Financial Information



# Lifetri Income Statement

In € 000s	2022	2023
Gross premiums	83,447	73,596
Outgoing reinsurance premiums	(14,411)	(15,892)
<b>Net premiums earned</b>	<b>69,036</b>	<b>57,704</b>
Other investment income	35,295	52,030
Realised gains on investments	62,497	735
<b>Total investment income</b>	<b>97,792</b>	<b>52,765</b>
<b>Unrealised gains on investments</b>	<b>1,688</b>	<b>317,293</b>
Gross claims and benefits paid	(46,737)	(48,531)
Reinsurer's share claims	13,576	15,013
<b>Net claims and benefits paid</b>	<b>(33,161)</b>	<b>(33,518)</b>
Gross change in insurance liabilities	607,904	(87,037)
Reinsurers share	17,708	(4,280)
<b>Net change in insurance liabilities</b>	<b>625,612</b>	<b>(91,317)</b>
Staff, overhead and depreciation costs	(27,216)	(25,583)
Commission costs intermediaries	(801)	(873)
<b>Total operating expenses</b>	<b>(28,017)</b>	<b>(26,456)</b>
Interest expense	(4,559)	(9,411)
Investment management expenses	(9,354)	(13,387)
Realised losses on investments	(117,972)	(275,598)
<b>Total investment expense</b>	<b>(131,885)</b>	<b>(298,395)</b>
<b>Unrealised losses on investments</b>	<b>(712,749)</b>	<b>(760)</b>
Investment income attributable to non-technical account	(92,444)	8,797
<b>Result technical account life insurance</b>	<b>(204,128)</b>	<b>(13,887)</b>
Investment income attributable from technical account	92,444	(8,797)
<b>Result before tax</b>	<b>(111,685)</b>	<b>(22,684)</b>
Income tax	32,117	1,854
<b>Net result</b>	<b>(79,567)</b>	<b>(20,830)</b>

# Lifetri Balance Sheet

In € 000s	2022	2023
Bonds	467,359	534,544
Mortgages	530,458	429,121
Investment funds	476,669 <sup>(1)</sup>	560,625
Derivatives	(100,878)	27,153
<b>Total financial investments</b>	<b>1,373,610</b>	<b>1,551,443</b>
<b>Deferred tax assets</b>	<b>70,166</b>	<b>77,726</b>
Policyholders	671	1,285
Tax and social security contributions	18,623	12,134
Other receivables	86,564	16,004
<b>Total short term receivables</b>	<b>105,858</b>	<b>29,422</b>
Equipment	281	169
Cash and cash equivalents	187,236 <sup>(2)</sup>	275,082
<b>Total other assets</b>	<b>187,517</b>	<b>275,251</b>
<b>Total assets</b>	<b>1,737,150</b>	<b>1,933,842</b>
<b>Group equity</b>	<b>180,199</b>	<b>244,370</b>
<b>Subordinated Debt</b>	<b>78,475</b>	<b>78,637</b>
For own risk	1,407,797	1,494,723
Reinsurers' share	45,326	49,606
<b>Total net insurance liabilities</b>	<b>1,453,123</b>	<b>1,544,329</b>
Pension obligation	249	212
<b>Total provisions</b>	<b>249</b>	<b>212</b>
<b>Total long-term liabilities</b>	<b>7,784</b>	<b>7,115</b>
Policyholders	2,881	1,884
Tax and social security contributions	12	308
Other liabilities	14,426	56,987
<b>Total short term liabilities</b>	<b>17,320</b>	<b>59,180</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,737,150</b>	<b>1,933,842</b>

# Lifetri Capital Position and SCR Build-Up

<i>In € 000s</i>				LTU	LTV	Lifetri Groep (Consolidated)
				2023	2023	2023
<b>SCR Build-up</b>						
Market risk				52,764	13,486	61,373
Counterparty default risk	<i>In € MM</i>	LTU	LTV	7,599	1,272	8,813
	Mortality	9	31			
	Longevity	-	16			
Life underwriting risk	Disability	-	-	72,867	33,399	104,295
<i>Diversification</i>	Lapse	19	12	(30,512)	(8,736)	(37,908)
	Expenses	17	43			
<b>BSCR</b>	Catastrophe	1	12	<b>102,718</b>	<b>39,422</b>	<b>136,576</b>
	<i>Diversification</i>	(12)	(42)			
Operational risk	<b>Total</b>	<b>33</b>	<b>73</b>	<b>104</b>		
LACDT				(13,982)	(5,177)	(18,430)
<b>Total SCR</b>				<b>94,407</b>	<b>34,957</b>	<b>124,437</b>
<b>Available &amp; Eligible Own Funds</b>						
Tier 1				118,923	42,076	168,275
Tier 2				62,567	14,438	77,005
Tier 3				87,593	-	77,305
<b>Total available own funds</b>				<b>269,083</b>	<b>56,515</b>	<b>322,585</b>
<b>Eligible own funds</b>				<b>166,127</b>	<b>56,515</b>	<b>230,494</b>
<b>Solvency II Position</b>						
<b>Solvency II Ratio</b>				<b>176%</b>	<b>162%</b>	<b>185%</b>
Minimum Capital Ratio				323%	501%	416%