Annual Report 2017

Nederlandsche Algemeene Maatschappij van Levensverzekering

“Conservatrix” N.V.

Contents

Composition of the Board

The composition of the Executive Board and the Supervisory Board of the Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V. (Conservatrix) was as follows:

Executive Board

Composition as at December 31, 2017

E. van der Wal, CEO[1]

M. R. E. Harkema, CFO a.i.[2]

Resigned in 2017

Drs. R. Collé RC, CEO a.i.[4]

R. C. van Kooten[4]

T. P. M. Stoop, CFO[5]

Supervisory Board

Composition as at December 31, 2017

R. Hinse, Chairman[1]

G. Luecke[1]

J. L. Melis[3]

Resigned in 2017

Mr. J. W. H. Richters[4]

F. Kusse[6]

Joined in 2018

M. Castelvetri[7]

1 Joined May 15, 2017
2 Joined December 12, 2017
3 Joined October 10, 2017
4 Resigned May 15, 2017
5 Joined May 15, 2017 and resigned November 30, 2017
6 Joined May 15, 2017 and resigned November 2, 2017
7 Joined February 1, 2018

PROFILE

Conservatrix is a life insurer specialized in life insurances and mortgages with a history that dates back to 1872.

Since May 15, 2017 Conservatrix is owned by Trier Holding B.V. With the transfer of ownership Conservatrix is a well-capitalized insurance company at the dawn of a new era. The highest priority is given to attaining controlled and stable operations. This is a critical condition to return to the market as an active player.
The strategic asset-allocation consists of fixed interest securities with an average duration of approximately four years. The latter is a result of the reinsurance construction. Conservatrix currently has a headcount of 48 employees and is based in Utrecht.

Key figures

In thousands of euros	**2017**	**2016**	**2015**	**2014**
Gross premiums	29,448	32,384	47,597	115,638
Reinsurance premiums	-101,247	-1,464	-1,456	-1,902
Net premiums	**-71,799**	30,920	46,141	113,736
Investment income including unrealized result own risk	32,613	36,254	23,384	38,984
Investment income including unrealized result at the risk of policyholders	1,484	761	1,626	1,494
Total income	**-37,702**	67,935	71,151	154,214
Claims and benefits paid	37,371	31,782	32,016	25,542
Operating expenses (excluding acquisition costs)	10,859	9,071	10,349	10,724
Result after tax (Solvency I)			30,617	-71,017
Result after tax (Solvency II)	95,161	-14,874	11,376	
Own Funds (Solvency I)			3,097	-18,259
Own funds (Solvency II)	74,240	3,953	15,442	
Solvency I ratio			13%	-74%
Solvency II ratio	188%	-16%		

REPORT OF THE SUPERVISORY BOARD

The Supervisory Board hereby presents the annual accounts 2017, as prepared by the Executive Board of Conservatrix to the General Meeting of Shareholders. The auditor's statement of approval is included in the report. The annual report is offered to the general meeting for adoption and for discharging the Executive Board for the management and also discharging the Supervisory Board for the supervision conducted in.

On 15 May 2017 Trier Holding B.V., a Dutch company, acquired Conservatrix. At that moment Mr Richters stepped down and Mr Hinse, Mr Kusse and Mr Luecke were appointed as new Supervisory Board-members. The Supervisory Board was strengthened with Mr Melis on October 10, 2017 and Mr Kusse resigned on November 2, 2017 due to other obligations he had to meet. We like to thank him for his contribution in the start-up phase. All members of the Board have signed a moral ethical statement on their appointment

The Supervisory Board has been actively involved in the post-acquisition phase. On the one hand, the Supervisory Board followed the regular course of affairs in the organization, focusing on the business development and management of the solvency of Conservatrix on the basis of the current supervisory framework under Solvency II, as well as on compliance with laws and regulations. On the other hand, special attention was paid to the recapitalization, the unbundling from the Conservatrix Group S.à.r.l. and the realization of a sufficient organization, including appointment of a new Executive Board and Supervisory Board members, the design of its operations and sound business practices and the design of the strategy in the long term. In this process the Supervisory Board monitored the impact on the position of stakeholders, in particular policyholders, employees and shareholder.

After the acquisition, the Supervisory Board met seven times in the presence of the Executive Board, including two times by telephone. In the meetings, in addition to the aforementioned current and general policy topics, the investment policy, the methods and principles for Solvency II, the financial reports, the own risk analysis, the commercial strategy and the general course of events in the organization were discussed.

In addition, the Supervisory Board itself met several times in 2017. In this, preliminary consultations were held on agenda items and the course of affairs with the Executive Board was discussed and evaluated. The Supervisory Board had also two written meetings confirming the appointment of Mr. Harkema as interim-member of the Executive Board.

The members of the Supervisory Board collectively take part in the established lifelong learning program. The topics are geared to relevant events and are held prior to the quarterly meetings of the Board. The members of the Supervisory Board are satisfied with the structure and content of the program.

The Audit and Risk Committee (hereinafter: ARC) was chaired by board member Mr. J. Melis. The ARC met twice after the acquisition. The findings and reports of the second-line functions (compliance, risk management, actuarial function) and internal audit (third line of defense) have been discussed with these functions as well as other relevant topics related to financial and operational risks, such as the internal control measures, the valuation principles, and the financial

reports.
The ARC has reported its findings to the Supervisory Board.

The Nomination and Remuneration Committee met once in 2017. In the meeting the remuneration policy and the current and future composition of the staff was discussed.

The members of the Supervisory Board receive a fixed remuneration for their work as supervisor at Conservatrix, which is supplemented if there is a special above-average effort by the relevant supervisory board members.

Finally, the Supervisory Board is grateful to the employees and the Executive Board for the effort and commitment shown in 2017.

Utrecht, April 26 2018

R. Hinse, Chairman

G. Luecke

J.L. Melis

M. Castelvetri

REPORT OF THE EXECUTIVE BOARD

Business Developments

Conservatrix is a life insurer specialized in life insurances and mortgages. On May 15, 2017 De Nederlandsche Bank (DNB) was granted permission by the Amsterdam District Court to transfer the shares of life insurer Conservatrix to a new owner, Trier Holding B.V. and its shareholders. The Amsterdam Court announced its public decision following a request by the Dutch supervisor.

DNB had asked the court for permission to transfer the shares, because Conservatrix did not have sufficient funds to meet its future obligations to policyholders.

As a consequence of this permission and the change of shareholder on May 15, 2017 the new Conservatrix Board was installed. On the same day, the former Conservatrix Board resigned. From May 15, 2017 the board consists of two persons:

- Mr. Erwin van der Wal CEO
- Mr. Dick Stoop CFO (until December 1, 2017), Mr. Menno Harkema (from December 1, 2017)

Before May 15, 2017 Conservatrix was part of the Conservatrix Group (Luxembourg) and due to the change of shareholder, the company needed unbundling.

As part of the agreement with DNB the new shareholder recapitalized the company above the envisaged minimum Solvency II ratio of 135% by injecting € 18.4 million of capital directly and € 72.1 million via a reinsurance agreement with Colorado Bankers Life, an affiliate US company. The market value of the reinsurance agreement was assessed by KPMG Advisory N.V.. After the recapitalization DNB revoked the appointment of the trustee, but the company is still under so-called intensified supervision from DNB.

Due to the reinsurance contract the duration of the asset mix changed and a careful process of rebalancing the duration of the asset mix in line with the liabilities on the balance sheet took place.

Part of the agreement between DNB and Trier Holding and its shareholders was to secure the rights of the Conservatrix policyholders. A process of communication to all relevant stakeholders including customers was undertaken, where each customer received a letter in which the new board presented itself and announced its objectives with the company. The main message in this perspective was “we are here to stay and make the company healthy and profitable again.” This message was received well. After the communication, there were no changes in the behavior of policyholders in the portfolio over the remainder of the year.

The first and major goal of the board is to reorganize the company in a way that it has a sound, controlled and ethical operating environment and is fulfilling all its obligations toward all the stakeholders. The activities being focused on are incorporated into the business plan which was submitted and approved by DNB as part of the agreement between DNB and the present shareholder.

Because of the required unbundling immediately after the acquisition, the board completed the reorganization of the Finance & Control and Actuarial departments. Before May 15, 2017 these two departments were organized at group level. The IT department was still at group level at the end of

2017. Prior to the acquisition, a transfer services agreement was signed to secure the delivery of IT services for Conservatrix by the former shareholder.

For the remaining period of 2017, in order to meet the demands set by DNB to become an active company in the market, the company has been focusing on three major topics:

- To realize a sound, controlled and ethical operating environment, a program was set up to develop a company that is again fulfilling all its duties in line with Solvency II regulation;
- To organize the investment process and procedures in such a way that the company is able to realize the desired yield on its investments to meet the obligations toward the policyholders;
- To unbundle the IT department and IT infrastructure from former group companies and set up a new IT organization within Conservatrix, the present IT infrastructure will be copied and transferred to the cloud. From then on, Conservatrix will be fully independent from former group companies.

The Conservatrix' strategy is to turn the company around into a sustainable, well-organized, flexible and cost-efficient operation and to achieve growth in assets under management by acquiring companies or life insurance portfolios.

Conservatrix has constructed a responsible investment policy that complies with the standards for the sustainable Investment Code ('Code Duurzaam Beleggen') of the Dutch Association of Insurers ('Verbond van Verzekeraars').Conservatrix subscribes to this Code, in which the UN Principles for Responsible Investments are incorporated.

During the transformation of the company, daily business was performed and necessary improvements were undertaken at the same time. In 2017, Conservatrix activated the remaining policyholders as part of the total program on investment insurance policies.

In general, 2017 was a year of change and reorganization for the company and its employees. This year progress was made in order to enable Conservatrix to become in control about the processes again, compliance with the regulation.

In 2018 Conservatrix will be reorganizing its total IT infrastructure, in order to realize the strategy. After migration to the cloud Conservatrix plans to migrate its legacy systems to a new IT infrastructure.Outsourcing of non-core activities in order to secure flexibility and a scalable cost model will be achieved in 2018. The company will be organized in such a way that the demands of the customers are taken care of and at the same time a high level of (self) service by our customers can be attained.

Conservatrix envisages to improve in 2018 the yield on its investment portfolio within its risk appetite by shifting part of the investment portfolio to less liquid, higher yielding assets. Conservatrix also plans gradually reduce the relative share of its mortgage loans portfolio.

Conservatrix forsees a stable workforce in 2018. We aim to have at least 30% women on the Executive and Supervisory Board and in the management layer immediately below. We did not met this target in 2017, however we actively seek opportunities to enhance gender diversity at all management levels

The Conservatrix Board appreciates the hard work undertaken by the company and its employees and is convinced that together with the team the goals set will be achieved.

Financial Developments

The full-year 2017 result before tax increased significantly to € 84.9 million compared with € −18.3 million in the previous year. This improvement was mainly caused by a new reinsurance agreement with Colorado Bankers Life Insurance Company.

A single reinsurance premium of € 100 million was paid while the reinsurers’ share of the changes in technical provisions rose to € 152 million. Due to the reinsurance agreement €10.7 million of risk margin was released.

In connection with the reinsurance contract, Conservatrix started to change the duration of the asset mix. This resulted in higher realized gains on investments totaling € 18.9 million compared with € 10.1 million in the previous year.

Gross premiums earned decreased to € 29.4 million from € 32.3 million in the previous year, mainly due to lower premiums from the “ISP” product, while gross claims and benefits paid rose with € 5.8 million to € 39.1 million in 2017 mainly due to increased expirations.

Operating expenses increased to € 11.3 million from € 9.5 million in the previous year, caused by higher staff costs (termination fees, external staff) and overhead expenses due to the disentanglement of the former companies and investments in the business to achieve a stabilized new company.

Shareholders funds increased € 70.2 million from € 3.9 million to € 74.2 million due to the higher profit before tax of € 103.0 million driven by the reinsurance agreement, and a share premium contribution of € 18.4 million. This increase was partly offset by negative movement in revaluation reserves of € 43.3 million and € 7.0 million of favorable taxation compared with the previous year.

The increase of shareholders funds and higher deferred tax assets was followed by improved eligible own funds totaling € 47.7 million in 2017. In combination with a significantly decreased solvency capital requirement (SCR) to € 25.4 million, this resulted in a Solvency II ratio of 188% (2016: -16%).

Capital Management

The aim of capital management at Conservatrix is to meet all future policyholder claims. An important precondition is that the amounts of the SCR and the minimum capital requirement are at all times sufficiently covered by the amount of own funds.

Dividend Policy and Capital Actions

When acquiring the shares of Conservatrix on May 15, 2017 it was stated that Conservatrix will refrain from declaring or paying out any dividend within a period of ten years.
After the transfer of its shares to Trier Holding B.V. the capital position of Conservatrix was strengthened by means of a direct capital injection of € 18.4 million. Next to that the capital position was reinforced with € 72.1 million via a reinsurance agreement with Colorado Bankers Life Insurance Company. Due to the reinsurance contract also € 10.7 million of risk margin was released.
Furthermore, Conservatrix adjusted for the loss-absorbing capacity of deferred taxes as of May 15, 2017, which enhances its capital position. As of May 15, 2017 the internal minimum solvency ratio is 135%, calculating the SCR according to the Solvency II standard formula.
Additional information on capital management is available in the Financial Statements section.

Liquidity Management

Liquidity risk means the risk that Conservatrix is unable to realize investments and other assets in order to settle its financial obligations when they fall due.
The operational cash flow of Conservatrix is to a considerable extent predictable. Liquidity is managed for the short term as well as the long term. Estimations are updated on a regular basis.
Furthermore, a substantial part of Conservatrix investments is marketable.
Liquidity risk is a risk that is also specifically mentioned in the "own risk and solvency assessment" policy.

Risk Management

Solvency II classifies risks for instance for submodules calculating the SCR. Conservatrix calculates its SCR in accordance with the standard formula and the individual risk modules that comprise the SCR. If risks are not covered by the standard formula they will be assessed in the own risk and solvency assessment (ORSA) process.

The "three lines of defense" model is incorporated in the organizational design and operations.
The three lines of defense model consist of three defense lines with different responsibilities with respect to the ownership of controlling risks. Ownership and implementation, within the first line, is comprised of business managers. Compliance, actuarial function, and risk management, as the second line, monitor and help to ensure that risk and controls are effectively managed. Internal audit controls the first and second lines in order to provide assurance to the Board of Directors and the Supervisory Board.
Additional information on risk management is available in the Financial Statements section.

Utrecht, April 26, 2018

E. van der Wal

M.R.E. Harkema

FINANCIAL STATEMENTS

Balance Sheet

Before appropriation of result

In thousands of euros		**December 31, 2017**		**December 31, 2016**
Investments				
Investment property		9,300		7,400
Financial investments				
Bonds	214,939		222,010	
Derivatives	0		70,700	
Mortgages	300,222		332,158	
Other loans	4,841		13,472	
Total financial investments		520,002		638,340
Investments at policyholders risk				
Equity and other investments		14,514		13,911
Deferred tax assets		30,343		11,886
Short term receivables				
Reinsurers	1,819		854	
Policyholders	700		511	
Intermediaries	1		7	
Shareholder	2		0	
Group companies	0		1,018	
Other receivables	574		376	
Total short term receivables		3,096		2,766
Other assets				
Equipment	907		185	
Cash	23,653		25,197	
Total other assets		24,560		25,382
Accrued income				
Accrued interest		1,027		966
Total Assets		**602,842**		**700,651**

In thousands of euros	**December 31, 2017**		**December 31, 2016**	
Shareholders' funds				
Share capital	13,848		13,848	
Share premium	46,926		28,500	
Revaluation reserve	38,478		81,777	
Other reserves	-120,172		-105,298	
Result before appropriation	95,161		-14,874	
Total shareholders' funds		74,240		3,953
Insurance liabilities				
At own risk	688,990		708,783	
At policyholders' risk	14,132		14,270	
Gross insurance liabilities	703,122		723,053	
Reinsurers' share	-186,759		-36,650	
Net insurance liabilities		516,363		686,403
Provisions				
Restructuring provisions	0		2,250	
Pension obligations	826		2,034	
Total provisions		826		4,284
Long-term liabilities				
Other long-term liabilities	34		40	
Total long-term liabilities		34		40
Short term liabilities				
Reinsurers	1,450		0	
Intermediaries	337		307	
Shareholders	0		273	
Tax and social security contributions	611		290	
Other liabilities	8,981		5,101	
Total short term liabilities		11,379		5,971
Total Liabilities		**602,842**		**700,651**

Income Statement

In thousands of euros	2017		2016	
Insurance premiums earned				
Gross premiums	29,448		32,384	
Outgoing reinsurance premiums	-101,247		-1,464	
Net premiums earned		-71,799		30,920
Investment income				
Investment property	252		371	
Other investments	14,669		15,590	
Realized gains on investments	18,964		10,105	
Total investment income		33,885		26,066
Unrealized gains on investments		464		10,949
Claims and benefits paid				
Gross claims and benefits paid	39,183		33,335	
Reinsurers' share	-1,812		-1,553	
Net claims and benefits paid		37,371		31,782
Change in technical provisions				
Gross change in technical provision	-19,931		41,912	
Reinsurers' share	-150,109		-761	
Net change in technical provision		-170,040		41,151
Change in other provisions		-1,654		3,112
Profit sharing and benefits		13		21
Operating expenses				
Staff, overhead and depreciation costs	10,859		9,071	
Acquisition costs	508		496	
Total operating expenses		11,367		9,567
Investment management expenses		553		376
Investment income attributable to non-technical account		-1,232		-229
Result technical account life insurance		83,708		-18,303
Investment income attributable from technical account		1,232		229
Result before tax		84,940		-18,074
Income tax		-10,221		-3,200
Net Result		**95,161**		**-14,874**

Statement of Comprehensive Income

In thousands of euros	2017		2016	
Net result		95,161		-14,874
Change revaluation reserve investment property	1,207		0	
Change revaluation reserve other investments	-24,214		6,227	
Change revaluation reserve loans	-20,293		-2,842	
Total amount recognized directly in equity		-43,300		3,385
Total comprehensive income		51,861		-11,489
Share premium contribution		18,426		0
Movement shareholders' funds		**70,287**		**-11,489**

Cash Flow Statement

In thousands of euros	2017	2016
Net result before unrealized income and tax	54,941	-38,338
Depreciation equipment	184	114
Change in liability to intermediars	6	10
Change in receivables group companies	1,018	-195
Change in receivables to intermediars	30	10
Change liability reinsurer	29	0
Change short term liability	5,622	-1,651
Change technical provision	-170,040	41,151
Change other provision	-3,458	3,004
Change in equity securities	-273	31
Change depot insurers	-6	-6
Change amortization	-171	0
Change other short term receivables	-1,415	-64
Total movement	-168.474	42,404
Cash flow from operational activities	**-113,533**	**4,066**
Mortgage loans	40,849	32,504
Other loans	6,805	11
Equity securities	700	18,941
Derivatives	67,369	0
Bonds	169,887	30,510
Equipment	48	0
Disinvestments, sales and disposals	285,658	81,966
Mortgage loans	-27,145	-11,458
Other loans	0	-465
Equity	-270	-1,410
Bonds	-163,726	-70,950
Equipment	-954	-3
Total Investments in acquisitions and purchases	-192,095	-84,286
Cash flow from investing activities	**93,563**	**-2,320**
Movement of share premium	18,426	0
Cash flow from financial activities	**18,426**	**0**
Net increase/decrease in cash	**-1,544**	**1,746**

Accounting Principles

General
The financial statements have been drawn up in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the Annual Reporting Guidelines of the Dutch Accounting Standards Board. This implies that Guideline 605 has been applied in the preparation of this annual report. Unless stated otherwise, assets and liabilities are recognized at their face value. Income and expenses are allocated to the year to which they pertain. The activities of the Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix" N.V., with its registered office in Utrecht, consist of concluding life insurance contracts, pensions, and mortgages on the Dutch market.
The financial statements have been drawn up on the basis of a going concern principle.

Use of estimates
The preparation of the financial statements requires the Executive Board and management to form opinions and make estimates and assumptions that influence the application of accounting principles and the reported value of assets and liabilities, and income and expenses. The actual results may differ from these estimates.

Changes in accounting estimates:
During the financial year, the percentage used to calculate the deferred tax asset arising from the temporary difference between the book value and the value for tax purposes of the provision for insurance obligations changed from 18% to 25%. During the financial year, the percentage used to calculate the deferred tax provision arising from the revaluation of the mortgage and private loans changed from 18% to 25% (immovable property from 15% to 25%). The impact for 2017 amounts € 8,221 and for 2016 € 5,050, in total € 13,271.

Continuity
With effect from May 15, 2017 Trier Holding B.V., acquired Conservatrix. The new shareholder invested with a direct capital injection of € 18.4 million in Conservatrix and indirectly reinforced the capital with another € 72.1 million through a reinsurance agreement with Colorado Bankers Life Insurance Company.
Before the change of shareholder, arrangements were made in an agreement with DNB. In the Agreement it is made explicit, among other things, that:

- DNB will reconsider the restrictions within 24 months and, unless the Company is not sufficiently stable, treat the company as any other stable insurance company.
- Eli Global will recapitalize the Company to at least 135% with Tier 1 capital.

In addition, the company has sufficient liquid assets and readily marketable investments at its disposal to meet its obligations over the coming years. Consequently, the financial statements have been drawn up on the basis of the going concern principle.

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

Quoted prices in an active market ('unadjusted, market observable prices') are sought first. If such prices are not available or if there is no active market, financial instruments are measured using input available in the market other than market prices: measurement derived from pricing. If no direct external or derived market prices are available, Conservatrix uses brokers' quotes.

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

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

- Quoted prices for similar (i.e. not identical) assets/liabilities in active markets;
- Input variables other than quoted prices observable for the asset (for example, interest rates and yield curves observable at customary intervals, volatility, early redemption spreads, loss ratio, credit risks and default percentages);
- Input variables arising mainly from or confirmed by observable market data by correlation or other means (market-confirmed inputs).

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

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

Investment property
Investment property (including property under construction) is held for long-term rental yields and is not occupied by Conservatrix. Investment property is measured at fair value, which is supported by market evidence, as assessed by a qualified external appraiser. These appraiser quotes are challenged once a year by obtaining quotes from other appraisers as well. Changes in the fair value are recognized in the shareholders' funds within the other reserve. Investment property is presented under level 2.

Equipment
The fair value of equipment is not materially different from the carrying value. The carrying value is determined by historical cost less accumulated depreciation and impairment.

Bonds
Bonds are measured at fair value. The fair value of investments is measured using the fair value hierarchy as described above. Changes in the fair value of investments are recorded in a specific investment revaluation reserve within the share holder's funds. When investments are sold or impaired the accumulated fair value adjustments are transferred out of the revaluation reserve to the income statement. When the fair value is below cost price the revaluation is accounted for in the income statement in the period in which the value change occurs. Quoted bonds in active markets are measured at fair value level 1, unquoted are measured at fair value level 2.

Private loans
Private Loans are measured at Fair Value whereas discounted cash flows are calculated against the interest rate associated with the duration of that cash flow. This includes the use of an index and credit profile of comparable investments for each individual loan. Changes in the fair value of investments are recorded in a specific investment revaluation reserve within the share holder's funds. When investments are sold or impaired the accumulated fair value adjustments are transferred out of the revaluation reserve into the income statement. When the fair value is below cost price the revaluation is accounted for in the income statement in the period in which the value change occurs. This method is measured at fair value level 3.

Investments at policyholders' risk
Investments at policyholders' risk are equity securities and participations in investments institutes. For participations in these investment institutions these are required to be calculated against the last known price; these participations are listed on the stock exchange as common and preferred stocks. Changes in the fair value of investments at policyholders' risk are measured and classified at fair value through profit and loss.

Mortgages
Mortgages are recognized at fair value for which mortgages are divided between residential mortgages and commercial mortgages. The valuation of residential mortgages is currently undertaken by Dynamic Credit and further evaluated in the document "Market Valuation Methodology". Commercial mortgages are at nominal or lower value. The revaluation of the mortgages is recognized through share holder's funds within the other reserve.

Receivables and other financial assets
Receivables and other Financial assets initially are presented against amortized costs. A provision is created in case debtors have financial difficulties on an individual basis. Receivables related to reinsurance contracts are short and long term receivables on reinsurance companies. These receivables are depended on the expected claims from the reinsurance contracts. The valuation is based on the same assumptions as for the gross technical provisions it corresponds with the individual agreements with the reinsurance company.

Cash
Cash is directly available funds at banks. The carrying value of cash is regarded as a good approximation of the fair value, as these assets are of a short-term nature. Cash are measured against fair value Level 1.

Cash equivalents
Cash equivalents are measured at the nominal value including accrued interest. Types of Securities are Treasury bills; agency discount notes; insured certificates of deposit and money market funds. The carrying value of cash equivalents is regarded as a good approximation of the fair value, as these assets are of short-term nature. Cash equivalents are measured against fair value Level 1.

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

Insurance liabilities
The provision for insurance liabilities is calculated on the basis of the Solvency II principles.
The interest rate used for this purpose is based on the interest rate structure published by the regulatory authority, adjusted for volatility.
The provision is the sum of:

- the expected value equal to the present value of the future annual payments plus the future costs of the insurances minus the gross premiums on the basis of best estimate assumptions (the net present value is calculated on the basis of the interest rate structure prescribed and published by the EIOPA, adjusted for volatility)
- the required risk margin, given the calculated solvency capital requirement on the basis of the risks quantified for the company.

Provisions for insurance of investments at policyholders' risk
The provisions for insurance in investment units are valued based on the number of units assigned to the relevant policyholders at the price per unit as at the balance sheet date.

Provisions for deferred taxes
Provisions for deferred taxes concern the tax claim that rests on all qualifying differences between commercial valuations and valuations for tax purposes of assets and liabilities, as well as the amount for which the reserves permitted for tax purposes have been created.
The provisions are created in relation to a lower valuation for tax purposes of equities, bonds, loans, and immovable property.
The provision is calculated on the difference between the tax and commercial value of the asset multiplied by the current tax rate of 25%.

Long-term liabilities
Long-term liabilities include liabilities with a remaining term longer than one year.
The long-term liabilities are initially valued at fair value and are subsequently valued at amortized cost.

Short-term liabilities
The short-term liabilities have an expected term of a maximum of one year.

Accounting principles for determining the result

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

Yields from investments
This includes the proceeds realized on the operation of lands and buildings, and other investments such as mortgage loans, equities, and bonds. The realized exchange results on the sale of immovable property or the realized share prices of securities are included in the proceeds of the investments.

Unrealized gain on investments
Unrealized equity prices, determined for each individual fund that can no longer be withdrawn from the revaluation reserve created in previous years are debited to the result. Unrealized price gains, determined for each individual fund, that pertain to price losses charged to the result in previous years are recovered and credited to the result.

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

Change in technical provisions for life insurance
The change in technical provisions own account is equal to the difference between the opening balance and the final balance of the technical provision (after deducting the reinsurance).
This item therefore includes all effects of financial transactions, adjustments to economic actuarial principles and deviations between reality and the previously used assumptions.

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

Taxes from ordinary business operations
The company tax is calculated on the result in accordance with the profit and loss account at the applicable rate, with due consideration to the tax facilities.

Cash flow statement accounting principles
The statement of cash flows, prepared according to the indirect method, shows the structure of and changes in cash and cash equivalents of Conservatrix during the financial year from the cash flows arising from operating activities, investing activities and financing activities. The cash flows from investing activities primarily comprise changes in investment
securities (such as securities available-for-sale or loans to customers). Financing activities include all cash flows from transactions involving the issuing of own shares, paid share premium . Cash flows from operating activities contain all other activities, which belong to the principal revenue-generating activities.

Related parties
All legal entities, natural persons and other related companies that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities, natural persons and other related companies which can control the Company are considered to be a related party. In addition, statutory directors, other key management of Conservatrix or the ultimate parent company and close relatives are regarded as related parties.
Transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is necessary in order to provide the true and fair view.

Comparison with previous year
The valuation principles and method of determining the result are the same as those used in the previous year, with the exception of the changes in accounting policies as set out in the relevant sections.

Collateral
Until 2016 the collateral with Heco-Re was presented on the Balance Sheet. As this is effectively presented at the Balance Sheet of Heco-re it was decided to remove this from the Balance Sheet. For comparing purposes this was corrected in the 2016 Balance Sheet.

Risk Management

Risk management system
The Conservatrix' risk management system is in accordance with Solvency II requirements and covers the following areas:

a) underwriting and reserving
b) asset-and liability management
c) investment, in particular derivatives and similar commitments
d) liquidity and concentration risk management
e) operational risk management, including integrity and compliance risks
f) reinsurance and other risk-mitigation techniques

Conservatrix seeks an effective risk management system comprising strategies, processes and reporting procedures necessary to identify, measure, monitor, manage and report, on a continuous basis the risks, at an individual and at an aggregated level, to which they are or could be exposed, and their interdependencies

Design of risk management
The Supervisory Board is responsible for supervising the Executive Board and the general course of affairs of the company and the business with it. The Supervisory Board has two committees, i.e., the Audit and Risk committee, and the Remuneration and Nomination Committee that inform the Supervisory Board of any major development in the area of its responsibility. The Executive Board is responsible for the day-to-day management and the overall strategic direction of the company. In the design of its operations Conservatrix uses the "three lines of defense" model.

The three lines of defense model consist of three defense lines with different responsibilities with respect to the ownership of controlling risks. The first line comprises business managers, including IT, Finance & Control, and Human Resource Management. The first line of defense lies with the managers whose activities create and manage the risks that can facilitate or prevent company objectives from being achieved. This includes taking the right risks. The first line owns the risk, and the design and execution of the organization's controls to respond to those risks.

The second line consists of compliance, actuarial function—by means of outsourcing—and risk management. The second line is put in place to give countervailing power to the first line and to support management by bringing expertise, process excellence, and management monitoring alongside the first line to help ensure that risk and control are effectively managed. Policies provide support in areas such as risk, compliance, and control. There are meetings on a regular basis with the Executive Board and the Audit and Risk Committee. Furthermore the second line functions have quarterly meetings with the Chairman of the Audit and Risk Committee or the Chairman of the Supervisory Board.

Internal audit, as the third line, controls the first and second line in order to provide assurance to the Board of Directors and the Supervisory Board. At the end of 2017 a broad skills set has been made available to Conservatrix by means of outsourcing. Internal audit evaluates the adequacy and effectiveness of the internal control system -including outsourced activities- and other elements of the system of governance. Furthermore, the internal audit function is objective and independent from the operational functions. There are meetings on a regular basis with the Executive Board, Chairman of the Audit and Risk Committee or the Chairman of the Supervisory Board.

The second line, i.e., actuarial function, compliance function, and risk management function, together with the third line i.e., internal audit, are considered to be the Solvency II key functions.

Approach of risk management
Solvency II categorizes types of risks in order to calculate the SCR. This calculation can be performed with the SCR standard formula. The standard formula is intended to reflect the risk profile of most insurance undertakings. Conservatrix uses the standard formula and has no indication the standard formula should not adequately reflect the risk profile of Conservatrix.

Conservatrix assesses its risks and classifies the risks in two categories. First, risks that directly link to a SCR standard formula, including its submodules, and second risks that can not directly be linked to a SCR standard formula. Risks that do not directly link to a SCR standard formula will be assessed during the own risk and solvency assessment (ORSA) process and systematic integrity risk analysis (SIRA).

The standard formula discriminates between financial and non-financial risks. Financial risks are risks that come with the insurance and investment activities of Conservatrix. Non-financial risks are operational risks. Integrity risks are not included in the standard formula of Solvency II.

The main risks for Conservatrix are currently related to counterparty default risk, insurance activities, and reinsurance. Colorado Bankers Life Insurance concentrates on the reinsurance, the counterparty default risk is mitigated by means of collateral in a trust account. Investments are at present relatively liquid and of high credit quality. This limits SCR, albeit it also limits yields. The Conservatrix risk profile could change due to external developments and changes in business activities. The risk profile is quantified by an SCR standard formula. If risks are not covered by the standard formula they are assessed in the ORSA process.

Conservatrix uses the following risk categories:
a) underwriting risk
b) market risk
c) counterparty default risk
d) operational risk.

Underwriting risk
Underwriting risk means the risk of loss or adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.
This risk, entailing mortality risk and lapse risk, is intrinsic to life insurance undertakings. The risks are monitored within the existing portfolio. For products both existing and envisioned, or product changes, the underwriting risk is assessed as part of the product approval and review process (PARP).

Market risk
Market risk means the risk of loss or of adverse change in the financial situation resulting, directly or indirectly, from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.

The Conservatrix investment portfolio leads to an exposure to market risks. Changes in the valuation of the mortgage loans drives market risk as well as underwriting risk, as the yield on the mortgage loans is linked to the claims of a substantial number of policyholders.

Counterparty default risk
The counterparty default risk reflects possible losses due to unexpected default, or deterioration in the credit standing, of the counterparties and debtors of insurance and reinsurance undertakings over the following twelve months. The counterparty default risk takes into account: risk-mitigating contracts such as reinsurance arrangements, securitizations and derivatives, and receivables from intermediaries, as well as any other credit exposures that are not covered under market risk. Conservatrix takes appropriate account of collateral or other security and the risks associated therewith.

Counterparty default risk consists of type 1 and type 2 risks. Type 1 risk especially relates to cash at banks and reinsurance arrangements. The counterparty default risk for the reinsurers Heco Re and Colorado Bankers Life Insurance is nil due to the collateral provided and their adequate solvency ratios. Type 2 relates to the mortgage loan portfolio.

The value of the property is monitored at least once every three years by means of a third-party statistical method or a third-party revaluation. The monitoring may result in an identification of property that needs revaluation. In addition to the mortgage on the property, most mortgage loans also have a National Mortgage Guarantee—in Dutch: *Nationale Hypotheek Garantie* (NHG). NHG is a guarantee provided to the mortgage lender by a government-backed foundation, the Homeownership Guarantee Fund (*Waarborgfonds Eigen Woningen*). The guarantee decreases as if the mortgage loan is a level payment mortgage, even if the actual guaranteed loan would have another terms of redemption e.g., interest only. When calculating the SCR for counterparty default risk, Conservatrix does not take into account the NHG guarantee.

Operational risk
Operational risk means the risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events. Operational risk includes legal risks, and exclude risks arising from strategic decisions, as well as reputation and integrity risks.

ORSA process and SIRA
Prior to the transfer of shares of Conservatrix to Trier Holding B.V. on May 15, 2017 analyses were undertaken to substantiate the bid. Via the order of the Amsterdam District Court it is public information that the basis of the bid was known by DNB and has led to specific conditions by DNB for the bid. Conservatrix is in the opinion these analysis and the process with the supervisor are comparable to an ORSA and SIRA, so during 2017 no formal ORSA or SIRA has been filed with the supervisor. During 2018 Conservatrix will perform an ORSA and SIRA as part of the normal business routine.

Significant changes in risk management
Up until May 15, 2017 Conservatrix N.V. was part of Conservatrix Groep S.à.r.l., so risk management was set up as part of the group's risk management. As of the transfer of Conservatrix shares the business operations were run as a separate entity. The design of the governance was changed accordingly e.g., change of Articles of Association, charter of the Executive Board, charter of the Supervisory Board and its committees as well as the charters of the Investment Committee, compliance function, actuarial, risk management function and internal audit function.
The bid for the Conservatrix shares was carried out to restore a sound, controlled and ethical operating environment. During 2017 the governance and design of operations have been adjusted to the new ownership.

A significant change is the establishment of the reinsurance agreement with Colorado Bankers Life Insurance Company. Most of the Conservatrix life underwriting risk and a significant part of interest rate risk is now reinsured. The counterparty default risk is mitigated by means of collateral in a trust account.

Capital Management

Capital management
As of May 15, 2017 the internal minimum solvency ratio is 135% calculating the SCR according to the Solvency II standard formula. When acquiring the shares of Conservatrix on May 15, 2017 it was stated Conservatrix will refrain from declaring or paying out any dividend within a period of ten years. In addition to this there is a recapitalization commitment from direct and indirect shareholders to replenish any shortfall in the SCR ratio after six months if there is a viable business case.

Conservatrix uses the SCR-ratio as main indicator for risks. The SCR-ratio is the ratio between own funds and solvency capital required. SCR is computed for several types of risks. The amount of SCR should enable Conservatrix to absorb unexpected losses originating from these types of risk. In line with the Solvency II Directive the SCR reflects a Value-at-Risk measure, with a 99.5 % confidence level, over a one-year period.

The SCR ratio is calculated and reported every quarter. Changes are monitored in quarterly reports, and material changes are explained.

Trigger events
An ad hoc ORSA is triggered by preset events. One trigger event is a breach of the minimum level for the SCR ratio. The Conservatrix capital policy includes several actions to keep the SCR ratio above the envisioned minimum. These actions should lead to a rise in the SCR ratio and to determine actions rather than triggering the intervention of the supervisor. After May 15, 2017 no trigger events occurred.

Own funds and solvency capital required

In thousands of euros		**2017**		**2016**
Own funds		74,240		3,953
Tier 1		43,897		-7,933
Tier 2		0		0
Tier 3		30,343		11,886
Total available own funds		**74,240**		**3,953**
Eligible own funds		**47,700**		**-7,933**
Solvency capital required				
Market risk	10,116		7.300	
Counterparty risk	15,692		22.806	
Life underwriting risk	11,767		32.774	
Diversification	-10,775		-15.720	
BSCR		26,800		47,160
Operational risk		3,029		3,056
LACDT		-4,475		0
Total solvency capital required		**25,354**		**50,216**
Minimum capital required		11,410		21,213
Solvency II ratio		188%		-16%
Solvency II ratio target level		135%		130%

Solvency ratio

As part of the agreement with DNB the new shareholder committed to recapitalize the company above the envisaged minimum Solvency II ratio of 135%. At December 31, 2017 Eligible Own Funds Solvency II was € 47.7 million and the required capital was € 25.4 million resulting in a Solvency ratio of 188%. The calculation of the solvency ratio is based on the standard formula.

Under Solvency II it is permitted to reduce the required capital with the mitigating tax effects resulting from a one in two hundred year loss (‘Shock loss’). A tax effect could be that the shock loss can be partially compensated with taxable profits. Insurers can only substantiate the post-shock net deferred tax assets with future profits if the SCR are met within the currently applicable recovery period. Conservatrix included a beneficial effect on its solvency ratio(s) due to the application of the loss-absorbing capacity of deferred taxes (LAC DT). The LAC DT volume is € 4.5.

Profit appropriation

The Executive Board proposes to add the result to the other reserves within the shareholders’ funds.

Notes to the Balance Sheet

In thousands of euros

Investment property	**2017**		**2016**	
At January 1		7,400		7,400
Revaluation	1,900		0	
At December 31		**9,300**		**7,400**

Cost of investment property amounts € 5,219.

Equity securities and other investments	**2017**		**2016**	
At January 1		0		17,219
Purchase	0		818	
Unrealized gain/losses	0		-20	
Disposals	0		-17,618	
Transfer to share of policy holders risk	0		-399	
At December 31		**0**		**0**

Bonds	**2017**		**2016**	
At January 1		222,010		167,957
Purchase	163,726		70,950	
Disposals	-169,887		-30,510	
Unrealized result	-910		13,613	
At December 31		**214,939**		**222,010**

Cost of bonds amounts to € 215,825.

Derivatives	**2017**		**2016**	
At January 1		70,700		60,025
Disposals	-67,369		0	
Unrealized result	-3,331		10,675	
At December 31		**0**		**70,700**

Mortgages	**2017**		**2016**	
At January 1		332,158		289,263
Additions	27,145		11,458	
Redemptions	-40,849		-32,504	
Change in revaluation	-18,232		63,941	
At December 31		**300,222**		**332,158**

The mortgage loans are primarily provided to private individuals on the Dutch market, have a predominantly long-term interest rate review date of 10, 15 and 20 years, and are primarily concluded with a National Mortgage Guarantee (NHG guarantee). The nominal value amounts € 340,230.

The mortgage loans are maintained to mitigate the interest rate risk included in the future cash flows of long-term insurance liabilities.

In thousands of euros

Other loans	2017		2016	
At January 1		13,472		9,921
Change amortization	171		465	
Redemptions	-6,805		-11	
Revaluations	-1,997		3,097	
At December 31		**4,841**		**13,472**

Other loans mainly consists of private loans issued to financial institutions and a building society. The nominal value amounts € 5,638 .

Investments at policy holders risk	2017		2016	
At January 1		13,911		13,872
Purchase	270		592	
Disposals	-700		-1,323	
Unrealized result	1,033		371	
Transfer to equity securities own risk	0		399	
At December 31		**14,514**		**13,911**

Deferred tax	2017		2016	
Deferred tax assets	43,169		35,431	
Deferred tax liabilities	-12,826		-23,545	
At December 31		**30,343**		**11,886**
At January 1		11,886		10,145
Revaluation investment property	-475		0	
Unrealized gains bonds	10,955		-2,076	
Unrealized gains loans	4,594		620	
Change in technical provision	-5,533		3,197	
Change tax rate investment property and loans	-4,355		0	
Change tax rate technical provision	13,271		0	
At December 31		**30,343**		**11,886**

Short term receivables	2017		2016	
Intermediaries				
Intermediaries current account	275		305	
Provision for uncollectability	-274		-298	
Total intermediaries		1		7
Current interest				
Mortgage loans	43		46	
Bonds	984		907	
Cash	0		13	
Total current interest		1,027		966
Other receivables				
Debtors	7		0	
Prepayments	81		221	
Other	486		155	
Total other receivables		574		376

Property and equipment	*Cost Dec 31, 2016*	*Disposal or depreciation*	*Purchase 2017*	*Cost Dec 31, 2017*
Computer equipment	4,066	4,066	0	0
Office equipment	523	523	0	0
Company cars	162	48	0	114
Office improvement	0	0	954	954
Other office equipment	4,751	4,637	954	1,068

Property and equipment	*Carrying value Dec 31, 2016*	*Disposal or depreciation*	*Purchase 2017*	*Carrying value Dec 31, 2017*
Computer equipment	95	95	0	0
Office equipment	18	18	0	0
Company cars	72	42	0	30
Office improvement	0	77	954	877
Other office equipment	185	232	954	907

Depreciation rate is: Computer equipment 20%; Office equipment 20%.

Cash	**2017**	**2016**
Bank	23,653	25,197

Issued share capital	**2017**	**2016**
Share capital	13,848	13,848

The company’s ordinary share capital consists of 5,539 ordinary shares with a nominal value of € 13,847,500

Share premium	**2017**	**2016**
At January 1	28,500	28,500
Share premium contribution	18,426	0
At December 31	**46,926**	**28,500**

Revaluation reserve	**2017**		**2016**	
At January 1		81,777		78,392
Revaluation property	1,207		0	
Revaluation loans	-20,293		-2,842	
Revaluation bonds	78		13,210	
Realized gain/loss bonds	-24,291		-6,983	
At December 31		**38,478**		**81,777**

Other reserve	**2017**		**2016**	
At January 1		-105,298		-116,674
Result prior year	-14,874		11,376	
At December 31		**-120,172**		**-105,298**

Result before appropriation		2017		2016
At January 1		-14,874		11,376
Result current year	95,161		-14,874	
Transfer to other reserve	14,874		-11,376	
At December 31		**95.161**		**-14,874**

Technical provisions	2017	2016
At January 1	**723,053**	**681,158**
Addition	-19,931	41,895
Gross technical provisions	**703,122**	**723,053**
Reinsurers’ share	-186,759	-36,650
At December 31	**516,363**	**686,403**

Technical provisions	2017	2016
At own risk	502,231	672,133
At policyholders risk	14,132	14,720
At December 31	**516,363**	**686,403**

Technical provisions	2017	2016
Best Estimate	506,548	662,456
Risk margin	9,815	23,947
At December 31	**516,363**	**686,403**

The movement of the best estimate is as follows:

		2017		2016
Best estimate at January 1		**662,456**		**620,693**
Reinsurers’ share		36,650		34,010
Best estimate at January 1		**699,106**		**654,703**
Change model primo		2,549		-3,025
Roll forward existing portfolio		-10,654		-6,076
Best estimate at December 31		**691,001**		**645,602**
Variance non economical		-2,346		586
Death	2,107		-1,338	
Lapse	-7,673		2,992	
Expenses	7,517		-837	
Adjustment non economical assumptions		1,951		817
Inflation curve	92		509	
Interest	2,609		51,592	
Variance economical		2,701		52,101
Best estimate at December 31		**693,307**		**699,106**
Reinsurers’ share		-186,759		-36,650
Best estimate at December 31		**506,548**		**662,456**

Restructuring provision	2017	2016
At January 1	2,250	1,280
Addition	0	1,078
Withdrawal	-1,804	-108
Release	-446	0
At December 31	**0**	**2,250**

Pension provision	2017	2016
At January 1	2,034	0
Addition	0	2,034
Withdrawal	0	0
Release	-1,208	0
At December 31	**826**	**2,034**

The company has a pension scheme that grants participants a pension, whereby the company runs an actuarial risk. Effective from the start of the previous financial year an additional pension provision was created relating to this risk based on the provisions of IAS 19R, which also meets the Solvency II regulations.

Short term liabilities	2017	2016
Premium deposit	34	40
At December 31	**34**	**40**

Short term liabilities	2017	2016
Other liabilities		
Creditors	6,787	4,191
Accruals	2,193	910
At December 31	**8,980**	**5,101**

Assets pledged by reinsurers for ceded technical provisions

Collateral	2017	2016
Heco Re		
ABN AMRO – bonds	22,790	21.841
ABN AMRO – equity securities	8,296	12.220
ABN AMRO – cash	8,983	10.635
Total Heco Re	40,069	44,696
CBL		
Fifth Third Bank – bonds	93,490	0
Fifth Third Bank – cash	63,431	0
Total CBL	156,921	0
At December 31	**196,990**	**44,696**

Contingent liabilities

Fiscal unity
In relation to the corporation tax, the Nederlandsche Algemeene Maatschappij van Levensverzekering N.V. "Conservatrix", from December 30, 2015 up to and including May 15, 2017, formed a fiscal unity with:

- Nederlandse Uitvaartverzekering Maatschappij Nuvema N.V. (group head)
- Bouw- en Exploitatie Maatschappij Nijzoon B.V.
- Hooghenraed Levensverzekeringen N.V.

Each company is independently liable for the corporation taxes owed by the fiscal entity.

Events after the balance sheet date
There were no significant events after the balance sheet date.

Other information

Off-balance sheet commitments
Guarantees have been issued for the total amount of € 411,593.

Independent banking liability
Conservatrix Groep S.à.r.l., N.V., Nederlandsche Algemeene Maatschappij van Levensverzekering "Conservatrix", Nederlandse Uitvaartverzekering Maatschappij Nuvema N.V., Hooghenraed Levensverzekeringen N.V., Nijzoon B.V., and Sean Europe N.V. jointly signed a banking agreement with Rabobank N.V. pursuant to which each account holder was jointly and severally liable for everything the bank was entitled to claim or receive from any other account holder in relation to the agreement. The maximum debit balance of the combined balance (the balance limit) was € 0.
On April 20, 2017, the Nederlandsche Algemeene Maatschappij van Levensverzekering N.V. "Conservatrix" withdrew from this agreement.

Stater contract
On December 22, 2011, Conservatrix signed a contract with Stater Nederland B.V. for transferring and collecting monies in respect of the mortgage loans provided by the company to private individuals. In 2013, a provision for handling arrears during the collection of amounts owed in respect of these loans was added to this contract. Any services are provided for in the account and risk of the company. The term of the contract is seven years.
Should Conservatrix decide to cancel the contract prior to the end of its term, there is an exit fee that decreases in accordance with an agreed upon sliding scale for each year of early termination.

Reinsurance contract
Conservatrix has reinsured a sub portfolio with pension insurances. The reinsurance was contracted with Heco Re S.A., a reinsurer domiciled in Luxembourg. To cover the counterparty credit risk it is agreed that this reinsurer will maintain a reinsurance deposit in the name of the insurer in the amount of the maximum technical provision in accordance with the Solvency II principles, and 90% of the technical provision on the basis of the tariff bases less the initial costs relating to these obligations capitalized on the reinsurer's balance sheet.
This condition must be met no later than July 1, following the end of the financial year.

At the time these financial statements were drawn up, the value of the investments maintained in the deposit was higher than the value of the provision pursuant to the Solvency II principles, as at

December 31, 2017. Conservatrix has reinsured its DIL (Immediate Annuity) products sub portfolio and its NGP (Natural Guarantee Plan) products sub portfolio. The reinsurance was contracted with Colorado Bankers Life Insurance Company (CBL). To cover the counterparty credit risk it is agreed that this reinsurer will maintain a reinsurance deposit in the name of the insurer in the amount of 105% of the liabilities.

Notes to the Income Statement

Details of Income

In thousands of euros	2017	2016
Regular premiums	28,852	31,210
Single premiums	596	1,174
Outgoing reinsurance premiums	-101,247	-1,464
Premiums earned	**-71,799**	**30,920**

The premium income came entirely from insurance contracts concluded in the Netherlands.

	2017	2016
Rental income	841	873
Operating expenses	-589	-502
Proceeds from land and buildings	**252**	**371**

	2017	2016
Mortgage loans	12,788	12,854
Equity securities	424	686
Bonds	1,574	1,548
Other loans	171	465
Policy loans	5	7
Interest on bank accounts	36	30
Paid interest	-329	0
Income from other investments	**14,669**	**15,590**

	2017	2016
Own risk	14,245	15,180
Policy holder	424	410
Income from other investments	**14,669**	**15,590**

	2017	2016
Own risk	18,942	10,126
Policy holder	22	-21
Realized gains on investments	**18,964**	**10,105**

Investment income attributed to non technical account concerns the result of the technical investment income related to the average Shareholders' funds.

	2017	2016
Own risk	-574	10,577
Policy holder	1,038	372
Unrealized gains on investments	**464**	**10,949**

Details of expenses

	2017	2016
Benefits at death	2,070	1,894
Benefits on expirations	14,382	9,244
Annuity benefits	2,727	3,094
Pension benefits	6,754	6,726
Expenses on premium exemption	11	39
Reinsurers' share	-1,812	-1,553
Total claims and benefits paid	**24,132**	**19,444**
Surrenders	14,660	12,338
Total surrenders	**14,660**	**12,338**
Total claims and benefits paid	**38,792**	**31,782**

	2017	2016
Profit policyholders	13	21
Profit-sharing and discounts	**13**	**21**

Operational expenses	2017		2016	
Salaries	2,142		3,029	
Termination benefits	2,245		104	
Social security contributions	275		386	
Pension expenses	364		346	
Travel costs	136		134	
External staff	2,217		1,756	
Other staff costs	544		169	
Withdrawal restructuring provision	-1,804		-104	
Allocated to group companies	-161		-1,240	
Staff costs		5,958		4,580
Office costs	1,261		957	
Housing costs	208		121	
Marketing costs	686		26	
Other costs	2,103		2,777	
Overhead expenses		4,258		3,881
Depreciation		643		610
Staff-, overhead- and depreciation costs		**10,859**		**9,071**
Acquisition costs		508		496
Total expenses		**11,367**		**9,567**

✓ At the end of the financial year, the number of permanent staff members was 35 (2016: 46)

- ✓ The staff costs include the remuneration of the Executive Board members in the amount of € 1,185 (previous financial year: € 657) and the remuneration of the Supervisory Board members in the amount of 118 (previous financial year: 35).
- ✓ The accountants fee has been estimated on about € 544,500.

Depreciation costs
The total amount of depreciation costs was as follows:

Depreciation costs	2017	2016
Own assets	107	115
Allocated from group companies	717	548
Allocated to group companies	-181	-53
Total depreciation costs	**643**	**610**

Profit sharing and discounts
This concerns the profit additions in favor of the holders of policies belonging to the traditional portfolio.

Corporation tax
The determination of the corporation tax takes the permanent and temporary differences between the commercial result and the taxable result into account.
An effective corporate income tax rate of 25% is used for the calculation of the deferred asset arising from the difference between the provision for insurance obligations, determined on a commercial and a tax basis.
The amount included in the profit and loss account is structured as follows:

Income tax	2017	2016
Current tax	-2.483	-3
Change in tax rate movement gross deferred tax asset	-13,271	
Movement gross deferred tax asset	5.533	-3,197
Total income tax	**-10,221**	**-3,200**

Analysis of the result by margin

In thousands of euros	2017
Income from investments allocated to insurance contracts	32,564
Intrest allocated to insurance contracts	883
Result on intrest	33,447
Release costs from premium/costs settled with reserves	3,319
Operating expenses	-11,367
Result on costs	-8,048
Result on reinsurance agreement*	48,861
Result on actuarial assumptions	9,448
Other technical result	58,309
Result technical account	**83,708**

* Extraordinary technical result due to the reinsurance agreement with CBL

Utrecht, April 26, 2018

Executive board

E. van der Wal

M.R.E. Harkema

Supervisory board

R. Hinse, Chairman

G. Luecke

J.L. Melis

M. Castelvetri

OTHER INFORMATION

Independent auditor's report

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

Appropriation result according to the Articles of Association

According to the Company's articles of association the profits are at the disposal of the General Meeting.