



Waard Leven

Solvency and Financial Condition Report

Waard Leven N.V.

For the year ending 31 December 2023

Table of Contents

Summary	3
A. Business and performance	5
A.1 Business	5
A.2 Underwriting performance	6
A.3 Investment performance	8
A.4 Performance of other activities	10
A.5 Any other information	10
B. System of Governance	11
B.1 General information on the system of governance	11
B.2 Fit and proper requirements	14
B.3 Risk management system including the own risk and solvency assessment	14
B.4 Internal control system	21
B.5 Internal Audit Function	26
B.6 Actuarial Function	26
B.7 Outsourcing	27
B.8 Any other information	28
C. Risk profile	29
C.1 Underwriting risk	29
C.2 Market risk	31
C.3 Credit risk	34
C.4 Liquidity risk	36
C.5 Operational risk	38
C.6 Other material risks	39
C.7 Any other information	39
D. Valuation for solvency purposes	42
D.1 Assets	42
D.2 Technical provisions	49
D.3 Other liabilities	54
D.4 Alternative methods for valuation	57
D.5 Any other information	57
E. Capital Management	58
E.1 Own funds	58

E.2 Solvency Capital Requirement and Minimum Capital Requirement	63
E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement	64
E.4 Differences between the standard formula and any internal models used	64
E.5 Non-compliance with the MCR and significant non-compliance with the SCR	64
E.6 Any other information	65
F. Additional voluntary information	66
G. Annex – Quantitative reporting templates	67

Summary

Background

This is the Solvency and Financial Condition Report ('SFCR') of Waard Leven N.V. (hereafter Waard Leven or the Company) for the year ending 31 December 2023. This report has been prepared to comply with the reporting requirements of the EU-wide regulatory framework for insurance companies, known as Solvency II, which came into force 1 January 2016. It has been prepared for the benefit of policyholders and other parties who have an interest in the solvency position and financial condition of the Company. In accordance with the Solvency II framework, this report follows a standardised structure and includes specific content to meet the detailed reporting requirements of the framework.

Executive summary

This executive summary focuses on key messages and highlights key changes that have been reported in the main body of this report. To aid the reader of this report, the executive summary follows the structure of the main body of this report.

Business and performance

Waard Leven is a Netherlands based closed book Life business. The Company was established in 1994 and is a limited company (Dutch: "Naamloze Vennootschap"). The principal activity of the Company consists of the servicing of a long-term life insurance business, which was put in run-off in 2009 and is substantially closed to new business since then. Additionally, the Company focuses on acquiring closed book portfolios. The Company also services a portfolio of savings mortgages related policies (Dutch: "spaarhypotheken") and unit linked policies.

Due to its run-off nature of the portfolios, performance of the business is not only measured in net profit but also in the amount of capital that the Company can release periodically to its owners.

In 2023 the operational run-off of the portfolio following the acquisition of the Conservatrix-portfolio was in line with expectations. The investment income showed a positive result as both equity and bond returns were positive. Most of the assets show an increase in the reporting year in comparison with prior year. The increase of the bond values is mainly caused by a decrease in interest rates. In chapter A we provide more detail on the result for the period.

System of governance

The Company is governed by a two-tier board structure with an executing Management Board, the Management Board and a supervising Management Board, the Supervisory Board. The Company implemented the governance requirements of the Solvency II regime (hereafter often referred to as SII) and has four Key Function Holders consequently (Actuarial, Compliance, Risk management, Internal audit).

As part of the Chesnara Group, the Company fulfils both the requirements posed by DNB and by Chesnara's group regulator, the Prudential Regulation Authority (PRA).

Risk profile

Waard Leven acquired the Conservatrix's insurance portfolio at the start of January 2023. The portfolio consists mostly of funeral and endowments insurance. As a result of the acquisition Waard Leven almost doubled in size to € 1,125 mln assets and € 1,007 mln liabilities. Also, the number of policies increased with 65,000 to a total of 145,000. Due to the acquisition longevity and lapse risks relatively increased within the Underwriting Risk. Market risk in 2022 showed a large equity risk due to the Phoenix entity, which was necessary to make the acquisition of Conservatrix possible. In 2023 the equity risk is therefore lower.

Waard is participating in a Chesnara group wide programme on ESG. Climate risks can be divided into physical and transition risks. Every year Waard investigates the possible impact of physical risks related to the investment in mortgages in the ORSA. Transition risks are governed by the guidelines and limits in the investment policy.

Due to the capital position of the Company, amounts of Own Funds are invested in fixed income instruments (government and corporate bonds) and strategic participations. The company is relative insensitive to parallel interest rate movements, downward movements of the participations and/or credit spreads and has set aside a capital buffer to absorb that risk.

In chapter C we explain in detail what the Company's risk exposures are and how much capital we hold in reserve to deal with these exposures if they would emerge.

Valuation for solvency purposes

This SFCR provides insight in the Company's balance sheet and available capital in accordance with Solvency II guidelines. These guidelines strive for a market conform valuation. In comparison to our Dutch GAAP (BW2 Titel 9) financial statements, Solvency II portrays a more realistic view on shareholder's value and liabilities to policyholders. Under Dutch GAAP many items, such as policyholder liabilities, are valued at historically set parameters, whereas Solvency II forces us/allows us to take a current view at these parameters. Chapter D explains the differences in more detail and displays that the application of current parameters results in much higher available capital (Solvency II € 122 mln vs € 87 mln DGAAP).

Capital management

Managing capital, both in terms of dealing with risk and in terms of ensuring a steady flow of dividend for our shareholder, is explained in detail in chapter E. Waard Leven has a very robust capital position which translates into a SCR-ratio of 328% before deduction of the foreseeable dividend at the end of 2023. Following the acquisition by the Chesnara group, the Company holds (excess) capital at levels exceeding the necessities of the current business. This excess capital is maintained for the purpose of funding future acquisitions of closed-book-life portfolios, either by the Company itself or by another company in the Dutch part of the Chesnara Group.

The Solvency II ratio after deduction of the foreseeable dividend (€ 7 mln) is 306% at year-end 2023.

Wognum, April 2024

drs. H.L. Kirchner RA
CEO

drs. M. Simons RC
CFO

M. Visser-Dilweg
COO

A. Business and performance

A.1 Business

A.1.1 Name and legal form

Waard Leven is a Netherlands based closed book Life business. The Company was established in 1994 and is a Naamloze Vennootschap.

A.1.2 Name and contact details of the responsible supervisory authority

Prudential supervision of the Company is the responsibility of:

De Nederlandsche Bank (DNB)

Spaklerweg 4

1096 BA Amsterdam, The Netherlands

Financial conduct supervision is regulated by the:

Autoriteit Financiële Markten (AFM)

Vijzelgracht 50

1017 HS Amsterdam, The Netherlands

The EU-group supervisor of the insurance group to which the Company belongs is the:

Prudential Regulation Authority (PRA)

20 Moorgate London

EC2R 6DA, United Kingdom

A.1.3 Name and contact details of external auditor

The Company's external auditor is:

Ernst & Young Accountants LLP

Wassenaarseweg 80

2596 CZ Den Haag, The Netherlands

A.1.4 Shareholders and position within the group

Waard Leven is a member of the group headed by Chesnara plc. The group organisational structure can be seen below:

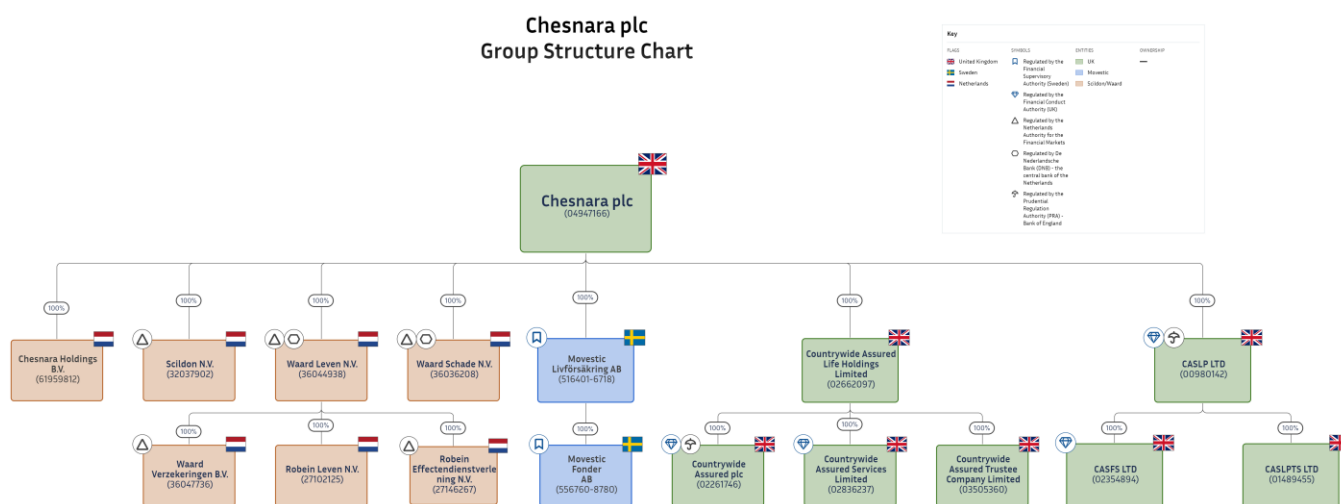


Figure 1 – Overview of Chesnara plc

Until 31 December 2023, Waard Leven was a 100% subsidiary of Chesnara Holdings BV. As of 31 December Waard Leven is a 100% subsidiary of Chesnara plc. Underlying the change in legal structure from 1 January 2024 are efficiency considerations. Currently Chesnara Holdings BV still exists as an entity which is why this is still showing in Figure 1. Chesnara Holdings BV will be dissolved end of March 2024.

A.1.5 Material lines of business and material geographical areas where business is carried out

The principal activity of the Company consists of the servicing of a long-term life insurance business, which is closed to new business. The Company also services a portfolio of savings-policies related to mortgages (Dutch: "spaarhypotheken") and a portfolio of unit linked policies. With the acquisition of the Conservatrix portfolio, Waard also services a small portfolio of pensions.

As the Company is closed to new business, the primary focus of management is a well-governed and efficient run-off of the existing portfolio and adding scale and tail to the existing portfolio by acquiring closed books with a similar risk profile.

The material lines of business are illustrated in the Table 1 below, using financial information for the year ended 31st of December 2023.

Line of Business	Technical provisions (excluding Risk margin)			Premiums earned		
	Gross	Reinsurers' share	Net	Gross	Reinsurers' share	Net
	€'000	€'000	€'000	€'000	€'000	€'000
Life insurance						
Insurance with profit participation	21,466	-0	21,466	576	-	576
Index-linked and unit-linked insurance	494,699	-39	494,737	28,241	-	28,241
Other life insurance	406,386	1,774	404,611	11,784	4,381	7,403
Total Life insurance	922,550	1,735	920,814	40,602	4,381	36,220

Table 1 – Technical provisions and premiums earned for material line of business

The technical provisions presented in "Insurance with profit participation" comprise term insurance, saving life insurance - and endowment policies. The technical provisions presented in "Other life insurance" comprise regular term life policies, endowments, annuities and pensions. The technical provisions presented under "index linked, and unit linked insurance" comprise unit and index linked savings policies (Dutch: "Beleggingsverzekeringen"). This consists of Savings Mortgages, Unit-Linked annuities and Unit-Linked policies in their build-up phase.

The Company wrote business in the Netherlands only.

A.1.6 Significant business or other events that have occurred over the reporting period

In Q1 2022 Waard Leven entered into an agreement with the trustees of Conservatrix to acquire the insurance portfolio and related assets. Conservatrix Levensverzekeringen was an insurance company in bankruptcy, therefore enabling the portfolio and related asset transfer was prepared in close coordination with DNB. In early January 2023, Waard Leven successfully acquired Conservatrix's insurance and mortgage portfolio.

The total business value measured in technical provision was € 446.7 mln, the portfolio consists of approximately 65,000 policies.

A.2 Underwriting performance

Introduction

Sections A.2, A.3 and A.4 of this report require qualitative and quantitative information to be provided on various aspects of the performance of the Company. Whilst this report in general provides information that is based on valuation rules required by the Solvency II reporting regime, sections A.2, A.3 and A.4 are required to be reported in accordance with the measurements basis as shown in the Company's financial statements, which in Waard Leven's case, is Dutch GAAP (BW2, Titel 9). The disclosure rules of Solvency II do require the performance of the Company to be analysed using three definitions, being:

- Underwriting performance;
- Investment performance;
- Performance of other activities.

Further information on what is included in each section and how the performance has fared over the year, has been provided below. Table 2 below shows the high level performance of the Company's business, reconciling back to the Dutch GAAP profit before tax.

2023	2022
€'000	€'000

-19,597	-5,491
66,231	-2,478
-4,686	5,931
41,948	-2,038

Underwriting performance (see below)
Investment performance (section A.3)
Performance of other activities/other operational income (section A.4)
Total performance – Dutch GAAP pre-tax profit

Table 2 – High level performance of the business

Underwriting performance

The underwriting performance, split by income and expenses and by line of business, has been summarised in Table 3. The equivalent information has been provided for the prior year, with narrative commentary below for any key material changes year on year.

2023	Line of Business for: life insurance obligations				
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
	€'000	€'000	€'000	€'000	€'000
Premiums earned	-	576	28,241	7,403	36,220
Claims incurred	-	-1,554	-50,916	-58,960	-111,430
Changes in technical provisions	-	1,017	177	63,848	65,043
Expenses incurred	-	-232	-3,362	-5,836	-9,430
Underwriting performance	-	-192	-25,860	6,455	-19,597

2022	Line of Business for: life insurance obligations				
	Health insurance	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	Total
	€'000	€'000	€'000	€'000	€'000
Premiums earned	-	402	29,276	3,111	32,790
Claims incurred	-	-1,529	-57,624	-2,880	-62,033
Changes in technical provisions	-	793	20,287	5,047	26,126
Expenses incurred	-	-267	-523	-1,583	-2,374
Underwriting performance	-	-601	-8,585	3,695	-5,491

Table 3 – Comparison of the underwriting performance

The Company's underwriting result decreased compared with last year results, driven by result on Index-linked and unit-linked insurance. Results differ per insurance class. For insurance with profit participation the result increased slightly, primarily because the incurred claims offset the change in statutory reserve. For unit-linked insurance the result was heavily influenced by the increase in the financial markets. This caused the technical provision to increase, which has a negative effect on the underwriting performance. The total underwriting performance of index-linked and unit-linked is € -25.9 mln. This is compensated by the positive effect on the unit-linked assets of € 26.9 mln (see A.3). Other life insurance results increased due to a high amount of surrenders on the endowments portfolio. Overall, the underwriting performance was lower due to the increase in expenses.

Premiums earned

This represents the sum of gross premiums received during the year reduced by the amount ceded to reinsurance undertakings. The amount of premiums earned has increased over 2023 compared with 2022 as the policyholders of Conservatrix have been offered the opportunity to resume the payment of their premium payments during 2023 and to pay an additional catch-up premium over the years 2021 and 2022, as payment of the premiums was stopped due to the bankruptcy in December 2020.

Claims incurred

This represents the sum of the claims paid and the change in the provision for claims outstanding during the financial year, net of reinsurance. Key reason for the movement is mainly due to the addition of the Conservatrix portfolio. The claims are mainly caused by payouts due to lapse. The lapse on the savings mortgages decreased compared with last year. This is offset by the increase in lapse on the Conservatrix portfolio. Conservatrix policyholders have not been able to change or cancel their policy since the bankruptcy of Conservatrix in 2021. Since the addition to the Waard Leven portfolio in 2023, policyholders may use this option again.

Changes in technical provisions

This represents the changes in actuarially calculated technical provisions, net of reinsurance.

Key reason for movement in the year are the changes in technical provisions for Index-linked and unit-linked insurance related to the increase in financial markets. This is offset by the decrease due to the value of surrenders on the Conservatrix portfolio.

Expenses incurred

This represents all technical expenses incurred by the Company during the year, on accrual basis.

Compared to 2022, the expenses increased due to the integration of the Conservatrix portfolio and project costs.

Geographical areas

All business is in the Netherlands.

A.3 Investment performance

A.3.1 Investment holdings

Table 4 provides the composition of the investment portfolio that the Company holds. The investment strategy complies with the requirements of the 'prudent person principle' which can be read in Section C.5 Assets.

The Company's investment portfolio as of 31st of December of the current and prior year:

2023	Index-linked & Unit-linked		Non-linked	
	€'000	%	€'000	%
Government Bonds	5,743	1%	330,510	58%
Corporate Bonds	1,339	0%	46,551	8%
Equity	94,227	19%	10,271	2%
Investment funds CIU	33,821	7%	38,121	7%
Collateralised securities	1	0%	-	0%
Loans and mortgages to individuals	316,893	65%	129,577	23%
Other loans and mortgages	-	0%	12,377	2%
Cash and deposits	33,881	7%	2,914	1%
Derivatives	-41	0%	-	0%
Total	485,865	100%	570,321	100%

2022	Index-linked & Unit-linked		Non-linked	
	€'000	%	€'000	%
Government Bonds	306	0%	27,669	18%
Corporate Bonds	1,327	0%	26,110	17%
Equity	93,792	20%	66,772	43%
Investment funds CIU	37,853	8%	5,062	3%
Collateralised securities	-	0%	-	0%
Loans and mortgages to individuals	314,583	67%	23,774	15%
Other loans and mortgages	-	0%	2,530	2%
Cash and deposits	24,550	5%	3,744	2%
Derivatives	-38	0%	-	0%
Total	472,374	100%	155,660	100%

Table 4 – Comparison of the investment portfolio between year 2023 and 2022

Another view of the Non-linked business clearly shows the impact of the addition of the Conservatrix portfolio. Note that the investment portfolio of the Index-linked & Unit-linked business is almost similar in both years besides the increase in government bonds and loans and mortgages- see Table 4.

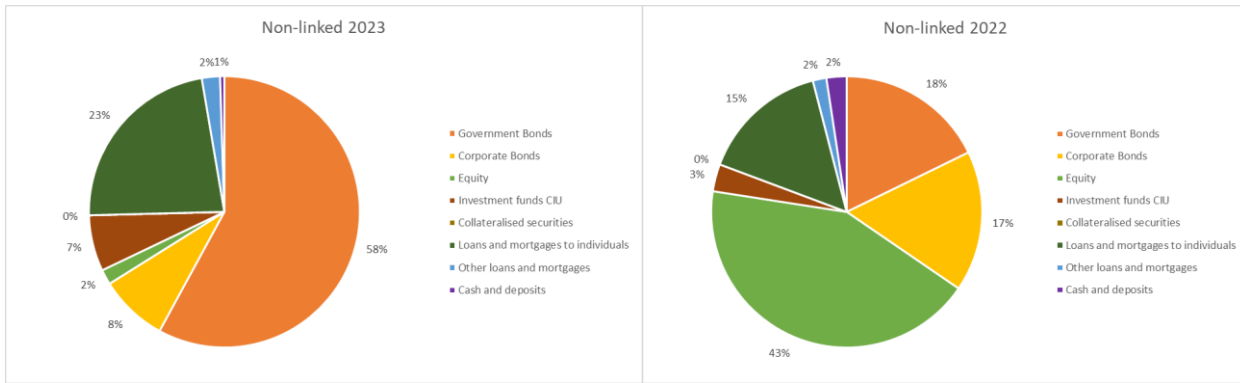


Figure 2 – Comparison of Non-linked assets between 2023 and 2022

The key reasons for movements in the non-linked investment holdings during the year are:

- The addition of investments related to the acquisition of Conservatrix;
- New investments in short duration Government Bonds using excess cash amounts;
- Portfolio runoff of the fixed income investments due to redemptions and sales;
- Portfolio revaluation due to decreased interest rates;
- (Early) redemptions and expirations of loans and mortgages due to customers refinancing their loans with competitors (loans and mortgages to individuals);
- Increase of the value of equity and CIU due to development at the markets.

A proportion of the assets have been invested in investment funds CIUs (Collective Investment Undertakings). This includes both non-linked and unit-linked assets. The table below illustrates the underlying investments from the various investment CIUs.

	2023		2022	
	€'000	%	€'000	%
Government Bonds	12,804	18%	3,294	8%
Corporate Bonds	3,713	5%	6,577	15%
Equity	52,884	74%	32,654	76%
Other	1,941	3%	287	1%
Cash and deposits	599	1%	102	0%
	71,941	100%	42,915	100%

Table 5 – CIU investments

A.3.2 Investment performance

The investment performance of the Company can be seen in Table 6.

	2023			2022		
	Indexed-linked & Unit-Linked	Non-Linked	Total	Indexed-linked & Unit-Linked	Non-Linked	Total
	€'000	€'000	€'000	€'000	€'000	€'000
Government bonds	-	24,583	24,583	-	-2,157	-2,157
Corporate bonds	-	4,376	4,376	-	-6,058	-6,058
Equity	25,615	1,441	27,056	-207	-1,051	-1,258
Investment funds CIU	1,291	4,799	6,089	-392	-530	-922
Collateralised securities	-	-	-	-	-	-
Loans and mortgages	-	3,546	3,546	-	433	433
Client mortgage fund	-	-	-	7,528	-	7,528
Cash and deposits	-	582	582	-	-43	-43
Derivatives	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total	26,905	39,326	66,231	6,929	-9,407	-2,478

Table 6 - Comparison of the investment performance

Investment performance is impacted by realised and unrealised gains, following developments on interest rates and equity markets. Most of the assets show an increase in the reporting year in comparison with prior year. The increase of the (corporate) bond values are mainly caused by the strong spread tightening of the corporate bond portfolio and a decrease in interest rates. Investments in equity and CIUs slightly increased as well due to the stronger than expected economy and falling inflation.

A.4 Performance of other activities

The Company's only activity is that of life insurance business. There are no other activities that take place in the Company.

	2023	2022
	€'000	€'000
Result of subsidiaries	-291	-
Other operating income	-4,395	5,931
Total	-4,686	5,931

Table 7 – Overview of other activities

Result of subsidiaries

For 2023 the result of subsidiaries represents the balance of commission Robein Effectendienstverlening (€ -24 k) and signing commission of Waard Verzekeringen (€ -128 k) and the net result of Robein Leven (€ -139 k).

Other operating income

The other operating income consist mainly of a correction on the control accounts. Also, the amortization on the AVIF and goodwill are represented in this figure.

For 2022 the other operating income represents the balance of goodwill write-off (€ -219 k) and the first day gain of the Robein acquisition (€ 6.15 mln).

A.5 Any other information

There is no other information required to be disclosed regarding the performance of the business.

B. System of Governance

B.1 General information on the system of governance

B.1.1 Governance structure

Overview

The Company's governance system sits within the overarching governance system of the Chesnara group. It consists of the Supervisory Board, the Management Board, the Audit & Risk Committee, and the delegation of responsibilities to Key Function Holders. The Company maintains a governance map which documents the detailed implementation of the system of governance. This includes the terms of reference of committee meetings, and detailed roles and responsibilities of key functions.

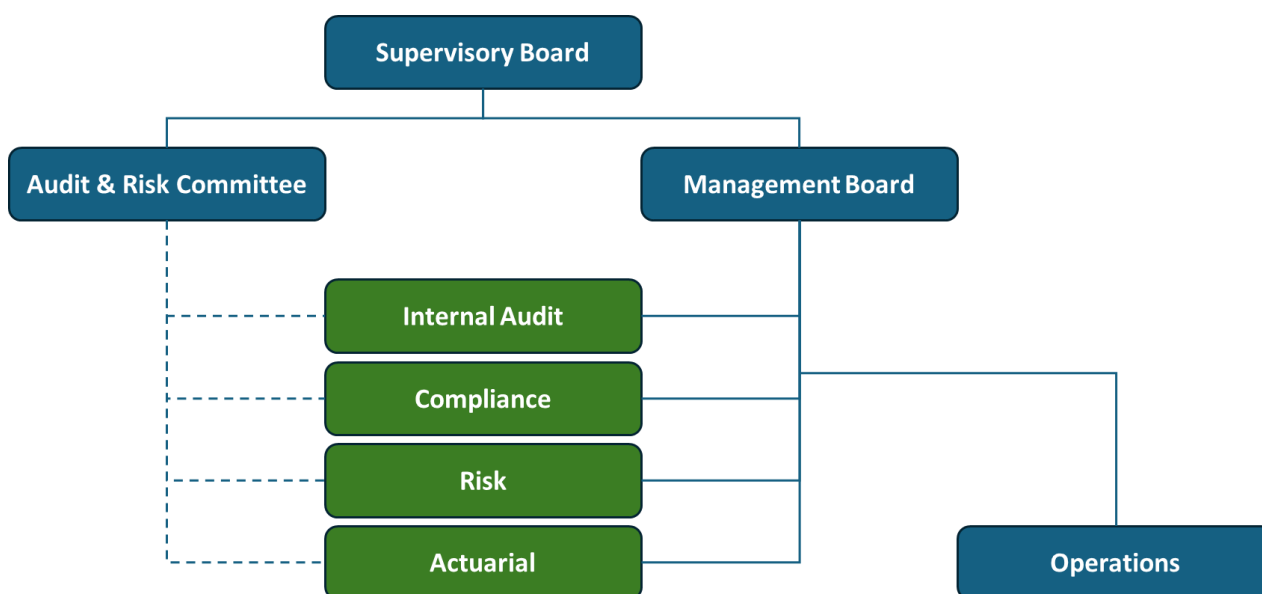


Figure 3 – Overview governance structure

Supervisory Board responsibilities

The Supervisory Board is made up of independent directors. It is collectively responsible for coaching and assisting the Management Board when necessary. The Supervisory Board supervises the Management Board and oversees that the Management Board acts in accordance with the Company's policies and objectives. Supervisory Board members are independent from the Management Board.

Sub-Committee Meetings

The Company's Supervisory Board has one sub-committee: the Audit & Risk Committee.

The responsibilities of the committee include monitoring the integrity of the annual financial statements, reviewing the definition and application of the Company and group internal control and risk management systems, monitoring the use of capital within the Company, reviewing and challenging risk information and treatment, and reviewing the risk management responsibilities across the Company.

Management Board responsibilities

It is collectively responsible for promoting the success of the business. Its role is to provide entrepreneurial leadership within a framework of prudent and effective controls which enable risks to be assessed and managed. It will set the strategy and business plan within the overall context of the group's plans and ensure that the necessary financial and human resources are in place to meet its objectives and monitor management performance.

Key Function responsibilities

To assist the Management Board with its responsibilities, it has delegated the responsibility for key functions to senior management. These are functions that have a material effect on the internal control of the business and influence material decision making. The key functions have been defined taking into account the requirements of Solvency II regulations and guidance from regulators. Each key function is headed by a Key Function Holder who has responsibility for that area.

Second line key functions:

- Risk management;
- Actuarial;
- Compliance.

Third line key function:

- Internal audit.

Each Key Function Holder prepares a report to the board(s) on a quarterly basis. The senior management is organized in a Management Team that has been expanded to include the management.

The detailed responsibilities for each Key Function Holder are documented in the Governance Map which is reviewed and approved by the Management Board on a regular basis. This ensures that each Key Function Holder has the necessary authority and operational independence to carry out their role. On an annual basis, as part of the Business Planning process, each Key Function Holder will ensure that they have the necessary resources to deliver their responsibilities. The Business Plan is reviewed by the Management Board and challenged by Chesnara's Group Finance.

The responsibilities of each of the Key Function Holders are summarised as follows:

- The Risk Manager attends the Management Team meetings and the Audit & Risk Committee and has responsibility for the development and review of the risk management system, governance system and internal control system, implementation of risk management processes and systems and reporting on the risk profile of the business;
- The Actuarial Function holder attends of the meetings of the Management Board. The Actuarial Function Holder has an extensive range of tasks: to oversee all actuarial aspects of strategy and financial management and to have an oversight of the appropriateness of methodologies, models, bases and calculation of technical provisions within the Company, to assess the sufficiency and quality of the data used in calculations of technical provisions, reporting on the reliability and adequacy of the calculation of technical provision and to advise any concerns regarding the sufficiency of financial assets to meet liabilities to policies, the modelling of risk capital for the ORSA, including advising on suitable stress and scenario testing, reinsurance arrangements and to oversee the investment strategy and asset-liability matching;
- The Head of Internal Audit attends the meetings of the Management Board and the Audit & Risk Committee at which the Internal Audit Report and/or the Internal Audit Plan is on the agenda. The Head of Internal Audit reports directly to the Chair of the Audit & Risk Committee and is responsible for providing reasonable, but not absolute, assurance to the Management Board and the Audit & Risk Committee about the adequacy and effectiveness of the internal control environment including procedures, controls, and policies and for the establishment of an annual audit plan;
- The Compliance Officer attends the meetings of the Management Board and the Audit & Risk Committee at which the Compliance Plan and/or the Compliance Report is on the agenda. The Compliance Officer is responsible for ensuring that the Company fulfils its regulatory, legislative, and corporate standards and obligations in a cost effective way, and for assessing the adequacy of measures taken to prevent noncompliance. The Compliance Officer is responsible for upholding anti Money Laundering measures.

B.1.2 Material changes in the system of governance

There were no material changes in the system of governance in 2023.

B.1.3 Information on the remuneration policy

Overview

The employees of Waard Leven, as well as Waard Schade, are all employed by Waard Verzekeringen B.V.

The remuneration policy is a Waard Group policy, applying to the employees of Waard Verzekeringen who are indirectly employees of Waard Leven and Waard Schade.

The remuneration policy is intended to set out rules and principles for remuneration, taking into account relevant regulatory requirements and guidance. In particular, it aims to ensure the:

- Implementation of appropriate remuneration practices and activities;
- Implementation of suitable reporting and monitoring routines, to ensure effective control of remuneration activities and manage the associated risks.

The remuneration package for staff is composed of fixed elements only. Fixed remuneration refers to remuneration, the amount and size of which is determined in advance. The fixed remuneration package consists of:

- Basic salary;
- Taxable benefits;
- Pension benefits.

Members of the Audit & Risk Committee and Supervisory Board are paid a fixed fee.

Further details of the fixed remuneration are shown in Table 8 below.

Subject area	Subject description
Basic Salary Criteria	<p>In setting salaries for new roles or reviewing the salaries for existing roles, some of the following factors are taken into account, when considered appropriate:</p> <ul style="list-style-type: none"> - An assessment of the responsibilities of the role and the experience and skills of the job holder; - The Company’s salary budgets and the financial results; - The jobholder’s performance; - With the use of periodic benchmarking exercises, the external market for roles of a similar size and accountability; - Inflation and salaries across the Company and the market. <p>Where a new appointment is made, pay may be initially below that applicable to the role and then may increase over time subject to satisfactory performance.</p>
Basic Salary Review	Salaries are usually reviewed annually with consideration to the above factors. There may be reviews and changes during the year in exceptional circumstances (such as new appointments to executive positions, or material changes in the scope and/or responsibilities of an existing role).
Pension benefits limits	All staff are eligible to participate in a defined contribution pension scheme, or other approved scheme, with employer contributions.

Table 8 – Overview of remunerations

The remuneration policy is audited on annual basis by the Internal Audit Function.

Business strategy consistency

The Company recognises that remuneration practices and principles influence the management of the business and desires that its practices promote sound, prudent and effective management of its business and does not encourage risk-taking that exceed the risk tolerance limits of the Company.

B.1.4 Material related party transactions

The below provides information on transactions that the Company has entered during the year with affiliated parties:

Waard Verzekeringen B.V., was a 100% subsidiary of Chesnara Holdings BV, is the centralised employer and service provider of the Waard Group companies. The following amounts which effectively comprise an arm’s length recharge of expenses (including remuneration of the Management Board) were re-charged for the respective periods.

2023	2022
€'000	€'000

Recharge of expenses from Waard Verzekeringen BV	2,517	611
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Table 9 – Transactions with affiliated parties

Other transactions

There were no transactions between the Company and any persons who exercise a significant influence on the Company, or who are members of the administrative, management or supervisory body. Supervisory directors are remunerated by the Company.

B.1.5 Assessment of the adequacy of the system of governance

The system of governance is set up in accordance with Solvency II guidelines and the design is assessed on an annual basis. Due to the business being in run-off, no major changes are expected to occur in the near future.

The Management Board reviews effectiveness of the system of governance on a periodical basis. These reviews comprise the following:

- An annual attestation by management of the Company with regards to the proper functioning of policies within the Company;
- Review of the quarterly reporting of the Key Function Holders (Risk Manager, Actuarial Function, Compliance), which reporting provides insight into functioning of policies and guidelines, both in terms of adherence as in terms of breaches and incidents;
- Incidental reviews requested by regulators, which entail a detailed review of certain aspects of the governance framework;
- Obtaining feedback from the Internal and External audit functions with regards to their opinions on the functioning of the governance framework. During the year this feedback was provided at various occasions during the Audit & Risk Committee meetings and the meetings of the Management Board.

Key Function Holders and Internal and External audit have direct access to the Audit & Risk Committee and the Supervisory Board to share any concerns they may have with regards to the governance framework.

In the reporting period, the Company was requested to attest adherence to governance policies to the Chesnara Audit & Risk Committee.

B.2 Fit and proper requirements

The Company has a fit and proper policy that has been signed off by the Management Board and it addresses that appropriate resources are in place to deliver effective and efficient management of the business, The Company takes appropriate steps to ensure that (senior) managers, individuals responsible for key functions and those working in key functions are fit and proper.

The requirements are proportionate to the role and responsibilities of the various positions. Checks are made on initial appointment and are re-assessed when deemed required. The results of all assessments are reported to the Management Board. For new employees, these tests included some or all of the following:

- Criminal record checks;
- Credit referencing;
- Curriculum Vitae detailing skills, qualifications, and experience;
- Continuous professional development / performance management framework;
- Membership of professional institutes;
- The recruitment and selection process in place at the time of appointment; and
- Permanent education requirements, which are reported on quarterly and monitored by the Compliance Officer.

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

B.3.1 Risk management system

Overview

Waard Leven has an established risk management system which incorporates:

- Risk management strategy;
- Risk management and internal control policies;
- Risk management processes;
- Control activities.

In addition, it includes:

- Risk management system review and development;
- Reporting and disclosure;
- Independent assurance;
- Regulatory compliance monitoring.

The risk management system

The risk management system supports the identification, assessment, and reporting of risks along with coordinated and economical application of resources to monitor and control the probability and/or impact of adverse outcomes within the board's risk appetite or to maximise realisation of opportunities



Figure 4 – The risk management system

The risk management system applies to all categories of risk, and unless stated otherwise, the following information applies for each separate risk category.

Risk universe

The Company has a defined categorisation of risks that are relevant to its business model and strategic focus, as shown in the following diagram. The Company recognises that risks within each of these categories need to be identified, measured, monitored, managed, and reported upon on a continuous basis.

Level 1	Insurance	Market & Liquidity	Counterparty Default	Strategy	Strategic Acquisition	Operational	Information Systems
Level 2	Expense	Interest Rates	Reinsurer	Design	Capability	Conduct	Infrastructure Failure
	Mortality	Equity	Outsourcer	Execution	Execution	Regulatory Breach	Cyber Attack
	Morbidity	Property	Supplier	External Change	Benefits Realisation	People	Policyholder Data Security
	Longevity	Credit Spread	Bank Deposit	Internal Change		Execution/ Process	Corporate Data Security
	Income Protection	Market Concentration	Corporate			Financial Crime	
	Disability	Currency	Government (Domestic)			Physical Resources	
	Lapse	Liquidity	Government (Non-domestic)			Industry Standards Breach	
	Unemployment	Inter-dependency	Derivative			Business Continuity Plan Failure	
	Revision	Reinvestment	Counterparty Concentration				
	Catastrophe						

Table 10 – Overview of the categorisation of risks

Risk management strategy

The primary objective of the Company’s risk management system is to:

- Maintain solvency and liquidity of Waard Leven whilst delivering continuity of business services;
- Fair customer outcomes; and
- A regulatory compliant service to customers and making dividend payments to Chesnara Plc in line with expectations.

The Company has a Management Board approved risk appetite statement and risk tolerance limits for each of the categories of risk. This is fully consistent with and aligned to the Chesnara group’s risk appetite statement. The aim of the risk appetite statement and risk tolerances is to enable the Management Board to articulate the amount of risk the Company is willing to take and provide boundaries to when potentially too much, or too little, risk is being taken. This provides guidance to enable management to take on the “appropriate” risks, and the “appropriate” amount of risk as part of the pursuit of its strategic objectives.

Business decision making

So that all business decisions are risk- informed on a forward looking basis, the Company has established processes so that:

- Forward looking risk analysis is an integral part of business planning;
- Risk assessment is made for all significant change proposals made to the board;
- Risk analysis, including ongoing identification and monitoring of implementation risks is an integral part of project governance; and
- Own Risk and Solvency Assessment is considered at least annually by the board, in order to ensure that the board is aware of the risk profile of the business prior to decision making, and to consider whether any of the matters, they discussed, or decisions they have taken, have a material impact on the ORSA.

Risk management policies

The Company has risk management policies that are reviewed at least annually and approved by the Management Board, that cover all the risks that the organisation is exposed to. These include:

- Reserving policy;
- Asset and liability management policy;
- Investment policy;
- Insurance risk policy;
- Reinsurance policy;
- Concentration risk policy (part of investment policy);

- Liquidity risk policy (part of investment policy);
- Operational risk policy;
- IT/Data Security policy;
- Outsourcing policy;
- Conduct risk policy;
- Business continuity policy;
- Capital management policy.

These policy documents clearly articulate the principles and practices for the management of risks including:

- An articulation of objectives;
- Reporting procedures;
- Roles and responsibilities; and
- Processes and key controls in a manner that is consistent with the business strategy.

Each policy document is owned by an allocated member of the Management Board who is responsible for attesting policy compliance on an annual basis.

Climate risks

Climate risks can be divided into physical and transition risks. Physical risks are related to the physical consequences of climate change, such as shifts in storm patterns and an increase in heat, hail and gusts, extreme droughts and floods, among others. Transition risks are related to the transition to a lower-carbon and more environmentally friendly economy, which reduces the value of investments in CO₂-intensive and polluting sectors and, for example, changes in climate and environmental policies, technology, or consumer and market sentiment.

Every year Waard investigates the possible impact of physical risks related to the investment in mortgages in the ORSA. Transition risks are governed by the guidelines and limits in the investment policy.

Risk management processes

Waard Leven maintains a risk register, which is a comprehensive list of risks which might create, enhance, accelerate, prevent, hinder, degrade, or delay the achievement of its objectives, along with documentation of the key controls in place to manage the risks. The continuous maintenance and update of the risk register is the responsibility of line-management (1st line). This is supported by a quarterly maintenance process and uses the risk universe to ensure completeness of capture. The risk register is considered at both Audit & Risk Committee and Management Board level.

In the identification of risks the Company considers:

- Those risks that management are aware of and understand;
- Those risks that management are aware of but do not yet fully understand because of their changing nature including new risks that emerge during the period and forward looking risks that may emerge in the future.

For each of the risks contained within the risk register, the risk owner makes an assessment of the risks both with and without controls applied. The assessment is undertaken both in terms of likelihood and consequences. Consequences of each risk are considered in terms of:

- Impact on customer;
- Impact on processes or outsourced service;
- Impact on capital;
- Impact on cash outflow;
- Impact on reputation; and
- Impact on regulatory relationship.

On an ongoing basis the Company scans the horizon and identifies potential risk events (including political; economic; sociocultural; technological; environmental and legislative) and assesses their proximity and their potential impact.

Waard Leven has established processes and procedures for the management of crystallised risks. Line management and Key-function-holders report all significant incidents to the Compliance function. These incidents are logged along with any in house incidents and an action plan for treating the risk is defined and agreed. At least annually, trend analysis is undertaken to establish whether there are any significant weaknesses in controls leading to systemic incidents.

Risk management information and communication

The Company produces regular reports to support the Management Board with its monitoring of the risk management of the business:

- On a quarterly basis, the Risk Manager produces a report which includes information on the principal risks, information on any emerging risks, tracking of the risk profile versus risk appetite, information on crystallised risk events and the tracking of key metrics to support the continuous solvency monitoring framework. The quarterly risk report is reported to the Management Board and the Audit & Risk Committee;
- On an annual basis, or more frequently if required, the Company produces an ORSA report, detailing the qualitative and quantitative results of the own risk and solvency assessment, including stress and scenario testing, and the conclusions drawn from those results. The ORSA is reviewed and approved by the Management Board and the Supervisory Board;
- On an annual basis, or more frequently if required, the Company produces a report providing information on the adequacy and effectiveness of the risk management system;
- On an annual basis, risk policy owners provide an attestation of policy compliance, with supporting evidence where required. The results of this activity are summarised by the risk function and reported to the Chesnara group Audit & Risk Committee;
- On an annual basis, the risk management function assesses the effectiveness of the controls and the proportionality of the Waard risk management framework.

Risk management responsibilities

The Management Board is responsible for the adequacy of the design of the risk management system and ensuring it is consistent with the practices defined by the group. All significant decisions for the development of the risk management system are the board's responsibility. This includes developments in risk strategy, developments in risk management policies, and development in risk management tools, methodologies, and processes.

The Risk Manager is responsible for providing management information to the Management Board regarding the effectiveness of the risk management system and reporting to the board regarding the risk profile of the Company. The Risk Manager has direct access to the Management Board and Supervisory Board.

B.3.2 Process undertaken to conduct an Own Risk and Solvency Assessment

Overview

As part of its risk management framework, the Company conducts an Own Risk and Solvency Assessment (ORSA). This assessment considers the operating environment and wider risks to which the Company is exposed and provides a forward looking assessment of the potential risks and capital impacts, within the wider context of the Company's business strategy.

The aim of the ORSA is to support the board(s) in making risk based strategic and operational decisions, as well as understanding the impacts on capital, and potential dividend paying capacity to Chesnara plc, if more extreme scenarios were to occur.

The ORSA follows a defined ORSA process which is documented in the ORSA policy. This policy is reviewed on annual basis and approved by the Management Board. The ORSA process is described in more detail below and incorporates several key processes to manage risk and capital.

The output from the ORSA process is an ORSA report, which is produced on an annual basis, or more frequently if there is a material change in the risk profile. The ORSA report is reviewed by the Key Function Holders, approved by the Management Board, assessed, and discussed in the Audit & Risk Committee.

Figure 5 provides a summary of the overall ORSA process. Key stages of the process have been further described below the diagram.

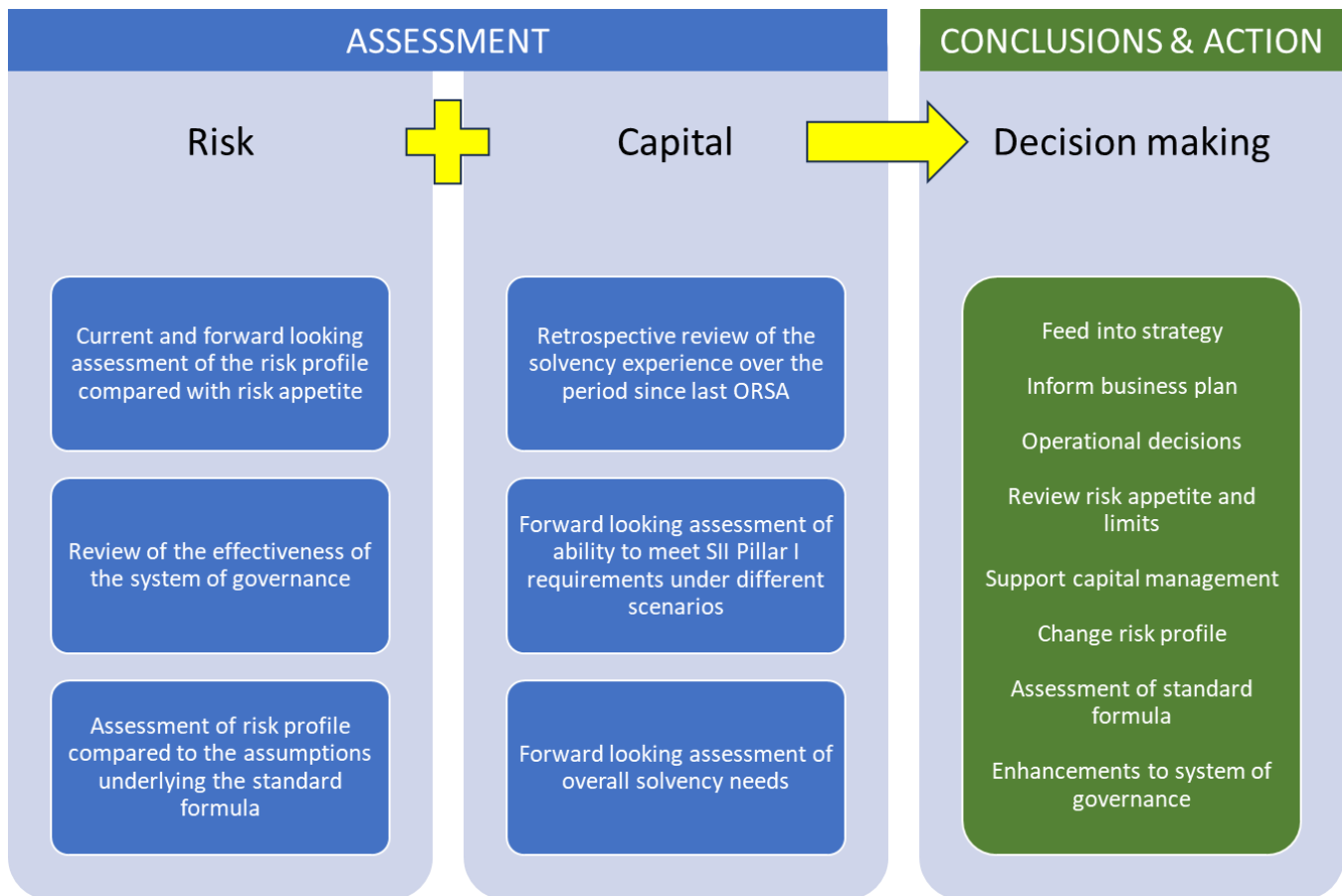


Figure 5 – Overview of the ORSA process

Assessment of risk profile compared with risk appetite

The ORSA report includes:

- A summary of the principal risks identified by risk owners and the controls in place to limit the potential impact or likelihood of occurrence;
- A current and forward looking review of the risk profile compared with the board of director's approved risk appetite and tolerance limits;
- A summary of any material changes in the risk profile in the period since the last ORSA report;
- An illustration of the risk capital split by major risk;
- A summary of the emerging risks.

As part of the risk management process, the risk profile is regularly reviewed, updated, and monitored against risk appetite, and communicated to the Audit & Risk Committee at least quarterly.

Review of the effectiveness of the system of governance

The outcome of the review of the systems of governance is documented, together with any plans to further develop the governance framework. The scope of the review is approved in advance by the Management Board each year.

Assessment of risk profile compared to the standard formula

The Company currently applies the Standard Formula to calculate the SCR under Pillar 1 solvency requirements.

An annual assessment is performed to evaluate whether the Company's risk profile is significantly different to the risk profile assumed by EIOPA when deriving the standard formula approach. The results of the assessment are reviewed and approved by the Management Board. The assessment consists of a qualitative review, with any potentially significant differences further evaluated using quantitative approaches.

In the event of a material change to the risk profile, the appropriateness of the standard formula would need to be reassessed.

Retrospective review of solvency experience

The ORSA evidences continuous compliance with regulatory solvency requirements by reviewing the solvency position during the period since the last ORSA.

The Company formally monitors its regulatory solvency position at least quarterly, and this is reported to the Audit & Risk Committee and the Supervisory Board by the CFO and summarised respectively in regular risk and ORSA reports. More frequent estimates may also be performed to identify any material interim movements in the solvency position if the need arises, for example in the event of any significant market movements, or if the solvency position materially weakens.

To provide continuous monitoring of the solvency position, a set of agreed risk indicators are monitored, against the trigger levels that have been agreed by the Management Board. Progress against these trigger levels is reported in the risk and ORSA reports. The risk indicators and trigger levels are reviewed by the Management Board annually.

Assessment of ability to meet regulatory solvency requirements

From a forward looking perspective, the ORSA evidences continuous compliance with regulatory solvency requirements by projecting the expected capital position, taking into account the business plan, dividend payments and the capital management policy. The projections also consider the impact of a range of pre-specified stress and scenario tests. The results are summarised in the ORSA report.

The business planning projection period, the principles of the projection methodology and material projection assumptions, will be approved in advance by the Management Board, and summarised in the ORSA report.

The ORSA also considers the results of the reverse stress testing analysis, identifying potential events that could cause the business model to fail. The definition of business model failure is agreed in advance by the Management Board and reviewed on an annual basis.

Forward looking assessment of overall solvency needs

This section of the ORSA reviews the overall solvency needs of the Company over the business planning horizon, taking into account of factors such as:

- Risk Appetite: Whether the Management Board wishes to hold capital over and above the regulatory risk capital requirements;
- Limitations within the regulatory calculation of own funds: There may be aspects of the calculation of own funds that the Company would wish to alter for an accurate internal assessment;
- Appropriateness of the standard formula to calculate capital requirements: Conclusions from the comparison of the risk profile with the assumptions underlying the standard formula;
- Future solvency needs taking account of the business plan: Whether the solvency projections or sensitivity analysis has resulted in any desire to hold additional capital, taking into account the future business plan, and expected dividend paying profile, as well as potential future changes in its risk profile due to the business strategy or as the economic and financial environment;
- Non-quantifiable risks: Whether the Management Board wishes to reserve any additional capital to allow for risks that are more difficult to quantify, and hence may not have resulted in explicit capital requirements;
- Nature and quality of own funds: The nature and quality of own fund items or other resources appropriate to cover the risks identified.

ORSA report – decision making

The output from the ORSA process is an ORSA report, which is produced on an annual basis, or more frequently if there is a material change in the risk profile. The ORSA report is based on outputs from a number of different sub-processes within the wider risk management framework, many of which have been reviewed and approved by the board. These include:

- Quarterly reports on technical results from the Actuarial Function Holder;
- Quarterly risk reports from the Risk Manager;
- Quarterly reports from the Compliance Officer;
- Methodology and Assumptions paper;
- Stress and Scenario Testing Analysis and Results;
- Reverse Stress Testing Analysis;
- Business Planning Outputs including Capital Projections;
- Risk Appetite and Risk Tolerance Reviews;
- Continuous Solvency Monitoring;

- Standard Formula Assessment;
- System of Governance Review.

The ORSA report is mostly prepared by the Finance and Actuarial department, is reviewed by Key Function Holders, and then approved and respectively reviewed by the Management Board and the Supervisory Board. As a minimum the ORSA report covers all the areas described in the ORSA process, and includes observations, conclusions, and recommendations to assist senior management and the Management Board in strategic and business planning, and to support risk based strategic and operational decisions.

Following approval by the Management Board, challenge by the Audit & Risk Committee and review by the Supervisory Board, the ORSA report is submitted to De Nederlandsche Bank.

B.4 Internal control system

B.4.1 Description of internal control system

Overview

The Company has an established internal control system. The internal control system provides additional assurance towards the achievement of its objectives in operational effectiveness, reliable financial reporting, and compliance with laws, regulations, and policies. It comprises defined policies, processes and control activities that are independently tested and reviewed by control functions according to the three lines of defence model.

In establishing the system of internal control, the Management Board has regard to the significance of relevant risks, the likelihood of the risks occurring and the costs of mitigating the risks. It is therefore designed to manage rather than to eliminate the risks which might prevent the Company meeting its objectives and accordingly, only provides reasonable but not absolute assurance against the risk of material loss.

The internal control system can be described using the diagram below.

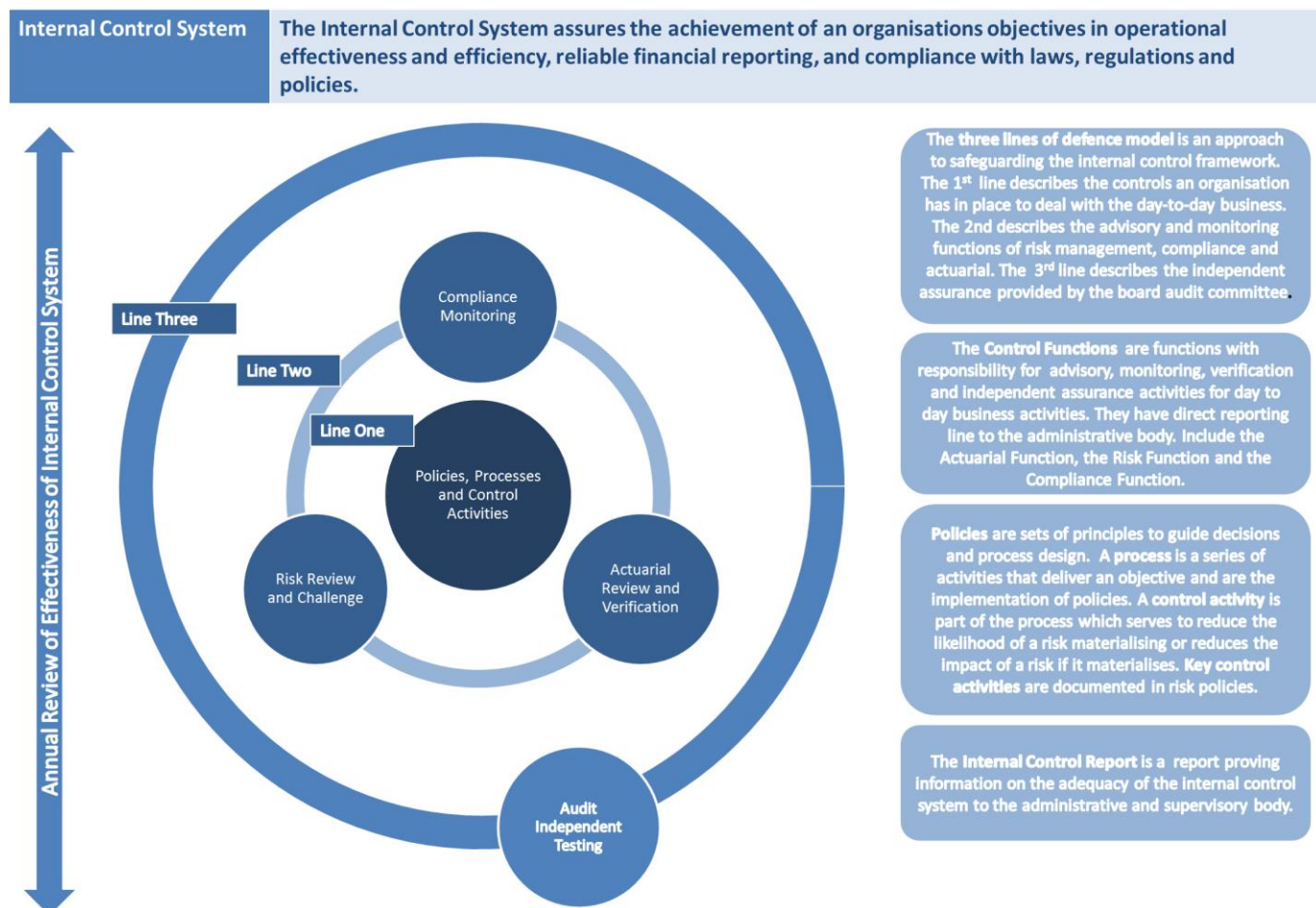


Figure 6 – Overview of the internal control system

Three lines of defence model for internal control

The Company operates a “three lines of defence model” for the management of risks and internal control which is adapted and applied for a company of the size and complexity of Waard Leven. This is illustrated in the diagram below. Broadly this means that the risk function is responsible for providing a framework for risk management and internal control, the business functions are responsible for implementing the framework and the internal audit function is responsible for independently validating the appropriateness of both the design and its implementation. The actuarial and compliance functions also provide second line challenge, oversight, and assurance.

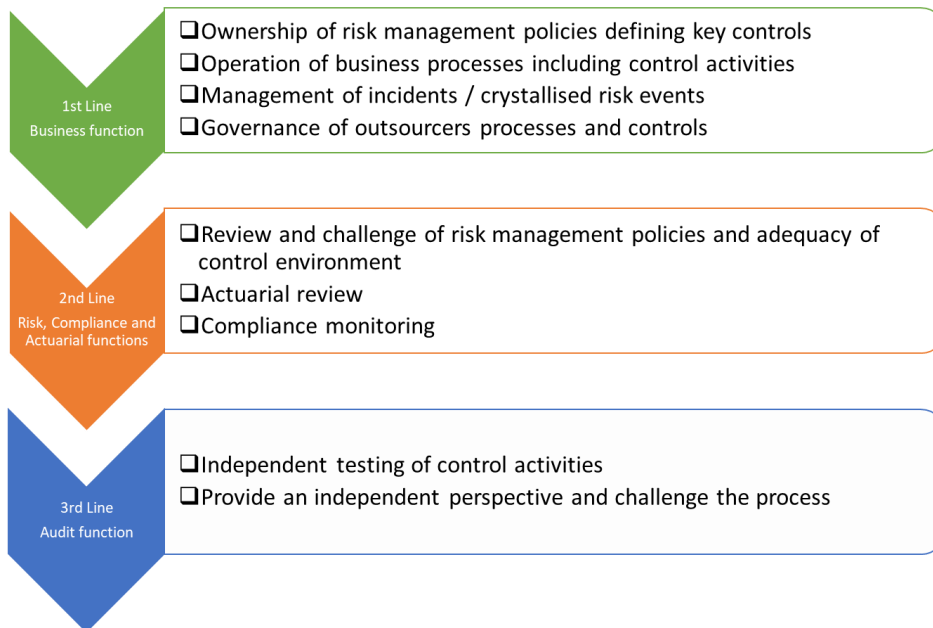


Figure 7 - Overview of the three lines of defence

Internal control system 1st line procedures

The Company has an established process for undertaking an annual review of the adequacy of its internal control system. A key component of this activity is the annual review of board policies and annual attestations regarding the adequacy of the risk management policies design and its operation. The risk management policies articulate the principles and practices for implementation of control within operational processes. Each policy document is owned by an allocated member of the Company's management (including Management Board), who is responsible for regular attestation of policy compliance. Each policy document is reviewed and approved by the Management Board on an annual basis.

This procedure enables:

- Board oversight of the key controls defined for the management of risks;
- Board oversight of the operation of the key controls defined for the management of risks;
- management to reflect upon the adequacy of the design of their key controls and the operation of their key controls;
- The risk and compliance Functions to challenge the adequacy of controls within the business and drive risk management and internal control developments;
- Audit testing.

Internal control system 2nd line procedures

Compliance monitoring

The Company has an established compliance monitoring procedure. The purpose of compliance monitoring activity is to assess the adequacy of implementation of regulations and legislation into business as usual activity. Material compliance breaches are reported to the Audit & Risk Committee.

Actuarial review and verification

The Company has an established actuarial review procedure. The purpose of the actuarial review activity is to assess the reliability of valuations and calculations of technical provisions. This includes consideration of the methodology and assumptions, an assessment of the information systems used for the valuations systems and an assessment of the quality of the data.

Financial reporting governance

The Company has installed an Audit & Risk Committee. The committee's responsibilities with regards to financial reporting governance are as follow:

- Prior to their approval by the Supervisory Board, monitor the integrity of:
 - o The financial statements; and
 - o Any regulatory return;
- To review:
 - o The significant financial reporting issues and judgments contained in the financial statements, taking into account the views of the External Auditor;
 - o All material information presented within the financial statements;
 - o The clarity and completeness of disclosure in the financial statements and the context in which the statements are made;
 - o Whether the accounting policies are in accordance with the statutory requirements and relevant accounting and financial reporting standards, and if any changes to them need to be made;
 - o To report its views to the board(s) where the committee is not satisfied with any aspect of the proposed financial reporting;
- External auditor:
 - o Review the external auditor's findings, including those contained in management letters, and management's response to them;
 - o Ensure that an appropriate audit plan is in place at the start of each annual audit cycle;
 - o Assess the effectiveness of the audit at the end of the annual audit cycle.

Risk review and challenge

The risk function is responsible for reviewing the completeness and appropriateness of risk and control policies (including the identification of risks and effectiveness of controls) and provides oversight to the adherence of line 1 to the agreed standards in the board-approved policies.

Internal control system 3rd line procedures

Internal audit

The Company has an established audit universe. The audit universe equates to a complete list of processes which are intrinsic to our operating model. The processes are prioritised on an annual basis with consideration to (a) strategic changes; (b) operational changes; (c) known risks intrinsic to business as usual process; (d) elapsed interval since last monitoring activity (a cyclical review of key controls is adopted to ensure that the interval is not excessive) and (e) availability of trustworthy, independent assurance reports from alternative sources.

Annual audits plans are discussed in the Audit & Risk Committee for consultation.

Gaining an understanding of the process and its key controls involves observing and following the process flow and the controls applied. The understanding of the process is derived from enquiries of appropriate personnel and reference to policy and process documentation.

Tests of operating effectiveness of individual controls include tests that are considered necessary in the circumstances to evaluate whether those controls, and the extent to compliance with them, were sufficient to provide reasonable, but not absolute, assurance that the specified control objectives were achieved during the reporting period.

At the end of each audit assignment a formal report is issued which details all the issues identified and recommendations to address them, the report also details management response to the points and agreed actions to address deficiencies.

External Audit

Ernst & Young Accountants LLP is the external auditor of the Company. It is the responsibility of the Audit & Risk Committee to assess the effectiveness of the external audit process and it is responsible for overseeing the relationship with the external auditor.

The responsibility of the Audit & Risk Committee includes:

- Reviewing management's assessment of the performance of the external auditor for the previous financial year;
- Reviewing the re-appointment of the external auditor for the current financial year;
- Reviewing and approving audit and non-audit fees;

- Reviewing and challenging the external auditor's plan for the audit of the financial statements which includes an assessment of key risks and confirmation of auditor independence;
- Reviewing reports produced by the external auditor regarding matters arising from the external audit process;
- meeting the external auditor without the Management Board being present;
- Reviewing the nature and volume of non-audit services provided by the external auditor to ensure that a balance is maintained between objectivity and value added;
- Reviewing the policies and procedures relating to fraud, whistle-blowing, and employment of ex-employees of the external auditor.

Independence is achieved by formal membership of Supervisory Board members, with attendance from the relevant executive team and risk management, compliance and internal audit and external audit representatives.

Internal Control System reporting

The Company's board is responsible for monitoring the Company's internal control system and carrying out a review of its effectiveness. To assist the board in its duties, the board commissions the risk function to produce an annual internal control report.

This report contains:

- Key Function Holders' statement of the adequacy of the risk management and internal controls system;
- Description of monitoring and reporting activity undertaken in the reporting period;
- Results of monitoring activity including audit findings and attestations;
- Description of any significant changes to the control environment over the reporting period.

B.4.2 Implementation of compliance function

The compliance function is independent and objective in relation to the operational activities of the Company.

The Compliance Function operates to a Compliance Policy and a Compliance Plan. The policy covers the scope of regulations covered, the responsibilities of the compliance function and reporting duties. The Compliance Plan outlines the scope of work to be completed in each calendar year. The Compliance Policy and plan will be reviewed by the Compliance Officer each year and any changes will be approved by the Management Board.

The Compliance Function as a second line functions assists Waard's senior management (the first line) in the responsibility to act with the understanding that integrity is the highest standard to be met, not only with all of Waard's stakeholders and external contacts, but also internally with respect to colleagues and compliancy with laws and regulations both in letter and in spirit.

The Compliance Function helps Waard to play by the rules. The function advises and challenge the management and employees to ensure that Waard is up to standard and acts in compliance with all relevant laws and regulations, Waard's Integrity code and internal policies.

The objectives of the Compliance Function are to ensure the development of an effective, efficient and embedded Compliance system and processes. Which include:

- Assist Waard's board and senior management in preparing a systematic integrity risk analysis (SIRA);
- Assessment of the adequacy of measures adopted by the business to prevent non-compliance;
- Monitor compliance to regulations and legislation across Waard;
- Monitor and report upon new regulatory developments and consultations which affect Waard's book of business.

It also aims to ensure that appropriate systems and procedures are put in place to ensure that decision taking within the organisation are within the Regulatory risk appetite.

The Compliance Officer provides the Management Board on a quarterly basis a more detailed compliance report including details of regulatory interactions and changes in regulations. These reports are also provided to the Supervisory Board.

In particular it will include:

- Quarterly reporting to the Board;
- Quarterly review of regulatory changes;
- Quarterly review of SIRA-risks.

B.5 Internal Audit Function

B.5.1 Description of how the internal audit function is implemented

As of 2022 Waard Leven engages Mazars to perform its internal audit function. Internal Audit is an independent and objective assurance and consulting function and is guided by a philosophy of adding value to improve the operations of the Company. It assists both in accomplishing its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of the Company's risk management, control, and governance processes.

The Internal Audit activity, with strict accountability for confidentiality and safeguarding records and information, has authorised full, free, and unrestricted access to any and all of the organisation's records, physical properties, and personnel pertinent to carrying out any engagement. All employees are requested to assist the Internal Audit activity in fulfilling its roles and responsibilities. The Internal Audit activity will also have free and unrestricted access to the Audit & Risk Committee.

The Head of Internal Audit reports on findings, planning and risk-universe to the Audit & Risk Committee, at least annually.

B.5.2 Description of how the internal function maintains independence and objectivity

Independence is obtained by virtue of the fact that the function does not have any operational responsibilities, so as to ensure no conflicts of interests arise. In addition, there is regular and direct access to the Audit & Risk Committee.

Whilst being cognisant of the views of operational management, the head of internal audit has the final say on the make-up of the draft internal audit plan that is submitted to the Audit & Risk Committee for consultation.

In terms of day to day activities, the department has unrestricted access to the organisation's records, physical properties, and personnel in order to carry out their work. The scope of all the audits is ultimately determined by the Head of Internal Audit and the contents of all reports is also ultimately decided upon by the Head of Internal Audit.

The Internal audit function formally confirms its unencumbered independence to the Audit & Risk Committee, at least annually.

B.6 Actuarial Function

B.6.1 Overview

The Management Board is responsible for the appointment of the Actuarial Function Holder, who will need to meet the fit and proper requirements and hold an appropriate practicing certificate from the Actuarial Society (Actuarieel Genootschap).

The Actuarial Function Holder reports to the CEO for management purposes, but for a number of the regulated tasks, also to the Supervisory Board. The Actuarial Function Holder has direct access to the Audit & Risk Committee.

The responsibilities of the Actuarial Function Holder are defined in a Charter. As part of ensuring responsibilities are carried out in an effective and efficient manner, the Actuarial Function operates in close cooperation with the members of the Actuarial function team in the first line with the appropriate skills and experience to perform governance and group-related tasks.

B.6.2 Responsibilities

The main responsibilities of the Actuarial Function include the following areas:

Responsibility	Description
Assumptions	The Actuarial Function has to "ensure the appropriateness of the assumptions made in the calculation of technical provisions" and "compare best estimates against experience". The detailed work will be undertaken by the actuarial team under the guidance of the Actuarial Function Holder. A report will be presented by the Actuarial Function Holder to the Audit & Risk Committee and the board(s), at least annually, proposing the assumptions to be used for the calculation of the technical provisions. For all material items this will provide commentary on recent experience against existing assumptions. The Actuarial Function Holder will also propose those assumptions, where it is appropriate that they differ to those used for the solvency assessment under Solvency II, to be used in the assessment of reserves and insurance liabilities for Dutch GAAP reporting.

Responsibility	Description
Data	The Actuarial Function Holder is responsible for adherence to the data policy and adherence to it. Where data is either insufficient or not reliable, the Actuarial Function will ensure suitable adjustments are made when assessing the technical provisions. Any such adjustments which materially impact the results will be reported to the Audit & Risk Committee and board(s) via the Actuarial Function Holder's report on the results of the solvency assessment.
Technical provisions	The finance and actuarial teams in the first line will coordinate such work, including proposing the methodologies and assumptions to be used. The Actuarial Function Holder is responsible for assessing and reviewing, ensuring it meets appropriate standards and regulations. Separate to the calculation of technical provisions, validation of the technical provisions is undertaken and overseen by the Actuarial Function Holder, who reports the results of the validation exercise. This includes considering all methodologies are consistent with the requirements.
Underwriting	The Actuarial Function Holder is responsible for adherence to the underwriting policy. The Actuarial Function Holder provides the board annually with an opinion on the underwriting policy, as required by the guidelines. This is proportionate for the business, reflecting the fact that the Company does not write new business. The opinion provided considers the interrelations between the underwriting policy, reinsurance, and technical provisions. It includes, where the Actuarial Function Holder considers appropriate, proposed strategies to be followed, or changes in the existing underwriting or reinsurance policies. It also considers likely financial impact of any material planned changes in terms or conditions of contract.
Reinsurance	The Actuarial Function Holder is responsible for adherence to the reinsurance policy for the Company. The Actuarial Function Holder provides the board annually with an opinion on the reinsurance policy, as required by the guidelines. The opinion provided considers the interrelations between the underwriting policy, reinsurance, and technical provisions. It also includes how the reinsurance is likely to respond under stress situations, commentary on the consistency of the policy with the risk appetite and an indication of the effectiveness of the reinsurance in reducing volatility
Risk management	The Actuarial Function Holder and the Actuarial Function in the 1 st line support the Risk Manager with the risk management for the Company. Specific tasks reasonably expected to be undertaken by the Actuarial Function, include stress testing to support the delivery of Own Risk and Solvency Assessment (ORSA).

Table 11 – Overview of the responsibilities of the Actuarial Function

Procedures are in place for all of the above areas detailing the considerations taken when performing the tasks.

The Actuarial Function holder reports to the Management Board and the Audit & Risk Committee every quarter on the results of each validation of technical provisions and 2nd line review on the calculations, including commentary on any material changes in data, methodologies, or assumptions. At least annually the AFR includes coverage of the validation process and quality of data. The AFR report also considers any deficiencies in the process or output and makes recommendations, in such cases, on how improvements can be introduced. Separate papers are also presented on assumptions and methodologies used, and, on the results of the annual review of the underwriting and reinsurance policy.

B.7 Outsourcing

B.7.1 Overview

Outsourcing is an arrangement of any form between a firm and a service provider by which that service provider performs a process, a service or an activity which would otherwise be undertaken by the firm itself.

For Waard Leven outsourcing applies to the administration of the portfolio of savings mortgages, which is outsourced to Quion, the management and administration of the pension policies to Appel Pensioenuitvoering BV, part of the IT structure in the cloud to ACCIT and the Internal Audit function which is outsourced to Mazars.

Outsourcing is monitored based on contracts and Service Level Agreements and periodically assessed and discussed. Risk management reports to the Management Board on the outsourcing performance on a quarterly basis.

Based on risk analyses and/or (if available) an ISAE 3402 type II statement, Waard Leven assesses the quality of the processes at the service providers. Waard Leven discusses the quality of the services with the service provider at least once a year.

The Company's operating model is to maintain capabilities on all of its core activities in-house and not to outsource, but to use external service providers where this makes economic sense or where it would not be possible to build up sufficient scale.

For the Company this mainly translates in using external parties for:

- IT services and information security;
- Asset management services;
- HR support and salary administration.

The Internal Audit key function is outsourced.

The Company recognises its accountability for critical service providers and has a defined governance model for hired critical services and functions and services which are outsourced. Critical services can be defined as "services that are vital for the ongoing operation of the business". The Company has the following external providers of critical services:

- Quion Groep B.V. for administration savings mortgages;
- Appel Pensioenuitvoering B.V. for management and administration of pension policies;
- Giant B.V. for IT services;
- ACC ICT B.V. for IT services;
- CCS B.V. for the provision of application management;
- Eurofins for information security;
- Coin B.V. for recovery management and fallback location;
- OHV B.V. for Asset Management services.

The Company also employs external (independent) workers and firms in IT-security and the actuarial area. These workers are however managed as employees who form an integral part of the Company, not as outsourcers that provide a service under a service level agreement.

B.7.2 Responsibilities

The Company recognises its accountability for critical service providers and has a defined governance model for hired critical services and functions and services which are outsourced. Critical services can be defined as "services that are vital for the ongoing operation of the business".

Overall accountability for externally hired services and outsourced services is retained within the Company. The maintenance of service and performance standards is governed through a strict regime of service level agreements and through continuous monitoring of performance. This includes responsibility to ensure that outsourced activities are carried out in accordance with laws, regulations and industry best practice standards and adhere to the principles and practices of treating our customers fairly by delivering fair customer outcomes. All of the outsourcers' activities are The Netherlands jurisdiction contracts. Outsourced activity takes place in The Netherlands.

To ensure effective control of outsourced activities, a documented outsourcing policy is in place. The aim of this policy is to set out rules and principles for outsourcing of activities.

B.8 Any other information

There is no other material information regarding the system of governance of the Company that is deemed necessary to include.

C. Risk profile

The sections below provide a qualitative and quantitative summary of the risk profile for each category of risk. Where information is specific to each risk category it has been set out under the relevant heading. Where the information is common across all risk categories it has been included in Section C.7.

From a solo perspective, Waard Leven owned the subsidiaries as at December 31st 2023: Robein Leven, Waard Verzekeringen and Robein Effectendienstverlening. All three subsidiaries are fully owned by Waard Leven and are considered to be strategic participations in the sense of article 171 of the Delegated Regulations (EU 2015/35).

In January 2023, the insurance portfolio of Conservatrix was integrated into the Waard Leven portfolio. As per January 1st 2023 the portfolio and related assets are transferred from Conservatrix to Phoenix N.V. first, after which Phoenix subsequently merged with Waard Leven at January 3rd 2023. The acquisition had a significant impact on the risk profile of Waard Leven.

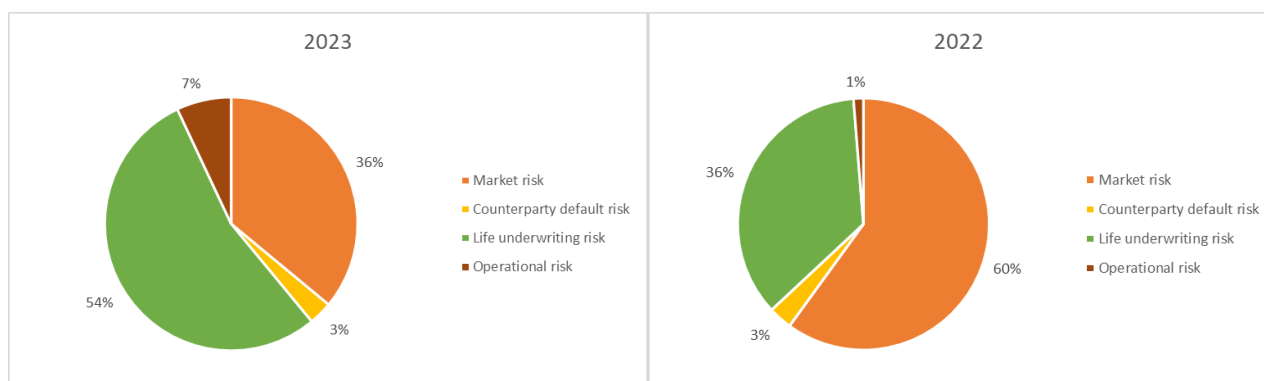


Figure 8 - Composition of risk profile of the Company

Compared to 2022, the relative share of market risk decreased considerably as the equity risk submodule decreased due to merger of Phoenix N.V. with Waard Leven and the transfer of the investments of Robein Leven to Waard Leven. The acquisition of the insurance portfolio of Conservatrix increased the Life Underwriting risk. The share of Operation Risk increased due to the increase in technical provision and expenses for Unit Linked. A further breakdown of market risk capital requirements and non-market risk capital requirements is detailed in the following sections.

C.1 Underwriting risk

C.1.1 Qualitative review of risk profile

Underwriting risk - mortality

As a life insurer, the Company carries mortality risk. Mortality risk can arise due to mortality experience being higher than expected, resulting in higher than expected claims. This can be due to trend risk (e.g., worsening experience over time) or catastrophe risk (e.g., one off events or pandemics). The Company is less exposed to anti-selection risks, given that business has been in force for a significant period and anti-selection risk is actively assessed during acquisition projects.

Underwriting risk – longevity

The Company has an increased exposure to longevity risk. With the acquisition of the Conservatrix portfolio annuity products, endowments, funeral products and pensions were acquired, which increased the longevity risk.

Underwriting risk - expense

The Company is exposed to expense risk. This arises if future expenses turn out to be higher than expected or higher than that provisions are carried for. Cost increases have different causes, such as non-recurring regulatory change costs, or recurring inflation increases. This risk can be mitigated only partially. As the portfolio of the Company is in run off, it is also exposed to the expense risks associated with a reducing book, where expenses need to be spread over a lower in force policy base.

The Company's operating model is to keep the expense base variable. In addition, the Company could seek to cooperate with sister companies in the group, to reduce costs by sharing processes, systems, and carriers.

Underwriting risk - lapse

Lapse risk arises mainly due to the loss of future income (if lapses are higher than expected) or higher future claims. Lapse risk can be driven by external events such as economic recession or reputational damage, or by internal factors such as poor customer service delivery. A significant part of the insurance policies in the Company's portfolio is linked to a financing/mortgage arrangement, so lapses also depend on how policyholders maintain or repay debt. However, in absence of external driving events, lapse experience tends to be relatively stable over time given that business has been in force for a significant period. In addition, policies financed by single premium have a low possibility of lapsing, which has a stabilising effect.

After acquiring the Conservatrix portfolio the policyholders were again provided the opportunity to lapse their policy, which was not possible during the period of the bankruptcy. As a consequence, during 2023 a catch-up effect is observed as higher than anticipated lapse was experienced for the Conservatrix-portfolio.

Underwriting risk - catastrophe

Catastrophe risk for life underwriting risk is associated with a sudden increase in mortality rates. Catastrophe risk is mitigated by the reinsurance contracts (quota share cover) for the Waard Leven portfolio.

Underwriting risk - guarantees

The Waard Leven portfolio holds a small number of policies with guaranteed returns and a small number of policies with embedded minimum guaranteed payment (in case of death or survival).

C.1.2 Quantitative review of risk profile

The following charts show the composition of underwriting risk in the current and prior year.

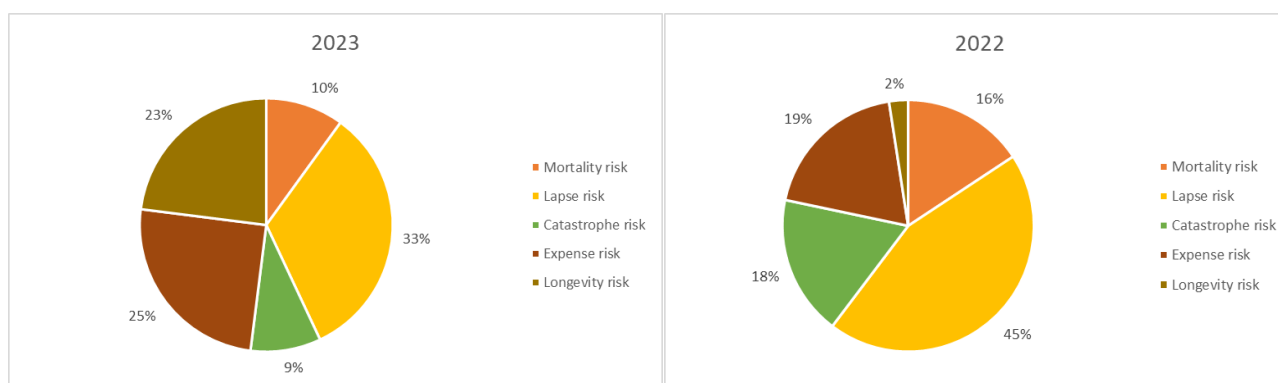


Figure 9 – Composition of underwriting risk

Compared to 2022 the composition of the Life underwriting risk changed mainly due to the integration of the Conservatrix portfolio into the Waard Leven portfolio:

- Longevity risk increased due to the addition of the Conservatrix portfolio. Longevity risk is now 23% of the Underwriting Risk of Waard.
- Mass lapse risk capital (mass lapse is the biting lapse risk) increased mainly because of the addition of the Conservatrix portfolio. The Conservatrix portfolio is mainly subjected to lapse down and therefore the relative position of the lapse risk decreased within the Waard portfolio.
- Mortality risk and Catastrophe risk capitals remains stable over the year. The decrease due to run-off was offset by the slightly increase due to the Conservatrix portfolio. Relatively both decreased;
- Expense risk capital increased compared to 2022 mainly due to the addition of the Conservatrix portfolio which is more sensitive to expense risk;

The abovementioned changes dominated other effects coming from changes in best estimate assumptions as well as changes in exposures due to portfolio run-off, movements in the interest rates, and raised inflation.

C.1.3 Risk mitigation

Table 12 sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Mortality	<ul style="list-style-type: none"> - Reinsurance programmes to manage mortality and morbidity risk; - Regular experience investigations, and industry analysis, to support best estimate assumptions and identify trends.
Expense Risk	<ul style="list-style-type: none"> - Stringent regime of budgetary control, monitored as part of the annual planning and quarterly reporting cycles; - Strong Management Board focus on successful continuation of the acquisition strategy while improving the efficiency of the operational processes, to keep the expense level in line with the portfolio development; - In case the acquisition strategy is no longer successful and the portfolio runs off, outsourcing will be considered to reduce the impact of the expense risk.
Lapse Risk	<ul style="list-style-type: none"> - Regular experience investigations to support best estimate assumptions and identify trends; - Stringent management of customer service delivery and adherence to treating customers fairly (TCF) principles.
Longevity Risk	No specific mitigation measures are in place. As a future management action the scope of the reinsurance can be expanded to also include the longevity risk.
Guarantees	The Company holds a very small number of policies with guaranteed returns and a small number of policies with embedded minimum guaranteed payment (in case of death or survival). These guarantees were priced and provided for at the time of the acquisition of this portfolio.
Catastrophe Risk	The reinsurance programmes also manage this risk.

Table 12 – Overview of risk mitigating techniques for underwriting risk

C.1.4 Risk sensitivity

The extent to what risks the financial and solvency position of the Company is sensitive to is annually addressed in the ORSA process. The stress and scenario testing which takes place in the ORSA takes into account a variety of risks. Several of these stresses are related to single risk categories. Within the 2023 ORSA the following parameters, that are part of the underwriting risk profile, were stressed.

Parameter	Stress
Mortality/Morbidity	Permanent increase by 7.5% p.a.
Lapse	Mass lapse of 20% of eligible policies within next 12 months
Expenses	Inflation increases with 100 bps
Loss of reinsurance	Loss of all reinsurance contracts

Table 13 – Stresses in ORSA

It is considered that these parameters have the most impact on the Company's portfolio of insured risks, therefore the sensitivity to changes in these parameters is paramount in assessing the Company's financial and solvency position.

Section C.7.2 provides a description of the methods used and the assumptions made.

C.2 Market risk

C.2.1 Qualitative review of risk profile

Market risk emerges in different ways. It arises directly, as a consequence of interest rate movements, equity value movements or currency rate movements but also due to a loss funds because a debtor is not able to repay its debt. This indirect risk is credit risk, which is treated in section C.3. The composition of the required capital for market risks is a consequence of the chosen strategic asset mix.

Market risk – interest

Interest risk is inherently present. Given that a major part of Waard Leven’s assets are bonds and mortgages, interest rate fluctuations will accordingly change these assets’ values. Interest rate fluctuations will also affect liabilities’ values. The overall impact of interest risk is therefore depending on how well the assets and liabilities are matched.

Given the fact that the exposure of the assets of Waard Leven is almost the same as the exposure to the liabilities of Waard Leven, the company is relative insensitive to parallel interest rate movements. However, some differences in the matching of assets versus liabilities remain when looking at different maturity buckets. The majority of the assets of Waard are located in the shorter end while long dated liabilities are not totally covered by corresponding assets.

Market risk – equity

Movement in equity values strongly depend on the status of the economy. Historically, equity shows good returns, but the risks are relatively high. Waard Leven has a portion of its assets invested in equity, in CIUs to be precise. Aside from these CIUs, Waard Leven insures benefits that are linked to equity values.

Due to the addition of the strategic participations Waard Verzekeringen, Robein Leven and Phoenix, in preparation of the integration of the Conservatrix portfolio, the share of equity risk increased significantly for Waard Leven in 2022. Please note that during 2023, once the integration finished, the strategic participation values are much lower which led to significantly lower equity risk.

Market risk – property

The Company does not invest in property.

Market risk – spread

Given the large share of corporate bonds in its asset portfolio, the Company is exposed to spread risk. It is the Company’s policy to invest in high rated bonds, therewith minimising the spread risk.

Market risk – market concentration

In its assets management, the Company is very much aware of diversifying its portfolio, to negate the risk of market concentration. The Robein portfolio was concentrated due to investments in subordinated loans. Therefore, there is some amount of concentration risk present in the integrated Waard Leven portfolio.

Market risk – currency

Aforementioned CIUs are partly invested in assets nominated in foreign currencies. Therefore, the currency risk is strongly correlated to the equity risk of the Company.

C.2.2 Quantitative review of risk profile

The graphs below show the risk profile of the Company using the risk capital requirements calculated by the standard formula as of 31 December of the current year, together with the equivalent results from 31 December of the prior year. This shows how the risk profile, and any concentrations of risk, have changed over the reporting period.

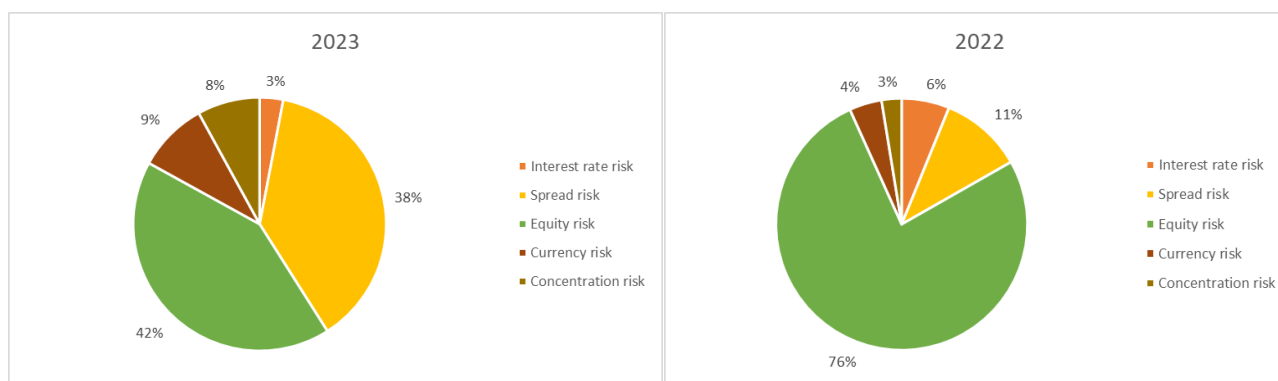


Figure 10 - Composition of market risk

The following changes in the market risk profile are noted (see also section A3):

- Due to the acquisition of Conservatrix, the spread risk increased relatively the most. With the acquisition, Waard has now a private debt fund (Tikehau) on the balance sheet which contributes to the spread risk. Also some corporate bonds with a long duration were transferred as related assets with the acquisition;
- Equity risk capital decreased mainly due to the integration of Phoenix into Waard Leven and the transfer of the assets from Robein Leven to Waard Leven;
- Interest rate risk capital decreased due to the movement in interest rates and the matching of the assets with the liabilities;
- The purchase of Spanish government bonds led to an increase in concentration risk;
- Currency risk is related to the investments in CIU's which are partly invested outside the Eurozone.

C.2.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Interest Risk	<ul style="list-style-type: none"> - Matching of assets and liabilities to reduce the impact of adverse interest rate movements; - Natural hedge resulted because of the negative technical provision of the Argenta portfolio.
Concentration Risk	Diversified portfolio of investments with smaller exposures to avoid concentration of risk.
Equity Risk / Currency Risk	Limited investments in equity.
Market Risk (general)	Established investment governance framework to provide review and oversight of external fund managers and monitor adherence to investment policy.

Table 14 – Overview of risk mitigating techniques for market risk

C.2.4 Risk sensitivity

The extent to what risks the financial and solvency position of the Company is sensitive to, is annually addressed in the ORSA process. The stress and scenario testing which takes place in the ORSA takes into account a variety of risks. Several of these stresses are related to single risk categories, but also scenarios that combine stresses of several parameters, were included. Within the 2023 ORSA the following parameters, that are part of the market risk profile, were stressed.

Parameter	Stress
Interest rate	Interest rates fall by 100 basis points
Equity	Value drops by 25%
Spread	Credit spread rise, downgrade of bonds
Combined parameters 1	Climate Change: <ul style="list-style-type: none"> - Interest down by 100 bps; - 25% equity drop; - 7.5% default of BBB bonds; - Inflation increase by 300 bps; - Credit spreads widening.
Combined parameters 2	Deep Recession: <ul style="list-style-type: none"> - Interest down by 100 bps; - Inflation increased by 300 bps; - 25% equity drop; - 10% default of all corporate bonds; - Risk neutral Return On Investment; - Credit spreads widening; - Increase of mortality by 7.5%; - Increase of lapse rates by 25%.

Table 15 - Overview of stress scenarios

It is considered that these parameters have the most impact on the Company's assets, therefore the sensitivity to changes in these parameters is paramount in assessing the Company's financial and solvency position.

Section C.7.2 provides a description of the methods used and the assumptions made.

C.2.5 Assets Invested in Accordance with the Prudent Person Principle

C.2.5.1 Prudent person principle

The Company holds assets to back its various liabilities and its shareholder funds and through appropriate investment management, the Company can achieve an appropriate level of investment return. Achieving an appropriate level of investment return is not the sole aim though, as the Company needs to manage the related risks within the tolerances set by the Risk Appetite with the aim to achieve pay outs in line with policyholders' reasonable expectations. The Company invests in assets in accordance with the prudent person principle, which means that the company only invests in assets of which it can be properly identify, measure, monitor, manage, control and report the risks.

The Company has a limited risk appetite to incur losses on investments that are held to cover policyholder liabilities. These investments are held to match the best estimate cash outflows (per duration and cash buckets) and returns on funds are of lower priority (since the liabilities do generally not hold guarantees and are discounted against the EIOPA curve.)

The Company has a limited risk appetite for liquidity risk and concentration risk. Subsequently, when setting the asset mix and determining suitable investments it is important to maintain a minimum level of deposit holdings and also to ensure that we don't invest too much with a single counterparty, for which strict limits exist.

C.2.5.2 Investment Management

The Management Board is responsible for ensuring that the controls for investment management are appropriate and effective. As such the board is responsible for the approval of the Investment policy and oversight of its operation. This includes signing off major changes in the approach used for investment management.

C.3 Credit risk

C.3.1 Qualitative review of risk profile

Credit risk is inherent to outstanding loans, as the possibility exists risk that a debtor is not able to repay its debt. In section C.2 it is mentioned that market risk can arise indirectly due to the possibility of loss of funds because of credit risk.

Credit risk – spread

In section C.2 on market risk, spread risk is treated. Although technically explained in section C.2.1, spread risk implies the possibility that the spread (the difference between the risk free interest rate and the bond's interest rate which holds a reimbursement for the risk of default) on a bond increases, which translates to a bond receiving a poorer credit status, i.e., it is assumed that the bond issuer has a higher probability of not being able to repay the loan. As mentioned in section C.2.1, it is the Company's policy to invest in high rated bonds, therewith minimising the spread risk.

Credit risk – counterparty default

In a similar background as explained for spread risk, debtors, that are not bond issuers, also have the possibility of not being able to repay loans or outstanding balances entrusted to them. In these cases, however, unlike bonds, spread is not used as an indication of default probability. Within Waard Leven, two types of outstanding balances are distinguished below.

Type 1

The Company holds significant amounts of funds with banks in The Netherlands. Counterparty default risk would emerge if one or more of these banks would not be able to repay the balances held. The risks are reduced by placing funds in banks with a sufficient credit rating and/or in (partially) State owned banks. The Company also has a reinsurance arrangement for its portfolio but the amounts receivable however are small. This risk is also reduced by having this reinsurance placed with a reputable reinsurance company with a high credit rating (RGA). With the acquisition of BND another reinsurance contract was added. SCOR has also a high credit rating, so it doesn't change the CPD very much.

Type 2

The Company invests in a portfolio of mortgages, which carry a risk of default. The risk is reduced by having access to the collateral (the properties) and by having a diversified portfolio with smaller individual sums outstanding.

C.3.2 Quantitative review of risk profile

The graphs below show the risk profile of the Company using the risk capital requirements calculated by the standard formula as of 31 December of the current year, together with the equivalent results from 31 December of the prior year. This shows how the risk profile, and any concentrations of risk, have changed over the reporting period.

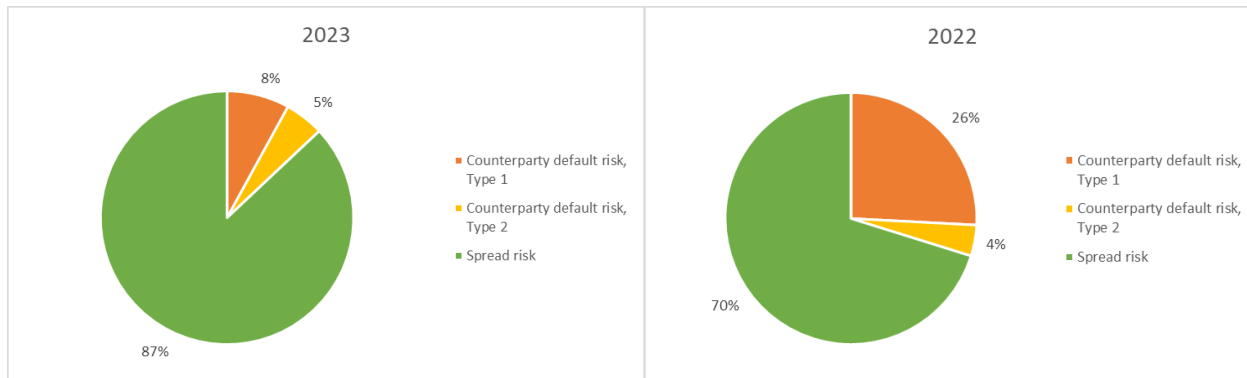


Figure 11 – Composition of credit risk

We note the following changes in the credit risk profile (see also section A3):

- The spread risk increased because of the investments in corporate bonds increased as well as investments in a private debt fund;
- The cash position (CPD type 1) decreased mainly as a decrease in cash position for Unit-linked.

C.3.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Credit and counterparty default	<ul style="list-style-type: none"> - Operation of controls which limit the level of exposure to any single counterparty and impose limits on exposure by credit rating; - Reinsurance treaties only with highly rated reinsurers.

Table 16 - Overview of risk mitigating techniques for credit risk

C.3.4 Risk sensitivity

The extent to what risks the financial and solvency position of the Company is sensitive to, is annually addressed in the ORSA process. The stress and scenario testing which takes place in the ORSA takes into account a variety of risks. Within the 2023 ORSA the following parameters, that are part of the credit risk profile, were stressed.

Parameter	Stress
Interest rate	Interest rates fall by 100 basis points
Spread	Credit spread rise, downgrade of bonds
Combined parameters 1	Climate Change: <ul style="list-style-type: none"> - Interest down by 100 bps; - 25% equity drop; - 7.5% default of BBB bonds; - Inflation increase by 300 bps; - Credit spreads widening.
Combined parameters 2	Deep Recession: <ul style="list-style-type: none"> - Interest down by 100 bps; - Inflation increased by 300 bps; - 25% equity drop; - 10% default of all corporate bonds; - Risk neutral Return On Investment; - Credit spreads widening; - Increase of mortality by 7.5%; - Increase of lapse rates by 25%.

Table 17 – Overview of credit risk stresses

Since these stresses are also part of the Market risk profile, please also refer to section C.2.4. Please note that interest rate stresses will affect the values of the mortgage portfolio and bonds, hence indirectly the spread risk and counterparty default risk, type 2. Counterparty default risk, type 1 is only affected by the loss of reinsurance stress in the 2023 ORSA.

C.4 Liquidity risk

C.4.1 Qualitative review of risk profile

Liquidity risk arises when cash outflows to policyholders or pay-out patterns deviate from expectations, or when cash outflows are not properly matched by cash inflows. The Company holds cash at banks, which is directly available. As part of the Company's investment policy, the assets that are held to cover the technical provisions, are mostly invested in bonds with the objective of matching the duration of the liabilities.

Other liquidity issues could arise from counterparty failures. The risk of counterparty default is treated in section C.3. The Company holds a substantial portion of liquid assets; therefore, liquidity risk is not considered a major risk. The breakdown of investments and the amount of available liquidities is provided in section D.1.

C.4.2 Quantitative review of risk profile

The table below provides an overview of the assets and liabilities, as well as their respective durations, as of 31 December of the current period, together with the equivalent results from 31 December of the prior year.

			2023	2022
			€'000	€'000
Assets				
Holdings in related undertakings			9,523	66,772
Property plant and equipment held for own use			25	-
Equity	CIUs		38,121	5,062
	Equities - unlisted		748	-
	Assets held for UL contracts		485,865	472,374
Bonds	Government bonds AAA	Value	154,211	18,287
		Duration	10.9	4.0
	Government bonds AA	Value	148,495	5,484
		Duration	8.7	7.1
	Government bonds A	Value	27,804	3,383
		Duration	9.1	5.5
	Government bonds BBB	Value	-	515
		Duration	-	0.6
	Corporate bonds AAA	Value	908	852
		Duration	9.0	9.8
	Corporate bonds AA	Value	5,219	5,062
		Duration	7.9	8.2
	Corporate bonds A	Value	13,570	8,471
		Duration	5.1	7.2
	Corporate bonds BBB	Value	23,696	11,726
		Duration	3.6	4.9
	Corporate bonds non-rated	Value	3,157	3,157
	Mortgages	Value	129,577	23,774
		Duration	5.3	3.7
Cash			2,914	3,744
Reinsurance recoverables			1,735	2,947
Receivables			7,554	1,917
Deferred tax assets			20,663	-
Other assets			12,377	2,530
Total assets			1,086,164	636,055
<i>Weighted average duration of assets</i>			8.1	5.0
Liabilities				
Technical provisions (net of reinsurance)	UL portfolios	Value	494,699	463,553
		RiskMargin	1,537	1,728
	Non-UL portfolios	Value	427,851	62,031
		Duration	10.2	5.7
		RiskMargin	18,322	4,201
Deferred tax liability			2,211	953
Payables			19,238	14,768
Total liabilities			963,857	547,240
Own Funds			122,307	88,815

Table 18 – Comparison of assets and liabilities for 2023 and 2022

As can be seen in this table, the Company has sufficient liquid assets. Also, the amount of Own Funds is significant, leading to the conclusion that liquidity risk for the Company is immaterial.

C.4.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Liquidity	<ul style="list-style-type: none">– Quarterly cash flow forecasts to anticipate funding requirements over the following three months and taking into account wider funding requirements from the business planning and/or Group dividend payments;– Quarterly treasury reporting showing the liquid assets held and how this compares to the minimum threshold set by the Investment policy.

Table 19 - Overview of risk mitigating techniques for liquidity risk

C.4.4 Risk sensitivity

The extent to what risks the financial and solvency position of the Company is sensitive to, is annually addressed in the ORSA process. The stress and scenario testing which takes place in the ORSA takes into account a variety of risks. Given the negligible exposure to liquidity risk, no scenarios that address this risk were pursued in the ORSA.

C.4.5 Expected profit included in future premiums

The Expected profit in future premiums as of 31 December was € 8.4 mln (prior period € 9.4 mln) and is determined in accordance with article 206, sub 2 of the Delegated Acts. The Expected profits included in future premiums (EPIFP) result from the inclusion in technical provisions of premiums on existing (in-force) business that will be received in the future, but that have not yet been received. Any premiums already received by the undertaking are not included within the scope of EPIFP. Single premium contracts where the premium has already been received are also excluded.

C.5 Operational risk

C.5.1 Qualitative review of risk profile

The Company typically carries the same operational risks as most insurers. Operational risks manifest themselves in a wide variety of forms. The Company is considered to be most exposed to IT-related risks (continuity of processing, data security, data privacy), regulation related risks (changes in regulation that increase the cost base or changes in regulations that are applied retro-actively and for which no means of compensation exists).

In the standard model, as it applies to Waard Leven, it is assumed that the solvency capital requirement for operational risk has a relationship with the technical provisions, premium volume and expenses incurred for Unit Linked type products. This can be translated to the presumption that the Company has a higher exposure to operational risks when the Company is bigger, since a higher amount of technical provisions implies a bigger volume of policies, requiring a larger operations scale (employees, management layers, processes and procedures, IT, housing, etcetera).

C.5.2 Quantitative review of risk profile

In the first section of this chapter C (see Figure 8), the graphs show the distribution of the four main risk groups that are part of the BSCR, including operational risk, calculated by the standard formula as of 31 December of the current period, together with the equivalent results from 31 December of the prior year:

- Market risk;
- Counterparty default risk;
- Underwriting risk;
- Operational risk.

From these graphs it is clear that operational risk is insignificant in the total risk profile of the Company.

C.5.3 Risk mitigation

The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Operational risk	<ul style="list-style-type: none"> - Close oversight of the performance and risk management of (IT-) service providers; - Ongoing monitoring and testing of business continuity plans; - (Preventive) safety and health measures are in place; - Availability of a fall back location; - Possibilities to work remote.

Table 20 - Overview of risk mitigating techniques for operational risk

C.5.4 Risk sensitivity

The extent to what risks the financial and solvency position of the Company is sensitive to, is annually addressed in the ORSA process. The stress and scenario testing which takes place in the ORSA takes into account a variety of risks. Given the negligible exposure to operational risk, no scenarios that address this risk were pursued in the ORSA. The loss of reinsurance stress, however, could be interpreted as an operational risk scenario.

C.6 Other material risks

Conduct risk

Aside from the risks, described in sections C.1 to C.5, one other risk is recognized. This is conduct risk. As the Company is closed to new business it is generally not exposed to the conduct risks associated with the design, sales and marketing of new products. Conduct risk however arises in respect of in-force business if the Company fails to follow regulatory standards and guidance, breaches internal standards of achieving good customer outcomes, or does not treat customers fairly. Conduct risk may also arise due a change in regulatory standards, particularly if this is applied retrospectively to policies that were set up several years ago.

Conduct risk cannot easily be quantified. The consequences of conduct risk can have sizeable impact, such as fines, court cases and reputational damages. Therefore, it is important to manage and mitigate this risk. The below table sets out the techniques used for mitigating risks and the processes used for monitoring their continued effectiveness.

Risk Category	Key Controls and Risk Mitigation Techniques
Conduct risk	The Compliance Function maintains a Compliance Plan which includes a comprehensive compliance monitoring programme. The activities of the Compliance Function are summarised in section B.4.2.

Table 21 - Overview of risk mitigating techniques for conduct risk

C.7 Any other information

C.7.1 Risk mitigation techniques and monitoring

Risk assessment

Section B.3.1 sets out the Risk Management System of the Company and section B.3.2 explains how the Company carries out its ORSA. This provides the framework by which individual risks are identified, assessed, monitored, and managed. As part of this framework, the Company quantifies the capital impact of different risks by:

- Determining the risk capital requirements using the standard formula as part of the quarterly financial reporting cycle;
- Performing additional stress and scenario testing to support the ORSA.

An assessment is carried out on an annual basis to confirm that the standard formula remains appropriate for establishing the regulatory capital requirements for the Company. This assessment is part of the ORSA report which has been approved by the Management Board and the Supervisory Board.

The quantitative and qualitative review in the previous sections showed that there have been changes in the risk profile during the reporting period.

Risk mitigation

The Company has an established Risk Management System which incorporates risk strategies, policies, control processes and reporting. The Risk Management System provides the framework to monitor and manage risks, and to assess the effectiveness of controls and risk mitigation techniques.

Within the Risk Management System there are a number of specific risk policies covering all the main categories of risk. The risk policies set out the reporting procedures, roles and responsibilities, and the processes and controls to manage risk. A summary of the key controls and risk mitigation techniques for each of the main risk areas is shown in the table below. Given that the Company is substantially closed to new business, these are not anticipated to change materially over future periods.

C.7.2 Stress and scenario testing

C.7.2.1 Overview

The Company uses the standard formula to determine its regulatory capital requirements, and these are calculated and reported on a quarterly basis. As part of the ORSA the Company performs a forward looking assessment of its ability to meet the regulatory capital requirements under a range of stresses and scenarios.

Full details of the stresses and scenarios, the methodologies used, and the results are included in the ORSA report which is approved by the Management Board and has been submitted to DNB. The stress and scenario tests are treated in the various sections on specific risks in previous sections of this chapter C.

These were selected for the ORSA based on the outcomes of management workshops, and follow the principles set out in the Group Stress and Scenario Testing Framework. As well as current known risks, the stresses and scenarios take account of forward looking and emerging risks. The stress and scenarios selected were approved by the Management Board as part of the ORSA process.

C.7.3.2 Methodology

The stress and scenario tests have been carried out with a base date of 30 June 2023.

Assets are recorded at market value, liabilities are calculated based on best estimate assumptions, with risk capital (SCR) determined in accordance with the standard formula. A Risk Margin is also held on the balance sheet to reflect the capital cost of holding capital to support the SCR.

In quantifying the financial impact of each stress, it is assumed that each stress occurs immediately after the year-end, i.e., on 1st of January 2024. After applying the stress, risk capital is recalculated in accordance with the standard formula in order to re-establish the regulatory capital requirements.

C.7.3.3 Outcomes from the stress and scenario testing

Each stress and scenario test was performed using the methodology described above, and the solvency ratio was compared to the base financial position. The conclusion of the ORSA results analysis is given below.

Ward Leven is not predominantly exposed to one type of risk, and so is well diversified to risk. Regarding single stress scenarios, the interest down and the inflation increase scenario have the highest individual impact on the solvency ratio. Overall, however, the (deliberately) extremely heavy constructed combined stress scenario of Climate change and the severe scenario of Deep Recession have the most negative impact on the solvency ratio. The scenarios have been constructed with the purpose of breaking the 100% SCR, as is also required from a Preparatory Crisis Plan perspective. As a reminder, these tests have been calibrated to beyond a 1 in 200 year probability level, and are modelled here assuming no market recovery and with no management actions applied.

Generally, in practice, negative impacts of market risk scenarios tend to unwind themselves over time whereas expense and mortality risk do not. The capital position (as measured by the solvency ratio) of Ward Leven is resilient and can withstand all the individually tested 1-40 years stress tests. However, at current solvency levels, the two extreme (1 in 200+ event) combined scenarios take the solvency ratio of Ward Leven below the minimum solvency level. These scenarios drive the solvency ratio below 100% for several years, absent market recovery or management actions, thus breaching the SCR which triggers all but the most drastic management actions of the intervention ladder. Withholding dividend is the most efficient and readily available action. However, for the Climate Change scenario additional mitigating actions are required to effectively restore the solvency level in 2023.

Current capital levels are still far above average in the industry and consequently scenarios need to exceed 1 in 200 to constitute a threat. Except for the Deep Recession and Climate Change scenarios, the remaining scenarios leave sufficient surplus in the period 2023-2026 including distributing the foreseeable dividend payments.

D. Valuation for solvency purposes

D.1 Assets

This section of the Solvency and Financial Condition report shows how the assets and liabilities of the Company have been valued, both for Solvency and Dutch GAAP reporting purposes. The below table summarises the Own funds (as measured on a solvency basis) and net assets (as measured on a Dutch GAAP basis) and provides a reference where further information has been provided.

	Solvency II value	Statutory accounts value	
	€'000	€'000	
Assets	1,086,164	1,102,320	<i>See section D1</i>
Technical provisions	-942,408	-996,143	<i>See section D2</i>
Other liabilities	-21,449	-19,238	<i>See section D3</i>
Own funds / net assets	122,307	86,939	

Table 22 – Comparison own funds between SII and Dutch Gaap

Table 23 shows separately the value of each class of assets under Solvency II, respectively Dutch GAAP (statutory accounts).

	Solvency II value €'000	Statutory accounts value €'000
Assets		
Goodwill		-
Deferred acquisition costs		-
Intangible assets	-	2,487
Deferred tax assets	20,663	32,662
Property, plant & equipment held for own use	25	25
Investments (other than assets held for index-linked and unit-linked contracts)	425,453	425,674
<i>Property (other than for own use)</i>	-	-
<i>Holdings in related undertakings, including participations</i>	9,523	11,737
<i>Equities</i>	748	748
<i>Equities - listed</i>	-	-
<i>Equities - unlisted</i>	748	748
<i>Bonds</i>	377,061	375,069
<i>Government Bonds</i>	330,510	328,884
<i>Corporate Bonds</i>	46,551	46,185
<i>Structured notes</i>	-	-
<i>Collateralised securities</i>	-	-
<i>Collective Investments Undertakings</i>	38,121	38,121
<i>Derivatives</i>	-	-
<i>Deposits other than cash equivalents</i>	-	-
<i>Other investments</i>	-	-
Assets held for index-linked and unit-linked contracts	485,865	485,865
Loans and mortgages	141,954	142,425
<i>Loans on policies</i>	-	-
<i>Loans and mortgages to individuals</i>	129,577	130,278
<i>Other loans and mortgages</i>	12,377	12,147
Reinsurance recoverables	1,735	492
Deposits to cedants	-	-
Insurance and intermediaries receivables	1,189	1,189
Reinsurance receivables	897	897
Receivables (trade, not insurance)	5,468	7,690
Own shares (held directly)	-	-
Amounts due in respect of own fund items or initial fund called up but not yet paid in	-	-
Cash and cash equivalents	2,914	2,914
Any other assets, not elsewhere shown	-	-
Total assets	1,086,164	1,102,320

Table 23 – Comparison of assets between SII and Dutch Gaap

Bases, methods, assumptions, and inputs used in asset valuation for Solvency purposes, and difference between the amounts recorded in the financial statements

In general assets are recognised and valued in line with IFRS (group) accounting principles and consequently valued at fair value. For assets valued using market value, the Company relies on quoted prices in active markets to value its investments. Quoted market prices in an active market provide the most reliable evidence of fair value and are used without adjustment to measure fair value whenever available. The criteria used by the Company to assess whether markets are active is dependent on the sufficient frequency and volume to provide pricing information on an ongoing basis.

The following table reconciles total assets between the Dutch GAAP statutory financial statements and the column statutory values in Schedule 02.01.

Total
€'000
1,101,828
492
1,102,320

Total assets in statutory accounts
Reclassification of reinsurance share of technical provisions (statutory deducted from liabilities)
Total assets in statutory column in Schedule 02.01

Table 24 – Reconciliation of assets

Further detail by material asset class is provided below.

D.1.1 Deferred acquisition costs (DAC)

The Company does not have DAC on the balance sheet. Acquisition cost was expensed when writing the business.

D.1.2 Intangible assets

The Company recognised AVIF on the Argenta portfolio acquisition of € 1.9 mln in their statutory accounts. AVIF is not recognised in Solvency II valuation. The Company recognised also goodwill on the acquisition of the Conservatrix portfolio of € 0.6 mln, which is represented as part of the intangible assets.

D.1.3 Deferred tax assets (DTA)

The Company does have valuation differences that causes a Deferred tax asset of € 32.7 mln. The bonds are valued under the fiscal regime at cost price, where under Dutch GAAP we use the fair-value approach. Under Solvency II, the valuation of the liabilities and mortgages differs from Dutch GAAP resulting in a DTA of € 20.7 mln.

D.1.4 Property (other than for own use)

The Company does not own property.

D.1.5 Holdings in related undertakings, including participations

The Company has three subsidiaries on the balance sheet at the end of 2023: Waard Verzekeringen (€ 9.9 mln), Robein Leven (€ 0.2 mln) and Robein Effectendienstverlening (€ 1.6 mln). Under Solvency II, the participation of Waard Verzekeringen decreased to € 7.7 mln. The difference in participation value is caused due to an elimination of the provision due to the consolidation of Waard Leven and Waard Verzekeringen.

D.1.6 Non linked investment assets

Basis and Methods for Dutch GAAP valuation

Non-linked assets are measured at fair value. Fair values are determined by reference to observable market prices where available and reliable. The fair value of financial assets quoted in an active market, are their bid prices as at the balance sheet date.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

No significant assumptions or judgements are made in the valuation of these assets, as they are based upon market observable inputs.

Inputs for Dutch GAAP valuation

Observable market prices.

Solvency II valuation

There are no differences between Dutch GAAP and SII for valuation purposes. Under Solvency II, accrued interest is however classified together with the outstanding principal.

Changes made to the recognition and valuation bases used or on estimations made during the year

No changes were made in the course of the year.

D.1.7 Assets held for index-linked & unit-linked funds

Basis and methods for Dutch GAAP valuation

Assets held for index-linked & unit-linked funds are measured at fair value. Fair values are determined by reference to observable market prices where available and reliable. The fair value of financial assets quoted in an active market, are their bid prices as at the balance sheet date. For collectives, fair value is taken to be the published bid price.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

No significant assumptions or judgements are made in the valuation of these assets, as they are based upon market observable inputs.

Inputs for Dutch GAAP valuation

Observable market prices. For savings mortgages the risk part follows the technical provisions, whereas the savings part is nominal values plus accrued interest.

Solvency II valuation

There are no differences between Dutch GAAP and SII for valuation purposes.

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

D.1.8 Loans and Mortgages to individuals

Basis and Methods

The mortgage portfolio consists of three types of loans (interest only, annuity redemption and savings mortgage (spaarhypotheek)) and is valued on a loan-by-loan basis. At inception, loans and mortgages to individuals are measured at fair value, which is taken to be the acquisition value. Should a subsequent indication of impairment be identified then the carrying value is adjusted to reflect the reduced value of the receivable.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

Loans and mortgages to individuals are reviewed annually for impairment.

Inputs for Dutch GAAP valuation

Current carrying value.

Solvency II valuation

Under SII, mortgages to individuals are valued at fair value (mark to model, level 2). Accrued interest is classified together with the outstanding balances.

Inputs for Solvency II valuation

For Solvency II purposes, the portfolio is valued with a discounted cash flow model, in which future cash flows are modelled into a current fair value. For this, a range of inputs is used, such as contract-end-date, interest-reset date, consumer mortgage tariffs per category (Dutch mortgage guarantee scheme (NHG), Loan-To-Value (LTV), etc.) and Conditional Prepayment Rate (CPR).

The cash flow forecast consists of:

- The redemption payment ((safely) forecasted to be the first interest reset date);
- Early voluntary redemptions;
- Interest payments until the interest reset date;
- Instalment/settlement payments until the interest reset date (annuity scheme loans);
- Contributions to the savings account (spaarpolis) until the interest reset date (savings mortgages).

These cash flows are discounted with interest rate curves that are generated from consumer tariffs for interest only loans respectively annuity loans. Each loan is discounted with a tariff that corresponds to its LTV (Loan-To-Value) ratio.

Changes made to the recognition and valuation bases used or on estimations made during the year

No changes were made during the year.

The following table reconciles the line item loans and mortgages in Dutch GAAP with the same item in the Solvency II balance sheet.

	Total
	€'000
Dutch GAAP loans and mortgages	142,425
Valuation adjustment to market value	-700
Reclassification of accrued interest from R0360	229
Reclassification of asset held for unit linked from R0220	-
SII loans and mortgages	141,954

Table 25 – Reconciliation of loans and mortgages

D.1.9 Insurance & intermediaries receivables

Basis and methods for Dutch GAAP valuation

Insurance and intermediaries receivables are measured at fair value. Fair value is taken to be the value of the receivable on initial recognition. Should a subsequent indication of impairment be identified then the carrying value is adjusted to reflect the reduced value of the receivable.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

Insurance and intermediaries receivables are reviewed annually for impairment.

Inputs for Dutch GAAP valuation

Current carrying value.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods.

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

The following table reconciles the line-item insurance and intermediaries' receivables in Dutch GAAP with the same item in the Solvency II balance sheet.

	Total
	€'000
Dutch GAAP insurance and intermediaries receivables	1,189
Reclassification of receivables (trade, not insurance) (R0380)	-
SII insurance and intermediaries receivables	1,189

Table 26 – Reconciliation of receivables

D.1.10 Reinsurance receivables

These comprise of:

- Reinsurers' share of insurance contract provisions;
- Amounts deposited with reinsurers; and
- Reinsurers' share of accrued policyholder claims.

Basis and methods for Dutch GAAP valuation

Reinsurance receivables are measured at fair value, taken as being the amount of reinsurance that is expected to be recoverable on initial recognition of the reinsurance asset.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation
Rights under reinsurance contracts comprising the reinsurers' share of insurance contract provisions, amounts deposited with reinsurers and accrued policyholder claims are estimated in a manner that is consistent with the measurement of the provisions held in respect of the related insurance contracts. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the Company may not recover all amounts due, and the event has a reliably measurable impact on the amounts that the Company will receive from the reinsurer.

Inputs for Dutch GAAP valuation

Reinsurance accounts prepared in accordance with the provisions contained within the underlying reinsurance treaties.

Solvency II valuation

Reinsurance receivables are valued in SII on the same basis as for Dutch GAAP except for reinsurance recoverables which are valued using Solvency II reserving methodologies as a key input, as opposed to Dutch GAAP reserving methodologies. Reinsurance receivables are classified in assets in the Solvency II balance sheet and deducted from liabilities in the Dutch GAAP balance sheet (line R0330 in Schedule 02.01).

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

Dutch GAAP reinsurance receivables
Reclassification to Reinsurance recoverables (R0270)
SII reinsurance receivables

Total
€'000
897
-
897

Table 27 – Reinsurance receivables

D.1.11 Receivables (trade, not insurance)

Basis and methods for Dutch GAAP valuation

Receivables are measured at fair value. Fair value is taken to be the value of the receivable on initial recognition. Should a subsequent indication of impairment be identified then the carrying value is adjusted to reflect the reduced value of the receivable.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

Receivables are assessed annually for impairment.

Inputs for Dutch GAAP valuation

Invoices that reflect the initial recognition value.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods. However, there are some reclassifications (see table below).

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

The following table reconciles the line-item receivables (trade, not insurance) in Dutch GAAP with the same item in the Solvency II balance sheet.

	Total
	€'000
Dutch GAAP Receivables (trade, not insurance)	7,690
Reclassification of accrued interest to R0130	-2,222
SII Receivables (trade, not insurance)	5,468

Table 28 – Reconciliation of receivables

D.1.12 Cash and cash equivalents

Basis and methods for Dutch GAAP valuation

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments and are measured at fair value. Highly liquid is defined as having a short maturity of three months or less at their acquisition.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation
None.

Inputs for Dutch GAAP valuation

- Bank and term deposit statements;
- Bank reconciliation timing differences.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods.

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

D.1.13 Any other assets, not elsewhere shown

Basis and methods for Dutch GAAP valuation

This category of assets only includes prepayments. Prepayments are valued by spreading the up-front cost of an asset or service and spreading the cost over the time period over which the service is received / time period over which the asset is consumed.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation
The initial prepaid cost and the spreading profile.

Inputs for Dutch GAAP valuation

The fair value of the underlying asset.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods.

Changes made to the recognition and valuation bases used or on estimations made during the period

There are no differences between the Dutch GAAP and SII valuation methods as the carrying value in the Dutch GAAP balance sheet is deemed to represent the fair value of the asset.

Lease arrangements

The Company is not a party to lease arrangements.

D.2 Technical provisions

D.2.1 Value of technical provisions

The following table analyses the net technical provisions / insurance liabilities under Solvency II and Dutch GAAP values.

	Solvency II value	Statutory accounts value
	€'000	€'000
Net technical provisions		
Life (excl. health and index-linked and unit-linked)	446,173	497,980
Best Estimate	427,851	497,980
Risk margin	18,322	-
Reinsurance recoverables	-1,774	-492
Total Life	444,399	497,489
Index-linked and unit-linked	496,235	498,163
Best Estimate	494,699	498,163
Risk margin	1,537	-
Reinsurance recoverables	39	-
Total Index-linked and unit-linked	496,274	498,163
Total gross technical provision	942,408	996,143
Total reinsurance recoverables	-1,735	-492
Total net technical provision	940,673	995,652

Table 29 – Comparison of technical provisions under SII and Dutch Gaap

The Technical Provisions consist of the Best Estimate Liabilities (BEL) and the Risk Margin. This section considers the BEL and Risk Margin separately, describing the basis, methods, and main assumptions. Where relevant, this section highlights differences in basis, methods, and main assumptions between the Lines of Business.

BEL basis and methodology

The BEL corresponds to the probability-weighted average of future policyholder cash flows allowing for items such as premiums, claims, expenses, and lapses. The calculation takes account of the time value of money (expected present value of future cash flows), using the relevant risk-free interest rate term structure supplied by EIOPA. The calculation is conducted at a per-policy level for all business with negative BELs being permitted. Similarly, no implicit or explicit surrender value floor is assumed.

Policyholder cash flows

The cash flow projections include all the cash in- and out-flows required to settle the insurance and reinsurance obligations over the lifetime of the policy. Specifically:

- claim payments including both guaranteed and discretionary;
- expenses;
- premiums;
- renewal and initial commission;
- payments to investment firms; and
- tax payments.

Drivers that will have a material impact on the cash flows within the BEL calculation are allowed for appropriately and include items such as demographic, legal, medical, technological, social, environmental, and economic developments. Cash flows included in the BEL are gross of any amounts recoverable from reinsurance. Reinsurance recoverables are calculated separately, by a similar cash flow approach as per the BEL taking into account the key features of relevant treaties and sit within the assets on the SII balance sheet.

Through the cash flow approach, the Company does not use any significant simplified methodology in calculating technical provisions.

Probability weighting

The probability weighting applied to each cash flow explicitly takes account of the probability that the cash flow will occur for the policyholder at each future time.

BEL description of main assumptions

Discount rates

The time-value of money is taken into account via discounting the cash flow at a future time with reference to risk-free interest rates including volatility adjustment (VA) as provided by EIOPA. The risk-free rates varying by time, for each currency and are derived with reference to interest rate swaps, with an adjustment to remove the credit risk.

Demographic assumptions

The calculation of the probability weighting for each future cash flow requires information on the likelihood of the policy still being in-force at the time that the cash flow would materialise. This requires assumptions on the mortality, lapse, and morbidity of the policy, as well as the point at which the policy matures. The approach to deriving appropriate assumptions for these assumptions involves:

- Analyses of actual experience;
- Assessment on both amounts and policy bases;
- Comparison to standard tables (not for lapses);
- Ensuring appropriate time periods are used to minimise volatility in own-experience results; and
- Expert judgement.

The Company does currently apply market information on forecasted future mortality improvement (Prognose tafels) for all the portfolio's.

Expense assumptions

All costs associated with managing and servicing the portfolio are included in the BEL. These costs are either incurred by the Company directly or incurred via re-charges of Waard Verzekeringen BV, the group's service provider in The Netherlands and 100% subsidiary of Waard Leven. Expenses are projected taking inflation into account. The Company currently considers all expenses variable given the successful track record of acquisitions of closed book portfolios and closed book insurers over the past five years. Focus of the Management Board is on the continuity of the strategy and to further improve the efficiency within the operational processes to keep the expense level in line with the portfolio development.

The expenses are allocated to the homogeneous risk groups. The identified homogeneous risk groups are Term Life, Endowments, Annuities, Funeral, Pensions and Unit-Linked. In allocating the expenses also distinction is made between premium paying policies and paid-up policies.

It is assumed that the portfolio will be placed with an external service provider in the distant future once the strategy is no longer successful and it is anticipated that continuing on a stand-alone basis is no longer feasible.

The Company only carries so called corporate cost. The policy administration and claims handling costs are carried by Waard Verzekeringen B.V., which received a single payment at inception of the policy to service it until expiry for the older products. For the policies required more recently, Waard Verzekeringen receives a monthly signing commission from Waard Leven to service the policies. Waard Verzekeringen has the same management and shareholder as Waard Leven and is sufficiently capitalised.

Policyholder behaviour - Lapse and Surrender Assumptions

It is necessary to make assumptions regarding the number of policies that are terminated early by policyholders as these can have a variety of effects on the value of future liabilities.

These policyholder discontinuances include:

- Lapsing a policy such that no future premiums or benefits are payable;
- Lapsing a policy requiring a partial refund of a single premium received in the past.

Risk margin

The risk margin is calculated in accordance with the Solvency II specifications with no significant simplified methodology approaches utilised. It represents the cost of capital which would be added to the BEL to arrive at a fair value of the liabilities. The risk margin is calculated by projecting the underwriting risk components of the Solvency Capital Requirement (SCR) in full and using a risk driver approach for the projection of the operational risk and the counterparty default risk, applying the stipulated 6% cost of capital rate and then discounting the cost of capital using the stipulated base risk-free rate term structure without any matching adjustment or volatility adjustment.

Reference Undertaking SCR

The SCR used in the calculation of the Risk Margin is not the same as that produced for determining the Solvency ratio of the Company. Instead, it represents the subsequent SCR of the 'reference undertaking'. The following covers the way in which the reference undertaking's SCR is calculated differently.

Market Risk SCR

The reference undertaking is assumed to have invested in such a way as to minimise its market risk SCR; hence it is assumed to be invested entirely in Dutch government securities. Where this is not possible, e.g., where investment in equities is expected by policyholders, it is assumed that futures can be obtained to mitigate the market risk. As a result, there is no residual market risk other than interest rate risk. Residual interest rate risk is required to be excluded from the reference undertaking SCR; hence the market risk SCR of the reference undertaking is zero.

Projection of SCR

The methodology requires the calculation of the reference undertaking's SCR at all future time periods. The following subsections cover the approach to projection of SCR for each of the risk modules.

Market Risk

Not applicable, as there is no market risk SCR for the reference undertaking.

Life and Health Underwriting Risk

The underwriting risk modules will be projected in full at the sub-module level (lapse risk, mortality risk, longevity risk, expense risk etc.). The sub-module is calculated at every moment in time. Therefore, the underwriting risk can be calculated at every moment in time.

Counterparty Default Risk

It is assumed that the material driver for the counterparty default risk SCR is the development of the Best Estimate (excluding Unit-Linked), therefore this projection is used as the risk driver for this SCR.

Operational Risk

It is assumed that the material driver of the Operational risk SCR is the development of the Best Estimate (excluding Unit-Linked) therefore this projection is used as the risk driver for this SCR.

Aggregation

The aggregation of the projected risk modules and sub-module SCRs into an overall reference undertaking SCR at each future time period, is carried out in the same manner, using the same correlation matrices, as in the base SCR.

Aggregate Risk Margin

The total Risk Margin is based on that calculated for the Company as a whole.

D.2.2 Level of uncertainty within the Technical Provisions

In terms of the BEL calculation, a characteristic of the discounted cash flow technique which is core to the requirements is the reliance on assumptions regarding future experience. Any such assumptions are inherently uncertain, although detailed analysis is applied to mitigate the risk of misestimating.

2023	2022
€'000	€'000

	Change in variable	Change in net of tax profits and equity	
Discount rate	EIOPA curve up	-394	-1,125
Discount rate	EIOPA curve down	-61	905
Mortality (permanent increase)	10%	-1,727	-1,430
Expenses	10%	-4,208	-1,847

Table 30 – Comparison of change in profits and equity

The expense sensitivity increased due to the increase in expense provision due to the acquisition of Conservatrix. Mortality sensitivity increased because of the acquisition of Conservatrix. The discount rate sensitivities decreased due to a better match between assets and liabilities impact.

D.2.3 Comparison between Solvency II and Dutch GAAP

A comparison of technical provisions under both Dutch GAAP and Solvency II bases is shown in Table 31. All figures are gross of reinsurance.

	Unit linked	Life	Total
	€'000	€'000	€'000
Dutch GAAP technical provisions	498,163	497,980	996,143
Valuation adjustments	-3,465	-70,129	-73,593
SII BEL	494,699	427,851	922,550
SII risk margin	1,537	18,322	19,858
SII technical provisions	496,235	446,173	942,408

Table 31 – Split of technical provision in Unit linked and life under SII and Dutch Gaap

The main differences between the two bases can be explained as follows:

- Dutch GAAP technical provisions continue to be largely based on the Solvency I regime;
- The Dutch GAAP assumptions contain prudence margins (specifically concerning mortality), whereas the Solvency II assumptions are best estimate;
- Under Dutch GAAP, future liability cash flows are discounted using an interest rate prescribed at the time of writing the policy (generally either 3% or 4%), the acquired portfolios are calculated based on the EIOPA interest rate at the time of the acquisition without Volatility Adjustment;
- Under Dutch GAAP the unit-linked reserves are calculated as the sum of a unit reserve and a € reserve and the non-linked reserves are calculated using a net premium approach for the old portfolios. For the acquired portfolio's, the discounted cash flow approach is applied, whereas in both cases the Solvency II BEL is calculated using a discounted cash flow approach;
- The risk margin does not exist under Dutch GAAP and so is an additional technical provision under Solvency II;
- The negative VOBA does not exist under Solvency II and so is an additional technical provision under Dutch GAAP;
- The technical provisions related to the saving mortgages portfolio are classified as unit linked. The value of this savings part is equal under Dutch GAAP and under Solvency II. The valuation adjustment of the saving mortgages portfolio is related to the death benefits for which Waard Leven carries the insured risk. The savings part is a nominal value including accrued interest. The cash flows related to the death benefits are determined based on different mortality assumptions under Dutch GAAP than under Solvency II. Furthermore, under Dutch GAAP the cash flows are discounted using the interest rate curve of 31-8-2020, the date of transferring the portfolio to Waard Leven and at which date the definitive price for the acquisition was established. Under Solvency II the actual (31-12-2022) swap-based risk-free discount curve, as prescribed by EIOPA, is used.

D.2.4 Use of long term guarantee package

The implementation of Solvency II permitted the use of several adjustments, referred to as the “long term guarantee package”. The Company’s use of the individual components within the long term guarantee package has been outlined below:

- Matching adjustment has not been applied by the Company;
- Volatility adjustment is applied by the Company as of 2019;
- Transition risk-free interest rate-term structure has not been applied by the Company;
- Transitional deduction to technical provisions has not been applied by the Company.

D.2.5 Reinsurance recoverables

This section provides a description of the recoverables from reinsurance contracts.

Reinsurance contract and structure

As of 1 January 2021, the Company has a reinsurance contract which consists of a quota share cover of 70% of capital-at-risk for all policies that have an insured death benefit of € 75,000 and higher. For decreasing term life insurances, the criteria are that a policy is eligible for reinsurance coverage if the death benefit at the start of the policy exceeded (or was equal to) € 75,000.

For a part of the term life portfolio the reinsurance consists of a quota share cover of 100% capital at risk for policies written before 1-1-2016 and 90% of for policies written after 1-1-2016.

Value of reinsurance recoverables

A breakdown of the value of reinsurance recoverables, by line of business, has been provided in section D.2.1 above.

Adjustment for expected default

The gross reinsurance recoverables are adjusted to take account of expected losses due to default of the reinsurance counterparty.

Methodology

The adjustment to take account of expected losses due to default of a counterparty is calculated as the present value of the lost reinsurance recoverables due to reinsurer default. It therefore relates to the stream of future reinsurance recoverables and to the probability of default in each future time period. It is carried out separately for each reinsurer. The loss on default is limited to a percentage of the recoverables from the time of default onwards (loss given default or LGD%), based on the collateral arrangements of the specific reinsurance arrangement. The LGD% is a subject to a minimum of 50%.

Assumptions

In the above methodology, the recoverables and discount factor used are as defined previously. Additional assumptions required are the probability of default, and the % recovery rate. The probability of default is derived with reference to the credit rating of the reinsurer.

The maximum 50% recovery rate upon default is defined in regulation. Whilst a recovery rate of greater than 50% is not permitted, the Company uses a rate lower than 50% where its assessment identifies reason to believe that 50% recovery on default would not be reliable.

D.2.6 Changes in Assumptions

The methodology for setting the assumptions for the Solvency II calculations as of 31 December of the current year is unchanged from the valuation as of 31 December of the preceding year. Solvency II regulations require a probability-weighted basis for the experience assumptions. To achieve this, we have taken account of:

- experience in recent years;
- trends observed in recent years; and
- any other known or likely factors that may affect future behaviour.

As a rule, we have assumed recent experience (over the last few years) represents the central position for the probability weighted assumption, unless there are reasons why this is considered not immediately appropriate. To do this, actual experience is reviewed in comparison with expected experience, with a trigger for serious consideration to be given to amending an assumption when it deviates materially.

Key assumption changes for the year include:

Economic

An updated EIOPA yield curves is utilised.

Mortality

These assumptions have been reviewed to take account of recent investigations, resulting in lower mortality assumptions. Also, the mortality table of DSB is changed from a one- to a two-dimensional table.

Expenses

These assumptions have been reviewed to reflect the latest management assessment of projected costs. Inflation assumption is increased and updated to an inflation curve, based on the recent developments.

D.3 Other liabilities

The table below shows separately each class of liabilities under Solvency II values and the Statutory Accounts value.

	Solvency II value	Statutory accounts value
	€'000	€'000
Other Liabilities		
Other technical provisions	-	-
Contingent liabilities	-	-
Provisions other than technical provisions	-	-
Pension benefit obligations	-	-
Deposits from reinsurers	-	-
Deferred tax liabilities	2,211	-
Derivatives	-	-
Debts owed to credit institutions	-	-
Financial liabilities other than debts owed to credit institutions	-	-
Insurance & intermediaries payables	15,864	15,864
Reinsurance payables	20	20
Payables (trade, not insurance)	3,344	3,344
Subordinated liabilities	-	-
Subordinated liabilities not in BOF	-	-
Subordinated liabilities in BOF	-	-
Any other liabilities, not elsewhere shown	10	10
Total liabilities	21,449	19,238

Table 32 – Comparison of liabilities between SII and Dutch Gaap

Bases, methods, assumptions, and inputs used in liability valuation for Solvency purposes, and difference between the amounts recorded in the financial statements

In general liabilities are recognised and valued for solvency purposes in line with Dutch GAAP accounting principles and consequently valued at fair market value at the moment of origination and subsequently at (amortised) cost.

The reconciliation between the statutory financial statements and the QRTs is provided below.

	Total
	€'000
Dutch GAAP other liabilities	19,238
Reclassification of claims payable from R0670 (technical provisions)	-
Reclassification from/to receivables (trade, not insurance) (R0380)	-
Deferred taxation on Solvency II valuation adjustment	2,211
SII other liabilities	21,449

Table 33 – Reconciliation Dutch Gaap financial statements and QRT

D.3.1 Provisions other than technical provisions

Not applicable.

D.3.2 Deferred tax liabilities

Basis and methods for Dutch GAAP valuation

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The Dutch GAAP deferred tax liability concerns a valuation difference compared to the fiscal accounts, the latter of which are based on historical mortality tables.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of technical provisions, using tax rates enacted at the balance sheet date.

Inputs for Dutch GAAP valuation:

- Enacted tax rates at the balance sheet date;
- Identified temporary difference between the carrying amounts technical provisions for financial reporting purposes and the amounts used for taxation purposes (different mortality tables).

Solvency II valuation

The valuation of deferred tax liabilities under Solvency II follows the same recognition criteria applied for statutory reporting purposes. Valuation differences arising from the application of Solvency II recognition principles will be taxed at the prevailing deferred tax rate. These include the deferred tax arising on the valuation differences in the technical provisions and the mortgage portfolio between Dutch GAAP and Solvency II.

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

D.3.3 Derivatives

Not applicable. The Company does not hold derivatives.

D.3.4 Insurance and intermediaries payables

Basis and methods for Dutch GAAP valuation

Insurance & intermediaries payables represent outstanding accrued policyholder claims and premium reimbursements and are measured on initial recognition at the fair value of the liability to be paid. Given the short-term nature of these liabilities no discounting is required to arrive at the initial fair value.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation

None.

Inputs for Dutch GAAP valuation

The actual amount of the outstanding liability or the best estimate of the liability to be settled.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods. Under SII, this item also holds accrued claims (reclassified from R0670).

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

D.3.5 Reinsurance payables

Basis and methods for Dutch GAAP valuation

Reinsurance payables represent outstanding payables to the reinsurer and are measured on initial recognition at the fair value of the liability to be paid. Given the short-term nature of these liabilities no discounting is required to arrive at the initial fair value.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation
None.

Inputs for Dutch GAAP valuation

The actual amount of the outstanding liability or the best estimate of the liability to be settled.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods.

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

D.3.6 Payables (trade, not insurance)

Basis and methods for Dutch GAAP valuation

Trade payables consist of accrued expenses and other trade related outstanding balances and are measured at fair value, taken as the carrying value at the balance sheet date. Trade payables are settled in line with trade payment terms, usually within 30 days.

Assumptions and judgments (including future estimates and major sources of estimate uncertainty) for Dutch GAAP valuation
None.

Inputs for Dutch GAAP valuation

The fair value of the payable balance as at the balance sheet date.

Solvency II valuation

There are no differences between the Dutch GAAP and SII valuation methods. However, there was a reclassification between payables and receivables.

Changes made to the recognition and valuation bases used or on estimations made during the year

During the year there were no changes made to the recognition or valuation basis or estimation processes for both Dutch GAAP and Solvency II purposes.

D.3.7 Any other liabilities, not elsewhere shown

Not applicable.

D.4 Alternative methods for valuation

In the absence of available market prices, mortgage loans granted to private individuals are valued via a discounted cash flow model (mark to model). DNB has issued specific guidance for the valuation of mortgages, which the Company has applied. We further refer to chapter D.1.7.

D.5 Any other information

There is no other material information regarding the valuation of assets and liabilities that is deemed necessary to report.

E. Capital Management

E.1 Own funds

E.1.1 Objectives, policies and processes used for managing own funds

Background

Own funds represents the type and level of capital that is held by the Company to be able to meet its solvency capital requirement. The Company is required to hold own funds in sufficient quantity and quality in accordance with the Solvency II, Pillar 1 rules, which set out the characteristics and conditions for own funds. Further information on the objectives, policies and processes for managing own funds is provided below.

Objectives

The objectives of the Company in managing its own funds are as follows:

Business strategy consistency:

- To hold sufficient levels of capital to safeguard the interests of policyholders, which is core to delivering fair customer outcomes;
- To hold appropriate levels of capital as a foundation for making sound business decisions, which is central to delivering our good governance objective;
- To have a policy in place that describes the parameters that are considered in the context of dividend distributions, which supports the delivery of returns to the Company's shareholder;
- To strike a balance between holding too much capital and too little capital when optimising the balance sheet; and
- To provide a good foundation for further acquisitions of closed-book-portfolios.

Risk appetite

To establish a policy in the way that the Company's own funds are managed such that the policy reflects the Company's risk appetite with regards to the level of own funds held.

Risk tolerances

To set tolerance levels associated with the Company's risk appetite regarding own funds and ensure that these are monitored.

Risk Management Principles

To ensure that the Company manages its own funds having regard for the following risk management principles:

- Principle 1 – Solvency position – at a company level: Overall the boards have no appetite for the own funds of the Company to be below 135% of the SCR. Recovery protocols and management actions have been identified should the own funds of the Company fall below 135% of its SCR;
- Principle 2 – Distribution of dividends, Solvency assessment: The board is prepared to approve dividend distributions such that, post payment of the dividend, the solvency position of the Company is at least 150%.

Policies

Central to managing the own funds of the Company is the application of the Company's Capital Management policy. The policy is built around the objectives outlined above and is reviewed and approved at least once per year by the board(s).

The policy also incorporates:

- The roles and responsibilities of the board(s) and different levels of management in adhering to the policy;
- The reporting procedures in place with regards to adhering to the policy;
- The key controls and processes in place to ensure adherence to the policy.

Processes

The following key process and controls are in place regarding how the Company manages its own funds.

Internal reporting

The following reports are produced internally for the Management Board, which include reporting on the own funds position of the Company. These reports support the board, which has ultimate responsibility for the Company's capital management and capital allocation, in managing the Company's own funds:

- Quarterly finance director's report
This report provides various financial information, including Solvency position and movement analysis. Numerical analysis supported by commentary is provided for both the own funds and SCR movements that contribute to the overall movement in the solvency position of the Company;
- Quarterly actuarial reporting
This reporting provides further detailed analysis and insight into the quarterly solvency valuation, covering assumptions and key reasons for any movements in solvency since previous periods;
- Business plan
A three-year business plan is prepared annually and presented to the board. The business plan includes solvency projections over the planning horizon that are prepared on the basis of applying this capital management policy;
- ORSA
An ORSA report is produced annually. Amongst other things the ORSA includes solvency capital projections over the business planning horizon which apply this capital management policy. The ORSA also includes supporting justification for the dividend paying buffer that is applied in this policy and shows the triggers that are assessed for the purpose of intra-quarter solvency monitoring;
- Annual dividend assessment paper
Dividends are typically paid and approved once per year. A paper is sent to the board supporting the recommendation, which includes specific application of this capital management policy;
- Quarterly risk report
A risk report is produced quarterly that, amongst other things, includes reporting on the solvency position of the Company as a whole. It also evidences to the Audit & Risk Committee that the solvency monitoring protocol and triggers have been monitored frequently and the continuous solvency monitoring protocol has been followed;
- Risk indicator / trigger assessments
For the purpose of intra-quarter solvency monitoring a list of risk indicators has been identified, which are monitored. The frequency by which the risk indicators are tracked depends on the solvency position of the Company.

Key controls

The following key controls are operated by the Company in managing the capital position of the Company.

Control Title	Control Description	Control Frequency of Operation
Justifying the level of the "buffer"	The amount of capital the board wishes to hold above the SCR (i.e., the buffer) is a matter of risk appetite. The simple objective of having a buffer is to reduce the likelihood of the Company's available capital falling below 100% of SCR. An annual assessment is performed to assess and justify the buffer, which is set at 35% as of 31 December 2022. This assessment is performed within the ORSA and is made with reference to the impact of various stresses that the Company could be exposed to.	Annually
Quarterly solvency reporting	Quarterly solvency reporting is to be performed via the following board reports: <ul style="list-style-type: none"> - Finance directors report; - Actuarial report; - Risk report. 	Quarterly

Control Title	Control Description	Control Frequency of Operation
Trigger monitoring	Key risk indicators (KRIs) are monitored on a periodical basis and are tracked against pre-defined trigger points. For each key risk indicator an assessment is made regarding at what level a trigger event occurs (e.g., the AEX falling to a certain level results in the solvency of the Company falling to a certain level). The list of KRIs being monitored and the trigger points for each KRI may change over time depending on how the risk exposures of the business develop. The list of KRIs being monitored and their associated trigger points is assessed at least annually. The frequency of KRI monitoring is driven by the solvency level of the Company (see recovery management protocol control below).	At least annually
Recovery management protocol	A protocol for management actions has been designed by the Company. The protocol, in effect, represents an internally set “ladder of intervention”, which sets out protocols for items such as solvency monitoring frequency, what escalations need to be performed and when actions need to be considered.	Protocols are reviewed at least annually.
Actions to be taken should the board’s required levels of solvency capital be breached	A list of potential management actions has been prepared should the solvency position of the Company fall below the board’s solvency risk appetite level (i.e., own funds fall below 135% of SCR). The action pursued will depend on the circumstances at the time and is a function of how severe the event was that gave rise to own funds falling below the prescribed levels. Should own funds fall below 150% no dividends are to be paid, with dividends only being restored should own funds exceed 150% of SCR. Should the own funds fall below 135% further management actions are considered (and described in the capital management plan).	As required
Dividend assessment paper	<p>To support the approval of a dividend distribution a paper is prepared by the Management Board that articulates the rationale for the quantum of the dividend. The paper covers:</p> <ul style="list-style-type: none"> - The level of surplus capital above the board’s solvency capital risk appetite at the reference date to which the dividend is being made (typically a year-end); - The estimated impact of any post balance sheet events that could affect the aforementioned level of surplus; - Any potential risks over the short to medium term that should be considered when setting the dividend; - Any other factors that should be considered when determining the level of dividend to be paid, such as any other plans to utilise the surplus within the Company. <p>As well as assessing the solvency position of the Company, the annual dividend paper also performs an assessment to confirm the legality of the proposed dividend (i.e., that there are sufficient distributable reserves to pay a dividend). Should this reveal that there are insufficient distributable reserves the dividend will be curtailed accordingly. Should this also reveal that a restriction can be foreseen in the short to medium term, management actions will be put in place, such as potentially reducing the share capital of the Company.</p>	Typically, annually, and ad-hoc as required.

Table 34 – Overview of key controls in managing the capital position

Business planning

The Company produces a business plan once per year with each business plan covering a three-year time horizon. The business plan incorporates financial projections of the Company’s Own Funds and Solvency Capital Requirements over the business planning period.

The most recent business plan, being the 2024 to 2026 plan, does not anticipate any material changes to the structure of own funds over the planning horizon.

E.1.2 Analysis of own funds

The below table provides information, split by tier, on the structure, amount, and quality of own funds at the end of the current and preceding year, including an analysis of any significant changes in each tier over the year.

	31-dec-22	Movement in year	Transfers	31-dec-23
	€'000	€'000	€'000	€'000
Tier 1				
Ordinary share capital	908	-	-	908
Share premium related to ordinary share capital	38,000	-	-	38,000
Total ordinary share capital	38,908	-	-	38,908
Reconciliation reserve before deductions	46,756	15,980	-	62,736
Foreseeable dividends	-5,000	-2,000	-	-7,000
Restricted own funds in ring fenced funds	-	-	-	-
Total reconciliation reserve	41,756	13,980	-	55,736
Total tier 1 own funds	80,664	13,980	-	94,644
Deductions for participations in financial institutions	-	-	-	-
Total tier 1 own funds after deductions	80,664	13,980	-	94,644
Eligible own funds to cover SCR				
Tier 1	80,664	13,980	-	94,644
Tier 2	-	-	-	-
Tier 3	-	4,873	-	4,873
Total	80,664	18,853	-	99,516
SCR	27,138	5,348	-	32,486
Ratio of eligible own funds to SCR	297%			306%
Eligible basic own funds to cover MCR				
Tier 1	80,664	13,980	-	94,644
Tier 2	-	-	-	-
Tier 3	-	-	-	-
Total	80,664	13,980	-	94,644
MCR	6,785	5,048	-	11,832
Ratio of eligible own funds to MCR	1189%			800%

Table 35 – Calculation of Own Funds ratios, comparison between 2023 and 2022

Own funds analysis

- Own funds of the Company comprise tier 1 share capital, share premium reserve and the reconciliation reserve;
- Share capital and the reconciliation reserve have been classified as tier 1 as they are fully available to be able to absorb losses;
- Foreseeable dividends to shareholders are expected to be declared in September 2024;
- The Company does have a tier 3 own funds item, as the DTA can be taken into account as eligible tier 3 own funds for the amount of 15% of the SCR;
- Movements in eligible own funds during the year have arisen from:
 - o Own funds surplus emergence. Over time surpluses or deficits can emerge as the closed book runs of and in 2022 the acquisition of the Robein portfolio raised the own funds. Also, the capital injection in Phoenix and transfer of Waard Verzekeringen subsidiary increased the own funds;
 - o Foreseeable dividends and dividend distributions. As dividends are foreseen and subsequently paid, this reduces the own funds of the Company.

Own funds to cover SCR

Table 35 shows that the Company, which has Tier 1 and Tier 3 capital, has € 99.5 mln of available own funds (after foreseeable dividend) to be able to meet the Company's SCR of € 32.4 mln on 31 December 2023, resulting in an SCR coverage ratio of circa 306%.

Own funds to cover MCR

Table 35 shows that the Company, which only has tier 1 capital, has € 94.6 mln of available own funds (post foreseeable dividend) to be able to meet the Company's MCR of € 11.3 mln on 31 December 2023, resulting in an MCR coverage ratio of 800%.

E.1.3 Differences between equity in the statutory financial statements and excess of assets over liabilities as calculated for solvency purposes

The below table shows the difference between the equity in the financial statements and the excess of assets over liabilities as calculated for solvency purposes on 31st of December 2023.

	31-dec-23
	€'000
Equity per the statutory (consolidated) financial statements	
Share capital	908
Share premium related to ordinary share capital	38,000
Retained earnings	48,031
Subtotal	86,939
Adjustments between statutory financial statements and excess of assets over liabilities for solvency purposes	
Adj 1: Net valuation difference between Dutch GAAP and SII for technical provisions	53,735
Adj 2: Net valuation difference between Dutch GAAP and SII for mortgages	-700
Adj 3: Reinsurance	1,244
Adj 4: aVIF and goodwill	-2,487
Adj 5: Other	-2,214
Adj 6: Deferred tax on adjustments 1 through 5	-14,210
Subtotal	35,368
Total	122,307
Deductions for foreseeable dividend	-7,000
Deduction for participations in financial institutions	-
Excess of assets over liabilities for solvency purposes	115,307

Table 36 - Differences between equity in the statutory financial statements and excess of assets over liabilities

Explanations of adjustments:

- Adjustment 1: This difference is caused by accounting for statutory purposes on the basis of historical assumptions and for Solvency II on the basis of current assumptions. The most important assumptions that vary are mortality, lapses, expenses, and interest rate curve;
- Adjustment 2: Mortgages are accounted for at amortised cost under Dutch GAAP and fair value under Solvency II;
- Adjustment 3: The new reinsurance contract is not valued for Dutch GAAP purposes out of prudence considerations;
- Adjustment 4: The acquisition of Argenta resulted in an AVIF, which is not recognised under Solvency II;
- Adjustment 5: Other and difference between subsidiary value of Waard Verzekeringen;
- Adjustment 6: The valuation of deferred tax assets under Solvency II follows the same recognition criteria applied under Dutch GAAP. However, because of differences arising due to adjustments 1 through 5 an additional deferred tax liability is required to be recognised.

E.1.4 Items deducted from own funds

The table below illustrates the restrictions applied to own funds.

	2023	2022
	€'000	€'000
Assets less liabilities	122,307	85,664
Adjustment for		
Participations in financial institutions	-	-
Foreseeable dividends	-7,000	-5,000
Own Funds	115,307	80,664

Table 37 – Comparison of own funds

Foreseeable dividends

Foreseeable dividends, of € 7.0 mln, to shareholders are expected to be distributed in Q2 2024.

E.2 Solvency Capital Requirement and Minimum Capital Requirement

E.2.1 SCR and MCR analysis

The information below provides some further detail of the solvency capital requirement and minimum capital requirement for the Company at both the start and the end of the year.

SCR

The SCR is calculated in line with the Solvency II Delegated Acts. Table 38 provides information on the development of the SCR during the current year. For more detail and background, we refer to chapter C.

Explanations have been provided in narrative below the table regarding any significant changes in the year.

In addition:

- The Company has applied the standard formula in calculating its capital requirement, both at the start and the end of the year;
- The Company does not use any simplified calculations in any risk modules or sub-modules but applies method 2 for determination of the risk margin;
- No capital add-ons have been imposed by DNB.

	31-dec-23	1-jan-23	Changes in the year
	€'000	€'000	€'000
Market risk ¹⁾	14,820	21,239	-6,419
Counterparty default risk ²⁾	1,087	1,078	8
Life underwriting risk ³⁾	22,993	12,629	10,365
Health underwriting risk	-	-	-
Diversification	-8,234	-7,303	-930
Intangible asset risk	-	-	-
Basic Solvency Capital Requirement	30,666	27,642	3,024
Calculation of Solvency Capital Requirement			
Operational risk ⁴⁾	2,766	449	2,317
Loss-absorbing capacity of technical provisions	-	-	-
Loss-absorbing capacity of deferred taxes ⁵⁾	-946	-953	7
Capital requirement for business operated in accordance with Art. 4 of directive 2003/41/EC	-	-	-
Solvency Capital Requirement excluding capital add-on	32,486	27,138	5,348
Capital add-ons already set	-	-	-
Solvency capital requirement	n/a	n/a	n/a
Notional SCR for remaining part	n/a	n/a	n/a
Notional SCR for ring fenced funds	n/a	n/a	n/a

Table 38 – Overview of movement in SCR

The reasons for the changes in SCR over the reporting period are analysed in more detail below (see also section C). The SCR rises due to the acquisition of Conservatrix, offset by the integration of Phoenix and movement of assets from Robein Leven to Waard Leven:

1. Market risk decreased mainly due to equity risk on the subsidiaries of Robein Leven and Phoenix decreased offset by the increase in spread risk due to the Conservatrix acquisition;
2. CPD Type 1 risk capital remains stable;
3. Life underwriting risk increased due to the following reasons:
 - a. Longevity risk increased due to the addition of the Conservatrix portfolio;
 - b. Lapse risk increased due to the addition of the Conservatrix portfolio;
 - c. Expense risk increased due to the addition of the Conservatrix portfolio. Expense provisions increased and therefore the SCR Expense;
4. Operational risk increased due to the increase in expenses for Unit-Linked and higher technical provisions due to the Conservatrix acquisition;
5. The Loss absorbing capacity of taxes remains stable.

MCR
The MCR is calculated in line with the Solvency II Delegated Acts whose inputs include the technical provisions, net capital at risk and SCRs. The table below provides information on the inputs to the MCR calculation and present the opening and closing MCR, along with analysis of movement in the year.

	31-dec-23	1-jan-23	Changes in the year
	€'000	€'000	€'000
Linear MCR ¹⁾	11,832	4,081	7,752
SCR ²⁾	32,486	27,138	5,348
MCR cap (45% of SCR) ³⁾	14,619	12,212	2,407
MCR floor (25% of SCR) ⁴⁾	8,121	6,785	1,337
Combined MCR ⁵⁾	11,832	6,785	5,048
Absolute floor of the MCR ⁶⁾	4,000	4,000	-
Minimum Capital Requirement	11,832	6,785	5,048

Table 39 – Overview of movement in MCR

The reasons for the changes in MCR over the reporting period are analysed in more detail below:

1. The linear MCR is the sum of linear functions that are based on various insurance obligations, depending on the type of cover/benefit for these respective obligations. The Linear MCR increased, because of the increase in capital at risk due to the Conservatrix acquisition;
2. Refer to Table 38 table on SCR;
3. This movement follows the movement in SCR (prescribed);
4. This movement follows the movement in SCR (prescribed);
5. This is the lowest of the linear MCR and the MCR cap, but never less than the MCR floor;
6. The Absolute floor is prescribed by legislation by EIOPA.

E.3 Use of the duration-based equity risk sub-module in the calculation of the Solvency Capital Requirement

The duration-based equity risk sub-module is not used by the Company.

E.4 Differences between the standard formula and any internal models used

The Company uses the standard formula for calculating its capital requirements, and therefore this section does not apply to the Company.

E.5 Non-compliance with the MCR and significant non-compliance with the SCR

The Company has always met its SCR and MCR during the year.

E.6 Any other information

There is no other information regarding the capital management of the Company that is deemed material to report.

F. Additional voluntary information

Not applicable.

G. Annex – Quantitative reporting templates

S.02.01.01

Balance sheet

Assets

Goodwill	
Deferred acquisition costs	
Intangible assets	
Deferred tax assets	
Pension benefit surplus	
Property, plant & equipment held for own use	
Investments (other than assets held for index-linked and unit-linked contracts)	
<i>Property (other than for own use)</i>	
<i>Holdings in related undertakings, including participations</i>	
Equities	
Equities - listed	
Equities - unlisted	
Bonds	
Government Bonds	
Corporate Bonds	
Structured notes	
Collateralised securities	
Collective Investments Undertakings	
Derivatives	
Deposits other than cash equivalents	
Other investments	
Assets held for index-linked and unit-linked contracts	
Loans and mortgages	
Loans on policies	
Loans and mortgages to individuals	
Other loans and mortgages	
Reinsurance recoverables from:	
Non-life and health similar to non-life	
Non-life excluding health	
Health similar to non-life	
Life and health similar to life, excluding index-linked and unit-linked	
Health similar to life	
Life excluding health and index-linked and unit-linked	
Life index-linked and unit-linked	
Deposits to cedants	
Insurance and intermediaries receivables	
Reinsurance receivables	
Receivables (trade, not insurance)	
Own shares (held directly)	
Amounts due in respect of own fund items or initial fund called up but not yet paid in	
Cash and cash equivalents	
Any other assets, not elsewhere shown	
Total assets	

Solvency II value	Statutory accounts value
€	€
	2,487,043
20,663,465	32,661,876
24,996	24,996
425,452,936	425,674,126
-	
9,522,816	11,736,601
748,225	748,225
748,225	748,225
377,061,248	375,068,653
330,510,386	328,884,067
46,550,862	46,184,586
-	
-	
38,120,648	38,120,648
-	
-	
-	
485,865,133	485,865,133
141,953,864	142,424,881
-	
129,577,247	130,277,740
12,376,618	12,147,141
1,735,466	491,520
-	-
1,774,241	-
-	
1,774,241	
-38,775	491,520
-	
1,189,254	1,189,254
896,543	896,543
5,467,900	7,689,971
-	
2,914,415	2,914,415
1,086,163,972	1,102,319,757

Table 40 – Overview of the Balance sheet – Asset side

S.02.01.01
Balance sheet

Liabilities

	Solvency II value €	Statutory accounts value €
Technical provisions - non-life	-	-
<i>Technical provisions - non-life (excluding health)</i>	-	
<i>TP calculated as a whole</i>		
<i>Best Estimate</i>		
<i>Risk margin</i>		
<i>Technical provisions - health (similar to non-life)</i>	-	
<i>TP calculated as a whole</i>		
<i>Best Estimate</i>		
<i>Risk margin</i>		
Technical provisions - life (excluding index-linked and unit-linked)	446,172,788	497,980,138
<i>Technical provisions - health (similar to life)</i>	-	
<i>TP calculated as a whole</i>	-	
<i>Best Estimate</i>	-	
<i>Risk margin</i>	-	
<i>Technical provisions - life (excluding health and index-linked and unit-linked)</i>	446,172,788	497,980,138
<i>TP calculated as a whole</i>		
<i>Best Estimate</i>	427,851,272	
<i>Risk margin</i>	18,321,516	
Technical provisions - index-linked and unit-linked	496,235,240	498,163,069
<i>TP calculated as a whole</i>		
<i>Best Estimate</i>	494,698,532	
<i>Risk margin</i>	1,536,708	
Other technical provisions		
Contingent liabilities		
Provisions other than technical provisions		
Pension benefit obligations		
Deposits from reinsurers		
Deferred tax liabilities	2,211,116	
Derivatives	-	
Debts owed to credit institutions		
Financial liabilities other than debts owed to credit institutions		
Insurance & intermediaries payables	15,864,194	15,864,194
Reinsurance payables	20,052	20,052
Payables (trade, not insurance)	3,343,987	3,343,987
Subordinated liabilities	-	-
<i>Subordinated liabilities not in BOF</i>		
<i>Subordinated liabilities in BOF</i>	-	
Any other liabilities, not elsewhere shown	9,538	9,538
Total liabilities	963,856,914	1,015,380,977
Excess of assets over liabilities	122,307,057	86,938,780

Table 41 – Overview of the Balance sheet – Liability side

S.05.01.01
Premiums, claims and expenses by line of business

Life	Line of Business for: life insurance obligations			Total
	Insurance with profit participation	Index-linked and unit-linked insurance	Other life insurance	
	€	€	€	€
Premiums written				
Gross	576,151	28,241,193	11,784,179	40,601,523
Reinsurers' share			4,381,195	4,381,195
Net	576,151	28,241,193	7,402,985	36,220,328
Premiums earned				
Gross	576,151	28,241,193	11,784,179	40,601,523
Reinsurers' share			4,381,195	4,381,195
Net	576,151	28,241,193	7,402,985	36,220,328
Claims incurred				
Gross	1,554,019	50,915,956	63,625,553	116,095,528
Reinsurers' share			4,665,397	4,665,397
Net	1,554,019	50,915,956	58,960,156	111,430,131
Expenses incurred	231,666	3,362,489	5,835,918	9,430,074
Administrative expenses				
Gross	112,694	1,635,684	2,838,886	4,587,264
Reinsurers' share				-
Net	112,694	1,635,684	2,838,886	4,587,264
Investment management expenses				
Gross	14,693	213,253	370,121	598,066
Reinsurers' share				-
Net	14,693	213,253	370,121	598,066
Claims management expenses				
Gross				-
Reinsurers' share				-
Net	-	-	-	-
Acquisition expenses				
Gross	104,280	1,513,552	2,626,912	4,244,744
Reinsurers' share				-
Net	104,280	1,513,552	2,626,912	4,244,744
Overhead expenses				
Gross				-
Reinsurers' share				-
Net	-	-	-	-
Balance - other technical expenses/income				
Total technical expenses				9,430,074
Total amount of surrenders	208,679	9,812,194	32,218,193	42,239,066

Table 42 – Premiums, claims and expenses by line of business

S.12.01.01
Life and Health SLT Technical Provisions

	Insurance with profit participation	Index-linked and unit-linked insurance		Other life insurance		Total (Life other than health insurance, incl Unit-linked)
		Contracts without options and guarantees	Contracts with options or guarantees	Contracts without options and guarantees	Contracts with options or guarantees	
	€	€	€	€	€	€
Technical provisions calculated as a whole						-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole						-
Technical provisions calculated as a sum of BE and RM						
Best estimate						
Gross Best Estimate	21,465,727	490,257,518	4,441,014	172,752,161	233,633,384	922,549,804
Total recoverables from reinsurance/SPV and Finite Re before the adjustment for expected losses due to counterparty default	-35	-38,775	-	1,774,807	-	1,735,998
Recoverables from reinsurance (except SPV and Finite Re) before adjustment for expected losses	-35	-38,775		1,774,807		1,735,998
Recoverables from SPV before adjustment for expected losses						-
Recoverables from Finite Re before adjustment for expected losses						-
Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default	-35	-38,775		1,774,275		1,735,466
Best estimate minus recoverables from reinsurance/SPV and Finite Re	21,465,761	490,296,293	4,441,014	170,977,886	233,633,384	920,814,338
Risk margin	107,287	1,536,708		18,214,229		19,858,223
Amount of the transitional on Technical Provisions						
Technical Provisions calculated as a whole						-
Best estimate						-
Risk margin						-
Technical provisions - total	21,573,013	496,235,240		424,599,774		942,408,028
Technical provisions minus recoverables from reinsurance/SPV and Finite Re - total	21,573,048	496,274,015		422,825,499		940,672,561
Best estimate of products with a surrender option	21,465,727	494,698,532		406,385,545		922,549,804
Gross BE for cash flow						
Cash out-flows						
Future guaranteed and discretionary benefits		624,775,341		464,411,428		1,113,451,689
Future guaranteed benefits	24,264,919					24,264,919
Future discretionary benefits						-
Future expenses and other cash out-flows	485,577	15,337,330		45,892,306		61,715,213
Cash in-flows						
Future premiums	3,266,934	147,438,821		94,485,288		245,191,043
Other cash in-flows						-
Percentage of gross Best Estimate calculated using approximations						
Surrender value	18,318,223	488,371,027		176,045,742		682,734,991
Best estimate subject to transitional of the interest rate						-
Technical provisions without transitional on interest rate						-
Best estimate subject to volatility adjustment	21,465,727	494,698,532		406,385,545		922,549,804
Technical provisions without volatility adjustment and without others transitional measures	21,920,160	496,291,250		432,191,843		950,403,253
Best estimate subject to matching adjustment						-
Technical provisions without matching adjustment and without all the others						-
Expected profits included in future premiums (EPIFP)	334	6,657,555		1,699,704		8,357,593

Table 43 - Life and Health SLT Technical Provisions

S.23.01.01
Own Funds

Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation 2015/35

	Total	Tier 1 unrestricted	Tier 1 restricted	Tier 2	Tier 3
	€	€	€	€	€
Ordinary share capital (gross of own shares)	907,560	907,560		-	
Share premium account related to ordinary share capital	38,000,000	38,000,000		-	
Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings	-	-		-	
Subordinated mutual member accounts	-		-	-	-
Surplus funds	-	-			
Preference shares	-		-	-	-
Share premium account related to preference shares	-		-	-	-
Reconciliation reserve	55,736,033	55,736,033			
Subordinated liabilities	-		-	-	-
An amount equal to the value of net deferred tax assets	20,663,465				20,663,465
Other own fund items approved by the supervisory authority as basic own funds not specified above	-	-	-	-	-

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds

Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds	-
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Deductions

Deductions for participations in financial and credit institutions	-				
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Total basic own funds after deductions

115,307,057	94,643,593	-	-	20,663,465
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Ancillary own funds

Unpaid and uncalled ordinary share capital callable on demand	-				
Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual - type undertakings, callable on demand	-				
Unpaid and uncalled preference shares callable on demand	-				
A legally binding commitment to subscribe and pay for subordinated liabilities on demand	-				
Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC	-				
Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC	-				
Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-				
Supplementary members calls - other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC	-				
Other ancillary own funds	-				
Total ancillary own funds	-			-	-

Available and eligible own funds

Total available own funds to meet the SCR	115,307,057	94,643,593	-	-	20,663,465
Total available own funds to meet the MCR	94,643,593	94,643,593	-	-	
Total eligible own funds to meet the SCR	99,516,482	94,643,593	-	-	4,872,889
Total eligible own funds to meet the MCR	94,643,593	94,643,593	-	-	

SCR

MCR	32,485,925
Ratio of Eligible own funds to SCR	11,832,453
Ratio of Eligible own funds to MCR	306%
	800%

Reconciliation reserve

Excess of assets over liabilities	122,307,057
Own shares (held directly and indirectly)	-
Foreseeable dividends, distributions and charges	7,000,000
Other basic own fund items	59,571,025
Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds	-
Reconciliation reserve	55,736,033

Expected profits

Expected profits included in future premiums (EPIFP) - Life business	8,357,593
Expected profits included in future premiums (EPIFP) - Non- life business	
Total Expected profits included in future premiums (EPIFP)	8,357,593

Table 44 - Overview of Own Funds

S.25.01.01

Solvency Capital Requirement - for undertakings on Standard Formula

	Article 112	Regular reporting		
		Net solvency capital requirement	Gross solvency capital requirement	Allocation from adjustments due to RFF and Matching adjustments portfolios
		€	€	€
Market risk		14,820,264	14,820,264	-
Counterparty default risk		1,086,570	1,086,570	-
Life underwriting risk		22,993,093	22,993,093	-
Health underwriting risk				-
Non-life underwriting risk			-	-
Diversification		-8,233,521	-8,233,521	
Intangible asset risk		-	-	
Basic Solvency Capital Requirement		30,666,406	30,666,406	
Calculation of Solvency Capital Requirement				
Adjustment due to RFF/MAP nSCR aggregation				
Operational risk		2,765,953		
Loss-absorbing capacity of technical provisions		-		
Loss-absorbing capacity of deferred taxes		-946,434		
Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC				
Solvency Capital Requirement excluding capital add-on		32,485,925		
Capital add-ons already set		-		
of which, capital add-ons already set - Article 37 (1) Type a				
of which, capital add-ons already set - Article 37 (1) Type b				
of which, capital add-ons already set - Article 37 (1) Type c				
of which, capital add-ons already set - Article 37 (1) Type d				
Solvency capital requirement		32,485,925		

Table 45 - Overview of the Solvency Capital Requirement