Woningborg N.V.

SOLVENCY AND FINANCIAL CONDITION
REPORT 2024

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Introduction

Gouda, 7 April 2025

This report is the Solvency and Financial Condition Report (SFCR) for the financial year 2024 as prepared by the Management Board of Woningborg N.V., Gouda. The Solvency and Financial Condition Report has been prepared on the basis of the provisions set out in Chapter XII in the Solvency II Delegated Regulation, Annex XX of the Solvency II Delegated Regulation and Guideline BoS-15/109.

The SFCR successively describes the 2024 activities and business performance, system of governance, risk profile, valuation for solvency purpose and capital management. The figures in this document are unaudited.

Woningborg N.V.

Wytzejan de Jong	Martine Ammerlaan
Chief Executive Officer	Chief Financial Risk Officer

Summary

Activities
Woningborg is the expert and market leader with over 40 years of experience in the surety business, offering constructing companies and buyers of new build houses in the Netherlands, assurance in realising quality houses where people want to live in.

2024 was a year of growth for the Dutch new-build home construction market. The sale of new-build houses increased by 51% to 28,900 a strong increase compared to 2023. The main drivers for the boost in sales were the increasing purchase power of consumers, growing economy, falling interest rates and the persistent housing shortages. Purchase power of households increased as a result of the increased borrowing capacity due to rising incomes, next to higher savings and increased surplus value of existing houses. New-build homes are also competitively priced compared to existing homes.
As a result of the growing construction market the number of certificates issued by Woningborg increased significantly to 20,727 (2023: 13,949).

According to the Dutch central government, the Netherlands will have a shortage of 900,000 houses by 2030 and to solve this shortage they have defined the goal to build 100,000 houses per year. In reality, the 69,000 new houses built, and 12,000 transformed, is far below the number needed to solve this shortage. There are multiple reasons for the lower realization like the complex rules for building permits, lack of capacity by local government, objection possibilities of citizens, nitrogen emission and the Flora and Fauna act, grid congestion, accumulation of anti-investor measurements and the affordability standards of two-third of new projects.

The number of bankruptcies of constructing companies in the Netherlands increased by 29% in 2024, the increase was mainly driven by specialised companies, like finishing constructors and installation companies. The impact on claims for Woningborg was limited.

For the years 2016, 2017 and 2018, Woningborg has submitted claims to its reinsurers, in connection with the bankruptcy for several constructors for these underwriting years. A claim of EUR 12.1 million was reported to QBE Re and Woningborg is in dispute with QBE Re over the payment of this claim. QBE Re and Woningborg have started an arbitration procedure on this claim. The arbitration process started at the beginning of 2024, a ruling is expected in the second quarter of 2025. The other reinsurers in the same program have paid out 100% of their share of the claim. The total claim is significantly higher and exceeds the maximum reinsured cover. The claim of QBE Re has been recognised as a receivable in the balance sheet at 31 December 2024.

Woningborg performed an Asset Liability Study and selected an Asset Manager for its investments. Starting in 2025, the investment mandate will be managed by Aegon Asset Management. The investments will be invested in funds managed by Aegon Asset Management, 90% of the funds will be fixed income funds, mainly corporate and government funds. This mandate will be more diversified, than the current portfolio with selected corporate and government funds.

The European Union has conducted new law and regulations regarding ICT for financial institutions; the Digital Operational Resilience Act DORA. Woningborg has carried out a thoroughly assessment of the new law and regulations. DORA consist of five pillars: ICT risk management, Digital operational resilience testing, ICT related incident management process, Information sharing arrangements and managing of ICT third party risk. These pillars define in total 353 requirements, on which an financial institution should comply. Woningborg has set up the policies, process, procedures and monitoring to meet these requirements. All relevant high requirements are implemented, the remaining gaps will be implemented during 2025.

For Woningborg the cooperation with SMABTP offers new opportunities, as SMABPT's has extensive knowledge of both the construction market and the insurance market. Woningborg and SMABTP are exploring possibilities to further optimise its business operations, product range and improve service to its participating construction companies.

Table below shows the summary income statement:

In € x1,000

	2024	2023
Premium income	39,154	24,917
Movement in technical provisions	-1,641	2,666
Reinsurance premium	-15,047	-10,328
Claims own account	-419	1,969
Technical result	**22,046**	**19,225**
Operating expenses	-11,219	-15,922
Investment income (-expense)	-2,853	349
Result before taxation	**7,975**	**3,652**

There were no changes in Woningborg's activities in 2024.

System of Governance

Woningborg's is a fully regulated entity within the Woningborg Group. The corporate governance structure is in place to ensure the safe and efficient management of the Company, its operations and to protect the interests of its customers. Woningborg 's governance structure consists of an Management Board and a Supervisory Board. Woningborg's Management Board is responsible for the overall management of the Company. The Woningborg Supervisory Board oversees the Management Board and the general course of affairs of Woningborg in relation to the Company's business and corporate strategy. The key functions within Woningborg are functionally separated from each other, with the Actuarial Function, The Risk Management Function and the Internal Audit Function outsourced. The policy implemented by the Woningborg's Management Board is monitored by means of reports that are discussed in the regular Management Board and Supervisory Board meetings. Woningborg uses the Three Lines of Defence framework as its internal control system. The systems of governance did not see material changes.

Risk profile

Woningborg conducts one product line, the surety insurance on (new) construction projects in the housing sector. Woningborg is classified as a non-life insurer in the Credit and surety exposure branch. Within underwriting risks, the most important risks for Woningborg are the premium and reserve risk and the catastrophe risk. The surety risk is partly covered by two reinsurance programs.

The reinsurance program consists of:

- Proportional ("quota share") coverage of 50%. Coverage for houses certified after Jan. 1, 2022 (by the end of 2024, almost the entire portfolio was covered). The loss cap remains at 350%.
- The excess of loss aggregate reinsurance (AXL) with a coverage of €15 million XS €12.5 million changed from 2024 onwards to an average coverage of €18 million XS €12.5 million.

Valuation for solvency purposes

Woningborg's Statutory accounts are prepared on the basis of Dutch GAAP. The balance sheet used for solvency purposes is prepared on the basis of market value. The main differences between the Statutory accounts and the market value balance sheet are the different valuation of intangible fixed assets, bonds and technical provisions.

A key internal process control is to reconcile from the audited Statutory Accounts to the valuation of assets and technical provisions for Solvency II reporting. For the differences in valuation, a reconciliation reserve (revaluation reserve) is recognised in Own Funds in the market value balance sheet, net of deferred tax.

Capital management

Subject to specifications of the SII rules and regulations, the Own Funds are the assets of the Company less the liabilities. Under Solvency II, firms must hold regulatory capital, called the Solvency Capital Requirement ('SCR') in addition to those liabilities in order to ensure that Woningborg will still be in a position, with a probability of at least 99.5 %, to meet his obligations to policyholders and beneficiaries over the following 12 months. The minimum level and composition of an insurer's Own Funds is determined by reference to its SCR. Woningborg complies with the minimum solvency requirements.

The table below shows the available Own Funds and the required capital.

In € x1,000

	2024	2023
Eligible capital for the purpose of the SCR	107,023	95,674
Eligible capital for the purpose of the MCR	107,023	95,674
Solvency Capital Requirement (SCR)	38,167	35,650
Minimum Captail Requirement (MCR)	9,542	8,912
SCR ratio in percent	280.4%	268.4%
MCR ratio in percent	1121.6%	1073.5%
Internal standard solvency	180.0%	180.0%

To calculate the Solvency Capital Requirement, the standard formula in accordance with the Solvency II regulations is used. No simplifications and transitional arrangements are used.

Woningborg has set the internal standard solvency ratio as a percentage of the statutory solvency requirement (SCR) at 180%. The internal standard solvency ratio applies as a safety margin above the regulatory solvency standard to prevent the company from breaching the regulatory solvency requirement (SCR). In 2024, the internal norm solvency was reassessed as part of the ORSA process and it was concluded that the internal standard solvency of 180% is adequate. Woningborg also determined in the ORSA that the standard formula is appropriate for Woningborg's solvency calculation.

A Activities and achievements

A.1 Activities

Woningborg N.V. (‘Woningborg’), incorporated and domiciled in the Netherlands, is a public limited liability company organized under Dutch law and registered in the Trade Register of the Chamber of Commerce in Gouda under its registered address at Tielweg 24, 2803 PK Gouda with registration number KvK24350159.

Woningborg N.V. is supervised by De Nederlandsche Bank (’DNB’). Woningborg’s client number at DNB is W1940.

Woningborg is part of the Woningborg Group. The head of the Woningborg Group is Woningborg Holding B.V. in Gouda. Woningborg Holding B.V. is registered with DNB under reference number C0105. Woningborg is the only entity that carries out insurance activities. For a further description of the structure, please refer to section B.1.1 Legal structure.

Woningborg’s external auditor is KPMG Accountants N.V. of Amstelveen. KPMG Accountants N.V. is expected to issue an unqualified opinion on the statutory accounts and the financial statements 2024 of Woningborg N.V.

Woningborg is managed by a two-tiered board, a Management Board and a Supervisory Board. The Management Board has two members and operates on a collegiate basis. The insurance business is managed by the insurance director. She reports to the CEO.

The average number of FTEs in the 2024 financial year was 53 (2023: 71). All employees are employed in the Netherlands of which 27 are male and 26 female (2023: 42 male and 29 female). No women yet participate in the Supervisory Board. For future positions of the Supervisory Board, the company will actively work to improve the female/male ratio.

Product range

Woningborg is the market leader in issuing certificates for construction projects with over 40 years of expertise and having a product range that is in line with new developments in the construction industry. We aim to exceed the expectations of our participating construction companies. We want to be a trusted advisor and sparring partner. Through strategic, long-term partnerships and the expertise of our employees, we are and will continue to be the leading surety insurer for construction companies in the Netherlands.

Woningborg exploits its expertise for the benefit of the entire construction industry and strives for a total increase in quality in the Dutch Construction sector. Not only technically, but also in business operations. Woningborg is the knowledge carrier for quality in construction.

Woningborg offers two forms of surety: 1) process quality (Section I), and 2) product quality (Section II).

Section I:

Woningborg provides surety to the buyer of new build houses. In the event of a bankruptcy of the construction company Woningborg finalizes the houses or provides partial compensation, in the form of repayment of instalments.

Section II:
Woningborg provides surety in repairs of construction failures if the original builder is not able (or not willing) to fulfil his obligation.

A Woningborg member company must meet the qualitative and quantitative requirements of Woningborg, before becoming a member and before Woningborg is offering the surety to a building project.

In Woningborg's acceptance process the risks of new building plans are assessed and these are taken into account for the issuance of a certificate. Woningborg tests the financial, legal, technical and qualitative aspects of a building plan and the construction company in-house.

Woningborg helps construction companies to assess and reduce the risks of their project and business and provides quality services with knowledge, analysis and advice. Woningborg also offers security to construction companies, as the certificate enables a buyer to obtain a mortgage loan.

Woningborg wants to connect and make sure that constructors and buyers are not facing each other but work closely together. Woningborg works together with industry organisations to support builders and buyers in all market conditions.

A.2 Underwriting performance

Introduction
The amounts stated in this section reflects the Woningborg's 2024 financial statements. The statutory accounts have been prepared in accordance with the statutory provisions of Title 9 Book 2 of the Dutch Civil Code and the definite statements of the Guidelines for Annual Reporting (RJ 605), issued by the Dutch Accounting Standards Board.

Solvency position
The solvency ratio at the end of 2024 was 280% (2023: 268%), which is well above the target solvency of 210%.
The main reasons for this change are:

- Increase in own funds due to
  - Increase premium income
  - Strong cost control
  - Good claims performance of the portfolio, as 2024 has a limited number of claims.
- Decrease in SCR due to effective reinsurance programme.

For 2024, and subsequent years, Tier 3 capital, the deferred tax asset is not considered out of prudence.

Operating result
Woningborg N.V. closed the year 2024 with a strong result of EUR 7.6 million positive (2023: EUR 1.1 million positive) after tax. This positive result includes a reversal of last years' impairment of EUR 1.7 million of the deferred tax asset, after the assessment of the deferred tax asset and the future profitability.
The company has proposed to distribute a dividend of EUR 4.0 million to its shareholder Woningborg Holding B.V..

Gross Premiums

The year 2024 was a strong business and financial year for Woningborg, the market recovered, a low number of bankruptcies and strong cost control led to overall good results. Gross premium income increased by 57% EUR 39.2 million (2023: EUR 24.9 million) due to the increase in the number of certificates (2024: 20,727 2023: 13,949). The increase in premium income, was driven by an increase of 49% in certificates, a 7.5% increase on premium rate and a strong increase in the corporate premium volume partly offset by a decrease of 2% of new build home contract prices to EUR 303,000 (2023: EUR 309,000).
The reinsurance premium increased by 46% as a result of the strong production to EUR 15.0 million (2023: EUR 10.3 million).
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Claims and benefits

Thirteen bankruptcies occurred in 2024 (2023: 9). In four cases the involved participants had already been deregistered. Only two of these bankruptcies resulted in a loss for Woningborg of EUR 0.8 million.
An one off benefit from old bankruptcies of EUR 1.0 million was realised on claims dated 2016 en 2019.

Operating expenses

Operating expenses decreased by EUR 4.7 million to EUR 11.2 million (2023: EUR 15.9 million). The decrease is the result of a reorganization in 2023, which lead to a lower number of staff and strong cost control.

Combined ratio

The combined ratio for 2024 was: 36% (2023: 71%).

Liquidity

Woningborg needs to maintain sufficient liquidity to meet short term cash demands under normal conditions, but also in crisis situations.
In this context, Woningborg is committed to have a strong liquidity position, and has invested its assets in deposits, money market funds and high grade bonds. Woningborg can quickly liquidate this bond portfolio if needed. A liquidity forecast is drawn up annually and monitored on a monthly basis. Woningborg has a strong liquidity position.

A.3 Investment performance

The amounts mentioned in this section reflects the financial statements 2024. Returns on investments are recognised in full in the income statement. This is shown in the table below.

In € x1,000

Asset class	Investment income	Investment costs
Own Land and buildings	55	-100
Bonds	868	-3,927
Liquid assets	315	-
Management costs and other interest charges	-	-64
Total	**1,237**	**-4,090**

In 2024, the company changed its investment strategy, to a mandate in investment funds. Subsequently the company performed a reassessment of the accounting principles. The in force portfolio was valued at held to maturity, the new selected funds will be valued at market value. This change in accounting principles resulted in a one-off loss which impacted the investment result negatively. This change resulted in the realisation of unrealised losses of EUR 3.9 million on the held to maturity positions. Next to the normal investment result of EUR 1.2 positive. Total investment result amounted to EUR 2.9 million negative (2023: EUR 0.4 million positive).

The results are shown by asset category in the table below.

In € x1,000

Asset class	Investment income (-costs)	Unrealized value changes	Realized value changes	Total revenue (-costs)
Own Land and buildings	55	-100	-	-45
Bonds	708	-3,767	-	-3,059
Liquid assets	315	-	-	315
Management costs and other interest charges	-64	-	-	-64
Total	**1,014**	**-3,867**	**-**	**-2,853**

Woningborg has no investments in securitisations.

A.4 Performance in other areas

Woningborg will take additional steps to further improve its processes and IT system, which should lead to more efficient operations, a lower cost base and improve client servicing. Furthermore, Woningborg will explore possibilities (with the new shareholder SMABTP) to expand its product range in order to support the diversification of its income streams.

A.5 Other information

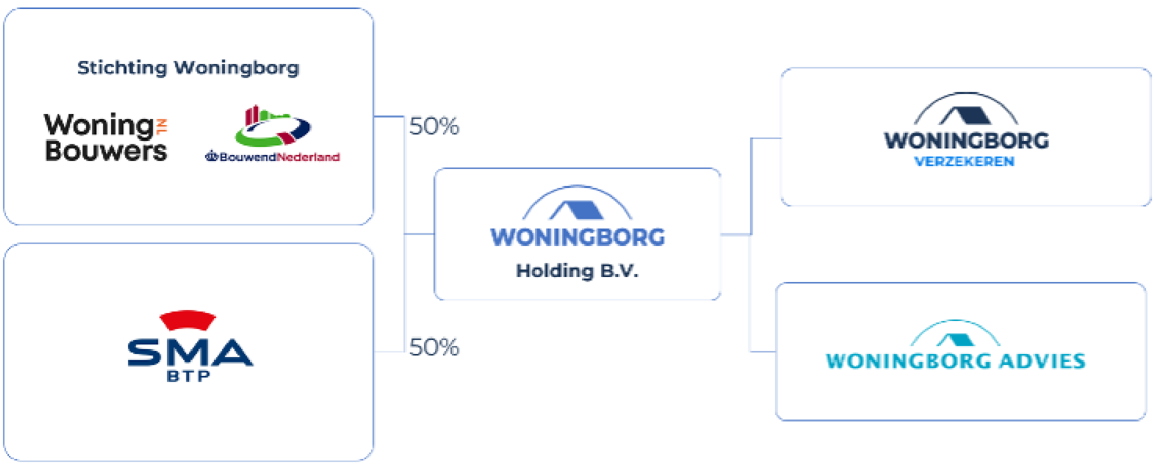
All relevant information regarding activities and achievements of Woningborg have been described throughout this section.

B Governance

B.1 General information on the governance system

B.1.1 Legal structure

Woningborg is a wholly-owned subsidiary of Woningborg Holding B.V. The Woningborg Group consists of Woningborg N.V. and Woningborg Advies B.V. all based and registered in Gouda. Woningborg N.V. is an non-life insurance company that focuses on surety products, guaranteeing (new) construction projects in the housing sector. The main activities of Woningborg Advies B.V. consists of providing training and specific construction information.
Woningborg Toetsing en Toezicht B.V. used to be part of the Woningborg Group. As of October 1 2024, Woningborg Toetsing en Toezicht B.V. is transferred to an independent foundation, Stichting Administration Kantoor (STAK) WTT, in order to ensure the operational, legal and financial independence of WTT with the insurance activities of Woningborg N.V. Woningborg Toetsing en Toezicht B.V. focus on improving construction quality in the Netherlands by providing quality assurance. The legal structure of Woningborg per 31 December 2024:



Within this structure, insurance activities are carried out by Woningborg N.V. The training activities are carried out by Woningborg Advies B.V..

B.1.2 Governmental structure

Woningborg N.V. is a public limited liability company incorporated and based in the Netherlands. As a company established in the Netherlands, Woningborg must comply with Dutch law and subscribes voluntarily to suitable parts of the Dutch Corporate Governance Code. The company is governed by three main corporate bodies: the Management Board, the Supervisory Board and the general Meeting of Shareholders.

The composition and division of duties of both the Management Board and Supervisory Board are discussed in the following sections.

Mangement board composition and division of tasks

Woningborg's Management Board is responsible for the overall management of the Company and is therefore responsible for achieving Woningborg's business objectives, developing the strategy and its associated risk profile, taking into account the interests of all Woningborg's stakeholders and the development of the Company's earnings. Each member has duties related to his or her specific area of expertise and for the management of the company as a whole. Woningborg's Articles of Association determine that for certain decisions the Management Board must seek prior approval from the General Meeting of Shareholders. In addition, the approval policy of Woningborg determines that the Management Board must seek prior approval for certain decisions from the Supervisory Board. During 2024 the Management Board consisted of the following persons:

- WytzeJan de Jong, Statutory director and chair;
- Martine Ammerlaan, Statutory director and CFRO.

The Management Board operates on a collegiate basis. In the Management Board, chaired by WytzeJan de Jong, the areas of responsibility are assigned as follows:

Wytzejan de Jong, responsible for:
- General business
- Strategy
- Communications
- Marketing and Sales
- Operations
- Internal Audit

Martine Ammerlaan, responsible for:
- Accounting, Reporting and Control
- Risk management
- Balance sheet management (ALM)
- Investments
- Capital and Solvency Management
- Reinsurance
- Actuarial matters
- Tax matters
- Human Resources
- Legal Affairs
- Compliance
- IT

B.1.3 Supervisory Board

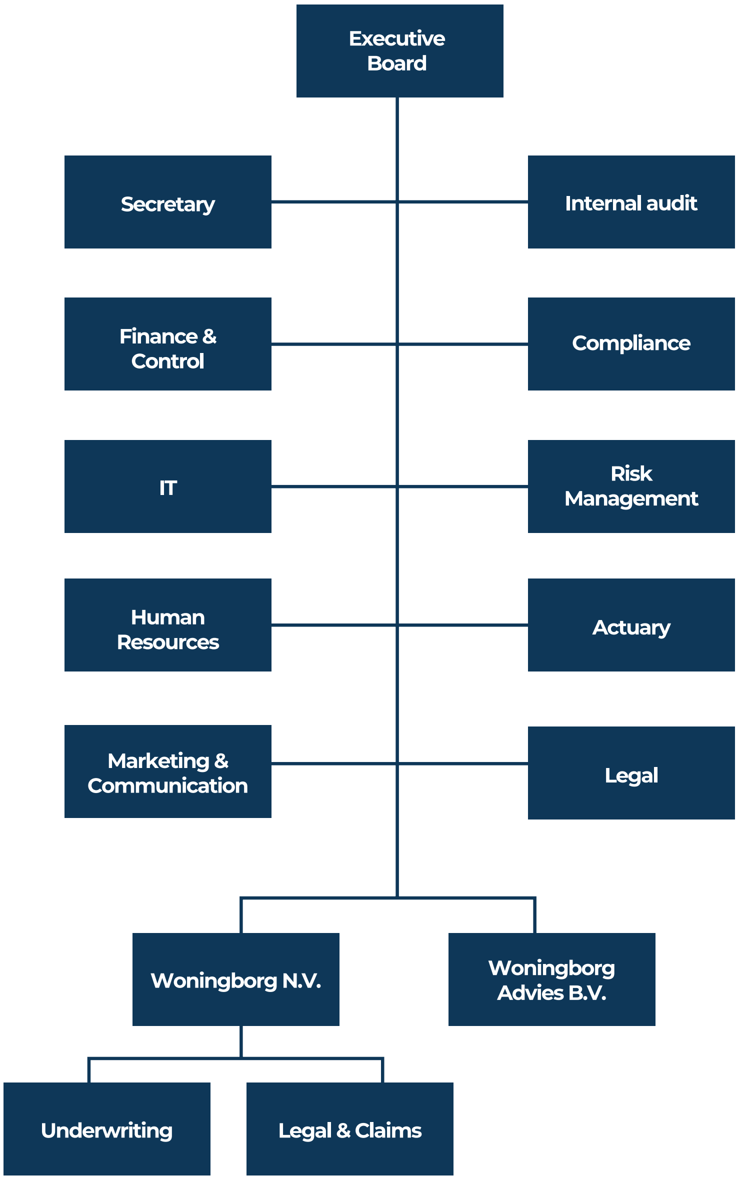
The Supervisory Board (SB) consists of:

- Kees Brouwer - chairman
- Peter de Groot - member
- Pim Koelemij - member
- Pierre Esparbes - member

Woningborg's SB has two committees. These are:
- Audit & Risk Committee (ARC)
- Remuneration Committee.

B.1.4 Organisational structure

The organisation chart of Woningborg N.V. is identical to the organisation chart for the Group:



B.1.5 Key functions

Woningborg has the following four key control functions

- Risk Management Function
- Actuarial Function
- Compliance Function
- Internal Audit Function.

Given Woningborg's size, the Internal Audit Function, the Risk Management Function and Actuarial Function have been outsourced.

I. The key functions within Woningborg are embedded in ‘three lines of defense’ model. The first line of defense is formed by the responsible line management, which exercises control over the primary processes, operations and support functions. In this context, it concerns the implementation of policies, daily responsibilities, reporting, and management information. The line is responsible for ensuring compliance with applicable laws and regulations.

II. The second line of defense is formed by the risk management function, actuarial function, and compliance function.

III. The third line of defense is formed by the internal audit function.

B.1.6 Internal reporting system

Woningborg produces a monthly management report. These reports include:
- Monthly result and cumulative results for the year.
- An analysis of the (technical) result and costs compared to the budget.
- An analysis of notified and certified homes in relation to the budget.
- The development of solvency in relation to the standard solvency.
- The forecast annual result.
- The development of the claim burden compared to the expected loss.
- Outstanding exposure of construction projects classified into risk categories based on creditworthiness and age.

In addition to monthly reporting, periodic reports are prepared by risk management and compliance.

B.1.7 Consultation and decision-making structure

Woningborg has a governance structure in place for consultation and decision-making structures:
- General Meeting of Shareholders at least twice a year;
- Supervisory Board meetings at least 4x per year and Audit & Risk Committee at least 2x per year;
- Periodic Management Board meetings, at least 12x a year;
- Periodic departmental meetings, at least 24x a year;
- Periodic consultation between management and works council, at least twice a year.

B.1.8 Policy house

The policy and budget for Woningborg is drawn up by the Management Board and approved by the Supervisory Board, after which the policy is implemented. The effectiveness of the policy is evaluated at least every two years. If necessary, the policy will be adjusted as a result of this evaluation.
In the formulation of its policies, Woningborg ensures that it is in compliance with all applicable laws and regulations.

The risk appetite for each risk category is detailed in policy documents. The risk management system at a minimum covers the Capital policy, Investment policy, Reinsurance policy, Acceptance policy, ALM Policy, Policy on outsourcing, Compliance policy, Information security policy, Premium policy, Claims management policy and Reserve policy.

Since defining risk appetite is a recurring activity due to new or changing insights, the risk management function is expected to play an active role in providing both requested and unsolicited reports to the board.

B.2 Expertise and reliability requirements

B.2.1 General

Woningborg ensures the competence and reliability of key functions through a competence and reliable monitoring process. In this context, minimum requirements for key functions have been defined. The following paragraphs describe the elements that ensure competence and reliability.

B.2.2 The process of monitoring competence and reliability for key functions

Solvency II governance system requires the establishment of four key functions:

- Risk management
- Compliance
- Actuary
- Internal Audit.

Key officers should be 'Fit and Proper', or in other words they should have:

- Professional qualifications, knowledge and experience, and a
- Good reputation and integrity.

Key personnel are tested for management and professional skills. Assessment is done by the Management Board. New key functions are introduced to the Supervisory Board.

Woningborg has decided to outsource the Actuarial, Risk Management and Internal Audit Functions given its limited size, as mentioned earlier.

Woningborg has decided to divide the responsibilities as follows:

Function	Performed by	Responsible Board Member (reporting line)
Risk management Function	Projective Group (external)	CFRO
Actuarial Function	Triple A (external)	CFRO
Compliance Function	Internal compliance officer	CFRO
Internal Audit Function	BDO (external)	CEO

The Woningborg management evaluates the performance of key functions annually.

B.2.3 Minimum skills, knowledge and expertise requirements for key positions

As a minimum, the key functions should collectively possess the following competences:

- Knowledge of insurance and financial markets;
- Knowledge of business strategies and business models;
- Knowledge of governance systems;
- Knowledge of financial and actuarial analysis;
- Knowledge of regulatory framework and requirements.

B.2.4 Policy on competence and reliability

Improvement in the quality of people and systems has been a priority. This has led to a greater awareness -that the quality of people, coupled with the right attitude and mindset, is of great value for any company that takes a proactive approach to the market and promotes a long-term vision.

Reliability risk refers to the risk that the integrity of Woningborg is affected as a result of non-integrity or unethical behaviour. Woningborg pays great attention to the management of integrity and fraud risks. Screening of all new employees, segregation of duties, four-eye principle and codes of conduct are control measures in place.

B.3 Risk management system including own risk and solvency assessment

B.3.1 Risk strategy and risk policy vs. risk appetite

Woningborg's risk framework is based on the 'Three Lines of Defence' model. This ensures a clear segregation of roles, authority and responsibility for risk management.

The principles of the risk management framework are:
- directors and key officers are knowledgeable, competent and reliable;
- the risk management framework is in line with the risks arising from Woningborg's services;
- Woningborg has charters for:
    - risk management
    - compliance
    - actuarial services
    - internal audit.
- the charters are reviewed at least once every two years, and
- the risk management framework is reviewed periodically.

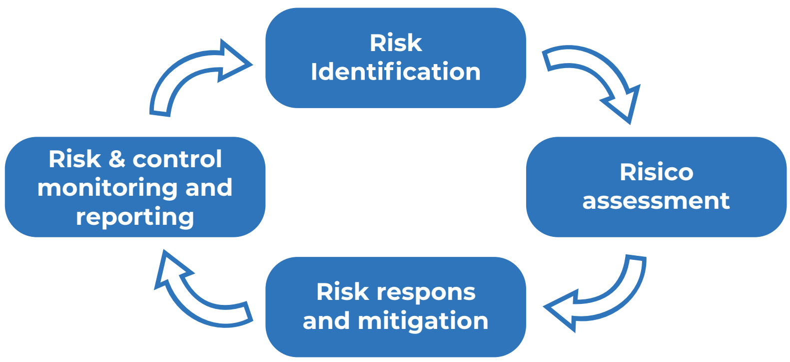
B.3.1.1 Risk policy and risk appetite

The management of Woningborg has defined its strategy and the associated risk appetite. Woningborg's risk appetite is low. Woningborg is strongly committed to being a solid insurer. The risk appetite is set out in the risk appetite statement.

Every year Woningborg's strategy and policy for the coming year is discussed in the business plan. The business plan is discussed in detail with the SB.

The Management Board, the ARC and Supervisory Board are regularly informed about the (development of the) risks in quarterly reports.

Woningborg's risk management process is as follows:



B.3.1.2 Risk appetite

Woningborg is committed to enable companies to offer surety products to their customers at an acceptable price. As the surety product has a volatile claims pattern, both in terms of the number of claims and the losses incurred, it is important to manage the risks well. The following measures have been taken manage these risks appropriately:

- underwriting guidelines for customers, whether financial, technical or legal;
- acceptance guidelines for the construction plans to be secured (both technical, financial and legal);
- risk mitigation collateral and reinsurance programme;
- loss limits in our products;
- investment guidelines;
- internal control measures.

Woningborg's risk appetite is the net risk remaining after implementing these control measures. Woningborg defines risk appetite as the amount of financial and non-financial risk Woningborg is willing to take. Risk appetite is the willingness to sacrifice capital value in extreme circumstances to achieve business objectives.

Woningborg has issued its risk appetite statement in several dimensions. These include capital, profitability, liquidity risk, insurance risk and operational risk.

B.3.2 The design and organisation of the risk management system

Strategy
As a surety company, Woningborg specialises in reducing insolvency risks by carefully screening registered construction companies and building plans to minimise the likelihood of calamities.

Process
Within Woningborg, the Supervisory Board oversees the risk policy implemented by the Management Board. The Supervisory Board discusses Woningborg's risk profile and assesses at strategic level whether the capital allocation and liquidity requirements are in line with the approved risk appetite. The Supervisory Board is advised by the ARC for risk related matters. Capital allocation and results are reported quarterly by the Management Board to the ARC and the Supervisory Board.

The Management Board ensures that the risk management system is set up in such a way that material risks can be reported in a timely manner so that these risks can be mitigated and controlled. Monthly monitoring is based on reports. Decisions of material importance to the risk profile, capital allocation or liquidity requirements are taken by the Management Board.

Reporting
The reporting process focuses on the continuous monitoring and control of risks.

B.3.3 Scope, frequency and requirements of risk reporting provided to Management Board and Supervisory Board

1. Monthly quantitative and financial reports are provided to the management. This reporting includes: numbers of registered companies, plans, houses and prices of the houses. Financial reporting consists of P&L reporting against set budget, investments, a forecast, balance sheet and solvency position.
2. On a quarterly basis, the Supervisory Board will be provided with this information.
3. A quarterly Solvency II report is provided showing the market value balance sheet, (minimum) solvency capital requirements and capital requirements by risk category.

B.3.4 ORSA (Own Risk and Solvency Assessment)

General
Woningborg periodically assesses its own risk and solvency by means of an ORSA study. Woningborg prepares this assessment at least once a year, and additionally with every significant change in the risk profile. The ORSA analyses risk scenarios and projects their impact on the current budget. The solvency capital requirement (SCR) of the last completed financial year is used to determine the baseline position.

This own risk assessment is in line with Woningborg's strategy and multi-year planning. A time horizon of 5 years is used. The function of the ORSA is to show the extent to which solvency is adequate under stress scenarios and the measures that the Management Board could take in relation to the capital policy in order to restore solvency in the event of a fall below the solvency standard.
Besides assessing solvency under stress scenarios, an assessment is also made of the appropriateness of the standard model.

Policy
The ORSA helps to ensure that Woningborg's objectives are also translated into risk components in terms of capital requirements and timing.

Process
The process of the ORSA study is defined in the risk policy. The process consists of the following process steps:

1. Preparation of risk scenarios by management.
2. Align the risk scenarios with the ARC.
3. Calculation of solvency by risk scenario.
4. Assess the appropriateness of the standard model.
5. Discuss and calculate management actions in response to the results of the ORSA scenarios.
6. Preparation of the draft report (ORSA Supervisory Report).
7. Review ORSA Supervision Report and underlying calculations by the Actuarial Function.
8. Discuss the ORSA Monitoring Report in the board meeting.
9. Discuss and approval of the ORSA Monitoring Report in the ARC and Supervisory Board.
10. Woningborg prepares a report on the results of this assessment (the ORSA Supervision Report) and sends it to the regulator De Nederlandsche Bank after the Supervisory Board has approved this report.

B.4 Internal control systems

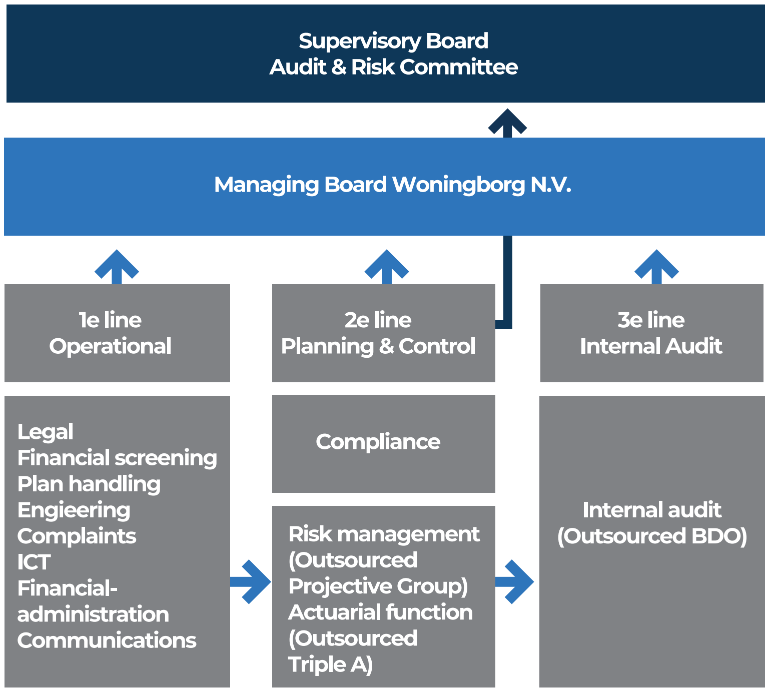
B.4.1 Policy

The risk of Woningborg being affected by non-integrity or unethical behaviour is addressed in the internal control policy. Within Woningborg, there is explicit attention to the management of risks relating to integrity and fraud. Screening of all new hires, segregation of duties and codes of conduct are management measures in place. The Compliance Officer monitors compliance with the policies.

B.4.2 Design of internal control system

The risk framework within Woningborg has been set up along the 'Three lines of defence' model. This ensures a clear and balanced allocation of roles, authorities and responsibilities with regard to risk management.

In graphical form, the risk management framework is presented as follows:



First line (the 1st line)
The first line is formed by the management of Woningborg. The directors/management own the processes and risks and are responsible for maintaining and optimising the control measures. This ensures that risks are controlled and objectives are achieved within the defined frameworks.

Second line (the 2nd line)
In implementing and maintaining effective risk management, the first line is supported by second-line specialists for risk management, actuarial and compliance. The second line can provide advice and support the first line (e.g. in determining the risk response). The second line reports directly to the Management Board. In addition, the second line has the possibility to escalate to the Supervisory Board.

Third line
The Internal Audit Function forms the 'third line' and independently assesses the way in which Woningborg achieves its objectives, including the functioning of the risk management designed for this purpose. The Internal Audit Function has been placed with BDO accountants and reports to the CEO of Woningborg.

Woningborg's management evaluates the performance of key personnel on an annual basis. The four (key) functions work closely together to avoid duplication of work and disagreements about the scope of work and responsibilities.

As part of the design of the risk management framework, policy frameworks have been set up for each risk area. The starting point is Woningborg's strategy and the associated risk appetite. Policy documents and governance have been set up for the different risk areas.

The Actuarial Function is detailed in chapter B.6. The Internal Audit Function is detailed in chapter B.5.

B.5 Internal Audit Function

The internal audit function forms part of the third line of defence and is carried out by BDO accountants. The internal auditor is responsible for systematically reviewing and assessing the adequacy of control mechanisms and the corresponding organisational structure of Woningborg. This is achieved through the evaluation of internal and external regulations applicable to Woningborg.

Each year, the internal auditor prepares a plan outlining the audits to be conducted, including the associated IT aspects. The foundation of the annual plan is a risk analysis conducted in consultation with management under the responsibility of the Internal Audit Function.

The internal auditor reports to the board on the audits performed, along with corresponding analyses and evaluations. The auditor provides recommendations classified as High, Medium, or Low priority, which are followed up by the responsible parties after the management reaction.

A charter, approved by the board and the Supervisory Board, has been established. This charter outlines the scope, responsibilities, and authorities of the internal audit function at Woningborg.

B.6 Actuarial Function

The Actuarial Function reports quarterly to the CFRO and in writing to the ARC / Supervisory Board at least once a year. The actuarial function contributes to achieving Woningborg's objectives by actively overseeing the proper determination of technical provisions, solvency, and the market value balance in accordance with Solvency II requirements. Additionally, the actuarial function reviews the projections for the ORSA and advises on the adequacy of premiums and the appropriateness of reinsurance arrangements.

The annual Actuarial Function Report describes all material tasks performed by the Actuarial Function, clearly identifying any deficiencies and making recommendations on how to correct those deficiencies.

The board of Woningborg remains responsible for the execution of the actuarial function and ensures that an appropriate outsourcing agreement is in place and that it remains compliance.

The actuarial function is designated as a key function within the governance system and must be organised in compliance with related requirements outlined in various legal and regulatory sources. The charter of the actuarial function contains several specific requirements, including measures to safeguard independence in conjunction with its outsourcing.

B.7 Outsourcing

The policy for outsourcing describes the risk of harming the continuity, integrity and/or quality of activities outsourced to third parties that are essential to Woningborg.

In order to manage the risks of outsourcing, a policy on outsourcing has been set up, which assesses new forms of outsourcing. In addition, contractual arrangements have been made with organisations to which major activities have been outsourced to manage this risk.

B.8 Other information

Woningborg is not aware of any other material information regarding the system of governance.

C Risk profile

The Company is exposed to a range of underwriting, market, credit, liquidity and operational risks. Since its founding, Woningborg has been focused on underwriting surety business for the buyers of newly built houses. This is reflected in the fact that the majority of the risk exposure is underwriting. Woningborg operates within the framework of its risk management and control systems, which are designed to ensure that these risks are managed effectively and efficiently in a way that is aligned with the Company's strategy.

C.1 Underwriting risk

Woningborg accepts underwriting risks by accepting risks relating to the completion of houses and the repair of defects in houses after completion. Woningborg has defined principles in its underwriting policy to ensure proper selection of risks (segments, products and reinsurance), but also to achieve adequate pricing for the risks accepted and to avoid a concentration of underwriting risks.
Insurance risk, sometimes referred to as "underwriting risk", arises from deviations in product and pricing assumptions. These are typically actuarial assumptions that cover policyholder behaviour and claims. Underwriting risk is the result of both the inaccuracies in projecting liability cash flows over several future time periods, as well as fluctuations in the claims incurred.

The main components of the underwriting risk policy are:
- underwriting policy
- reinsurance policy
- claims management policy, and
- reserving policy.

Within Woningborg's underwriting risk, premium and reserve risk and catastrophe risk are the main risk components and the material component of the SCR.

Premium and reserve risk
Premium and reserve risk is the risk that the premium and claims reserves formed are insufficient to cover future claims of the surety given to the buyers of newly built houses.

Catastrophe risk
Catastrophe risk refers to the risk of Woningborg being confronted with extreme or exceptional events leading to high levels of claims.

C.2 Market risk

Investments are an important part of Woningborg's operations. Woningborg pursues a conservative policy with regard to investments. Woningborg performed an Asset Liability Study and selected an Asset Manager for its investments. Starting in 2025, the investment mandate will be managed by Aegon Asset Management. The investments will be invested in funds managed by Aegon Asset Management, 90% of the funds will be fixed income funds, mainly corporate and government funds. This mandate will be more diversified, than the current portfolio with selected corporate and government bonds.

It is of vital importance to Woningborg that investments are managed in such a way that optimisation of risks, returns and required capital is achieved. In monitoring market risk, Woningborg distinguishes the following sub-risks:

- interest rate risk;
- equity risk;
- property risk;
- spread risk;
- currency risk;
- concentration risk.

Interest rate risk
Interest rate risk refers to the sensitivity of interest-bearing assets (bonds) minus interest-bearing liabilities (provisions) to changes in the interest rate term structure or volatility of interest rates. The company is exposed to interest rate risk through the mismatch in the sensitivity of its assets and liabilities to movements in long- and short-term interest rates.

Equity risk
Equity risk concerns the sensitivity of equity investments to changes in the market value of shares. This risk is very limited, as Woningborg has a small portfolio.

Real estate risk
Property risk relates to the risk of changes in market prices of the property held for own use and the property held as part of the settlement of a bankruptcy.

Spread risk
Spread risk refers to the sensitivity of corporate bond investments to the level and volatility of credit spreads above the interest rate term structure. For government bonds, no spread risk is assumed.d.

Currency risk
Currency risk is the risk of changes in the foreign currency held in investments and cash. This risk is considered to be zero for Woningborg.

Concentration risk
Concentration risk refers to Woningborg's risk of defaulting on an item within the investment portfolio that is disproportionately large compared to the overall portfolio.

C.3 Counterparty risk

Counterparty risk is considered credit risk within the Solvency II framework. Counterparty risk is equal to the sum of the loss on default of a counterparty. Woningborg calculates counterparty risk over cash and cash equivalents, receivables from group companies, the receivable from reinsurers and the reinsurers' share of technical provisions, the theoretical receivable from reinsurers from the catastrophe risk calculation and the receivable from debtors and other receivables.

C.4 Liquidity risk

Liquidity risk is the risk that Woningborg cannot meet its insurance obligations. This risk is mitigated by setting sufficient levels of highly liquid assets in conjunction with investment guidelines, which prescribe maintaining a minimum level of liquid assets, and by mitigating the surety risk through reinsurance. Liquidity risk is not an independent risk within the SCR calculation.

C.5 Operational risk

Operational risk is the probability of direct or indirect damages resulting from inadequate or failing internal processes, people, systems or external events. In other words, when performing operational activities, things can go wrong and damage can occur. The Operational Risk Management Framework defines how Woningborg ensures that operational risks are adequately controlled.

C.6 Other material risk

In addition to the risks mentioned above, the following risks have been identified by Woningborg:

Legal risk
The possibility that transactions cannot be carried out due to legislation or regulations and the possibility that changes in legislation or regulations have an adverse effect. Woningborg manages legal risks by means of a number of controls, ensuring among other things that transactions are correctly analysed and approved. In addition, external legal advisors are used if necessary. The Compliance Officer monitors compliance with relevant laws and regulations.

Outsourcing risk
Outsourcing risk means the risk of harming the continuity, integrity and/or quality of activities outsourced to third parties, which are essential to Woningborg. This concerns the outsourcing of activities of the important processes of the company. In order to manage the risks of outsourcing, a policy on outsourcing has been developed to asses new outsourced activities. In addition, contractual agreements are in place with organizations to which key activities are outsourced to manage this risk..

ICT risk
The risk of losses due to inadequate or failed business continuity planning, back-up and recovery, fall back arrangements, information security, IT maintenance and change management, identification of relevant technological developments and other technical causes for systems related failures and errors.

It covers the topics:
- access to ICT systems;
- change management, where we have an elaborated change & release process;
- (damage or loss of) software & digital data, which risk is managed with backup routines and fallback procedures;
- (damage or loss of) hardware; including fallback;
- SLA management; managing and controlling (contractual) agreements with suppliers;
- configuration management, the control of all components and versions of the IT infrastructure.

The European Union has conducted new law and regulations regarding ICT for financial institutions; the Digital Operational Resilience Act DORA. Woningborg has carried out a thoroughly assessment of the new law and regulations. DORA consist of five pillars: ICT risk management, Digital operational resilience testing, ICT related incident management process, Information sharing arrangements and managing of ICT third party risk. These pillars define in total 353 requirements, on which an financial institution should comply. Woningborg has set up the policies, process, procedures and monitoring to meet these requirements. All relevant high requirements are implemented, the remaining gaps will be implemented during 2025.

Integrity risk

Integrity risk relates to the risk of Woningborg's integrity being affected as a result of conduct that lacks integrity or is unethical. There is considerable attention within Woningborg for the management of risks relating to integrity and fraud. Screening of all new hires, segregation of duties, the four-eye principle and codes of conduct are management measures in place. The Compliance Officer monitors compliance with the measures.

Reputational risk

Reputational risk is the risk of damage to the Group's reputation through negative publicity. The management of this risk is very closely linked to the management of all the other risks.

D Valuation for solvency purposes

In this chapter the Statutory balance sheet is reconciled to the Solvency II balance sheet. First a reconciliation overview of the Statutory balance sheet to the Solvency II balance sheet is provided. This is followed by an explanation by balance sheet item regarding the difference between Statutory balance sheet item and Solvency II, including an explanation of the differences in measurement and presentation between IFRS and Solvency II.

D.1 Assets

D.1.1 Overview of assets

In € x1,000

Assets	Annual accounts	Market value balance	Reclassification	Revaluation
Intangible assets	131	-	-	-131
Deferred tax assets	3,539	-	-	-3,539
Land and buildings for own use	5,200	5,200	-	-
Shares	77	77	-	-
Government bonds	26,393	26,533	140	-
Corporate bonds	32,727	32,961	234	-
Investment funds	36,160	36,160	-	-
Share of reinsurance in technical provision	-	10,792	18,802	-8,009
Receivables from insures	12,619	12,480	-	-139
Claims	8,532	8,438	-	-94
Liquid assets	14,431	14,431	-	-
Other assets	7,716	7,342	-374	-
Total	**147,524**	**154,414**	**18,802**	**-11,912**

The amounts in the financial statement column are corresponding to Woningborg's 2024 financial statements. The format of the market value balance differs from the format in the financial statements. In the column financial statements, the amounts from the financial statements are presented in a manner consistent with the classification in the market value balance sheet.

The receivables item corresponds to the debtors item in the financial statements and the items property, plant and equipment, other receivables and prepayments and accrued income are included in Other assets in the market value balance sheet.

The financial statements have been prepared on the basis of Dutch GAAP. The market value balance sheet has been prepared on the basis of Solvency II guidelines. Any reclassifications between balance sheet items, other than as described above, have been included in the reclassification column.

D.1.2 Immaterial fixed assets

In the financial statements, intangible assets are valued at acquisition cost less straight-line amortisation based on estimated useful life and residual value.

Intangible fixed assets not yet in use are not amortised. Software acquisition costs are recognised under intangible assets. Impairments losses expected at the balance sheet date are taken into account.

The market-consistent valuation of intangible assets under Solvency II principles is set at nil. The capitalised software mainly concerns custom software which has no market value. The impairment is included in the revaluation column. Deferred taxes are taken into account in the revaluation.

D.1.3 Deferred tax asset

A tax asset is recognized for tax losses carried forward, to the extent that it is probable at the reporting date that future taxable profits will be available against which the unused tax losses can be utilized. Current tax liabilities or assets for the current and prior periods shall be measured at the amount expected to be paid to, or recovered from, the taxation authorities, using the tax rates that have been enacted or substantively enacted by the end of the reporting period. The deferred tax asset is valued at the tax rate of 25.8%.
In 2024 Woningborg reversed last years' impairment of EUR 1.7 million of the deferred tax asset, after the assessment of the deferred tax asset and the future profitability.

The market value balance sheet also recognize the tax credit of the amortisation of intangible assets. The balance sheet item has been assessed for the possibility of sufficient tax offsets (Carry-forward).

D.1.4 Property, plant and equipment for own use

In the financial statements, land and buildings for own use are measured at fair value on the balance sheet date. Land and buildings are not depreciated. The valuation is based on available market data based on recent market information. At least once every 3 years, the value is determined by independent external experts. At balance sheet date, it is assessed whether there is any indication that of impairment. If such indications are present, the recoverable amount of the asset is determined. The market-consistent valuation of land and buildings for own use in the market value balance sheet is the same as the valuation in the financial statements.

D.1.5 Equities and investment funds

In the financial statements, equities are initially valued at acquisition price. Subsequently, shares are valued at market value. If the market value of a fund is higher than the acquisition price, the difference less deferred corporation tax payable is credited directly to the revaluation reserve in equity. If the market value of a fund is lower than the acquisition price, the difference between the acquisition price and the lower market value is charged to the result. All shares in the portfolio have a market quotation. The market consistent valuation of the equities in the market value balance sheet corresponds to the valuation in the financial statements.

D.1.6 Government and corporate bonds)

In the financial statements, bonds are initially valued at acquisition cost. Subsequently, the bonds are valued at amortised cost. Differences between the amortised cost price and the acquisition price at purchase are recognised in the balance sheet and amortised over the remaining duration in the profit and loss account based on the effective interest method. The market-consistent valuation of the bonds is based on the current market value. All bonds in the portfolio have a market quotation. The higher value of the bonds is included in the revaluation column. In the market value balance sheet, the bonds are valued at market value including accrued interest. In the financial statements, accrued interest is included in accrued assets. Accrued interest is reclassified to government and corporate bonds in the market value balance sheet.

D.1.7 Share of reinsurance in Technical provisions

In the financial statements, the share of reinsurance in Technical provisions is deducted from liabilities. In the market value balance sheet, this item is included under assets and transferred from liabilities to assets by reclassification. The item is recognised in the market value balance sheet at the discounted value taking into account the probability of default by the counterparty.

D.1.8 Claims

In the financial statements, receivables, after initial recognition, are measured at amortised cost. Provisions for doubtful debts are assessed item by item and deducted from the carrying amount of the receivable. The market-consistent valuation of receivables in the market value balance is equal to the present value of the expected cash flow. A revaluation is recognised for the difference between the book value in the financial statements and the market value balance. The valuation of receivables is based on the assumption that the receivables will be received within the year. The standard Solvency II interest rate curve was used to discount the receivables.

D.1.9 Liquid assets

In the financial statements, cash and cash equivalents consist of bank balances with a maturity of less than 12 months. Cash and cash equivalents are valued at nominal value. The market consistent valuation of cash in the market value balance sheet is identical to the book value of cash in the financial statements.

D.1.10 Other assets

Tangible fixed assets included under other assets are recognised in the financial statements at the acquisition price less straight-line depreciation based on their estimated useful life and residual value. Non-operating assets are valued at fair value. Impairments expected on the balance sheet date are taken into account. Other receivables and accruals are recognised at amortised cost less provisions for doubtful debts. The market-consistent valuation of property, plant and equipment, other receivables and prepayments and accrued income in the market value balance sheet are consistent with the valuation in the statutory balance sheet. The coupon interest recognised under accruals in the financial statements has been reclassified to government and corporate bonds in the market value balance sheet.

D.2 Technical provisions

D.2.1 Overview of technical provisions

In € x1,000

Technical provision	Annual accounts	Market value balance	Reclassification	Revaluation
Technical provisions calculated as a whole	40,170	-	18,802	-24,226
Best estimate	-	30,095	-	-
Risk margin	-	4,651	-	-
Total technical provisions	**40,170**	**34,746**	**18,802**	**-24,226**

The reclassification of €18.8 million relates to the reclassification of the reinsurers' share of the Technical provisions which is included in receivables in the market value balance sheet.

D.2.2 Best Estimate

Woningborg operates one product, which is a security guarantee for (new-build) houses. This product is included in the branch credit and surety exposure. The surety on (new-build) homes product covers two risks:

1. the completion of the construction risk (Section I), and
2. coverage on technical defects (Section II).

Best Estimate calculations are prepared for both risks.

Valuation in the financial statements

In the financial statements, the insolvency risk (Section I risk) of registered construction companies existing during the construction period of the newly built houses and to cover the risk of technical defects (Section II risk) of completed houses for a period of 10 years, the fund system is used. This involves recording the balance of written premiums less anticipated claims for all policy years up to and including the reporting year. Reported claims, but not yet paid out, are included in the claims provision.

In short, the premium is charged to the construction company at the time of acceptance and the risk premiums are added to the technical provisions when the certificate is issued and when the house is completed.

Valuation Market value balance sheet

The market-consistent valuation of technical provisions is determined by calculating a Best Estimate. The Best Estimate consists of a premium reserve and claims reserve. A risk margin is added to the Best Estimate.

The Best Estimate can be specified as follows:

In € x1,000

Provisions	Annual accounts	Market value balance
Premium provisioning	54,953	26,877
Share of reinsurance in premium provision	-16,864	-
Claim provision	3,353	3,218
Share of reinsurance in claims provision	-1,273	-
Total	**40,170**	**30,095**

The share of reinsurance in the market value balance sheet has been reclassified to receivables from reinsurance.

D.2.3 Calculation Best Estimate

The Best Estimate is calculated as follows.

Premium provision

The premium provision is calculated for both Section I and Section II as follows:

- Proportional claim triangles and average claims calculation per policy year .
- Completion of claim triangles numbers of claims based on Bornhueter-Ferguson method.
- Multiplying the projected numbers by the average claim amounts (Average Claim Method).
- The best-estimate for the future Section II premium is determined by multiplying the number of undelivered homes by the claim frequency, based on the 10-year claim frequency as calculated within the Expected Loss Method. The numbers resulting from this calculation are then multiplied by the inflated average loss amount. Based on inflation expectations for future years, inflation is taken into account for each run-out year.
- Allocation of the claim settlement costs. Claim settlement costs are considered to be the cost necessary to settle the claim.
- Determine both gross as discounted outgoing cash flows. The standard Solvency II yield curve is used as the discount rate, without a surcharge for volatility adjustment and matching adjustment.

The following assumptions are used to prepare the Best Estimate:

- The average claims experience of the past is representative of the future. The average accumulated historical claims for both Section I and Section II is representative of future claims. The applied loss ratio for both Section I and the applied loss ratio for Section II is representative of future loss development.
- For future Section II premiums, the assumption is made that 60% of the houses not yet completed as at the balance sheet date will be completed within 1 year and the remaining 40% within 2 years. For the purpose of this assumption, a quantitative substantiation has been prepared. This substantiation has shown that the proportion of houses completed in the year of certification and the year after certification has decreased significantly. The 60% - 40% outflow pattern is therefore based on the most recent year of development.
- Any outgoing cash flows after the surety period will occur within 2 years of the end of the surety period.

Woningborg has no financial guarantees and no discretionary payments.

Claim provision
The claims provision in the market value balance sheet consists of the present value of the outgoing cash flows per policy year of the claims files recognised in the statutory balance sheet. In calculating the present value of the expected cash flows, the standard Solvency II yield curve without a surcharge for volatility and matching adjustment is used.
The following briefly explains how claims provisions are determined.

Section I
In the event of the insolvency of a registered construction company, which has certified homes under construction that have not yet been completed, Woningborg will investigate and negotiate with the parties who wish to complete the houses for the completion costs. If the completion costs exceed the remaining instalments of the buyers', a claim reserve is formed per policy year of the premium reserve. The policy year at the Section I completion risk is the year the property is certified.

Section II
If a technical defect in the house occurs within the guarantee period and the construction company can no longer perform or otherwise, a buyer can submit an Appeal to Woningborg regarding the Guarantee. After receipt of the Appeal on the Guarantee, the complaint is assessed and an estimate of the claim is made, which is included in the reserve for outstanding claims. This reservation is included per policy year. The policy year for the Section II quality guarantee is the year in which the home is delivered.

D.2.4 Risk margin

A risk margin is calculated over the required capital. Method 2 is used as the calculation method. The bases for calculating the risk margin are the capital requirements for claim reserve risk, counterparty risk (reinsurance part) and operational risk.

The risk margin is such that the value of the technical provisions in the market value balance equals the amount that would be expected to be received in the event of a buyout and settlement of the insurance obligations. Woningborg considers the use of method 2 to be sufficiently advanced.

D.3 Other liabilities

D.3.1 Overview of other payables

In € x1,000

Debt	Annual accounts	Market value balance	Reclassification	Revaluation
Other provisions	1,718	1,649	-	-69
Provision for deferred taxes	-	568	-	568
Subordinated loans	-	-	-	-
Remaining debts	6,426	6,426	-	-
Total debts	**8,144**	**8,644**	**-**	**500**

D.3.2 Other provisions

In the financial statements, Other provisions are formed for legally enforceable or constructive obligations existing at the balance sheet date where it is probable that an outflow of resources will be required and for which the amount can be reliably estimated. Provisions are measured at the best estimate of the amounts necessary to settle the obligations at the balance sheet date. Provisions are valued at nominal value. The market-consistent valuation of Other provisions is equal to the present value of the liabilities..

D.3.3 Provision for deferred tax liabilities

Deferred tax liabilities are recognised in the financial statements for temporary differences between the value of assets and liabilities in accordance with tax regulations and business principles. The deferred income tax liability is recognised at the nominal rate of 25.8% and is netted with the deferred tax assets. The tax effect of asset and liability revaluations is included in this item. The balance sheet item is assessed for the possibility of sufficient tax offsets (Carry-back and Carry-forward).

D.3.4 Other debts

In the financial statements, liabilities are measured at fair value on initial recognition. Transaction costs directly attributable to the acquisition of the liabilities are included in the valuation at initial recognition. Payables are recognised at amortised cost after initial recognition. The market-consistent valuation of payables is equal to the present value of payables at amortised cost. Premiums received in advance are reclassified to technical provisions in the market value balance sheet.

D.4 Alternative valuation methods

Woningborg does not apply alternative valuation methods for solvency purposes.

D.5 Other information

The Company has nothing additional to disclose other than the information already described throughout this chapter.

E Capital Management

E.1 Own Funds

The Own funds section is divided into the capital management (capital policy) and the structure of eligible own funds as at the balance sheet date.

E.1.1 Management of equity

E.1.1.1 Introduction to capital policy

The Capital Management policy aims to enhance transparency and accountability around capital management in the company. Capital is a scarce and strategic resource that requires a clearly defined, structured and disciplined management approach to ensure efficient and effective deployment.

This approach should cover the needs and requirements of stakeholders, including shareholders, regulators, employees and customers.

The main objective of the capital management process is to optimise the capital structure, composition and allocation of capital within Woningborg, ensure profitable growth, protect viability and profitability and finance dividends.

The Capital Management Policy covers the roles and responsibilities and reporting requirements needed to support the aforementioned objectives.

E.1.1.2 Capital policy

The primary objective of the Woningborg Capital Policy is to ensure that Woningborg acts in accordance with externally imposed capital requirements and that Woningborg has a capital ratio that protects the viability of the company and maximises shareholder value.

To achieve this objective, a process has been put in place that:
1. Is guided by clearly defined policies and procedures to ensure the use of capital management is understood, documented and monitored (taking corrective action when necessary).
2. Linking the risk profile directly to capital requirements.
3. Its objective is to create value.

The objectives of the Capital Management Policy are to set rules and enforce discipline in relation to:

- Capital planning: the level of capital Woningborg would like to have, which is a function of:
    - legal requirements and expected changes therein;
    - regulatory requirements and expected changes therein;
    - growth ambitions and future capital commitments;
    - safety buffers to ensure that Woningborg can meet its obligations in accordance with the Risk Appetite Statement.

- Capital allocation: the use of capital provided by Woningborg , which is a function of:
  - optimisation of risk reward, and
  - the measured performance

- Dividend policy (and future capital acquisition).

- Capital structuring: maintaining an effective asset balance sheet.

- Governance: establish clear roles and responsibilities for staff and decision-making committees.

E.1.1.3 Governance

The Governance principles as prescribed by the Insurers' Association are followed.

The capital policy is reviewed annually. The procedure used to update the capital policy is as follows:

1. Updating of capital policy by the CFRO;
2. approval of the capital policy by the Woningborg Management Board;
3. adoption of the capital policy by the Supervisory Board.

E.1.1.4 Regulatory solvency and internal standard solvency

The eligible own funds, Solvency Capital Requirement and Minimum Capital Requirement are detailed in paragraphs E.1.2, E.2.1 and E.2.2.

Woningborg has set the internal standard solvency as a percentage of the statutory solvency requirement (SCR) at 180%. The internal standard solvency applies as a safety margin above the regulatory solvency standard to prevent undershooting of the regulatory solvency requirement (SCR). In 2024, the target solvency was reassessed as part of the ORSA process and concluded that the internal standard solvency ratio of 180% was appropriate.

E.1.1.5 Monitoring of solvency

Woningborg calculates its solvency on the basis of the Solvency II standard formula. The solvency is calculated and reported to the management on a monthly basis. This monthly calculation is based on a scaling based on the detailed solvency calculation at the end of the previous quarter.

Woningborg carries out a detailed solvency calculation at the end of each quarter (i.e. four times a year). A report is prepared on this calculation, analysing the market value balance, solvency capital requirement and minimum capital requirement and describing any deviations from previous periods. This report is discussed with the Management Board together with the solvency report. After management approval, the solvency report is submitted to DNB.

In addition to the periodic solvency calculations, Woningborg also carries out scenario analyses in order to have an adequate understanding of the effect of any changes in operations to the results on capital and solvency.

Besides the quarterly solvency assessment, an ORSA study is also performed at least once a year. The ORSA policy, process and reporting system is described in section B.3.4 of this document.

E.1.1.6 *Intervention measures and ensuring solvency*

To refine the capital policy, Woningborg has defined an intervention ladder based on the internal standard solvency of 180%. This is based on intervention levels around the internal standard solvency of 180% and the use of available recovery measures, when a certain intervention level is reached.

Based on the risk profile and available measures, the following intervention levels are assumed to be appropriate for Woningborg for further solvency assurance and (timely) intervention through management actions.

Intervention levels have been set at levels that provide sufficient scope for both early remedial action and adequate preparation for more drastic measures.

An operationally solvency requirements of 120% is applied as a lower limit, this is the point at which there is a significant probability of falling below the statutory required solvency standard. To ensure the continuity and social role of Woningborg in the long term, undershooting the statutory requirement must be avoided and severe recovery measures are justified.

The final measures, if the statutory solvency standard falls below 100%, have been explained and elaborated in Woningborg's Preparatory Crisis Plan (VCP).

Finally, a target solvency is defined as the limit at which strongly disappointing results can be absorbed without falling below the internal target solvency and a capital distribution limit is defined above which excess capital can be deployed or distributed in accordance with internal policy.

This target solvency provides sufficient room to absorb Woningborg's atypical risk profile without breaking limits from the intervention ladder and requiring intervention. Ideally, Woningborg's solvency should be at or above the target solvency of 210%.

* 1 Assuming the current solvency structure and underlying methodology (with a LAC DT of nil).

E.1.2 *Tiering of Own Funds*

Own Funds are defined as the difference between total assets less technical provisions and other liabilities. Woningborg's own funds can be presented on the basis of the statutory balance sheet and the market value balance sheet as follows:

In € x1,000

	Annual accounts	Market value balance	Reclassification	Revaluation
Assets	147,524	160,113	18,802	-6,212
Technical provisions	40,170	34,746	18,802	-24,226
Debts	8,146	14,344	-	6,199
Foreseeable dividends and distributions	-	4,000	-	-
Equity	**99,207**	**107,023**	**-**	**11,814**

Own Funds consists of the following components:

In € x1,000

	Annual accounts as at 31-12-2024	Market value balance as at 31-12
Issued and paid-up capital	50,000	50,000
Share premium reserve	32,550	32,550
Revaluation reserve (reconciliation reserve)	119	11,935
Other reserves (reconciliation reserve)	8,952	8,952
Undistributed profit (reconciliation reserve)	7,587	7,587
Foreseeable dividends and distributions		-4,000
Balance as at 31 December	**99,207**	**107,023**

The issued and paid-up share capital consists of 50,000 ordinary shares of €1,000 nominal value. 50% of all shares are held by Stichting Woningborg (Gouda) and 50% are held by SMABPT (Paris).

The difference in own funds between the financial statements and the market value balance sheet can be specified as follows:

In € x1,000

	Revaluation as at 31-12-2024	Equity as at 31-12-2024
Equity from the annual accounts		99,207
Write-down of intagible fixed assets	-131	-131
Revaluation of government bonds	-	-
Corporate bond revaluation	-	-
Revaluation receivables	-233	-233
Revaluation of technical provisions	24,226	24,226
Share of reinsurance in technical provisions	-8,009	-8,009
Revaluation of other provisions	69	69
Deferred tax on revaluations	-4,106	-4,106
Foreseeable dividends and distributions		-4,000
Maximum eligible capital SCR		**107,023**

Woningborg's available own funds can be classified by Tier as follows:

In € x1,000

	Available capital	Minus: restrictions Tier 2 and Tier 3 capital	Eligible capital
Tier 1	107,023	-	107,023
Tier 2	-	-	-
Tier 3	-	-	-
Balance as at 31 december	**107,023**	**-**	**107,023**

Woningborg has only Tier 1 capital at year-end 2024, as the Tier 3 capital was reduced to zero as the deferred tax assets position and the deferred tax liabilities position are netted.

E.1.3 Eligible own funds

The table below shows for each Tier the amount of own funds included to cover the Solvency Capital Requirement:

In € x1,000

	31-12-2024	31-12-2023
Tier 1	107,023	95,674
Tier 2	-	-
Tier 3	-	-
Balance as at 31 december	**107,023**	**95,674**

E.2 Solvency capital requirement and minimum capital requirement

The solvency capital requirement and the minimum capital requirement are as follows:

In € x1,000

	31-12-2024
Eligible capital for the purpose of the SCR	107,023
Eligible capital for the purpose of the MCR	107,023
Solvency Capital Requirement (SCR)	38,167
Minium Capital Requirement (MCR)	9,542
SCR ratio in percent	280.4%
MCR ratio in percent	1118.9%
Internal standard solvency	180%

E.2.1 Solvency capital requirement

The structure of the SCR is as follows:

In € x1,000

	31-12-2024
Market risk	4,300
Counterparty risk	4,085
Insurance risk of underwriting risk	33,338
Total	**41,723**
Diversification	-4,801
Basic Solvency Capital Requirement (BSCR)	**36,922**
Operational risk	1,245
Adjustments	-
Solvency Capital Requirement (SCR)	**38,167**

Woningborg uses the standard formula and standard parameters to calculate its Solvency Capital Requirement and the associated (sub-)modules.

E.2.2 Minimum capital requirement

In addition to the SCR, Woningborg must also calculate a Minimum Capital Requirement (MCR). The MCR is equal to the higher of the combined minimum capital requirement and the absolute floor .
The combined minimum capital requirement equals the lower of the linear MCR or 25% of the SCR, whichever is higher, and 45% of the SCR. The linear SCR consists of the required capital requirement for non-life insurers ('Best Estimate' times factor plus premium income times factor). The absolute lower limit for a non-life insurer classified in the credit and surety classes is €4,000,000 (Article 129 of Directive 2009/139).

In € x1,000

	31-12-2024
MCR absolute lower bound	4,000
MCR linear	5,594
MCR lower limit	9,542
MCR upper limit	16,959
MCR combined	9,542
Minimum Capital Requirement (MCR)	**9,542**

E.3 Use of the duration-based equity risk sum-module

Woningborg does not use the duration-based equity risk sub-module referred to in Article 170 of the Delegated Regulation.

E.4 Differences between the standard formula and each internal model used

Woningborg makes full use of the standard formulas and standard parameters to calculate its Solvency Capital Requirement and the associated (sub)modules. The use of an internal model is therefore not applicable.

E.5 Non-compliance with the Minimum Capital Requirement and non-compliance with the Solvency Capital Requirement

There has not been any instance during 2024 that Woningborg's Solvency II ratio was below the SCR, nor the MCR level. Woningborg fully complies with the minimum capital and solvency capital requirements.

E.6 Any other information

All relevant information regarding the capital management of Woningborg have been described throughout this section.

WONINGBORG

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